

**Debt relief and the fight against
extreme poverty:
A comparative study of Nicaragua
and Cameroon**

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Thesis

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ABSTRACT

This thesis regards debt relief accorded to poor countries as a means to fight extreme poverty. Indeed, the financial crisis the 1980s and the Structural Adjustment Plans (SAP) imposed upon poor countries by International Financial Institutions (IFIs) left a legacy of widespread poverty and high debt. It is in that context that these IFIs departed from the strict Washington Consensus and proposed debt relief for some Highly-Indebted Poor Countries (HIPC), with the implementation of Poverty Reduction Strategy Papers (PRSPs) which were supposedly inclusive of the countries' concerns and pro-poor orientated. Now that the Initiative is virtually over, this thesis endeavoured to critically explore its efficacy in terms of poverty reduction with the goal of discovering if the HIPC Initiative translated into significant beneficial outcomes for the poor. Additionally, it sought to discover if there are alternative, tested poverty reduction strategies and how the IFIs should act if confronted with a debt crisis again, with alleviating poverty the true goal. Responses to the problem were reached through a quantitative and qualitative comparative analysis of secondary data from two participating (and fairly close in size) countries, Cameroon and Nicaragua.

The use of the Most Similar System Design (MSSD) method during the comparison further allowed the uncovering of a differentiating factor between the Nicaraguan and the Cameroonian PRSPs. Indeed, the Nicaraguan PRSP (contrary to its Cameroonian counterpart) had an Unconditional Cash Transfer (UCT) program embedded into its PRSP. The critical analysis indicated that the PRSPs, just as the SAPs earlier, promoted pro-growth policies covered with a redistributive discourse. Furthermore, the comparative analysis suggested that Nicaragua fared significantly better in terms of extreme poverty alleviation than Cameroon, partly thanks to the use of UCT. Using the Foster-Greer-Torbeck poverty formula, it was then demonstrated that in the case of Cameroon, the funds from the Initiative were enough to eradicate extreme poverty in Cameroon for eight consecutive years through a similar UCT program. The above results strengthen the advocacy for the continuation of UCT programs by Nicaragua and for the implementation of UCT

programs by Cameroon using its own resources. They also promote the use of such programs by the IFIs whenever they are confronted with a debt crisis again, with extreme poverty alleviation as their goal.

DECLARATION

I, Pascal Monkam, declare that this thesis is my own work except as indicated in the references and acknowledgements. It is submitted in fulfilment of the requirements for the degree of Doctor of Philosophy in Development Studies in the Faculty of Humanities at the University of the Pretoria, South Africa. It has not been submitted before for any degree or examination in this or any other university.

Pascal Monkam

Signed at.....

On the.....day of2019

DEDICATION

This thesis is dedicated to my five children, John, Menelik, Um, Delieu and Rene as well as to my mother, Jeanne Delieu Monkam.

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Special thanks go to my mentor, Dr. S. Moon, who provided me with the guidance to complete this thesis.

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LIST OF ACRONYMS AND TERMS

AfDB	African Development Bank
CCT	Conditional Cash Transfer
CEMAC	Communauté Economique et Monétaire de l'Afrique Centrale (Economic and Monetary Community of Central Africa)
CFA Franc	Communauté Financière Africaine
C-PRSP	Cameroon Poverty Reduction Strategy Paper
GDP	Gross Domestic Product
GINI coefficient	Also known as the GINI index, it is a measure of income distribution of a country population. It was developed by the Italian sociologist Corrado Gini. That index is a measure of inequality.
HIPC	Highly-Indebted Poor Countries
IaDB	Inter-American Development Bank
IMF	International Monetary Fund
IFI	International Financial Institutions (Namely the World Bank, the International Monetary Fund and the Regional Development Banks such as the IaDB or the AfDB)
JSA	Joint Staff Assessment (IMF)
PRSP	Poverty Reduction Strategy Paper
UNDP	United Nations Development Programme
MDG	Millennium Development Goals
N-PRSP	Nicaragua Poverty Reduction Strategy Paper
SAP	Structural Adjustment Plan
UCT	Unconditional Cash Transfer
WDR	World Development Report

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CHAPTER 1: PRESENTATION OF THE THESIS

1.1 INTRODUCTION

This chapter presents the problem(s) for analysis, namely: What explains the persistence of extreme poverty in poor countries after they have received substantial debt relief supposedly aimed at alleviating poverty? Why do some countries draw more benefit in terms of poverty alleviation from debt relief than other countries? How could debt relief for poor countries be structured in such a way that it effectively contributes to the alleviation of extreme poverty?

In order to answer the above questions, Nicaragua and Cameroon were chosen because they both went through a debt relief program (the Highly-Indebted Poor Countries [HIPC] Initiative) and because they are of comparable size in terms of their macroeconomics.

Political economy research investigating direct debt relief and cash transfer schemes, according to Baglione (2015), can be classified into three kinds: theory-oriented¹, public policy² and political theory³. It is argued that this thesis relates to public policy as it is empirical and proposes alternative solutions to the usage of debt relief to alleviate extreme poverty.

1.2 BACKGROUND

Alongside the functionalism theory of poverty (Gans, 1971), poverty is usually seen as inhumane and should be vigorously combatted. Combatting poverty is a policy option that requires huge financing and if a country is heavily indebted, its capacity

¹ Theory-oriented research explores why politics is the way it is, without reference to any particular problem to be solved [Baglione LA. (2015) *Writing a research paper in political science: A practical guide to inquiry, structure, and methods*: Cq Press.

² Public-policy research investigates how to solve problems or to improve situations

³ In contrast to theory-oriented and public-policy research, political theory is non-empirical or normative as it is interested in what should or ought to be in political thinking [Baglione LA. (2015) *Writing a research paper in political science: A practical guide to inquiry, structure, and methods*: Cq Press.

to combat poverty will be restrained. That was precisely the case for Cameroon and Nicaragua, two countries that saw the prices of their main exporting raw produces (such as cocoa and coffee) fall. Nicaragua also experienced a devastating war (the infamous Contra War) in the 1980s. Thus, the foreign currencies reserve of both countries dwindled, making it even harder to purchase the machinery and other products that they do not manufacture but need for their development. This is a vicious cycle; dropping export prices means less foreign currencies earned, therefore an increase of debt and the lowered ability to borrow and to purchase equipment needed for development, translating to more poverty.

Coupled with the global economic crises of the late 1980s and the 1990s, around the year 2000 many developing countries (including Cameroon and Nicaragua) found themselves trapped in a high debt situation, while at the same time, facing widespread poverty. In 1999, the Bretton Woods institutions stepped in and proposed HIPC⁴ (for countries including Cameroon and Nicaragua), with the possibility of part of their debt being cancelled against a plan detailing a growth and poverty reduction strategy (Krakowski, 2003) and following a two-step process: a Decision Point⁴ and a Completion Point⁵. These plans are called Poverty Reduction Strategic Papers (PRSPs) and are prepared by governments through a 'participatory' process involving national stakeholders and external development partners. These PRSPs describe the macroeconomic, structural and social policies and programmes that a country will implement to achieve broad-based growth and reduced poverty; they are guided by five principles:

1. The country ownership of the programme through the 'participatory' process.
2. The programme should be focused on beneficial outcomes for the poor.
3. The goal must be poverty reduction.

⁴ The decision point is reached when the World Bank and the IMF agree that a HIPC met, reached or fulfilled certain conditions such as an unsustainable debt burden, a track record of sound policies and an acceptable PRSP. In that case, the institutions accept the eligibility of the country for debt relief.

⁵ The completion point is when the HIPC has satisfactorily met a second track of reforms supported by loans from the IMF and the World Bank and has implemented its PRSP for at least one year.

4. Recognition that poverty is a multidimensional concept.
5. Inclusiveness of the programme by ensuring that governments, domestic and external stakeholders are involved.

Both Cameroon and Nicaragua reached a decision in 2000. However, as early as 2004, the World Bank's Operations Evaluation Department (OED) admitted that while the PRSPs represent an improvement of the policies' frameworks of the 1980s, they remained too rigid and their full potential wasn't achieved. The report also encouraged the exploration of alternative policies to combat poverty and a departure from the uniformity of current PRSPs (Ndomo, 2005). The total cost of the debt relief for the 39 countries that were potentially eligible for debt relief, was estimated at \$75 billion in 2013 and the 36 countries that actually received debt relief saw their debt servicing decrease by about 1.7 percentage points of their GDP (Gross Domestic Product) between 2001 and 2013 (IMF, 2015). This is a substantial saving and is true relief for over-indebted poor countries as it releases resources for other uses and combats poverty. The question derived from the statement is "did poverty decrease?" This has been the subject of considerable debate around the HIPC Initiative, with some scholars arguing that poverty has indeed decreased (Andersen and Nina, 2001) while others argue that it did not or that it only marginally decreased (Treichel, 2005). However, it is clear that the above findings vary based on "the country, the policy choice and its implementation and that debt relief must be combined with redistribution measures to achieve [poverty reduction]" (Dagdeviren and Weeks, 2001:3). Therefore, the consensus is that one goal of the HIPC Initiative, which is to reduce the debt burden of participating countries to a sustainable level, has been achieved (Gautam, 2003).

It is thus clear that the design of the right policy to combat poverty is divisive. The liberal International Financial Institutions (IFIs) have been fairly constant in asserting that growth is the best remedy to alleviate poverty and that the causes of poverty stem from bad governance or excessive state involvement in the economy. A different school of thought argues that poverty is due to the dominant economic order and the influence of the core, as compared to the periphery (the famous dependency theory) and thus, poverty cannot end without the breaking of the link

between the core and the periphery. Yet other scholars simply maintain that poverty is due to internal reasons such as bad policy options taken by the past and incumbent governments (Todaro, 1989). This thesis hinges on the above perspective and develops a free-will approach, arguing that political leaders can at any rate influence any steering policies towards what they deem a priority (be it poverty, growth, etc.). Therefore, failure to design and implement policies that fight against poverty are always seen as the leaders' failure to make the right decisions.

The IFIs use a multidimensional conception of poverty along the lines of income, health and education, which attempts to grasp the complexity of poverty situations. With the 1990 World Development Report, the World Bank set the basis of its poverty reduction strategy which used Poverty Assessment (PA) techniques to determine who are poor, why they are poor and how to best combat poverty. This PA used an income-poverty line that basically divides the population between poor and non-poor and totally misses the non-income dimensions of poverty, such as demographics, gender, minority groups, etc. If imperfect⁶, the income-poverty line (and its corollary, the income dimension of poverty) remains a very useful tool allowing an easy, yet meaningful determination of who can be classified as poor and who cannot.

In practice, however, the policies advocated by these IFIs have not been able to eradicate poverty in developing countries as it remains widespread throughout Africa and parts of Latin America and Asia. For instance, the World Bank shows that in 2017, years after the implementation of the HIPC Initiative and the PRSPs, the poorest countries in the world remain Mali, the Democratic Republic of Congo, Malawi, the Central African Republic, Madagascar, Benin, etc., which all went through the above processes supposed to fight poverty (World Bank, 2017).

⁶ See the critic of PA by Azibo BR and Amungwa FA. (2019) Applying Relativity in Understanding Poverty and Promoting Economic Development in Rural Africa. *African Journal of Economic Review* 7: 219-237.

Some aggressive and progressive poverty reduction policies have been undertaken in countries like Brazil and Mexico. These policies were mainly based on the initiative of conditional or unconditional cash transfers (CCTs or UCTs) directly to assist the poor. The CCT or UCT policies have been praised for their success and ability to tackle deep poverty issues (De Janvry and Sadoulet, 2005). However, CCTs and UCTs also come with their own problems and are by no means a panacea for poverty (for instance, a phenomenon of habit to aid cannot be excluded). The use of these policies remains extremely limited in Africa.

Looking at the relative success of these policies, it is clear there is a need to discover why the IFIs and African governments neglected to implement such poverty reduction strategies. The question is “what the benefit could have been for the poor if the IFIs insisted on implementing cash transfer policies in African countries?” Responses to the above question will be done through a comparative analysis of two countries, Nicaragua and Cameroon, that have both been through the HIPC Initiative and the PRSPs. However, Nicaragua implemented a very small scale CCT programme.

1.3 PROBLEM STATEMENT

The HIPC Initiative was completed in 2014 with only 35 (including Cameroon and Nicaragua) out of the 39 HIPCs reaching the completion point. The different PRSPs have been extensively studied, analysed and evaluated but it was found that these studies focused on one country (Wiggins, 2007b) or on a group of countries in a certain geographical area (Krakowski, 2003; Thin *et al.*, 2001). These former studies lack generalisability while the latter studies are sometimes too general to draw conclusive findings from. Comparative analysis of the impact of PRSPs on countries (as this thesis does) remains limited and the agreement is that it would be for the best if meaningful conclusions could be drawn.

If it is opportune to critically interrogate the efficacy of that initiative in terms of poverty reduction through a comparative analysis of two participating countries, it is equally important to explore the best ways, in future, to use debt relief (or actually

any aid) to combat poverty. This is imperative because poor countries' debt is on the rise once again (IMF, 2017; Public Finance International, 2017) and developing countries might be obliged yet again to request the help of the IFIs. The respected French Newspaper *Le Monde* (12 May 2016), indicates that the sharp drop in the price of raw materials such as oil or copper, is putting tremendous pressure on some African countries such as Zambia, Nigeria and Mozambique, with Mozambique having already defaulted on its debt repayments (Remy, 2016).

Ahead of the visit of IMF Director-General, Christine Lagarde, to Cameroon in January 2016, the IMF stated in its report on Cameroon (published on 3 December 2015) that "Economic outlook has worsened...because of projected financing gaps and a surge in public infrastructure investment, public debt is expected to increase rapidly" (p.12). This simply means that debt could soon become a serious problem and that the debt crisis faced by poor countries back in the 1980s and 1990s could well be returning. In response to these debt issues, with poverty alleviation as the ultimate goal, it is clear that a different approach (such as the one proposed in this thesis) is well worth considering.

Linking with the above discussion on the debt crisis faced by poor countries, the research questions are, therefore "Did the HIPC Initiative translate into beneficial outcomes for poor? Are there alternative tested poverty reduction strategies? If confronted again with a debt crisis, how should the IFIs act if alleviating poverty is the ultimate goal?"

In attempting to answer the above questions and following the IFIs' conceptualisations of poverty, this thesis will be using three independent variables to test the efficacy of poverty reduction policies: the **income**, the **health** and the **education** variables of poverty.

1.4 OBJECTIVES

The objectives of the study are threefold:

1. To demonstrate that the IFIs put little emphasis on the poverty alleviation lever and the PRSPs never adopted a truly participatory process.
2. To demonstrate that the income dimension of poverty is the one that can easily be measured, acted upon (using CCT) and that improving the income dimension of poverty can have a beneficial outcome on the health and education dimensions of poverty.
3. To demonstrate that if used as CCT, the total saving from the HIPC Initiative, in the case of Cameroon, could have indeed moved all the poor of Cameroon out of poverty for eight consecutive years.

To achieve the above objectives, a detailed plan is presented in Section 1.6 below. The successful demonstration of these objectives allows this thesis to draw lessons in terms of future usage of debt relief (or simply, in terms of any financial aid⁷) accorded to poor countries, should poverty reduction be the purpose of the debt relief.

1.5 RESEARCH HYPOTHESIS

If the funds from the HIPC Initiative were used to promote CCTs and other once-off cash transfer policies to promote the policies of the PRSPs, then the poor of Cameroon would have been better off.

⁷ In particular, in the case of poor countries of Africa, the situation is dramatic⁷. At the time of the writing of this thesis, thousands of poverty-stricken Africans are attempting every day to cross the Mediterranean Sea in search for a better life in Europe (CNN, 2016; Express, 2016; ODI, 2016) through lawless Libya, precisely destabilised by those countries controlling the IFIs, through a military intervention that toppled and killed the leader, Muammar Qaddafi in 2011. In turn, these countries, using billions of Euros, are attempting to control or seal their borders (as if such actions could prevent people who do not have anything to lose, not to keep on trying their luck) instead of using these funds to help these poor remain in their own countries.

1.6 DETAILED OBJECTIVES IN TERMS OF THE KEY ARGUMENT/HYPOTHESIS

PRSP literally means Poverty Reduction Strategy Paper and one would expect that its main goal would at least be the reduction of poverty through a strategic and coordinated vision, but a closer examination proves otherwise. Due to the above-mentioned fact, this thesis endeavours to demonstrate that from its inception, the strategy of using debt relief to alleviate poverty in HIPC countries through the PRSPs was structurally flawed and in fact, was nothing else than an anti-politics machine according to (Ferguson, 1990)). This means that PRSPs view the alleviation of poverty as a technical issue while it is eminently a political one and that debt relief did not trickle down to the poor as was the intended goal. This thesis also attempts to show that CCTs and UCTs are efficient poverty alleviating strategies and that in the case of Cameroon, using the savings from the debt relief such as CCTs or UCTs would have moved all the poor Cameroonians out of poverty for eight consecutive years.

These objectives will be attained through a four-phase process: The first phase consists of the presentation of the context of poverty and a discussion about the important concepts relevant to this thesis, such as the concepts of debt relief, economic growth and poverty. The rationale for assessing poverty through the independent variables of income, health and education will also be presented.

The next phase will be a demonstration of the analysis and will compare the PRSPs of Cameroon and Nicaragua to show that besides the name, the PRSPs were mainly liberal pro-growth policies (that largely failed to reduce poverty). It will attempt to prove that they were coated with pro-poor rhetoric to gain the support of the civil society of countries, based on the fact that PRSPs were supposed to come from the people. Thus, by tracking the usage of the funds, it will be shown that the poor at best only benefited from the spill over of the debt relief. However, a major difference between the PRSPs of Cameroon and Nicaragua is uncovered: Nicaragua PRSP had a CCT component while Cameroon did not. That difference partly explains why Nicaragua has been more successful in reducing extreme poverty than Cameroon.

The analysis continues with a closer look at the pilot testing of the Nicaraguan version of the CCT, called Red de Protección Social (RPS), the Mexican *Oportunidades* programme and the Brazilian *Bolsa Familia* programme. The goal is to further show that these programmes, antecedent to the PRSPs, were effectively moving millions of people out of poverty and should have guided the IFIs if they were serious about reducing poverty through the PRSPs 'imposed' upon poor, over-indebted and voiceless countries.

The analysis ends with the testing of the applicability and the effectiveness of such strong social policies (*Bolsa Familia* and *Oportunidades*) in Cameroon. This will be done with the goal of proving that the poor of Cameroon (and probably of other HIPC countries) would have been better off had the funds from the debt relief been used as cash transfers (monthly or once-off) directly to the targeted poor.

1.7 POTENTIAL CONTRIBUTION OF THE STUDY

This thesis contributes practically and theoretically to the field of development studies. Regarding development strategies, academics tend to draw lessons from Asia for Africa in many aspects, even though the African continent is closer to Latin America. Contrary to the above movement, this thesis instead proposes to compare the implementation and the efficiency of the poverty-reduction strategies used in a Latin American country to those used in an African country in order to draw lessons for policymakers. This is the first practical contribution. Another practical importance of this study stems from the fact that at the time of writing, many of the previous HIPC countries were increasingly facing debt problems again. If responses must be brought to these debts with the alleviation of extreme poverty as the main goal, a different approach (such as the one proposed in this thesis, which is to use debt relief to promote UCTs) would be more appropriate.

Crane *et al.* (2016:785) argue that a theoretical contribution can take one of three forms. It can be the testing and refinement of a theory, it can be the application of a theory or it can be theory generation. Academics go on to maintain that "theory application is often empirical, where theory is used to ...explain empirical data...".

This is exactly the case of this thesis. By applying the poverty line theory (using the poverty gap index) to test the hypothesis, this thesis makes a theoretical contribution. This thesis uses the poverty line theory to analyse empirical data from governments and IFIs. The results of this thesis could provide guidance to policymakers, international development agencies or Non-Governmental Organisation (NGOs) and help them in formulating extreme poverty-reduction strategies that are more efficient and more responsive than those currently in use.

1.8 LIMITATIONS AND ASSUMPTIONS OF THE STUDY

Amongst the numerous definitions of poverty that are presented in this study, the dollar a day definition is adopted and therefore, this study should be understood from that perspective as it is also easy to assume that a dollar a day can go further in developing countries. The dollar a day definition of poverty is adopted because the secondary data on poverty used in this thesis are all based on that approach to poverty. In addition, to test the hypothesis, this study assumes that over a number of years (about eight years), the total population of the poor in Cameroon remains constant.

1.9 THESIS STRUCTURE

The thesis is organised in such a way that it highlights the steps towards the successful testing of the hypothesis as discussed hereafter. The current chapter has introduced this thesis, presented the rationale behind the research, established the key argument and showed how it will be demonstrated. It has also indicated why this research is important and for whom. Furthermore, this chapter was definitional, although many of the most important concepts (poverty and extreme poverty, debt relief) need to be discussed before being defined. The concepts and definitions will be found in the literature review instead. This chapter was organised around six sections. This first section is considered introduction. The second section of this chapter touched on the socioeconomic background that led to the debt crisis for some countries, the widespread poverty and the stepping in of the IMF and the World Bank. The third section presented the problem statement of this thesis, essentially asking if these two international financial organisations succeeded in the

task of combatting poverty. Section four presented the key argument of this thesis, the research hypothesis and the detailed objectives in terms of the above hypothesis while section five pointed to the potential contribution of this thesis and its limitations. Finally, section six (the current one) presents the structure of this thesis and how the different chapters build-up to the testing of the hypothesis.

Chapter Two is the literature review. It discusses fundamental concepts relevant to this thesis and it presents the researcher's own views and definitions of some of the key concepts that guide the arguments in the remainder of the thesis. These concepts are the concept of debt relief, growth and poverty which form the basis of this thesis. An analysis of the links between the concepts are undertaken, as an understanding of these links is important for the rest of the chapter in order to describe the causes of poverty and the different poverty reduction strategies. These different political economy strategies aiming at fighting poverty are then presented and discussed against the backdrop of the key argument of this thesis. It briefly touches on specific social programmes such as the *Bolsa Familia* and the *Oportunidades*. These specific social programmes are discussed in detail in the case studies in Chapter Seven of the thesis. It is also mentioned that these social programmes do not, in themselves, constitute a political economy school of thought. During this chapter, these schemes are linked to specific schools of thought.

Chapter Three discusses the research design, strategy and methodology. The chapter starts with a discussion of the research paradigm and the behaviouralist approach used in this thesis. The chapter then moves on to emphasise the method of the Most Similar System Design (MSSD). The MSSD is a comparative method that helps to find the "regularities, similarities and differences" (Curtis, 1968:5). That method is key to first choosing the two countries to study and to uncovering the differing factors at the bases of the different outcomes of the poverty-reduction strategies used in Cameroon and in Nicaragua. Furthermore, this chapter focuses on the comparative policy analysis, as the study of the PRSPs of Cameroon and Nicaragua is essentially a comparative policy analysis that aims at discovering the similarities, the regularities and the differences between these policies. The chapter

ends with a summary outlining the way the research methodology is deployed to test the hypothesis.

In Chapter Four, the MSSD method is used to select the two cases, Cameroon and Nicaragua. The documents that will be used during the thesis are also presented. These documents can be divided into two broad groups. The first group is constituted by the PRSPs together with the documents that led to their formulations and later, their evaluations. The second group of documents are reports from various sources (independent researchers, NGOs, etc.) that present the views of the two main stakeholders being the poor and civil societies of Nicaragua and Cameroon. These latter documents attempt to provide this thesis with agency, where the voices and experiences of these stakeholders are heard. Some basic comparative analyses of macroeconomic data of the two selected countries are performed. Then, the chapter continues with the tracking of the usage of the funds received from the debt relief programmes to try and uncover the true beneficiaries. The chapter points to the hypocrisy of the PRSPs that profess one thing but apply another. The comparative nature of this chapter allows this thesis to determine that the allocation of the funds from the HIPC Initiative is more pro-poor in Nicaragua than in Cameroon. This chapter also serves as a build-up towards the key argument of the thesis while further confirming the superiority of the Nicaraguan PRSP in terms of extreme poverty reduction. Then, the chapter uses a comparative framework developed by Tharakan and Macdonald (2004) to study, compare and contrast the poverty reduction programmes implemented in Cameroon and in Nicaragua. It is a mixed qualitative and quantitative methodology. The comparative framework confirms the essential, differing factors between the two PRSPs, highlighting the Nicaraguan version of the CCT (RPS) and it is argued that according to the MSSD, it is that factor which explains the comparatively superior performance of Nicaragua in terms of extreme poverty reduction as found in Chapter Five. As the superiority of the Nicaraguan PRSP is further established through a mixed qualitative and quantitative methodology, the reliability of the findings is reinforced.

Chapter Five focuses on the analysis of that differing factor that is the independent variable (the Nicaraguan RPS). An overview of other similar and more advanced

CCT policies such as the Mexican *Oportunidades* programme and Brazil's Bolsa Familia scheme is undertaken. The strength and weaknesses of each of the three programmes are exposed, compared and evaluated as the last steps leading to the hypothesis testing and the recommendations. This chapter continues with the discussion of a very recent (2013) pilot testing of a CCT programme in Cameroon. This, alone, provides evidence that such programmes are becoming more and more unavoidable to governments seeking to fight deep poverty problems. The chapter ends with the presentation of the perceptions of poor over CCT programmes.

In Chapter Six, the thesis evaluates the applicability of CCT programmes in the context of Cameroon. This chapter employs the poverty gap index and a behaviouralist approach to poverty reduction to test the hypothesis and to finally discover if indeed the funds from the debt relief were to be used as direct cash transfers to the extremely poor of Cameroon, these people would be much better off.

Chapter Seven summarises the main conclusions of the thesis. The chapter ends with recommendations to policymakers in terms of extreme poverty reduction.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION TO THE LITERATURE REVIEW AND CHAPTER STRUCTURE

The previous chapter served to introduce this thesis, to set the context, to present the research questions and hypothesis and to indicate the limitations of the study. This chapter critically explores the current literature dealing with key concepts, definitions and theories relevant to this research. In this chapter, the researcher also submits his own views and interpretation of these concepts. This chapter is divided into five sections.

The first section discusses the triptych debt, debt relief and poverty. It attempts to uncover the origins of these debts and how poor countries found themselves in the debt trap in the first place did. Then, poverty is discussed in depth. The causes and theories of poverty, as well as one measurement of poverty (the poverty gap index), are presented. Following the discussion of the concepts of debt and poverty, the section focuses on debt relief and attempts to uncover the link between debt, debt relief and poverty. It further attempts to demonstrate that debt relief does not automatically result in poverty reduction but that it is all about how debt relief is used, how deep poverty is rooted in society and the political ideology of the leaders. The important concept of free will is introduced and that concept permeates throughout this thesis. The researcher argues that combatting poverty is not simply a technical issue but a political decision that requires the leaders to use their free will, if necessary, against the dominant political and economic consensus imposed upon them by international financial organisations.

The second section sheds light on the different situations of poverty. Here, the literature review acknowledges that poverty manifests itself differently across society and across countries. Thus, this section exposes the flaw of the one-size-fits-all approach to poverty alleviation.

The third section turns to the critical analysis of the PRSPs and discusses that the PRSPs are largely based on the same liberal framework while the diversity of poverty situations calls for differentiated approaches in the fight against poverty. It is further argued that the focus of these PRSPs was not poverty reduction but growth promotion. This section will review some well-known poverty reduction strategies. From that review, it can clearly be seen that the PRSPs were not pro-poor at all. This section also attempts to give the poor an opportunity to let their voices be heard. The thesis investigates how the poor define poverty and what the poor think the right strategy to help them get out of poverty could be. This step is important as it gives agency to the thesis. It also links with the argument that even when the poor are consulted, that such consultations are only made to fulfil requirements from IFIs and that the demands and suggestions of the poor are never taken into account. The literature review ends with a conclusion and the building of a conceptual framework. This framework attempts to summarise the most important points as well as the researcher's perspective that is used for the remainder of the thesis.

2.2 THE TRIPTYCH: DEBT RELIEF, GROWTH AND POVERTY REDUCTION

There are three objectives for this section: first, to demonstrate that when a poor country is heavily indebted, there are serious negative impacts on the poor. However, when the debt is relieved, positive impacts on the poor will occur only under conditions dictated by policymakers. In other words, positive impacts on the poor of debt relief will depend on the policies adopted and are by no means automatic.

Secondly, to understand the what, the why and the how of poverty. In other words, poverty will be conceptualised. This section will also clear some common misconceptions that relate to poverty and inequality. A deep understanding of the concept of poverty is important before attempting to tackle poverty. This section sheds light on what poverty is, why some people are poor and on how poverty is measured. This section does not deal specifically with the concept of poverty in Cameroon or Nicaragua as it is mostly concerned with discussing different perspectives of poverty and the different ways of measuring poverty which will be

necessary later in the thesis for the purpose of testing the hypothesis. However, in this section, a particular perspective of poverty, as well as a preferred method to measure poverty, is selected.

Lastly, the objective of this section is to demonstrate that if debt relief was meant to fight poverty, the IFIs could or should have taken a different approach to the usage of the funds released through the HIPC's initiative. Therefore, by studying the triptych of debt relief, growth and poverty reduction, this section attempts to understand the failure of the debt relief programme to significantly reduce poverty.

2.2.1 The concept of debt relief and its relationships to the exchange rate and poverty

Succinctly, national debt arises whenever government spends more than it receives in tax revenue⁸ and each year's budget deficit is added to the debt. Obviously, just as when a family is crippled by debt, it is often unable to pursue other important tasks such as tending to the education or the health of the family members or giving the children pocket money. To continue the analogy, an over-indebted family could well see a progressive impoverishment of its members, whilst once relieved from some of these debts, the family could again earmark a larger portion of its revenues for essential tasks.

When assessing a country's eligibility to the HIPC Initiative, the term debt, or more precisely external debt, refers to the total public and private money owed to non-residents repayable in internationally accepted currencies, goods, or services (Central Intelligence Agency, 2016) and where the public debt is the money or credit owed by any level of government and the private debt is the money or credit owed

⁸ Many governments have shares in companies or other investments that bring them additional revenues.

by private households or corporations based in the country of analysis. These figures are calculated on an exchange rate basis, i.e., not in purchasing power parity (PPP⁹) terms. The mere fact that debt is repayable in internationally accepted currencies clearly shows why high debt is such an impediment to poor countries. Indeed, poor countries either have a currency that is totally controlled by a foreign country (usually the former coloniser) in this case, the CFA Franc for Cameroon which is controlled by France. The other option is for the currency to be under the total influence of another country, like the Nicaraguan Cordobas (C\$), which has been dollarised since 1991 and is just a second-class currency in its own home country¹⁰. Rogers (2014), citing independent economist Nestor Avendaño, argues that the Cordoba represents only 20% of the total liquidity of the country. In the above circumstances, neither Cameroon nor Nicaragua has much financial leverage.

Nicaragua cannot, like the USA, print dollars to pay debt; it must earn the necessary foreign currency through trade in order to do so. In that respect, the unfavourable terms of trade constitute serious constraints. Devaluing the Cordobas (with the induced inflation) is often a short-lived solution as this often sets the country into the inflation-devaluation-inflation spiral. On the other hand, Cameroon cannot even devalue the CFA Franc, as the final decision is France's. As many other CFA Franc zone countries, such as Côte d'Ivoire, Cameroon must mimic devaluation through trade liberalisation (a strategy that largely fails) or limit fiscal deficits through cuts in government expenditure which depress the economy and result in a decrease in per capita private consumption (Demery and Squire, 1996). Therefore, to pay its debt, Cameroon cannot print the CFA Franc and can neither devalue it in order to

⁹ The purchasing power parity (PPP) conversion factor for private consumption represents the number of units of a country's currency is required to buy the same amounts of goods and services in the domestic market as one United States dollar would buy in the United States. It is based on the System of National Accounts' concept of actual individual consumption.

¹⁰ Usually, a distinction is made between exchange-rate agreements and monetary agreements. An exchange-rate agreement aims at establishing a certain parity between the currencies of the countries involved. A monetary agreement allows a third country to officially use another country's currency as its own official currency. Both types of agreements refer to various currency pegging regimes, among which one can cite the currency board arrangement, the monetary union (for the CFA and Euro zone) or the euroisation or dollarisation etc. depending on the strong currency involved [Lamine B. (2006) Monetary and exchange-rate agreements between the European Community and Third Countries. Directorate General Economic and Financial Affairs (DG ECFIN), European Commission.

decrease the value of its debt (as both actions are prerogatives of France). When poor countries like Nicaragua face high debt and are striving to service it, this leads to even higher interest rates and higher inflation, with the poor being amongst the first victims as inflation eats up their already meagre income. For Cameroonians, at least “the lucky few” (Grootaert and Kanbur, 1995) working in the formal sectors or the urban elites are better protected against the inflation phenomenon because the CFA Franc has a fixed parity to the then French Franc. However, when the CFA Franc is devalued as it happened (the first time since 1948) in 1994 when it was devalued by a hefty 50 per cent, the country’s debt suddenly increased as part of it being denominated in currencies different from the French Franc (now the Euro).

Table 2.2-1 below shows, in particular for Cameroon, that the debt denominated in other currencies represented a hefty 41 per cent of the total debt before the advent of the Euro in 1999.

Table 2.2-1: Public and publicly guaranteed debt composition (in %) for some selected countries

	US	Pound	Swiss	Japanese	Deutsche	Other
	Dollars	Sterling	Franc	Yen	Mark	currencies ¹
Benin	41.02	0.61	...	2.15	0.23	21.88
Burkina Faso	48.07	0.39	0.06	17.74
Central African Rep.	50.79	0.08	2.45	0.57	0.55	9.53
Cameroon	15.41	1.9	0.82	0.53	15.35	7.01
Chad	53.01	0.05	0.88	16.97
Côte d'Ivoire	32.43	0.74	1.02	1.15	3.76	6.06
Congo, Rep.	29.44	5.01	0.33	0.19	2.63	13.38
Gabon	21.34	4.92	0.49	0.78	7.98	8.53
Mali	27.22	1.57	2.04	1.95	0.46	27.44
Niger	38.5	1.02	0.45	2.42	0.17	23.4

Senegal	38.4	0.2	0.5	2.38	2.5	21.82
Togo	47.3	1.6	8.84	4.16	2.02	6.79
1: Except French Franc and Euro						
...: denotes missing values						

Source: From Grekou and Perez (2014:29)

The table above clearly indicates that for Cameroon, the devaluation of their currency has a mixed effect. It is important to insist on the “mixed” effect in order to stress that contrary to various theses, this one takes an objective view of the CFA Franc debate. This debate has become ideological with many Africanists strongly rejecting the currency and blaming most African CFA Franc zone’s economic woes on the currency and advocating the emergence of an independent currency. This thesis doubts that currently, most African countries, with the rampant corruption and maladministration and history of the executive meddling in other spheres of the state (the judicial and the legislative branches) will be able to manage their own currency or let a truly independent board manage the country’s currency. It further argues that Cameroon benefits from credibility that is conventionally associated with the irrevocable commitment to a fixed exchange-rate regime and guaranteed convertibility of its currency. That, in turn, allows it to borrow from financial markets. It also helps the country to keep inflation low, which benefits the poor. On the other hand, given its peg to the euro (French Franc before 1999), fluctuations of the anchor currency against currencies of third countries impact on the foreign currency-denominated debt of Cameroon (Grekou and Perez, 2014). Additionally, with the Euro being a strong currency, it cannot be denied that this negatively affects exports and growth. The pegging of the CFA to a third country’s currency cannot be seen in isolation but needs to be viewed holistically together with its drivers and constraints but always with the leaders of the country at the centre of the game. Indeed, even within those drivers and constraints, the leaders still have options, they still have “room to manoeuvre” (Moon, 2017:12). The leaders always possess the free will to decide or alternatively, to steer policies in a certain direction notwithstanding the prevailing economic consensus.

It is here that this thesis will introduce the importance of free will. Philosophically, free will proponents argue for freedom of people to choose their own destiny, it is about the dignity of people, the uniqueness of human beings, as arguing otherwise would mean that human beings do not have bearing on their future (Maslow, 1943; Rogers, 1951). However, because this thesis accepts that there are constraints under which people and leaders make decisions, the perspective adopted here could be termed a modern compatibilist one which argues that free will is to choose within what constraints allow (Frankfurt, 1969).

For the purpose of clarity the following example is given. It is now public knowledge that former Libyan leader Muammar Gaddafi had a plan to create a new African Reserve Bank that could challenge the IFIs and free African countries from the domination of the dollar (what is termed de-dollarization). Today, many still argue that Gaddafi was not killed for having threatened to crush the uprising in Misrata, Libya but for his attempt to empower African economies by creating an African gold-backed currency (Black Opinion, 2017; Pambazuka News, 2017; US Africa News, 2016; Sputniknews.com, 2016).

These relationships between currency, debt and growth are important. Grekou and Perez (2014) maintain that when the CFA currency is overvalued, the competitiveness of the economy of the country is negatively impacted, economic growth is constrained but the external debt denominated in foreign currency is reduced. When the currency is undervalued, the country reaps a competitive advantage but also registers an increase in its foreign currency-denominated debt. Therefore, the nexus between currency misalignments and growth is complex. The authors conclude that:

The positive impact of a real undervaluation on economic growth can be effective only if the improved export performance, induced by competitiveness gains, can offset the increase in the foreign currency value of the debt or if the path of the foreign currency-denominated debt is sufficiently sustainable to limit negative valuation effects.

(Grekou and Perez, 2014:22)

In other words, care must be taken in the management of debt to support growth in poor countries, especially when these poor countries use a pegged currency with a value they cannot adjust. Excessive debt for developed countries is a problem as repayment absorbs a lot of resources that could otherwise have been directed to poverty alleviation policies or at least to much-needed infrastructures.

For developing countries such as Cameroon that often lack monetary leverage, it becomes a serious constraint as it could compromise its growth and development which are necessary in the fight against poverty. Macroeconomic policies (usually seen as the combination of fiscal and monetary policies) are the instruments governments use to achieve optimum growth, price stability and full employment. In the context of poor countries, policies such as the aforementioned also mean achieving the objectives of poverty reduction. In that respect, Demery and Squire (1996:55) state that:

The critical factor is economic growth and that the economy grows more rapidly and poverty declines faster in countries that improved macroeconomic balances, depreciating the real effective exchange rate. Changes in the real exchange rate also immediately and favourably affect rural incomes, benefiting the poor both directly and indirectly...The prospects for the poor are not rosy unless there is more investment in human capital and better targeting of social spending.

Based on the statement of Demery and Squire (1996), it can be concluded that there could be a positive relationship between the right economic policy and a decrease in poverty. This is only possible if the leaders use their free will to swing the economic policy in the appropriate direction.

Debt relief could have different meanings. For instance, a creditor who cancels the totality of the debt of a poor nation can say that he has provided debt relief. Another creditor who only cancels 10% of the debt of a country can also claim that it has provided debt relief. Still another creditor agreeing to only decrease the interest rate of the debtor country can rightly say it gave debt relief. Such vague definitions of debt relief are convenient for creditors as they can use them to present themselves

as generous donors. Although, there is no generosity from the creditors/donors when the debtors are unable to repay their debt or when, sooner or later, they would have defaulted, which then leaves the creditors with no other option than to accept the losses. Scholars, such as Carrasco *et al.* (2007), argue that one main objective of debt relief is to make sure that the indebted country remains solvent and thus, protects the creditors' interests.

The definition of debt relief by the IMF is also vague (or at least arbitrary) as indicated above. Debt relief during the HIPC Initiative means a “debt reduction designed to ensure that no poor country faces a debt burden it cannot manage” (IMF, 2018:1). One could ask what “cannot manage” means? However, from the IMF's perspective, it means sustainable. It aims at freeing up resources for social spending and poverty reduction programmes (De and Sun-wang, 2013; De and Gonzales, 2014). Therefore, from the IMF's point of view, since the debt servicing of the 36 countries admitted to the HIPC programmes a diminished 1.8 percentage point of their GDP between 2001 and 2013 (IMF, 2015) and that these countries were spending less money on servicing debt than on health and education combined, the IMF can claim that its programme has worked. It is, however, not the intention of this thesis to advance the view that the amount of the debt relief through the HIPC Initiative is small change, but to claim that these international institutions and the West, in general, can certainly do much more. This claim is linked to the fact that the Drop the Debt movement (<http://jubileedebt.org.uk/>) maintains that the IMF and the World Bank could cancel the debt of all the poorest nations altogether without any impact on their credit ratings or their ability to continue functioning. Instead of solving the debt problem radically, it is argued that these institutions opted to maintain the poor nations under perfusion and just to the level high enough to prevent them from defaulting. Cheru (2006b:43) criticises the HIPC Initiative on the above grounds, maintaining that the HIPC Initiative, sometimes presented as a breakthrough, just followed the same logic of “damage control” as applied during the SAP. The author goes on to conclude that the HIPC Initiative's attempt to resolve Africa's debt problem has clearly failed, even using the IMF's own measurement standard. This is also the view shared by Petithomme (2013:119-120). Through the

study of data from the World Bank of the HIPC's that reached Completion Point, Petithomme (2013) concludes that:

While the HIPC Initiative has had an effect for several countries on the reduction of the short-term pressures represented by their annual debt service, it has not convincingly tackled the broader dilemma linked with the total external debt.

Specifically, this refers to sufficient debt sustainability and persistent high levels of poverty.

The calculation of the debt sustainability of a country is arbitrary, as suggested above. Debt sustainability uses the external debt after traditional debt relief mechanisms to derive a ratio which is measured as the total debt in Net Present Value (NPV) terms to the country's total export. Sustainability for a country, therefore, means that it can pay its debt from its exports (Guzman, 2016). The IMF views a country's debt as sustainable if its total debt is less than one and a half times the total export value (why one and a half instead of two¹¹?).

In addition, defined as such, it is clear that the HIPC Initiative, if viewed as a way to improve poor countries' sustainability to debt, was doomed to fail as nothing in the HIPC Initiative was meant to improve exports. Furthermore, there was no reason that poor countries that saw their debt shooting up during the 1980s (due, amongst other reasons, to lower export commodity prices) would suddenly start exporting more just because their debts have diminished. The calculation of debt sustainability is certainly one of the best methods of assessing the efficiency of a debt relief programme from the creditor's perspective as in fact, debt sustainability measures the ability of the debtor to pay the creditor which is of utmost importance for the latter. It is, however, by no means a method of measuring the poverty level in a

¹¹ This sounds very much like one of the famous Maastricht criteria (or Euro Convergence criteria) which states that all European Union members should have a government budget deficit of no more than 3% of the GDP. There are ample reports indicating that the figure of 3% was found by two advisors to the then French President Francois Mitterrand, without any theory to back it (LesEchos.fr, 2014; LeFigaro.fr, 2016)

country as it can be argued that a country might well have a sustainable debt but choose, for ideological reasons (the free will of the leaders), not to invest in social spending. Political commitment precedes the decision to spend on social sectors and to alleviate poverty. The initial approach of the IMF and the World Bank to establish a link (though not a direct one) between debt relief and poverty reduction is flawed.

If Cheru (2006b) could be seen as too critical of the way the Western powers have managed the poor countries' debt problems, it is argued that there is a lot of substance in the view he is advancing, as this thesis endeavours to demonstrate. Maintaining that the indebtedness of poor countries has been aggravated by corrupt local political elites, embezzlement, ill-conceived projects and capital flight all supported by the Western powers. Cheru (2006b) goes on to argue that:

The cruel irony is that the burden of paying for the extravagant mistakes of powerful political elites and their external supporters falls on the shoulders of the poor, who are forced to tighten their belts and eat less.

This is a very powerful statement that also supports the ideas behind this thesis. The actual question here is, why should funds from debt relief be given to the very same people again, the local political elites who mismanaged the country and misused the previous funds? The very political elites who did not use their free will to attempt to promote a genuine pro-poor policy but are able to use their free will to enrich themselves at the expense of the country? These questions are located at the heart of this thesis. Consequently, an important step of this thesis will be to track (for Cameroon and Nicaragua) the usage of the savings derived from the debt relief to see if these savings (or portions thereof) were used to alleviate poverty.

2.2.1.1 The origins of the debt

For Cameroon and Nicaragua to be embroiled in debt, there must have been a time when their debts spiralled out of control. Therefore, it is important to briefly discuss the political economy of the debt origins in order to understand why and how debt became unsustainable in the first place. Determining the different levels of

responsibilities in the debt crisis (and thus, in the aggravation of poverty) could arguably point to those who should be responsible to fix the problem.

According to Caritas International¹² and CIDSE¹³ (World Hunger, 2016), the debt of many poor countries has its origins in the two oil shock crises. In 1973, the Organisation of Petroleum Exporting Countries (OPEC) quadrupled the price of oil and suddenly found themselves with a huge excess of cash that they invested in commercial banks. In turn, these commercial banks, flooded with cash, were more than willing to lend money to poor countries without always ensuring the necessary due diligence. It must be noted that back then, these developing countries were doing rather well. Many of them had an economic development comparable to those of South-East Asian countries, such as South Korea. For instance, Maddison (1995) argues that between 1950 and 1972, Asia grew at a pace of 3.8 per cent and Africa at 2.1 per cent. However, between 1973 and 1992, while Asia was growing at 3.2 per cent, Africa had a negative growth of 0.1 per cent. The consequences of the oil shock for industrialised nations was mainly induced inflation.

The second oil shock happened in 1979. In response, industrialised nations (notably, Western Europe and the USA) further tightened their monetary policies in an attempt to contain inflation. This resulted in a recession that soon contaminated the whole world as commodities (mainly produced by the developing countries) saw their prices plummeting due to lower demand from industrialised nations. Strangled, with no foreign exchange to purchase much-needed imports or to simply service old debt, most developing countries like Cameroon and Nicaragua, borrowed further from the commercial banks. That is until Mexico announced in 1982 that it would not be able to honour the terms of its debt anymore. The shock wave of that announcement put the financial markets on the brink of collapse as creditors feared other countries could follow. The IFIs had to step in with the famous Structural

¹² Caritas International is a network of 146 national relief, development and social service organisations.

¹³ CIDSE stands for International Cooperation for Development and Solidarity. It is a network of 16 Catholic development organisations located in the West.

Adjustment Programmes (SAPs). While not completely innocent in the emergence of the debt crisis (George, 1988; Young, 1960), the lenders (that is the West and the IFIs), in exchange for the needed funds imposed a set of strict measures on the developing countries that arguably deeply affected the poor. These measures included raising taxes to allow the government to balance its budget, eliminating price controls, reducing the involvement of the state in the economy by privatising state-owned companies, reducing tariffs and control on capital flows. The overall objectives of these policies were to stabilise these economies by reducing inflation, to boost growth by improving efficiency and by opening the market to more competition. In other words, in line with the Washington Consensus, the IFIs maintained that the economic woes of developing countries stem from state-orientated economies and thus, privatisation and cut-backs in government expenditures were the best remedies (Petithomme, 2013). According to Carmody (1998), these policies represented a complete change from the previous Keynesian/Fordist era after the Second World War when the IFIs were promoting state-led development in Africa.

However, since 2002, the SAPs have adopted the communicative discourse of poverty reduction through the creation of a poverty reduction strategy (PRS), which is claimed to be designed by the HIPC itself and aligned with the Millennium Development Goals (MDGs) of the United Nations. However, in practice, these poverty reduction strategies essentially take the place of SAPs. The formal objectives of the HIPC Initiative remained the balancing of external debts and the reduction of trade deficits while promoting poverty reduction strategies to reach the MDGs up to 2015 (Petithomme, 2013).

The exercise of pointing fingers at alleged culprits often becomes ideological. The literature is full of accounts supporting the idea that the problems of underdeveloped nations come from their history as colonised countries and subsequently neo-colonialism (Sachs *et al.*, 2004). Other academics would go as far back as to blame the underdevelopment of Africa on slavery (Nunn, 2008). Acemoglu *et al.* (2001), through studies of the established institutions, demonstrate the influence of colonisation and slavery in entrenching poverty in Africa. However, in the face of

numerous counterexamples, this thesis adopts the opposite ideological position. Factually, the effect of colonisation and neo-colonialism on poverty cannot be discarded, and yes, slavery, in terms of removing young, energetic people from the continent has contributed to keeping Africa underdeveloped. However, parts of China were colonised (by Japan or Great Britain), Korea was colonised by Japan, Taiwan was colonised by the Dutch. Today, China is the second largest economy in the world. South Korea and Taiwan are examples of developmental state-building nations. Ethiopia, however, which was virtually never colonised, remains underdeveloped. Cameroon, which often likes to state that it was never colonised but only under a protectorate (which this thesis argues is the same in practice), is still a poor country. Therefore, notwithstanding the vicissitudes of history and the hazards of geography, the onus remains on a country, its people and its leaders to find the path to economic development.

In other words, from the perspective of this thesis, even though the origins of the debt are to be found in reckless lending from banks on unfavourable terms of trade or exchange rates, ultimately, the country, its people and its leaders must take the blame for the failure. Poor countries, their people and their leaders, because of a lack of vision, because of mismanagement and/or corruption, are largely responsible for falling into the debt trap. The above perspective is in line with the view of polemical French philosopher, writer and diplomat, Joseph-Marie de Maistre who maintained that “every country has the government it deserves” (comte de Maistre, 1860:196). This perspective calls for Africa to reject all forms of self-victimisation and accept that free will is always an option. It has been set from the onset of this literature review and will transpire throughout this thesis.

2.2.2 Poverty: Concept, causes and measurements

2.2.2.1 Poverty and inequality

The debate around poverty always mentions inequality in such a way that there is sometimes confusion between the two concepts while, in fact, they are very different. That confusion often translates into inadequate policies that are supposed to fight poverty but which, with scrutiny, are policies best aimed at fighting inequality.

It cannot be denied that there is a relationship between the two concepts and that when academics describe the causes of inequality, these causes could sometimes be applied to poverty. As with poverty, inequality could have social causes (Gyimah-Brempong, 2002), economic causes (Nafziger, 1988), political causes (Milanovic, 2003) or geographic causes (Patel and McMichael, 2009; Baker, 2008).

While poverty is often measured in monetary value, inequality is measured by an index, the GINI index, which determines the income distribution of a nation's residents. The Italian statistician Gini (1921) built the GINI inequality index in such a way that in practice, 0 usually corresponds to perfect equality of income where everybody earns the same income and 1 to perfect inequality where one person gets all the income and all others, none. However, theoretically, the value can be negative or above 1.

The responses that policymakers advocate to fight inequality are also often comparable to policies aimed at combatting poverty. These responses are land reform, education and training and support to intensive labour sectors, just to name a few (Cornia and Court, 2004). Other responses to inequality such as privatisation, trade and financial liberalisation and labour market flexibility are much more controversial. If poverty and extreme poverty are seen mainly as a problem related to developing countries, inequality is accepted to be widely present in the developed world as well. The influential economist, Piketty (2014), proposes a progressive tax on capital to combat inequality but maintains that in today's world, education is key to fight inequality in the long run. However, the economist immediately warns that "inequality is not necessarily bad in itself: the key question is to decide whether it is justified..." (Piketty, 2014:19).

Without opposing the above view, this thesis instead argues that inequality might be consubstantial to human beings and societies and therefore must be acknowledged as such. The academic maintains that poverty, not inequality, should be the focus of developing countries as they cannot afford to fight two battles. In any event, in the framework of the liberal IFIs, the poor countries should go through the steps of modernisation, and they should follow the Kuznets curve (Kuznets, 1955); with the

hope that inequality will decrease. Hence, the need for developing countries to focus on the fight against poverty as it should also bring about a decrease in inequality. However, many academics (Nugent, 1983; Piketty, 2014) dispute the empirical foundations of the Kuznets curve. More surprisingly, Kuznets and Jenks (1953:24;26) suggest that the famous U-shaped curve is “5 per cent empirical and 95 per cent speculation”. Furthermore, Kuznets stated that in the context of the Cold War, his other purpose (when proposing his theory) was to put an optimistic perspective to the poor developing countries so that they stay within the liberal framework policies of the West.

2.2.2.2 Basic definitions of poverty

Technically speaking, poverty is either defined in absolute or in relative terms. In its absolute definition, poverty refers to the basic survival needs such as nutrition, healthcare and education (Taylor, 2002:9). Absolute poverty leads to the determination of a poverty line which remains largely arbitrary in the face of the difference in context and people and which does not say anything about inequality, unlike the relative poverty definition.

The relative poverty definition sees poverty as one’s inability to have the necessary resources to have a certain standard of living accepted by the society in which one is living. In other words, when one lacks “a certain amount of income derived from the mean or the median income in a given society” (Wagle, 2002:157). Thus, the relative poverty line is a political matter and in fact, as indicated by relative poverty is defined by political consensus. Thus, many developed countries will define “those deprived as those who receive support from public sources” (Laderchi, Saith and Stewart, 2003:9). In practice, the definitions of poverty reflect a combined view of both relative and absolute poverty. The World Bank (cited by Akindola (2009)) states that:

People are considered as poor if their standard of living falls below the poverty line, that is the amount of income (or consumption) associated with a minimum acceptable level of nutrition and other necessities of everyday life.

(World Bank, 1992:5)

The above definition poses the problem as to what an “acceptable level” is and who determines that level? The aforementioned economic definition of poverty can be interpreted, according to Watts (1968), as a situation when command over resources falls below a certain level, the poverty line.

Goedhart *et al.* (1977) find that when family heads are surveyed, the concept of poverty is linked to their own income and the size of their family and therefore, the poverty line remains rather subjective. On the other hand, when the poverty line is set by researchers or policymakers, it remains largely arbitrary. For instance, international organisations such as the United Nations Development Programme (UNDP), classify extremely poor as any individual living on less than \$1 a day (1996 US prices¹⁴). They further differentiate between sub-jacent poor living on between \$0.75 and \$1, medial poor living on between \$0.50 and \$0.75 a day and the ultra-poor living on less than \$0.50 a day. Many academics, such as Kiely (2007), reject the foundation and methods used by international institutions to reach these dollar-based definitions of poverty which often tend to suggest that poverty has decreased due to the policies they imposed on developing countries. This thesis adopts a dollar-based definition of poverty as it allows secondary data from reputable organisations to be used. However, it must always be kept in mind that poverty is much more complex and therefore need to be conceptualised as in the section below.

2.2.2.3 *Conceptualisations of poverty*

It has been a long time since the narrow conceptualisation of ‘primary’ poverty by Rowntree (1901) in terms of nutritionally based poverty lines has been disputed by modern sociologists, economists or political scientists. Today’s conceptualisations of poverty are much more complex. In this section, we first present a

¹⁴ In 2008, extreme poverty widely refers to earning below the international poverty line of \$1.25/day (in 2005 prices), set by the World Bank. This measure is the equivalent to earning \$1/day in 1996 US prices. This is where the dollar a day definition of poverty is derived.

conceptualisation of poverty along the chronic/transient line and then, along the objective and subjective line.

Jalan and Ravallion (1998) argue that chronic poverty refers to those people who are expected to remain poor in the future if no external intervention is done, poverty that is commonly passed onto future generations. In other words, chronic poverty is poverty that “persists in mean consumption over time” (Jalan and Ravallion, 1998:339). These poor suffer from multi-dimensional deprivation such as hunger, undernutrition, illiteracy or exploitation. Their life expectancy is low due to their inability to access basic services. Because chronic poverty lasts over time, it is also an indication that often stems from structural causes. For simplicity, most scholars settle on a definition of chronic poverty that defines it as households whose expenditures are below 0.8 of the poverty line.

On the other hand, transient poverty is that poverty that is directly attributable to year-to-year change in personal consumption, in other words, to temporary economic shock or climatic conditions, for instance. Jalan and Ravallion (1998) expound the ‘component approach’ of transient poverty where a distinction is made between the constant component of income or consumption (which determines chronic poverty) and the fluctuating component (which determines transient poverty). Conversely, for Gaiha and Deolalikar (1993), transient poor are those whose income fluctuates around the line. Jalan and Ravallion (1998) go on to maintain that policymakers ought to determine the level of each type of poverty in society in order to properly tackle the issue.

The debate is ongoing and scholars indeed argue that if both chronic and transient poverty are reduced by greater command over physical capital, most policies aimed at fighting one type of poverty are not always adequate to fight the other. For instance, the size of a household and the level of education are two important elements of poverty. While a large household and a low level of education are two constraints of the chronic poor, these two elements appear not to count as much as determinants of the transient poor. Hanmer *et al.* (1999) argue that poverty can be conceptualised along two lines, being the objective versus the subjective definition

of poverty, the relative versus the absolute definition of poverty and the choice of indicators of poverty (See Table 2.2-2). The objective perspective, also called the subsistence level, contends that every human being has some needs (such as food, clothing and housing) that must be satisfied while the subjective perspective attempts to determine poverty as perceived by the poor themselves.

Table 2.2-1: Conceptualisations of poverty

	Objective perspective of poverty	Subjective perspective of poverty
Relative poverty	indicators of poverty	indicators of poverty
Absolute poverty	indicators of poverty	indicators of poverty

Source: Researcher's own design from Hanmer *et al.* (1999)

The academics go on to maintain that the World Bank's approach in Africa overemphasises the use of the poverty line which is arbitrary and misses the non-income dimensions of poverty. They also state that the Bank chooses the objective perspective as well as often combines relative and absolute poverty lines to derive a money-metric definition of poor. Multiple poverty lines are also used, that is, the Bank defines two lines of poverty, a lower one that uses essentially the nutritional needs (it is sometimes called Food Poverty line) and an Upper Poverty Line that integrates other basic items. In light of this, a clear distinction is made between the poor and the poorest.

Alcock and Campling (2006) argue that poverty is a composite concept embracing various meanings which furthermore overlap and interrelate. For these scholars, poverty can be understood as relating to material conditions, economic circumstances or social positions; these three categories coming with sub-categories all leading to 'unacceptable hardship', the condition experienced by poor.

See Figure 2.2-1, which conveniently summarises the academics' conception of poverty.

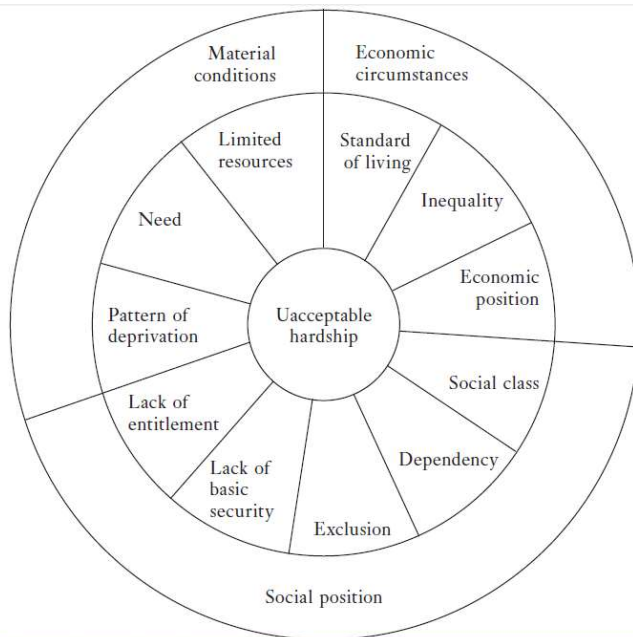


Figure 2.2.-1: Family resemblances between different concepts of poverty

Source: Alcock (1997:4)

Another multi-dimensional conceptualisation of poverty is provided by Baulch (1996) as shown in Figure 2.2-2.

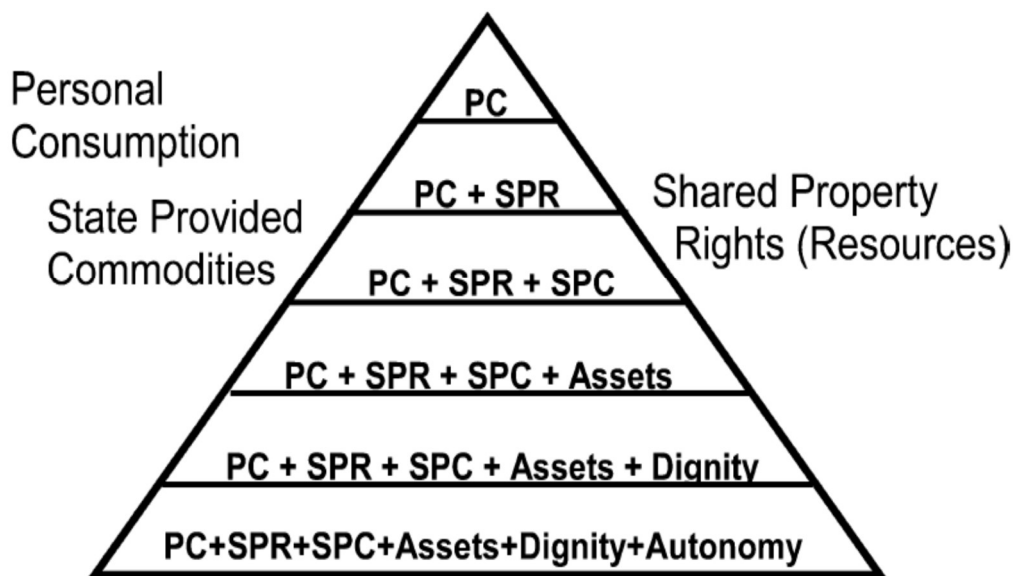


Figure 2.2-2: Baulch's pyramid of poverty

** PC – Personal consumption, SPC – State provided commodities, SPR –Shared property rights.

Source: From Baulch (1996)

When moving down the pyramid, poverty encompasses more and more different aspects. The author argues that the traditional income approach to poverty usually uses the third level of the pyramid (the **PC+SPR+SPC** level) but in practice, settles for the very first level (**PC** level) due to various problems in measuring the State Provided Commodities (**SPR**) and the Shared Property Rights (**SPC**). However, the diagram has some limitations. Firstly, it is not empirically tested and secondly, it assumes that the various aspects of poverty are additive which remains to be proven.

A more comprehensive conceptualisation of poverty is provided by Laderchi *et al.* (2003). The authors argue that to study poverty, there are four approaches to choose from. A monetary poverty approach, a capability approach, a social exclusion approach and a participatory approach (see Table 2.2-3). The adoption of one approach largely determines the focus of the policy designed to combat poverty. For instance, the use of the monetary approach will emphasise the incomes (thus economic growth or redistribution) as the means to alleviate poverty. The capability approach tends to promote the provision of public goods, such as health and education, as a way to fight poverty. Sen (1993:41) expounds the capability approach, arguing that poverty is the “failure to achieve certain minimal or basic capabilities, where basic capabilities are the ability to satisfy certain crucially important functioning up to certain minimally adequate levels”. In other words, in this approach, poverty is seen as deprivation and well-being as the freedom to live a valued life. That cannot be accomplished solely with money; even though, monetary income is not discounted, the importance of social goods is asserted. A social approach to poverty maintains that structural policies, anti-discriminatory and redistributive policies are needed to curb the exclusion.

Table 2.2-3: Comparison of the four approaches to poverty

	Monetary poverty	Capability approach	Social exclusion	Participatory approach
Unit of analysis	ideally: the individual, de facto the household	the individual	individuals or groups relative to others in their community/society	groups and individuals within them
Required or minimum standard	reference to 'external' Information (defined outside the unit); central element food requirements	reference to "lists" of dimensions normally assumed to be objectively definable	reference to those prevailing in society and state obligations	local people's own perceptions of well-being and ill-being
Identified by	none, but assessments can be broken down by Group	emphasis on adequacy rather than sufficiency leaves space for (non modelled) variations	central element	reflected in the way poor people analyse their own reality
Sensitivity to social Institutions	not essential. Increasing Emphasis	not clear	one of the main thrusts of the approach	critical for achievement of satisfactory methods
Importance of Processes	utility is not an adequate measure of	elements of arbitrariness in choice	broad framework, susceptible to many	whose perceptions are being elicited,
Major weaknesses Conceptually				

	well-being; and poverty is not an economic Category	of basic capabilities; problems of adding up	interpretations; difficult to compare across countries	and how representative or consistent, are they? How does one deal with disagreements?
Problems for cross-country Comparisons	comparability of surveys; of price indices; of drawing poverty lines	fewer problems if basic capabilities are defined externally; but adding up difficulties make comparisons difficult with inconsistencies according to adding up methodology	lines of social exclusion essentially society specific; also, an adding up problem	cultural differences can make appropriate processes differ across societies; results may not be comparable
Data availability	household surveys regularly conducted; omitted observations can be important. Use of national income data – but requires assumptions about distribution	data less regularly collected, but could easily be improved.	currently have to rely on data collected for other purposes. If agreed on basic dimensions, data could be regularly collected.	generally, only small purposive samples. Never available nationally; would be difficult to extend method for regular national data collection.

Major weaknesses for measurement	needs to be anchored to external elements. Arbitrary	impossibility of set evaluation. How to deal with multidimensionality even if only of basic functions	problems with multi-dimensionality. Challenge of capturing processes	how comparable? How representative?
Interpreted by policy makers as requiring	emphasis on economic growth and distribution of monetary income	investment in extending basic capabilities/ basic needs via monetary incomes and public services	foster processes of inclusion, inclusion in markets and social process, with particular emphasis on formal labour market	empowerment of the poor

Source: From Laderchi *et al.* (2003:38)

As can be seen, there are different concepts of poverty and therefore, when reviewing a study on poverty, it is important to confirm which conception of poverty is used, as the implication of the study would not be the same. In conclusion, this thesis proposes a conception of poverty which is consensual enough and which fits within the framework of this study.

2.2.2.4 Summary of poverty and inequality

Taking into account the different presentations of poverty conceptualisations above, there is no unique way of defining poverty. It is a matter of choosing one for the purpose of a particular research. This is evident in the argument by Rocha (1998:1) where she states that dealing with the phenomenon of poverty implies

...adopting concepts and measurement instruments that seems the most appropriate to a specific context in terms of social reality and data gathering possibilities and that the choice made at this very first step play an essential role.

Rocha (1998:7) maintains that absolute poverty should be the main target of policymakers and aid agencies with a consensus amongst experts that the most basic needs are “food, sanitation and schooling”. Therefore, the results of a fight against poverty also largely depend on how poverty has been initially conceptualised. In other words, there must be a fit between the context, the measuring instruments and the concept of poverty chosen. Keeping in mind that any extreme (narrow or comprehensive) definition of poverty could be contentious, it is argued that taking a balanced approach is advised. Baulch (1996) himself argues that most international organisations would like to use the third of his conceptualisations of poverty (**PC+SPR+SPC**) even though they are often forced to settle for the stricter **PC** due to the difficulty of precisely calculating the other two components **SPR** and **SPC**. At the same time, adopting the stricter **PC** could be

reductive of the true reality of poverty. The Multidimensional Poverty Index (MPI¹⁵) overcomes that difficulty. Developed in 2010 by Alkire and Santos (2010), the index uses ten indicators to capture poverty above income-based lists by including measures of deprivation with respect to education, health and living standards, which include the three different and generally accepted lines of poverty conceptualisations as supported by the IFIs (see Table 2.2-4). A person is MPI poor if he /she is deprived in at least a third of the ten (weighted) indicators and the depth (the intensity) of the poverty is measured by the number of deprivations experienced by the poor. All of the above makes the MPI a powerful tool to measure disparity amongst the poor poverty patterns over time, within and across countries. It is also an aiding tool in the design of poverty alleviation policies. The Mexican government is already using the index to monitor the results of its anti-poverty policies (The Economist, 2010). This is because the MPI is an addition of many different indicators and it is possible to work backward and determine which indicator is contributing most to poverty and thus, focus policy on it. It has also been argued that the MPI does a better job following long-term trends. That quality can be used to trace policies in health and education, which by nature, take time to translate concretely as benefit to the poor.

¹⁵ MPI=HXA where H is the percentage of people who are MPI poor (incidence of poverty) and A is the average intensity of MPI poverty across the poor (%) [Alkire S and Santos ME. (2010) Acute multidimensional poverty: A new index for developing countries. *United Nations development programme human development report office background paper*.

Table 2.2-4: The ten indicators of the Multidimensional Poverty index

Dimension	Indicators
Health	<ul style="list-style-type: none"> ▪ Child Mortality ▪ Nutrition
Education	<ul style="list-style-type: none"> ▪ Years of schooling ▪ School attendance
Living Standards	<ul style="list-style-type: none"> ▪ Cooking fuel ▪ Toilet ▪ Water ▪ Electricity ▪ Floor ▪ Assets

Source: From Alkire and Santos (2010)

Figure 2.2-3 is where this thesis can simply conceptualise poverty. Poverty in the context of poor developing countries is a three-dimensional concept along the standard of living, health and education.

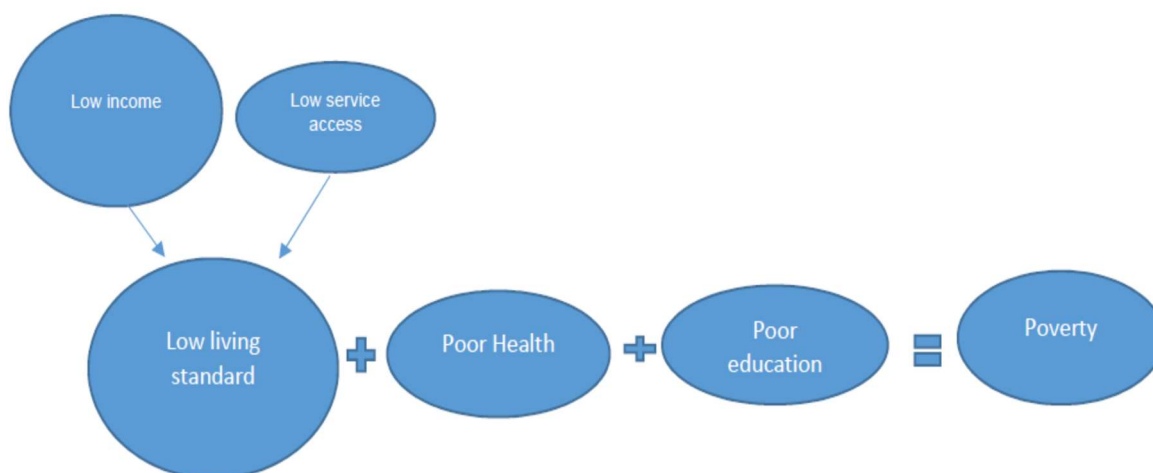


Figure 2.2-3: Conceptual framework of poverty

Source: Researcher's own design

A low standard of living is a consequence of low income (the monetary dimension) which leads to low access to services such as water and electricity due to monetary constraints. It is then evident that poverty is essentially a three-dimensional phenomenon along the aspects of low living standards (with the two sub-dimensions of low income and low service access), poor health and poor education. However, the weight of these three dimensions of poverty are not equal. This thesis argues that the low-income sub-dimension dominates the whole framework because of its ability to influence all other dimensions. Certainly, with a higher income, the poor could possibly pay to have access to other services and health and offer education to their children. This is in line with accounts from the poor themselves as reported in this thesis. The framework also points to the fact that any policy (such as CCTs or UCTs) that immediately increases income to the poor has the potential to immediately uplift the poor.

The above conceptual framework is used for the remainder of this thesis and serves to evaluate the effectiveness of the poverty reduction policies. Now that poverty has been conceptualised, the next section focuses on the causes of poverty and the various theories aimed at combatting these.

2.2.3 Causes and theories of poverty

This subsection presents the different causes and theories of poverty encountered in literature; the objectives of the section are twofold. Firstly, to identify the theory adopted by the IFIs and the HIPC's to elaborate the PRSPs and secondly, to point to the theory that could prove efficient to combatting poverty along the lines concurrently of poor living standards, poor health and poor education as conceptualised in Figure 2.2-3.

When discussing the causes of poverty, it could be easy to quickly fall into the comfort of a victimisation discourse. As stated earlier, for this thesis to adopt the free will perspective means that people and their leaders are ultimately responsible for the destiny of the country. That is, the causes of poverty cannot indefinitely be blamed on others or on the past. For instance, it could have been convenient for the Japanese to use the nuclear bombings of Nagasaki and Hiroshima as scapegoats

for future economic issues. But they never did it. Germany was completely destroyed during the Second World War, but today, Germany is the economic powerhouse of the European Union. Yes, Africa will have to start taking responsibility for its own woes and stop blaming them on slavery or colonialism.

It is significant to first remark that the causes of poverty could be studied at a high level of analysis (that is at a country level) or at the low level (level of the poor individual).

2.2.3.1 *The causes of a country's poverty*

With the above in mind, at the high level, many academics attempt to provide an explanation as to why some nations are poor while others are rich. Landes (2015) argues that the key to today's disparity between the rich and poor nations of the world stems directly from the industrial revolution, in which some countries made the leap to industrialisation and became fabulously rich, while other countries failed to adapt and remained poor. However, the scholar maintains that at least partly, rich nations accumulated wealth thanks to colonial rule, even though at the core of their successes lie some particular cultural characteristics without which industrialisation is impossible to sustain. For example, Landes (2015) attributes the economic success of the West to curiosity, toleration and loose restraints on commerce, and he argues that other areas fell behind because of xenophobia, religious intolerance, bureaucratic corruption and state edicts that stifled enterprise. On a fairly similar note, Ferguson (2011) advocates a multi-causal, less condemnatory explanation of how some nations moved ahead of the rest. In his book *Civilization: The West and the Rest*, Ferguson (2011) argues that, in the fifteenth century, the West developed six powerful new concepts that the rest lacked: competition, science, the rule of law, consumerism, modern medicine and work ethic. According to the author, these concepts explain how Western Europe came to control more than half of humanity and the world economy.

Various other academics blame the causes of poverty on IFIs. For instance, Cheru (2006b) argues that the policies imposed on struggling debtor nations by the World Bank, the International Monetary Fund (IMF) and various regional development banks are amongst the most significant causes of enduring poverty in most post-

colonial countries. Therefore, the academic maintains that the SAPs designed to balance domestic budgets, end up eliminating foreign trade barriers, deregulating private industries and privatising various state activities and functions, thus contributing to the long-term impoverishment of debtor nations, eroding national sovereignty and creating economic and legal conditions conducive to external exploitation by more affluent nations and multi-national corporations. Stiglitz (2002) also criticises the stance of IFIs. The Nobel Prize winner argues that the IFIs always put the interest of the financial markets ahead of the poorer nations and that the decisions of these IFIs are motivated by considerations of the West's internal politics. These policies have, according to the economist, contributed to depressing sustainable economic growth within debtor nations, to entrench political and economic elites who sold off state assets for their personal benefit and caused substantial environmental damage. Stiglitz (2002) and Stiglitz *et al.* (2010) further maintain that the very principles at the core of the strategies designed for poor countries by the IFIs are flawed and could not have achieved the best interests of debtor nations nor contributed to maximise GDP as expected.

Acknowledging the existing gap between poor and wealthy nations, Sachs (2006) argues that poor nations cannot get out of the 'poverty trap' alone or through the current policies. He goes on to maintain that poor nations lack the critical threshold level of money and resources necessary for long-term social investment of the sort likely to have a positive and sustainable effect on economic development. Therefore, Sachs (2006:24-25) concludes that it will be necessary for rich countries to transfer large lump-sum amounts of money to poor countries. In particular, rich countries must keep their promises to increase the level of their spending per GDP on aid. According to the scholar, only such aid can move the "one billion poorest individuals around the world who are caught in a poverty trap", not out of poverty but at least to help them reach the first rung of the "ladder of economic development" so that they can rise above mere subsistence level (Sachs, 2006:24-25). To do this, the author proposes several steps, many of which resemble the UN MDGs.

The above view where large sums of aid should be transferred from rich nations to poor nations is not shared by the academic community. For instance, Easterly

(2006) argues that poor nations are incapable of doing what it takes to move out of poverty. The author maintains that in these circumstances, all aid will just go down the drain as the poor will consume any transfers of money and resources for their immediate needs rather than using it for long-term betterment. Easterly (2006) suggests that aid channelled to poor countries could have actually contributed to intensifying the suffering of the poor while increasing economic dependency and stifling democracy and local enterprise.

Poverty and the wealth of nations could also be explained from an institutional perspective. Acemoglu *et al.* (2005) and Acemoglu and Robinson (2012) argue that differences in the paths to economic development and the capacities to sustain prosperity over time of nations stem from differences in their institutions. These authors reject the explanations that blame poverty on the IFIs that emphasise the importance of the vast quantities of extractive wealth amassed by systems of colonial rule or that advance the importance of aid to poor nations. Using historical accounts, the academics demonstrate how institutional developments, sometimes based on very accidental circumstances, have had enormous consequences. These institutional developments include concepts such as openness of the society, the promotion of Schumpeterian creation and the support to the rule of law. In opposition, poor countries have weak institutions where the rules of law are adjusted or even changed to suit the predatory government and where conservatism is aimed at maintaining the political and economic suppression of the majority of the population for the benefit of the few. However, Acemoglu and Robinson (2012) do not provide an adequate answer to the question: why do some societies develop the kinds of institutions that contribute heavily to longer-term prosperity?

One more important point to note for the continuation of this thesis is that the term 'institutional development' is not found in the discourse of the PRSPs. Instead, PRSPs refer to good governance which, it is argued, conveys similar concepts. Indeed, it is rather politically difficult for international organisations to call for a change in the institution in a sovereign country while a call for good governance seems more acceptable. (Knack *et al.*, 2001:2) define governance as:

The exercise of power through a country's economic, social and political institutions in which institutions represent the organisational rules and routines, formal laws and informal norms that together shape the incentives of public policymakers, overseers and providers of public services.

The authors conclude that “problems of poverty and governance are inextricably linked” (Knack *et al.*, 2001:2). It is worthwhile noting that Bastiaensen *et al.* (2005), through case studies in the regions of Cameroon and Nicaragua, demonstrate the power of institutional arrangements in both countries in influencing poverty reduction programmes’ efficiency. Adequately combatting poverty demands the promotion of institutional changes, otherwise “the flow of funds destined to the poor ultimately reproduce[d] the local structures of poverty” (Bastiaensen *et al.*, 2005:990)

Agriculture and geography are advanced by Diamond (1999) as other explanatory factors of the wealth and poverty of nations. According to the author, prosperous nations first gained their advantage thanks to sufficient food production, which comes about due to favourable climate and geography. Thereafter, Diamond's (1999) argument is biological; thanks to agriculture (thus the beginning of sedentarity), Eurasians supported concentrated human populations where epidemic after epidemic had run their courses, leaving resistant survivors. Eurasians had experience with diseases and had well-established resistance to them. Subsequent advancements seem to be a history relating to germs. First, breeding of animals came with the domestication of germs, then, germs were spread during Eurasians migrations and led to a reduction of the indigenous population through disease. However, the author maintains that other productive technological factors were made possible only by the successful agriculturally-based stable societies. These productive technologies allow these societies, in turn, to gain the global upper hand through conquest, displacement and genocide. It is important to note that if Diamond's (1999) main argument is based on biology, contrary to other academics, he is not using biology to prove any deterministic or racist view such as the ones propagated by the tenets of the culture of poverty theory.

Lastly, some academics, such as Collier (2010), argue that the resource curse factor

could explain why some nations are poor. Such explanations cannot be disregarded if one notices that many of the very poor countries around the world are blessed with enormous natural resources while other resource-less countries fare much better. These academics explain that it is exactly these resources that constitute the origin of the problem as they are the objects of conquests from other nations. Furthermore, these resources are mostly sold as raw materials that are transformed and sold back with value-added. In these circumstances, the majority of the population is exploited and only elites benefit from these resources which, ironically, helps them maintain power. Interestingly, former Cameroonian president Ahmadou Ahidjo decided that the revenues from oil would not be budgeted (Bourguignon and Pleskovic, 2007) as a way to avoid such a resource curse and therefore, forced Cameroonians to focus on agriculture.

2.2.3.2 *The causes of peoples' poverty*

From a general perspective, Hill *et al.* (2007) enumerate the main characteristics of the world's poorest and hungriest. The poorest are still found mainly in rural areas, far from roads, with difficult access to schools, markets and hospitals. Poverty is wider and deeper in rural areas than in urban areas. Proper mapping of poverty and the determination of its causes are key points of any poverty reduction strategy.

The poor in ultra-poverty are rarely educated. Children of poor people have very little chance of going to school. Landless poor tend to be even poorer, even though the correlation differs from one continent to another. Lastly, minority groups in a country tend to be amongst the poorest. The above findings are in line with the work of Hanmer *et al.* (1999). However, the academic stresses the importance of using alternative Poverty Assessment (PA) profiling, such as the Participatory Poverty Profile (PPA) which (because it is less money-metric focused) allows the researcher to uncover other characteristics of poverty, such as the non-owning of assets, for example, livestock or the absence of handouts during the lean season.

Poverty can also be classified as having international, national, sectoral or microeconomic (individual level) causes (Hanmer *et al.*, 1999). However, the PA only speaks to the last three causes of poverty. Inadequate policies with low growth

rates contribute to poverty nationally. Moving to the sectoral causes, Hanmer *et al.* (1999) maintain that the low demand for unskilled labour is a contributing factor to poverty. Policies emphasise human capital while they should instead find ways to employ the large reserve of unskilled people or to promote informality, as suggested above.

Furthermore, land reforms are largely inadequate and the issue of environmental degradation and the impossibility for the poor to access formal credit (that is, from traditional banks) are only adding to the problem. Lastly, at the microeconomic level, it is clear that population growth, AIDS and political violence are all placing extra constraints on the family which usually would constitute a safety net on which to fall back. It is surprising that Hanmer *et al.* (1999) do not mention other important causes of poverty in developing countries, such as warfare, corruption, political violence, epidemics (Ebola, AIDS, Zika, to name but a few), natural disasters (drought, flooding) and environmental degradation.

In rural Africa and in Cameroon in particular, other causes of poverty include the low monetisation of the rural economy and the reliance on food crop agriculture as outlined by Ellis and Freeman (2004). The authors go on to argue that the above is exacerbated by predatory taxation by local officials and a lack of technical agricultural advice. In Nicaragua, the poor usually live far away from paved roads and must walk long distances before reaching any school, health centres or shops. There is also a geographical mapping of poverty with the poor being concentrated in the north, north-west and in mountainous regions of the country (Wiggins, 2007b). It must also be noted that natural disasters, such as Hurricane Mitch in 1998, has an impact on poverty in Nicaragua. In the next subsection, this literature review will discuss well-known theories of poverty.

2.2.3.3 *Minority group theories of poverty*

In his seminal work on poverty, Townsend (1979) produces a comprehensive account of the causes and different theories of the phenomenon. According to the academic, the minority group theory was the first output from empirical studies of poverty. That theory is expounded by Rowntree (1901:119;120) who argues that

identification of the characteristics of certain groups of poor is at the core of the theory. The theorist indicates that the immediate causes of poverty from that minority group perspective are the death of the chief wage-earner, the chief wage-earner being out of work, chronic irregularities of work, large family size and low wage. This theory is clearly relevant to countries like Cameroon where some minority ethnic groups are vulnerable and where the size of the family remains an impediment.

2.2.3.4. The sub-culture of poverty and the individual deficiencies theories

Due to the persistence of poverty in some parts of the world like Africa and South America, some academics erred in referring to a 'culture of poverty'. Gorski (2008) argues that the concept was first coined by Lewis (1961) in his book *The Children of Sanchez* where Lewis enumerates 50 attributes shared by a small community of Mexicans he studied.

Lewis (1968:50;51) further argues that a culture of poverty is passed from generation to generation as children integrate and accept the values of that sub-culture in which they are living. These children do not value education, effort or work. Vatter and Will (1970:130) uncover the context and causes of the aforementioned culture of poverty as a high rate of unemployment, lack of financial means, child labour, pawning of personal goods and the habits of buying in small quantities (but many times a day), even basic items like food. Thus, the culture of poverty is somehow the adaptation of the poor to their own conditions, a process which, in turn, reinforces the entrenchment in poverty, leaving the poor with a feeling of desperation, of inferiority, of being useless, of fatalism. *The children of Sanchez* remains a controversial book as the author attempted generalisations based on the study of that small community alone. However, one merit of Lewis's assertion is that it sparked numerous researches that all concluded that there is no such thing as a culture of poverty: all poor people do not share the same values and do not have the same behaviours (Jones and Luo, 1999; Ortiz and Briggs, 2003).

Gorski (2008) warns that accepting the culture of poverty in fact contributes to divert politics from the culture of classism which, according to the academic, is far more

dangerous in the sense that it tends to reject systemic conditions contributing to poverty, to its establishment or persistence in concentrating on poor people's so-called deficiencies and an 'intrinsic' inability to deal with their own situation. By doing so, the advocates of the culture of classism, in fact, are doing nothing more than undermining policies that truly target poverty at its roots. Why should politicians allocate more resources to education if poor people are not and cannot be interested in education in any case? Why should policies try and find employment for poor people if they are lazy by nature in any case?

At this stage, it is interesting to notice the tendency of some academics, politicians and development agencies to distance themselves (as suggested above) from difficult assessments. They tend to make reality fit into their comfortable framework. From a different perspective, Ferguson (1990) argues that the development discourse which aims at lifting people out of poverty tends to underpin the action of development agencies through a reconstruction of social, economic and cultural realities and which ultimately justifies bureaucracy and the depoliticising of political issues through the facade of a technical discourse. Ferguson (1990:xv) refers to this process as the "anti-politics machine".

In this thesis, the mainstream view will be followed and stereotypes of poor communities will be rejected. On the other hand, it must be acknowledged that the sub-culture of poverty theory can often be rightly applied to some situations of poverty in Cameroon and Nicaragua. This is evident because this sub-culture flourishes in both countries. They are both characterised by high unemployment, lack of income, children being used to do labour to supplement the household income, etc. Therefore, an understanding of the sub-culture theory of poverty is important in the design of the right strategy with the aim of fighting poverty.

2.2.3.5 *Orthodox economic theory of poverty*

Orthodox economic theories of poverty are concerned with inequalities in the distribution of income which, according to Thurow (1969), are the result of differences in productivity amongst individuals. Hinging on market equilibrium and perfect competition, these theories explain low productivity by factors such as lack of education, gender, location, age or occupation. This immediately points to the

possible solution to poverty that such theories would advocate. For instance, schooling could be an answer to combatting poverty. Such theories are applicable to this thesis due to the conditionalities for schooling or targeting of poor locations of cash transfers programmes.

2.2.3.6 Dual labour and structuralist market theories

Contrary to orthodox economic theories of poverty, dual labour market theories maintain that structures of the society, not the characteristics of the individuals, are determinants of poverty. For these theories, social and economic environments are the main causes of poverty (Popkin *et al.*, 1993). The dualism arises from differences in socio-economic development between two sectors or regions of a country, illustrated by a primary, well-organised labour market and a secondary, unstable, low-wage labour market (Townsend, 1993). Furthermore, mobility between the primary and the secondary labour market is extremely limited, which preserves the poor in their condition. In other words, under the lens of these theories, rural poverty has little to do with the villagers' characteristics but stems from the absence of adequate organisation of the market or agricultural development. The same reasoning can be made about urban poverty. Such theories are applicable in the context of this study to urban or rural poverty. Dual labour market theories focus on the designing of adequate social policies as a means to improve economic conditions to combat poverty.

The structuralist theory further emphasises the role of outside forces beyond the control of a household to control its destiny and to escape poverty. It calls for a strong state intervention to break down these barriers, whether they are social, economic or political (Wratten, 1995).

2.2.3.7 The functionalism theory of poverty

The functionalism theory of poverty suggests the importance of the different social classes and the ability of individuals. This theory argues that poverty is necessary so that all functions and all positions in a specific society are filled. Poverty could

then be seen in a positive light as it contributes to development (Gans, 1971; Gans, 1972).

The fifteen usefulness's of poverty uncovered by Gans (1971) are presented as Annexure 1 of this thesis. For example, there are large sectors of the economy such as the second-hand market that caters to the poor. A stock of poor people also serves as a reservoir of labour ready to move up the economic ladder when the need arises. The fight for people to get out of poverty thus becomes a fight to move up the ladder to enviable positions (Dixon and Macarov, 2002). The functionalism theory is useful to analyse poverty in the context of this study as it could be argued that the presence of the poor in developed countries also helps perpetuate the dominance of a rich or ruling elite that can afford a high life, only at the expense of the poor. That theory can also explain why elites do not always make the right decisions to eradicate poverty.

2.2.3.8 The Marxist, neo-Marxist and the dependency theories of poverty

The Marxist theory of poverty points to the capitalist economic system as the cause of poverty and therefore, calls for the collapse of capitalism (with its unequal income distribution) as a cure for poverty. The neo-Marxist theory focuses on the distribution of resources and the fruits of economic growth. It maintains that in a capitalist system, the poor masses or poor countries are exploited by advanced classes or richer countries. It advocates a radical change towards a socialist system. The dependency theory of poverty is born out of neo-Marxist thinking in the 1960s. Dependency theory explains poverty in terms of a core-periphery relationship where the core exploits the periphery (Hunt, 1989). All the above theories are relevant to this thesis, especially in the context of Nicaragua, which was ruled by a Sandinista (left) movement.

2.2.3.9 The neo-classical theory of poverty

While Marxist and dependency theories attribute poverty to external forces, the neo-classical theory of poverty maintains that poverty is a phenomenon that arises from bad policies taken by governments or even excessive government interventions. Free market, free trade, monetary stability, private ownership, etc. are seen as the

best ways of combatting poverty (Todaro, 1989). These liberal policies gained momentum in the 1980s (with the application of SAPs in many poor countries) but in practice, largely failed to alleviate poverty, convincing the World Bank and the IMF to shift focus to more redistributive interventions that take into account the human element.

2.2.3.10 *The human capital and human development theories of poverty*

The above theories of poverty recognise that skilled, educated people are key to the development project. Poverty is a consequence of the lack of education or lack of motivation of the individual. Thus, strategies to combat poverty under these approaches, propound schooling, training or the empowering of individuals as knowledge is seen as an inalienable asset *allowing* people to earn better wages (Portes and Zhou, 1992). The human development theory encompasses the human capital theory. It was expounded by the World Bank and the UNDP in the 1990s. It calls for the empowerment of all members of a poor community to ensure sustainable development and rests on the promotion of labour-intensive growth and the provision of basic services such as primary education, healthcare and family planning to the poor (Ravallion, 1997; Fongang, 2000). With time, the above theories have evolved to include concepts such as the vulnerability and security of the poor (income alone is seen as insufficient to alleviate poverty), income equality (as it is accepted that poverty is more difficult to fight in the presence of higher inequality) and participation (as it increases the involvement of the poor in the design of solutions).

These theories are highly relevant to this thesis as it is within their frameworks that the PRSPs have been designed. Furthermore, it is clear that these theories represent a real improvement from previous theories, as they integrate various dimensions of poverty, such as education or health.

Later in this chapter, various poverty reduction policies are reviewed and the corresponding theoretical background revealed. However, at this juncture, the following subsection will turn to the review of the different methods permitting the measurement of poverty.

2.2.4 Measurement of poverty and incidences of poverty

Policymakers need to be able to measure poverty at different points in time and have results that can be comparable not only over time but also across regions or even countries. There are various ways to measure poverty. Townsend (1979:270) suggests that there are three measures to choose from: the state's standard, the relative income standard and the deprivation standard.

As its name suggests, the state's standard is widely used by government and international organisations. It uses tools such as a means tests¹⁶ to determine, based on what is considered acceptable in society, the population that needs to be targeted in terms of poverty alleviation. Thus, the basis of such a standard is subjective.

The relative income standard ranks households according to their income and considers those with the lowest income to be the poorest. Households can be divided, for instance, in deciles so that policies can be designed especially for a certain decile household. Therefore, this is also not an objective measurement of poverty but instead of how poor a household is in relation to the others.

The deprivation standard attempts to provide an objective measurement of poverty derived from the level of deprivation disproportionate to resources.

According to Rocha (1998), to measure poverty, there are two approaches to choose from: the basic needs approach and the poverty line approach. These two approaches are studied in more detail below.

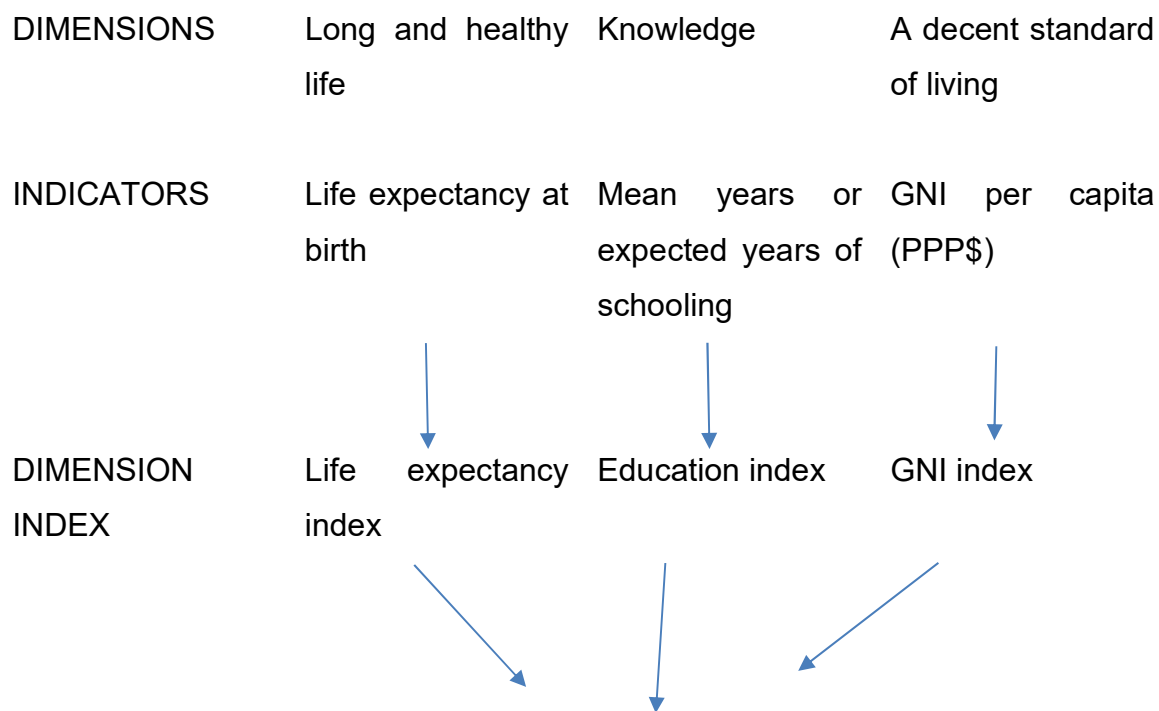
¹⁶ A means test is an evaluation of whether a person or a household can do without assistance from the state.

2.2.4.1 The basic needs approach

When taken *stricto sensu*, basic needs refer to physical survival, which is undernutrition, malnutrition¹⁷ and high mortality; in a nutshell, absolute poverty. Here, there is no reference at all to income. It is really about the survival of the individual. Physical indicators such as weight, height, age of children and mortality rate at birth, are used. This approach refers strictly to absolute poverty. However, a more general basic needs approach encompasses issues such as health, shelter and education. This approach is useful when one attempts to measure access to public goods and services. This latter approach has some relative poverty components. The attempt of the basic needs approach to stay away from the income variable comes with its own limitations. It implies that this approach ignores that income can effectively compensate for access to many other goods and services.

Lately, there has been wide support for the Human Development Index (HDI) developed by UI Haq (2003) under the UNDP, which supposedly constitutes an acceptable measure of basic needs indicators. This is standardised enough to allow comparisons between countries and takes into account three criteria: the health and life expectancy, knowledge and the standard of living. The HDI is the geometric mean of normalised indices for each of the three dimensions. It is interesting to note that if the standard of living is measured by the gross national income per capita, the HDI uses the logarithm of income and thus, reflects the fact that income becomes less important as the GNI increases (UNDP, 2016). Thus, some academics argue that the HDI is mainly a tool of measuring development levels which does not reflect at all on poverty, inequalities, human security nor empowerment. On the other hand, the inequality-adjusted HDI (IHDI) attempts to capture how the achievements in the three dimensions are distributed amongst the population. Figure 2.2-4 gives a pictorial view of how the HDI is built.

¹⁷ This approach is sometimes also called the malnutrition approach



HUMAN DEVELOPMENT INDEX (HDI)

Figure 2.2-4: The component of the Human Development Index

Source: From UNDP (2016)

It is widely accepted that other aspects of poverty, like vulnerability or voicelessness, (see below) are very difficult to measure (Gillis *et al.*, 1993).

2.2.4.2 The poverty line approach

Rocha (1998) argues that the poverty line approach is better indicated to measure consumption of private goods. This approach uses household survey data to determine various and important indices such as the headcount index, the poverty gap index and the severity index based on a poverty line. Furthermore, that line can be defined in relation to absolute poverty (that is, according to Rocha (1998:1), the

inability to meet one's "vital minimum") and therefore, it becomes an **extreme poverty** line or can be defined in relation to relative poverty (where the minimum is already guaranteed and the general level of lifestyle in the society is taken into account) and then, it is a relative poverty line, coming with its own judgmental issues. Simply speaking, if poverty is viewed as an absolute concept then poverty is seen to be independent from the general lifestyle of the society. If poverty is seen as a situation of relative deprivation, then the poverty line is accepted as being a function of the society's general style of living (Hagenaars and Praag, 1985). Of course, the choice of one of the concepts largely determines the policy option.

Therefore, it can't be denied that absolute poverty may be reduced by economic growth while relative deprivation can only be reduced by reducing income inequality. Rocha (1998:9) agrees that the poverty line remains an income parameter explaining nothing about the real conditions of access to goods and services. The authors go further to state that the poverty line is defined by attributing a monetary value to a basket of goods assumed to be vital and then terming, as poor, all people earning less than the amount necessary to enjoy that basket of goods. However, there is no reason why all poor people would have the same needs or get the same benefit from the same income.

Below, three different measurements of poverty will be discussed; the headcount index, the poverty gap index and the severity of poverty index. These three different poverty indices are members of the class of additive and decomposable measures proposed by Foster *et al.* (1984). They all use the poverty line approach discussed above and they provide complementary insights into the standard of living of the population. The headcount index (also known as the incidence of poverty or poverty rate) represents the number of individuals or households that fall below the poverty line. In technical terms, the proportion of the population for whom total per capita household consumption (income) y is less than the poverty line z is the most frequently used poverty index. The main advantage of this statistic is its simplicity and the possibility of making assessments of progress towards meeting the goal of eradicating extreme poverty. If q is the number of poor people in the population of size n , then the headcount is given by:

$$P0 = \frac{q}{n}$$

However, the headcount measure is totally insensitive to differences in the depth of poverty. A way to look at the poverty deficit of the poor relative to the poverty line is to use the *Poverty Gap Index*. Let Q be the sub-group of poor, the poverty gap is then given by:

$$P1 = \frac{1}{n} \sum_{i \in Q} \frac{(z_i - y_i)}{z_i}$$

The poverty gap also allows an interpretation in terms of the potential fiscal cost for eliminating poverty by targeting transfers to the poor. Unlike the headcount index, the poverty gap index accounts for the depth of poverty and change. It allows comparisons and the evaluation of how a region has fared in terms of poverty alleviation. The poverty gap index is defined as the average of the ratio of the poverty gap to the poverty line. It is expressed as a percentage of the poverty line for a country or region. In other words, the poverty gap index measures how far, on average, the poor are from the defined poverty line.

In the above formula, n is the total population, q is the total population of poor who are living at or below the poverty line, z is the poverty line and y_i is the income of the poor individual i . The poverty gap is additive and thus, can be aggregated or decomposed for various groups by region, gender, socio-economic or ethnic group (to name a few).

Summing all the poverty gaps in the sample population and taking the average provides an estimate of what would be the minimum cost of eliminating poverty in the society, assuming perfect targeting. That cost is simply:

$$P_1 \times N \times z$$

The above formula is of utmost importance for this thesis as it is used to test the hypothesis. This formula, according to Gibson (2006), results in an exaggeration of the cost of closing the gap due to the fact that the calculation uses person numbers instead of adult equivalent numbers. Other limitations of the poverty gap index include the fact that the index does not account for inequality amongst the poor or express any qualitative aspects of the lives of the poor, such as education, skills, personal resources, that have the potential to root the poor out of poverty.

This has prompted many academics such as Sen (1976) or Jenkins and Lambert (1997), to attempt to improve the poverty gap index. This limitation must be kept in mind later in this thesis when testing the hypothesis. Indeed, using the poverty gap alone to assess the impact of a transfer of cash to the poor will be tantamount to exaggerate the cost of a programme of direct cash transfer or/and to overlook other essential aspects of poverty. In that respect, the behaviouralist approach (discussed in Chapter Three) could be helpful.

Another shortfall of the poverty gap index is that it may not adequately capture differences in the severity of poverty. A way to tackle this problem is to include the Severity of Poverty Index in the poverty analysis. The Severity of Poverty Index gives more weight to the consumption (income) gap of those households located further below the poverty line and is defined as:

$$P2 = \frac{1}{n} \sum_{i \in Q} \frac{(z_i - y_i)^2}{z_i^2}$$

The severity index has the main advantage of comparing policies that are aiming to reach the poorest, but it is more difficult to interpret and is less intuitive than the two previous poverty measures. All three measures can be presented using the single Foster-Greer-Torbeck poverty formula:

$$P(\alpha) = \frac{1}{N} \sum_{i=1}^N \left(\frac{\max(Z_i - Y_i, 0)}{Z_i} \right)^\alpha$$

In case of $\alpha=0$, the formula is presenting the poverty incidence.

In case of $\alpha=1$, the formula is presenting the poverty gap.

In case of $\alpha=3$, the formula is presenting the severity of poverty.

All three measures are additive which means that the aggregate measure of the group can be estimated as a weighted average of the measures in the subgroups. In fact, it can be argued that any method of measurement of poverty suffers from some theoretical or empirical shortcomings and adopting a methodology demands some level of compromise. Even within an approach, things are not neatly delineated. As argued by Bidani and Ravallion (1993), if one takes the poverty line approach, it is difficult to discuss absolute poverty with a total abstraction of relative poverty issues. It is, therefore, imperative to clearly define this latter concept, as well as the appropriate measurement of poverty in a particular context as there are different situations of poverty and depending on the country, different data is available and social realities are different.

This thesis focuses on the fight against poverty (and especially extreme poverty) stating that poverty is bad (politically, economically and morally) and should be the main target of policymakers and aid agencies. If policymakers are serious about fighting poverty, they ought to determine the causes of poverty. They should go a step further and provide a definition of poverty which is in line with the context of the country and which uses data that can effectively be collected for analysis and policy formulation purposes. Out of the various definitions of poverty, this thesis chooses the relative poverty definition (more precisely, the dollar a day definition) with an objective perspective. This choice is dictated by the vast availability of secondary data that can be found because most international organisations such as the World Bank or the IMF, use the same definition to conduct their research.

The dollar a day definition of poverty further allows the use of the Foster-Greer-Torbeck poverty formula, in particular, the poverty gap index which calculates the amount of cash transfer to the poor that moves them above the poverty line. In that endeavour, it is important to discuss which route policymakers should follow if debt relief is a tool. In other words, in order to root the poor out of poverty, is it better to

use debt relief to try and grow the economy or to directly provide the poor with the additional income that they need? This is the essence of the following section.

2.2.4.1 Debt relief, growth and poverty reduction

Even though a one per cent increase in mean income or consumption expenditures (all things that happen during growth) reduces the proportion of people living below the poverty line by three (Bourguignon, 2000), Ravallion and Chen (1997) demonstrate that the elasticity relationship between growth and poverty reduction is fuzzy, varies widely across countries and largely depends on the instrument used to measure poverty. One cannot refute the link between debt and growth (Chowdhury, 2004; Chowdhury, 2001). An important fact is that when debt is reduced, more resources are freed up which could be invested in growth-enhancing public investments, which shows that the economic climate is improved as the uncertainty regarding the debt payments is reduced. Therefore, it should be noted that there could be a negative link between debt and growth. In practice, such a link is far from being obvious. The World Development Report¹⁸ (WDR) of 1990, studying the impact of aid in the fight against poverty concludes that “a clear link between aid and the reduction of poverty has been hard to find” (World Bank, 1990:128). This is exacerbated by the fact that, according to Baulch (1996), aid can be classified as direct or indirect. If the effect of direct aid, that is aid going to specific programmes or projects, is easily quantifiable, it is completely different for indirect aid, the aid that aims at promoting growth. Indeed, economic models are still not good enough to quantify the effects of such indirect aid.

The agreement here can, however, be that the effect of debt relief is more easily seen in some macroeconomic data and ratios that largely have no bearing on the daily lives of poor people. For instance, according to Addison *et al.* (2004), at Completion Point, most HIPC countries would see their debt-export ratio decrease from about 300 per cent to 128 per cent and their debt-GDP ratio falls from 60 per

¹⁸ The World Development Report (WDR) is published annually by the International Bank for Reconstruction and Development (IBRD) or World Bank. Each of these reports provides in-depth analysis of a specific aspect of economic development.

cent to 30 per cent. Net transfers to most HIPCs average 12 per cent of the GDP in Africa. These are impressive figures but perfectly irrelevant to poor people. Still in support of the macroeconomic effect of the debt relief, various academics demonstrate that the growth effect of the debt relief ranges from a 0.2 to 1.2 percentage point increase of the growth rate (Pattillo *et al.*, 2011; Hansen, 2002). More impressive to note is that even the IMF is not sure if that growth comes about through higher investment or another channel (Marcelino and Hakobyan, 2014). This uncertainty makes it difficult to disentangle the effects of debt relief from other factors that could also bring about growth, such as better governance, better international outlook, etc.

Figure 2.2-5 represents the prevailing dynamics of aid. The figure should be looked at from left to right. The contribution of the debt relief to the growth is acknowledged and in turn, the contribution of the growth to the poverty reduction is accepted insofar as that the right policies are implemented. The importance of growth in the development process is witnessed by the larger size of the 'growth' gear. Debt is first used to activate growth before growth brings about poverty reduction. It is argued that this is the perspective of the Bretton Woods Institutions.

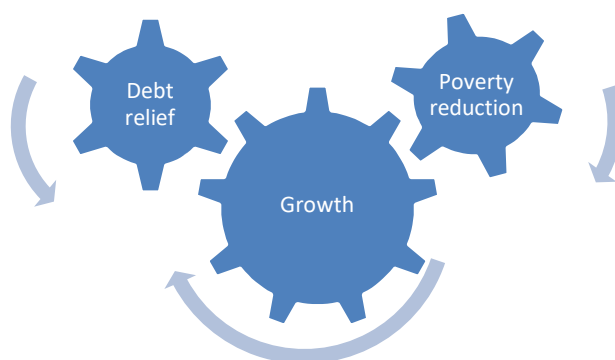


Figure 2.2-5: Old paradigm of debt relief

Source: Researcher's own

The problem is that the additional growth brought about by the debt relief, if not negligible, is by no means sufficient to substantially diminish poverty. Various academics warn that growth is “no panacea for deep development problems”

(Addison *et al.*, 2004:15; Shorrocks and van der Hoeven, 2004). It suffices to see the kind of double-digit figures that have been necessary for China and many East Asian countries to move their populations out of poverty to understand that poverty fundamentals will not change, *let alone* be eradicated by such debt relief policies. Furthermore, Demery *et al.* (1995) and Stewart (1993) argue that growth would lead to a significant reduction in poverty in the cases of countries in South-East Asia where the income inequality is low. For countries in Latin America, or worse, in Sub-Saharan Africa, where inequalities are high, moderate growth proves to be insufficient in alleviating poverty. In fact, poverty in these countries could increase due to population growth. It is then clear that the model shown in Figure 2.2-5 is a paradigm valid for East Asian countries. The above discussion leads this researcher to call for a new paradigm of debt relief which is represented in Figure 2.2.6.

Baulch (1996:8) demonstrates that “probably no more than 15 to 20 per cent of aid is spent on activities which are intended to benefit the poor directly”. The author goes on to maintain that the “donors’ mantra” is still that “...aid contributes to growth and growth contributes to poverty reduction...” It can be argued that the allocation of funds to poverty is at its basis, a political matter. Politics is about who gets what, when and how (Laswell, 1958). Therefore, politics can decide to use the debt relief to promote growth or instead, to fight poverty directly as shown in Figure 2.2.6.

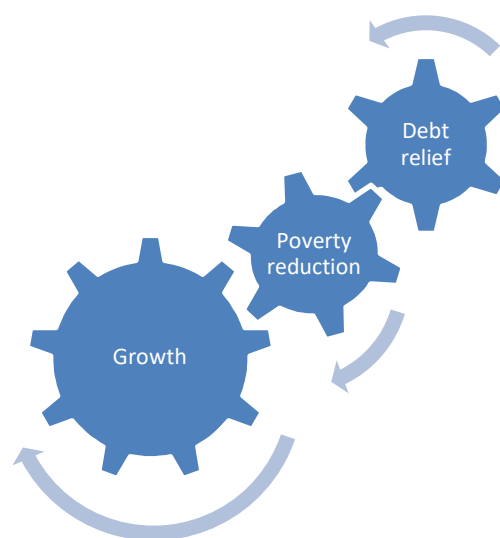


Figure 2.2-1: New paradigm of debt relief as proposed by the researcher

Source: Researcher’s own design

The figure should be read from top to bottom. Here, the researcher proposes that 100 per cent of the debt relief be used for poverty alleviation instead of focusing first on growth, which of course is a desirable and laudable outcome but one which does not guarantee any improvement in the conditions of the poor. This falls in line with recent studies conducted by the UNDP indicating that redistribution is more efficient than growth to fight poverty which once again does not discount the importance of growth for the longer-term structural poverty reduction. It is also in line with researchers like Baulch (1996) who maintains that more aggressive policies will be necessary to significantly diminish poverty in Sub-Saharan Africa and Latin America and that the two-pronged World Bank approach to poverty-fighting (labour-intensive growth and investment in human resources), is insufficient. Moreover, calculating the connections and the effects between social protection programs, the increased productivity of the poor on one hand and economic growth on the other, should be much easier contrary (as argued above) to growth that happens after debt relief with its uncertain effect. Yes, high debt is clearly an impediment to the development of poor countries and its poor people as it is often the poor that carry the consequences of inflation (thus, the real income of poor) and prevents further investments (as the capacity of the country to borrow is constrained).

Debt relief should then be seen as an improvement in the conditions of the poor. However, it is not always the case. Debt relief does not always trickle down¹⁹ to the poor due to the leaders of developing countries abandoning their free will to promote pro-poor policies. Even though debt relief under the HIPC Initiative takes the form of decreased service of debt due at Decision Point and a total writing-off of the debt under the Initiative at Completion Point which frees up resources. In practice, these resources are not always directed to the betterment of the poor. This is due to policy options (whether from the government or the IFIs) and also bad governance. Without a doubt, government itself must get its act in order. As Edoun and Mbohwa (2015:68) argue, debt relief should be “followed by the strengthening of national

¹⁹ The word “trickle down” is used here on purpose as it carries a neoliberal perspective, just as the framework advocated by IFIs.

institutions such as the office of the Auditor-General and the Office of the Public Protector”. In the case of Cameroon for instance, there are no such offices. The task of public finance audit falls into the prerogatives of the Ministry Delegate at the Presidency in charge of Supreme State Control. Thus, it is tantamount to requesting the government to audit itself. A proper audit office must have the powers to investigate autonomously, without fear or favour. Under such circumstances, it is legitimate to ask if the money from the debt relief should not take a more direct route to the poor if these poor people are really the focus. For instance, why can't money be distributed directly to the poor who will use it for their benefit? Such distribution can be done by special agencies under the scrutiny of the donors.

The above question is important and an answer is urgently needed. Certainly, with the recent decrease in the price of raw materials, the demons of high debt are looming again in many African countries. These issues were high on the agenda of the 26th African Davos held in May 2016 in Rwanda (Remy, 2016). The mechanisms of the debt spiral are well-known. After the debt relief received, mainly by African countries and after the financial crisis of 2008, plenty of capital was once more available and these countries borrowed heavily (in Dollars) and expanded their public expenditures, especially to reach their goal of “emergence” (that is industrialisation of the economy or economic take-off) by 2035. The prices of raw materials (their major sources of foreign currency) dropped, forcing these countries to borrow even more. Interest rates rose, making the servicing of the debt more and more costly until default became inevitable. The problem is that as before, debt relief never benefited the poor as it was intended to do so; but a new debt crisis, without a doubt, will affect them the most. With a new debt crisis looming, there is an urgency to find innovative ways (such as the CCTs and UCTs proposed in this thesis) to implement debt relief in such a way that the poor really benefit from it. In any event, the PRSPs as we know them today might have lived. For instance, in Latin America, the poverty reduction strategies are being undermined by the rapid changes of the relations between the donors and the receiving countries with some bilateral donors such as the United Kingdom and Sweden withdrawing from the region and Venezuela becoming a donor. These changes effectively make it more difficult to force governments to adopt policies against their will or to adhere to PRS

processes (Komives and Dijkstra, 2011). However, with the current drop in crude oil and countries like Venezuela in financial turmoil, the assertion of these authors might not hold anymore.

Poverty (let alone extreme poverty) does not automatically diminish as a consequence of growth while poverty reduction through direct cash transfer, for instance, is certain and will furthermore translate into increased growth thanks to the increased Keynesian demand. Therefore, the solution advocated in the hypothesis cannot be seen solely as a cost to the economy.

The above perspective also suggests that fighting poverty is a political decision, it puts leaders at the centre of the fight against poverty and makes them responsible for the successes or failures in the fight against poverty. In other words, politicians have the free will to decide on the option to follow. That is how, using that free will, Mexico unilaterally declared in 1982 that it will no longer service its debt as it is simply unbearable and is an impediment to its fight against poverty.

In the next section, the different situations of poverty are reviewed to further show that the old paradigm of debt relief discussed above was doomed to fail as a poverty reduction framework.

2.3 POVERTY IN AFRICA AND LATIN AMERICA

In earlier sections, poverty was conceptualised and the causes of poverty exposed. As this thesis progresses, it is important to have a closer look at the context of poverty in Africa (in particular, in Cameroon) and in Latin America (in particular, in Nicaragua). That is exactly the objective of the current section. Determining the context of poverty, mapping the poverty and identifying the typical poverty situations of these two regions will assist in showing the possible solutions to alleviate poverty in these countries.

According to Rocha (1998), there are different types of poverty. The author proposes a typology of situations of poverty. The first situation is poverty where

resources are insufficient to guarantee the basic minimum for the majority of the population; the second situation is poverty associated with an inadequate pattern of growth and lastly, poverty in developed countries. Following the trend of arguments it is, of course, clear that this thesis is interested only in the first two situations of poverty as the two countries under scrutiny are developing countries. Below, it is demonstrated that poverty both in Cameroon and Nicaragua stems from insufficient resources to guarantee the basic minimum for the majority of the population and from an inadequate pattern of growth. The reason behind such demonstration is that poverty, in these circumstances, has a chronic or structural component and thus, requires long-term solutions. As poverty is bad, it is dehumanising, it is also unacceptable, therefore, alternative, short-term solutions (that is safety nets such as CCT or UCT) must be implemented while time is given for the long-term solutions to work. However, in the conclusion of this section, it is suggested that Rocha (1998) overlooked a fourth situation of poverty (poverty stemming from the abandonment of own free will) which is particularly relevant to some poor countries of Africa in the context of the current neo-colonialism to which they are subjected.

2.3.1 Poverty associated with an inadequate pattern of growth

Wiggins (2007b:9) argues that “the strategy for economic growth rests on the assumption of functioning markets”. Yet, a look at the political economy of Cameroon and Nicaragua clearly points to many market failures as concerns at least the land, the labour and the commodity markets. Those dysfunctions of the markets of the two countries are discussed below.

In the 1960s, there was economic growth and substantial improvements in poverty in Africa and Latin America, but the oil shocks, the Vietnam war and the abandonment of the gold standard by the USA and the subsequent establishment of the Washington Consensus (in fact a set of some macroeconomic adjustments and stabilisation policies for poor countries) arguably contributed during the 1980s to push many developing countries into high debt and budget deficits. These developing countries often rely on a few crops (whose prices are set in overseas markets) to earn foreign currency. During the 1980's, the two Bretton Woods Institutions had to step in with the infamous SAPs where new loans (or lower interest

rates on existing ones) were provided to the borrowing countries against conditionalities that aimed at fixing the fiscal imbalances in the short and medium terms or at adjusting the economy to long-term growth. In a nutshell, these conditionalities attempted to promote free-market ideologies. However, in the face of the relative failure of these programmes, the increased resistance within receiving countries and the widespread poverty experienced by them, the Bretton Woods Institutions finally had to 'repackage' these programmes into the PRSPs during the 1990s with an anti-poverty discourse, rhetoric or focus (the debate is still not closed) that culminated with the adoption of the MDG, a set of eight international development goals to be achieved by 2015. This followed the Millennium Summit of the United Nations held in 2000. These eight goals are 1) to eradicate extreme poverty and hunger, 2) to achieve universal primary education, 3) to promote gender equality and empower women, 4) to reduce child mortality, 5) to improve maternal health, 6) to combat HIV/AIDS, malaria and other diseases, 7) to ensure environmental sustainability 8) to develop a global partnership for development (Millennium Project, 2002). With the deadline of 2015 past, it is clear that most of these goals have not been attained.

For French-speaking African countries like Cameroon, the pegging of the Franc CFA to the French Franc made the situation arguably worse and contributed to capital flight. This was because the CFA Franc was clearly overvalued, undermining exports while benefiting local elites who could import luxury goods with a strong currency (NUBUKPO, 2010; Nubukpo, 2007). The above deficits could not be contained throughout the 1990s by the IMF and the World Bank. In fact, this latter period has left a legacy of increased poverty and inequality, exacerbated by the high levels of unemployment due not only to low growth but also to population growth.

For Nicaragua, Wiggins (2007b:7) argues that "the country's economic history has been one of trying to find crops that could be exported...". In the nineteenth century, the crop was coffee but later, in the 1950s and 1960s, lands were mostly used for cotton, cane or beef cattle farming and Nicaragua's economy grew faster in such a way that by the 1970s, Nicaragua was a model of development for the region. However, inequality between the big landowners and the middlemen involved in the

exportation of the crops on one hand and on the other hand, the majority of the population (poor and often unemployed), constituted a serious social fracture. This was compounded by the harsh dictatorship regime which led in 1979 to a revolution that brought the Sandinistas (a left-wing movement) to power. After a decade, the socialist-led government collapsed due to misallocation of resources, over-intervention of the state in an attempt to correct the past social imbalances (Wiggins, 2007b), in particular, the unequal land distribution and also, probably because of fierce US military pressure and the progressive disintegration of the Soviet Union. Crumbling under a debt of over US\$1.1 billion (Wiggins, 2007b:8), the new conservative government that took over in the 1990s was forced to follow the path of SAPs and PRSPs.

At this stage, the hypocrisy of rich nations to advocate a certain growth path should be noted. These rich nations promote the liberal and free-market policies that they follow today but they don't say anything about the strategy (often protectionism) they first used to get where they are. Even the South East Asian Tigers did not succeed through the economic liberalism they championed today. In that game, Africa risks being the fall guy again.

2.3.2 Poverty associated with insufficient resources to guarantee the basic minimum for the majority of the population

From a Marxist perspective, resources are termed factors of production. That is what is used in the production of the finished goods. Marx (1909) defines the factors of production as labour, subjects of labour and instruments of labour. In classic economics, the factors of production are equivalent to the means of production (that is the physical, non-human inputs used to produce economic value) plus labour. There are three basic resources (or factors of production), namely, the land (including what is underneath), the labour and the capital goods. Today, human capital (that is the stock of knowledge) is seen as a new factor of production (Samuelson and Nordhaus, 2004). Classic economic theory further makes a distinction between primary factors and secondary factors, such as materials and energy, as they are obtained from a combination of primary factors. While in Agrarian societies, the means of production is the soil and shovel, in an industrial

society it is the mines and the factories and in a knowledge economy, it is computers and networks (Dean and Kretschmer, 2007). Today, the means of production encompasses the means of distribution such as stores or the internet.

Therefore, the wealthy are those who, one way or another, have access to resources. The poor are those who do not have access to resources or do not possess resources. Thus, a peasant could have a piece of land (primary factor) and still be poor because of his/her inability to have an ox (that is, an instruments of labour) or raw materials such as grain (that is, a subjects of labour). The urban poor who lack human capital and without any safety net (whether institutionalised or not), also fall in the above category of poverty associated with insufficient resources to guarantee the basic minimum. It becomes clear that to alleviate poverty, the poor must be afforded the opportunity to access resources. In the examples above, if the peasant could access financial resources, he/she could afford to buy an ox and increase his/her production. If the urban poor could access education, they might stand a better chance of finding a job.

The impossibility of accessing resources, transportation, education, health centres and other services keeps poor people in their current situation. Consequently, there should be a combination of resources, support, empowerment, education and employment opportunities for individuals living in poverty in order to improve their lives, to enhance their overall capacities and improve their economic and social conditions. Providing education for those living in poverty can help them acquire skills and knowledge that they need to better their conditions and improve their lives. Whether it is in Cameroon or Nicaragua, the poor are also those who do not have access to sufficient resources.

Poverty associated with an inadequate pattern of growth and poverty associated with insufficient resources to guarantee the basic minimum for the majority of the population has been reviewed. It is against the backdrop of these two types of poverty situations that the characteristics of the poor of Cameroon and Nicaragua can be understood. That is the purpose of the next section.

2.3.3 Characteristics of the poor of Cameroon and Nicaragua

The characteristics of the poor of Cameroon and Nicaragua have some striking resemblances. In Cameroon, poverty and in particular, chronic poverty, is mainly a rural phenomenon. Stoeffler *et al.* (2015:40) agree by arguing that 95.6 per cent of the chronic poor live in rural areas and almost 40 per cent of the rural population live in chronic poverty. Geographically, 80 per cent of the chronic poor in Cameroon are found in five regions, namely, the Adamaoua, the East, the Northwest, the North and Far North, with a rate of chronic poverty above 50 per cent in the last two regions.

The main drivers/constraints of chronic poverty refer to the gender of the household head, the level of education, the labour market attachment and the household size. The gender driver is often overlooked while it is of utmost importance. A report from the Food and Agriculture Organisation (FAO, 2011:10), argues that if women had the same access to opportunities that men do, there would have been a productivity enhancement of 20% to 30%. Therefore, any programs aiming at poverty alleviation must prioritise women as “only 27% of women in Africa have access to modern inputs, and in some countries only 9% have access to formalised credit” (Voorhies, 2018:45).

Stoeffler *et al.* (2015) demonstrate that chronic poverty increases with the age of the household head and decreases with education level. The academics also demonstrate that polygamist households have a higher incidence of chronic poverty than monogamist households. Thus, larger household size is more prone to living in chronic poverty. Also, poor households find employment mostly in the agricultural and informal sector. Nji (2004) adds that in Cameroon, poverty is synonymous with injustice, poor access to resources and lack of opportunities. It is also clear that lack of access to basic necessities and goods (electricity, toilets, etc.), vulnerability to climatic conditions (especially in respect of small farmers and peasants) constitute an important determinant of chronic poverty. As argued earlier, lack of command over physical assets is often a determinant of chronic poverty (Jalan and Ravallion, 1998); therefore, it is not surprising that the chronic poor in Cameroon have virtually no assets: only 3.5 per cent of them have a television in rural areas against 13 per

cent of the whole rural population. Obviously, the chronic poor also lack human capital with 55 per cent of the poor having no schooling. Many poor households live in shelters without solid walls.

It is important to note that there are also social discrepancies between the poor living in urban areas and those living in rural areas. For instance, the urban poor are older and include more widows than the rural poor. When policymakers design policies aimed at tackling poverty, all these characteristics of the poor must be considered if success is to be achieved.

As concerns arise for Nicaragua, just as in the case of Cameroon, poverty refers to limited access to land, low access to support services (infrastructure, credit, technical assistance), low access to social services (education, health, water, sanitation, housing), few sources of employment, environmental degradation, high birth rates, large household size and gender inequality. Davis and Stampini (2002) uncover one important characteristic of the poor in Nicaragua, namely that there is substantial movement in and out of poverty in Nicaragua (“poverty churning”). Indeed, the scholars find that between 1998 and 2001, 13% of households exited poverty against 9% that fell into poverty. Movements are also observed between chronically poor and moderate poor. These movements are, according to Davis and Stampini (2002), due to people changing their main occupations, activities or they gain better access to capital such as land.

Wiggins (2007b:5) argues that in 1993, while 50% of Nicaraguans were living in poverty and 19% in extreme poverty, in 2005, the figures were respectively 46% and 15% thus showing that by and large, poverty remains a deep problem in the country, especially in the face of rapid population growth. In 2005, 65% of the poor and 80% of the extremely poor lived in rural areas. Poverty is also largely geographically determined. It is mostly found in the north, north-east and south-west of the country in areas far away from urban centres and are difficult to access. Less than 16% of the chronically poor live in the central areas of Managua and the three small departments to the south of the capital (Wiggins, 2007b:20).

Davis and Stampini (2002:9) conclude that the stronger drivers to exit poverty include “smaller family size, higher levels of education, more participation in non-agricultural wage labour and non-agricultural businesses and less participation in farming or agricultural wage labour”. However, the scholars immediately warn that they do not mean that farming is synonymous with poverty.

2.3.4 Conclusion to the situations of poverty

Poverty is a complex and multi-dimensional concept. “Poverty is not a characteristic of a certain group of people; it rather characterises a particular situation in which people may find themselves at a given point in time” (Bastiaensen *et al.*, 2005:979). It then comes as no surprise that there are multiple situations of poverty.

One typology of the situations of poverty in developing countries consists in classifying poverty as either the consequence of an inadequate pattern of economic growth or as deriving from insufficient resources that could be accessed by the poor to guarantee their basic minimum requirements. From whichever angle one looks at it, poverty in developing countries also represents dysfunction of that country’s economy, failure to diversify the economy (overdependence on few resources), the undesirable features of a dominant ideology (Wiggins, 2007b:11) and/or the consequences of wrong political decisions over years. Yes, the consequences of wrong political decisions over *years*.

At the heart of this thesis’ perspective it is argued that the typology of the different situations of poverty as presented by Rocha (1998) has a gap. It is further argued that in his typology, the academic overlooked the situation of poverty when the leaders of a country have abandoned their free will to take decisions that are solely in the interest of their people. This agreement that the typology of the situations of poverty of Rocha (1998) ultimately makes poverty a technical issue, a standalone phenomenon arising from vacuum and a phenomenon over which political leaders do not have much bearing. From this thesis’s perspective, the persisting of poverty in Africa and in other parts of the world, can largely be explained by the fact that leaders there have failed to take radical decisions which were within their power, within their free will. They subjected themselves to neo-colonialism forces for their

own personal interests, accepting what is unacceptable. This thesis is referring to lucrative contracts awarded to foreign companies such as ELF Aquitaine²⁰ which basically licensed the looting of the country²¹, to “secret defence agreements” between France and many francophone African countries²² which are nothing more than agreements to protect the incumbent dictator (therefore, to protect France’s interests) in case of domestic unrests.

It is argued that the above neo-colonialism process and practice has largely contributed to keeping many African countries impoverished. However, contrary to the prevailing Africanist discourse which tends to make France or England responsible for all of Africa’s problems, this thesis discusses the fact that African leaders should be blamed for abandoning their free will. For instance, oil-producing countries could have remained in the pre-oil crisis situation (before October 1973) where they did not have much bearing on oil price and where in fact, they saw a decrease of their revenue due to the depreciation of the US Dollar following the USA pulling out of the Bretton Woods Accord (whereby the value of the dollar was pegged to the price of gold).

First, in 1971, the Organisation of the Petroleum Exporting Countries (OPEC), issued a communique stating that, from then on, they would price oil in terms of a fixed amount of gold. That was an eminently political decision whereby oil-producing countries were using their free will. Then, in October 1973, in response to the West (in particular the USA) helping Israel during the Yom Kippur War, OPEC raised the oil price by 70 per cent, once again, using their free will as any sovereign nation. Furthermore, OPEC agreed to cut production in five per cent monthly increments until their economic and political objectives were met (Yergin, 2011). In addition, an embargo of any oil export to the USA (the main supporter of Israel) was enforced.

²⁰ ELF Aquitaine was a French oil company which has been bought by Total

²¹ See documents such as <http://www.afrik.com/article12684.html> or <https://mensuel.lutte-ouvriere.org/documents/archives/la-revue-lutte-de-classe/serie-actuelle-1993/afrique-la-victoire-de-sassou>

²² See documents such as <https://www.monde-diplomatique.fr/2008/02/A/15570> , <https://reseauinternational.net/accords-defense-france-semence-destabilisation-pays-africains/> or http://mongobeti.arts.uwa.edu.au/issues/pnpa19/pnpa19_03.html

When asked if the price of oil will keep on increasing, the Shah of Iran is renowned to have said:

It's a solution you of the West have wished on yourselves. Or if you prefer, a solution wished on you by your ultra-civilised industrial society. You've increased the price of the wheat you sell to us by 300 per cent and the same for sugar and cement. You've sent petrochemical prices rocketing. You buy our crude oil and sell it back to us, refined as petrochemicals, at a hundred times the price you've paid us. You make us pay more, scandalously more, for everything and it's only fair that, from now on, you should pay more for oil. Let's say... 10 times more.

(New York Times, 1973:97)

The above quote is powerful. Free will leaders must set a balance of power with competing nations, using what they've got, if they are to succeed in their goal to emancipate their people. Without the above stance taken by oil-producing countries, maybe today, the price of oil wouldn't be that far from the US\$3 per barrel of the early 1970s (against about US\$65 at the time of this paper). Certainly, without the above stance, Middle-Eastern and other oil-producing countries wouldn't have the financial power they have today.

Other examples to support the above view can be presented. A natural resource-poor country like Switzerland is rich while an immensely natural resource-rich country like the Democratic Republic of the Congo is one of the poorest countries on the globe. How is it possible? This thesis hypothesises that the political decisions taken (or not taken) by the leaders using their free will, largely explain the differences between the two countries. Is it normal that in 2017, four of the five largest cocoa producing countries are African²³, but these beans are sold at ridiculous prices set at the London or New York stock exchanges and that the finest chocolates are still produced in Belgium, France or Switzerland, then sold at top prices?

²³ These five countries are in order Côte d'Ivoire, Ghana, Indonesia, Nigeria and Cameroon (<https://www.worldatlas.com/articles/top-10-cocoa-producing-countries.html>)

Therefore, this thesis presents the following figure which summarises the typology of the situations of poverty, which is argued to close the gap found in the literature. It is acknowledged that the situations of poverty in developed nations is significantly different to the situations of poverty in developing countries. Then, it is shown that the insufficient resources and the inadequate pattern of growth alone cannot explain the situations of poverty of developing countries. Figure 2.3-1 hypothesises that for the insufficient resources and the inadequate pattern of growth to explain a poverty situation, the leaders of the countries must have abandoned their free will to take political decisions that are for the benefit of their people.

Poverty of underdeveloped countries

Poverty of developed nations

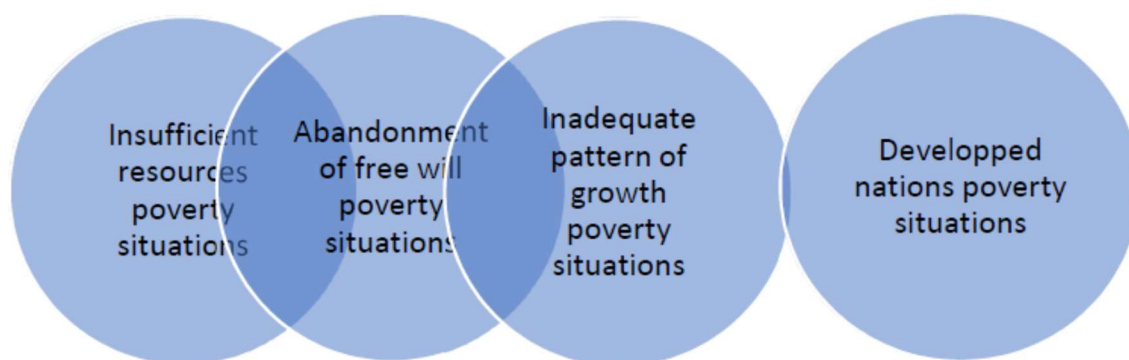


Figure 2.3-1: Typology of the situations of poverty

Source: Researcher's own design

With a better understanding of debt relief, growth and the different aspects and situations of poverty, the next section attempts to critically analyse the PRSPs of Nicaragua and Cameroon. This will be done in order to see if they were appropriate as a solution to the alleviation of poverty in these countries.

2.4 OVERVIEW OF POVERTY REDUCTION STRATEGIES

After poverty situations have been discussed and before presenting the different poverty reduction strategies available in the literature, it is important to briefly

discuss the two PRSPs of Cameroon and Nicaragua so that the available strategies can be understood against these PRSPs.

The objective of this section is to demonstrate that the Bank put little emphasis on the third lever (Hanmer *et al.*, 1999) and the PRSPs never adopted a truly participatory process. This statement is made in light of the fact that although the World Bank Operational Directives of 1992 (World Bank, 1992), recommend that poverty should be combatted using the levers of growth, investment in human capital and social safety nets, not much happened in practice. Moreover, at the time the HIPC Initiative started back in the 2000s, the IFIs were aware of the successes in combatting poverty spearheaded by policies carried out in countries such as Mexico and Brazil (these countries were not part of the HIPC Initiative) and therefore, the IFIs could and should have orientated the HIPC towards the similar policies. Instead, the IFIs insisted on a set of mainly pro-growth policies that proved unrealisable and left the situation of the poor of these countries largely unchanged between 2000 and now. The PRSPs were designed to stimulate growth and not to fight poverty; the Nicaraguan PRSP at least has some mechanism to deal with deep poverty issues. Looking at the different situations and causes of poverty, it is no surprise that this thesis finds that a one-size-fits-all approach, such as the PRSP framework was more than likely to fail even though the subsequent papers were 'enriched', 'altered' or 'improved' by each country.

What follows is a high-level discussion of the PRSPs (at the macroeconomic level). Their detailed analysis is made later in the thesis.

2.4.1 The birth of the PRSPs, their limitations and the new PRSPs

In the context of poverty as described above, the responses of the IFIs to some countries have been the demand for the drawing up of poverty reduction strategy papers within a common framework. Furthermore, with the MDGs, it is claimed that the international community came up with ways to formulate policies that are inclusive of the receiving countries' views, contrary to past policies such as the SAPs which were largely exclusive, imposed upon the needing country and without any human face. These new ways were translated in 1999, mainly into the PRSPs which

are drawn up (for acceptance by the IMF and the World Bank) by the receiving country itself and which is therefore arguably more inclusive. The benefit for the needing country is that once its paper is accepted by the Washington Institutions, a high percentage of its debt will be written off by the bilateral or multilateral donors within the Enhanced HIPC initiative (Krakowski, 2003).

The Bretton Woods Institutions (The IMF and the World Bank) have essentially advised three policies to curtail poverty in poor countries, namely broad-based growth, investment in human capital and establishment of safety nets (Hanmer *et al.*, 1999). PRSPs differ from country to country but keep the same framework that has “sustainable growth, macroeconomic stability, good governance, human capital development, improving the quality of life of the poor and increasing the ability of the poor to raise their own incomes” (Ellis and Freeman, 2004:7).

The above sounds in line and seems to approach poverty holistically. There is alignment between, firstly, the concept of poverty (along the lines of income, health and education), secondly, the causes of poverty (either at a country level or at the people level) and thirdly, the proposed policies (ones which are designed around broad-based growth, investment in human capital and establishment of safety nets) (Hanmer *et al.*, 1999). However, these are all within a framework of good governance. The broad-based growth intends to bring about a decrease in widespread unemployment, a general elevation of the level of income of the poor and sustainable development of the country’s infrastructures including hospitals and roads. Furthermore, it was intended for the investment in human capital to ensure better education for the poor and promote their empowerment. The safety nets intension is to provide direct support to the poor in the form of food, shelter, cash, etc. Lastly, the good governance framework will help to improve the general environment, accountability and rule of law (that is strengthening the institutions, the “good governance which is an essential precondition to improving the lives of the poor” (Knack *et al.*, 2001:271).

A closer look at the PRSPs quickly shows that they were doomed to fail at least for one reason; the PRSPs largely use the same framework while the situations of

poverty are very different across countries. During implementation, there is a clear mismatch between the policies proposed to alleviate poverty and the actual incidents, depth and severity of poverty. The deficiency of the three-pronged approach is then exposed. When implementing the broad-based growth, the investment in human capital and the establishment of safety nets, emphasis should be on the safety nets as poverty is so deeply rooted in society that broad-based growth and human capital investment will produce meaningful results only over time. Also, governance (the precondition) has not improved at all.

On the other hand, the limitations of the multi-stakeholder approach of PRSPs were also exposed. The World Bank and the IMF themselves realised that the initial principle of the PRSPs was not adhered to. There was insufficient adhesion of the people and the poverty reduction processes were qualified as “broad” but not “deep” (Komives and Dijkstra, 2011:183). This prompted many governments to swiftly move away from these programmes, designing their own, comprehensive strategies which usually included a more aggressive poverty reduction strategy side.

Many scholars (Driscoll and Evans, 2005; Cheru, 2006a) admits that the second and third generation PRSPs somehow involved more people and members of the civil society to the building of policies, many others (Stewart and Wang, 2004; Lazarus, 2008) also concurred that involvement remained cosmetic and the tempo was given by the government itself. Moreover, Booth *et al.* (2006) maintain that second and third generation PRSPs have failed to gain the full support of politicians to prioritise poverty in their policies. But according to Komives and Dijkstra (2011), these new or revised strategies worked well whenever they coincide with the government’s political priorities such as state modernisation in Nicaragua or institutionalised public participation in Bolivia. For Cameroon, the newly revised strategy coincided with the vision of “emergence” (economic take-off) by 2035. However, whether it is for Nicaragua or Cameroon, it is argued that the implementation of the revised strategies felt short of their initial goal and remained largely in the domain of political discourse. The overviews of the PRSPs of Cameroon and Nicaragua below support the above arguments.

2.4.2 Comparative overview and critique of the Cameroonian and Nicaraguan PRSPs

Once Cameroon was admitted to the HIPC Initiative, it drew up a PRSP which was accepted by the International Organisations in 2003. In a nutshell, that paper sought to align with the three-pronged PRSP model as outlined above. However, a new strategy termed the Growth and Employment Strategy Paper (GESP) was adopted in 2007 which supposedly takes into account the errors noticed during the implementation phase of the PRSP and involves people at the grassroots in order to solve what has been termed the lack of ownership by the government and the poor alike, in respect of the previous PRSPs. However, foremost, that strategy carries a strong political message aiming at uniting the country towards a common goal; a vision at the 2035 horizon of an emergent Cameroon based on four pillars, namely reducing poverty to a socially acceptable level, becoming a medium income country, becoming a newly emerging country and reinforcing national unity and consolidating the democratic process (IMF, 2010). This sounds fine but one could argue that unless substantial achievements are quickly made towards these goals this will remain nothing more than politics and messages mainly developed for political campaigning. It is not surprising to notice that suddenly many African countries have the same goal of becoming emerging nations around 2035. These countries are Gabon, Senegal and Ivory Coast, to name just a few. With the benefit of hindsight, it is clear that with only seventeen years to go before the deadline, these countries are nowhere close to emerging. This strategy also aims at achieving agriculture diversification and productivity, infrastructure development, development of the rural and mining sectors, improvement in health, education and training, greater regional integration and export diversification and financial sector development (Cameroon Ministry of Economy, 2009). Lo-oh (2014) argues that these goals are actively pursued. It is true that major structuring projects are well underway, such as the Lom-Pangar hydroelectric power plant or the Kribi deep water port. However, pursuing a goal and reaching that goal are completely different matters.

The implementation of these new policies only started in 2009. Interim assessment still needs to be done but if the country is to reach emergence, it is certainly not with

the type of current growth (5 to 6% per year) that it will be possible. Cameroon (and all the countries claiming to be emergent by 2030-2035) will need double-digit growth over years and not be supported by only one sector of the economy. It is further argued that the GESP still lacks a redistributive component destined to eradicate at least extreme poverty by 2035. This is where the misalignment is found. In practice, the PRSP or the GESP's real focus is growth and very little funding (if any) is earmarked for safety net measures.

Concerning Nicaragua, just a few months after its first PRSP, in 2002, a new government came into power in Nicaragua and basically ignored the first PRSP and drew up (as Cameroon) its own plan called Plan Nacional de Desarrollo (PND) meaning National Development Plan. Subsequently, a more detailed version (PND-O) was drawn up in 2004. The strategy of the PND-O can be seen as having three pillars; achieve a high economic growth (not necessarily pro-poor orientated); second, spending on public education and health services and lastly, building social protection, especially for the youngest citizens (Wiggins, 2007b).

A very basic comparison of the theme of the Cameroonian second generation PRSP (named GESP) and the Nicaraguan second generation PRSP (named PDN) is informative.

The GESP revolves around seven themes (C-GESP, 2010), being:

1. Review of development policies.
2. Vision and goals.
3. Growth strategy.
4. Employment strategy.
5. State governance and strategic management.
6. Macroeconomic and budgetary guidelines.
7. Institutional framework and monitoring mechanism/implementation of the GESP.

On the other hand, the PDN deals with eight themes (N-PDN, 2005):

1. Citizen participation.
2. Evolution of poverty and National Development Plan (NDP) goals.
3. Economic growth for poverty reduction.

4. Development of human capital and social protection.
5. Public investments for the productive development of human capital.
6. Government and state reform.
7. Macroeconomic program.
8. Implementation, monitoring and evaluation.

Therefore, the Nicaraguan second generation PRSP at least made an effort to fully align with the objective of poverty reduction and inclusiveness of the poor while its Cameroonian counterpart has remained extremely growth focussed. It is even more shocking to know that the Nicaraguan version was published in 2005 while the GESP was published in 2010.

In practice, not all academics agree that the Nicaraguan PRSP has changed the lives of the poor. The improved budgeting and the extra spending in social fields did not substantially improve the living conditions of the poor (Lawson *et al.*, 2005). Also, the PRSPs did not properly address rural poverty (Kay, 2010) which would have required asset redistribution as was done in South East Asia or leverage on an important resource such as the forest that has the potential of rooting many people out of poverty (Pellegrini, 2011). On the other hand, Guimarães and Avendaño (2011) maintain that little progress was made in poverty reduction between 2000 and 2007, not because of poor implementation of the programme but simply because the fight against poverty had never been a government priority nor that of the IMF and the World Bank. The authors go on to argue that the country kept the support of donors while it was obvious that government was prioritising growth, state modernisation and pre-PRSPs objectives. The PRSP thus appears to just have been a way to divert the attention of the people away from unpopular policies or a re-packaging of previous Structural Adjustment Plans. The authors conclude that poverty indeed increased between 2001 and 2005 and that there is little evidence to support the effectiveness of PRSPs in Nicaragua, in particular and in Latin America in general.

On the other hand, Hanmer *et al.* (1999:1) maintain in their study of the World Bank's poverty assessment (launched in 1990 with the World Development Report) that

“poor people in Africa will continue to rise...”; there is no “basis for confidence that policies are being put in place to redress the situation”. This was a premonitory view as Vos (2011) maintains that HIPC countries still have not found the path to continually and durably improve the fundamental indicators of poverty.

This thesis is largely in agreement with the above views. Whether referring to the first generation or subsequent generations of PRSPs, it is argued that there was an invisible hand at work during the drafting of these papers. The result is a recipe supposed to be built (with inclusiveness of large parts of the population) to tackle poverty but which in fact is the translation of a liberal pro-growth policy destined to stabilise the countries' economies. It (in practice) was concocted by political elites (who surrendered their free will) with the complicity of the IFIs. Furthermore, the idea behind the PRSP framework, just as for the SAPs, was to support exportation (in order for the poor country to reduce the negative terms of trade and to obtain much needed foreign currency to service its debt) instead of promoting production for domestic consumption to reach basic objectives such as food sovereignty for the country. This resulted in the perpetuation of the dependence relationship between the core and the periphery (Petithomme, 2013) and kept the poor countries vulnerable.

Notwithstanding the above, in the case of Nicaragua, this thesis maintains that substantial results were achieved through the RPS component of the PRSP, at least in the fight against extreme poverty (see Chapters Four and Five). This is also one major advantage of a comparative study such as this one.

At this juncture, this thesis can turn to the review of the different poverty reduction strategies available in the literature. Against the backdrop of these different poverty reduction strategies, it is possible to further understand the limitations of the PRSPs in terms of poverty reduction.

2.4.3 Review of some poverty reduction strategies

Theories of poverty need to be related to different policies and strategies so that they can be better comprehended. Thus, in this section, an attempt is made to

connect the different conceptions of poverty as reviewed in Chapter 2.3 above, to particular poverty reduction strategies. However, before delving into these poverty reduction strategies, this thesis wishes to clarify what is meant by social policies and safety net measures as these concepts will be used extensively in this thesis.

Devereux and Sabates-Wheeler (2004: i) give a definition of social protection which is consensual and has been re-used by many scholars:

Social protection describes all public and private initiatives that provide income or consumption transfers to the poor, protect the vulnerable against livelihood risks and enhance the social status and rights of the marginalised; with the overall objective of reducing the economic and social vulnerability of poor, vulnerable and marginalised groups.

From the above statement, it is clear that social protection does not necessarily relate only to poor and developing countries. In fact, it could be argued that higher levels of development go hand in hand with higher levels of social protection. It is evident that the northern countries of Europe have a better social protection system than poor countries.

In the framework of development studies, the Human Development Department of the World Bank gives another definition of social protection which doesn't fundamentally depart from the one above:

Social protection is understood as a set of measures that aim to alleviate poverty, manage individual risks and promote equitable and sustainable growth through prevention, promotion and protection.

(World Bank, 2012:8)

The definition of a social safety net is less consensual and there is no agreement as to what safety nets should address and how safety nets should address issues. The World Bank adopts the definition of Gosh *et al.* (2008) which is accepted by this thesis. "Social safety nets refer to non-contributory transfer programs to the poor or vulnerable" (World Bank, 2012:8). This definition has the advantage of being flexible

enough to allow this researcher to later argue what should or shouldn't be understood as safety nets and how the program should be implemented. Figure 2.4-1 below depicts how safety nets relate to social protection and to other policies aiming at uplifting the poor and vulnerable.

Safety nets form a subset of social protection policies and are fully a part of poverty reduction planning as they diminish the risk of the poor and vulnerable. Safety net measures are capital (and central as seen in the figure) in the overall development policy. This thesis argues that it is the best and most efficient tool to reach certain vulnerable people and to solve some deep poverty situations.

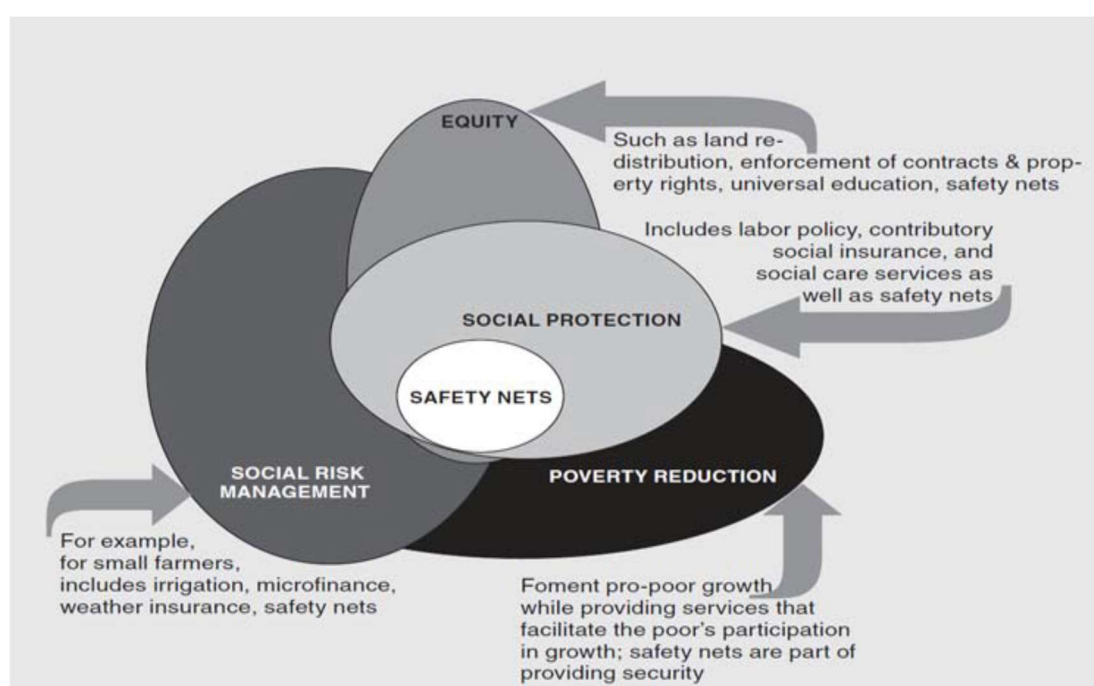


Figure 2.4-1: Position of Social Safety Nets in Larger Development Policy

Source: From Grosh *et al.* (2008:12)

Townsend (1979:62) suggests that policies for combatting poverty might be identified along the following three distinct lines:

1. Conditional welfare for the few.
2. Minimum rights for the many.
3. Distributional justice for all.

The academic goes on to maintain that the choice of each of the above principles has implications for the structure of society. For instance, the “conditional welfare

for the few” calls for the “maximization of relief through charity and voluntary effort and public expenditure kept low by barrier of means tests” Townsend (1979:62). When using the ‘minimum rights for the many’, policymakers use taxation for redistributive policies or provide benefits whether in cash or in-kind to many. These benefits are usually small (‘minimum’) and basic. The last principle calls for a “de-stratification of society through economic, political and social reorganisation and the equal distribution and wider diffusion of all kinds of power and material resources” (Townsend (1979:62). The scholar immediately warns that situations where this principle has been concretely applied, are rare thus, it remains an aim to strive for. It is important to further elaborate on this principle.

It is argued that distributional justice for all brings the policies to alleviate poverty to another dimension and because determining a policy to combat poverty implicitly or explicitly refers to a certain conception of poverty, it can be suggested that from this principle’s perspective, poverty is not merely a question of income or health, but also refers to empowerment of the poor, to individuals participating in the building of their own future. This principle refers to inequality but not only economic inequality. Social and political inequality come to the fore. “De-stratification” is understood in the context of this thesis, as the elimination of social barriers, of castes or privileged groups within society. There is a clear connection with the minority group theory of poverty.

However, the mainstream developmental approach to the political economy of combatting poverty (which this thesis uses) usually relates to the crucial dilemma of using either growth or redistributive policies to fight poverty and inequalities. In practice though, it is always a matter of trading off and policy is a reflection of that mix (Lane and Ersson, 1997). Therefore, subjected to the above dilemma, the World Bank, since the 1990 World Development Report and the Bank’s 1991 policy paper (Assistance Strategies to Reduce Poverty), has promoted, at least on paper, a two-pronged strategy based on labour-intensive growth and the promotion of access to some public goods such as health and education. This framework was largely based on the East Asian experience (Baulch, 1996). However, in practice, the promotion of access to public goods (the redistributive pillar) remains largely insufficient and it

is not always easy to see the labour-intensive aspect of the policies promoting growth. These policies simply look like pro-growth policies. Moreover, for growth policies to succeed in substantially diminishing poverty, one prerequisite is that the economic growth rate (measured in terms of GDP growth) must be above the growth rate of the population which is problematic as Africa and Latin America's population growth rates are amongst the highest in the world. If the growth strategy has worked well in South-East Asian countries, it is clear that they failed in most African and Latin American countries due to (amongst others) this reason. It can be mentioned that some redistributive policies have been successfully used in Latin America as shown at the end of this review which starts with the main economic schools of thought. They are the classical, Keynesian, Myrdal and dependency schools of thought.

2.4.3.1 The Classical and Keynesian political economy of poverty

Different schools of economic thought have different views on poverty and its causes. Fundamentally, classic economists contend that individuals are ultimately responsible for their poverty while neoclassic economists are subtler and provide explanations for poverty that are beyond the individuals' control. Keynesian and neoliberal schools, as the classic economists, accept a monetary definition of poverty, but emphasise the role of government in providing economic stabilisation and public goods. Poverty is considered largely as involuntary and both schools of thought believe that overall growth in income is ultimately the most effective element for poverty alleviation.

2.4.3.2 Smith and poverty

Adam Smith's most well-known theory is commonly referred to as the invisible hand (Smith, 1937), that is, the belief that a capitalist system would always default to a harmonious state despite all the numerous imperfections that characterised it. Smith is the father of modern capitalist economics. Contrary to what his image might propagate, Smith considered poverty as a central issue to economy. The capitalist understood that the poor are ashamed of their poverty and actually had compassion for the poor, arguing that he should be able to at least present himself under a dignified perspective in front of others. However, besides his invisible hand, the

academic does not propose a roadmap to root the poor out of poverty, contrary to Keynes.

2.4.3.3 Keynes and poverty

In *Economic Possibilities For Our Grandchildren*, Keynes (1933:326) defined the economic problem as the “struggle for subsistence” that is providing people with enough income to satisfy their minimum absolute needs. Thus, even though Keynes never wrote a book exclusively about poverty, the question was at the heart of his thinking. Keynes emerged when neoclassic economics was unable to bring a satisfying response to global economic depression (thus poverty). Keynes’ logic is simple; as the economy falters, businesses reduce their spending and consumers, unemployed people and poor alike refrain from spending, thus creating a stalemate. The economist argues that the only way to break that stalemate is for government to step in to create more demand for the economy by spending massively, prioritising health, education, subsidisations and on those most affected by the battling economy. That way, fear will dissipate and the economy will experience growth again. Key to Keynes’ thinking is the assertion that the poor basically spend the entire income they receive on basic items necessary for their living and therefore, these incomes received quickly return to the economy, creating growth.

This thesis rejects the capability of the classic economics perspective to combat extreme poverty with a hypothetical invisible hand. Instead it follows the Keynesian perspective as it argues that the best and quickest response to extreme poverty is through social safety net measures. These social safety nets (and in particular, cash given to the poor), will quickly contribute to economic growth thus, creating a virtuous circle (see Figure 2.2-6 earlier in this literature review).

2.4.3.4 Myrdal’s strategies

The cumulative causation theory of Myrdal (1968) is in opposition with the mainstream school of classic economy, that expansion of international trade (as advocated by the SAPs or even the PRSPs) is a source of economic development and has an equalising effect leading to a “stable equilibrium” (Myrdal, 1957:12). The scholar argues that international trade cannot promote growth, especially in poor countries. Economic development results in a circular causation process leading to

more development of already developed countries and more impoverishment of the poor countries. Just as suggested by the dependency theory, the weak are exploited and during international trade, capital movement is returned to the core countries in a backwash effect which is largely stronger than the spread effects, therefore, resulting in inequalities. The Nobel Prize winner goes on to maintain that the two effects are never in equilibrium, "poverty is further perpetuated by poverty and affluence is further promoted by affluence" (Myrdal, 1957:529). Under such situations cause becomes its own effect (circular causation). In other words, a country is poor because it is poor. That vicious cycle can only be stopped by government intervention. This is how the 'institutional reforms theory of development' of Myrdal (1968) comes to the fore. The economist advocates the promotion of capital goods, import substitution industries, complementarity and/or integration of the economies as the best remedies to break the dependency link. The above strategy will also create employment which, according to Myrdal (1968), is the best cure for poverty. However, the author's work has been criticised on the grounds that the free market has successfully reduced inequalities in some parts of the world, like South-East Asia.

2.4.3.5 Dependency theory

Dependency theory originated in Latin America in the 1950s and in opposition to modernisation theory that holds that all societies progress through similar stages of development and therefore, the role of government is to help the economy to go as fast as possible through these different stages. Dependency theory explains how resources flow from a periphery of poor countries to a core of rich countries, impoverishing the poor and enriching the rich even more. These theories generally attempt to show how social, political and economic development are related in Latin America (Cardoso and Faletto, 1979) and therefore the difficulty for the countries at the periphery to develop (and thus to fight endemic poverty) in the framework imposed upon them by the core. Indeed, capitalistic economies expand through accumulation of capital and production of capital goods (that is machinery and equipment) which necessitates new technologies and the support of the financial sector, all things owned by the core. In these circumstances, Cardoso and Faletto (1979), conclude that the periphery is excluded from progress.

It could be argued that the PRSPs, with their standardised approach to poverty reduction, have kept the mechanical perspective of modernisation theory while the dependency theory keeps a strong leftist flavour and remains too descriptive and critical of liberalism without really proposing alternative ways to develop and fight poverty. The end of the Cold War and the fall of the Berlin Wall presented triumphant capitalism and seriously undermined this theory (Fukuyama, 2006).

2.4.3.6 De Soto's proposal

De Soto (1990) argues that the poor actually own enormous assets but for the simple reason that they are informal, are not taken into account by the state and the system whether it is judicial or financial. He goes on to maintain that some of these assets, such as their shanty houses, once titled, could be leveraged by the poor to access the formal financial and mortgage market which in turn, could lift them out of poverty (De Soto, 2000). This would also bridge the gap between formality and informality, which are the two economic sectors in De Soto's understanding. However, in a country such as South Africa (even though South Africa was not a HIPC) where such policies have been applied, the results are not conclusive. Rust (2006) argues that for such a policy to succeed in alleviating poverty, there must be a functioning secondary market for these newly titled properties in addition to the banking system's willingness to finance these houses. It must be stressed that De Soto's views are not anti-capitalistic; it can even be argued that the author is maintaining that if approached from a certain angle, capitalism and liberalism can actually work for the poor. However, De Soto's critics are numerous. They cite amongst other problems of such policies the possibility of induced inflation in the housing market with the first victims being again the poor (Mitchell, 2004) and the discrimination towards some minorities like women (Von Benda-Beckmann, 2003). This thesis strongly warns about falling into common critics of De Soto by oversimplifying the views of the Peruvian economist. Leftwich (1996) and Ellerman (2006) warn that from De Soto's perspective, property rights would become truly effective only if seen in a larger strategy aiming at bringing people into the core economic system and empowering them while extending democracy in the country. This is an important point as it acknowledges the current established economic order and does not seek to change it.

Well understood, De Soto's proposal goes beyond simply providing cosmetic measures to poverty. It seeks to re-dignify the poor by anchoring them to the formal economy. However, policies could be designed that instead support informal activities as a way of helping the poor to be independent (see popular economy below). Money from the debt relief could be used to simply support informality through a once-off cash transfer. That will allow beneficiaries to buy the stock, tools, etc. necessary to boost his or her business.

2.4.3.7 Carlos Oya's proposal

Unemployment and poverty have a strong correlation, especially in poor countries in the absence of safety nets. The masses of unemployed people move from rural areas to urban areas, in search of a better life and worsen poverty in the cities. Oya (2007) proposes that African countries recommit to agriculture by launching a Green Revolution which, by focusing on export crops, has the ability to increase rural incomes and reverse some of the effects of the market liberalisation. Anseeuw *et al.* (2011) go further and see the South African agricultural and agro-industrial model as exportable north of the Limpopo river. However, it could be argued that unless Africa itself is a major player in the consumer market, the dynamics of the prices of these export crops fixed in Western markets will remain unfavourable to developing countries.

Oya's proposal, as De Soto's one, points to the key argument of this thesis. It is indeed the rationale of this thesis that money from debt relief could be used as a once-off cash transfer, for instance to poor peasants who could use it to buy machinery, tools, crops, etc. that have the potential of increasing their incomes and sustainability.

2.4.3.8 Popular economy

Popular economy largely refers to the concept of informality. According to Hull and James (2012), informality was first coined by Keith Hart. The self-taught economist argues that the concept of informality posits such activities negatively against the backdrop of formal activities. The informal sector to which informality refers tends to be associated with illegality, labour-intensive activity, poverty, inefficiency, etc. This ad-hoc conglomerate of activities supposedly does not correspond to any macro-

logic but creates de facto a duality which, according to Coraggio (1994), can only be exacerbated by the ongoing globalisation.

In an attempt to find a solution to the problem, the scholar maintains that there are three possible approaches: the first one is the neoliberal approach which proposes the removal of legal barriers (originally aimed at controlling the formal sector but in fact acting as a deterrent to the informal sector) as a way to entice the informal sector to move up the ladder into the formal sector. The second approach is the managerial or modernising approach which maintains that provided that the informal sector receives support (training support, financial support), this sector will gradually become more and more efficient, will modernise and become just like the formal sector. Lastly, the solidaristic approach calls for a bottom-up vision where the different poor communities will work together (possibly supported by NGOs) to counter the negative forces of globalisation and markets. The last approach uses many elements of the previous ones to enable the advent of a true popular economy from the existing activities. This approach is neither supportive nor against capitalistic modernity, state or society but instead, establishes itself at their intersection, the goal being to realise solidarity between these elements. However, Coraggio (1994) insists that for the above to happen, some structural transformation (on the socio-economic, cultural and political levels) is needed to establish the bases necessary for sustainable growth and new relationships between the capitalist and public economies. Regardless of the above debate on the right approach to informality, it is argued that the key argument of this thesis also attractively fits into the framework of popular economy for reasons that have been expounded on in previous chapters.

2.4.3.9 Solidarity economy

Popular economy and solidarity economy have a lot in common. However, one must guard against confusing the two concepts. If popular economy can be understood as a set of socio-economic activities developed using their labour force by popular, grassroots people in their quest for a better life, solidarity economy refers to an economy where the agents strive to increase the betterment of all through not-for-profit endeavours and the establishment of community-based social safety nets. Therefore, solidarity economy has a strong anti-capitalist flavour (Arruda, 2003).

The concept is still fairly new and is still evolving; it is sometimes referred to as social solidarity economy as some scholars maintain that it is foremost a social movement that expanded in Latin America (Lemaître and Helmsing, 2012) even though the concept has been used in Quebec since 1995 (Neamtan, 2002). One must always exercise caution when using it. However, it is argued that the concept always revolves around solidarity, cooperation, individual and collective responsibility, empowerment, participation, reciprocity, democratic decision-making in the economy and within the collective enterprises and in opposition to the competitive character of neoliberalism and its current globalisation. The social and solidarity economy, however, is not part of the public economy. The collective associations, organisations and enterprises are private in nature (Neamtan, 2002). It is argued that notwithstanding the many social forums held to date (the first one being the World Social Forum held in January 2001 in Porto Alegre, Brazil), the solidarity economy is still a work-in-progress.

In Latin America, the solidarity economy influence remains marginal in many countries. Arguably, it is in Brazil that it is the most developed. The Union established an Agency of Solidarity Development which helps in the creation of worker cooperatives and of financial cooperatives for the poor and people excluded from the classic financial system (Neamtan, 2002). In Africa, the movement is only at its beginning and it is difficult to find examples of solidarity economy. According to Miller (2006), the building of a local, national or global network of solidarity-based support and exchange is barely realised and maybe the assertion of some theorists such as Gibson-Graham (1996) that capitalism is coming to an end is premature. It is argued that the hypothesis of this thesis has a redistributive perspective but in the framework of a market economy. Therefore, solidarity economy, notwithstanding its connection with popular economy, cannot be an appropriate framework for the continuation of this thesis.

2.4.3.10 A political economy of Africa?

After the 1960s, there were real hopes that Africa was on the right track for development. The level of development of many African countries were comparable to that of South East Asia and Latin America. However, the 1980s and early 1990s were characterised in Africa by worsening terms of trade, crises, structural

adjustment plans, diminishing incomes and increased poverty. If the situation has improved somehow in the late 1990s and 2000s (thanks to various factors such as the devaluation of the CFA Franc, the increased aid from the IMF and the World Bank), the 2008 crisis and the subsequent troubles (food riots) threatened to reverse that consolidating period.

According to Hart and Padayachee (2010), the developmental state and national capitalism was sold to African countries as the principal roadmap to development. However, besides South Africa that managed to make it work to some extent (and to the exclusive benefit of its White minority), the strategy has not produced any meaningful results elsewhere in Africa while it has worked well for South East Asian countries, the so-called Asian Tigers. Therefore, most African countries had to revert to a sort of agrarian civilization where the intensive methods used are producing unemployment. Hart and Padayachee (2010) conclude that any policy aiming at alleviating poverty in Africa ought to use the workforce present in urban areas that grew and became redundant because of this intensified agriculture.

The different case studies (Mozambique, Congo, South Africa, Zimbabwe, Tanzania and West and Central French former colonies) presented by Hart and Padayachee (2010) in *The Political Economy of Africa* point to concrete issues impeding the economy of African countries such as conflicts, corruption, bad governance and the pegging of the CFA Franc to the French Franc. The diversity of these issues and the differences in the countries point to the difficulty to present a coherent political economy for Africa, insofar that it is possible to design one. However, Keith Hart in *The Political Economy of Africa*, presents some interesting perspectives. The economist maintains that cultural commodities including the film industry, sports, media and information services, are possible areas where Africa could focus. It could be argued that a mineral resource-poor country like Rwanda is a good example of Hart's assertion. Rwanda is currently recording one of the highest growth rates in Africa by heavily investing in sciences and technology. The official goal of the Rwandan government is to turn the country into the Silicon Valley of Africa. However, many African countries may not have renounced the industrialisation path yet as it was previously pursued in the 1950s (Kaplinsky and Morris, 2008).

This thesis argues that if Africa should embrace more resolutely technology and science, it must also create its own development paradigm. This echoes Maloka (2002) who argued that Africa had indeed in the 1970s produced a number of development strategies. These efforts were stopped by the crises and the stepping in of the Washington Institutions with their one-size-fits-all remedies to the crises (with the ruthless implementation of neoliberalism policies and the demand for privatisation) which have undermined the role of the state as a strategic agent of development. However, Africa is constituted by diversified countries with different resources.

This thesis argues that if a political economy for Africa is possible, it still needs to be designed and it should be a flexible one. An interesting fact to note that this thesis maintains that there is not much in common between a landlocked Saharan country like Niger and a tropical country like Equatorial Guinea. Between a quasi-industrialised country like South Africa and a war-torn country like South Sudan; a 180 million populated country like Nigeria and a 500,000-populated country like Cape Verde. Therefore, any attempt to design a road map for development to get out of poverty will have to be country-specific or at the very least, region-specific. The bottom line is that there is currently no coherent political economy of Africa nor a model that could guide or support the key argument of this thesis and this thesis has to revert to policies tried and tested elsewhere (in Latin America). This is certainly regrettable.

2.4.3.11 Pro-poor growth policies and empowerment

Policies to combat poverty are by no means separate and distinct sets of theories and prescriptions exist. One such policy largely refers to the concept of empowerment which is defined by Narayan-Parker (2002) as “the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control and hold accountable institutions that affect their lives”. From the words of Narayan-Parker, this is an institutionalised definition of empowerment which advocates the removal of institutionalised barriers to reduce poverty. The World Bank (for whom Narayan-Parker reports) maintains that such empowerment can be achieved by acting on five key areas: the provision of basic services, the

improvement of local governance, the improvement of national governance, the access by poor people to justice and by implementing pro-poor market development. This, according to Narayan-Parker (2002), is broad-based growth where poor people, micro and small enterprises are supported by an incentive economic and legal framework. It is then argued that empowerment is instead an approach to poverty reduction (where the poor people are viewed as a potentially powerful resource) instead of a policy on its own. For the benefit of this thesis it will be termed a micro-level approach to poverty reduction. In that respect, Narayan-Parker (2002) rightfully accepts that there is not only one model of empowerment, which is also this researcher's view as it is evident later in this thesis. According to the academic's pro-poor market development seems too pro-secondary and tertiary sector supportive and largely ignores the agricultural sector where, often, most of the poor are found. This shortfall is addressed by Besley and Cord (2007). Also, Narayan-Parker is undoubtedly advancing the agenda of the World Bank as the author clearly has a liberal and market-orientated view.

Acknowledging the importance of fast growth in order to reduce poverty, Besley and Cord (2007) attempt, through an empirical study, to draw lessons from successes of pro-poor growth strategies implemented in some countries. The study of Vietnam, in particular, demonstrates that making agricultural activities more productive (for instance by lowering transaction costs, strengthening property rights to land, giving technological support to farmers or setting a favourable business framework for them) has the potential of rooting many poor citizens out of poverty. On the other hand, the author proposes to take advantage of non-agricultural and urban employment opportunities as the second leg of a strategy to reduce poverty. This can be done through various policies such as the improvement of the investment climate, the designing of the labour market regulations to create attractive formal employment or the increase of access to infrastructure. It sounds very simple and it is probably easier said than implemented. The successes of the eight countries chosen by the academics present some striking disparity and thus, making a generalisation of these experiences doubtful.

However, the key argument of this thesis falls nicely within the pro-poor and empowerment discourse as expounded by Narayan-Parker (2002). It is argued that support to informality largely refers to empowerment of the poor. In the framework of this thesis, support to informality encompasses the financial support to micro-enterprises, smallholder farmers, and investments in physical infrastructures that support the above but also eliminate market failures such as the impossibility of the working poor to access loans or providing education to the poor adults. Very often, the focus is only on providing education to the children of the poor while educating (literacy, numeracy, etc.) and training the adults in their sector of business (farming techniques, basic 'business' courses, etc.) could have a significant and quick impact for the whole household.

2.4.3.12 Conclusion to the review of poverty reduction strategies

Various poverty reduction strategies have been reviewed. The Keynesian perspective has been adopted as this thesis accepts capitalism but argues that the imperfections of capitalism (in particular, poverty) shall be corrected by the state. It is striking to note that none of these strategies originate from Africa. This means that in its attempt to combat poverty, Africa does not have a model built in Africa with African realities and tested in Africa. How do you really have free will when you can only choose your course of action amongst strategies designed elsewhere by others? Building a political economy of poverty alleviation for an African country (original strategies and not copy and paste strategies), would be a statement meaning *we know what the causes of our poverty are, we know the context of our poverty, we know our strengths and our challenges and we have specific plans to tackle poverty in that particular context.*

Regrettably, African leaders and academics dismally failed in the above tasks. China adopted communism but in fact, built its own way to industrialisation, and China is not stopping there. For instance, even though China is fast developing, the fight against poverty remains a top priority. Thus, some of the poorest villages in the country are taking advantage of the strengths of China to engage in e-commerce in order to get out of poverty (Leong *et al.*, 2016; ZHOU *et al.*, 2017) by selling some unique products from their villages. These villages are called Taobao villages. What is unfortunate is that typically, a few years down the line, the above "Taobao villages"

strategy will be imported to Africa. The problem is that not only is the strategy not specific to Africa but also, even if the strategy works, time would have been lost to implement it. Therefore, it is important for our scholars and policymakers to design their own specific strategies.

2.4.4 The poor's perspectives

At this point, it is clear that the poor's perspectives have been largely ignored in the building of PRSPs. It could not be otherwise when one knows that the PRSP must be presented to the boards of the IMF and the World Bank for the endorsement of a country to receive debt relief. The urgent need for debt relief certainly pushes governments to prepare programmes that they know are acceptable for the donors (Wood, 2000) even if these programmes are not reflecting the views of the people at the grassroots level.

Whether referring to the concept of poverty, the causes of poverty, the right policies to fight poverty; it is clear that the approach is mainly a top-down one. The exclusion of the poor's perspectives often leads to the overlooking of important aspects that could significantly contribute to the understanding of the poverty phenomenon and to the building of appropriate solutions. Therefore, what is important is getting the voices of the poor out as a way of drawing on their experiences of being poor, how they got there and how to help them get out of poverty. It is also about getting the poor's feedback on the outcomes of mainstream policies (the PRSPs in this context) to alleviate poverty.

The feedback from the poor on the outcomes of the PRSPs will be discussed in Chapter Seven. In this section, the focus is on the concept of poverty, the causes of poverty as perceived by the poor and the strategies that the poor would like to see implemented to help them. Obtaining feedback from the poor, while providing much-needed agency, immediately politicises an issue that IFIs and many governments would have probably liked to keep as a technical issue dominated by quantitative data.

Thus, for instance, Lindert *et al.* (2007:10) demonstrate that 76 per cent of Brazilians believe that the poor are poor because “society is unjust” and that “poor have very little chance from escaping poverty” on their own. On the other hand, 61 per cent of Americans (USA) believe that the poor are poor because “they are lazy” and 70 per cent believe that poor do have a chance to escape poverty on their own if only they were willing to strive (Lindert *et al.*, 2007:10). Once we know the predominance of the USA in the IFIs such as the World Bank and the IMF, it is easy to understand that these institutions dragged their feet in advocating cash transfers as a viable policy to alleviate poverty.

From a main donor’s perspective (that is the USA), such cash transfers could amount to pure charity while for Brazilian and society is just paying back its “historical debt” to the poor. The conditionalities attached to the cash transfers are, therefore, merely a way to encourage the poor to gain what are seen as rights; rights to basic health, basic education or any other basic social assistance.

In Nicaragua, the World Bank undertook a qualitative study on poverty to complement the findings of the 1993 and 1998 quantitative surveys. Not surprisingly, it was found that the poor have their own conception of poverty. Simply put, for poor Nicaraguans, “being poor means lacking access to the social benefits enjoyed by the non-poor” (N-PRSP, 2001:30). Poverty is seen as a multi-dimensional concept. For poor Nicaraguans, being poor mainly means non-access to the social benefits enjoyed by the non-poor. It also means the inability to influence the decision-making processes that affect them. Poor Nicaraguans think that they are poor because of material, financial, educational and natural constraints.

Their poverty is characterised by inadequate food, poor housing, low income, land tenancy limitations, few employment opportunities and lack of access to formal systems of finance. Poverty also takes its toll on poor Nicaraguans’ morale as they believe they are in a vicious circle of perpetuating poverty over generations. They understand that in that respect, their lack of human capital is a major determinant but at the same time, they argue that they are often compelled to send their children to work for much needed additional income. They also see that non-access to proper

health care facilities and to preventive health care contribute to the high mortality rate in their community (N-PRSP, 2001).

Regarding the priorities as seen by the poor to support them (in other words the strategies that they would like to see implemented by government), research from the World Bank sheds some light. The research uses a semi-experimental qualitative experience conducted in 15 communities in Nicaragua. The participants for this instrument are two distinct groups, the first, a group of 4-5 leaders in the community and the second, a group of 4-5 ordinary people (constituency) living in the community (World Bank, 2008). A summary of the findings is presented below as table 2.4-1.

Table 2.4-1: Priorities as identified by the leaders and people

Major themes	Leaders	People	Both
Water project (drinking and septic)	13.9	14.1	14
Construction and repair of street/roads	11.7	13	12.5
Productive opportunities	12.9	12	12.4
Health centre/personnel/goods	11	10	10.5
House building or improvements (poor or single moms)	6.9	8.3	7.6
School (pre-school, primary and secondary)	7.9	5	6.5
Electricity/solar power/street electricity	5.6	4.1	5.1
Vocational school/training	5.8	4.1	5
Recreational park/sports for youth	4.9	4.1	4.6
Church	23	1	2
Other	15.8	24.3	19.9
Data derived from the outcomes obtained through Semi-Experimental exercise			
Note: Various Categories are aggregated into one for ease of presentation			

Source: World Bank (2008:23)

Some remarks can be made: Firstly, leaders and people agree on the top priorities, namely, water projects, health, infrastructures and services. For example, portable water and other water-related projects such as sewage systems, latrines, and septic tanks directly related to hygiene and indirectly linked to the availability of clean drinking water are important for both people and leaders. The construction of roads and repair of existing roads is also listed as a top priority by leaders and people in general for improving well-being. When it comes to health, the respondents wish to see free medicine, especially for chronically ill people and free consultations from doctors.

Secondly, productive opportunities are viewed as key to get out of poverty. This is interesting and encouraging as the poor themselves prefer to be independent than to receive subsidies. Respondents suggested programs such as microcredit banks, agricultural inputs, livestock (cows, chickens and pigs) or the creation of a local market and a distributing centre as part of the answer to development in their communities.

Thirdly, the education theme is largely referring to adequate primary schools and the availability of scholarships for secondary schooling and vocational training. Emphasis is on education that could produce immediate benefits in terms of income, not on long-term education. This can be a concern as to permanently move up the ladder, it can be argued that poor also need to seek higher education. However, other surveys indicate that the majority of Nicaraguans believe that the current education system is acceptable (Nievo, 2009).

Lastly, the other category under the people column (24.3 per cent) refers to various poverty themes in the social dimension. The fact that it is the largest percentage indicates somehow that when it comes to poverty, the perception also depends on the poor. These themes are for example food for the poor, help for the disabled, help for street children, single mothers, old folks' homes and assistance in financing holiday celebrations.

An important note is that this thesis argues that the above game, could have been more instructive if the participants representing the people were clearly identified as poor and not just 'ordinary people'. If the poor were interviewed, other themes could have surfaced as indicated by Wiggins (2007a). The academic mentions for example:

- Ethnic and linguistic discrimination: It appears that differences arise mainly in the remote Atlantic region, where there are significant communities of indigenous people such as the Miskito, and, on the coast, settlements of English-speaking people of African origin – the descendants of escaped slaves from the Caribbean islands.
- Gender: as usual, females suffer more disadvantages compared to males in access to the property and labour markets. In a patriarchal society they are also vulnerable to male violence; and
- Disability: In the presence of widespread poverty, looking after the disabled is not always the priority.

In conclusion, it is clear that the poor often have a different perception of the poverty concept, especially when these poor people are living in rural areas or are part of a minority group of the country. The above perspectives are merely captured as official poverty data. It is important to point out that it is not about criticising work done by other scholars but to show that the needs of these poor are diverse and specific and it, therefore, becomes difficult to take all of them into account or to generalise. The situation of poverty of these poor calls for what the researcher can term 'community' poverty reduction strategies (CPRS), not general poverty reduction strategies, designed in close collaboration with the poor of that community and implemented with the help of the poor of that community²⁴.

The process should be a practical application of Sen (2005) thinking, that the operational choice must derive from collective investigations and discussions aiming

²⁴ This idea connects nicely with the Chinese Taobao villages discussed earlier in the chapter. A solution to poverty coming from the poor themselves.

at determining the life components that are most valued by a particular group or community. In that way, the poor will feel (and indeed will be) empowered on matters that are essential for their well-being.

So, in practice, how will the above work? The reality is that most countries in Africa are multi-ethnic. For some countries like Cameroon, there are about 250 ethnic groups coexisting. Usually, the smallest ethnic groups will also be the ones most discriminated against. In the framework of a poverty reduction strategy, that must be kept in mind and therefore, micro-policies within the overall strategy must be designed which specifically target these specific groups. If any poverty reduction strategy must be monitored at a high political level because the poor are fragile, the above micro-policies targeting the poor of some communities must be monitored at the highest political level as these poor are voiceless.

There are some accounts of minority groups in Cameroon which suffer from poverty. In Cameroon, listening to the voices of the poor also brings some insight to a better understanding of the poverty concept and the means to combat it. Much of the data presenting the views of the poor on their situation is collected by the National Institute of Statistics of Cameroon (NIS) through its different household surveys ECAM²⁵. Since the data is collected from the people, theory informs us that as in the case of Nicaragua, a subjective definition of poverty is the output, however it is one definition which enables us to comprehend how people perceive poverty, live with poverty, evaluate themselves, what they suggest as being the causes of their poverty as well as the possible poverty alleviation.

Some of the questions included in the ECAM II (conducted between September and December 2001, before the implementation of the PRSP) are: a) how do you live in relation to your neighbours? b) How do you live in relation to your relatives? c) Are the people in the village or the neighbourhood poor? d) How do you rate your

²⁵ ECAM stands for Enquête Camerounaise Auprès des Ménages

household in relation to poverty? e) Do you think that your household is poor or rich?
f) Do you think that Cameroon is a poor country? (INS, 2001)

The above questions are only six out of a total of 37 questions with many of the questions having nothing to do with poverty. Also, the survey was conducted with two goals: to build a poverty profile at the national level and at the level of the 10 regions of the country, to analyse the behaviour of the various socioeconomic groups in the two main cities Douala and Yaoundé (Ningaye *et al.*, 2011). Therefore, just as in the case of Nicaragua, the perspectives presented are not 'solely' the perspectives of poor but broadly of 'people'.

The results show that people think that "being poor means not having the money to satisfy basic needs" (C-PRSP, 2003:20), in particular for food, housing, health care and education. Other dimensions of poverty are also cited by the Cameroonians. They refer to education, health, roads, drinking water, etc. In a nutshell, the lack of basic services is clearly perceived as the meaning of poverty. "Poverty means trouble in getting safe drinking water, electricity, staple products, it means lack of roads and means of communication"; "poverty is when schools are far away and when the schools offer no real teaching"; "a poor person is one who is in bad health and has trouble finding medical care" (C-PRSP, 2003:50). People also see social dysfunction (meaning problems such as moral decadence, loss of self-esteem, living in unsanitary conditions, exposure to high levels of crime, inaccessible justice, dislocation of traditional family structures, lack of solidarity, tribalism, HIV/AIDS, teenage pregnancies, early marriage, etc.) as other characteristics of poverty.

The above situations of poverty are, according to Cameroonians, determined by the lack of basic infrastructures (such as roads) that prevent even those who produce raw materials (whether it is food or handicrafts) to bring them to the market at competitive prices or to obtain the input necessary to produce them at a reasonable price. They are also aggravated by the deregulation and liberalisation of the agricultural sector, with fluctuating prices and higher competition while input costs remain high and no credit facilities are accorded to the farmers. Bad governance with its cohorts, corruption and public funds embezzlement is also cited as another

determinant of poverty. For some people in the northern part of the country, drought and water problems are seen as serious constraints keeping people in poverty. Finally, land issues (lack of title deed, disputes between herders and farmers and no access to the resources of the forest) are also seen as determinants of poverty (C-PRSP, 2003).

To fight poverty, Cameroonians recommend four main measures:

1. The first measures have to do with increasing the production capacity and the living standards of the poor. For instance, people call on government to promote research and support the farming, fishing and cottage sectors and “take all the steps necessary to improve living standards in the countryside and stem the rural exodus” (C-PRSP, 2003:51). The paper remains vague as to what those steps are. People also recommend setting up an industrial development strategy aiming at processing mining and forest resources in order to create jobs. The above sounds remarkable but closer to the views and expressions of some technocrats than those of the poor. Finally, people also call on government to intensify water adduction for drinking water and electrification by building “micro-dams” (C-PRSP, 2003:51). The suggestion to build micro-dams also looks quite suspicious coming from the poor.
2. The second set of measures relates to the education and health sectors. As far as the health sector is concerned, people want to see more commitment to fighting diseases such as HIV/AIDS, malaria, meningitis and the supply of generic cheap drugs that are more affordable. The above sounds fair enough and in line with requests from the poor collected by NGOs or researchers such as Tchoumba (2005). However, there are questions regarding the suggestions concerning the education sector. According to the C- PRSP (2003), people recommend “the construction of new universities attuned to local realities, the reform of school and university curricula to match them with employment opportunities, stressing civics and moral issues as much as technical aspects” (C-PRSP, 2003:51). This sounds quite strange if coming from poor as primary, secondary education, as well as short technical

curricula, seem to transpire from other researches as being what poor request in terms of education.

3. People also recommend special efforts in terms of road construction and maintenance to enable them to communicate easily and to transport their merchandise to the market. The development of the coverage of the country with TV broadcast and cellular signals is also mentioned.
4. Lastly, people request the enforcement of good governance that will ensure rules of law, better management of public funds and equality of all before the court.

For a multi-ethnic country like Cameroon, it is of utmost importance to receive feedback from minorities for whom poverty could have a cultural dimension. The below section also gives this thesis an alternative account of the voices coming directly from the poor and not the “people”.

Aimed at many indigenous peoples of Cameroon, even though the material dimension of poverty cannot be disregarded, poverty has an essential socio-cultural dimension in the sense that poverty is their inability to assume their cultural choices (Tchoumba, 2005). For instance, the Baka, an indigenous tribe in Yakadouma (East Region of Cameroon), still (and might want for cultural reasons to remain so) rely on the forest for their subsistence. On the other hand, it seems that for the Baka, reduced access to the resources of forest (whether through deforestation, legal banning, etc.) means more poverty. A Baka interviewed by Tchoumba (2005:15) stated “I have already been forbidden from entering the forest. They [conservation organisations] have chosen a place where there is a lot of meat, a lot of wild yams”. However, Baka are torn between the modern world from which they cannot completely isolate themselves and their desire to live according to their ancestral culture. The same interviewee points out that “if you do not collect fruits, you cannot have soap; if you do not go fishing, you cannot eat salt; if you do not cultivate plantains to sell you cannot buy clothes. I am dirty and without clothes because I do not do anything”(Tchoumba (2005:15).

Therefore, this Baka sees the barter system imposed on his tribe as another poverty contributing factor. In a nutshell, for Baka, poverty means "no food, no game in the forest, no clothes, no pots, no plates, no salt, no money, etc." (Tchoumba, 2005:42). The lack of rule of law also contribute to maintaining the Baka in poverty as testified by one of them:

Bantus sometimes seize our game because they know that we do not have national identity cards and so we cannot complain to the authorities. The trade by barter we make with them keeps us in a perpetual state of dependence

(Tchoumba, 2005:43).

The Mbororo people (Northwest region of Cameroon) are generally nomadic and males are herdsmen. Therefore (once again without disregarding the importance of the material aspect of poverty), for them, as put by a Mbororo (Tchoumba, 2005:40), "our life is linked to the land and to the cattle and our survival depends on the cow and the land". The increasing difficulty of access to land, combined with population growth, puts enormous pressure on these tribes. The men often find themselves obliged to take on low paid jobs while the women will lose a much-needed source of income (and incidentally source of protein) with the sale of milk and butter from the cattle.

How do policies aimed at combatting poverty take into account the above perceptions of poverty in the building of a strategy? The specificities of the need of minorities is a challenge to policy formulations. These voices cannot be simply ignored; in fact, listening to them is key to building adequate solutions for these poor because as Nievo (2009) argues, the means to reduce poverty can often be best indicated by the poor; with themselves as the priorities they reflect their needs and therefore, the areas in which they feel they are poor.

The strategies and measures advocated by the Baka to alleviate their situation of poverty are simple but are still not implemented. These indigenous people believe that any strategy ought to start with the protection of their rights to live according to

their ancestral values. This implies recognising their rights to their ancestral land and to access forest resources. As a minimum, they feel that they must benefit from the resources derived from the forest. One Baka stated "we want to have freedom of movement in the forest to carry out our activities in it", "to go hunting and sell game to have money" (Tchoumba, 2005:49)

Once the above condition is met, the Baka recommend five approaches to alleviating their poverty (Tchoumba, 2005):

1. The improvement of agriculture in those areas where the pressure on the forest is the most. That will help the Baka to possibly reconvert to agriculture.
2. Access to citizenship and justice as many of the Baka do not have Identity Documents and are therefore abused by locals.
3. Effective participation in all decisions relating to the planning and management of forest resources. This could refer to participating in the revenue derived from resources of the forest or to ensure the protection of special forest species of socio-cultural value to them such as maobi (*Baillonela toxisperma*) or sapelli (*Entandophragma cylindricum*).
4. Compensation for the losses of land allocation.
5. Better access to drinking water as the Baka suffer from various diseases due to infected water sources.

As far as the Mbororo are concerned, there are essentially five recommendations advanced by them (Tchoumba, 2005):

1. The recognition and protection of their collective rights of access to land; this means the issuance of individual title deeds to the Mbororo but also keeping under control the development of industrial agriculture on the lands historically belonging to the Mbororo.
2. The security of persons and property; this refers to the discrimination and stigmatisation these people suffer from other Cameroonians. To end this, the Mbororo must be better represented in the structures of decision-making and organisations representing their interests must be promoted.
3. The improvement of grazing conditions. Pastoral areas must be rehabilitated and protected, a *modus vivandi* must be found between the

farmers and the herdsmen in the Northwest region of Cameroon. Technical support must be brought to the herdsmen so as to allow them to have better quality and quantity of livestock instead of leaving them with their ancestral techniques. This implies providing veterinary services, animal rearing facilities and vaccination centres.

4. The Mbororo would like to receive more support for private agriculture, especially for their women. That will give women some financial freedom and compensate for the loss of income due to the constraints imposed upon the herdsmen. Support for local handicrafts would also help women increase their financial autonomy.
5. Lastly, the Mbororo would like to see the basic services come to their areas. This includes health centres, schools and drinking water supplies.

The literature review ends here and the next section will be devoted to a summary of the literature review followed by the building of a conceptual framework.

2.5 SUMMARY OF THE LITERATURE REVIEW AND BUILDING OF A CONCEPTUAL FRAMEWORK

The literature review has allowed the discussion of important concepts relating to this thesis such as poverty, debt and debt relief. The literature review also allowed the discussion of the different situations of poverty and the critical review of different poverty reduction strategies, including the views of the poor themselves on these strategies. Below is a summary of the literature review.

Despite the fact that poverty and inequality share a lot of common attributes they are different concepts. The focus of this thesis is on poverty. Poverty is best seen as a multidimensional concept encompassing many aspects such as dignity, lack of basic security, lack of entitlement or dependency. However, practically and in order to operationalise poverty, the concept can be conceptualised along the lines of the income, health and education parameters. Furthermore, it cannot be denied that the income dimension of poverty (with the poverty line) is predominant while at the same time, allowing poverty (or at least income poverty) to be measure easily over time

and across countries. In that endeavour, the poverty gap index is an important tool allowing one to calculate the amount of cash transfer needed to help the poor over the poverty line. Measuring poverty is a complex exercise and amongst the different methods, it is always a matter of choosing one that is suitable for the purpose of the study.

The causes of poverty are multiple and therefore, a single theory only gives a partial explanation of the phenomenon. Whatever the explanation is, this thesis argues that people and leaders have a bearing on that phenomenon, they are able to design policies to fight it. In other words, they have the free will to act decisively against poverty.

The comparative study of the poverty of nations and the poverty of people reveals some striking analogies. A theory of poverty at the national level could be transported to the individual level as the causes of poverty of a nation sometimes explain why people are poor. It is important to note that the focus of this thesis is on the poor themselves.

There are various causes of people's poverty which are by no means exclusive. For these reasons, it is important to understand these causes and how they relate to each other as an appropriate remedy to tackle people's poverty must target various causes and not just one. Therefore, a single theory cannot provide a complete explanation of poverty but only a partial one. For instance, the sub-culture theory of poverty teaches us that poverty cannot disappear overnight as it can be deeply rooted in the habits of the poor: money can be given to a poor person and he (she) still opts not to send his (her) child to school as schooling might not be valued. The human capital and human development theories emphasise the need to empower the poor so that the poor can be liberated from the sub-culture of poverty through education. The structuralist theory of poverty explains that poverty is a consequence of political, social or economic barriers and only state intervention can break these down and efficiently combat poverty. However, as argued previously, this thesis takes an ideological (or philosophical) stance by rejecting determinism in the explanation of poverty and expounding a free will or compatibilist perspective which

maintains that no matter the circumstances, people and leaders always have room to deal with the causes of peoples' poverty

There are also different causes of a country's poverty. The literature emphasises socio-economic, institutional and geographic causes of poverty. Other causes which are also mentioned are natural disasters, political instabilities or epidemics which often have devastating consequences as these causes have the potential to plunge many people in poverty overnight, or to maintain people in poverty. However, causes such as geographic, natural disasters and epidemics tend to exonerate people and leaders from their responsibilities, while this thesis advocates a free will perspective. From that perspective, people and leaders must and should find ways to be the masters of their own destiny. Hurricanes that hit the USA are amongst the strongest. The Japanese have learned to live with earthquakes and have ensured that earthquakes now have minimal impact on their livelihood. The USA and Japan are two very rich countries while Haiti and Madagascar (two countries frequently hit by natural disasters) are amongst the poorest nations. Therefore, it cannot be denied that natural disasters cause havoc, but natural disasters alone cannot or shouldn't be allowed to explain poverty of people or of nations. If such a view is allowed, it could give credibility to racist theories explaining the poverty of Africa by excessive sun that makes an African lazy.

The free will perspective is an optimistic view to the end of poverty as it puts policymakers at the centre of the strategy; otherwise solving the poverty problem becomes an issue on which we do not have much bearing. Therefore, this thesis adopts the institutional perspective of nations' poverty. Billions of dollars of aid can flow to poor countries every year as was the case with the HIPC Initiative, yet if the institutions of the debtor country are weak, local elites will probably use the funds to their advantage and to strengthen their position of power. In other words, having an institutional approach to the study of countries' poverty, help to better mitigate the other factors contributing to poverty and to understand that countries have specificities that should inform the developmental path and the different social priorities. Rwanda is an excellent example worth mentioning. Here is a country that only emerged 25 years ago from the atrocities of war and genocide, where between

500,000 and 1,000,000 Rwandans (mostly Tutsi) were slaughtered. Thanks to the strong leadership and vision of current President Paul Kagame, the country has one of the fastest-growing economies in the world and is on the verge of becoming the Silicon Valley of Africa (Akwei, 2018). It would also have been easy for Rwandans to blame everything on the genocide. Instead, Kagame said:

As Rwandans, we shouldn't be thanking God because there are people who are always carrying our burden, instead, we should thank God because we are on the path to standing on our own feet. Dependency must end; a country shouldn't be a burden to another-there should be self-worth.

(The New Times, 2014)

The statement above is a clear example of the free will of a leader advocated by this thesis.

A poor country which is also heavy indebted quickly runs into a vicious circle of high debt-less foreign currency and an inability to borrow to support the development of the country means more poverty. Thus, it cannot be disputed that there are relationships between debt relief, growth and poverty reduction. The significance, however of these relationships still remains to be demonstrated and largely depends on the options chosen by the policymakers or the adequacy of the policies chosen. Debt relief can be confusing as it is not always easy to know what it implies. Does it mean decrease in interests to be paid? Does it mean refinancing of the debt stock? Does it mean partial or total forgiveness of the debt stock? This thesis maintains that for debt relief to be meaningful for the poor, it should be measured in terms of the hard cash saved and earmarked exclusively for the benefit of the poor. At this point, it is important to mention that this thesis supports a Keynesian perspective of the economy and of poverty. Increased demand (through the support to poor people) can be used to stimulate economic growth. This thesis goes on to maintain that various strategies and policies such as cash transfer to the poor, using money from the debt relief, could substantially and quickly reduce poverty while at the same time stimulate economic growth as the poor usually spend all their income on basic goods, such as food. It is also clear that such policies help to fight some hard to measure aspects of poverty, such as lack of entitlement or dignity. By contrast, debt

reduction used to promote growth does not necessarily bring about poverty reduction. Direct targeting of the poor is necessary for quick results. However, in practice, one must refrain from being dogmatic: in the long run, policies to fight poverty must always be a combination of pro-growth policies (at a macro-level) and redistributive policies at the micro-level (that is targeting directly the poor). In addition, listening to the voices of the poor (especially of minority groups) informs us that specific strategies, designed in collaboration with the poor and specifically for a locality, could go a long way in alleviating some specific poverty issues. Such specific strategies could prove to be very cost-effective and sustainable in the long run as it is tantamount to creating a local economy for a minority group. Unfortunately, the PRSPs never promoted such pro-poor policies in practice. The pro-poor dimension of the PRSPs largely remained in its rhetoric. Using the teachings of the literature review, a conceptual framework can now be built for use in the remainder of the thesis.

2.5.1 Building of a conceptual framework

The inputs from the literature review inform the building of the conceptual framework as seen in Figure 2.5-1. It summarises the main teachings of the review.

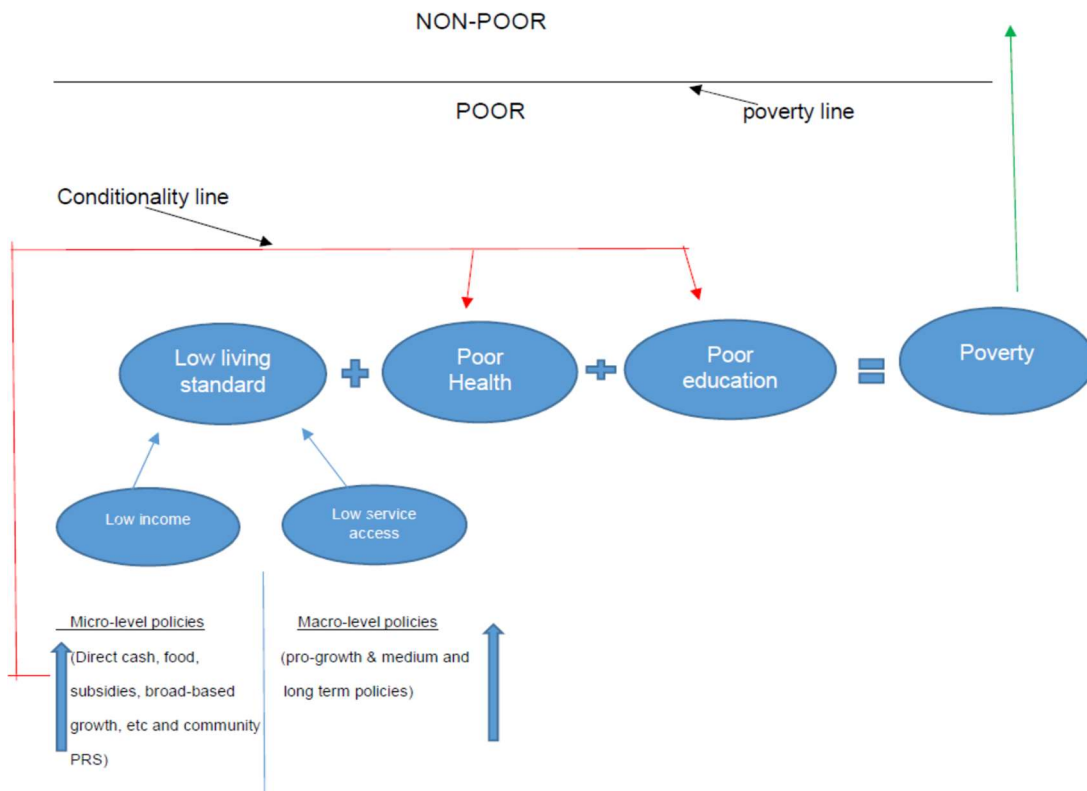


Figure 2.5-1: Conceptual Framework- Poverty and extreme poverty alleviation policies

Source: Researcher’s own design

It has been argued that poverty is dehumanising and therefore policymakers should not spare any effort to combat it. In order to properly and urgently diminish poverty, short-term policies and micro-level policies are best. These short-term policies can be direct monthly or once-off cash transfers (conditional or unconditional), grants, food subsidies and targeted micro-projects in sectors like agriculture that could provide jobs (thus income) to people with no qualifications. The framework also acknowledges the importance of designing ‘community’ poverty reduction strategies (CPRS) to focus on the vulnerable, (usually minority groups within the population). This is in line with the findings of Nji (2004), who argues that poverty will decrease only through focused and targeted anti-poverty programs. This thesis argues that these short-term policies essentially aim at increasing the income or the personal consumption of the poor immediately, which alone has the potential to move the poor above the poverty line “instantly”. Indeed, per capita consumption is still considered to be the best measurement of poverty and thus, given the context, providing cash payments to the chronic poor (as opposed to the provision of health

benefits to ill households or encouraging poor parents to send their children to school) will help poor households realise achievement in most dimensions of well-being, for instance, buying medicine or school supplies. Per capita consumption is widely seen as a pre-condition for meeting basic material needs and achieving well-being and better living standards (Basu, 2013; Deaton and Zaidi, 2002).

Concurrently, conditionalities on one hand and macro-level policies on the other hand can be used to fight the other dimensions of poverty. That is, health and education and to promote growth which will eventually trickle down to the poor. Typically, the macro-level policies would provide the services needed (hospitals, schools, roads) and the conditionalities would force the poor receiving cash or other forms of income, to use these services (vaccinations, attending school, seminars). It is important to note that roads and other infrastructure are important in the long-term alleviation of poverty. Estache *et al.* (2002) states that there is a clear correlation between infrastructure development and accessibility and the alleviation of poverty (in Latin America).

Primarily, the conceptual framework also suggests that poverty reduction is a policy matter, it is not a phenomenon outside human control. This means that leaders have the free will to design the right policy that will have a positive impact on the living standards, health and education of the poor.

It is against the backdrop of the above conceptual framework that the PRSPs of Cameroon and Nicaragua will be understood and compared in Chapter Five. Before that, the next chapter delves into the methodology that was deployed during this thesis. The methodology is essentially of a comparative nature and relies heavily on the MSSD of Lijphart (1971a).

CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION AND CHAPTER STRUCTURE

Detailing the research methodology implies more than simply explaining the methods used to collect data. The methodology encompasses the concepts and theories which underline the methods as well as the paradigm or the theoretical model (Kothari, 2004), which are discussed below.

The previous chapter critically explored the major themes relating to poverty, the measurement of poverty (in particular the poverty gap index) and the strategies to combat poverty. It has been determined that poverty is a multidimensional phenomenon that could be fought by tackling its income dimension, its health dimension and/or its education dimension through appropriate policies. Assessing these policies across countries in order to draw conclusions as this thesis endeavours to do, is essentially a comparative politics exercise. Comparative politics usually refers to the comparative study of anything that is political (Chilcote, 1994).

From that perspective, comparative politics is then a subfield of political sciences just like American politics, international politics and political theory. These subfields are in turn influenced by one of the generic political schools of thoughts of which, according to Chilcote (1994), there are five: the state and systems theories school of thought, the culture theories school of thought, the developmental school of thought, the class theories school of thought and the political economy theories school of thought.

This thesis follows the political economy school of thought. This perspective leads towards the explanations which focus on the relationship between the political, the social and the economic. It is important to follow the political economy school of thought as poverty is a multidimensional phenomenon with political, social and economic implications.

The structure of this methodology chapter follows the standard format: introduction, research philosophy, research approach, research design, research population, data collection, data analysis, validity and reliability, ethical considerations and chapter conclusion.

3.2 RESEARCH PHILOSOPHY

3.2.1 Research paradigm and theoretical perspective

This thesis sits in the positivist paradigm and as such, believes that there is a single reality, which can be measured and known (Guba, 1990). This thesis makes use of analytical research (in opposition to descriptive research) as this thesis uses data already available to make further findings. It is also applied research (in opposition to fundamental research) as it aims to find a solution to a problem faced by society. This thesis uses a mixed-method (qualitative and quantitative) to evaluate the policies but a quantitative method to test the hypothesis. Lastly, this thesis can be qualified as empirical (in opposition to conceptual) as it is data-based.

3.2.2 Theoretical perspective: The behaviouralist approach

The theoretical perspective refers to the approach that is used to gain knowledge (Hay, 2002b). Various academics delineate approaches to political analysis differently. Chilcote (1994) argues that there is a normative, a structural and a behaviouralist approach. Hay (2002a) maintains that the approaches can be divided between the rationalist perspective, the behaviouralist perspective and the institutionalist perspective. The academic further refuses to leave the analysis of economics to economists and in fact, includes the analysis of the sociology of structural inequality in the sphere of political analysis. Rationalism is characterised by its attempts to bring social sciences as close as possible to formal sciences with its use of general models constructed largely by deductive logic. Behaviouralism makes use primarily of inductive logic. Behaviouralists like to compare their perspective to Newtonian physics and claim it to be neutral. They argue that just like Newton observing the apple falling due to gravity, they are able through inductive logic, to generalise and build models from a specific case. However, it is clear that just like rationalists, behaviouralists must make assumptions to proceed and therefore that perspective is not fully neutral. Furthermore, with the evolution of

physics to quantum physics (thus non-observable phenomenon), the empiricism of behaviouralism cannot alone justify the proximity between it and physics. A better comparison may be made between behaviouralism and biology than physics (Hay, 2002a). Thus, behaviouralists regard all behaviour as a response to a stimulus. In other words, our behaviour is the result of the environment we live in. We build experience and learn to act in a certain way through the environments in which we live. Knowing which stimuli elicit which responses is key to the behaviouralist approach. Alternatively, institutionalism is characterised mainly by its opposition to the preceding two perspectives. Institutionalism is not committed to the inductive nor the deductive logic. In its approach, that perspective attempts to capture the institutional context in which the actors are evolving and making decisions. While not rejecting the building of theory, institutionalists rather use theory as a tool to further elucidate the complexity of the causal relationships at play and not as a total explanation of the phenomenon.

From the above discussion, this study primarily sits in a positivist paradigm and uses a behaviouralist approach. It is an inductive study that applies to Cameroon, policies successfully used in Latin America and then, to generalise the findings in terms of the usage of debt relief to fight extreme poverty. A model of a behaviouralist approach to poverty reduction is represented in Figure 3.2-1 below. Through the right policies, stimuli can be applied to poor people to obtain the desired results.

For example, the behaviouralist perspective can argue that government could provide the poor with specially designed grants (stimuli) provided that the poor send their children to the nearby school (response). As with the biological approach that uses the experimental method, the behaviouralist approach can help predict behaviour. For instance, cash incentives can be given to drug addicts for not taking drugs anymore, or coercive actions can be taken against couples having more than one child as was the case in China in order to limit demographic growth.

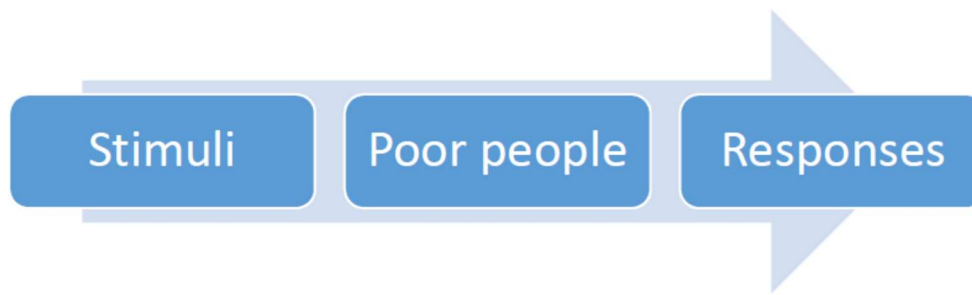


Figure 3.2-1: A behaviourist model to poverty alleviation

Source: Researcher's own design

The behavioural approach to cash transfer programmes has been expounded by organisations such as ideas42 (ideas42.org), led by economist Saugato Datta, that use behavioural science, in particular, behavioural economics (Kahneman, 2003) to design policies for poverty alleviation and for other societal problems. Ideas42 claims that behavioural economics can shed light on the drivers of the beneficiaries' decisions and actions. While traditional economic theories of poverty focus on financial and material deprivation, behavioural economic theory take into account the psychological and cognitive dimensions of poverty and a way to bring solutions to a very complex phenomenon.

The rationale for using this approach rests on the fact that in social sciences, it is seldom possible to conduct true practical experiments and social scientists can resort to the experience of other nations to support what can be seen as quasi-natural experiments. In such a case, the researcher ought to pay extra care to the applicability of the experiment in a different environment. In this thesis, the experiences of Nicaragua, Mexico and Brazil are studied for application in Cameroon.

However, the behaviourist approach is fiercely combatted by many because it is too deterministic and reductionist as it argues that people's behaviour is entirely controlled by their environment or prior learning. It is also said to ignore human mental processes and emotions and thus, is over-simplistic. Now that the paradigm and the theoretical perspective have been discussed, this thesis can focus on the methodology *per se* as well as the methods.

3.3 RESEARCH APPROACH

This thesis uses a mixed-method approach (qualitative and quantitative) in its analysis of data. Mixed methods research is a methodology for conducting research that involves collecting, analysing and integrating quantitative and qualitative research. By mixing both quantitative and qualitative research and data, the thesis gains breadth and depth of understanding and corroboration, while offsetting the weaknesses inherent to using each approach by itself. In particular, mixed method research allows triangulation which helps to identify aspects of a phenomenon more accurately, by approaching it from different vantage points using different methods and techniques.

3.4 RESEARCH DESIGN AND STRATEGY

Singleton and Straits (1999) argue that, in a nutshell, a research design is simply a clear statement of the problem, a plan for collecting and analysing the data and providing answers to the research questions. Very basically, this thesis is about finding out if the poor of Nicaragua and Cameroon would have been better off if the money from the debt relief had been used to promote UCTs or CCTs. This is a clear statement of the problem.

The plan for collecting and analysing the data and providing answers to the research questions is a three step process. The first step consists of selecting the two countries (Nicaragua and Cameroon) to study based on reasons detailed in Chapter Four below. Then, an attempt is made to track the funds received by the two countries in terms of the HIPC Initiative. The determination of the amount of the total debt relief is important as it is the money that could have been made available exclusively to the poor. During the above process, other important data are also collected and presented. The second step is a qualitative comparative analysis conducted on the PRSPs of these two countries with the goal of determining which country fared better in terms of poverty alleviation and why it fared better. A second quantitative policy analysis of the two PRSPs is conducted. This latter analysis will either confirm or disprove the results of the former qualitative analysis. A confirmation will give even more confidence that the factor explaining why

Nicaragua fared better has been uncovered. If that is the case, then, a thorough analysis of that factor will be conducted in order to understand the what, the why and the how that factor constitutes a central element of the PRSP capable of improving the lives of the poor of Nicaragua. As Cameroon and Nicaragua are comparable countries, it will then be possible to imply that the factor should also have the same effect on the poor of Cameroon. Thus, the final step consists of testing the hypothesis using the poverty gap index. Conclusions and recommendations can then be presented.

3.5 RESEARCH POPULATION AND DATA COLLECTION

This thesis uses secondary data only. Thus, the population, sampling technique, size, etc are not controlled by the researcher. There are various data sources. Some qualitative data is collected from the poor, some from just a sample of the population of the country and some from government officials. Quantitative data is mainly macroeconomic data collected and computed by government statistical departments or international organisations such as the IMF or the World Bank. The quality and respectability of these organisations give confidence that the population, sampling technique, size and the data collection process have been done correctly.

3.6 DATA ANALYSIS

This section details how the data will be analysed.

3.6.1 Comparative public policy analysis and the MSSD comparative method

It is not clear that there is any one road to the evaluation of economic or social policies. A variety of considerations that call for attention are involved and evaluations should be done with sensitivity to these concerns. Much of the debate on the alternative approaches to evaluation relates to the priorities in deciding what should be at the core of our normative concern (Sen, 1999:85). Thus, no single approach to evaluation studies, (which according to Sumner and Tribe [2008], is the main policy-related activity in development studies) can be deemed to be the best. Setting the core normative concern is the most important as it paves the way for the rest of the study. In that respect, poverty is the core normative concern of this thesis.

This thesis argues that poverty is undignifying and is, therefore, socially, economically and politically bad. It is about how to eradicate, or at least, to substantially diminish poverty. It is against the backdrop of the efficiency in reducing poverty that the PRSPs are evaluated. Policy analysis, according to Irwin (2003), aims at either finding the most efficient solution to a problem that brings maximum benefit from a particular policy or one that achieves the optimal combination of a number of specified criteria. When analysing policies, objective rationality (that is reasoning based on logic and empirical observation) and the ability to predict (though very difficult) are amongst the key goals and challenges of the policy analyst (Irwin, 2003). However, a clear distinction must be maintained between policy formation and policy implementation which ultimately relates to the concepts of policy failure and policy success (Nagel, 1999). Therefore, if properly applied, a policy analysis approach can help in determining if a policy is sound. The basic analytical framework of policy analysis is represented in Table 3.6-1. It is argued that policy assessment is the backbone of policy analysis and in that respect, Irwin (2003) argues that mechanisms must be built during the implementation phase that update the policymakers of the effects of the changes in the policy implemented. It is therefore the ability to learn and assess that makes a great policy analyst. In that respect, it can be argued (as demonstrated later in this thesis) that the Cameroonian and to a lesser extent, the Nicaraguan PRSPs were not as successful as they should have been.

Table 3.6-1: Basic analytical framework for policy analysis

- Step 1: Define the problem**
- Step 2: Generate potential courses of action (COA)**
- Step 3: Identify the potential advantages and disadvantages of each COA**
- Step 4: Select the evaluative criteria**
- Step 5: Predict the consequences of each COA in terms of the evaluative criterion**
- Step 6: Analyse the sensitivity of the critical assumptions and findings**
- Step 7: Choose a recommended COA**
- Step 8: Articulate the recommendation**
- Step 9: Implement, supervise and assess the results**

Source: From Irwin (2003)

This thesis is engaged in the study of poverty reduction in Cameroon and Nicaragua where the policy outcomes (poverty alleviation) of the same policy inputs (debt reduction) differ. Furthermore, some influencing political factors relevant to poverty reduction can only be properly studied by focusing on cross-national variation. As Castles (1998) argues, political factors are seldom easily established through a single country study, contrary to socioeconomic factors that influence policy immediately and over time. Therefore, to account for policy changes due to political factors, political scientists maintain that cross-national studies be undertaken. With the above in mind, this thesis can be termed a 'comparative public policy' analysis. It is now possible to present the following analytical framework which is more suitable than Irwin's (2003) framework for our comparative public policy analysis.

Therefore, Figure 3.6-1 can be understood as follows: the desired policy output is the alleviation of poverty. The evaluating criteria are the improvement in the income, health and education dependent variables. The systematic analysis and comparisons use the MSSD methods to compare and uncover the independent variable. In the fourth step, use of tools such as behaviouralism can help account for socioeconomic, political and cross-national factors in mitigating the importance of the independent variable previously found. Finally, conclusions and recommendations can be drawn.

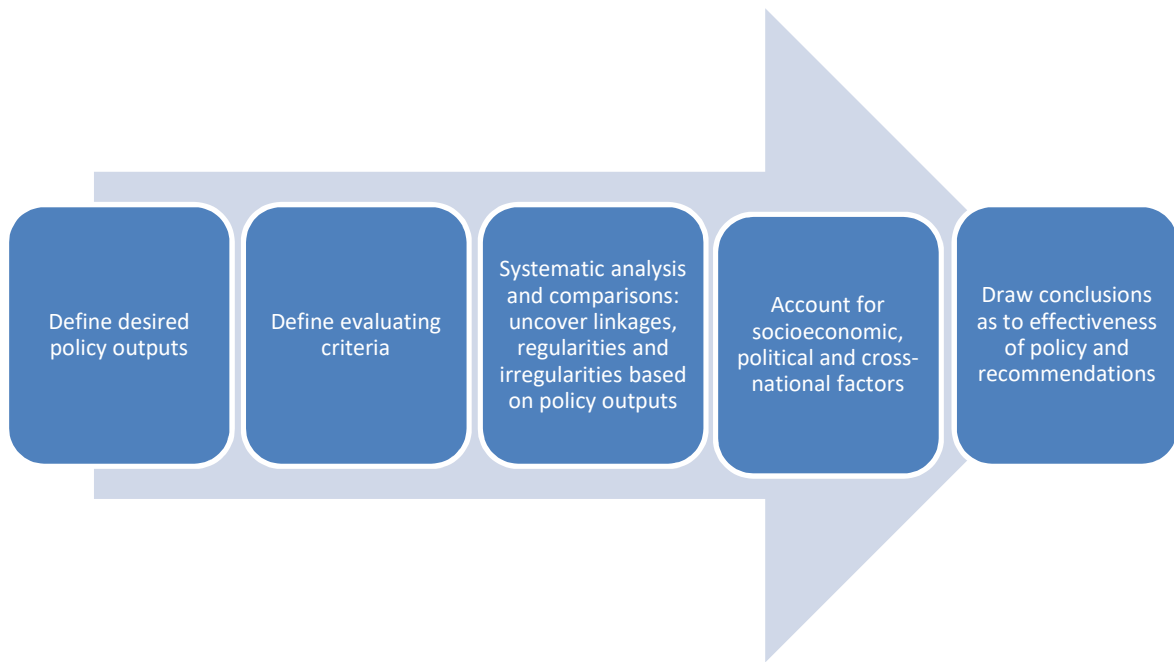


Figure 3.6-1: Comparative public policy analysis framework

Source: Researcher's own design

This methodology chapter can now turn to the MSSD method used in this thesis.

3.6.2 The MSSD comparative method

In comparative politics, comparison or comparative method is a basic scientific method (of deriving the truth) similar to other methods such as the experimental, statistical or case study methods (Lijphart, 1971b). However, Lijphart (1971b) maintains that comparative politics answers the 'how' but not the 'what' of the analysis. In Lijphart's (1971:682) understanding, the comparative method means the MSSD. However, according to Landman (2008), the comparative method can take various aspects that can be conveniently regrouped into three types which all attempt to make generalisations or build theories through the use of comparison. The three types are the case study method (which is not discussed in this section), the MSSD and the MDSD. These last two methods come to the fore when a researcher wishes to study few or many countries (if the country is the unit of analysis). With the MSSD, the intention is to compare different outcomes amongst similar countries while with the MDSD, the intention is to focus on the comparison of similar outcomes across different countries. The MSSD is particularly suitable for the macro-level (that is at country-level) investigation and often suffers from the

Small-N problem (that is, too few cases to study); while the MDSD is preferred for micro-level (for communities, groups, etc.) investigation and is suitable for the statistical method since arguably, there are more countries that are different than similar (Kant, 2014).

In the MSSD because the countries have similar characteristics and these characteristics are controlled or kept constant (this is the *ceteris paribus* principle), if the researcher finds other differing characteristics then the characteristics shared in common can be ruled out as explaining factors for the variation. Therefore, the identification of differing characteristics (or systemic factors) is necessary during the MSSD process. In other words, the MSSD consists of selecting very similar cases which only differ in the dependent variables (in this study, these dependent variables are the **income**, the **education** and the **health** dimensions of poverty), on the assumption that uncovering the independent variable which explains the alleviation of extreme poverty (that is the improvement of one or all of the dependent variables) will become easier.

While the MSSD studies countries that are similar, the MDSD's focus is at the micro-level (individuals, communities, etc.) and therefore, generalisations become more contentious. The MDSD chooses countries that are different and tries to find a common characteristic shared by these different countries. If the search is successful, then the differences between the countries cannot be seen as explaining factors. Therefore, the elimination of differing characteristics (systemic factors) is necessary during the MDSD process. While the MSSD suffers from the Small-N problem, the MDSD is closer to the statistical method as it strives to increase the number of cases for study.

Finally, the MSSD and the MDSD can be viewed as complementary methods and it is up to the researcher to choose the method that is suitable for their research. In general, the MSSD works well on condition that the researcher has uncovered all the potential influencing characteristics of their findings and has identified a few countries corresponding to these characteristics. However, it is seldom one finds a substantial number of countries sharing the same characteristics. Indeed, it is easier

to identify many countries with different characteristics and in this instance, the MDSD should be chosen.

In that respect, Manheim *et al.* (1991) argue that once the researcher finds a characteristic shared by all these countries, the findings only become stronger and more credible. Indeed, Lijphart (1971) argues that choosing a large number of countries when possible (usually above fifty) allows the use of quantitative methodology and brings political research closer to natural science in terms of reliability, inference ability and theory generalisation. However, qualitative methodology has been successfully used in this method of comparison such as in the *Clash of Civilizations* (Huntington, 1996). The comparison of many countries certainly ensures the highest degree of reliability as it can use statistical tools to draw strong inferences or to rule out some hypotheses and point out deviant countries or outliers. However, this method needs some sort of database to draw the data from or extensive field studies to collect the necessary data. Lastly, many academics argue that some complex causal issues in politics are not easily analysable through this method (Almond and Powell, 1966; Ragin, 1989).

The above being said, one must keep in mind that it is all a question of trade-off. Comparing few countries is “more intensive and less extensive” (Landman, 2008:22) than comparing many countries. This method has the advantage of taking into account context-specific aspects and that is the reason why many studies from large institutions such as the IMF are based on this method of comparison. Furthermore, comparing many countries easily allows the combination of qualitative and quantitative methodology. Lastly, it must be noted that depending on the design chosen, the inference ability of the study will be different. In that respect, the MSSD seems stronger than the MDSD as the MDSD only seeks confirmation of the influence of a factor.

Rationale behind using the MSSD in this thesis.

There are two methods of applying MSSD. The strict application (Anckar, 2008) of the MSSD calls for the choice of countries (two in this thesis) that have similar

control variables and only a single differing independent variable. Of course, the above is virtually impossible. The loose application (Anckar, 2008) chosen in this thesis, accepts the selection of countries that have similar characteristics but that are not so strictly matched to a set of control variables. It is clear that the above selection is more realistic.

Nicaragua and Cameroon have been selected because before the implementation of their PRSPs, they had many characteristics in common (see Chapter Four) in terms of their macroeconomics and the three dependent variables (the income, health and education variables). In addition, the literature review indicated that both the PRSPs have the same framework. However, just by looking at raw data of headcount poverty before and after implementation of the PRSPs in the two countries, it seemed that in terms of extreme poverty alleviation, Nicaragua fared much better than Cameroon (see Chapter Four). Therefore, if this paper finds a differing factor (that is a particular policy implemented in one country and not in the other), then that differing factor (also called the independent variable) can be accepted as the factor explaining the better performance of Nicaragua in terms of extreme poverty reduction. In the above circumstances, the MSSD and not the MDSD method is a better tool to conduct the investigation.

3.7 VALIDITY AND RELIABILITY

Reliability is consistency across time (test-retest reliability), across items (internal consistency) and across researchers (inter-rater reliability). Validity is the extent to which the scores actually represent the variable they are intended to. This thesis uses secondary data and therefore, it also relies on the validity and reliability of other research.

This thesis ensured validity and reliability by only using sources and data from reputable organisations. This thesis also improved validity and reliability by using triangulation through the mixed methods and by using tested formulas such as the poverty gap index which is widely accepted by economists and the scientific community.

3.8 ETHICAL CONSIDERATIONS

This research uses qualitative secondary data of human participation and therefore, some ethical issues must be considered. The people cited are not directly approached by this researcher but it is important to find out if they would object to the secondary use of the information collected. Secondly and in the above respect, knowing the kind of consent that was first given is important (Parry and Mauthner, 2004). Thirdly, this researcher must satisfy himself that the original participants' identities remain confidential and protected when such was the wish of the participants. Lastly, this researcher must satisfy himself if he needs the permission of the first researcher who collected the data (The Research Ethics Guidebook, 2017).

This researcher argues that the ethical considerations have been responded to based on three reasons. The first is that the primary qualitative data were collected by reputable researchers like Tchoumba (2005) or organisations such as the World Bank, the INS (the national statistics body of Cameroon whose job is precisely to collect data), etc. and therefore, proper consent was obtained for the publishing of the data. Secondly, even the primary data presentation does not reveal the identity of the participants and instead refers to the "Baka" or the "Mbororo" which constitute minority groups and not individuals. Lastly, when participants were clearly identified in the secondary source, in this thesis, their names were removed and this thesis refers to them simply as "beneficiaries" (That was the case for two beneficiaries of a CCT pilot project in Cameroon²⁶ whose names were mentioned).

The above precaution is taken notwithstanding the fact that the source document is from the World Bank, published on their website together with the pictures marked

²⁶ See Chapter 5.3.3

© Odilia Hegba/World Bank, of these two beneficiaries. Furthermore, the World Bank Terms and Conditions for publishing their material, states that "...you may make non-commercial uses thereof... the foregoing limited license rights are conditioned upon your providing proper attribution to the World Bank Group..."²⁷ Therefore, all ethical considerations for use of secondary qualitative data have been taken care of.

3.9 DEPLOYMENT OF THE RESEARCH METHODOLOGY AND CONCLUSION TO THE RESEARCH METHODOLOGY

The methodology that has been discussed in detail will be put into practice as follows. Firstly, the principles of the MSSD guide the selection of the two countries; the two countries must be as similar as possible in terms of their macroeconomics before the implementation of the PRSPs. Then, a comparative analysis of key data before and after implementation of the PRSPs of Cameroon and Nicaragua is conducted to determine which country fared better in terms of extreme poverty reduction. Thirdly, the logic behind the MSSD method is used to analyse the PRSPs of the two countries (along the lines of Figure 3.6-1 above) with the goal of uncovering the independent variable (the differing factor), explaining why Nicaragua fared better than Cameroon in terms of poverty alleviation. Fourthly, a comparative quantitative and qualitative policy analysis is conducted on the two PRSPs to confirm the importance of the differing factor. A mixture of qualitative and quantitative data collection is perfectly acceptable in research in development studies (Booth *et al.*, 1998; White, 2002). However, the ultimate goal of the comparative analysis is to uncover the differing factor between these similar policies which could be accepted as explaining the better performance of Nicaragua over Cameroon in terms of extreme poverty reduction. Finally, the testing of the hypothesis is just a matter of applying the poverty gap index on Cameroon.

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<http://web.worldbank.org/WBSITE/EXTERNAL/0,,contentMDK:20130471~menuPK:1041850~pagePK:50016803~piPK:50016805~theSitePK:13,00.html>

See

Using the teachings of this chapter, the next chapter uses the MSSD method to select the two cases (Cameroon and Nicaragua). Then, comparative analyses of macroeconomic data are performed on the two countries, which allow the presentation of some preliminary results pointing to the better performance of Nicaragua in terms of poverty alleviation. This constitutes the first step before further analyses are performed in subsequent chapters.

CHAPTER 4: COMPARATIVE ANALYSES

4.1 INTRODUCTION

The previous chapter discussed the research methodology used in this thesis that will pave a clear path to ultimately allow the testing of the hypothesis. This chapter is organised into four sections. In the first section, the methodology is deployed to explain how it was decided to select the two countries (Cameroon and Nicaragua) as part of the cases to study. The second section deals with the comparison of socioeconomic data amongst the two countries. The third section delves into the comparative tracking of the funds received through the HIPC Initiative and the fourth section is a comparative analysis of the PRSPs of Cameroon and Nicaragua. During this last section, light will be shed on the voices of the poor contrary to what actually happened in the PRSPs.

4.2 SELECTION OF CASES

The focus of this study is on Cameroon. Therefore, the challenge was to find a second country for comparison purposes. The thesis began by determining all the countries of Latin America and of Africa that submitted a PRSP to the IMF. This alone guaranteed the availability of a substantial amount of data from the IMF and from the countries themselves. There are seven countries in Latin America (and in the Caribbean Islands) that have that criterion: Bolivia, Dominica, Grenada, Guyana, Haiti, Honduras and Nicaragua. There are 34 countries in Africa that have the same criterion: Benin, Burkina Faso, Burundi, Cabo Verde, Central African Republic, Chad, Comoros, Congo Democratic Republic, Congo Republic, Cote d'Ivoire, Djibouti, Ethiopia, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Tanzania, Togo, Uganda and Zambia (De & Gonzales, 2014:7).

As the period of study is from 2000 when the first PRSPs were submitted (to about 2010), only countries that first submitted their papers before 2002 are selected to ensure that there are enough data and interim progress reports. In Latin America

(and the Caribbean Islands), there are only four countries: Bolivia, Guyana, Honduras and Nicaragua. In Africa, there are still 28 countries: Benin, Burkina Faso, Cabo Verde, Central African Republic, Chad, Congo Democratic Republic, Cote d'Ivoire, Djibouti, Ethiopia, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Tanzania, Uganda and Zambia. For the comparative study, this researcher opted for Nicaragua. Indeed, the researcher needed to choose a country that experienced comparable issues: oil crisis in the 1970s, adjustment programmes in the 1990s, submission of PRSPs in the 2000s. In Latin America, there are only four countries, in that case, Bolivia, Guyana, Honduras and Nicaragua. Guyana is a very small country (only 800,000 inhabitants in 2013) which arguably does not make it a good candidate. Many countries in Africa have followed the above path but compared to the three Latin America countries left, the only country with low population size is Benin which is just "too poor" and arguably would not serve as a good comparison. Also, it was found to be more interesting to pick up a country from another continent which could provide contrast.

Cameroon and Nicaragua are a good compromise because the socio-economics of Cameroon are comparable to Nicaragua's even if Cameroon has a population of roughly three times that of Nicaragua (in 2013), its HDI stands at 0.504 compared to 0.614 for Nicaragua. Its GINI coefficient stands at 38.9 compared to 40.5 for Nicaragua and its per capita GDP is \$1,426 compared to \$1,921 for Nicaragua (Indexmundi, 2017). For the purpose of this thesis, it is difficult to have closer candidates for a "MSSD" comparative study (Lijphart, 1971a; Przeworski and Teune, 1970).

Availability of documents for analysis

Obtaining reliable data for analysis is important in research studies such as this one. However, it remains essential to have primary material to account for the voices of the different stakeholders. As argued above, the choice of two countries that were subjected to the HIPC Initiative immediately guarantees a substantial number of documents and data to make use of. A general overview of the HIPC Initiative

process shows that data are abundant. An important fact that needs to be noted is that to be eligible to the HIPC Initiative, countries must meet certain criteria. That is typically done through a two-stage process.

The first stage is the Decision Point. At this stage to be considered for HIPC Initiative assistance, a country must fulfil the following four conditions: first, the country must be eligible to borrow from the World Bank's International Development Agency, which provides interest-free loans and grants to the world's poorest countries, as well as from the IMF's Poverty Reduction and Growth Trust, which provides loans to low-income countries at subsidised rates. Basically, before all, the country must be part of a club and obviously, as for any club, members are rarely equal. In this case, the contributing countries (the developed countries, in particular, the USA) dictate the rules of the club.

Secondly, the country must face an unsustainable debt burden that cannot be addressed through traditional debt relief mechanisms. In other words, while being a member of the club, the truth is that the country is left at the brink of bankruptcy before the much-needed financial aid can be considered. Therefore, once at that point, the country does not have any bargaining power left.

Thirdly, the country must have established a track record of reform and sound policies through IMF- and World Bank-supported programmes. These reforms can easily be imposed upon the country as it has no other solution to solve its doldrums.

Lastly, the country must have developed a PRSP through a broad-based participatory process in the country. It then becomes clear that the PRSPs, supposedly developed by the country, are mainly documents supplied by the poor country in order to obtain the needed financial assistance.

Once a country has met or made sufficient progress in meeting these four criteria, the Executive Boards of the IMF and World Bank formally decide on its eligibility for debt relief and the international community commits to reducing debt to a level that is considered sustainable. This first stage under the HIPC Initiative is referred to as

the Decision Point. Once a country reaches its Decision Point, it may immediately begin receiving interim relief on its debt service falling due.

The second stage is the Completion Point, during which further concessions are extracted from the poor country. At this stage, to receive a full and irrevocable reduction in debt available under the HIPC Initiative, a country must still establish a further track record of good performance under programmes supported by loans from the IMF and the World Bank. It goes without saying that these programmes expound the views of the donor countries. Secondly, the country must implement satisfactory key reforms agreed at the Decision Point; and finally, the country must adopt and implement its PRSP for at least one year. This is simply tantamount to infantilising sovereign countries and depriving them of their pride. However, in line with the philosophical perspective of this thesis, it is important to acknowledge that the poor country and its leaders should also be blamed for first failing to develop the economy and then, for surrendering altogether to the 'club'.

Once a country has met these criteria, it has reached its Completion Point, which allows it to receive the full debt relief committed at the Decision Point. These criteria to accept or to deny access to the HIPC Initiative are claimed to be objective and this thesis argues that largely, they indeed are. In practice, these criteria have left many needing countries out in the cold. For instance, at its inception in 1996, debt unsustainability for a country meant a ratio of debt-to-exports exceeding 200%-250% or a ratio of debt-to-government revenues of more than 280% (Carrasco *et al.*, 2007) in such a way that in 1999, only four countries had received debt relief under the HIPC Initiative. Proof of the lack of objectivity of that particular criterion, the debt-to-export ratio minimum requirement was subsequently decreased to 150%.

Besides the wealth of information that can be obtained from the Decision Point and the Completion Point documents, many other data collected during the preparation and implementation of these documents are made available by the countries themselves, by the World Bank or the IMF. These documents are, amongst others:

- The PRSPs themselves (usually prepared for a period of three years) together with the future generation of these documents (C-GESP [2010] for Cameroon and N-PDN [2005] for Nicaragua)
- The Interim PRSPs (C-IPRSP and N-IPRSP respectively for the Cameroonian Interim PRSP and its Nicaraguan counterpart as abbreviated in this thesis) which summarise the current knowledge and analysis of the country's poverty situation, describe the existing poverty reduction strategy and lay out the process for producing a fully developed PRSP in a participatory fashion.
- The documents prepared at Decision Point (C-DP and N-DP respectively for Cameroon and Nicaragua; documents as abbreviated in this thesis)
- The documents prepared at Completion Point (C-CP and N-CP).
- The Progress Reports (C-PR and N-PR) which are usually prepared annually and are used to update the PRSPs.
- The IMF/World Bank Joint Staff Assessments (C-JSA and N-JSA) which assess progress and attempt to address outstanding challenges that are central to the success of the PRSP approach.
- The evaluation document from the Independent Evaluation Office of the IMF and Operations Evaluation Department of the World Bank (C-ED and N-ED)

These documents are summarised below:

Table 4.2-1: Documents for analysis

Country	Decision point	Completion point	PRSPs	Progress Assessment/ document/ document/	Report/Joint Completion Decision Evaluation document	Staff point Point
	Date	Date				
Cameroon	2000	2006	C-PRSP, (2003) C-IPRSP	C-DP, (2000); C-CP, (2006); C-PR, (2008)		
			C-GESP, (2010)			

Nicaragua	2000	2004	N-PRSP, (2001) N-IPRSP	N-DP, (2000); N-CP, (2006)
			N-PDN, (2005)	N-PR, (2006); N-JSA, (2004); N-ED, (2004)

Source: Researcher's own design

Comparative analyses can now be deployed.

4.3 COMPARATIVE ANALYSIS OF SOCIOECONOMIC DATA OF CAMEROON AND NICARAGUA

4.3.1 Introduction

The comparative analysis of socioeconomic data is done in respect of the headcount poverty index, the progress towards achieving the MDGs and finally, the poverty-reducing expenditure of the two countries.

4.3.2 Comparative analysis of the headcount poverty in Cameroon and Nicaragua

The incidence of poverty developed by the World Bank based on the dollar-a-day criterion is probably one of the most publicised income-focused approaches to poverty. There is a strong commitment enshrined in the 2000 MDGs to eradicate extreme poverty (amongst other things) halving the number of people living on less than \$1.25 per day by 2015. This threshold is a measure of extreme poverty that allows comparisons to be made across countries when it is converted using PPP exchange rates for consumption (UNDG, 2003). The \$1.25 (2005 PPP) a day poverty line (or threshold/limit) is defined as the proportion of the population living in households below the international poverty line where the average daily consumption (or income) per person is less than \$1.25 a day, measured at 2005 international prices converted into national currency units using PPP exchange rates for consumption. The \$1.25 a day poverty line is chosen as this thesis focuses on the poorest of the poor. This indicator replaced the \$1 (in fact \$1.08) a day poverty measured in 1993's prices, since Autumn 2008.

Usually, poverty in a country is measured and reported as a ratio representing the percentage of the total population below a certain level of income or consumption. That is the headcount approach to measuring poverty. For instance, the World Bank determined that in 2007, 29.3 per cent of Cameroonians were living on less than \$1.25 a day (Factfish, 2016). With a population of 19.1 million in 2007, it simply means that $27.6\% \times 19.1 = 5.60$ million Cameroonians were poor in 2007. The weakness of this approach is easy to see. It does not make a difference between a poor Cameroonian living on \$1.25 a day and another poor Cameroonian living with \$0.50 a day. In other words, the approach does not say anything about the depth of poverty. Moreover, if a number of poor Cameroonians, previously living on \$1.25 a day, become poorer (*ceteris paribus*) and start living on \$0.75 a day, the headcount ratio would not change to reflect that the poor are becoming poorer. It has also been argued that using the headcount index could motivate policymakers to direct their poverty alleviation resources to those closest to the poverty line (that is the least poor), in order to quickly and easily move some poor above the poverty line and thereafter, claim that their policies are working.

In developing countries, household surveys on income and expenditure that are necessary for the calculation of the headcount index, usually take place every three to five years. In an ideal world, the headcount indexes for Cameroon and Nicaragua just before Decision Point and just after Completion Point would be useful. However, this thesis had to settle for indices around these dates; that is 2000 (Decision Point for the two countries) and 2004 and 2006 respectively for Nicaragua and Cameroon for the Completion Point. Table 4.3-1 depicts the percentage of people living under \$1.25 a day between 1993 and 2014 for Cameroon and Nicaragua.

Table 4.3-1: Proportion of people living on less than \$1.25/day (PPP)

Year	1990-1994	1995-1999	2000-2004	2005-2009	2010-2014	2015-2017
Cameroon		48.1% (1996)	23.1% (2001)	29.3% (2007)		24% (2014)

Nicaragua	22.1% (1993)	15.7% (1998)	20.5% (2001)	15.6% (2005)	10.8% (2009)	6.2% (2014)
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Source: Factfish (2016)

It is interesting to see that in 2001, one year after the Decision Point for Cameroon and Nicaragua, the headcount poverty index of both countries was comparable, (23.1% and 20.5%, for Cameroon and Nicaragua respectively). However, one year after the completion date (2007 for Cameroon and 2005 for Nicaragua), while Cameroon registered an increase of headcount poverty to 29.3%, Nicaragua registered a decrease of the headcount poverty index to 15.6%. In other words, for Cameroon, if one only relies on the above figure, one can conclude that after six years of poverty reduction discourse, poverty had instead increased. Debt relief for Cameroon has not translated at all to the betterment of the poor. One might be tempted to argue that the effects of the debt relief can only be felt in the medium- to long-term. Indeed, there are lag times between policies' implementation and the actual improvement of the poverty situation (Vos, 2011). However, the headcount poverty index for 2014 (at 24%) is still above the 2001 headcount index of 23.1%. Therefore, it is difficult to refer to lags but instead to policy failure for Cameroon.

Nicaragua's poverty rate decreased substantially after the implementation of its poverty reduction strategy. Even better, it seems that the debt relief received by Nicaragua set the country on a virtuous path of poverty reduction as the poverty rate decreased to 10.8% in 2009 and 6.2% in 2014. Nicaragua has been able to divide the incidence of poverty by more than three between 2001 and 2014. This is commendable. It is important to note that the above figures cannot be taken at face value and that it is necessary to delve a little bit into their politics and socio-economics to provide better explanations. Amongst the explanations of the persistence of a higher poverty incidence rate in Cameroon is the high birth rate²⁸. During the past twenty years or so, the birth rate in Cameroon has been significantly

²⁸ The birth rate is the total number of the live births per 1,000 of a population in a year or period.

higher than the rate in Nicaragua. For instance, in 2017, Cameroon's birth rate was at 35.4 per cent while it was only 17.7 per cent in Nicaragua (almost half). In 2003, while both countries were under the HIPC Initiative, Cameroon's birth rate was at 40.97 per cent while it was only at 25.12 per cent in Nicaragua (Indexmundi1, 2018; Indexmundi2, 2018). In other words, just to do as well as Nicaragua in terms of poverty alleviation, Cameroon would need to produce roughly double the effort.

Another explanation of the better performance of Nicaragua in alleviating poverty can be found in the economy. For Cameroon, between the year 1999 (one year before the Decision Point) and 2007 (one year after the Completion Point), the real GDP grew by an average of 3.73 per cent while for Nicaragua, between 1999 (one year before Decision Point) and 2005 (one year after Completion Point), the real GDP grew by an average of 3.85 per cent (Indexmundi3, 2018; Indexmundi4, 2018). The two growth rates are very close and therefore, comparative to Nicaragua, it is clear that Cameroon did not manage to balance the effects of its higher birth rate with a faster-growing economy. This simple comparison of Cameroon and Nicaragua's poverty indexes, birth rates and growth rates, shows the complexity of designing efficient poverty alleviation strategies. Furthermore, the relationships between the different variables are far from being simple or linear.

At this juncture, it is opportune for this thesis to emphasise again that notwithstanding the above complex relationships, leaders and policymakers have free will. They have a bearing on these relationships and can mitigate the outcome of these complex processes by using their free will and refusing to surrender to the dominant political consensus.

Nicaragua managed to obtain good results in its fight against poverty not only in the medium term (five years) but continued the effort in the longer term to achieve a single-digit poverty rate by 2014. It is important to see if these good theoretical results translated into meaningful concrete benefits for Nicaraguans. To determine the above, the next section compares the progress made by Cameroon and Nicaragua towards achieving the MDGs. The MDGs are argued to form a blueprint that says more about the practical situation of the poor.

4.3.3 Comparative analysis of progress made by Cameroon and Nicaragua towards achieving the MDGs

The goal of this section is to see if, in practice, the impressive results of the poverty alleviation policies adopted by Nicaragua translated into meaningful benefits for the poor. One way of achieving the above goal is to look at the progress towards reaching the MDGs (a set of eight international development goals with 18 targets to be achieved by 2015) following the Millennium Summit of the United Nations held in 2000. These eight goals are to:

1. Eradicate extreme poverty and hunger with the target of halving, between 1990 and 2015, the proportion of people whose income is less than \$1 a day and halving the proportion of people who suffer from hunger.
2. Achieve universal primary education with the target of ensuring that, by 2015, all children complete primary schooling.
3. Promote gender equality and empower women with the target, by 2015, of eliminating gender disparity in primary and secondary education.
4. Reduce child mortality (the under-five mortality rate) between 1990 and 2015 by two-thirds.
5. Improve maternal health with the target of reducing the maternal mortality rate by three-quarters between 1990 and 2015.
6. Combat HIV/AIDS, malaria and other diseases with the target of halting and reversing the spread of HIV/AIDS and malaria by 2015.
7. Ensure environmental sustainability with the target of integrating the principles of sustainable development into country policies, halving the proportion of people without sustainable access to safe drinking water and basic sanitation by 2015 and finally, achieving a significant improvement in the lives of at least 100 slum dwellers by 2020.
8. Develop a global partnership for development with the target of, inter alia, promoting good governance, building special programmes for HIPC's, developing decent work for the youth, providing access to affordable drugs and providing access to new communication technologies (Millennium Project, 2002).

It is argued that these eight goals are relevant because they can all be connected to the conceptual framework as presented earlier in Figure 2.51. Certainly, if these eight objectives are achieved, the living standards of the poor will be improved, as well as their health and education.

Table 4.3-2 shows the level of progress made by Nicaragua and Cameroon toward 10 specific Millennium goals and targets, even though the deadline of 2015 is over. It is argued that such exercise is still useful as debt relief effects could take time to translate into beneficial outcomes for the poor. At the current rate of progress, if a country is not expected to achieve the target by 2020, it is rated as being “Seriously off-target”.

Table 4.3-2: Cameroon and Nicaragua Completion-point: Progress towards achieving the MDGs

	End Poverty and hunger	Primary School completion rate	Increase ratio girls to boys enrolment in primary and secondary education	Reduce child mortality rate	Reduce infant mortality rate	Reduce maternal mortality rate	Stop HIV/AIDS and other diseases	Increase access to improved water source	Increase access to improved sanitation facilities	Global partnership for development
Cameroon	Moderately off-target	Insufficient Progress	Sufficient Progress	Seriously off-target	Seriously off-target	Seriously off-target	Seriously off-target	Insufficient Progress	Seriously off-target	Moderately off-target
Nicaragua	Target met	Moderately off-target	Target met	Sufficient Progress	Moderately off-target	Seriously off-target	Seriously off-target	Seriously off-target	Seriously off-target	Target met

Source: From De and Gonzales (2014)

It is clear that Table 4.3-2 supports the findings previously made in respect of the headcount index: Cameroon fared better than Nicaragua in only one of the ten goals/targets, which is “Increase access to improved water source”. Nicaragua managed to meet important goals such as “End poverty and hunger” and “Increase ratio girls to boys’ enrolment to primary and secondary school”.

At this juncture, this thesis will turn to the comparative analysis of the poverty-reducing expenditure as a way to confirm if, in Nicaragua, better results in the fight against poverty were indeed due to more resources being spent on poverty alleviation policies.

4.3.4 Comparative analysis of poverty-reducing expenditure of Cameroon and Nicaragua

PRSPs largely refer to poverty-reducing expenditure which is viewed by the IMF as a way to measure these expenses, aimed at alleviating poverty. The computation of the above figure is contentious as these expenses are not always synonymous with social sector spending and may have a different meaning from one country to another. The IMF states that the task of tracking government spending on poverty rests on the country itself (IMF, 2001). Governments of countries have executed this tracking differently. It can be noted that some countries would only track the HIPC funding instead of tracking all public funding for poverty reduction while other countries would decide to use virtual funds to track poverty-reducing expenses. The problem is further exacerbated by poor auditing systems, poor budget classification systems and lack of expertise in these developing countries. It is argued that if the wish of the IFIs was to track these funds in order to make sure that they go to poverty alleviation, such wish could have been easily fulfilled because these IFIs have the necessary leverage on the beneficiary countries.

One goal of this thesis, therefore, remains to be able to trace such poverty-reducing expenditures if a comparison is to be undertaken between the two countries. For HIPCs, the IMF advocates the tracking of poverty reduction expenses through the determination of the resources released from the HIPC Initiative and the establishment of a stringent framework allowing the assessment of the changes in

the allocation of spending. In very general terms, PRSPs propose five areas in which expenditure should be increased in order to fight poverty.

The first area is primary education with a focus on attempting to reduce gender and regional inequality in accessing primary education. The second area is primary and preventive health care services with the focus on fighting child mortality and incidents of transmissible diseases such as HIV/AIDS. The third is infrastructure, especially water accessibility, road construction, electricity and telecommunications. The fourth area is housing for the poor and the last area is the establishment of safety net structures, such as food subsidies, social assistance programmes, creation of labour-intensive work projects or work for food programmes. The tracking is generally assessed annually for the incidence of poverty and with a longer time frame when it comes to primary education, basic health and infrastructure.

Table 4.3-3 presents a summary of the total poverty expenditure for Cameroon and Nicaragua as calculated by the IMF. It is possible to immediately draw some general conclusions. Firstly, Nicaragua spent more (relative to total government expenditure and to GDP) on poverty reduction than Cameroon. That differential diminished with the reaching of the Completion Point by Cameroon in 2006. Secondly, the reaching of the Completion Point has resulted for Cameroon in a clear increase of the expenditure towards the reduction of poverty (increasing gradually from 6.4 per cent in 2006 at Completion Point to 9.2 per cent in 2010, four years after Completion Point) while for Nicaragua, this has not fundamentally changed the dynamics as poverty-reducing expenditure remains in the range of around 10 per cent between 2004 at Completion Point and 2008, four years after Completion Point. Lastly, by 2010, the rate of expenditure towards poverty reduction became similar in the two countries as Cameroon spent 9.2 per cent of its GDP and Nicaragua 9.5 per cent of its GDP on poverty-reducing expenditure. As was seen above, it is clear that Nicaragua fared better than Cameroon in its fight against poverty. Therefore, it could mean that the allocation of funds within the poverty-reducing expenditures is different for both countries and possibly more efficient in the case of Nicaragua. In this respect, a more detailed investigation is necessary and that is undertaken in Section 4.4.

Table 4.3-3: Poverty expenditure of Cameroon and Nicaragua (2014 to 2018 are projected figures)

POVERTY REDUCING EXPENDITURE																		
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Cameroon																		
In millions of US \$	335.6	365	258.2	824.1	974.9	1155	1442	1705	1879	2079								
In per cent of government revenue	20.5	20	12	35.6	35.5	34.4	36.8	38.7	47.7	55								
In per cent of GDP	3.6	3.4	1.9	5.2	5.9	6.4	7.1	7.2	8.5	9.2								
Nicaragua																		
In millions of US \$	361.5	410.7	467.5	536	620.7	632.3	771.1	850.1	837	846.9	922.5	1009	1090	1259	1371	1466	1591	1721
In per cent of government revenue	41.7	45.5	46.4	46.3	47.7	42.5	45.8	46.3	47.1	42	38.6	39	40.4	43.3	44.2	43.8	44.8	45.3
In per cent of GDP	8.8	10.2	11.4	12	12.7	9.3	10.3	10	10	9.5	9.3	9.5	9.7	10.6	11.1	11.2	11.5	11.8

Source: From IMF 2000

4.3.5 Conclusion to the comparative analysis of socioeconomic data of Cameroon and Nicaragua

The comparative analysis of the various documents leads to substantial findings. The headcount poverty indices for Cameroon and Nicaragua show that both countries departed from a comparable double-digits poverty rate of a little more than 20% around 2000 when they both reached a Decision Point. However, only Nicaragua managed to achieve a single-digit poverty rate (6.2%) a few years after the Completion Point.

In the above circumstances, it is not surprising that the comparative analysis of the progress towards achieving the MDGs indicates that Nicaragua fared better than Cameroon in various criteria measuring the fight against poverty. The comparative analysis of poverty further shows the reducing expenditures of the two countries and reveals that the nominal amount of debt relief was similar. Even though Nicaragua spent more (relative to its GDP) on poverty-reducing expenditures in the early 2000s, that rate became similar for both countries around 2010 (just under 10% of GDP). It seems that Nicaragua probably has a more efficient allocation of funds directed to fight poverty than Cameroon.

An in-depth comparative tracking of the funds allocated to fight poverty could confirm such a hypothesis. Therefore, that task is tackled in Section 4.4 below. It is clear that the poor of Nicaragua benefited more from the implementation of their PRSP than Cameroon's. However, at this stage, it is still yet not possible to determine why and how.

4.4 COMPARATIVE TRACKING OF THE FUNDS FROM THE DEBT RELIEF

4.4.1 Introduction

The previous section demonstrated that the implementation of its PRSP by Nicaragua translated into a clear diminution of poverty in the country. That wasn't the case for Cameroon. In order to uncover the reasons behind the difference in the

above performances, the current section performs a simple, yet fundamental comparative study of the sectoral allocation of funds from the debt relief initiative.

The investigation is based on the use of the MSSD method to uncover the independent variable (the differing factor) explaining the better performance of the Nicaraguan poverty alleviation policy. The RPS (the Nicaraguan version of a CCT programme) is seen as that differing factor. That differing factor is, according to the principles of the MSSD, the factor explaining why Nicaragua fared better than Cameroon in terms of poverty alleviation.

Tracking the funds from the HIPC Initiative to the final beneficiaries is “a demanding agenda” (Addison *et al.*, 2004:19). This thesis maintains that this is a euphemism and that notwithstanding the many control structures put in place by the two governments with the approval and insistence of the IMF, it is virtually impossible to trace all the amounts of the debt relief to particular projects or funding. This is complicated further by the fact that as Baulch (1996) argues, aid to poor countries has direct and indirect effects on poverty but that economic models are still unable to precisely measure the indirect effects of aid on economic growth and poverty reduction. This led the World Bank to asserting that a “clear link between aid and the reduction of poverty is hard to find” (World Bank, 1990). Therefore, it will not be possible to determine exactly what each dollar was used for, but rather the general allocation of the funds between various sectors.

To study the pattern of donors’ aid, White and McGillivray (1995) determine three approaches based on the amount of aid spent on projects to combat poverty, on the sector relating to poverty (basically, health and education) and on the country (based on low per capita income). The scholars find that due to competing and confusing definitions of poverty (maybe intentionally), the amount spent on direct poverty reduction is overestimated in both the project and the sectoral approaches.

Furthermore, the exact proportion of aid spent on projects aimed at reducing poverty is rarely reported by donor agencies. The Programme of Targeted Interventions demonstrates that twenty per cent of the World Bank project lending really deals

with true poverty-reducing projects and the UNDP shows that only 8.3 per cent of total bilateral and multilateral aid goes to poverty-focused sectors, such as health and education (Baulch, 1996:7). Therefore, even before attempting to track the destination of the funds from aid, it is clear that only a small amount of that aid really goes to poverty reduction projects.

With the above in mind, the goal of this section must be modest. Looking at the comparative nature of this section, a sectoral comparison of the poverty expenditures of the two countries is sufficient to draw a very powerful inference. This section is divided into two sub-sections. The first section focuses on the tracking of the funds received by Cameroon through the HIPC Initiative and the second sub-section tracks the funds received by Nicaragua through the HIPC Initiative. It also performs a sectoral comparison with its Cameroonian counterpart which allows inferences to be made.

4.4.2 Tracking of the funds received through the HIPC Initiative by Cameroon

Even though a special bank account was opened at the Central Bank, BEAC (Banque Des Etats de l'Afrique Centrale) to receive the HIPC Initiative funds; that the poverty expenditures were to be tagged with particular codes; that a committee (CCS/PPTE-Comité Consultatif de Suivi des Fonds Pays Pauvre Très Endetté) was set up to review and authorise all poverty expenditures and that annual audits on the use of the funds were to be conducted (C-CP, 2006), it is not possible to find a document matching fund disbursements to projects. This remains a major weakness of all PRSPs which impinges on the ability of scholars and policymakers to fully evaluate poverty alleviation poverty and uncover the beneficiaries of the HIPC Initiative.

It is argued that from its inception, the PRSP of Cameroon oversaw the income dimension of poverty and focused solely on the health and education dimensions. An analysis of the IMF Country Report No. 03/249 (C-PRSP, 2003) supports the above view. Annexure 2 (coming from the above-mentioned IMF Country Report), which represents the planned distribution of funds amongst the various programs designed to fight poverty, shows that there is absolutely no fund earmarked for

projects aiming at directly fighting the income dimension of poverty. It is argued that CCTs or UCTs could have been part of such projects. In other words, the Cameroonian government never envisaged direct cash transfers to the poor (or other similar policies) to try and increase the income of the poor immediately. Indeed, the seven priorities as set in the document are firstly to promote a stable macroeconomic framework, secondly to strengthen growth by diversifying the economy, thirdly to revitalise the private economy, fourthly to develop basic infrastructures, fifthly to accelerate regional integration, sixthly to strengthen human capital and lastly to improve the institutional framework (C-PRSP, 2003:xii).

Subsequent reports support the above view. Figure 4.4-1 (for the year 2005) represents the HIPC funds allocation in accordance with the criteria set forth by Cameroon and the IMF at the Decision Point (C-CP, 2006:13). Figure 4.4-1 shows that there is no allocation of funds earmarked for social protection *per se*. The biggest allocation goes to ‘Education, training and research’ (42 per cent).

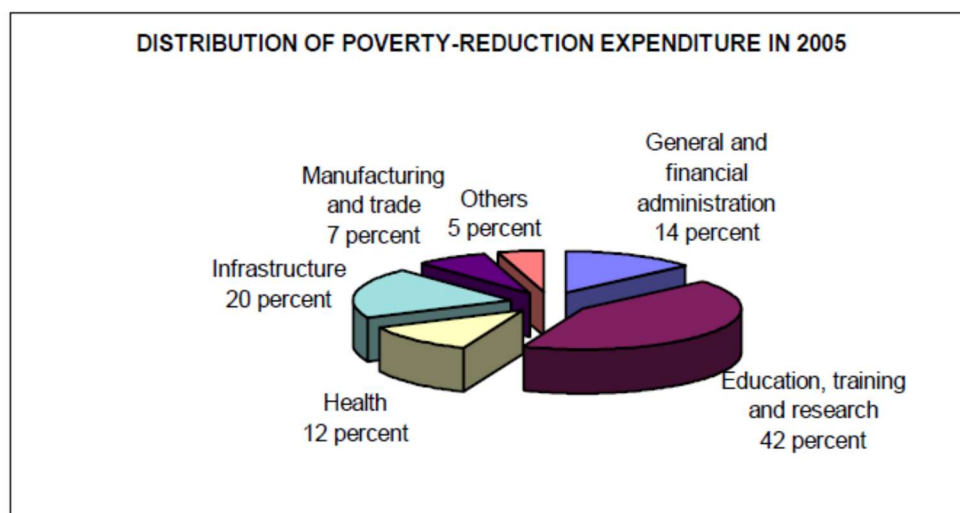


Figure 4.4-1: Typical sectoral distribution of poverty expenditure (Cameroon)

Source: From C-PRSP (2006:22)

A detailed look at the Third Annual Progress Report of 2006 (N-PRSP, 2006) indicates that the education sector has more to do with long-term expenditure, such as the construction and equipment of 3,768 primary school classrooms from 2001 to 2005, the rehabilitation of 358 secondary school classrooms, construction of 216 new classrooms and payroll for additional teachers. The training component of the

above sector mainly refers to help to job seekers, teachers, people in the agricultural automation field, training for farmers in pest control, training for MFI (Micro-Finance Institutions) so that they can better support farmers and training for medical personnel (especially in the fight against malaria, HIV/AIDS, river blindness). The research component relates to research made available to the poor in kola, cocoyam, tomato, maize, pineapple, palm, plantain or fish farming. This thesis does not discount the value of all the above initiatives. It, however, argues that at best, these initiatives could contribute generally to human capital development. This could reduce poverty, but only in the longer term. Thus, it is maintained that with the exception of the training of medical personnel, none of the above measures can substantially and in the short-term, alleviate extreme poverty. For farmers to profit from research or from MFI, these farmers must first have land to farm. Therefore, even though the education sector allocation is not detailed enough, it is argued that the share that goes to poverty alleviation of that sector is only marginal.

The health sector could be more biased towards poverty alleviation. This refers to infant and mother mortality reduction, to vaccination campaigns, the rehabilitation of 89 community-based health centres, 20 sub-divisional medical centres, 46 district hospitals and three district health services. This is definitely poverty expenditure. It is argued that such rehabilitation cannot solve deep poverty problems as these hospitals are often left without medicines and patients are invited to buy their medicine at the nearest pharmacy. Why should a patient be confined between four walls called a hospital when there is not even paracetamol in the hospital pharmacy?

The infrastructure sector focuses on basic infrastructure (maintenance and rehabilitation of roads, development of communication infrastructure, development of the energy sector and electrification). This is all useful but will not help diminish poverty in the short-term. The same could be argued for the manufacturing and trade sector and the general and financial administration sector.

It is clear that in terms of short-term poverty alleviation, the allocation of the poverty-reducing expenditure is rather meagre, if not null. The C-PRSP (2006) further

divides the use of the HIPC funds into the different ministries in charge of the above sectors. See Figure 4.4.2.

DISTRIBUTION AND USE OF HIPC FUNDS IN 2005

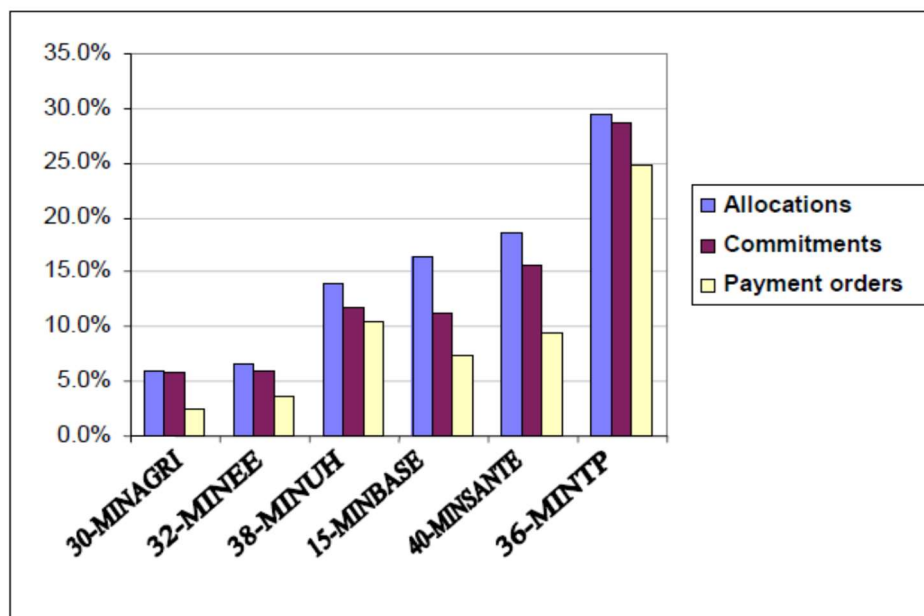


Figure 4.4-2: Distribution of the HIPC funds amongst ministries departments.

Source: From C-PRSP (2006:23)

MINAGRI stands for Ministry of Agriculture, MINEE for Ministry of Energy, MINUH for Ministry of Housing, MINBASE for Ministry of Basic Education, MINSANTE for Ministry of Public Health and MINTP for Ministry of Public Works. In this model, funds are being channelled through the same ministry, sometimes the same ministers who previously failed the poor. Was this not a recipe for failure? Maybe it would have been wiser to set up a separate and multi-sectoral ministry in charge of all HIPC projects. Alternatively, a special team could have been set up in the Presidency, with the unique task of managing the HIPC Initiative projects and funds. That way, at least the tracking of funds would have been made much easier and certainly, the assessment of the progress made simpler. It would also have been a testimony that the fight against poverty is a national priority. This thesis therefore supports the setup of such a ministry, that could be called the Ministry of the Fight Against Poverty (MINFAP).

4.4.3 Tracking of the funds received through the HIPC Initiative by Nicaragua

As its Cameroonian counterpart, the N-PRSP also has its weakness stemming from the difficulty to link the HIPC expenditures to the country's financial management system and thus to ensure a transparent implementation and follow-up of the projects. Arguably, Nicaragua did a better job of documenting the allocation of resources for poverty reduction purposes. However, because this thesis is a comparative study, it is better to stick to the same format used to analyse the allocation of resources in the case of Cameroon.

Table 4.4-1 depicts the typical sectoral PRSP expenditure for Nicaragua.

Table 4.4-1: Typical sectoral PRSP expenditure (Nicaragua)

	2000	2001		2002		Plan vs Actual
	Actual	Actual	Revised	Plan	Actual	(in percent)
SGPRS Outlays (percent of GDP)	17.3	14.9	14.1	14.4	15.6	8.3
Internally financed (including HIPC)	10.2	9.2	8.4	9.2	9.2	0
Externally financed	7.1	5.7	5.7	5.2	6.4	23.1
SGPRS Outlays (US\$ millions)		218.5	268.4	217	212	-2.4
				(In per cent of total)		
Economic growth (percent of total)		37	35	44	43	-1.9
Greater and better investment in human capital		33	29	35	27	-22.1
Social protection		14	13	9	13	43
Governance		1	0	1	2	17.1
Cross-cutting themes		15	23	11	15	43.1
		100	100	100	100	

Source: From N-JSA (2004:43)

A comparison of the sectoral allocation of the PRSPs of the two countries (Figure 4.4-1 for Cameroon and Table 4.4-1 for Nicaragua) will allow this thesis to make

some powerful inferences. In order to conduct the above comparison, a pie chart representation of Table 4.4-1 for the year 2002 (actual figure) is produced:

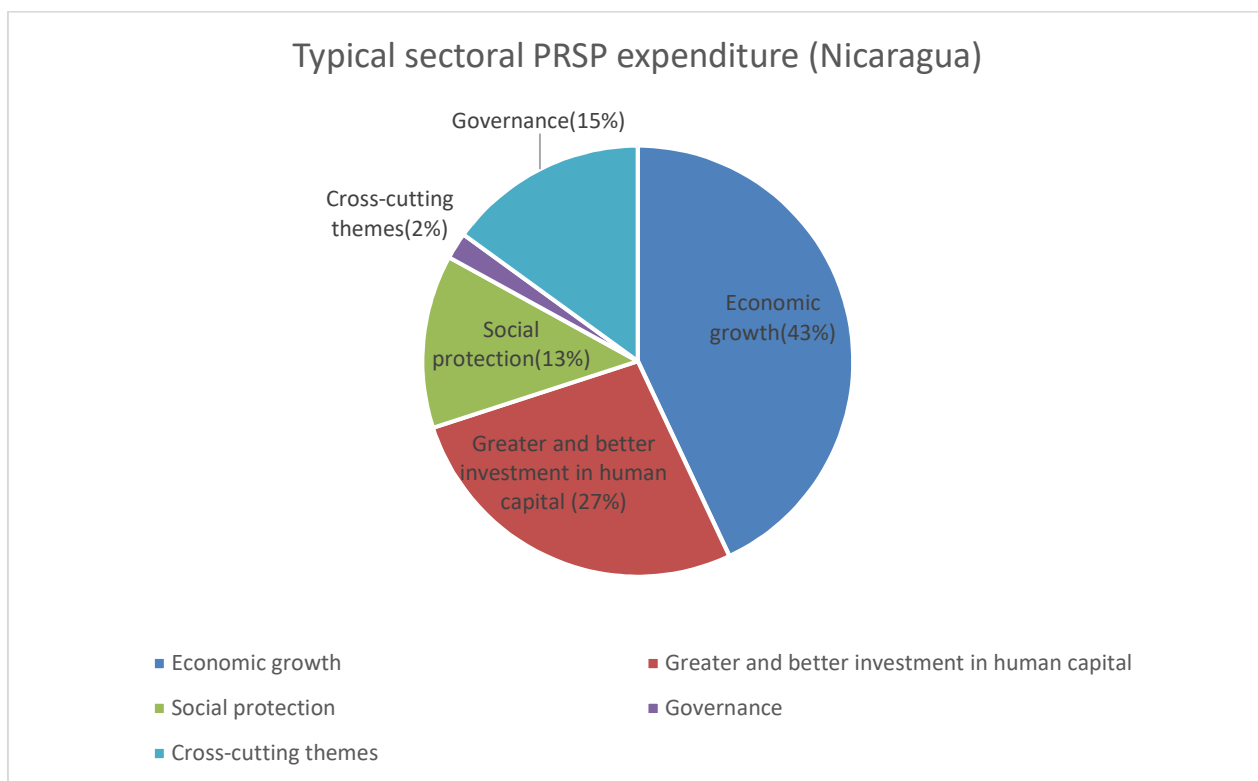


Figure 4.4-3: Typical sectoral PRSP expenditure (Nicaragua)

Source: Designed by a researcher from N-JSA (2004:43)

A redesign of Figure 4.4-1 (the sectoral allocation of funds by Cameroon) can be made using the same sectoral allocation as Nicaragua to facilitate comparison. In Figure 4.4-1, it is obvious that “Manufacturing and trade” added to “infrastructure” corresponds to “Economic growth” in Figure 4.4-3. “General and financial administration” corresponds to “Governance”. “Others” corresponds to “Cross-cutting themes”. “Health” could have been contentious; as indicated earlier (see chapter 4.4.2), the health sectorial allocation in the Cameroonian PRSP refers to infant and mother mortality reduction, to vaccination campaigns, the rehabilitation of 89 community-based health centres, 20 sub-divisional medical centres, 46 district hospitals and three district health services. However, Annexure 3 informs us that Nicaragua has conveniently regrouped these items as part of “Greater and better investment in human capital ” (N-PRSP, 2001:148). Indeed, in the Nicaraguan PRSP, “Greater and better investment in human capital” includes education, health, nutrition, and population. Thus Figure 4.4-4 below for Cameroon:

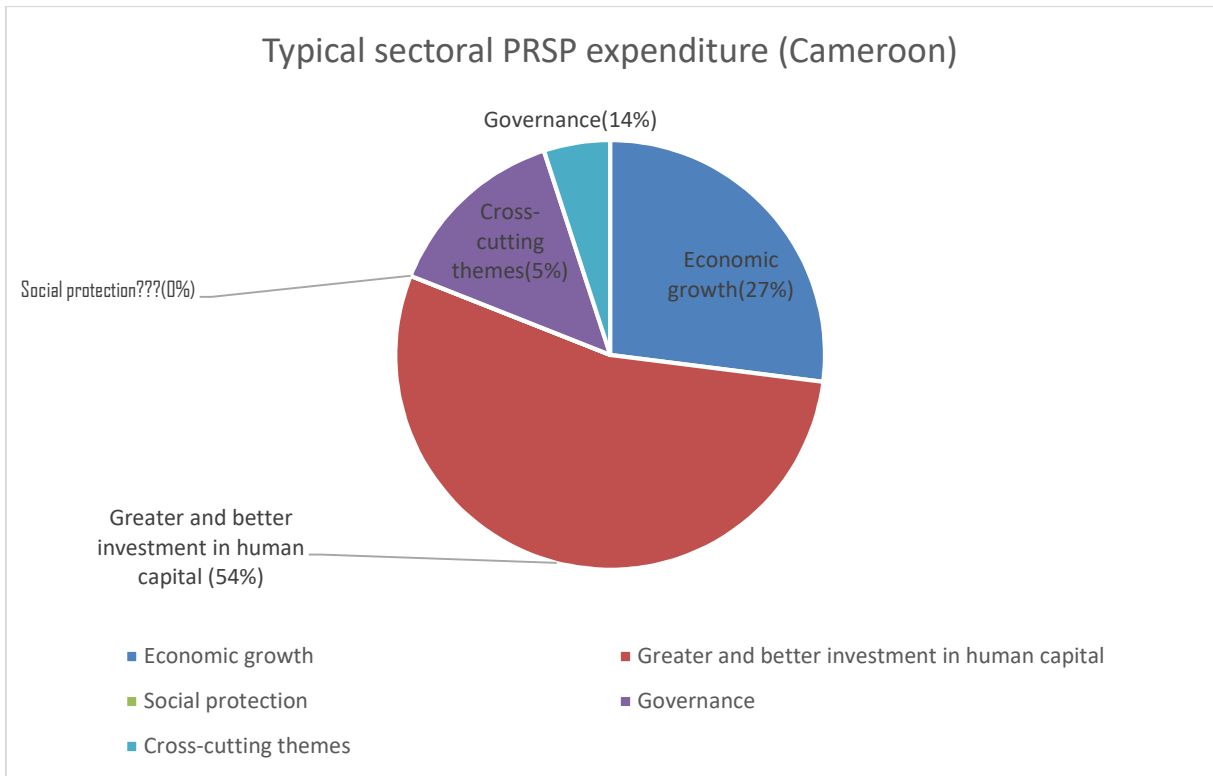


Figure 4.4-4: Typical sectoral PRSP expenditure (Cameroon)

Source: Researcher’s own design from C-PRSP (2006) and N-PRSP (2001)

By looking at Figures 4.4-3 and 4.4-4, it becomes obvious that the social protection scheme was overlooked in the Cameroonian PRSP (C-PRSP, 2003) design. The report of the N-PRSP (2001) refers to “social protection” as, essentially, safety net measures built to protect the extremely poor by providing them with “immediate” assistance. That assistance can be made in kind or in cash. To link it with the conceptual framework designed in Figure 2.5-1 earlier, that assistance refers to micro-level policies that aim at increasing the income/consumption of the poor immediately. That assistance comes with conditionalities, such as the obligation for parents to send their children to school, for pregnant mothers to go for medical check-ups and to vaccinate children, etc.

From the perspective of this thesis, most of the policies adopted by Nicaragua (except the RPS) and all the policies adopted by Cameroon in their PRSPs are macro-level policies (see Figure 2.5-1). This, at best, would in the medium to long-term increase the access to public goods, such as roads, schools, hospitals, etc.

Only the RPS programme and other social safety net measures can adequately and immediately address some of the issues relating to deep poverty situations.

4.4.4 Conclusion to the comparative tracking of funds

It is striking to see that the different PRSPs, progress reports, Joint Staff Assessments (JSAs), are more concerned with general macroeconomic indicators and with the promotion of growth. Poverty is not directly targeted. From the perspective of the PRSPs, poverty alleviation must come as a consequence of economic growth. This is interesting, especially because PRSP starts with the word **poverty**.

It is clear that the international institutions have been pursuing their strategic goals of macroeconomic stability all along but needed, after the disastrous SAPs of the 1980s, to package the new programme with an acceptable philosophy to buy the support of strained and impoverished populations. However, it is just too easy to put all the blame on the IFIs. It was up to the governments to try and push for a more pro-poor policy. They had the free will to do so.

In that respect, Nicaragua did a better job than Cameroon by including an important social protection perspective in its PRSP. It is also true that Hurricane Mitch that wreaked havoc on Nicaragua in 1998 might have contributed to making the government more aware of the need to protect the most vulnerable people and to ensure the alignment of its strategic objectives with the fight against extreme poverty. In fact, prior to the PRSP, Nicaragua had another programme specially designed to combat extreme poverty, the FISE²⁹. By doing so, Nicaragua managed to distance itself from that accounting vision of the economy (which has a total disrespect for the human element) propagated by the Bretton Woods Institutions. However, even in these circumstances, Linneker *et al.* (2004) indicate that half of

²⁹ FISE stands for Fondo de Inversion Social de Emergencia that is Social Emergency Investment Fund. This fund was set up to finance the rehabilitation and expansion of the social and economic infrastructure in impoverished areas throughout the country.

the interim debt relief from the HIPC Initiative was used by Nicaragua in order to repay internal debt and thus to accomplish the liberal option of the IFIs.

That being said, the results of this section are substantial. Using the MSSD for two countries that largely share the same problem of poverty, mismanagement and corruption and which have adopted the same general framework for their PRSP, it has been possible to uncover a differing factor between the policies adopted by Cameroon and Nicaragua during the HIPC Initiative. That differing factor (the independent variable) is the social protection pillar which proved to be useful in the alleviation of poverty in Nicaragua as it allows the channelling of aid directly to the poor without waiting for a hypothetical economic growth, as in the case of Cameroon. The uncovering of the differing factor, using the MSSD method, constitutes an important step in this thesis.

The following section contributes to confirming the importance of the differing factor by using a mixed-method approach (qualitative and quantitative) to analyse the PRSPs of the two countries.

4.5 COMPARATIVE ANALYSIS OF THE PRSPS OF CAMEROON AND NICARAGUA

4.5.1 Introduction

The previous section uncovered the independent variable (the RPS) explaining the better performance of the Nicaraguan PRSP. The purpose of the current section is twofold: the first goal is to demonstrate that notwithstanding the weaknesses and the one-size-fit-all approach of the PRSPs, some PRSPs (like the Nicaraguan one) are superior to others (like the Cameroonian one) in terms of poverty alleviation. Such demonstration further confirms the validity of the differing factor uncovered. However, the second goal of this section is to demonstrate that at any rate, the voices of the poor were largely shut down in the PRSPs, that they were not as inclusive as they claim and the participatory process didn't take place as recommended by the IFIs. By doing this latter exercise, this thesis further sheds light on the flaws of the PRSPs. The PRSPs typically cover a three to five-year time span and are supposed to be drawn with the inputs from all stakeholders of the country. Notwithstanding their flaws, they have become essential documents for governments, IFIs and various actors alike. Once completed, the PRSPs are presented to the Joint Staff of the IMF and the World Bank for approval. The Joint Staff is supposed to pay particular attention to, amongst other criteria, the government commitment to reducing poverty, poverty profile/data adequacy, consultative process, social service emphasis, rural development emphasis, security/vulnerability of the poor, rights of the poor, macroeconomic links to poverty, governance/institutions, monitoring plans and costing/prioritising (Thin *et al.*, 2001). This is clearly overambitious and represents a recipe for failure.

The first goal is reached through a qualitative and quantitative analysis of the Nicaraguan and Cameroonian PRSPs together with other documents as presented in Section 4.2. The second goal is reached through the critical analysis of these PRSPs and other documents as presented in the same Section 4.2. The comparative study of the PRSPs of Cameroon and Nicaragua previously done was essentially a comparative policy analysis as expounded in Section 3.6. For PRSPs' evaluations and comparisons, Tharakan and Macdonald (2004:14,15) go further

and from the perspective of analysing PRSPs with respect to the poverty-environment nexus, the two academics have developed an interesting framework which, once modified, helps navigate through this comparison. That PRSPs comparison framework is made up of two parts, Tier 1 and Tier 2. Tier 1 is a quantitative analysis while Tier 2 is a qualitative analysis. However, both tiers used the same criteria. These criteria are grouped into three categories. The first is “Mention of absolute or abject poverty issues”, the second category is “Analysis of the drivers of absolute poverty” and the last one is “Response strategies”. These categories are now explained, the criteria expounded on and the analyses performed.

4.5.2 Quantitative analysis

First category: Mention of absolute or abject poverty. This category refers to the extent to which mention has been made of absolute poverty, that is, the poorest, those living (depending on the definition and criteria) with less than \$1 per day, for instance. The quality and precision of the data is also taken into account. The scoring scale is from 0 (meaning no mention at all) to 2 (meaning mention and presentation of good quality data). A score of 1 signifies that the quality of data is low. This category is further divided into three criteria determined by what can be termed the WHW question: *Who are they? How many are there? and Where do they live?*

- Criterion 1 refers to a “clear definition of the concept of absolute poverty” and the absence of confusion tending to just refer to the “poor” in general.
- Criterion 2 refers to the “number of people living in absolute poverty”
- Criterion 3 refers to the “geographical location of people living in absolute poverty”

Second category: Analysis of the drivers of absolute poverty. This category relates to the cause of absolute poverty and the researcher essentially wishes to have a clear answer to the questions *How, What and Why?* The scoring scale is again from 0 to 2 but this time, the category is divided between five criteria.

- Criterion 1: “Historical account”. An explanation must be given as to how the situation came about.

- Criterion 2: “Constraints to poverty alleviation”. What prevents the extremely poor from getting out of their situation?
- Criterion 3: “Previous policies”. An account and analysis of previous policies to combat poverty must be given.
- Criterion 4: “Causes of past failures”. Unless no policy to fight poverty has ever been taken (which would be a scandal), an explanation of the reasons for past failures of poverty reduction must be given in the various PRSPs.
- Criterion 5: “Trends” relating to figures presenting how absolute poverty has evolved over the years.

Third category: Response strategies. This last category has a scoring scale ranging from 0 to 3. The additional variable is important as it will allow deeper analysis of the responses and possibly help uncover differing factors that could potentially explain the differing outcomes of poverty reduction policies of Cameroon and Nicaragua. This category has five criteria.

- Criterion 1: “Global strategy to fight absolute poverty set as a priority”. This assesses the commitment of the government to combat extreme poverty.
- Criterion 2: “Micro- or community-level projects designed to fight absolute poverty”. This criterion assesses if the government acknowledges that the reduction of absolute poverty must also be fought at the micro-level and not only at the macro-level.
- Criterion 3: “Detailed use of funds from debt relief to fight absolute poverty”. This criterion seeks to find out if an amount of money is earmarked specifically to fight absolute poverty or if absolute poverty reduction projects are just mixed in with other poverty reduction projects.
- Criterion 4: “Monitoring system for absolute poverty” seeks to assess if accounting measures have been put in place to ensure that the use of funds can be traced.
- Criterion 5: “Cash transfer policies” assesses if the government acknowledges that next to the growth strategy, it is necessary to have policies that directly target the extremely poor.

The results of the quantitative analysis of the Nicaraguan and Cameroonian PRSPs are summarised in Table 4.5-1 below.

Table 4.5-1: Comparative quantitative analysis of Cameroon and Nicaragua PRSPs

Mention of absolute poverty		Cameroon	Nicaragua	Average
Clear and separate definition of absolute poverty		1	2	1.5
Number of people living in absolute poverty		1	2	1.5
Geographic location of the extreme poverty		1	2	1.5
	Average for the country	1	2	
note: 0= no mention; 1= mention but no elaboration; 2= mention with elaboration				
Drivers of absolute poverty		Cameroon	Nicaragua	Average
Historical account of absolute poverty		1	2	1.5
Constraints to eradication of absolute poverty		1	2	1.5
Previous policies of fight against absolute poverty		1	2	1.5
Causes of failure of past policies		1	2	1.5
	Average for the country	1	2	
note: 0= no mention; 1= mention but no elaboration; 2= mention with elaboration				
Responses strategies		Cameroon	Nicaragua	Average
Global strategy to fight absolute poverty		1	3	2
Micro or community-level projects to fight absolute poverty		1	3	2
Details of use of funds to fight absolute poverty		1	2	1.5
Monitoring system for fight against absolute poverty		2	3	2.5
Cash and in-kind transfers to fight absolute poverty		0	3	1.5
	Average for the country	1	2.8	
note: 0=no mention; 1=mention but no elaboration; 2=mention with elaboration; 3=detailed elaboration				

Source: Researcher's own computation from C-PRSP (2003) and N-PRSP (2001)

From the quantitative analysis, many important conclusions can be made. It is clear that, in terms of the fight against extreme poverty, Nicaragua fared much better than Cameroon. One could actually say that Nicaragua fared twice as well as Cameroon since the average score for Cameroon is 1 for the first two categories and 2 for Nicaragua. As far as the third category (“Responses strategies”) is concerned, the gap between the two countries is even worse, as the factor is 2.8 times.

This category is arguably the most important. However, this high score (2.8 times of the Cameroonian one) comes as no surprise. If Cameroon has not properly defined extreme poverty, there is just no way the country could have successfully fought against this kind of poverty, let alone have built a proper strategy to eradicate it. The results of this quantitative analysis are largely confirmed by the qualitative analysis that follows.

4.5.3 Qualitative analysis

First category: Mention of absolute or abject poverty. It is interesting to first look at the “pillars’ of the PRSPs as set by the Cameroon and Nicaragua governments themselves. From the onset, Cameroon sets seven priorities in its PRSP (C-PRSP, 2003:xii):

Promoting a stable macroeconomic framework, strengthening growth by diversifying the economy, revitalising the private sector as the main engine of growth and a partner in delivering social services, developing basic infrastructures and natural resources while protecting the environment, accelerating regional integration in the framework of the CEMAC, strengthening human resources and the social sector and facilitating the integration of vulnerable groups into the economy and lastly, improving the institutional framework, administrative management and governance.

It is argued that the above priorities fit nicely into the general framework of a State of Nation Address (SONA) of a developing country, but it is by no means a PRSP as it should have been. No direct mention is made of the poor, the only reference to the poor is found in “vulnerable groups” which is extremely vague and could include many subgroups. The low score of Cameroon in this category and subsequently in other categories then comes as no surprise.

On the other hand, Nicaragua rests its PRSP on only four pillars (C-PRSP, 2001:27-35): “a broad-based economic growth and structural reform, a greater and better investment in human capital, a better protection for vulnerable groups and lastly, a good governance and institutional development”. It is clear that the foundation of Nicaragua’s PRSP is pro-poor while its Cameroonian counterpart is pro-growth. Three of the four priorities refer to the poor. The Nicaraguan PRSP elaborates on the concept of poverty, making a clear distinction between poverty and “extreme” poverty (that is poor people whose consumption of calories is below the minimum required to sustain a healthy life) in the Executive Summary of the PRSP.

This is not the case for Cameroon. It again shows (at least on paper) that the Nicaraguan government acknowledges the importance of the issue. It also presents clear figures relating to extreme poverty. In 1998, there were 48 per cent of Nicaraguans categorised as poor, of which 17.3 present were considered as living in extreme poverty; 70 per cent of rural residents were poor of which 29 per cent were extremely poor; 30 per cent of urban residents were poor of which 8 per cent were extremely poor (see Table 4.5-2 below). The figure uses relative levels of consumption index where the poverty line is estimated using the annual per capita expenditure needed to consume minimum daily caloric requirements and acquire basic goods such as clothing, shelter and transportation.

Table 4.5-2: Poverty and extreme poverty in Nicaragua

	1993	1998	Change		1993	1998	Change
		(in per cent of population)	per cent of			(in per cent of population)	
National	19.4	17.3	-2.1		50.3	47.9	-2.4
Urban	7.3	7.6	0.3		31.9	30.5	-1.4
Rural	36.3	28.9	-7.4		76.1	68.5	-7.6
Managua	5.1	3.1	-2		29.9	18.5	-11.4
Pacific ¹							
Urban	6.4	9.8	3.5		28.1	39.6	11.5
Rural	31.6	24.1	-7.5		70.7	67.1	-3.6
Central							
Urban	15.3	12.2	-3.1		49.2	39.4	-9.8

Rural	47.6	32.7	-14.9		87.7	74	-10.7	
Atlantic								
Urban	7.9	17	9.1		35.5	44.4	8.9	
Rural	30.3	41.4	11.1		83.6	79.3	-4.3	

Source: N-PRSP (2001:8)

The elaboration does not stop there, as the N-PRSP also presents an extremely visual and useful “map of extreme poverty” (N-PRSP, 2001:114) of Nicaragua is shown in Figure 4.5-1 below. The level of extreme poverty is further divided between severe poverty, high poverty, medium poverty and low poverty based on a determination of the extreme poverty gap. An extreme poverty gap of more than 12 per cent refers to severe poverty, between 9.2 to 12 per cent refers to high poverty, between 6.6 to 9.2 refers to medium poverty and less than 6.6 per cent refers to low poverty.

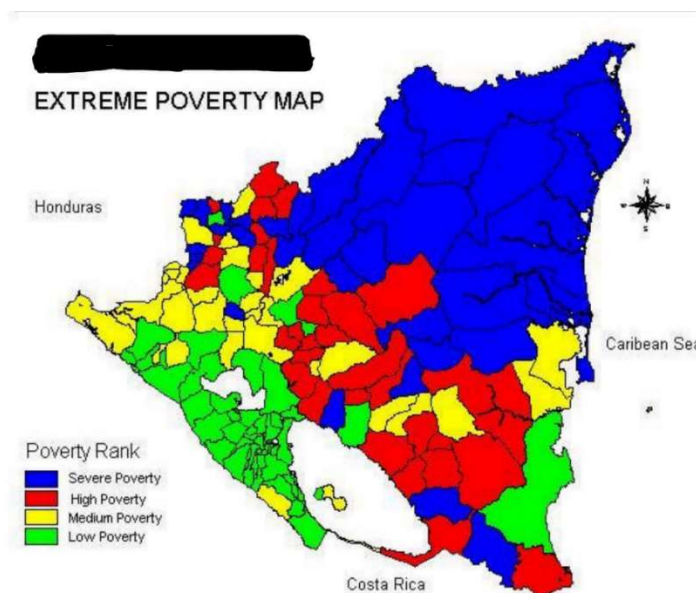


Figure 4.5-1: Extreme poverty map for Nicaragua

Source: N-PRSP (2001:114)

There is no such level of elaboration for the Cameroonian PRSP. The very first mention of “extreme poverty” comes in Chapter 3 on page 31. Then, it is mentioned again and for the last time on page 32. That is all for a document consisting of 206 pages. It is to be noted that absolutely no mention of “extreme poverty” is made in the very important Decision Point document (C-DP, 2000) and the Completion Point document (C-CP, 2003). This is a very serious omission. No elaboration on the

different levels of poverty is made, let alone an estimate of the number of people living in extreme poverty.

The C-PRSP maintains that in 2001, 40.2 per cent of the population were living in poverty, just in poverty (from this PRSP's point of view, living on less than CFA 232, 547 per annum that is roughly about \$1 per person, per day). This is how the Cameroonian PRSP defines what it terms the poverty line. It is argued that Cameroonians cannot simply be categorised as either poor or non-poor for the purposes of designing a poverty alleviation policy and that such inappropriate classification can only lead to the incorrect remedy. Table 4.5-3 shows that if the C-PRSP presents the incidence of poverty by region, it does not describe anything about the incidence of chronic poverty and therefore any policy attempting to eradicate that kind of poverty would simply be ignored.

Table 4.5-3: Incidence of poverty in some geographic areas of Cameroon

Zone	1996	2001	Change
Urban	41.4	22.1	-19.3
Douala	37.3	18.5	-18.8
Yaoundé	49	18.3	-30.7
Other cities	36.3	26.2	-10.1
Rural	59.6	49.9	-9.7
Forest	72.5	55.4	-17.1
High Plateaus	62.9	50.7	-12.2
Savanna	44.4	45.7	1.3
Total	53.3	40.2	-13.1

Source: From C-PRSP (2003:11)

Second category: Analysis of the drivers of absolute poverty. The N-PRSP (2001) argues that the determinants of poverty can be divided between economic determinants and social determinants. The economic determinants refer to high unemployment and underemployment rates (especially amongst women), uncertain property rights and low access to public infrastructure and services. The social determinants include the high fertility rates and the demographic dependency, the

low educational attainment especially in rural areas and the low access to health services and malnutrition. The N-PRSP further elaborates on the importance of these determinants for poor people and extremely poor people.

This is not the case for the C-PRSP (2003) which as was argued, barely mentions extreme poverty. The C-PRSP provides the determinants of poverty in Cameroon as derived from the Cameroon Household Surveys (ECAM in French). The analysis of the ECAM data points to three principal determinants of poverty, namely the education level of the household head, the socioeconomic group and the place of residence. The approach is interesting. It also mentions the division of the determinants between economic and social ones as expounded in the N-PRSP. However, it still fails to mention the extremely poor or any other categorisation of the poor. In fact, it is argued that once such failure has been made, designing any appropriate poverty alleviation policy becomes harder since there is no defined target. It is difficult to understand such a basic mistake from the policymakers and one must accept that the fight against poverty in general and against absolute poverty in particular, was not in fact at the core of that particular PRSP.

The PRSPs are also participatory in nature. Both papers request a large pool of participants to provide their own views as to what are the determinants of poverty in the country. The C-PRSP informs us that amongst the most cited determinants of poverty are a large family size, the lack of roads, the deregulation of the food produce market and not enough support to farmers, corruption and bad governance. Additionally, poor telecommunication infrastructures in some areas, environmental issues (drought, bird migration), land title and ownership issues, lack of support from local government in remote areas (in particular coastal, forest and frontier) and lastly, social dysfunction which relates to various issues such as vulnerability, HIV, low self-esteem, tribalism, insecurity and polygamy are all determinants. It must be noted immediately that the participatory nature of the PRSP is not a panacea for truth. Many authors have criticised its process and argued that it was not completely transparent nor as inclusive as it claimed (Catholic Relief Service [CRS], 2001).

The Nicaraguan participatory process allows its PRSP to present the determinants of poverty as viewed by Nicaraguans. For Nicaraguans, the main determinants of poverty are inadequate food, low income, poor housing, land tenancy limitations, few employment opportunities and lack of access to formal systems of finance.

Third category: Response strategies. The report of the C-PRSP (2003:31) reads that “by 2015, extreme poverty and hunger [must be] eradicated by halving the number of Cameroonians living below the poverty line and suffering from hunger”. Its Nicaraguan counterpart reads that “the government’s prime objective is to at least halve the extreme poverty rate by the year 2015” (2003:20). There are numerous examples of such parallelisms between the goals pursued by the Cameroonian government and the Nicaraguan government. It is argued that the C-PRSP and the N-PRSP were not built in isolation but under the supervision and the framework imposed by the IMF and World Bank. The objectives of both poverty reduction strategies are nothing more than the MDGs which are again a set of objectives and recipes served to the countries and where the local government has little to say. It seems that the lessons from the past SAPs were not learned. When reading both PRSPs and looking at the similarities between them, there is a tell-us-what-we-need-to-do-to-get-the-aid feeling (World Bank, 2004:39). When it comes to the strategies to reach these goals, again it is clear that they follow the same general guideline, which is growth (even though they often mention the more inclusive broad-based growth) as clearly evidenced in the two PRSPs’ pillars and priorities; “...Broad-based economic growth, is perhaps the most important pillar. This pillar will clearly depend on an aggressive private sector response” (N-PRSP, 2001:27) or “The central lessons from the analysis of poverty factors and trends are that economic growth, with its generation of many economic and revenue opportunities is essential to poverty reduction” (C-PRSP, 2003:31).

It is how the two strategies diverge wherein one sees that the N-PRSP proposes a dose of redistribution in order to solve the urgent extreme poverty problem. The N-PRSP clearly states that “social programmes will be crucial” to halve the incidence of extreme poverty (N-PRSP, 2001:24). The recourse to social programmes becomes evident because the government realises that the necessary consumption

growth to halve poverty by 2015 is non-achievable. These social programmes (see Annexure 4 for details of these social programmes) supported by the Inter-American Development Bank (IaDB) should provide immediate support

...to extremely poor households by enhancing their effective demand for and access to, basic social services while encouraging behavioural changes that will increase the impact of such services. These programmes, targeted at the extremely poor, will provide incentives to parents for school attendance and childcare, medical check-ups and vaccination for their children.

(N-PRSP 2001:34)

This sounds very much like the *Bolsa Familia* Scheme of Brazil which is studied later in this research.

4.5.4 Where are the voices of the poor in the PRSPs?

From its own admission, the World Bank advises governments to engage in consultation with stakeholders only on topics where it thinks it will be able to take the views on these stakeholders into account; “it is unfortunately quite unrealistic to think that it is possible to involve the poor and other stakeholders in the integrity of the PRSP program implementation” (World Bank, 2000a). The statement speaks for itself. In the above circumstances, how is it even possible to believe that the PRSPs have been inclusive? What guarantees that topics important to the poor, but non-negotiable for government, have even been mentioned in the PRSPs? It is, however, the very same World Bank which writes that the PRSP should include “an account of the impact of consultation on the design of the strategy” (World Bank, 2000b). This creates suspicion and at the minimum creates confusion.

4.5.4.1 The over-involvement of the IFIs in the drafting of PRSPs

Looking at the complexity of the strategic papers, the limited time available for government to draft and present them to the World Bank for approval in order to obtain the much-needed funds, the IMF consents that “governments may need to seek extensive technical assistance, including from the Bank and the Fund, on the elaboration of policies within the PRSP” (World Bank-IMF, 1999:31). In fact, from the Nicaraguan Government’s own admission, the Bank

...was closely involved in the PRSP process, providing relevant analytic inputs and advice [...] including two completed Poverty Assessments, a PER³⁰ and an agriculture growth study. Key on-going analytical work includes a CFAA³¹, a CPAR³² and a PSIA³³.

(World Bank-IMF, 2004:37)

The close collaboration between governments and the IFIs in the drafting of the PRSPs means that the Bank and government's poverty agendas are legitimised. Therefore, the logical conclusion is that these technical assistants used to drafting PRSPs will be tempted to re-use the very same frameworks that they previously used in order to buy time and to increase their profit (as they are likely to be paid). They know that the World Bank will turn a blind eye on the poor's perspective. As long as that perspective is mentioned, the World Bank won't scrutinise it.

4.5.4.2 The poor's perspective is presented but it is difficult to know how truthful it is.

The voice of the poor is overpowered by those of other stakeholders in Cameroon. From its own document, the Cameroonian government states that the PRSP is "the result of an intensive and broad-based participatory process that has included direct consultation with a large cross-section of the population, including the poor" (C-JSA, 2003:2). Thus, the poor are only included, they are not at the centre of the consultation. In other words, the PRSP was not meant for them.

The CRS, an international civil organisation, maintains that the Cameroonian government largely handpicked participants in civil society - that participants were often notified about meetings only the day before and little information was provided to them. In the above circumstances, the consultation looks more like a session of

³⁰ PER stands for Public Expenditure Review

³¹ CFAA stands for Country Financial Accountability Assessment

³² CPAR stands for Country Procurement Assessment Report

³³ PSIA stands for Poverty and Social Impact Analysis of reforms

information dissemination. The initial committee was composed of 19 members from the government, donors, civil society and churches to oversee the allocation of interim HIPC relief. The CRS insists that there was no consultation over the composition of the committee which was dominated by government representatives. Furthermore, the CRS claims that under pressure regarding time from the IMF, government officials made decisions about allocating HIPC funds, rendering the committee effectively powerless (CRS, 2001). It could be argued that the Cameroonian PRSP was rather a survey based on the two Cameroonian household surveys (ECAM I and ECAM II) than a consultation. ECAM I and ECAM II were used for the construction of the national poverty profiles and were conducted in 1996 and 2001 by the NIS through questionnaires administered in the ten provinces of the country. ECAM I had a sample of 1700 households and ECAM II, 12,000 households. Therefore, the work undertaken was comprehensive. However, it was undertaken for the purpose of building a poverty profile that would later permit them to make comparisons and to measure future changes in poverty without consulting the poor to have their feedback on poverty and how best to tackle the phenomenon.

4.5.4.3 Progress reports on 'success' in Cameroon

The analysis of the progress reports and the second generation of the Cameroonian PRSP covering the period 2008-2012, also bring some interesting questions. PRSPs are updated every three years with annual progress reports, describing the country's macroeconomic, structural and social policies in support of growth and poverty reduction. The progress report (C-PR, 2008) published in 2008, covers the period of January to December 2006 to reveal the progress made and the constraints encountered, in particular in the fight against poverty.

When reading the progress report, the general feeling is that surely, not everything is perfect, but that substantial achievement has been made following the implementation of the PRSP, at least from January to December 2006. Thus, the progress report claims that 67 per cent of the representative sample know about the development of poverty reduction projects in their areas which are not under the Public Investment Budget (PIB). In July 2006, out of the 918 projects underway, the progress report claims that 34 per cent are considered to be very well executed

while 27 per cent are deemed to be merely passable (C-PR, 2008:40). This totals an excellent 61 per cent of “people” (a term that the Cameroonian PRSP particularly likes) who think that the implementation of the project is acceptable.

The progress report also maintains that the representatives believe that “if these projects are executed, 48.5 per cent of them are expected to have a vital impact on poverty reduction, as opposed to 20 per cent, which would contribute only marginally to the improvement of living conditions” or that “70 per cent of beneficiary representatives think that school infrastructures have improved” (C-PR, 2008:40). By reading the progress report, one wonders why poverty is not eradicated in Cameroon since the beneficiaries seem to be rather satisfied. Were these poor masochists or were they even living in the same country?

When critiques are mentioned against the implementation of poverty reduction projects, they remain fairly mild in the face of continued widespread poverty found in the country. For example, the progress reports will point out that:

59 per cent of those interviewed thought that the conditions of access to electricity had worsened, while 58 per cent of interviewees thought that conditions of access to safe water had improved;

In more general terms and as a result of the preceding findings, the majority, namely a little more than 50 per cent, thinks that living conditions have deteriorated, as opposed to 31 per cent who consider them to have improved.

The general opinion is that public services have become more accessible...

(C-PR, 2008:55)

It is argued that the writer of the progress report (the Cameroon Ministry of Planning, Programming and Regional Development) was on a mission to justify the successful implementation of the poverty reduction projects as this is necessary to obtain more funds. It is recommended that in future, such evaluation is done by independent organisations. Surely, one can't be the judge of your own actions.

4.5.4.4 The second-generation PRSP also largely excluded poor in

Cameroon

The second generation of the PRSP claims to have corrected the lack of inclusiveness of the first generation PRSP and have now implicated all the actors in the area of poverty reduction (C-PRSP, 2010). The consultations leading to the second generation of the PRSP were held nationwide in March 2008. Once again, it must be noted here that the paper is referring not to the poor specifically but to the grassroots population. Many uncertainties regarding the 'grassroots population' exist, such as what does grassroots population mean, what are their living standards and how can they be categorised? It is argued that unless that grassroots population are the poor, once again, it means that poor's feedback was not sufficiently taken into account. It is also difficult to understand why such a 'consultation' will be with the 'representative' of the grassroots population instead of being directly with a sample of that population.

The consultation process aimed to obtain feedback regarding the poverty alleviation strategy implemented since 2003 and suggestions on how to improve the strategy from the stakeholders (representatives of the grassroots population and actors of the policies). The eighteen teams of researchers went to the field on 10 March 2008 and claimed to have met more than 6000 people, representing all social classes of the country (C-PRSP, 2010). The report maintains that out of the 6000 participants, there was 25 per cent female participation and 20 per cent youth aged less than 35 years. However, once again, absolutely nothing as to how poor (if at all) these people are was mentioned. The report argues that "separate consultations were held with the grassroots population, local administrators, marginalised or vulnerable groups (youth, people living with the HIV/AIDS...) whenever deemed necessary" (C-PRSP, 2010:47), yet no figure as to their percentage of the total sample is provided.

The results of the consultation were compiled and summarised during a seminar in June 2008. It revealed that the grievances of the population and their suggestions remained the same; they will not be repeated as they have been mentioned earlier. What is interesting to note is that there are some points in that report which would be comical if the matter was not a serious one involving the lives of people, which

are worth being mentioned. The report notes that “the population particularly demanded the introduction of a sound development policy for the country centred on road maintenance, the tarring of priority roads, the rehabilitation of civil engineering works...” (C-PRSP, 2010:47); that “participants in the consultations proposed that the rural electrification programme should continue” (C-PRSP, 2010:47); that “they also recommended that excessive and frequent power cuts should be reduced” (C-PRSP. 2010:47) or that “to solve the problem of water supply, the population recommended that the construction of water-points (wells, boreholes, etc.) should continue...” (C-PRSP, 2010:48). They also mentioned that “in the education and training sector, the population recommended that the construction and equipment of classrooms should continue...” (C-PRSP, 2010:48). So, there was a need to consult 6000 people to discover that these people wish for the tarring of the road to continue, more boreholes to be built and fewer power cuts to occur meaning that there was a possibility that the population requested that the construction and equipment of classrooms should stop.

4.5.4.5 Impossibility to trace most of the projects to the poor in Cameroon

It could be argued that these projects directed to the poor are disproportionately small compared to the level of poverty in the country. The problem is that the Progress Report refers to 918 projects (C-PR, 2008:54). One would have expected at least a clear indication of what these projects are. However, in the 119 page document, there is no presentation of them. There are 56 pages of annexures where the “measures/actions” are indicated in very vague terms such as “selecting and executing twenty community projects”, “Building the capacities of the civil society, the private sector and government staff involved in poverty reduction activities” or “implementing a strategy to raise public awareness on good governance and the fight against corruption” (C-PR, 2008:117,118). This does not say anything about the size of the community or beneficiaries involved, who those beneficiaries are and how much funding was allocated to these measures.

Moreover, most of these measures do not strictly have anything to do with the fight against poverty or are measures that would only eventually trickle down to the poor, such as “reinforcing the fight against criminality and organised crime”, “rendering

the National Institute of Statistics operational” or “drafting of administrative procedures manuals (APM) for the entire Cameroonian civil service” (C-PR, 2008:115, 118, 119). This sounds much more like good intentions taken from a SONA than measures that are taken to fight poverty. The reality is that even with the government discourse and the numerous plans, during and after implementation of the PRSP those impoverished, discriminated and marginalised (in particular the Pygmy and Mbororo peoples) continued to remain so (Tchoumba, 2005).

4.5.4.6 A more inclusive consultation and a more pro-poor PRSP in Nicaragua

In Nicaragua, the consultation process was arguably more influenced by civil society. This could be due to the October 1998 Hurricane Mitch that devastated the country and enshrined solidarity amongst grassroots people and encouraged various stakeholders to learn how to work together towards a common goal. During the consultations over the PRSP, the Civil Coordinator for the Emergency and Reconstruction (CCER) emerged as a national civil society actor. CCER is basically the representative of about 350 national NGOs, social movements, producer associations, unions, collectives and federations. That huge weight combined with other external pressure ensured that the government listened more closely to alternative solutions. For example, international organisations and some embassies sent letters to the government to warn it whenever the voices of the grassroots people were ignored (Possing, 2003).

Arguably, civil society organisations made some gains during this period of consultation; for example, the inclusion of a fourth ‘pillar’, governability, in the PRSP (Bradshaw and Viquez, 2008; Rückert, 2007:104). Rückert (2007) calculates that between 2001 and 2003, the country saved about US\$580 million through debt relief but a large portion of this money was actually divested from poverty reduction programs and instead “misspent” on internal debt reduction. Citing La Coordinadora (a civil society organisation), Rückert (2007:18) goes on to point out that “30–40 per cent was used for its intended purpose, to tackle poverty head-on”. This is not 100 per cent, but it is quite significant especially in the liberal framework a country cannot seriously depart from. Not all countries who have benefited from the HIPC Initiative

can claim such an acceptable level of utilisation of the debt relief to alleviate poverty. Further, during the period 2004 and 2005, Nicaragua obtained another US\$420 million through the HIPC II initiative and saw its poverty-related spending climb from 11.3% of GDP in 2001 to 13.6% in 2005 (Rückert, 2007:18).

It can be argued that the voices of poor are present in the main PRSP (or the SPRSP - that is the Strengthened Poverty Reduction Strategy Paper as it was renamed). Compared to its Cameroonian counterpart, it is interesting to note that the Nicaraguan PRSP has clearly taken the view that poverty should be coordinated at the national level but must be fought at the local level. Therefore, poverty assessments and strategies are detailed at the departmental and municipal levels as these levels of government know better what is happening on the ground, contrary to technocrats sitting far away in the capital city. Some of these consultations “included 153 indigenous communities in their own villages and their own language” and

...four municipalities of the northern region of León, Santa Rosa del Peñon, El Jicaral, El Sauce and Achuapa, with assistance from government institutions and donors, have developed individual and combined poverty reduction strategies using a comprehensive local consultation process over the last year.

(N-PRSP, 2001:63)

The consultation summaries from the different stakeholders are separated to present different sections, contrary to the Cameroonian one that often refers to ‘people’ or ‘grassroots people’ which doesn’t say anything about the level of poverty of the interviewee. The section referring to the poor and the extremely poor³⁴ summarises their inputs along eleven lines:

1. General comments: The poor wish to see aid given with the ultimate goal of rooting them out of poverty which could help stop emigration to neighbouring

³⁴ The other sections refer to the inputs from the bilateral donor countries, the local leaders and the grass root leaders

countries. The poor also express the need that they must be involved in the whole process; consultation, designing the strategies, receiving aid and monitoring the projects. Furthermore, local authorities should be responsible for overseeing the implementation of the strategy.

2. Poverty profile: The poor see the causes of poverty being primarily due to their limited access to public services, the marginalisation of the poorest segments of the population, the fall in export output of their main products and insufficient support from the government.
3. Goals and intermediate indicators: The poor believed that access to primary and secondary education, subsidies for basic grains, access to credit, an increased minimum salary and access to water and sanitation should be the main goals and measures of success. The poor also want the men to be associated with family planning and not only women.
4. Economic growth and poverty reduction program: The most salient request is for a land bank to be created that will (in priority) lend money to the poor, help those in urban areas to resettle in the village and engage in agricultural activities, support production and commercialisation of produce but also production for personal consumption. The bank should also help in the acquisition of lands.
5. Investment in human capital: The poor proposed a number of measures amongst which one can cite the creation of preschools, the extension of health coverage, the creation of low-price pharmacies and the promotion of preventive health. The poor also demanded that discrimination against them by the administration must stop.
6. Protection for vulnerable groups: The poor insisted and obtained that the objective concerning the extremely poor be not only to raise their minimum level of consumption and guarantee their access to basic services but must ensure that "...they can be inserted into production" (N-PRSP, 2001:91). The poor also wanted the concept of vulnerable groups to include temporarily vulnerable groups (children addicted to drugs, orphans) and permanently vulnerable groups (the elderly, the mentally and physically disabled). Of course, these categories must be offered with special opportunities.

7. Governance: Here, of course, the strict enforcement of the rules of law were key. Some indigenous groups wanted the government to review their rights to their ancestral land that was taken away during agrarian reform. Furthermore, the recognition of their culture had to be written in the law and they were to be associated with local projects involving their lives and local resources. They wanted the municipalities to be more empowered and that citizens be allowed to be present during council meetings.
8. Cross-cutting themes: the poor suggested many cross-cutting measures such as harsher punishments to transgressors on environmental laws; decentralisation would go hand in hand with financial support for the municipalities; the naming of delegates in the municipalities; the creation of special shelters for those suffering from abuse; raising the awareness of men to the need for incorporating women into productive activities; the organisation of indigenous women and the creation of human rights institutions and offices for women in each department and autonomous region.
9. Medium-term poverty reduction: In the medium term, the poor believed that the main driver of poverty reduction would come from the support of government to small businesses, farming families, agroecological projects, technical training, financing goods used in production and productive processes focused on food security. Women, adolescents and children had to be the priority of any project. Assistance was to be given to the handicapped with productive abilities to insert them into economic life, as was training for youths.
10. Monitoring and evaluation of impact: The poor suggested that everybody agree on the group of indicators to be used for short-term and medium-term evaluation. Thereafter, evaluations should be carried out every six months for results and every year for objectives.
11. Matrix of policy actions: For the strategy to succeed, the poor insist that the levels of responsibilities for the different ministries, the autonomous agencies of the government, and the NGOs must be clearly established.

4.5.4.7 Critics of the Nicaraguan PRSP

It is possible to criticise the Nicaraguan PRSP in absolute terms but in a comparative exercise like this one, it is clear that the Nicaraguan paper must be commended. Critics of the N-PRSP argue that government and politicians challenged the right of the CCER to engage with political issues (Possing, 2003) which was tantamount to blocking criticism. Various authors believe that the Nicaraguan PRSP fails to take the wishes of the poor into account (Cornally *et al.*, 2004). They argue that the identified strategies are pro-growth and barely reflect priorities of the most marginalised groups of poor citizens, subsistence farmers, men, women and children dependent on the informal sector. The CCER declared that the PRSP could not be considered as either final or complete (*La Boletina*, 2001). Notwithstanding that declaration, the government of Nicaragua went on to submit an Interim PRSP for approval by the IFIs and indeed obtained approval from them (Bradshaw and Linneker, 2003:16). For the critics, this simply means that at all times, the influence of the civil society remained limited at best. The very same IFIs that claim to want to promote pro-poor policies, cooperated in shutting down dissenting voices with the goal of legitimising the mainstream policies promoted by them and the government they wished to support. Both the government and the IFIs decided to turn a blind eye on the very essence of what the PRSP was meant to be, inclusiveness. However, as participatory processes took place, the government and the IFIs were happy to conclude that the PRSP was indeed participatory.

4.5.4.8 Conclusion

Clearly, whether a PRSP was participatory or not, is a debate that cannot be settled easily. This thesis maintains that the participatory characteristic of PRSPs is rather a question of level. A comparative study such as this thesis allows one to demonstrate that at the very least, the Nicaraguan PRSP was more inclusive than its Cameroonian counterpart. That was due in particular to a more vibrant network of Nicaraguan NGOs. It will be important in the future that Cameroonians become more and more involved in civil organisations if they wish for their voices to be heard. In that respect, the extreme weakness of the Cameroonian civil society has been pointed out by many scholars, which makes it difficult for aids to bypass the “corrupt government structures” (Eyong, 2003:24). In Cameroon, one is confronted with the opposite of what is often termed the “paradox of civil society” where a strong,

politically independent civil society emerges without a comparable strengthening of government and governance (Foley and Edwards, 1996:142). In that instance, the demands made by civil society appear to be greater than the capacity or willingness of a weak government to respond, provoking a government 'backlash' as in Nicaragua where the CCER were successful in voicing their demands (Bradshaw and Linneker, 2003). However, in Cameroon, the risk could be even greater as people that are tired of not being listened to by government, might withdraw altogether from matters that are in fact essential for their lives and for the future of their country and of their children. Vudo (2008:44) states "...the [Cameroonian] government had little interest in the participation of civil society organisations, who in turn expected nothing positive from a fund administered by the government."

Regrettably and actually surprisingly, this thesis found that after the well-drafted PRSP of 2001, the different progress reports of the Nicaraguan PRSP (first, second, third and fourth, from 2002 to 2004) were all 'sanitised' and the voices of the people were shut down leading to the depoliticisation of the issue. Indeed, no mention of the assessment of the implementation of the PRSP by the poor can be found. This could mean that government instead choose the easy way of ignoring civil society and the poor all together in the evaluation of the implementation and only provided its own assessment as presented in these progress reports.

4.6 CONCLUSION TO THE COMPARATIVE ANALYSES OF THE PRSPS OF CAMEROON AND NICARAGUA

The PRSPs of Cameroon and Nicaragua have been extensively analysed. Even though they have a lot in common, there is no doubt that the Nicaraguan PRSP is more pro-poor than its Cameroonian counterpart. The demonstration has been done using qualitative and quantitative methods and therefore, this thesis has confidence in the validity of the findings.

After imposing the SAPs that left the economies of many countries in tatters, destroying jobs, creating poverty and thus jeopardising the money due to them (Easterly, 2002), the Bretton Woods Institutions opted to force a growth policy sometimes termed the broad-based growth policy upon these countries, that

supposedly would eradicate poverty but in fact these policies were nothing more than “sugar-coated” (Ndomo, 2005:21), repackaged SAPs. However, some countries like Nicaragua managed to squeeze a strong redistributive element into their PRSPs (the RPS) purposely built to combat extreme poverty, which is dehumanising. However, even in the case of Nicaragua, there have been numerous critics arguing that the PRSP was not inclusive enough. This thesis has found that the Nicaraguan PRSP was inclusive compared to its Cameroonian counterpart, although the absence of the poor’s voice in the subsequent Nicaraguan progress report was a concern. Therefore, in the future, effective monitoring and evaluation of the PRSP process (or any poverty reduction strategy) would require a flexible system capable of engaging and drawing more on citizens’ (particularly the poor’s) feedback on outcomes. Notwithstanding the above, this chapter served as a confirmation through a mixed-method approach, of the independent variable uncovered using the MSSD method and which explains the better performance of the poverty alleviation strategy implemented in Nicaragua. This gives us confidence in the continuation of this thesis. In other words, the importance of direct cash handout programmes as part of any policy aiming at alleviating deep poverty problems has been demonstrated and thus, this thesis can now focus on studying the details of such programmes. Therefore, the next chapter is an in-depth analysis of the RPS and other popular UCTs and CCTs, to ascertain their applicability in Cameroon.

CHAPTER 5: THE NICUARAGUAN SOCIAL PROTECTION PROGRAMME AND THE STATE OF POVERTY IN CAMEROON

5.1 INTRODUCTION AND CHAPTER STRUCTURE

The previous chapter presented arguments that the Nicaraguan RPS better explains the performance of the country in tackling extreme poverty, this thesis can now turn to the in-depth study of that RPS with a quick overview of similar (but much developed) programs such as the Mexican *Oportunidades* and the Brazilian *Bolsa Familia* Scheme. The purpose of this chapter is threefold. Firstly, to analyse the independent variable (the Nicaraguan RPS) which explains the better performance of Nicaragua in combatting poverty; secondly, to analyse other popular CCTs programmes and lastly, to examine the applicability of such schemes in the context of Cameroon. The above analyses culminate in the presentation of a table comparing the costs and conditionalities attached to each of the three schemes. Such steps are important before attempting to test the hypothesis of using funds from debt relief to promote CCT programmes in Cameroon.

The three-folded purpose of this chapter will be established in four sections. The first section of this chapter is an analysis of the Nicaraguan RPS and other CCT programs. The second section deals with the state of poverty in Cameroon with the inception of a very small pilot CCT program in the country. The third section deals with the other beneficial spill over from CCT programs, as the focus has been largely on monetary benefit for the poor. The last section provides some agency by analysing the voices of the poor in respect of the CCTs as it is important to ensure that the poor believe that CCTs work for them. The chapter ends with a conclusion that draws the main similarities and differences between the Latin American CCT schemes to determine how such programmes could be implemented in the context of Cameroon. It is argued that it wouldn't be advisable to include the pilot CCT of Cameroon in that comparison, as it is tiny.

5.2 THE NICARAGUAN SOCIAL PROTECTION PROGRAMME AND OTHER CCT PROGRAMS

5.2.1 The Nicaraguan social protection programme

The commitment of Nicaragua to combatting poverty is not new and did not start with the initiation of the PRSPs. This may explain the reason why the Nicaraguan PRSP, contrary to its Cameroonian counterpart, offers aggressive and detailed extreme poverty-reducing policies. It must be acknowledged that the history of Nicaragua, which is often hit by natural disasters, might have played a role in making government aware of safety net measures.

It must immediately be noted that one should instead refer to the Nicaraguan social protection programmes as they are in fact a suite of different programmes focusing on combatting extreme poverty. The first Nicaraguan Social Fund (FISE) was established in 1991 amidst widespread poverty during the SAPs periods with the transition from a socialist to a capitalist system that left all the poor virtually without any social safety net system. While FISE and the other special programmes provided short-term safety net resources, measures to help the most vulnerable people (line ministries) were tasked with the goal of finding long-term solutions to develop Nicaragua's human capital (IaDB, 2008:11).

However, with the persistence of poverty, the Nicaraguan government had to increase its effort and rethink its strategy. It was then that the government, with the support of the international community (including the IDB), decided to temporarily transfer specific functions to special programmes that could be executed without any operational or bureaucratic constraints. Two such programmes are the Implementation Support Programme (PAI), said to be a useful tool for testing the PRSP and the RPS.

The RPS is supported by funds from the HIPC Initiative. HIPC poverty expenditure is tracked using the Supplementary Social Fund (FSS – *Fondo Social Suplementario*), a virtual fund set up for that purpose. Gosparini *et al.* (2006) argue that most grants channelled through the FSS have contributed to financing other

prioritised programmes and projects such as the ‘coverage of basic social service’ (see Table 5.2-1). It is unfortunate that governments always tend to use funds earmarked to alleviate deep poverty issues for other projects even though these projects represent investments in infrastructure that should ultimately benefit the poor. There is a tendency to only use the ‘left overs’ as direct aid to the poor. The building of these infrastructures should be done using the normal investment budget of government, not special funds or grants.

Table 5.2-1: Allocation of HIPC funds by prioritised programmes

Programmes		Year 2004
		Executed programs
Total (%)		100
Rural primary attendance		1
Social protection Network		0.6
Coverage of basic social services		76.2
	Education	47
	Health	22
	Water and sanitation	1.5
	Housing	2.4
	Municipal infrastructure	3.3
Protection of vulnerable groups		3.1
Social Emergency fund		4.2
Development of the Atlantic Coast		0.1
Support programme for the Implementation of the ERCERP		0.1
Support for production		13.2
Environmental and Ecological Vulnerability Programme		1.5

Source: From Gosparini *et al.* (2006:187)

The PAI and the RPS were meant to be an attempt to get away with the macro-policies of the IFIs by, as Tendler (2004:119) put it, “project-ise” and “micro-tise” social policies. That is a brilliant attempt as it is the appropriate route if quick alleviation of poverty is to occur. However, it is argued that they failed to reach these objectives. A 2003 World Bank report that analyses 70 of the 220 projects of the

Nicaraguan SGPRS³⁵ (totalling \$794.7 million) indicates that half of the funds are linked to projects that cannot be properly assessed as to their effectiveness and only 30 per cent of these funds can be said to have benefited the poor (N-PDN, 2005). Thus, even though this thesis supports the acceleration of the Nicaraguan social protection network through the funds of the HIPC Initiative, it is argued that much more could have been done. The truth is that not only the allocation of funds to truly pro-poor policies is insufficient but also the execution of the programmes is inefficient. In that respect, the problem might stem from the fact that the policies are conducted by various executors and financed from different sources, as is shown in Table 5.2-2 below.

These executors are:

1. SETEC, the Technical Secretariat of the Presidency.
2. FISE, the Emergency Social Investment Fund.
3. MIFAMILIA, the Ministry of the Family.
4. INIM, the Women's Institute.
5. MAGFOR, the Ministry of Agriculture and Forestry.
6. INTA, the Agricultural Technology Institute.
7. SAS, the Social Action Secretariat.

The sources of financing are

1. IaDB, the Inter-American Development Bank.
2. The World Bank.
3. FAO, the Food and Agriculture Organisation.
4. WFP, the World Food Programme.
5. Spain, Norway, Taiwan and the budget of Nicaragua.

It is clear that seven executors and eight financing sources could be difficult to manage, coordinate and align for the same purpose of fighting extreme poverty.

³⁵ The Strengthened Growth and Poverty Reduction Strategy (SGPRS) is a revised version of the earlier paper dated August 2000 that served as an Interim Poverty Reduction Strategy Paper (I-PRSP) for the International Monetary Fund and World Bank as they considered Nicaragua's participation in the HIPC programme.

One can see that the above programmes are scattered amongst ministries, government departments and agencies. These agencies are often pointed out for widespread corruption and mismanagement. In fact, Linneker *et al.* (2004:33) maintain that monies released from the HIPC Initiative have been largely used for other purposes, in particular the repayment of internal debt in such a way that in 2002, only 30% of the US\$239 million debt alleviation was earmarked for poverty reduction expenditure. In 2003, it increased to 42% of the \$242 million released.

Conversely, this thesis has a stricter view of the meaning of poverty reduction. Indeed, most of the programmes Linneker *et al.* (2004) would accept as destined for poverty reduction are rejected by this thesis (at least in terms of extreme poverty reduction). This thesis merely considers many of these expenditures to be long-term investments that any government is supposed to carry out anyway. The HIPC II initiative maintains that debt alleviation should add to spending, not take the place of spending. There is abundant evidence that HIPC funds have been largely used to support other sectoral budgets or to prevent the same from decreasing (Linneker *et al.*, 2004)

Table 5.2-2: Executions and financing of poverty alleviation programmes

Guidelines	Objectives	Policy actions	Executor	Financing
Modernise the institutional framework	Strengthen institutional capacity to formulate, coordinate and evaluate policies and programmes	Restructuring of programmes and projects portfolio		
		1- Analysis of plans, delivery and evaluation	SETEC	IDB, WB
		2- Implement the action plan	SETEC/FISE	IDB, WB
			MIFAMILIA	
		3- Identify vulnerable groups	SETEC	IDB, WB
		4- Design effective service delivery mechanisms	SETEC/FISE	
			MIFAMILIA	
		Institutional strengthening		
		1- Coordinate the efforts of MIFAMILIA, INIM...	MIFAMILIA	IDB
			INIM	
Improve quality, targeting and Coverage	Design and implement interventions for social protection based on specific characteristics of vulnerability and risk	Improvement of productive capacity of extremely poor		
		1- Implement Integrated Programme for Poor Urban Neighbourhoods	FISE/SETEC	IDB
		2- Implement food security programmes amongst 33,022 rural families facing adverse conditions including Hurricane Mitch	MAGFOR/INTA	FAO, Spain WFP
		3- Implement community jobs programme	SAS	Budget
		4- Programs to fight women's poverty (women and credit programme)	INIM/INTA	Taiwan
				Norway

Source: From N-PRSP (2001:131)

5.2.1.1 The philosophy and implementation of the Nicaraguan RPS

Within the PRSP, the three-year enrolment term RPS is the programme that specifically targets extreme poverty (Bradshaw, 2008) and is the one that can be easily and readily evaluated so that lessons can be drawn from it. The philosophy behind the RPS aims at achieving substantial results in what it terms “increasing the productivity of the very poor” results by acting on four levers, namely: a social protection lever, the building up of human capital through education, providing better access to health and improving the monitoring system to measure the impact of the measures taken.

Specifically, the CCT programme was a social safety net first implemented as a pilot project in 2000 with the purpose of developing human capital formation in extremely poor families through behavioural changes within those families. The first phase of the RPS that reached 10,093 families started in 2000 and ended in 2002, followed by a second phase which reached an additional 12,500 families. Essentially, the Red de Protección Sociale (RPS) provides for a certain period of time benefit in cash or in-kind of three types:

- Education grants for US\$15 every two months, plus an additional amount of US\$25 per year for each child enrolled in a school, for the purchase of school supplies.
- Food security grant of US\$42 every three months which is reduced to US\$36 and US\$32 during the second and the third stage, respectively.
- Health grant of up to US\$90 per family to cover payments to private providers of health-related services. Pilot’s households initially received cash transfers of an average of about 18% of household income, an amount similar to what is received under the *Oportunidades* scheme.

The implementation of the RPS came with its own problems, starting with many wrong allocations of funds to people who should not have been classified as extremely poor. The report from the laDB (laDB, 2008:43) estimates that “50% of households included in the sample –despite being located in municipalities with high and severe levels of poverty– actually had a non-poor profile”. Also, the coordination

at the regional level of the RPS has often been criticised. However, with time, it can be argued that the system improved.

As suggested above, at the heart of the system are the conditionalities/strings. Indeed, CCT also takes a moral and educational stance by requiring from the receiving family proof of good behaviour such as enrolling children in school and ensuring that vaccinations are up to date. By maintaining that with time, these behaviours will persist, even in the absence of cash incentives. Such an educational philosophy might have led the policymakers to intentionally de-link the cash transfer from inflation in such a way that Maluccio and Flores (2005) argue that the value of the cash transfer declined by 8% during the first two years of implementation and also during Phase II the amount of the cash transfers received by a household declined over the three years that household was enrolled in the programme, resulting in a loss of US\$182 per household in Phase II of the project (compared to households in Phase I) or a near 30% decline in cash transfers. This is a major difference with the Mexican *Oportunidades*, which is examined later.

5.2.1.2 The cost of the RPS

Now that a global view of the Nicaraguan social programme has been presented, it is necessary for the purpose of this thesis to focus on the cost of the RPS. Initially, only an appalling 0.6 per cent of the resources generated under the HIPC II debt relief was used towards the RPS programme (Bradshaw and Viquez, 2008). Vermehren (2002) estimates that the pilot testing of the RPS covered only 2.5 per cent of the extremely poor and that in order to cover 100 per cent of the extremely poor households, US\$60 million per year would be necessary. With a GDP of US\$5.107 billion in 2000, it is simply argued that if it was about eradicating extreme poverty in Nicaragua, then, this was small change and proof of an insufficient political will from the Nicaraguan government and egoism from the IFIs. Indeed, US\$60 is only 1.17% of the country's GDP.

Phase I of the RPS programme ran from 2000 to 2002 and included four components: an institutional strengthening component, a health and food component, an education component and a targeting and evaluation component. Phase II ran from 2002-2005. While Phase I of the RPS was managed by FISE,

Phase II was by MIFAMILA (the ministry in charge of family affairs). Phase I was meant to be as a “test” for the larger Phase II programme. The big picture is quite bleak. Linneker *et al.* (2004) argue that in 1998, there were 2,206,742 Nicaraguans (that is 51 per cent of the total population) living below the poverty line of which 891,720 were extremely poor (that is 40.4 per cent of all poor and 20.7 per cent of the total population). The academics demonstrate that Phase I of the RPS only reached 1 per cent of the extremely poor and less than 0.5 per cent of the poor (clearly, academics do not agree on the exact figure of the poor having benefited from the RPS- See Vermehren [2002] above). The truth remains however, that those extremely poor who benefited from the RPS saw a real change in their life. It was a matter of allocating more funds to the scheme, just as Mexico and Brazil did, in order to reach more poor people.

Table 5.2-3 below estimates the total grant that a typical family with three children going to primary school could receive. The school pack is for children from the first to the fourth grade. The school grant is given to each family with any child who has not completed Grade 4. The incentive for teachers is often termed “Bono Oferta” and represents a financial incentive that parents must give to the school attended by the child in order to support the extra effort made by the teachers due to the increased number in school attendance through the RPS programme. The institutional strengthening refers more generally to the evaluation of the programme itself.

The health grant is for items such as vaccinations and vitamin supplements and the food grant is given to each family with strict conditionalities, such as school attendance for the children, attendance of the mother to various bi-monthly training sessions and children must have regular check-ups. This grant amount is the same regardless of the number of children, the reason behind this is to try not to encourage families to have more children in order to receive more funds (Linneker *et al.*, 2004). Table 5.2-3 remains an estimate (though it is argued a good one) especially in the view that some conflicts of interests are obvious. For instance, the private health practitioners paid for the results achieved in terms of weight of the child might be encouraged to somehow “improve” the figure. However, it is

maintained that the estimate is an interesting point of departure for the testing of this thesis' hypothesis.

Table 5.2-3: Typical annual grant benefited by a family with three children (RPS-I)

	Amount (US\$)	Unit	Total (US\$)
School pack per child	20	3	60
School grant per family	90	1	90
Incentive for teachers per child	4	3	12
Institutional strengthening per child	20	3	60
Food grant per family	207	1	207
Health grant per family	130	1	130
Total grant for a family of three			559

Source: Researcher's own design from de Desarrollo (2003); Linneker *et al.* (2004); Moore (2009) and BID (2002)

The Nicaraguan RPS has been criticised for its high cost and this has prompted a progressive cut back of the amount allocated as well as an increase in its conditionalities. Moore (2009:18) argues that an astonishing 40 per cent of the RPS-I's budget was literally eaten up by administrative costs, more than four times as much as for the Mexican's *Progresa*, that only carried administrative costs of 9.6 per cent. It is true that the figure is not easily comparable and included once-off set-up costs, but it remains that the difference is quite large. Amongst the greatest costs of RPS-I, one can cite the start-up cost of the programme, its evaluation system and costs linked to the supply-side transfers, such as incentives for teachers, health grants and institutional strengthening (Caldes and Maluccio, 2005). It must be noted that the *Progresa* never had these supply-side components. It is argued that the Nicaraguan government could have explored earlier, quicker and cheaper ways of

distributing the funds instead of physically transporting the cash (with all the security issues attached) to the targeted locations. In the above respect, this thesis presents propositions in the last chapter.

This thesis can now turn to the study of Phase II of the RPS in order to see the lessons that the policymakers had learned during the implementation of Phase I. RPS-II began in 2002 and kept the same overall framework but with a strong attempt to depart from the ‘infantilising’ perspective of the RPS-I. It is in that context that the RPS-II saw a substantial drop in the amounts of monies transferred. Table 5.2-4 presents a typical annual grant that benefits a family with three children.

Table 5.2-4: Typical annual grant benefited by a family with three children (RPS-II)

	Amount (US\$)	Unit	Total (US\$)
Demand side components			
Food security transfer	146	1	146
Educational transfer	90	1	90
School pack	25	3	75
Supply-side components			
Education transfer	8	3	24
Health transfer	90	1	90
Vocational training	245	1	245
Total grant for a family of three			670
Total grant excluding vocational training			425

Source: Researcher’s own computation from Moore (2009) and Largaespada Fredersdorff (2006)

All the above demand and supply components can be traced back to components of the RPS-I, except the vocational training component, which is new and comes as the proof the Nicaraguan government aimed at improving human capital accumulation from the perspective of a growth-powered economy. As previously stated, the total grant would have diminished compared to the RPS-I from \$559 to \$425, had the new component (vocational training) not been added in. This is a substantial decrease of 24% for families already extremely poor. Notwithstanding the above decrease and the fact that the Nicaraguan RPSs were widely praised, the programme was eventually terminated.

5.2.1.3 The downfall of the Nicaraguan RPS

The RPS-II slowly terminated around 2006 while a liberal government was in power and some might see the hand of an anti-social political philosophy. However, things are not that simple. Moore (2009) mentions that financial constraints would have caused the end of the programme in any case. However, before reaching that point, everything seemed to be going wrong. The then Family Minister never formally applied before the Nicaraguan Congress for an extension of the RPS into a third phase while the IDB had the funds available; after that there was a problem of wrongful allocation even for the use of the internal funds. However, Nicaragua explained that the social programmes once implemented through the RPS are still ongoing through line ministries. If the above is true, the focus on poverty-fighting remains the loser because it should be a permanent mission until poverty (at least extreme poverty) is eradicated. Thus, Nicaragua has initiated various social and temporary programmes after the end of the RPS, such as Zero Hunger (Hambre Cero) or the Crisis Attention System (SAC in Spanish) with the latter sharing a lot of similarities with the PRS-II (Macours and Vakis, 2009; Puig, 2008). The former programme, Zero Hunger, departs largely from the previous philosophy as it is destined not to the very poor as its name might suggest, but to those poor peasant households owning at least 1.4 hectares of land to farm. After that, the Sandinista FSLN government of President Ortega provided the household with support worth about \$1,500 in cow, pigs, birds, chickens and a rooster and feed for the animals plus an additional \$500 was sent to local authorities, who in turn had to provide technical support to the farmers (Moore, 2009:30). This is very substantial and is tantamount to providing the poor with a net instead of just giving him (her) fish to

eat. This perspective also links to the 'informality' as expounded earlier in the literature review.

5.2.1.4 Conclusion to the Nicaraguan social programmes

The relative success of the Nicaraguan social programmes should be seen against the backdrop of a rather weak implementation and tracking of the funds, as pointed out by various IMF, World Bank and the IDB reports. This essentially means that much better results could have been achieved if a better targeting of the extremely poor had been done and if better measures were put in place to curb and prevent diversion of funds, in other words, if governance (the precondition) was improved. Also, there has often been confusion within Nicaragua regarding vulnerable groups and extremely poor people (Linneker *et al.*, 2004). There is certainly a relationship between the two groups, but they cannot be used interchangeably. Here again, resources that could have been used for extremely poor people have been used for other purposes even if these other purposes are laudable. However, Nicaragua can be praised for its continued and persistent effort to fight poverty in general and extreme poverty, in particular, sometimes proposing original solutions such as the Zero Hunger initiative.

At this juncture, this thesis turns to the overview of more sophisticated CCTs as, after all, the Nicaraguan RPS was fairly limited and was inspired by other programmes such as the Mexican *Oportunidades*. Reviewing sophisticated CCTs and UCTs would help formulate the best strategies for Cameroon.

5.2.2 A review of the Mexican *Oportunidades*

The Nicaraguan RPS took its inspiration from the *Oportunidades* (previously named *Progresá*). Indeed, after the relative success of the Mexican plan, the IFIs accepted incorporating a flavour of such programmes in the PRSPs of some countries, such as Nicaragua. However, while the RPS was a 3-year enrolment programme, part of a larger liberal growth framework aiming at reducing extreme poverty, the *Oportunidades* was designed as a standalone, long-term policy to eradicate extreme poverty.

Acknowledging the predominant role of women in the household and the fact (this is argued by the Mexican government and Gómez-Hermosillo [2005]) that women would look after the whole family while men have a tendency to withhold some money for their personal benefit, the *Progresa* targeted women of the household and assigned them many roles to the point that some academics refer to co-responsibility with the state (Molyneux, 2006). In particular, the women receiving the funds would be responsible, as a condition, to ensure the health of the children by regularly bringing them to health centres for check-ups and that they go to school.

The mother was also expected to attend workshops dealing with hygiene, health issues and nutrition. *Progresa* was launched in 1997 and within a year was propagated in 31 of the 32 Mexican states, in 50,000 localities and 2000 municipalities. By 2005, *Oportunidades* had distributed a total of US\$300 million to 4,923,941 beneficiary families and by August 2006, the programme covered virtually all the extremely poor when over five million people were supported by the programme (UNDP, 2011). The cash transfer represented on average 19.5 per cent of these family's total income and the sum was increased while the children progress from grade 3 to 6 (Sodesol, 2004). However, (and contrary to the RPS) in high school, the cash transfer amount was altered to positively discriminate for girls as the mothers received more money for girls than for their boys. There was also a fixed food grant component that was transferred to the mother (Hoddinott and Skoufias, 2004). The success of the *Oportunidades* programme has been praised by many academics pointing to its contribution to increase children enrolment in school in rural areas by 85 per cent and the 16 per cent increase in height and weight of children under three-years-old (Behrman and Hoddinott, 2000; Sodesol, 2004). Therefore, it can be said that the *Oportunidades* rests on three pillars, namely the education pillar, the health pillar and the nutrition pillar. Table 5.2-5 presents the typical benefit a family of three children would receive. The total for the yearly benefit from the three pillars is a substantial \$954. It has been argued by various authors that the *Oportunidades* programme was cheaper than its Nicaraguan counterpart.

The above are not the findings of this thesis, at least in absolute terms. It might be instead that the cost of the implementation of the RPS was high. A typical extremely

poor family of three children in Mexico receives yearly benefits that are more than double as much as the typical extremely poor Nicaraguan. This excludes items such as a bonus received for the completion of high school in Mexico or transfers for vocational training in Nicaragua, which is exceptional and received at the end of a training of a couple of months. It is argued that the big gap between the benefits cannot be explained only by time factors or a difference in the cost of living. The results of Table 5.2-5 are in line with the findings from Bailey *et al.* (2007:16) who argue that by 2004, the recipients of the *Oportunidades* received an average of \$31 per month with lower and upper limits being \$15 and \$153 respectively - that is, \$180 and \$1836 per year.

Table 5.2-5: Typical annual grant benefited by a family with three children (*Oportunidades*)

	Low end	High end	Average	Yearly total
Education component				564
Primary school/month	12	23	17.5	
Secondary school/month	34	43	38.5	
higher school/month	57	74	65.5	
Once-off yearly school pack	23	29	26	
Health component				204
Health transfer/month	17	17	17	
Nutrition component				186
Nutrition transfer	15.5	15.5	15.5	
Extraordinary components				
Senior citizen over 69/month	23	23	23	
Bonus on completion of 12th grade	336	336	336	
Total grant for a family of three children (US\$)				954

Source: Researcher's own computation from Fiszbein *et al.* (2009); Parker (2003)

It is imperative to note that programmes such as the *Oportunidades*, with the empowerment of women, do have their own problems (Molyneux, 2006). It has been

demonstrated by many academics that the new role of women has caused major tension at home with husbands and sometimes that the programme placing an additional burden on women who are sometimes already very busy with domestic tasks (Adato *et al.*, 2004). However, the *Oportunidades* has provided astonishing improvements in the life of millions of Mexicans (IFPRI, 2005) and that cannot be disputed.

5.2.3 A review of the Brazilian *Bolsa Familia* scheme

Compared to its Mexican counterpart, the most distinctive features of the *Bolsa Familia* are the use of self-declared income instead of a proxy-means method to assess eligibility; the existence of an unconditional transfer to extremely poor households regardless of the presence of children and the decentralised nature of the application process and of the monitoring of conditionalities, in which municipalities play an important role (Soares *et al.*, 2010:2). Brazil's *Bolsa Familia* scheme successfully cut extreme poverty by 28% in just a decade and using only 0.5% of Brazil's GDP (The Economist, 2015). The *Bolsa Familia* programme is the last CCT programme examined in this thesis. It is also certainly the simplest and most efficient of the three programmes, costing only seven per cent of the distributed funds (Cardoso and Souza, 2004). By 2003, the programme was virtually implemented throughout the whole country after having enrolled over five million families (De Janvry and Sadoulet, 2005).

The philosophy of the *Bolsa Familia* programme was that an extremely poor person would tend to use their children to make additional money and thus increase child labour and perpetuating poverty. Therefore, a way to combat extreme poverty was to provide these parents with some money representing what in economics is termed 'opportunity cost'. As a CCT programme, it was also very flexible and it could be argued that it was a lax programme as the funds were transferred to the female family household with only two main conditions: the beneficiary family must have children aged between six and sixteen enrolled in primary and lower secondary school and the household must earn less than half of the minimum national wage, around \$165/month as of December 2006 (De Janvry and Sadoulet, 2005).

Bailey *et al.* (2007) argue that the typical *Bolsa Familia* (previously *Bolsa Escola*) beneficiary family had a per capita income of only \$8 and counted five members, which is in line with the typical family of three children plus two parents taken as assumptions in the above two sections. The qualifying family household then received an “opportunity cost transfer” of about \$7 per child with a maximum of \$21 per child per month (Unesco *et al.*, 2002). Updated figures show a dramatic rise in the amounts benefited by the poor families and the issues of sustainability (even though it is not the argument of this thesis) could be on the table soon. Table 5.2-6 presents the situation in 2002. A benefit of \$252 represents a substantial amount that must be seen against the national minimum wage of \$165 and against the extremely poor beneficiary family per capita income of \$96 (\$8 X12). The impact of the *Bolsa Familia* on the lives of the extremely poor then becomes obvious.

Table 5.2-6: Typical annual grant benefited by a family with three children in 2002 from the *Bolsa Familia* scheme

	Amount	Unit	Total
Opportunity cost			
Transfer per child per month	7	3	252
Total yearly transfer (US\$)			252

Source: Researcher’s own computation from Unesco *et al.* (2002)

Table 5.2-7 shows that the benefits enjoyed by a poor family from the *Bolsa Familia* scheme as of 2012. With time, it cannot be disputed that the programme has become more complex; therefore, for the purpose of this thesis, estimates suffice.

Table 5.2-7: Typical annual grant benefited by a family with three children in 2012 from the *Bolsa Familia* scheme

	Amount	Unit	Yearly total
Basic benefit (R\$)	70	1	840
Variable benefit/child/month (R\$)	32	3	1152
Youth benefit (R\$)	38	0	0

Eradication of extreme poverty benefit	x	0	0
Total Benefit (R\$)			1992
Total Benefit (US\$)			498
1R\$=0.25US\$			

Source: Researcher's own design from the Brazilian Ministry of Social Development (2012)

The Youth benefit in the table above refers to transfer received when the family included adolescents aged between 16 and 17 with a maximum of two adolescents. It has been assumed that the typical family only had three children, all aged below 16. The new "eradicate extreme poverty benefit" was a variable amount that was given to beneficiary households with children under six years of age and whose per capita monthly income did not reach R\$70 (Brazilian Real) after benefits were taken into account. This, therefore, acted as a bridging income. It has again been assumed that a typical household did not fall into this criterion. The table also falls in line with Chioda *et al.* (2015) who find that the maximum benefit a poor family could draw from the *Bolsa Familia* scheme was R\$200 per month for a household with a per capita income of R\$70 per month, composed of three children under age 15 and two adolescents aged between 16 and 17 (Brazilian Ministry of Social Development, 2012).

This huge increase over the years of the amounts received through the scheme has prompted some academics to refer to the *Bolsa Familia* programme as a "double-edged sword" (Hall, 2008) that might harm the economy of the country in the future by creating a class of dependent poor relying solely on these transfers. This increase is even more impressive if one takes into account that the US\$ has appreciated substantially against the R\$ since early 2000 by roughly 50 percent.

Ways must be devised to increase the earning capacity of these poor households. It is argued that this is indeed a major concern and any lessons to be drawn from the CCT must factor in such worries. If one remarks that in Brazil, the CCT often runs concurrently with other social programmes devised for some specific needs, it is possible that sooner or later, the system will come under severe pressure unless

as the Brazilian government claims, there is a return to the economy of 1.78 Reais for every 1 Real³⁶ spent in that programme (The Guardian, 2013); if this is indeed true, that could ensure a better future for the scheme.

Furthermore, such a policy creates political patronage and the popularity of the then President Lula cannot be foreign to such programmes. The moment economic growth slows down, there is a recipe for a social explosion. The current unpopular level of the incumbent and successor to President Lula, Dilma Rousseff (considered to be the political heiress of Lula) is well-known and is argued to be linked to the economic difficulties of the country and the inability to keep bending to the pressure from the poor. In the context of a democracy, like Brazil, the tensions are exacerbated as 'excessive force' cannot be used to contain or suppress demands. Politicians might be tempted to keep on adding their touch to the *Bolsa Familia* scheme (such as the new 'eradicate extreme poverty benefit'), making the programme more and more complex and expensive (see below Figure 5.2-1 that shows a steady increase of the financial resources needed to sustain the *Bolsa Familia* cash handout from 2003 to 2011).

³⁶ Real is the Brazilian currency and Reais is the plural of real. 1 Real is equal to about 0.25 US\$

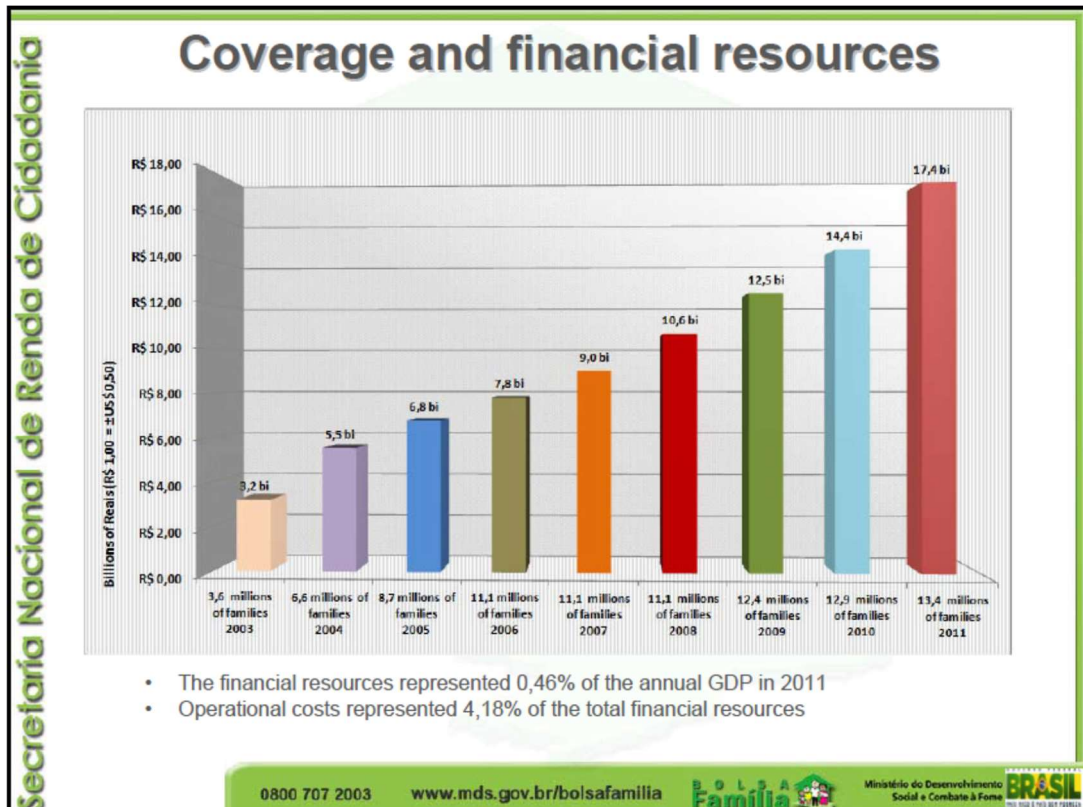


Figure 5.2-1: Financial resources needed to sustain the *Bolsa Família* scheme 2003-2011

Source: From Brazilian Ministry of Social Development (2012)

However, the *Bolsa Família* still only uses 0.5 per cent of the GDP and remains a particularly simple and efficient (in terms of extreme poverty reduction) programme (see Figure 5.2-2). It is clear that there is a negative relationship between the financial resources graph as depicted above and the extreme poverty graph below.

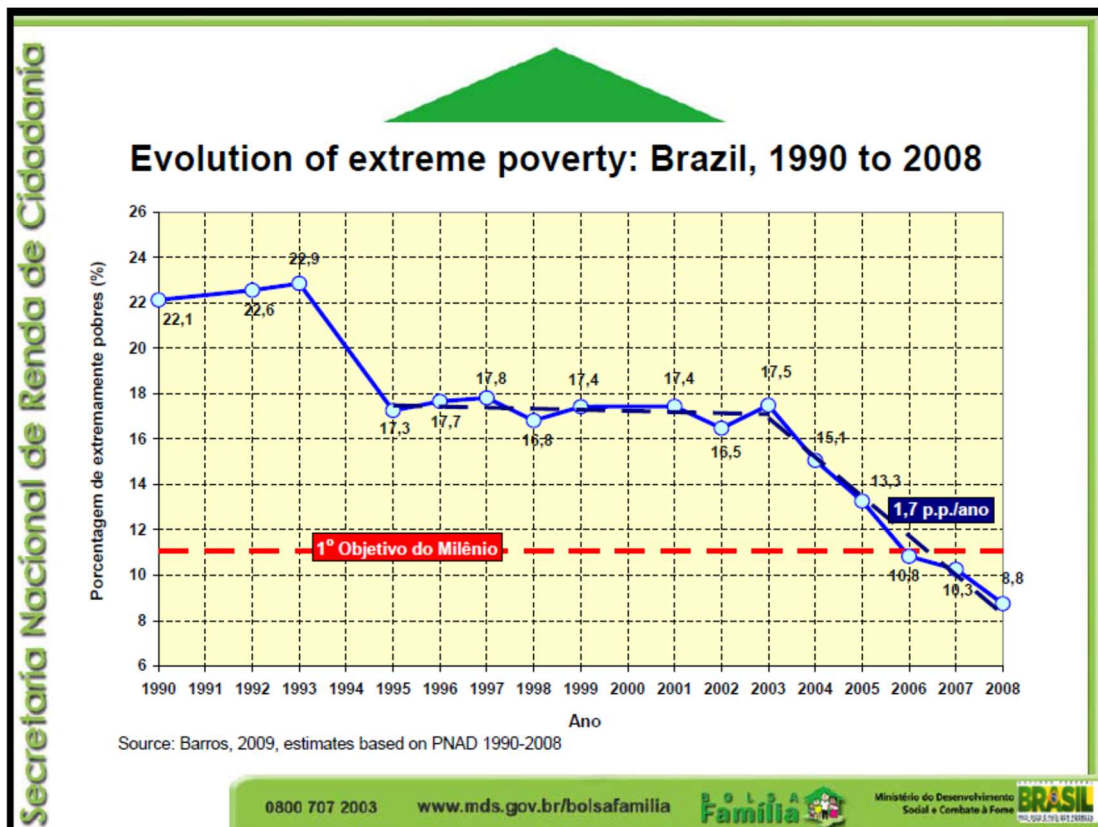


Figure 5.2-2: Extreme poverty reduction in Brazil

Source: From Brazilian Ministry of Social Development (2012)

Many of the features of the programme, such as the distribution of the cash through bank debit cards and the involvement of local municipalities, are incorporated in the recommendations chapter of this thesis.

The review of the above popular CCT programs shed some light on the reasons why the poverty reduction strategy failed so badly in Cameroon. In the next section, these reasons will be revealed before a presentation of the pilot testing of a Cameroonian safety net programme which was initiated in 2013. The simple fact that government finally started such pilot testing is encouraging as it shows that it recognised its mistakes.

5.3 THE STATE OF POVERTY IN CAMEROON AND THE RECENT DEVELOPMENTS

5.3.1 The failure of the fight against poverty in Cameroon

Strangely enough, one of the staunchest critics of the Cameroonian poverty alleviation strategy and implementation is the World Bank itself. In a report prepared on the request of the Cameroonian government looking at improving its social safety nets coverage, the World Bank argues that the country still lags behind in respect of social indicators, ranking 131 out of 179 countries in 2010 on the United Nations Development Program (UNDP) Human development index and that 39.9 per cent of Cameroonians still live beneath the monetary poverty line, notwithstanding all the strategies supposedly put in place to fight poverty (World Bank, 2012:1). The report goes on to maintain that existing social safety net programs are mainly ad-hoc measures and are not only inadequate to tackle poverty but suffer from bad targeting and coverage. However, even if the targeting was correct, poverty alleviation could only succeed if the government were committed to justice, good governance, democracy and sustainable development (Nji, 2004).

The World Bank (2012:46) determines that two major problems hinder the government's effort to effectively fight poverty: Firstly, between 2008 and 2010, social sector spending was dominated by expenses in education and health leaving only 7.4 per cent of the government's budget (1.63 of GDP) to social safety net measures. Even worse, when the cost of price subsidies was removed from the above figures, expenses on social safety net measures fell to 1.1 per cent of the government's budget (a mere 0.23 per cent of the GDP). Usually, in most developing countries, social safety nets measure the cost between 1 and 2 per cent of GDP (Grosh *et al.*, 2008). Secondly, price subsidies cost the government's budget a whopping 6 per cent, while it still remains impossible to exactly determine the benefit derived by poor from such measures. Indeed, these price subsidies were regressive and other than the subsidy on kerosene, did not concern the poor. Moreover, excluding the subsidy programs, most of the existing safety net measures reached only about one per cent (p.34) of a population in a country where the intensity of the monetary poverty is close to 40 per cent of the population. In the above circumstances, the Bank concludes that "current social safety net initiatives are

inadequate to satisfy the needs of the poorest segments of the population” (World Bank, 2012:v).

In fact, the situation is more serious than presented by the World Bank. Without the risk of overstatement, one can say that the government has failed its poor, not only a segment of the poor. In 2001, poverty was at 40.2 per cent and remained unacceptably high in 2007 at 39.9 percent³⁷ (37.5 per cent in 2014 being the latest known figure) while billions of dollars of debt relief supposed to help alleviate poverty was being granted.

The World Bank argues that Cameroon ought to engage in properly targeted safety net measures, in particular, in cash transfers directly to the poor if the country is to solve its deep poverty problems. The Bank goes on to demonstrate that the current level of social spending could be enough to support such programs. The goal is to redirect universal subsidies (costly and inefficient in terms of poverty reduction) to cash transfers to the poor. The bank produces the table below which shows the details of the expenditures for safety net programs between 2006 and 2010. From Table 5.3-1 below, it can be seen that between 2008 and 2010, fuel and food subsidies alone consumed on average 6.3 per cent of the budget (1.4 per cent of the GDP) while the benefit, in the face of continued widespread poverty, is not established.

Table 5.3-1: Summary of expenditure for safety net programs between 2006-2010 (Billion FCFA³⁸)

	2006	2007	2008	2009	2010
PAD-Y	4.6	4.6	4.6	4.6	4.6
School feeding	0.1	0.1	1.8	1.8	1.8
Emergency programs	0.3	0.2	26.1	6.8	14.9

³⁷ See <https://data.worldbank.org/country/cameroon>

³⁸ Taken as of May 16, 2011 at 1 US\$=464 FCFA

School waivers fee	0	0	0	4.8	4.8
Hospital waivers fee	1.4	1.6	4.4	1.6	1.6
Food subsidies price	0	56.8	73	51	51
Fuel subsidies	0	0	136.9	22.5	112.5
Total food and fuel subsidies	0	56.8	209.9	73.5	163.5
%GDP	-	0.6	2	0.7	1
%Gov		3.2	10.2	3.4	4.4
Total Program	6	62.2	226.6	91.1	117.1
%GDP	-	0.6	2.2	0.8	1
%Gov	-	3.6	11	4.3	4.6

Source: From World Bank (2012:vi)

The World Bank goes on to demonstrate that if the funds used to subsidise food and fuel were used as direct cash transfers to the poor (this sounds much like the formulation of the hypothesis of this thesis, except that the Bank is here referring to internal funds and not external debt relief), these poor will reap immediate benefit. However, the Bank mentions that “cash transfers are not a common instrument of social assistance in Cameroon” (The World Bank, 2012:46). Table 5.3-2 presents three possible scenarios as to the possible use of the average 150 billion FCFA (about 6 per cent of the budget) used for fuel and food subsidies.

Table 5.3-2: Different scenarios of using fuel and food subsidies for cash transfers to the poor

Scenario		Beneficiaries (necessary amount for total coverage)		
		Chronic poverty	Other vulnerable	Monetary poverty
		26.10%	29.80%	(39.9%)
Scenario 1	12,000 per year			
	(in billion FCFA)	56	64	86
	(in USD Million)	113	129	173
	% of GDP	0.78	0.55	0.74

Scenario 2	24,000 per year			
	(in billion FCFA)	112	128	171
	(in USD Million)	226	258	346
	% of GDP	0.97	1.11	1.48
Scenario 3	36,000 per year			
	(in billion FCFA)	168	192	257
	(in USD Million)	339	387	519
	% of GDP	1.45	1.66	2.22

Source: From World Bank (2012:58)

Note: No allowance has been made for the cost of administrating the cash transfers program

Scenario 3 is out of reach as its cost for all three cases are over FCFA150 billion. It appears that the funds used to subsidise fuel and food would allow the implementation of all cases of Scenario 1 and the first case (chronic poverty) as well as the second case (other vulnerable) of Scenario 2. It falls short to cover for the third case (all poor under the poverty line) of Scenario 2. Therefore, if these subsidies were redirected, that could allow the transfer of about FCFA24, 000 per year per poor citizen. It is not much but for impoverished people, it will make a difference in their lives. It is argued that it will help much more than these universal subsidies do.

The World Bank, however, immediately warns that the above redirecting of universal subsidies exclusively to direct cash transfers might not be politically possible because of possible social unrests erupting if such subsidies are cut together. Such redirecting of fuel subsidies has been successfully implemented in Indonesia in 2005, where fuel subsidies was consuming five per cent of the GDP (Word Bank, 2012:59). In the case of Cameroon, the Bank advises a gradual phasing out of subsidies in favour of cash transfers that will commence for groups that are most affected by chronic poverty and such a program must go hand in hand with the development of labour intense public work. Cameroon being such an ethnically divided country, the political economy of implementing cash transfers could prove to be a challenge, especially if such transfers are made to certain ethnic groups.

The government will have to set up a proper, well-coordinated system of social protection which can handle such distribution of cash and monitor it.

5.3.2 The inception of a Cameroonian safety net programme

Cameroon reached Completion Point in 2006 without having implemented a cash transfer programme like Nicaragua's. From 2006 and in the face of persistent chronic poverty, the government, supported by the World Bank, has attempted to put more emphasis on safety net measures to support the poorest and most vulnerable households during crises. These measures generally attempt to address short- and long-term needs and suffer from insufficient scope and coverage. These measures can be presented along seven lines. See Table 5.3-3 below.

Table 5.3-3: Expenditure on safety net programmes in Cameroon, 2008-2010 (CFAF, millions)

Program and type of expenditure	Funder	2008	2009	2010
1-School feeding programmes				
School feeding	MINEDUB	50	55	50
School feeding	WFP	1746	1746	1746
2-Fee waiver programmes				
Hospital fees	MINSANTE	4400	1600	1600
School fees	MINEDUB	-	4800	4800
3-Cash transfer programmes				
Indigents and street children	MINAS	50	50	50
4-Price subsidies				
Energy products subsidy	MINFI	136900	22500	112500
Food price subsidies	MINFI	73000	51000	51000
Transport subsidies	MINFI	3200	3200	3200
5-Public works programmes				
Food-for-work	WFP	-	196	196
Yaoundé Sanitation	MINEPAT	-	600	600

PAD-Y	AfDB	-	2400	2400
6-Emergency				
Cereal stocks	WFP	396	196	196
Emergency, refugees	WFP, UNICEF	25713	6354	14597
Cereal stocks	BID, MINADER	-	215	100
7-Nutritional support programmes				
OVC	UNICEF	47	47	47
OVC	NGOs	100	100	100
Total government of Cameroon		217600	83805	173800
Total government of Cameroon (without subsidies)		1762	4500	2305
Total donors or partners		27999	11255	19383
Total		245599	95060	193183
Total (without subsidies)		32499	13560	21683

Source: From Stoeffler *et al.* (2015:45)

Note: -= not available, MINEDUB= Ministry of Basic Education; WFP= World Food Programme; MINSANTE= Ministry of Public Health; MINAS= Ministry of Social Affairs; MINFI= Ministry of Finance; MINEPAT= Ministry of Economy, Planning and Regional Development; AfDB= African Development Bank; UNICEF= United Nations Children's Fund; BID- Islamic Development Bank; MINADER= Ministry of Agriculture and Rural Development; OVC= orphans and vulnerable children; NGO= nongovernmental organisation

These lines are the school feeding programmes, the fee waiver programmes, the cash transfer programmes, the price subsidies, the public work programmes, the emergency and the nutritional support programmes. The school feeding programmes aim to remedy nutritional deficiencies of school children but also to attract children to school. Lunch is served to these children 165 days in a year and they can take home 50kg of cereals per trimester. The fee-waiver programmes allow some indigents to have free basic education and free basic health care. The price subsidies have been termed universal as they benefit everybody and not only the poor. They are of three types: price subsidies on imported food items; price

subsidies on petroleum products; and transport cost subsidies in the two big cities of Yaoundé and Douala. Public work programmes refer to short-term labour-intensive public work, such as cleaning work in the cities of Douala and Yaoundé. The poor can be paid in cash or in kind (food). Emergency programmes refer to response initiatives, mainly ad-hoc and designed in response to natural disasters that could bring about famine. Nutritional support programmes are mostly designed to support orphans and vulnerable children. Lastly, the unconditional cash transfer programme, which is of special interest for this thesis, has been designed to provide some poor with direct cash handouts. These poor are mainly street children, handicapped individuals, old people and vulnerable minority groups. The World Bank (2012:46) maintains that “cash transfers are not a common mode of social assistance in Cameroon” which in the presence of deep poverty, is a policy fault. Moreover, according to the World Bank, “there has been no systematic evaluation of the programme effectiveness”. Therefore, the task of this thesis is not made easy. The World Bank goes on to maintain that these programmes are too scattered, too many, lack proper targeting and are inefficient. They are designed as ad-hoc measures and thus, lack the necessary long-term vision to tackle poverty.

Indeed, between 2006 and 2010, the bulk of the spending on the social safety net measures is largely dominated by spending on health and education (96 per cent of the total spending and 24 per cent of the government budget). Between 2008 and 2010, social safety net measures represented 1.63 per cent of the GDP; with price subsidies taking a big chunk. Excluding price subsidies, total safety net measures represented only 0.23 per cent of GDP. The World Bank report goes on to maintain that except for price subsidies, the coverage of each programme is just above 1 per cent of the population. It must be noted that many development studies' scholars have demonstrated that most developing countries spend anything between 1 and 2 per cent of their GDP on safety net programmes (Grosh *et al.*, 2008). Furthermore, food and fuel price subsidies were argued to be regressive and unfair as they profit equally to poor and non-poor while they ate 6.15 per cent of the government's budget between 2008 and 2010 (World Bank, 2012:vi). The World Bank goes on to conclude that

...current spending levels would be sufficient for covering different vulnerable population groups [by transferring to them] a modest amount of money per individual to make a reasonable difference in their consumption levels.

(World Bank, 2012; vi)

This is simply a call from the World Bank to make more use of CCTs or UCTs. Unfortunately, from Table 5.3-3, only CFA50 million was earmarked for cash transfers. This is just a meagre US\$75,000, which is almost an insult. What is very interesting, is to see the World Bank expounding direct cash transfers policies. Is this not a clear acknowledgement of past mistakes? In any event, this is commendable.

5.3.3 The pilot project of the Cameroonian cash transfer programme

Before 2013, social assistance in Cameroon had been largely “reactionary” (Stoeffler *et al.*, 2015:39) as the Cameroonian government subsidised food and fuel whenever crises happen. In reality, such measures are inefficient because they are regressive and have proven to benefit mostly the richest or the less poor (del Ninno and Tamiru, 2012). The Social Safety Nets Pilot Project (SSNPP) was initiated in December 2013 amidst acknowledgment that high rates of poverty were persisting in the country and notwithstanding the past implementation of the PRSP. The programme is supported by the World Bank, which is a clear acceptance that past programmes have failed to achieve their main objective of poverty (in particular, chronic poverty) alleviation.

The CCT component of the SSNPP uses mixed Proxy-Means Testing (PMT) and Community-Based Targeting (CBT) methods (Stoeffler *et al.*, 2015) to identify 65,000 chronically poor in five (out of the ten) poorest regions of Cameroon, namely Adamaoua, East, North, Northwest and Far North. In addition, the CCT also identified 5,000 poor urban households in the main two cities, Douala and Yaoundé. The cash transfer component started at the end of November 2015 in the Far North region and was completed at the end of January 2016 in Douala and Yaoundé. It consisted of a payment of CFA 20,000 (€30) every two months, over a 24-month period. The conditions of these payments were that the poor had to spend the

money on health, education, public services and training. The programme also provided start-up capital to the poor willing to initiate a small business, by providing them with two transfers of CFA80,000 (€122) in addition to training and technical assistance (World Bank, 2016a). This assistance was important as there is empirical evidence from Latin America showing that the poor attempted to invest part of the transfers received into productive activities (Gertler *et al.*, 2012). Thus, helping the poor to setup such activities could be beneficial to society as a whole.

As the SSNPP and especially its UCT component are recent, a thorough evaluation is not yet possible. Stoeffler *et al.* (2015) provide ex-ante results of simulations of the impact on the three Foster-Greer-Thorbecke (FGT) indicators of cash transfers to the poor. The simulations are presented in Table 5.3-4. It must be noted that these simulations are purely mathematical and do not tell us anything about other beneficial impacts of the cash transfers. The simulations use the results of the ECAM III survey conducted in 2007.

Table 5.3-4: Ex-ante results of poverty simulations for Cameroon

	Amount transfer per household per month (CFAF)	Reduction of poverty incidence (%)	Reduction of poverty gap (%)	Reduction of poverty severity (%)	Budget (CFA, billions)
Scenario 1: Fixed amount per household	12,500	17.64	43.35	54.5	72
Scenario 2: Different amount per household	5,000-21,000	16.63	45.09	56.96	72.7
Scenario 3: Different amount by household PMT score	7,500-17,500	17.46	45.65	56.82	74.2
Scenario 4: Different amount by household size & PMT score	1,025-2,250*	16.09	47.42	59.02	76.2

Source: From Stoeffler *et al.* (2015:59)

Note: *= per person

Simulations can assume fixed or variable cash transfers to the poor. Variable cash transfer techniques are usually superior to fixed cash transfer techniques in combatting poverty. In this case, cash transfers vary with the size of the household and/or with the PMT score. Indeed, better results in terms of the poverty gap and poverty severity are attained when the household size is considered, as bigger households receive more cash. Moreover, using PMT scores means using different levels of transfers with more resources going to the poorest, thus ensuring fairness. Using variable cash transfer techniques also increase the complexity of the policy, its implementation and its control.

In Table 5.3-4, Scenario 1 simulates a fixed transfer of CFA 12,500 per month per eligible household. The second scenario simulates the same average transfer. The households receive a different amount of cash ranging from CFA 5,000 to CFA 21,000 per month, depending on the size of the household. Scenario 3 simulates households separated along three distinct PMT scores and receiving three corresponding cash transfers of CFA 17,500 per month to the poorer household, CFA 12,500 to the median one and CFA 7,500 to the least poor household. Scenario 4 is a combination of Scenarios 2 and 3. In this case, the cash received depends on the number of people in the household and on the PMT score of the household. The poorest households receive CFA 2,250 per person, the middle category households receive CFA 1,700 per person and households belonging to the highest category receive CFA 1,025 per person. The table shows a dramatic reduction in the incidence of chronic poverty as well as a reduction of the poverty gap and poverty severity.

Ex-post evaluation will need to assess whether the targeting is efficient enough, what the impact of transfers on short-term consumption is and shock-smoothing, what the short-term (permanent) impact on asset accumulation and revenue generation is and what the medium-and long-term impacts on education, health and social indicators are (Stoeffler *et al.*, 2015). Many of the above concerns are tackled using behavioural economics as will be seen in Chapter 6.4 It is argued that only

such evaluation could generate the necessary internal political and international financial support needed to sustain such programmes.

5.3.4 Summary to the state of poverty in Cameroon and the recent developments

The government of Cameroon has failed the poor of the country. Safety net programmes have been a weak point of the Cameroonian PRSP as cash transfer programmes were non-existent. Furthermore, Stoeffler *et al.* (2015:39) maintain that the Cameroonian safety programme suffered from “limited resources [covering only 0.23 per cent of the GDP excluding subsidies], weak coverage and poor targeting”.

However, with the persistence of chronic poverty and finally considering the successful experiences of CCTs and UCTs from Latin America, the IFIs are now helping Cameroon to adopt targeted safety net programmes in general with cash transfers programmes in particular. This is a change of paradigm from the IFIs and one can only salute such a move. However, looking at the inertia of the Cameroonian administration and the widespread corruption in the country, institutional changes will need to be conducted swiftly to permit such programs to complete their pilot phase, to be assessed and then implemented at a larger scale to the benefit of the poor.

The groundwork for an efficient safety net system with a cash transfer component is still on-going as Cameroon was relying on ad-hoc measures lacking the coordination to tackle deep poverty problems. The permanent measures adopted by government such as food and fuel subsidies are inefficient and expensive at best, largely benefitting the least poor and costing around 2 per cent of GDP/year, much more than total safety net spending (del Ninno and Tamiru, 2012). In this endeavour, next to the institutional changes, the improvement of the targeting method is key, otherwise anti-politics (Ferguson, 1990) will resurface to dismiss cash transfers as being too expensive and forgetting that mismanagement and maladministration are the true cause of the failure.

5.4 THE POSITIVE SPILL OVER EFFECTS OF CCTS AND UCTS

Three conditional cash transfers programmes have been reviewed. The focus has mainly been on the cash transferred to the poor. Poverty is dehumanising and for this reason conditional cash transfers can be seen as a tool to combat the most abject aspect of poverty through the transfer of cash directly to poor. However, the spill over effects of CCTs can turn CCT programs into the cornerstone of a comprehensive poverty alleviation policy for the country. This thinking is clearly put by the previous President of Brazil, Dilma Rousseff, in June 2011 at the launching of *Brasil sem Miséria*: “What was a matter of moral ethics and human rights became a key pillar to bring Brazil’s growth to another level. Social inclusion makes our growth sustainable” (Ilo, 2012:21).

The financial cost of a cash transfer program is particularly important for this thesis (as it will attempt to determine the cost of the same in the context of Cameroon had the country used funds from the HIPC Initiative or in fact from whichever source, including the fiscus). However, it must not be seen in isolation as such transfers have spill over effects.

For the continuation of this thesis, it is important to confirm that these cash transfers indeed positively impact the poor in other aspects. The analysis of documentation points to the fact that CCTs do affect the lives of the poor positively but not in all aspects and not in the same way, depending on the context and of the country.

For example, in Salvador City (Brazil), between June and September 2010, a questionnaire was administered to two groups of poor households, one receiving CCT and the other one not. It was found that CCT programs like *Bolsa Família* have a significant potential to complement existing healthcare services and improve access to healthcare (Shei *et al.*, 2014). For this to occur, it is clear that the capacity of the health system infrastructure must be increased otherwise, the conditionality attached to the CCTs would not help anyway.

On the other hand, through a comparative study between Brazil, Mexico, Columbia, Ecuador and Chile, Soares *et al.* (2010) demonstrate that the poor of Brazil receiving

conditional cash transfers obtain additional benefits in terms of education (at least on school attendance) outcomes. In general, the education of poor households improved in all five countries that were compared. In particular, for Nicaragua, attendance at primary school level improved by 13 per cent (Son, 2008:6). Son (2008) argues that impressive improvement is also due to the fact that Nicaragua had a large proportion of children who were not enrolled in primary school.

Moreover, it was found that CCTs reduce inequality, which does not always come automatically when income is transferred to some groups of people. In this case, the authors argue that it is due to the progressive and continued impact of the transfer of income to the poor that ends up affecting the distribution of total income. The authors found that in Brazil, the program failed to have a positive impact on nutrition and health due (according to them) to supply-side constraints. In line with the findings of Fiszbein and Schady (2009), Soares *et al.* (2010) demonstrate that the impact of cash transfers on household consumption was limited. In the case of Mexico (Hoddinott *et al.*, 2000) and Columbia (Attanasio and Mesnard, 2006), a positive and significant impact on aggregate consumption was found. The latter is more in line with theory, in particular the Milton's (1957) Permanent Income Hypothesis, which argues that permanent income drives consumption, while transitory income is saved or invested as the recipient is not certain he/she will receive that income in the future. Thus, the fact that the aggregate consumption of the poor in Brazil remains low might indicate that these poor are not convinced that these payments are perennial.

Other positive impacts of CCT are, for instance, the level of crime that has been found to diminish in communities of poor Brazilians. Indeed, a robust and significant negative correlation between *Bolsa Família's* beneficiaries and crime has been uncovered. It appears that the main effect works through increased household income (Chioda *et al.*, 2016). This is an important finding since the poor are the first victims of crime. Another positive impact of CCT is that it has a strong gender focus (Son, 2008) as very often, the cash is transferred to the mother and thus empowering women in countries where they are often discriminated against and vulnerable.

5.5 THE POOR'S PERCEPTIONS OF THE CCT PROGRAMS

This thesis maintains that when the beneficiaries of CCT programs discuss how the cash transfers have affected their lives, it is clear that the financial aspects of CCTs matter the most for them. For instance, in August 2004 in rural Mexico, one of the beneficiaries stated:

Five years ago, when my oldest daughter was in school and we received money from Progresa, we saved 600 pesos to buy wood and the other materials for building a chicken coup and with what was left we bought a few chickens. Since then, we have raised many chickens which we sometimes sell and we collect 10 to 15 eggs per week that we eat ourselves.

(Gertler *et al.*, 2006:1)

From the beneficiary's statement one can see that cash transfers to the poor can allow them (under certain circumstances), to build capital for a sustainable life. Here, the investment aspect is put to the fore. One beneficiary in New Bell, which is a poor neighbourhood of Douala (Cameroon) where the pilot project of a Cameroonian cash transfer was implemented, said: "With this money [a cash transfer of CFA20, 000³⁹ every two months for a 24-month period], I can feed my children and pay school tuition. If I manage to save, I will be able to buy high-quality merchandise" (World Bank, 2016a). Another beneficiary, a 52-year old single mother stated:

Under this contract, I am required to follow certain rules regarding the use of this money. It will help me cover my medical expenses. I started to have vision problems a few years ago, but I was too poor to pay for medical care. I lost vision in my left eye and now my right eye is failing.

(World Bank, 2016a)

That pilot project of the Cameroonian cash transfer only imposes a moral contract as to the use of the funds. It is seen here that beneficiaries use these funds to try and cover the immediate urgent daily expenses, be they food or medical. The cash

³⁹ CFA20,000 is equivalent to about \$30

transfer certainly gives these poor a sense of dignity and autonomy as well. It is clear that the above account is fully in line with the conceptual framework developed in Section 2.9.1, where the monetary dimension of poverty dominates the framework.

5.6 CHAPTER CONCLUSION

Drawing from the poor's experiences indicates that CCTs and UCTs are praised by the poor themselves. Contrary to other pro-poor poverty reduction policies, these are strategies on which there is a consensus amongst the poor. From the various impact evaluations, it can be deduced that many, but not all, CCT programs have a positive effect on education, consumption, nutrition and health outcomes. To unlock the full potential of a CCT program, pilot projects need to be conducted and data collected and analysed to allow the fine-tuning of the program. However, it is clear that CCT programs do improve the lives of the poorest.

It is now possible to summarise the main point of this chapter in Table 5.6-1 below. Clearly, the Cameroonian cash transfer programme is too new (this researcher couldn't find any evaluation of the programme) and extremely limited to be included in this summary. The table should not only be seen as a way to compare the three CCTs but instead, a synopsis pointing to the fundamentals of each CCT programme which can be incorporated in the recommendations chapter of this thesis for an efficient Cameroonian CCT programme.

Table 5.6-1: Fundamental of three CCTs

	RPS-II	year	Oportunidades	Year	Bolsa Familia	year
Total transfer/family of 3/year (US\$)	425	2002	954	2003	498	2012
Programme costs						
Budget (US\$)	7400000	2002	3181214484	2006	8700000000	2011
Percentage of GDP	0.15	2002	0.4	2006	0.46	2011
Administrative cost (% of budget)	40	2002	9.05	2006	4.18	2011
Country context						
Total population	5249000	2002	10420000	2006	192000000	2011
GDP (US\$)	5224000000	2002	9.667E+11	2006	2.194E+12	2011
GDP per capita (US\$)	995	2002	8622	2006	11239	2011
Total Poor population						
Total extremely poor population						
Target population						
Targeting method	Geographic/proxy-means		Geographic/proxy-means		Geographic/declared income	

Target population	extremely poor		extremely poor		extremely poor	
Total household reached	30000	2004	5000000	2006	13500000	2012
Percentage population reached	Pilot test	2002	18	2006	25	2006
Other features						
Payee	Mother		Mother		Mother	
Main payment method	Cash		Cash/ATM		ATM	

Source: Researcher's own computation from various source

This chapter allowed the review of three CCTs. The *Progresa* and the RPS supported by the IFIs have both initially been financed by the laDB before the World Bank came to the rescue. It is surprising to see that back then, there was no strong support for a CCT program in Africa. Indeed, except in a few countries like Ethiopia and South Africa, the experiment of a large scale CCT programme built and implemented in the general framework of the development of the country is yet to be seen in Africa. The Brazilian *Bolsa Familia* is probably the most popularised and the most accomplished of the three CCTs. However, there are lessons to be learnt from each of them.

The RPS shows that pilot testing and proper targeting of the poor is crucial for the success of the programme. It also shows that even at a very small scale, CCT programmes bring about meaningful improvements in the lives of the poor. The Mexican *Oportunidades* teaches us that poverty alleviation strategies must not depend on foreign aid (such as the RPS) but must be a strategy included in any developing country's policies facing acute poverty problems. Finally, the *Bolsa Familia* demonstrates that if well designed, a CCT programme can virtually eradicate extreme poverty in the medium-term and with only a fraction of the GDP.

Clearly, CCTs can be an answer to deep poverty situations and there is no reason why they cannot be implemented in the context of Cameroon. Therefore, the next chapter focuses on the testing of the hypothesis of this thesis.

CHAPTER 6: TESTING OF THE HYPOTHESIS

INTRODUCTION AND CHAPTER STRUCTURE

The previous chapter demonstrated that UCT and CCT programmes do work for the poor while the cost can be maintained (as indicated earlier, the Brazilian *Bolsa Familia* only uses 0.5% of the country's GDP). In this chapter, the hypothesis of this thesis will be tested.

There are four sections in this chapter. The first section is devoted to the determination of the total debt relief received by Cameroon as this figure is necessary for the testing of the hypothesis. In the section, the researcher will also argue that distributing cash to the poor is not necessarily anti-liberal. The second section focuses on the testing of the hypothesis. This testing only refers to the income-consumption dimension of poverty. It is not uninteresting to discuss the additional benefits that could be reaped by the poor in terms of education and health, should cash handouts have conditionalities attached to the scheme. The third section attempts to determine the educational benefit the poor can obtain due to conditionalities, while the fourth section is concerned with health benefits. The chapter ends with a conclusion which indicates the significance of the successful testing of the hypothesis.

6.2 COMPARATIVE ANALYSIS OF THE DEBT STOCK AND DEBT RELIEF FOR CAMEROON AND NICARAGUA

This thesis hypothesises that funds from debt relief could be used to finance a large scale UCT or CCT in Cameroon. Therefore, it is essential to precisely determine the debt burden of Cameroon (and of Nicaragua accessorially) before and after Completion Points because the determination of these amounts is necessary for the testing of the hypothesis (but also to see the magnitude of what debt relief is). This exercise is largely facilitated by data compiled by De *et al.* (2013) and De *et al.* (2014) for the World Bank and the IMF.

Table 6.2-1 shows that in nominal terms, the assistance received by Cameroon and Nicaragua after Completion Point is very similar: US\$ 6205 million for Cameroon

and US\$ 6416 million for Nicaragua. The assistance is constituted by the total HIPC Initiative and the Multilateral Debt Relief Initiative (MDRI). The objective of the MDRI initiative is to provide additional support to HIPC countries to reach the MDGs while ensuring that the long-term financing capacity of the IFIs is preserved. Thus, the MDRI can be interpreted as an extension as well as a deepening of the HIPC Debt Relief Initiative, as the criteria used to confirm eligibility under the MDRI reflects HIPC Completion Point criteria (Association, 2005).

Table 6.2-1: Total debt relief for Cameroon and Nicaragua committed debt relief and outlook as of end-August 2013 (in millions of US\$)

	Decision point date	Completion point date	Assistance under HIPC Initiative in PV terms as in Nominal Decision point terms		Assistance under MDRI in Nominal terms	Total HIPC and MDRI assistance in Nominal terms
CAMEROON	Oct-00	Apr-06	1267	4917	1288	6205
NICARAGUA	Dec-00	Jan-04	3308	4500	1916	6416

Source: Researcher's own design from De and Gonzales (2014)

Table 6.2-2 indicates how the servicing of the above debt was a burden for Cameroon and Nicaragua. Before the Completion Point and as a percentage of export, the servicing of debt hovered around 10 per cent while a few years after the completion, it dropped to around 2 per cent. It becomes clear that the HIPC Initiative resulted in substantial resource increases that could have been used to fight poverty.

Table 6.2-2: Debt service of Cameroon and Nicaragua post-completion-point

		DEBT SERVICE OF CAMEROON and NICARAGUA POST-COMPLETION-POINT (in millions of US dollars)																	
		Actual data											Projection						
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Cameroon																			
Debt service paid		260.9	240.4	284.8	259.1	406.2	418.3	146.9	59.9	70.2	52.4	80.9	122.8	147.9	234.6	292.6	325.6	388	493.6
In percent of export		9.6	8.8	8.7	7.2	10	8.3	2.3	0.8	1.3	0.9	1.1	1.7	1.9	2.6	3	3.2	3.5	4.1
In percent of GDP		2.8	2.2	2.1	1.6	2.4	2.3	0.7	0.3	0.3	0.2	0.3	0.5	0.5	0.7	0.8	0.8	0.9	1.1
Nicaragua																			
Debt service paid		153.3	158	98.3	76.3	87.2	98.3	150.2	100	104.6	96.8	97.6	99.3	112.1	140.5	167.1	208.8	221.2	259.9
In percent of export		16.5	17.5	9.7	6.2	6.2	5	6.7	3.6	3.8	2.8	2.2	2	2.2	2.7	3.1	3.6	3.6	4
In percent of GDP		3.7	3.9	2.4	1.7	1.8	1.4	2	1.2	1.2	1.1	1	0.9	1	1.2	1.4	1.6	1.6	1.8

Source: Researcher's own design from De and Gonzales (2014)

However, using the figures in Table 4.3-1 and Table 6.2-1, the researcher can complete Table 6.2-3 below.

Table 6.2-3: Debt relief used as direct cash handout to the poor

	Total Debt Relief in US dollars	Population in 2005	Proportion population living on less than \$1.25/day	Potential once-off income in US dollars
CAMEROON	6 205 000000	1 75 54000	27.50%	1 285
NICARAGUA	6 416 000000	5 455000	15.80%	7 444

Source: Compiled by researcher

There are interesting lessons to draw from the above table. If the total debt relief could be seen as a lump sum that could be readily used, that sum could be distributed to each of the 4,827,350 poorest Cameroonians and to each of the 861,890 poorest Nicaraguans in a single cash payment of respectively \$1,285 and \$7,444. This is clearly a very substantial amount especially if one looks at the fact that the minimum salary wage in Cameroon is \$880 per year and \$1248 for Nicaragua. In other words, each poor Cameroonian could receive an amount representing over one and a half times the country's minimum yearly wage and each poor Nicaraguan would receive an amount representing over six times the minimum yearly wage.

At this point in the thesis, it is important to deal with the rationale behind the idea of distributing "free cash" to the poor. Indeed, many liberals and conservatives might be raising their eyebrows at such an idea. This thesis argues that such a solution has sometimes been considered and used by the greatest champions of liberalism. As early as 1960, the economist Milton Friedman (a monetarist) started to propagate the idea that he later theorised in his book *The case for negative income tax*. Friedman (1968) claims in his book that people earning below a certain income level should receive supplemental pay from the government in proportion to their shortfall. Therefore, the negative income tax is tantamount to establishing a basic income or to supplement a guaranteed minimum income system.

In addition, universal income systems are being implemented in places like Kuwait and Alaska, where part of the revenues from oil are redistributed to indigenous populations (Gillies, 2010). In Finland, the system is in an experimental phase, while the idea is making advances in various left-wing political parties throughout Europe. Furthermore, the European Bank recently admitted that the "helicopter money" which basically consists of dishing out money to people to spend, could be an interesting perspective as an alternative to quantitative easing (which is currently implemented in the Eurozone) when the economy is in a liquidity trap (<https://www.youtube.com/watch?v=Zbb--KxTjWc>). Helicopter money is not a new concept. It was first discussed by economics prize laureate, Milton Friedman in 1969

and more recently by former US Federal Reserve Bank chairman, Ben Bernanke in 2003 in relation to solving Japan's deflation problems (Reichlin *et al.*, 2013). Therefore, the proposition that debt relief could be used as helicopter money is a serious and valid proposition. If helicopter money could be good enough for rich countries in Europe and in Japan, surely it couldn't be bad for poor, indebted countries.

The IMF's HIPC Initiative and MDRI Statistical Update (De *et al.*, 2014) clearly indicate the failure of many HIPCs to reach most of the MDG's goals. Therefore, it could be interesting to explore other ways (such as UCTs and CCTs) of using debt relief to promote policies aimed at fighting poverty.

6.3 THE ALLEVIATION OF THE INCOME-CONSUMPTION DIMENSION OF POVERTY USING DEBT RELIEF

It is worth remembering the formula $P_1 \times N \times z$ (See Section 2.2.4) which represents an estimate of what the minimum cost of eliminating poverty (for a defined poverty line) in society would be, assuming perfect targeting.

N is the total population

Z is the poverty line per year

P₁ is the poverty gap

The World Bank indicates that the poverty gap index for Cameroon, at \$1.25 a day, was 8.3 in 2007 (Factfish, 2016). Additionally, the poverty gap was calculated in 1996 when it was at 15.3 and in 2001 when it was at 6.1 (still at \$1.25 a day). As Cameroon reached Completion Point in 2006, the poverty gap of 2007 is the closest figure to test the hypothesis of this thesis.

In order to keep a maximum amount of consistency, we will use the population of Cameroon in 2007 as well. That total population was **19,078,100** (World Bank, 2016b). The poverty line per year is $\$1.25 \times 365 =$ **\$456.25 per year**. Therefore, the total funds needed every year to move all Cameroonians from extreme poverty is **$8.3\% \times 19,078,100 \times \$456.25 = \$722,463,799$** to which an administrative cost of **5%**

(it is **4.18%** for the *Bolsa Familia*) must be added. That administrative cost is estimated at **\$36,123,190** per year. So, provided that proper targeting of the poor is done and that administrative costs are under control, the final total amount needed to move all Cameroonians from extreme poverty is $722,463,799+36,123,190=$ **\$758,586,989/year**.

In Section 6.2, it was determined that the total funds from the debt relief for Cameroon was **\$6,205,000,000**. We can then conclude that if the fund were a lump sum readily available exclusively to the poor, it could have eradicated extreme poverty for **8.17 years** $=6,205,000,000/758,586,989$. This is a substantial finding. The testing of the hypothesis provides a clear answer: the poor of Cameroon would have been better off for eight consecutive years if the funds from the HIPC were used to promote CCTs or UCTs. Of course, the question of knowing what will happen after these eight years comes to the fore. The answer is relatively simple: In 2015, (eight years after the above scenario), the GDP of Cameroon was **\$28,416,000,000** (World Bank, 2016b). The population was **23,344,179** (World Bank, 2016b) and the poverty gap was at **\$1.25** is **7.7** for 2014. We can again calculate the amount of cash transfer needed to eradicate extreme poverty in Cameroon in 2015 as: **\$820,110,188** $= (7.7\% \times 23,344,179 \times \$456.25)$ if we add the administrative cost of 5% (**\$41,005,509**), we reach **\$861,115,697/year** $= \$820,110,188 + \$41,005,509$. This is the worst-case scenario as it supposes that eight years of the CCT programme did not bring about any reduction of poverty, a hypothesis which is unrealistic, especially after the demonstration of the previous chapter that CCTs work.

That being said, **\$861,115,687** is 3.03% of the 2015 GDP. Just 3 per cent of GDP to eradicate extreme poverty and to stop the suffering of hundreds of thousands of people. One can compare that 3 per cent to the 1.63 per cent of GDP spent on various social safety net measures which are demonstrated by the World Bank to be largely inefficient (World Bank, 2012:67). If one supposes that Cameroon only spends 0.5% of its GDP on the CCT like Brazil, then, the funding available for distribution will be: **\$142,080,000/year** $= 0.5\% \times \$28,416,000,000$.

The above amount will not eradicate extreme poverty but it would greatly decrease it. For instance, if resources are limited, it is possible to first focus on the poorest region of Cameroon before eventually moving to other regions. However, it must be acknowledged that it is politically difficult to implement such discrimination, especially in a multi-ethnic context such as the Cameroonian one. It is also argued that the above money in the hands of the poor is more useful to the economy than in the hands of officials. Undeniably, the poor quickly spend all their income on basic goods which contribute to growth. However, economics is not simply a question of addition but of dynamics. For instance, a study for a pilot project of cash transfer conducted in Niger by Stoeffler (2014:6) shows that people receiving cash will attempt to save some money for investment purposes (this is in line with the accounts of CCT beneficiaries presented in Chapter 5.5. Some will use the money to increase their livestock ownership or to boost their micro-enterprises. All these will ultimately translate into long-term improvements of the situation of the poor in a virtuous cycle. Therefore, tackling the income dimension of poverty is key to any policy aiming at diminishing poverty.

6.3.1 The alleviation of the income-consumption dimension of poverty using other resources

In Section 1.3, it was hinted that other funds could be used to fund CCT and UCT programmes. It is argued that one such fund, directly linked to poverty, is the cost Europe is currently facing to combat the flow of refugees coming from Africa and the Middle East. The refugees coming from the Middle East (in particular from Syria) are mainly genuine asylum seekers (due to the war in Syria), refugees coming from Africa are mainly economic refugees fleeing poverty. The cost of the different measures that Europe is attempting to put in place to deter migrants differs, but they are all in the billions.

The Overseas Development Institute⁴⁰ (ODI) estimates that since 2014, at least €17 billion has been spent by Europe in an attempt to curb the migration or in concluding bilateral agreements with countries like Turkey that are situated in the migration route of refugees (ODI, 2016). On the other hand, the *Express* calculates that the financial burden, including the direct cost of supporting the newcomers on arrival would be as much as £20 billion, or 0.2 per cent of the EU's total economic output in 2016 (Express, 2016). CNN Money, citing the European Commission, reports that the cost of curbing migration could be as high as \$20 billion a year (CNN, 2016). In principle, people circulate freely across European borders. However, each country wishes to keep migrants out of its borders and therefore, there is a temptation to re-establish controls at the borders. In that regard, CNN (2016:2) also cites a report prepared for the French government, showing that the return of border checks and passport could cost Europe "as much as 100 billion euros over a decade, knocking 0.8% of Europe's GDP by 2025 in the worst-case scenario."

In the following section, this thesis focuses on the benefits that the poor could derive in terms of education and health from the implementation of CCTs.

6.4 THE ALLEVIATION OF THE EDUCATION AND HEALTH DIMENSIONS OF POVERTY

In the above section, this thesis was concerned only with the income/consumption dimension of poverty for which an answer was provided thanks to the use of the poverty gap index formula. As informed by the conceptual framework developed in Chapter Two and the analysis of three CCTs programmes implemented in Latin America (see Section 5.2), there are other dimensions of poverty which could be tackled by adding conditionalities to the cash transfers. This section now turns to these other benefits.

⁴⁰ The ODI is a leading independent think-tank on international development and humanitarian issues

There is extensive literature pointing to the positive incidental benefit of CCTs on human capital accumulation amongst poor households, in particular, increasing school enrolment rates and attendance, improving the general health of the poor population and raising consumption (De Janvry and Sadoulet, 2005; Rawlings and Rubio, 2005). It must, however, be noted that Schady and Araujo (2006) demonstrate that some CCT programmes fail to translate into positive outcomes for education and health. Indeed, these long-term issues can be properly addressed only through further evaluations and progress in behavioural sciences; important insights could be made by examining “why individuals make [or do not make] decisions that potentially compromise their own future well-being and the welfare of others” (Ashton *et al.*, 2015:4).

The true problem remains to exactly assess the impact of such programmes in a different setting. Usually, before implementing a CCT programme on a large scale, a pilot project is conducted and therefore, the evaluation of large-scale implementation is done through experimental or quasi-experimental methods. Ex-post methodology consists of comparing the behaviour of a household participating in the programme to another household that is not participating. That methodology has been used by Ravallion and Wodon (2000) when studying the impact of a food for education programme in Bangladesh. Ex-ante methodologies build a model of the household and attempt to simulate the impact of CCT on that household; thus, these methodologies use computers to evaluate the programme prior to their implementation. One ex-ante methodology is expounded by Bourguignon, Ferreira and Leite (Bourguignon *et al.*, 2003:229) who demonstrate that in the case of Brazil and the *Bolsa Familia*, 60 per cent of the poor aged between 10 and 15 years-old not going to school, enrol (response) as a consequence⁴¹ of the cash transfer. This sequence of events has been conceptualised earlier in Figure 3.2-1. Obviously, this is not to imply that Cameroon will have the same results as responses could be different, cultural differences could play a role and the supply and access to schools

⁴¹ However, Bourguignon, Ferreira and Leite's (2003) Conditional cash transfers, schooling, and child labor: micro-simulating Brazil's Bolsa Escola program. *The World Bank Economic Review* 17: 229-254, find little effect on poverty and equality due to the small amount of transfers of the Bolsa Escola (a programme antecedent to the *Bolsa Familia*).

could be different. Some complex ex-ante methodologies use behavioural science to incorporate the measurement of the change in behaviour of the household.

The use of ex-ante methodologies is beyond the scope of this thesis. Instead, this thesis seeks to determine orders of magnitude or directions for the likely effects of CCT. In that respect, behavioural economics coupled with a study of the impact of the same programme elsewhere is argued to be sufficient as “behavioural science can shed light on the drivers of beneficiaries’ decisions and actions” (ideas42.org, 2016). The following section discusses how behavioural science can be used to maximise the education benefit reaped by the poor thanks to conditionalities.

6.4.1 The education dimension of poverty

The debate on whether cash transfer should be conditional or unconditional in respect of school attendance is not yet settled. Baird *et al.* (2011) demonstrate in a study done in Malawi that CCT is effective for school attendance, even though teen pregnancy has been found to increase at the same time. In a study done in Burkina Faso, Akresh *et al.* (2013) find that there is no major difference between CCT and UCT in terms of school attendance even though the impact of the CCT is larger on girls than on boys. Behavioural science elevates the debate and argues, based on a study in Morocco (Benhassine *et al.*, 2013:1, 2), that conditionality and targeting (typically through proxy-means testing⁴²) is costly, accounting to up to 60% of administrative costs of some programmes and furthermore, conditionality could exclude a larger number of the poor that policymakers are attempting to reach. However, Benhassine *et al.* (2013) acknowledge the importance of conditionality but demonstrate that Labelled Cash Transfer (LCT), could lead to better results as has been the case in Morocco. LCT relies mostly on small cash transfers (thus, less

⁴² Basically, a means test is a determination of whether an individual or family is eligible for assistance, based on whether the individual or family possesses the means to do without that help. The methodology estimates household income by associating indicators (or proxies) with household expenditure or consumption.

costly) loosely tied up in schooling. Attendance at school is no more explicitly spelled out, but the parents (in Morocco's case, the father instead of the mother), becomes aware of the importance and future benefit⁴³ (mental accounting) of their children attending school because that particular cash handout has the education label.

In the case of Cameroon, if a large-scale cash transfer programme is to be implemented, the pilot test should constitute the departing point. From there, behavioural economics could be used to improve the system and to find the best way that is conducive to higher school attendance among children. The above process will determine if conditionality with respect to schooling should be attached to the cash transfer or if a separate LCT programme should be set up only for the education of children. The following section discusses how behavioural science can be used to maximise the health benefit reaped by the poor thanks to conditionalities.

6.4.2 The health dimension of poverty

Concerning the health dimension, most CCT's conditionality refers to the parents bringing their children to a health care facility for regular check-ups or vaccinations. As evidenced by ECAM III⁴⁴, a survey conducted in 2007, poor Cameroonians see the lack of healthcare as a constraint (Rural Poverty Portal, 2016). Confirmation of this is given by organisations which are very active on the ground such as the Bill & Melinda Gates Foundation. When asked what the biggest driver of change (of poverty) in Africa would be, Voorhies⁴⁵ (2018:23) states that:

People are not statically poor; they rise and fall through their ability to buffer shocks that push people deeper into poverty or help them hold onto and grab economic opportunities to bring them out of poverty. The vast majority of these shocks are health shocks, so I strongly believe that health is a key driver of economic gains.

⁴³ Thaler RH. (1999) Mental accounting matters. *Journal of Behavioral decision making* 12: 183. Will refers to mental accounting

⁴⁴ ECAM stands for *Enquetes Camerounaise auprès des Ménages* (Survey of Cameroonian households)

⁴⁵ Rodger Voorhies is the Executive Director of Global Growth & Opportunity, a division of the Bill & Melinda Gates Foundation.

As this is coming from a person whose main mission is to help poor people (out of pure charity) and who works towards that goal every day, the above assertion is worth taking into account when drafting policies aimed at combating extreme poverty. The practical knowledge of such a foundation represents an immense source of knowledge.

As mentioned, a behavioural approach could bring important insights by examining “why individuals make [or do not make] decisions that potentially compromise their own future well-being and the welfare of others” (Ashton *et al.*, 2015:4). There are over 300,000 women who die from childbirth every year and four million infants who die before reaching their first month. Of course, most of these deaths occur in developing countries and Ashton *et al.* (2015) argue that they could be avoided by the pregnant mother visiting a health care facility or simply taking contraceptives. According to the authors, nearly 50 per cent of these women in poor countries would discontinue the use of contraceptives although they do not want to fall pregnant. Behavioural economics could help design more efficient policies that would ensure a better adherence of the mother to a basic yet lifesaving behaviour. Table 6.4-1 shows how behavioural economics could be used to curb unwanted pregnancy and child mortality. Ashton *et al.* (2015) immediately warn that they are not proposing policies but instead, illustrations of how a behavioural economics tool could be used.

Table 6.4-1: Behavioural economics applied to women pregnancy and child mortality

Tools	Description	Selected examples ¹
Defaults ²	The option an individual will receive if he or she does not make an active choice. A carefully chosen default can help overcome problems like procrastination, complex and confusing choices, social pressures or the cognitive costs of decision-making.	Offering every woman contraception immediately after childbirth, an abortion or first menses.
Reminders	Reminders can help decrease the cognitive burden required to sequence or complete a complex task.	Text message reminders for contraceptive refills or antenatal care appointments.

Framing	The language used to describe a set of choices can shape people's decision-making. Framing can help when people misperceive risks, by making certain outcomes more salient than others.	Varying education or counselling to present antenatal check-ups as a gain versus avoided loss.
Commitment devices	Pre-committing to a particular decision can help people align their actions with their preferences. This help with procrastination, social pressures, and present bias.	"Locked" savings programmes that tie money to a specific school or health outcomes.
	This helps with procrastination, social pressures, and present bias	
Labelling	Exploiting an individual's "mental accounting" to encourage spending on investment goods that will benefit his/her own welfare.	Cash transfers or voluntary savings labelled for health or education expenditures.
Micro-incentives	Token rewards, particularly those creating social recognition or salience, can be more motivating than the monetary rewards.	Vouchers/in-kind gifts to reward health-worker performance or patient compliance.
Social influences	Harnessing social norms or pressures to encourage beneficial decision-making can be used to overcome biases in decision-making.	Commitments made in public (e.g.) for health savings or education). Social accountability for health service providers (e.g. public report cards).
Timing and salience of information	People may process complex information more effectively if the information is presented in targeted way, at a specific time or through a particular agent.	Provision of information through trusted sources. Word order on outreach materials.
Identity priming	Increasing the saliency of an individual's gender, race or role can be used to make certain choices (and their consequences) more salient.	Appealing to women as mothers, rather than wives. Appealing to men as providers rather than boyfriends.
Simplification	Making the terms/consequences of a	Minimising paperwork at clinic visits, streamlining counselling

	decision more clearly understood, at the correct moment in time can reduce biases and cognitive costs of decision-making.	materials or creating heuristics for clinicians.
1 These are not policy or programme recommendations but rather illustrations of how a behavioural economics tool could be translated into the reproductive health context. These have not been researched or evaluated.		
2 Defaults may also have negative consequences.		
3 Identity priming may also have negative consequences.		

Source: From Ashton *et al.* (2015:5,6)

The defaults must be carefully chosen by policymakers as a good choice can have a positive impact or swing people towards decisions that will be beneficial to them. For instance, the default option could be that parents allow their children to be automatically vaccinated at school during vaccination campaigns. Such a default option would increase the rate of vaccination and ensure better health for all.

The reminders, just as the defaults, could increase the chances of obtaining the desired results. For instance, in a digitalised world like this one, SMSs could be sent to registered pregnant women to visit health centres for their prenatal appointments. According to Tversky and Kahneman (1974), the different ways the very same issue is framed could influence the choice of an individual. For instance, portraying HIV infected people in a certain way could contribute to stigmas against them, resulting in greater exclusion from employment and making them poorer. Commitment devises the success of an operation. For instance, if some cash labelled “child nutrition” is given to a young mother, she will tend to really use that money for the initial purpose.

Micro-incentives have been proven to be particularly efficient as compared to the benefit that can be indeed obtained. For instance, the attendance of health workers at work could be encouraged by organising a monthly “employee of the month” initiative which gives the recipient a very small (almost a financially insignificant) bonus and the upside will be the benefit to the population as the presence of the

health workers is invaluable. This gives health workers a sense of appreciation and the health issues of the poor are attended to as well.

Harnessing social influences could help in building views and behaviour which are conducive to better health for all. For instance, if condoms are accepted within the population, the rate of HIV infection will be less. Social commitment has a lot in common with commitment devices. Here, the family or the community is used to enforce the commitment taken by the individual through pressure to commit.

Harnessing strong norms refers to the policymakers attempting to promote norms that are contrary to common belief but which will ultimately improve the conditions of the poor. For instance, contraceptives are not generally accepted in poor populations as they view it as an enticement to sexual promiscuity. If the poor change that thinking, birth control could be easier to implement.

In the context of behavioural economics, timing and salience of information means selecting the right information, presenting it in a way and at the right time so that its release will have maximum impact and lead to the desired change in the poor's behaviour. For instance, there is some evidence in Nepal that women who receive health education just after giving birth are more likely to use contraception (Bolam *et al.*, 1998). Identity priming makes a particular identity of an individual more salient in order to increase the impact of a particular programme. For instance, a female can be a teenage girl, a wife or a woman. Ashton *et al.* (2015) warns that this particular aspect of behavioural tools is contentious as priming the role of mother could just as well lead to the mother limiting the family size through contraception (in order to have more resources for the children she already has) or motivating her to have even more children (since motherhood is synonymous with raising children). In opposition, simplification, the last tool in Table 6.4-1 above, is widely accepted to be efficient. Indeed, Gigerenzer and Gaissmaier (2011) demonstrate that individuals make better decision when presented with simple information to digest. Clearly, the "nudges" of behavioural economics can be used in the context of Cameroon to ensure, or at least to improve, beneficial outcomes in the health dimension of poverty.

6.5 CONCLUSION TO THE TESTING OF THE HYPOTHESIS

In this chapter, the hypothesis has been tested and the answer is clear: the poor of Cameroon would have been better off if the funds from the debt relief had been used for direct cash transfers to them rather than for promoting the PRSPs' policies. If the total debt relief was used in a CCT scheme, that money would have rooted all the extremely poor Cameroonians out of poverty for eight consecutive years. However, it is also clear that such testing remains a mathematical simulation even though it is supported by the experiences in other countries, in similar setups. To improve the efficiency of such programmes in a multi-ethnic country like Cameroon, it is necessary to conduct pilot testing which includes a large and representative sample of the poor throughout the country with the consequence that the PMT eligibility threshold but also the right conditionalities will vary with the regions of the country. The idea is to get as close as possible to a quasi-experimental method which is a condition for the project's success.

Now that the hypothesis has been tested, the final chapter delves into the conclusions and recommendations of this thesis.

CHAPTER 7: CONCLUSION AND RECOMMENDATIONS OF THE THESIS

INTRODUCTION AND CHAPTER STRUCTURE

In Chapter Four, through comparisons, it was determined that the Nicaraguan PRSP did a better job in alleviating poverty than its Cameroonian counterpart and that the reasons for the better performance of Nicaragua resides in a more pro-poor approach and in the implementation of a cash transfers programme (the RPS). In Chapter Five, the above RPS was studied and other more elaborate cash transfer programmes (the Mexican *Oportunidades* and the Brazilian *Bolsa Familia*) discussed. Finally, in Chapter Six, the hypothesis was tested, indicating that using the funds from the debt relief of the HIPC Initiative would have eradicated extreme poverty in Cameroon for eight consecutive years.

This final chapter is divided into two sections. The first section compiles the findings of this thesis while the second section provides recommendations to policymakers and to the Cameroonian government in terms of extreme poverty alleviation.

7.2 CONCLUSION TO THE THESIS

Apart from the prevailing Washington Consensus framework, it was argued in this thesis that leaders of a country always have the free will to choose (at least to bias towards) a more pro-poor policy. Failure of the leaders to use their free will and make the right political decisions (in terms of macroeconomics or narrowly, in terms of the fight against poverty) can result in a widespread, persistent poverty situation whether the country has sufficient natural resources or not, whether the country has an inadequate pattern of growth or not. This brings about the point that fighting poverty is eminently a political decision.

The objectives of the thesis (as defined in Section 1.4) were:

1. To demonstrate that the IFIs put little emphasis on the poverty alleviation lever and the PRSPs never adopted a truly participatory process.
2. To demonstrate that the income dimension of poverty is the one that can easily be measured, acted upon (using CCT) and that improving the income

dimension of poverty can have a beneficial outcome on the health and education dimensions of poverty.

3. To demonstrate that if used as a CCT, the total saving from the HIPC Initiative in the case of Cameroon, could have indeed moved all the poor of Cameroon out of poverty for eight consecutive years.

All three objectives have been attained.

- Section 4.5 demonstrated that the IFIs put little if any emphasis on poverty alleviation. Everything was in the discourse, in the rhetoric. The true goal of IFIs was to promote pro-growth policies.
- Sections 2.2.4, 5.4 and 6.4 contributed in the demonstration that the income dimension of poverty is easily measured, in any case, much easier than the other two dimensions of poverty which are education and health. These sections also demonstrated that an improvement of the income dimension of poverty can also bring about (through conditionalities) improvement in the education and health conditions of the poor. CCTs or LCTs have the potential to allow poor Cameroonians to reap additional benefits in terms of increased human capital and the betterment of health for the poor. They can also set the country on a virtuous cycle of economic growth with diminishing poverty. Without a doubt, conditionality or labelling is important to ensure the success of direct cash transfers. However, for the above to materialise, the capacity of the supply-side must be adequate. As Schady and Araujo (2006) argue, the country needs to assess the current level of specific human capital outcomes and identify key constraints to low outcomes in human capital. Proper monitoring of operations and rigorous evaluation are critical to ensure the effectiveness and success of the programme. Good governance and political support at high governmental levels for the programme play an important role in implementing a CCT programme (Schady and Araujo, 2006). In other words, CCTs and LCTs are effective only if the entire accompanying context is improved.
- Finally, the testing of the hypothesis in Chapter Six demonstrated that extreme poverty would have been eradicated from Cameroon for eight

consecutive years if the funds from the HIPC Initiative had been used as a CCT.

From a different angle, the problems requiring research (see Section 1.3) were did the HIPC Initiative translate into beneficial outcomes to the poor? Are there alternative, tested poverty reduction strategies? If confronted again with a debt crisis, how should the IFIs act if alleviating poverty is the true goal?

This thesis found that in the case of Cameroon, the HIPC Initiative did not translate into beneficial outcomes to the poor, at least from an income perspective (see Chapter Four). Furthermore, this thesis also found that there are, indeed, alternative tested poverty reduction strategies such as CCTs or UCTs that proved efficient in Nicaragua in particular and in Brazil and Mexico in general, to combat poverty head-on (see Chapter Five). It is also clear that the lessons from the Nicaraguan RPS (and more generally, the Brazilian miracle in terms of CCTs) could be duplicated in Cameroon if policymakers are willing to spend a small percentage of the country's GDP on the extremely poor as Brazil has done with 0.5 per cent of its GDP. The political economy of cash transfers could, however, be a challenge for multi-ethnic countries like Cameroon where the decision has to be carefully planned and the implementation balanced so that tensions between ethnic groups do not arise. In that regard, it is noted that even in the case of Brazil, the strong redistributive policies implemented by Lula created tensions between the mostly rich White Brazilians and the poor Black and Coloured population to the point that the corruption charges against Lula is seen by many people as a pure conspiracy from the White elite (The New Yorker, 2017; The Wire, 2017). Finally, this thesis found that if confronted again with a debt crisis, the IFIs should promote CCT if their ultimate goal is extreme poverty alleviation.

In conclusion, the hypothesis was positively tested. Poor Cameroonians would have been better off if the funds from the debt relief initiative were used as direct cash handouts to them instead of used to promote the policies of the PRSP. Theoretically, it means that if the above strategy was used, between 2007 and 2015, there would have been no extremely poor in Cameroon.

7.3 RECOMMENDATIONS

7.3.1 Recommendations to the government of Cameroon

The above conclusions logically lead to the recommendations that Cameroon should, without delay, implement a cash transfer program to tackle extreme poverty. Obviously, Cameroon cannot just wait for hypothetical new debt relief to start such a programme. In order for the program to start immediately, subsidies on fuel can be progressively phased out with the goal of reaching about 1% of the GDP used for cash transfers in the medium term. Currently, there is a very limited pilot project underway in some areas of Cameroon. The momentum must not be lost. By using the experiences of that pilot project, as well as that of Latin American countries and the tools of behavioural science, a larger scale implementation of cash transfer must be initiated immediately in order to maximise the potential benefit to the poor in terms of health and human capital.

7.3.2 Recommendations to the government of Nicaragua

Looking at the success of these CCT programmes in Latin America and the persistence of poverty, there is a need, as argued by Rawlings and Rubio (2005), to assess the effectiveness of these programmes both as a permanent institution for addressing chronic poverty and as a temporary instrument for addressing vulnerability to shocks. An assessment could also be made to explore ways to strengthen the links with suppliers of health and education services in order to improve access and quality. In a nutshell, Nicaragua shouldn't stop its efforts in alleviating poverty through CCT programmes. In fact, it is clear that the government of Nicaragua should keep on developing and improving its CCT programmes in order to reach all the poor of Nicaragua.

7.3.3 Recommendations to the IFIs and the donor countries

Looking at the failure of the HIPC Initiative in terms of poverty alleviation and mindful of a new debt crisis which is looming (Remy, 2016), the IFIs should seriously consider the possibility to request that in exchange of debt relief, indebted poor countries implement some sort of cash transfer program. The implications of this study could go even further if one moves away from the rationale around the strict debt issue. The World Bank informs us that in 2014, Sub-Saharan Africa had

received a total net official development assistance and official aid ⁴⁶ of \$46,545,910,000 (World Bank, 2016c).

Firstly however, there are a few issues to keep in mind. Even though not all of this assistance and aid is repayable, it contributes to increasing the debt of poor nations. Secondly, for bilateral aid, the donor country often imposes some conditions on the receiving country such as using firms from the donor's country to accomplish the works (bridges, roads). The results are that project costs are often higher since the receiving country does not have a choice, but the fund is also basically returned to the donor country. China, for instance, will often demand that Chinese be sent to the receiving country to carry out part of the job. Thirdly, this assistance and aid goes back into the same hands and through the same governments which have been unable to substantially improve the lives of their people. All these above reasons contribute to making assistance and aid inefficient at least from the poor's perspective and with serious consequences for the donors, in particular, Western Europe. Besides the flows of refugees due to the wars in Syria, Iraq and Libya, it is clear that there are strong economic migratory pressures on Western Europe coming from Sub-Saharan Africa. These pressures undoubtedly contribute to the rise of far-right political parties in many parts of Europe (France, England and Hungary).

Instead of Western Europe pursuing the very same old assistance policy for decades, it should change the paradigm and earmark part of that huge assistance/aid for direct cash transfer. Furthermore, part of the funds used to control Europe's borders (€17 billion as estimated in section 6.3.1) could also be more wisely used in the framework of a cash transfer to the poor of Africa. In such a case, numerous advantages could be reaped, which will immediately change the lives of millions of poor people, contribute to releasing the economic migratory pressures

⁴⁶ Net official development assistance (ODA) consists of disbursements of loans made on concessional terms and grants by official agencies of the Development Assistance Committee (DAC), by multilateral institutions and by non-DAC countries to promote economic development and welfare. It includes loans with a grant element of at least 25 per cent. Net official aid refers to aid flows (net of repayments) from official donors. Official aid is provided under terms and conditions similar to those for ODA. (World Bank, 2016c)

on Western Europe and boost the economy of the poor country. It must be immediately emphasised that this is by no means a call for charity. An important point that needs to be made is that it is in the best long-term interest for the donors and the poor countries that poverty in Africa be alleviated.

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9. ANNEXURES

ANNEXURE 1: THE USEFULNESS OF POVERTY

1	Poverty ensures that dirty, dangerous, menial and undignified work get done
2	The poor subsidise the affluent by saving them money (by being, for example, domestic servants, medical guinea pigs)
3	Poverty creates jobs in a number of professions (e.g. drug pedlars, prostitutes, pawnshops, army, police)
4	The poor buy shoddy, stale and damaged goods prolonging their economic usefulness but also use poorly trained and incompetent professional people, such as doctors and teachers.
5	The poor help to uphold the legitimacy of dominant norms by providing examples of deviance (e.g. the lazy, spendthrift, dishonest, promiscuous)
6	The poor help to provide emotional satisfaction, evoking compassion, pity and charity, so that the affluent may feel righteous
7	The poor offer affluent people vicarious participation in sexual, alcoholic, narcotic behaviour
8	Poverty helps to guarantee the status of the non-poor
9	The poor assist in the upward mobility of the non-poor (by being denied educational opportunities or being stereotyped as stupid or unteachable, the poor enable others to obtain the better jobs)
10	The poor add to the social viability of non-economic groups (e.g. fund-raising, running settlements, other philanthropic activities)

11	The poor add and perform cultural functions, like providing labour for Egyptian pyramids, Greek temples and medieval churches
12	The poor provide "low" culture which is often adopted by the more affluent (e.g. jazz, blues, spirituals, country music)
13	The poor serve as symbolic constituencies and opponents for several political groups (being seen either as the depressed or as "welfare chiselers")
14	The poor can absorb economic and political costs of change and growth in American society (e.g. reconstruction of city centres, industrialisation)
15	The poor play a relatively small part in the political process and indirectly allow the interests of others to become dominant and distort the system

Source: From Gans (1972)

ANNEXURE 2: PROPOSED APPORTIONMENT OF BUDGET APPROPRIATIONS BY SECTOR (IN BILLIONS OF CFAF)

	Budget		Projections										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Education	233.8	271.5	298.4	329.7	366.2	410.4	451.7	505.9	556.7	612.4	673.4	740.7	807.4
National education	176.4	204.8	225.1	248.7	276.3	309.6	340.8	381.7	420.0	462.0	508.0	558.8	609.1
Higher education	23.3	27.0	29.7	32.8	36.5	40.9	45.0	50.4	55.4	61.0	67.0	73.7	80.4
Scientific and technical research	6.2	7.2	7.9	8.7	9.7	10.8	11.9	13.3	14.7	16.1	17.8	19.5	21.3
Technical education and vocational training	28.0	32.5	35.7	39.5	43.8	49.1	54.1	60.6	66.6	73.3	80.6	88.7	96.7
Health	59.4	75.2	90.5	101.5	119.0	155.7	182.3	213.0	258.5	289.5	324.2	356.7	388.8
Social Development and Employment	11.0	16.9	18.5	22.6	25.0	35.4	39.6	44.4	49.7	55.7	62.4	68.6	74.8
Labor and social insurance	3.5	5.3	5.8	7.1	7.9	11.1	12.5	14.0	15.7	17.5	19.6	21.6	23.6
Social affairs	4.3	6.5	7.1	8.7	9.6	13.6	15.3	17.1	19.2	21.5	24.0	26.4	28.8
Status of women	3.3	5.1	5.5	6.8	7.5	10.6	11.9	13.3	14.9	16.7	18.7	20.5	22.4
Production Infrastructure	110.5	156.0	169.3	191.8	219.2	247.7	277.4	319.5	367.8	412.0	461.4	507.5	553.2
Postal and telecommunications services	7.7	10.8	11.7	13.3	15.2	17.2	19.2	22.2	25.5	28.6	32.0	35.2	38.4
Public works	60.3	85.1	92.4	104.6	119.6	135.1	151.3	174.3	200.6	224.7	251.7	276.9	301.8
Transport	8.2	11.6	12.6	14.2	16.3	18.4	20.6	23.7	27.3	30.6	34.2	37.7	41.1
Electricity, water and mines	9.2	12.9	14.0	15.9	18.2	20.5	23.0	26.5	30.5	34.2	38.3	42.1	45.9
Urban planning and housing	16.3	23.0	24.9	28.2	32.3	36.5	40.8	47.0	54.2	60.7	67.9	74.7	81.4
Towns	8.9	12.6	13.7	15.5	17.7	20.0	22.4	25.8	29.7	33.3	37.3	41.0	44.7
Rural Sector	43.3	56.4	61.7	67.7	75.1	113.2	126.8	142.0	159.1	178.1	199.5	219.5	239.2
Agriculture	28.1	36.6	40.1	44.0	48.8	73.5	82.4	92.2	103.3	115.7	129.6	142.6	155.4
Stockbreeding, fisheries and animal industries	7.9	10.3	11.3	12.4	13.8	20.7	23.2	26.0	29.1	32.6	36.5	40.2	43.8
Forests and environment	7.3	9.4	10.3	11.3	12.6	19.0	21.2	23.8	26.6	29.8	33.4	36.7	40.0
Other Ministries and Institutions	348.7	364	390.3	415	447.9	452.8	507.2	550.3	596.5	679.2	773.2	850.5	927.1
TOTAL MINISTRIES (operations and investment)	806.9	940.0	1028.9	1128.3	1252.4	1415.2	1585.0	1775.2	1988.3	2226.9	2494.1	2743.5	2990.4

Note: these appropriations represent the sum of own resources and operating/capital resources by sector and ministry.

Source: From C-PRSP, (2003:191)

ANNEXURE 3: SGPRS PORTFOLIO OF PROGRAMS

Annex Table 2. SGPRS Portfolio of Programs (consolidated)

Guidelines	2001	2002	2003	2004	2005	TOTAL
	(millions of US dollars)					
TOTAL	218.6	217.1	223.3	238.5	252.0	1149.5
Pillars	185.6	193.8	196.0	206.9	217.2	999.5
1. Broad-based economic growth	81.0	96.0	99.7	102.6	106.3	485.6
2. Greater and better investment in human capital	72.0	75.8	72.3	79.3	84.6	384.0
Education	50.4	52.2	49.2	50.8	53.2	255.8
Health	19.9	22.0	22.1	27.3	29.8	121.1
Nutrition	0.2	0.1	0.3	0.4	0.5	1.6
Population	1.5	1.4	0.6	0.8	1.1	5.5
3. Better protection for vulnerable groups	29.9	19.2	21.3	22.1	23.2	115.8
4. Governance	2.6	2.8	2.7	2.9	3.1	14.1
Cross-cutting themes	33.0	23.2	27.3	31.6	34.8	150.0
1. Environment and ecological vulnerability	16.2	6.3	5.7	8.7	11.6	48.5
2. Decentralization	16.8	16.9	21.6	22.9	23.2	101.5

Annex Table 3. SGPRS Portfolio of Programs (continued)

Guidelines	2001	2002	2003	2004	2005	TOTAL
	(millions of US dollars)					
HEALTH	19.9	22.0	22.1	27.3	29.8	121.1
Improve coverage and quality	15.7	16.6	16.0	20.1	21.6	90.0
Rehabilitation of the primary network	7.7	7.4	6.9	8.5	9.3	39.7
Strengthening of the SILAIS	4.3	6.0	5.1	6.6	6.9	28.9
Strengthening of the immunizations program	0.1	0.1	1.0	1.2	1.3	3.7
Prevention and control of epidemics	2.8	2.0	2.0	2.5	2.7	11.9
Technical assistance	0.9	1.1	1.1	1.3	1.4	5.8
Modernize the sector	4.1	5.4	6.1	7.2	8.2	31.1
NUTRITION	0.2	0.1	0.3	0.4	0.5	1.6
Foster preventive approaches to malnutrition	0.2	0.1	0.3	0.4	0.5	1.6
POPULATION	1.5	1.4	0.6	0.8	1.1	5.5
Incorporate sexual and reproductive health	1.4	0.9	0.1	0.2	0.2	2.9
Responsible family behavior	0.1	0.5	0.5	0.6	0.9	2.6
3. Better protection for vulnerable groups	29.9	19.2	21.3	22.1	23.2	115.8
Modernize the institutional framework	2.6	2.3	1.4	1.5	1.5	9.3
Modernize the institutional framework	2.6	2.3	1.4	1.5	1.5	9.3
Improve the quality of targeting and coverage	27.3	16.8	19.6	20.3	21.3	105.3
Improve the productive capacity for vulnerable groups	5.6	0.9	0.9	0.9	0.9	9.2
Improve the social infrastructure for vulnerable groups	5.6	5.0	5.2	5.4	5.7	26.9
Improve investment in human capital for children and adolescents	15.0	10.4	12.5	13.0	13.6	64.4
Supplementary Social Fund	1.1	0.5	1.0	1.1	1.1	4.8
Strengthen community participation and social solidarity	0.0	0.2	0.3	0.3	0.3	1.2
Assistance to the elderly and the sick	0.0	0.2	0.3	0.3	0.3	1.2
4. Governance	2.6	2.8	2.7	2.9	3.1	14.1
Strengthen institutionality	2.6	2.8	2.7	2.9	3.1	14.1
Transparency	2.3	2.1	1.7	1.9	2.0	10.0
Additional governance actions	0.3	0.8	0.9	1.0	1.1	4.1
B. Cross-cutting themes	33.0	23.2	27.3	31.6	34.8	150.0
1. Environment and ecological vulnerability	16.2	6.3	5.7	8.7	11.6	48.5
Environmental restoration	1.1	1.1	1.7	2.6	3.5	10.0
Management and conservation of forests	5.3	1.0	0.6	1.0	1.3	9.1
Rehabilitation and protection of watersheds and other water sources	0.3	0.2	0.2	0.3	0.4	1.4
Strengthen local and institutional environmental management	9.4	3.8	3.0	4.6	6.2	27.1
Land-use planning	0.1	0.2	0.1	0.2	0.2	0.9
2. Decentralization	16.8	16.9	21.6	22.9	23.2	101.5
Municipal infrastructure	10.8	10.2	9.9	10.0	10.2	51.1
Municipal promotion	1.7	1.0	1.7	1.9	2.0	8.2
Municipal development	4.4	5.8	10.0	11.0	11.0	42.1

Annex Table 3. SGPRS Portfolio of Programs

Guidelines	2001	2002	2003	2004	2005	TOTAL
	(millions of US dollars)					
TOTAL	218.6	217.1	223.3	238.5	252.1	1149.6
A. Pillars	185.6	193.8	196.0	206.9	217.3	999.6
1. Broad-based economic growth	81.0	96.0	99.7	102.6	106.3	485.6
Maintain stability and economic growth	0.3	3.8	5.6	5.8	6.0	21.5
Rationalize public investment projects	0.3	3.8	5.6	5.8	6.0	21.5
Improve efficiency through factor markets	37.9	49.2	50.2	51.6	53.5	242.3
Land market	1.0	3.3	3.9	4.0	4.1	16.3
Financial and agricultural services	5.5	5.9	4.5	4.6	4.8	25.2
Commercialization	1.6	1.5	1.4	1.5	1.5	7.6
Infrastructure	13.2	18.8	24.3	25.0	25.9	107.2
Rural extension and institutional strengthening	16.6	19.7	16.1	16.5	17.1	86.1
Increase the rate of technological progress	3.5	2.7	1.8	1.9	1.9	11.8
Agricultural technology	3.5	2.7	1.8	1.9	1.9	11.8
Expand the provision of safe water and sanitation	34.2	36.7	38.9	40.0	41.4	191.2
Urban and high density populated rural areas	25.5	27.9	30.8	31.6	32.8	148.5
Low-density populated rural areas	8.2	8.4	7.6	7.8	8.1	40.2
Environmental management	0.5	0.5	0.5	0.5	0.5	2.5
Develop the housing sector	4.3	2.7	2.6	2.6	2.7	15.0
Self-built housing	1.7	0.9	0.8	0.8	0.9	5.1
Promote housing for low income and social interest groups	2.7	1.8	1.8	1.8	1.9	10.0
Strengthen strategic activities	0.8	0.8	0.7	0.7	0.7	3.8
Promote investments and exports	0.3	0.4	0.3	0.3	0.3	1.5
Develop small and medium businesses	0.5	0.4	0.4	0.4	0.4	2.2
2. Investment in human capital	72.0	75.8	72.3	79.3	84.6	384.0
EDUCATION	50.4	52.2	49.2	50.8	53.2	255.8
Increase coverage	41.2	43.6	41.2	42.3	43.8	212.2
Repair and replacement of school's infrastructure	27.3	30.7	27.6	28.6	30.0	144.2
Expand coverage of education	13.1	12.2	13.0	13.1	13.2	64.7
Professional training	0.7	0.7	0.6	0.6	0.6	3.3
Improve the quality of education	4.7	2.5	2.6	3.0	3.6	16.4
Modernize the sector	2.2	3.2	3.1	3.2	3.4	15.2
School autonomy	2.4	2.8	2.2	2.3	2.4	12.0

Source: From N-PRSP (2001:148-150)

ANNEXURE 4: NICARAGUAN SOCIAL PROGRAMMES

PILLAR 3: Protection of vulnerable groups		Policy actions	Scheduled execution	Executor	Financing
Guidelines	Objectives				
<p>Modernize the institutional framework</p>	<p>Strengthen institutional capacity to formulate, coordinate, and evaluate policies and programs</p>	<p>RESTRUCTURING OF PROGRAMS AND PROJECTS PORTFOLIO</p> <ul style="list-style-type: none"> • Analysis of plans, programs, and projects directed at vulnerable groups, their delivery mechanisms, and cost/effectiveness evaluation • Implement the Action Plan for the Rationalization of Social Investment directed at extremely poor and vulnerable groups • Identify vulnerable groups' profile by region and analyze critical social risks to improve the effectiveness of programs aimed at children, the elderly, the handicapped, and adolescent mothers • Design effective service delivery mechanisms promoting behavioral changes of the extreme poor and vulnerable groups, through sustainable schemes involving central and local governments, civil society, and international cooperation for the execution of social protection programs <p>INSTITUTIONAL STRENGTHENING</p> <ul style="list-style-type: none"> • Coordinate the efforts of MIFAMILIA, INIM, National Council for Children, and other organizations created to assist vulnerable groups • Implement programs to strengthen organizations that formulate, coordinate, follow up, and evaluate social and economic policies directed at extremely poor and vulnerable groups 	<p>Underway</p> <p>2001</p> <p>2001</p> <p>Underway</p> <p>2001-2002</p> <p>2001-2002</p>	<p>SETEC, All sectors</p> <p>SETEC/FISE, MIFAMILIA</p> <p>SETEC</p> <p>SETEC/FISE, MIFAMILIA</p> <p>MIFAMILIA, INIM</p> <p>MIFAMILIA, SETEC, FISE,</p>	<p>IDB, WB</p> <p>IDB, WB</p> <p>IDB, WB</p> <p>IDB, WB</p> <p>IDB</p> <p>IDB, WB</p>
<p>Improve quality, targeting and coverage</p>	<p>Design and implement interventions for social protection based on specific characteristics of vulnerability and risks</p>	<p>IMPROVEMENT OF PRODUCTIVE CAPACITY OF THE EXTREMELY POOR</p> <ul style="list-style-type: none"> • Implement Integrated Program for Poor Urban Neighborhoods • Implement food security programs among 33,022 rural families facing adverse environmental conditions (Special Program for Food Security PESA, Support food security of poor rural families affected by drought or flooding and rehabilitate families affected by hurricane Mitch) • Implement community jobs program • Programs to fight women's poverty (women and credit program; women's garden economy with technology and credit-in-kind) 	<p>2001-2003</p> <p>Underway</p> <p>Underway</p> <p>Underway</p> <p>Underway</p>	<p>FISE-SETEC</p> <p>MAGFOR, INTA</p> <p>SAS</p> <p>INIM, INTA</p>	<p>IDB</p> <p>FAO, Spain WFP</p> <p>Budget</p> <p>Taiwan, Norway</p>

PILLAR 3: Protection of vulnerable groups		Policy actions	Scheduled execution	Executor	Financing
Guidelines	Objectives				
		<p>HUMAN CAPITAL PROTECTION</p> <ul style="list-style-type: none"> • Implement programs to improve health in extremely poor rural areas (medical resources and nursing) • Implement strategic plan to increase health coverage among formal and informal sector workers • Medical brigades to assist vulnerable and extremely poor groups • Assistance to groups facing nutritional and educational risk: <ul style="list-style-type: none"> 89,182 children 2 – 6 years (School Lunch Program) and community preschoolers Increase coverage of integral attention of children 0-6 years (PAININ) • Implement programs to fight extreme rural poverty (Social Safety Network) <p>200,000 children attending formal pre-schools, 1st, 2nd grades and multigrade schools located in extremely poor areas (PINE)</p> <p>Health and nutrition programs aimed at women and children through participatory schemes, and support for the delivery of health services</p> <p>Preventive nutritional health programs aimed at children to facilitate early detection of nutritional deficiencies and opportune interventions</p> <p>Healthy Schools Program</p> <ul style="list-style-type: none"> • Implement program to assist handicapped children: <ul style="list-style-type: none"> Special education program to assist 3,900 children (teachers' training, promoting handicapped children's participation, promotion of diversity) <p>Rehabilitation by the community (Smile operation)</p> <p>Rehabilitate and provide treatment to handicapped persons</p>	<p>Underway</p> <p>Underway</p> <p>Underway</p> <p>2001-2005</p> <p>2001-2003</p> <p>2000-2002</p> <p>2001-2004</p> <p>Underway</p> <p>2001</p> <p>Under formulation</p> <p>Underway</p> <p>Underway</p> <p>2000-2002</p>	<p>MINSA-FSS</p> <p>INSS</p> <p>INSS</p> <p>MIFAMILIA</p> <p>MIFAMILIA,</p> <p>FSS-FISE, MECD, MINSA</p> <p>MECD</p> <p>MINSA</p> <p>MINSA</p> <p>MECD, MINSA, ENACAL</p> <p>MECD</p> <p>MIFAMILIA</p> <p>MINSA</p>	<p>IDB</p> <p>INSS</p> <p>INSS</p> <p>WFP</p> <p>WFP, IDB,</p> <p>IDB</p> <p>WFP</p> <p>UNICEF</p> <p>Under negot.</p> <p>Under negot.</p> <p>EU, Save the Children, Sweden, UNESCO, VVOP</p> <p>USA Smile Operation</p> <p>Finland</p>

PILLAR 3: Protection of vulnerable groups		Policy actions			Executor	Financing
Guidelines	Objectives	Policy actions	Scheduled execution	Executor	Financing	
Strengthen community participation and social solidarity	Foster the sustainability of the interventions	<ul style="list-style-type: none"> Protection of working children: Alternative ways of receiving educational services and on-the-job-training Decrease work performed by children in Mamagua and other cities Protection of minors under high-risk conditions (delinquency and abandonment): Protection for 551 spotlight children Protection for 480 children under risk due to drug use and sexual abuse Attention to 790 inhalant children Comprehensive development plan for the prevention of juvenile delinquency Protection centers for abandoned children 	2000-2001 Underway Underway 2000-2001 Underway 2002 Underway	MIFAMILIA MIFAMILIA, MITRAB MIFAMILIA MIFAMILIA MIFAMILIA, Casa Alianza SAS MIFAMILIA	EU, UNICEF OIT, UNICEF, EU Taiwan and NGO's UNDP, UNICEF, UNESCO IDB, Budget, Casa Alianza Budget, Norway Budget PMA	
		<ul style="list-style-type: none"> Fight Against Drugs: Approval and negotiation of Plan to Fight Drugs Implement antidrug campaigns in primary, secondary schools and communities Prevention plan against drugs in the Atlantic Coast 	Underway Underway August 2001	CNLD, MINGOB MECD, CNLD, PN, MIFAMILIA, MINSA, NGO's Regional Autonomous Councils for Fight Against Drugs	OAS, UNDP Budget funds from each institution IDB	
		<ul style="list-style-type: none"> Implement comprehensive attention programs aimed at the extremely poor sick: Special attention program for cancer patients and neurosurgery Implement programs for the elderly Attention program for senior citizens Feasibility study on increasing coverage for the elderly Development of community capacities Foster homes program Training of local community promoters (Centers for Soc. and Educ. formation) 	Underway Under way New program phase under design Underway 2001	MINSAFES-ONG's MIFAMILIA INSS MIFAMILIA MIFAMILIA	Taiwan RICOTEC WB Budget	

Source: From N-PRSP (2001:131-133)