United Nations Department of Economic and Social Affairs
Division for Social Policy and Development

United Nations Expert Group Meeting on
"Strategies for Eradicating Poverty to Achieve Sustainable Development Goals"

United Nations Headquarters, New York, 1 – 3 June 2016

Report of the Meeting

I. Purpose of the meeting

The Division for Social Policy and Development (DSPD) of the United Nations Department of Economic and Social Affairs (DESA) organized an Expert Group Meeting on the priority theme of the fifty-fifth session of the Commission for Social Development: "Strategies for Eradicating Poverty to Achieve Sustainable Development for All". The Expert Group Meeting was held from 1 to 3 June 2016 in New York.

The meeting was convened in the context of the Economic and Social Council of the United Nations resolution E/CN.5/2016/L.4, in which ECOSOS decided that the priority theme for the 2017-2018 review and policy cycle of the Commission for Social Development would be "Strategies for Eradicating Poverty to Achieve Sustainable Development for All".

The meeting brought together experts involved with poverty, education, health, social protection, agriculture development and structural transformation to review the most effective strategies that countries have adopted to eradicate poverty in all its forms and dimensions, including extreme poverty. The experts reflected on past experiences in eradicating poverty and made recommendations on strategies that could spur poverty eradication efforts in the context of the 2030 Agenda for Sustainable Development. Each substantive session consisted of presentations by experts and a discussion. During the closing session, a short summary of each thematic session was presented by the moderator of each session.

This report summarizes the main points from each session and highlights recommendations. Materials from the expert group meeting can be accessed at the website of the Division for Social Policy and Development,

https://www.un.org/development/desa/dspd/, at the following location:

https://www.un.org/development/desa/dspd/2016-expert-group-meetings-and-panel-discussions/poverty-sdgs.html

II. Summary of Discussions

Opening of the meeting

The meeting was opened by the Director of the Division for Social Policy and Development, Ms. Daniela Bas. After welcoming all the participants, the director outlined the objectives of the meeting. She stated that as clearly enunciated in the 2030 Agenda for Sustainable Development as well as by the Copenhagen World Summit for Social Development, the overarching goal of international development efforts is the eradication of poverty in all its multiple dimensions. Poverty is a challenge faced by the least developed countries, middle-income and developed countries alike. Although tremendous progress has been made to reduce extreme poverty, the number of people living in extreme poverty continues to increase in some countries, with women, children, persons with disabilities, older persons, youth and indigenous persons making up the majority of the most affected groups. She noted that large numbers of people continue to face serious deprivations of basic human needs, with progress hampered by deep inequalities linked to income, access to nutritious food, gender, ethnicity, disability status, age and quality education and healthcare. These challenges are universal and inter-related and need to be addressed together by all countries. It is not sufficient to address the challenges separately – a mix of strong integrated policies and strategies is needed with new innovative solutions to end extreme poverty and put our planet on a sustainable path before it is too late.

Ms. Wenyan Yang (DSPD/DESA) provided an overview of the meeting and how its deliberations would contribute to the work of the Commission for Social Development. She invited the experts to provide concrete, evidence-based reviews of poverty eradication strategies, highlighting those strategies that have been effective and those that have not and to draw lessons that will spur efforts to eradicate poverty within the context of the 2030 Agenda for Sustainable Development.

Session 1: Poverty Eradication and the 2030 Agenda

Summary of discussions

In this session, three panellists took the floor to discuss what is needed to achieve the overarching objective of the 2030 Agenda to end poverty in all its forms everywhere: Mr. Martin Ravallion (Georgetown University), Mr. Shantanu Mukherjee (UNDP) and Mr. Naresh Singh (independent consultant).

To have a better understanding of global poverty and poverty reduction strategies, the session began by examining two related questions, (i) how is the world doing against poverty? and (ii) is maintaining the policy "status quo" sufficient? Mr. Ravallion noted the uneven achievements of the MDG era, its unfinished business, and the need for policy innovation and political commitment if the SDGs, and SDG1 in particular, are to be achieved while leaving no one behind and raising the consumption floor. As regards policy, Mr. Ravallion cautioned out that status quo policies might 'with luck' get near to zero extreme poverty by 2030 assuming there is high growth and no increases in inequality. However, policy reforms and innovations were thought likely to be necessary, especially given the poor state of policy frameworks in twenty or so countries accounting for a large proportion of the extreme poor, many of which are also not growing very fast. The session underscored that poverty monitoring must be socially relevant given its multidimensional nature. However, despite this recognition, absolute consumption poverty reduction should remain the highest priority as people care about their relative position in society. There is need therefore to think of poverty lines that have lower and upper bounds. The lower bound can be thought of as reflecting the true welfare consistent measure and assumes that the economic gradient in poverty lines across countries only reflects differing social norms. A weakly relative measure of poverty provides its upper bound, allowing for social effects on welfare. With these two bounds in mind, it was noted that two thirds of the increase in the number of people who are relatively poor but not absolutely poor is due to the decrease in the number of absolutely poor. More importantly, a significant share of developing world's progress in reducing poverty has been reducing the number of people living close to the consumption floor rather than raising the level of that floor. Therefore, traditional counting methods used to assess progress against poverty do not allow monitoring progress in assuring that no one is left behind. Such approaches tend to miss what is happening at the floor. Countries can measure and monitor success at leaving no one behind from existing data sources under certain assumptions.

Further, Mr. Ravallion highlighted that growing economies have seen rising absolute inequality. This has implications for poverty reduction strategies. In particular, economic growth will be crucial, especially in poor countries. Only a few countries have seen sustained progress in reducing inequality as growth has been distribution neutral on average. Thus, growth has been the main proximate source of progress against absolute poverty. However, high and often rising inequality threatens to undermine prospects for future growth and dampens the impact on poverty. Countries starting out with a high poverty rate have a harder time growing their economies and a harder time assuring that their growth is pro-poor. If countries maintain the new growth trajectories since 2000 without a rise in overall inequality, this will result in about one billion people being lifted out of extreme absolute poverty by 2030. Reaching this goal will require continued and rapid pro-poor growth. And for such growth to occur, countries will need to implement poverty reducing economic reforms that ensure that markets work better for poor people. Conditions should also ensure that people living in poverty are able to participate fully in that growth, which will require that they have access to schooling, health care, decent employment opportunities and financial resources. It will also require a measure of good luck, like avoiding major crises such as financial, economic and climate related crises. Pro-poor growth strategies can also contribute to poverty reduction when they develop human and physical assets of people living in poverty, remove biases against people living in poverty in public spending, taxation, trade and regulation, promote agriculture and rural development, remove restrictions on migration and foster labour absorption from urban economies. It is equally important for countries to focus on poverty reduction as opposed to finer targeting as targeting strategies are often undermined by inclusion errors, information problems, administrative capacity constraints, and often carry hidden costs. Targeting also raises concerns about undermining social support and/or broader political consensus. In the long-run, it is crucial that poor countries draw lessons from today's rich countries. While today's developing world is making faster progress in reducing the poverty rate than today's rich countries, a major difference between the two is that today's rich countries were successful at raising the consumption floor. This success could be attributed to greater success in adopting and implementing comprehensive social policy. Rich countries started with comprehensive coverage then fine-tuned to targeting once they had the administrative capacity to do so. In examining the question of whether maintaining the policy status quo was sufficient, it was noted that the emphasis on economic growth in poor countries is justified. However, a focus on growth should be complemented by greater policy emphasis on reaching the poorest and redressing extreme inequalities.

Mr. Mukherjee pointed out that the persistence of poverty at the bottom is a concern when the eradication of poverty is examined from an inter-generational approach. In particular, eradicating poverty when global and national economies are changing requires intra-generational eradication of deprivations. Success in eradicating poverty in a generation during the first half (the MDGs era) had depended on sustained economic growth, better policies and programmes, shared political imperative and improved knowledge and understanding of poverty. However, to eradicate poverty in the next half will depend on progress on eradicating inter-generational poverty. This entails eradicating overlapping inter-generational deprivations and interlocking constraints and cumulative effects. In many contexts, accounting for multiple deprivations significantly increases the count of those left behind. For example, in a sample of 25 fragile States, the MPI population was estimated at 1.5 billion. Other important measures to tackling inter-generational deprivations include matching skills to opportunities; improving cross-generational relationships; addressing the challenges posed by climate change; and managing human mobility. Regarding intra-generational eradication of deprivations, focus has to be placed on improving skills for living such as parenting skills; cognitive, social, task-specific, and adaptability skills and health. Interventions such as deworming of Kenyan children also matter as such programmes have contributed to girls staying in school longer and enhancing the labour market out comes of boys. However, there is need for varied, multi-dimensional, customized approaches and leveraging the move to sustainability and addressing the various challenges posed by climate change. Overall, there are three overarching considerations, viz; data and dynamic monitoring, translating growth into removing constraints and providing opportunities, and deepening the normative basis relating to issues such as voting, bargaining and deliberation to shape collective policies, civil society and accountability, and dealing with the reality of disadvantaged and marginalized groups.

The session also discussed some of the key lessons learned from the PSRP and MDG processes in the areas of country ownership, institutional arrangements and capacity to formulate and implement poverty eradication strategies in order to achieve sustainable development for all. Mr. Singh highlighted key lessons from implementing PRSPs include the following, viz: poverty reduction strategies should be based on existing national strategies where quality is good enough; country priorities and capacities vary greatly and should be taken into account; consensus building among power groups, trade-offs, coalition building, political context and history; countries need to plan for political transitions; clear incentives helped, particularly those related to debt relief, increased aid, budgetary support. As regards the MDGs, key lessons learned include the quick integration of MDGs in national development plans and in some countries at local government level as well; campaigning, advocacy and public awareness efforts played an important role in getting national buy in; MDGs reports were important to monitoring national progress and to national policy debates gaps in targets; and MDGs nationalisation and localisation of global goals helped. Further, Mr. Singh pointed out that countries should consider the UNCDF approach to managing local development funds as opposed to the Millennium villages approach. The UNCDF approach was more effective as it also supported the capacity development of local government. There are also institutional lessons that can be drawn from PRSPs. These include applied analysis of the sources of growth and obstacles to pro-poor growth that are linked to the choice of policy actions and reform strategy. Further, existing rules of the game, the budget process, sectoral guidelines, macro-economic priorities, decentralization policy, and cultural traditions need to be well understood and taken into account. The difficulties associated with policy reform processes were acknowledged. Lessons learned from the MDGs experience indicates that progress was determined by policy choices and their coherence, addressing governance and capacity deficits; fiscal constraints and political will. In the case of HIPC and LDCs, progress was hampered by widespread capacity constraints, including policy bottlenecks, high transnational costs, fragmented institutional arrangements, and inadequate human resources. Further, it was noted that MDGs focused on basic needs and ignored building capacities. Therefore, it is important to ensure that countries have the capacity to produce and manage quality data.

To ensure the success of the new global development agenda, it is important to recognize the political nature of poverty reduction and sustainable development. For the SDGs to succeed, it is critical to deliver good results early in the agenda otherwise people will lose interest. Therefore, operational strategies and tools need to better reflect this reality. Some key takeaways from the MDGs era include the importance of planning for political transitions, building coalitions of support, getting the poor themselves and their representative organizations engaged, engaging local NGOs in public policy processes, strengthening national data collection and analysis, greater engagement of private actors, helping the poor become private agents of wealth creation to reduce inequality and making growth inclusive.

During general discussions, a number of issues were raised. These include the need for a social protection anti-poverty oriented policy slant; a rights based social protection floor; and formulating poverty eradication policies that deal with poverty traps as well as increasing productivity. Getting people out of poverty traps requires a different policy agenda that focuses on investing in education, health, skills, etc. It is important to strike a balance between the two sets of policies. Further, it was noted that the structure of the labor market is changing everywhere, hence there is a need to focus on addressing the bottlenecks that prevent the poor and marginalized from participating in the labor market as well as accessing basic services. It is equally critical to address the kinds of institutions that are needed to, for example, unlock the potential of the informal sector.

Session 2: Investing in people and promoting empowerment for poverty eradication

Summary of discussions

In this session, two panellists took the floor to discuss strategies that invest in and empower people through improving access to quality education, healthcare, safe drinking water and sanitation, adequate nutrition and affordable food and energy to eradicate poverty and promote sustainable growth and development: Mr. Jeremy Barofsky and Ms. Alison Fahey.

In implementing the 2030 Agenda for sustainable development, Mr. Barofsky underscored the importance of making informed policy decisions based on rigorous evidence on what has worked and what has not. With increasingly limited resources, policymakers need to focus on certain policy areas that could address interlinkages among various SDGs, and make effective and cost-efficient investments. To end poverty in all its forms everywhere (SDG 1), it is necessary to make progress in enhancing human capital at the same time, as they are intricately linked. Some of the concrete strategies presented during the session include the following areas: health, education, clean water, and productive livelihoods.

Mr. Jeremy Barofsky noted that evidence shows that investing in health not only saves millions of lives and improves the well-being and quality of life of individuals, but also has great impact on poverty reduction through short- and long-term economic gains from improved health at the household level. For example, HIV treatment (antiretroviral therapy) significantly increases labour force participation and increases working hours of people living with HIV/AIDS. It also has large spill-over effects for non-infected family members, for example improved child weight, the reduction of stunting, increased school attendance, increased savings, increased child expenditures, reduced mortality risks, better mental health and productivity. Malaria treatment has positive impact on cognition and educational attainment for young children, enhanced productivity of workers, positive long-term impact on income, and consumption benefits among prime age men. As people with improved health live longer, they are more likely to save more and invest in education. All of these create an enabling environment for foreign direct investment which leads to improved prospect of economic growth.

Another area which significantly improves the health and the quality of life of the poor is the availability of clean drinking water. Chlorine dispensers installed at community water sources disinfect drinking water against most bacteria while protecting water from recontamination. However charging even very small user fees substantially reduces adoption of preventive health products. A point-of-use chlorine dispenser which can be directly installed at community water sources is proven to be more effective in the area where no clean water or piped connections to households are available.

Evidence indicates that the most efficient and cost-effective way to improve the learning outcomes of children of poor households is to support education programmes focusing on basic skills and direct instruction toward children's actual learning levels. Research also finds that there is little evidence to suggest that increased inputs in spending have led to improved learning outcomes. Instead, "teaching at the right level" by grouping the students according to learning level rather than age or grade was found more effective. Simple assessment tools to identify student progress are therefore considered to be key to implement this model.

Ms. Fahey's presentation focused on one of the effective approaches to promote productive livelihoods, the "Graduation" programme developed and implemented by BRAC. This time-bound and comprehensive approach is designed to empower the poorest of poor to move and stay out of poverty in a sustainable manner, and has several components including asset transfer, consumption support through cash transfer, health care, savings, and social integration at the community level. This approach uses participatory selection to target the poorest of the poor, and graduation occurs when households achieve economic and social advancement over the course of 24 months. Evaluations of this programme showed broad improvements in key dimensions of economic and non-economic well-being in most countries where data is available. While more research is necessary, the available evidence suggests that its long-term effects outweigh up-front costs, as the Graduation approach seems to create sustained change.

Good data and analysis are key to take efficient and cost-effective policy decisions. It also serves as useful tools to negotiate over budget allocations. In this regard, economic benefits to be gained from effective interventions should be incorporated into national cost estimates and cost effectiveness analysis. To determine if specific interventions can be replicated or scaled up in another context, policymakers should combine theory, descriptive evidence, and evidence from rigorous evaluations. Greater data transparency also allows better identification of impacts and mechanisms, while enabling citizens to make their national and local governments accountable.

However, during discussions, caution was raised as to potential risks for cherry-picking of evidence or pre-determined policies. Recognizing that no single approach can make a huge difference, the complementarity of different interventions/approaches should be further examined.

Session 3: Employment and decent work creation strategies: Experiences and lessons for poverty eradication

Summary of discussions

In this session, three panellists took the floor to examine conditions and identify strategies that have successfully created decent work opportunities: Mr. Vinicius Pinheiro (ILO), Ms. Shahana Chattaraj (University of Oxford) and Mr. Nathanael Goldberg (Innovations for Poverty Action).

Mr. Pinheiro's presentation highlighted that poverty has declined in many emerging and developing countries. However, it has tended to increase in the majority of advanced economies, including in terms of working poverty. Gains have been uneven and fragile. Given the magnitude of the poverty challenge faced, nearly US$10 trillion in total is needed to eradicate extreme and moderate poverty globally by 2030. He underscored that decent work is paramount in the fight to reduce poverty. Hence, tackling persistent poor quality employment is critical in these efforts. Almost one-third of those living in extreme and moderate poverty actually have a job, but these are often vulnerable in nature. In developed countries the lack of paid employment among poor households is even more striking. While in employment, 80 per cent of the working-poor are in wage and salaried employment but face more precarious employment conditions than the non-poor. Most of the working poor are employed in agriculture and rural areas. And the poor are particularly disadvantaged in terms of skilled occupations. Mr. Pinheiro also underscored that economic growth alone is insufficient to eradicate poverty. Countries whose exports depend on natural resources and primary goods have seen the smallest improvements. Further, the presence of a large informal and rural economy reinforces the weak link between the exploitation of natural resources and poverty reduction. Narrowly based economic growth also exacerbates income inequality. Particularly striking is that even though the world's poor makes up 30 per cent of total population, they receive only 2 per cent of its income. Therefore, economic growth alone is insufficient to end poverty. High income inequality dampens the impact of growth on extreme poverty. To ensure that growth contributes to poverty eradication, a shift towards higher productivity sectors is required as well as raising productivity in the agricultural sector and enhancing linkages to markets. For poor rural households to move out of poverty, it is necessary to increase agricultural productivity, improve access to market opportunities, diversification into off-farm businesses and engagement in wage employment. Another critical element in ensuring the creation of decent jobs is strengthening the rights of the poor. This will require that international labour standards reach the poor. Other critical elements include strengthening labour market institutions, including effective labour administrations and inspections, freedom of association and social dialogue.

Mr. Pinheiro further emphasized that countries should also focus on designing employment and income policies in order to help broaden the productive base. Labour market policies contribute to poverty reduction by raising skill levels, boosting participation in the labour market and facilitating transitions from informal to formal employment. Further, such policies enable employers to create jobs in new sectors required to alleviate poverty and at the same time equipping workers with the tools needed to take up these jobs. He further underscored the role of social protection in supporting the development of a productive workforce and in alleviating poverty among the most vulnerable. It is also critical to pay attention to new opportunities for poverty eradication such as rapid technological change and the emergence of new patterns of globalization, including the extension of global value chains. These changes offer new opportunities for reaching remote areas, making policy tools more responsive and improving institutional frameworks. The proliferation of mobile devices and their use in enterprise development in Africa provides a ray of hope in the fight against poverty. These potential benefits will not be realized automatically and do entail new risks, especially for vulnerable groups, which may lack adequate skills or sufficient bargaining strength to share in the gains.

The meeting also discussed efforts to boost female employment and tackling informality. Ms. Chattaraj highlighted the case of India where female workforce participation is low. Further, Indian women in cities are working at lower levels than women in rural areas while younger urban women are more likely to be seeking work. The poor labour market outcomes of women are partly due to India's economic growth and urbanization that have not led to an increase in formal employment. India's informal economy is complex, heterogeneous and segmented and is unlikely to disappear or be absorbed into "modern" factory and office jobs. Women in the informal economy are more likely to work in the bottom rungs, as home-based workers, casual workers and unpaid helpers. Female workers in cities are heavily concentrated in home-based work, domestic service, street vending unskilled construction work and waste-picking. To improve working conditions, trade unions in India are increasingly organizing the "unorganized". Union membership is associated with an increase in earnings and improved access to state programmes and welfare benefits. Women and socially-disadvantaged groups are less likely to belong to unions; poorer women are more likely to belong to unions. Worker organizations in the informal sector bargain and negotiate with the state rather than employers for social assistance and welfare policies. With the continuing informalization of work, Ms. Chattaraj noted that social protection policies will be critical to reducing poverty and vulnerability. Women's organizations like SEWA and WWF have played a pioneering role in organizing home-based workers in India.

Experts also discussed efforts to eradicate poverty through self-employment and livelihoods development: the role of microcredit and alternatives to credit. Mr. Goldberg noted that so far the evidence suggests two conclusions: 1) there is a potential role for credit for certain types of micro-entrepreneurs; and 2) certain populations, notably poorer women, may need different interventions or additional support to move out of poverty. Evidence from randomized studies evaluating the impact of microcredit on borrowers found that the demand for many of the microcredit products was modest, expanded credit access did lead some entrepreneurs to invest more in their businesses, and expanded business activity.

Mr. Goldberg further pointed out that a strong evidence base increasingly shows the limited potential for microcredit to move large numbers of poor households out of poverty. The rapid growth of the microcredit industry demonstrates both the ability of the world's institutions to mobilize the resources needed to serve the poor, and the opportunities lost when those resources are not directed to proven interventions. While microcredit fails to justify such a large public investment on the basis of poverty reduction, it still has a number of positive impacts on the poor, including giving people greater freedom in choosing how they want to earn money. There is still much to learn about how to optimize credit products to produce the greatest impact while protecting the poor from risk, and how to use savings to encourage investment into income-generating activities. The evidence base for the potential of other interventions to reduce poverty is much stronger, but there is more to learn about other interventions as well. So far the Graduation Approach and cash grants have the greatest track record in improving living standards for the poor. But these programmes are expensive and will require an investment far greater than the cost of delivering credit. Current research is investigating two broad sets of questions: whether cash grants can have the same long-term impact as graduation programmes on the poor and most vulnerable households; and how to get the cost of graduation programmes down such that they can be scaled to large numbers of the extreme poor.

Session 4: Universal social protection as a strategy for poverty eradication

Summary of discussions

In this session, four panellists took the floor to present the experience of their institutions, regions or countries: Ms. Griet Cattaert (ILO), Mr. Márton Medgyesi (TARKI Social Research Institute), Mr. Juan Esteban Saavedra (University of Southern California) and Mr. Dao Quang Vinh (Ministry of Labour, Invalids and Social Affairs, Viet Nam).

Talking about the *Impact of social protection floors on reducing poverty*, Ms. Cattaert pointed out that that social protection is needed because eradicating poverty is not only about job creation, it is about how societies organize support to all citizens. While social protection systems are widely accepted as major tools for addressing multiple dimensions of poverty and deprivation, the fundamental human right to social security remains unfulfilled for the large majority of the world's population. Only 27 per cent of the global population enjoy access to comprehensive social security systems, whereas 73 per cent are covered partially or not at all.

Ms. Cattaert noted that SDGs constitute a new momentum for social protection. The 2030 Agenda identifies a strong role for social protection in combatting poverty and reducing inequalities, and calls for universal approaches to social protection provision while accelerating efforts for the poor and vulnerable. Moreover, the Addis Ababa Action Agenda recognizes social protection as one of the core cross-cutting areas where initiatives are needed in order to be able to achieve the SDGs. As far as ILO is concerned, universal social protection coverage is at the core of its mandate, guided by ILO social security standards including the Social Protection Floors Recommendation, No. 202, adopted by 185 states in 2012.

Mr. Medgyesi's presentation highlighted the experience of countries and regions where social protection has contributed to reducing poverty and social exclusion. He noted that cash transfer schemes have successfully reduced poverty in Africa, Asia, Central and Eastern Europe, and Latin America, potentially delivering much faster results than those expected from the "trickle-down" effects of economic policies. Overall, social transfers and taxation have reduced poverty by more than 50 per cent in most European countries. Equally important, cash transfers have had even larger effects on reducing the depth of poverty. For example, South Africa's non-contributory grants have reduced the poverty gap by more than one-third, the *Oportunidades* programme in Mexico has reduced the numbers living in poverty by 10 per cent and the poverty gap by 30 per cent, and Kyrgyzstan's Social Protection Programme has reduced the number of people living in extreme poverty by 24 per cent and the poverty gap among beneficiaries by 42 per cent. The expansion of food assistance in the United States is reported to have reduced the number of households in extreme poverty by half. The bold efforts in extending social protection in many developing countries, (e.g. Brazil, China, Ecuador and Mozambique) have underlined its key role in reducing poverty and vulnerability, redressing inequality and boosting inclusive growth. By establishing universal social protection systems, including social protection floors, countries can ensure that no one is left behind and that prosperity is shared.

Mr. Medgyesi also talked about conditional cash transfers (CCTs) in high-income countries and their impact on human capital accumulation. He noted that a review of various studies has shown mixed results regarding the effect of these CCT programmes on human capital investment. Programmes that were conditional on human capital-related behavior (school enrolment, attendance) generally had positive effects on these behaviors, while incentives that targeted school performance produced more mixed results. Differences between program impacts are not easily explained by major choices in program design. For instance, positive effects and null effects were found among both programmes that apply positive incentives and those that apply negative incentives. These results suggest that other program-design features (such as targeting, transfer size, monitoring of conditions, sanctioning), implementation quality, as well as social and policy context of the programmes are also important in determining final impacts.

Mr. Medgyesi contended that CCTs could be used when the reason for under-investment is low demand for the given service (related to lack of information or low motivation), rather than just to lack of resources. The development of educational or health care services is the most appropriate policy solution, however, when the major cause of low human capital investment (for example, dropout from school) lies on the supply side (the unavailability and/or poor-quality of services, etc.).

In EU Member States with mature welfare states, the introduction of CCT programmes should take the context of a comprehensive package of welfare services and provisions into account. Thus the interaction between the incentives of the CCT programme and incentives inherent in existing welfare schemes should be understood before introducing such benefit schemes. An additional issue is whether CCTs will be accepted by the general public and experts in EU Member States. Policies are implemented in a context of societal values and beliefs about the role of the state and the relationship between citizens and the state. For instance, countries differ in the extent to which poverty is seen as a consequence of societal injustice such as in Nordic countries, or as a consequence of low individual effort such as in Eastern European countries, which might make a difference for the acceptance of CCT programmes.

Participants further talked about the effects of conditional cash transfer programmes on poverty reduction, human capital accumulation and wellbeing in Latin America. Mr. Saavedra highlighted that recent evidence from 13 countries shows that CCT programmes have contributed to reducing poverty rates at the national level. Relative to an internationally comparable poverty line of USD PPP 2.5/day, national poverty rates would be 1 to 2 percentage points higher—about 13 percent higher relative to average baseline rates—in the absence of CCTs. He noted that CCT programmes have also succeeded, however modestly, in bringing more children to school and keeping them in school longer. However, most countries that have introduced large-scale CCT programmes have not succeeded in making schooling universally accessible. In addition, subsequent growth in the scale of these programmes has over-stretched thin educational resources in many settings and has magnified the leakage of transfers to non-intended beneficiaries, substantially increasing administrative programme costs. As a result, the available evidence suggests that CCTs—despite raising average educational attainment—have not produced learning gains amongst target students.

While conditions matter, other aspects of programme design also seem to mediate programme effectiveness. In particular, easing educational resource-constraints and helping families negotiate savings restrictions that limit long-term educational investments show promise. Similarly, while the evidence on whether the return to transfer amounts is non-decreasing is mixed, recent evidence shows that small transfers that make education more salient without explicit formal incentives or conditions can be a cost-effective innovation.

Experts also discussed specific country experiences. In examining the successes and obstacles to progressivity associated with Viet Nam's social protection programme, Mr. Dao Quang Vinh pointed out that major resources for social protection and poverty reduction have been invested from the State budget and other resources. In 2015, total expenditure on social protection reached about VND 307.03 trillion (an increase of VND 47.2 trillion compared to 2014), accounting for 6.61 per cent of GDP (an increase of 0.3 percentage-point compared to 2014). Every year, 320,000 new jobs are created by targeted labour policies. By the end of 2015, nearly 70 million people participated in health insurance, accounting for 77 per cent of the population. By the end of 2015, more than 1,000 concentrated water supply facilities were built, increasing the proportion of rural population using clean water to 86 per cent. These investments were accompanied by a reduction in poverty rates: 14.2 per cent in 2010 to 4.5 per cent in 2015. The rate of poor household at poorer districts declined from 32.6 per cent in 2014 to 28 per cent in 2015.

Turning to challenges, Mr. Vinh highlighted that the Vietnamese social protection policy system is still cumbersome and overlapped. Currently, there are about 233 policy documents issued and implemented by the Party, National Assembly, ministries and different agencies. In addition, the coverage of social protection programmes is still narrow— only 3 per cent out of 20 per cent in need; some social protection programmes (for instance, vocational training programme for rural labourers) are not effective.

Most importantly, poverty reduction results are not sustainable with one third of the households that escaped from poverty falling back into poverty. Social protection is not inclusive yet: the poverty rate in some disadvantaged areas and groups (poorer districts, communes with special difficult circumstances, and ethnic minorities) remains high— between 50 and 70 per cent.

During the discussion, it was noted that incentive effects of social protection can be exaggerated. In China for instance, the major part of poverty reduction was due to economic growth and social protection programmes had only a minor effect. It was further noted that social protection targeted programmes are often paternalistic in nature. However, in some countries (e.g. in Hungary) studies have shown that poor parents are less aware of the existence and the value of early childhood programmes and that is why they are targeted by CCT programmes and not because of paternalism. In the case of Viet Nam, the national vocational training programme for rural labourers, which are not effective, are still kept because 60 per cent of the population live in rural areas in Viet Nam.

Session 5 Enhancing access to productive resources to reduce vulnerabilities and build resilience of people living in poverty

Summary of discussions

In this session, four panellists took the floor to examine policies and strategies to improve access to productive assets, land, other forms of property, inheritance, natural resources, appropriate new technology and financial services, and to build the resilience of poor households and those in vulnerable situations: Mr. Andrew Shepherd (Overseas Development Institute), Mr. Bekele Shiferaw (Partnership for Economic Policy, Kenya), and Ms. Sadna Samaranayake (BRAC USA).

In examining the case for enhancing the resilience and reducing vulnerability of the poorest people, Mr. Shepherd reminded the meeting that a dynamic perspective on poverty can improve policy making, and that of the three legs of poverty eradication – tackling chronic poverty, stopping impoverishment and sustaining escapes from extreme poverty – stopping impoverishment was somewhat neglected by policy making. As part of this, there is little realisation that ‘transitory poverty escapes’ into poverty occurs on the scale it does – 9 to 15 per cent of rural or national panel survey populations in Bangladesh, Ethiopia, and Uganda in recent CPAN work, and as demonstrated in the 2014-5 Chronic Poverty Report. The three areas of work which are universally essential to achieve all these three objectives are social protection, education, and pro-poorest economic growth. In addition to these three areas of work, each objective requires its own set of policies, the importance of which may be more context-specific. For example, stopping impoverishment may require heavy emphasis on disaster risk management where natural disasters are a strong cause of impoverishment; tackling chronic poverty may require implementing anti-discrimination measures in case chronically poor people are poor for long periods or poor for a life time because they are discriminated against, and measures to stimulate transformative social change that eliminates or reforms social norms that impoverish certain categories of people – social norms that regulate key life events of women are the most obvious example (dowry, inheritance, child marriage). Less context specific is the need to universalize access to decent health care – the major cause of impoverishment in many societies.

Mr. Shepherd underscored that the poorest people will need to participate in growth on good enough terms to enable them to escape and stay out of extreme poverty if SDG 1 is to be met. The cost and political difficulty of doing it all through redistribution makes it imperative.

Turning to examining what has worked to improving access to productive resources and markets, Mr. Shiferaw highlighted the role of agriculture in poverty eradication. Around 78 per cent of the working poor in sub-Saharan Africa are engaged in agriculture. Cross-country regressions suggest that growth patterns matter for poverty eradication. In the particular case of Africa, Mr. Shiferaw noted that growth in the agriculture and services sectors has significant contribution to alleviating poverty while growth in the industry and services sectors matters for other regions. In broader terms, access to productive assets and innovations, and in particular access to technologies, land, water, coupled with institutional innovations like finance, markets, insurance and social protection are extremely important for building the resilience of farm households and agribusiness to shocks. Access to integrated innovations, especially to the rural poor, including stress tolerant modern varieties of seeds; improved soil fertility and water management; crop diversification; crop rotations; legume intercropping; conservation agriculture and policy and institutional innovations have direct effect on sources of risk such as production and market risks reducing vulnerability and increasing livelihood resilience.

Mr. Shiferaw further noted that access to new technologies also improves productivity. The adoption of technology adoption by farmers is motivated by the need for high yields, having good market access, seed availability and affordability, and farmers' awareness and education drive. Lack of information and finance, and seed availability are however the key limiting factors. He further posited that markets play an important role for sustainable intensification by improving the supply of inputs at competitive prices, reducing self-sufficiency, and creating incentives for use of commercial inputs. They also reduce transaction costs of reaching markets with outputs, allowing farmers to adopt new technology and reduce transaction costs in input markets. Improving markets alone will not however make 70-80% of farmers in Africa produce surplus because of very small land size. Thus, part of the solution requires an understanding of asset distribution in rural areas; otherwise, interventions will not be effective. Infrastructure development is also important for agricultural development. Improved roads foster access to markets.

Land is the key productive asset for rural households – fundamental for livelihoods and poverty eradication. The size of most smallholder farms is shrinking over time with rising population pressure leading to more continuous cultivation of fields, contributing to land degradation and unsustainable forms of agricultural intensification. The rise of land rental and purchase markets and changes in land allocation institutions; limited access to irrigation and predominance of rain-fed systems, and agricultural transformation challenges in sub-Saharan Africa, and depletion of groundwater resources in South Asia are affecting access to land resources.

Farmer organizations and collective actions contribute to improving the agriculture sector. However, organizing producers can be costly and difficult; hence external interventions and supportive policies may be needed to organize users, define ‘rules of the game’, and ensure equity in benefit and cost sharing. There is need for land reforms that take into account land redistribution, titling, registration and certification as these will lead to radical change in land policy improving equitable access to land and security of tenure. More secure property rights and removal of restrictions on land markets have the potential to improve access and create both efficiency and equity benefits, but there are high risks of elite capture of large land areas with inefficient and inequitable outcomes. Success however depends on the political economy of land governance such as transparency and accountability, equity, inclusion, community participation, and land policy formulation processes.

Mr. Shiferaw also contended that there is also a strong need for understanding the landscape, diversity and the mixed story of communities, for instance the growing land scarcity story that has been accompanied by a narrative of land abundance in Africa. The issue of land grabs reduces access to land by smallholder farmers. Lack of clarity on the goal of land policy causes disconnect and conflicts between equity, efficiency and growth objectives. There should be models and evidence on linking large private investments and agribusiness with smallholder farmers. It is important to vary land policies across countries based on land availability, customary rights, poverty reduction, food security and sustainability. There is also need for broad set of policies to address land scarcity, unemployment and insecurity of rights, for instance non-farm options to curb migration and reduce youth unemployment.

Turning to new programmes that aim to lift people out of extreme poverty through a comprehensive and integrated approach, Ms. Sadna Samaranayake discussed the case of BRAC, which is one of the largest development organizations in the world serving 138 million people in 12 countries. BRAC spreads anti-poverty solutions across Asia, Africa and the Caribbean. It began as a limited relief effort for refugees displaced after the 1972 Bangladesh liberation war by developing a metrics-based approach to pilot and perfect programmes before scaling them to reach millions. BRAC works in Bangladesh, Philippines, Myanmar, Nepal, Afghanistan, Pakistan, South Sudan, Uganda, Tanzania, Sierra Leone, Liberia, and Haiti. Its interventions aim to achieve large scale, positive changes through economic and social programmes that enable men and women to realize their potential. BRAC tackles poverty on multiple fronts through a community based development approach, providing an array of services to the landless poor, marginal farmers and vulnerable small entrepreneurs, including microfinance, education, healthcare, agriculture, food security and human rights.

In 2002, BRAC pioneered the Ultra Poor Graduation Program (TUP) program in Bangladesh to improve the resilience of the ultra-poor and effectively address the worst forms of poverty. Since then, BRAC has scaled the Graduation approach which has graduated 1.7 million households (6.8 million people). The TUP is projected to reach 2 million households by 2020. BRAC TUP pilots have been conducted in Afghanistan, Pakistan, Sri Lanka, and South Sudan, and will expand to Uganda and Tanzania. This Graduation approach is can be an effective strategy to reach the excluded and end extreme poverty.

The success of the approach is strongly dependent on careful participant selection to ensure that the most vulnerable in any community are selected. A few months after the program starts, each participant receives an asset (e.g., livestock, inventory) to help jump-start one or more economic activities. Prior to that transfer, the program staff will have thoroughly analyzed the local market's infrastructure and support services to identify sustainable livelihood options in value chains that can absorb new entrants. Once the staff has identified several viable options, the participant chooses from a menu of assets, based on livelihood preferences and past experience**.**

If vulnerable households are not destitute and possess some basic capacities or productive assets, new enterprise activity can be jump-started through soft loans. Participants receive loans often at an interest rate cheaper than microfinance loans, and often with an additional grace period to repay. Equally important in this variation is careful segmentation and selection of clients who, though ultra-poor, have some latent capacity to re-pay a soft loan. Soon after participants are selected into the program, they start receiving consumption support in the form of a small cash stipend or foodstuffs. This support gives them "breathing space" by easing the stress of daily survival. It can be offered through a pre-existing government or other safety net program, in contexts where this is available. Once people's food consumption stabilizes, they are encouraged to start saving, either semi-formally through self-help groups or more formally through an account with a formal financial services provider. Participants receive skills training on caring for an asset and running a business.

The ultra-poor generally lack self-confidence and social capital. Weekly household visits by staff allow for monitoring but even more so for "coaching" throughout the program. They also often do not have access to adequate healthcare. They lack the information, capacities and financial resources required to visit healthcare providers when necessary. To counter this, the TUP programme delivers integrated healthcare support to participants through health programme organizers (POs), community health workers and the services of local government doctors and seeks to increase health-seeking behavior, and lead to better health outcomes through forming partnerships with local health providers, providing information on available health services, by organizing referrals to local providers and through linking up with local health insurance programmes. Some Graduation programmes mobilize the community to integrate the ultra-poor, in part by setting up village poverty reduction committees to hear grievances and support the ultra-poor. The wider community, including local elites such as village elders, is encouraged to become involved where needed, giving participants a much needed confidence boost.

Ms. Samaranayake noted that a study conducted to evaluate the impacts of this program has shown that the program has brought about significant increases in work productivity and household assets, access to more stable and secure employment leading to positive expansion of occupation choice, and reduction in economic inequality vis a vis the non-poor. It builds resilience and faster recovery from shocks, and promotes social cohesion and gender empowerment. The ultra-poor continue to escape poverty at a steady rate even seven years later after the inception of the program. Sustainable graduation, however, is not achievable for many segments of the population that are with limited labour capacity and/or chronically ill. For such groups, social protection programmes should remain focused on the protection of minimum standards of living. Graduation is not intended and should not drive resources away from households in most need of long-term protection – such as elderly and persons with disabilities. There has been a growing consensus for the need of a "twin-track" approach: with a social safety net being put in place for poor and vulnerable people who cannot work, and graduation programmes being designed only for a subset of the ultra-poor. The new generation safety net in Ethiopia is an example of this.

Session 6: Structural transformation and agricultural development for poverty eradication

Summary of discussions

In this session, three panellists took the floor to discuss the challenges facing the least developed countries, the furthest left behind of countries. It focused on how these countries could achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors: Mr Miaojie Yu (Peking University), Mr. Simone Cecchini (ECLAC), and Mr. Richard Mkandawire (The African Fertilizer and Agribusiness Partnership).

Mr. Miaojie Yu of the China Center for Economic Research, Peking University presented an analysis of China's industrial upgrading based on comparative advantage and its contribution to job creation and poverty reduction, following the first agrarian phase of reforms which did a lot of the 'heavy lifting'. He noted that the Chinese miracle was due to a number of factors. China has successfully maintained more than 8 per cent annual GDP growth rates in the last four decades and registered a 15 per cent annual growth rate for international trade; China is the second largest economy, largest trade country in goods, second largest trade country in service in the world; a successful reform agenda that was due to the adoption of a comparative-advantage-following (CAF) development strategy, driven by China's factor endowments, as well as the market access due to the WTO accession. As a result, China exhibits a gradual structural transformation and industrial upgrading that has resulted in the creation of job opportunities and significant reductions in poverty. The GDP sectoral composition of China witnessed an industrial structural change after its economic reforms. As regards the sectorial structural transformation, it was pointed out that while the share of secondary industry in GDP remained the same, service industry increased gradually, accounting for more than a half in 2015. There was also significant value-chain upgrading in trade sectors. China is the largest exporter and the second largest importer in the world today. The fast growing trade is mainly due to a CAF strategy and the foreign access of the market scale. China's exports exhibited four different phases in which the value-chain is upgraded, viz; low value-added Mineral Fuels such as oils (1979-1985), labor-intensive goods such as textile and garments (1985-1995), capital-intensive goods such as transport equipment (1996-2000), and high-tech products such as scientific instrument and pharmaceuticals (2001-present).

In examining how China realized structural transformation and industrial upgrading, it was pointed out that China's successful economic reform can be directly attributed to its "dual-track" strategy. The government took a number of specific steps such as providing transitional protection and subsidies to state-owned sectors as a way of maintaining stability and adopting growth identification and facilitation to support new entry to sectors consistent with the CAF strategy. Policy design focused on reform of micro-management arrangement, "Dual-Track" price reform on output and input factors, incremental reform in the viable sectors, and open-up policies and reforms.

China's structural transformation had an effect on employment and poverty reduction. China enjoyed huge "demographic dividend" in the last three decades, though facing a possible aging challenge in the future. China's dependency ratio is one of the lowest ratio in the world. However, China's rural people are still relatively poor. Four stages are apparent in the evolution of structural change in employment. During the period 1978-1991, there was a fast declining share in the primary sector and quick increase in the secondary and tertiary industries. During the period 1992-1996, China further alleviated the migration restriction from rural to urban areas. The period 1996-2001 saw a slower pace of structural change in employment as a result of the East-Asian Financial Crisis in 1997 and the hard-time of the SOEs reform (triangle-debts problem). However, since WTO accession, membership to the WTO granted China access to a larger international market, which provided better opportunities for China to implement its CAF strategy.

In examining the case why industrial upgrading can reduce poverty, it was pointed out that there was a burst of TVEs in line with the structural transition in China. TVEs provided huge working opportunities for peasants. Compared with working in the primary sectors, obtaining a job in the TVEs generally secured a higher income. Further, it was pointed that trade globalization creates job opportunity. As a result of WTO and foreign market accession, there was an increase in the share of service industry. The employment ratio in service industry increased from 12.2 per cent in 1978 to around 33 per cent today. The increase in employment in services is more prominent than that in the secondary industry. To facilitate progress in poor areas, support and facilitation from the government also resulted in generous anti-poverty funding. In conclusion, it was underscored that China's economic miracle is due to the application of the CAF strategy. Two sets of polies are essential, viz; export-led growth and access to large market scale. The successful structural transformation and manufacturing upgrading created many new working opportunities. Consequently, poverty in China was greatly reduced.

During discussions about the lessons which other countries could possibly learn from China, key lessons included China's early emphasis on human development, especially quality education, so important in the modern world of rapidly shifting labour markets. Yu cautioned that too much education could however be risky if there were not jobs to match. What China really got right was sectoral priorities. It had to start with smallholder agricultural growth because of its food crisis, but also invested in ‘Town and Village Enterprises’ which provided nonfarm rural employment and helped improve returns to labour and household incomes. Then came labour intensive industrialisation and associated massive internal labour migration, followed by rapid industrial upgrading and services growth over three decades, with engineering products becoming increasingly important in the industrial mix. By comparison some other countries industrialised too quickly, and ignored smallholder agriculture.

Mr. Cecchini of ECLAC presented the experience of Latin American and Caribbean in structural change, growth, employment and poverty eradication. He pointed out that Latin America and the Caribbean has fared poorly compared to other parts of the world in terms of economic growth and labour productivity. Nevertheless it must be noted that absolute and extreme poverty have been reduced, yet they remain challenges to be overcome. A major challenge in Latin America and the Caribbean is that half of the workforce is employed in the low-productivity sector. Latin American and Caribbean economies are characterized by the heterogeneity of their productive structure.

To spur development efforts in the twenty first century, the region will have to depend more on generating intangible assets. In particular, development will depend more on generating intangible assets (ideas, skills, and networks) than on stimulating investment in machinery and physical assets oriented to the production of tangible goods. Citing endogenous or new growth theories it was noted that emphasises should be on increasing returns to ideas and information –and people’s capacity to take advantage of them– as the real key to growth. Movement of workers from manufacturing to service sector is already underway, for example in Brazil. Investment in human capabilities is even more economically critical. Further, it was noted that the impact of new technologies on employment and the labour market generates high levels of instability and uncertainty. No job seems to be spared from technical progress and the continual elimination of tasks and posts. Tools to sustain the movement of workers among different and new sectors of the economy are needed. Workers have to be technologically fit for making use of many of the jobs in the job market. In this regard social protection, capacity-building and re-employment mechanisms are needed. State capacity will have an even greater role to play in societal success in the coming century than it did in the last century. In particular, the developmental State will be required to provide universal quality education and health, together with universal social protection mechanisms. In this kind of State, inclusion and equality would be much more closely linked to the expansion of capacities and competitiveness. Providing a basic protection floor means “protecting the person and not the job”, redefining the space for production and guaranteeing social rights. Greater social expenditure sustained by better tax policy is required. This allows shifts of workers between sectors of the economy without them necessarily losing out, leading to efficiency gains.

Mr. Richard Mkandawire of the African Fertilizer and Agribusiness Partnership the experience of African countries in promoting agricultural strategies that have contributed to poverty eradication and increasing food security. He noted that Africa still suffers tremendously from food insecurity and poverty. Poverty rates have slightly declined from 56 per cent in 1990 to 49 per cent in 2010. An estimated 388 million people live in extreme poverty, while 239 million are chronically undernourished. Therefore, much work still needs to be done to reduce and eradicate poverty. In that regard, agriculture has an important role to play. But Africa's agriculture remains undercapitalized, uncompetitive and underperforming. However, despite these numerous challenges, Africa still has the greatest potential, per capita, to be on top of the world within 50 years. This however requires bold political commitment and decisive action by African leaders to refocus on agriculture. The Comprehensive Africa Agriculture Development Program (CAADP) is an attempt to improve food security and reduce poverty on the continent. However, more commitments must be made to increase budget allocation to agriculture, as well as mutual peer review and accountability. It was highlighted that since the Maputo Declaration of 2003, 10 African countries had reached or surpassed the 10 per cent budgetary allocation target and 9 were are in the 5 to 10 per cent category. During the period 2000-2010, Africa had also witnessed unprecedented sustained economic growth. Africa's annual GDP grew by an average of 4.8 per cent compared to 2.1 per cent in the previous decade (1990-99). Agricultural annual GDP growth rates were 3.2 per cent and 3.0 per cent respectively for the two decades. However, moderate growth has contributed to reductions in poverty in many African countries. To enhance poverty eradication efforts, smallholder programmes are critical for Africa's development. They are main drivers of African agriculture, as well as very flexible in responding to markets. Smallholder farmers can also do more with supportive policies. In addition, there is need for appropriate labour saving machinery and technology.

The conditions of poverty and development in Africa can be attributed to the fact that for the past five decades, development has not really touched the lives of most Africans. African governments for decades mortgaged policy planning and implementation to outsiders. Africans have also been passive recipients of externally designed policies and programmes. Institutions, policies and technologies are not benefiting the lives of the majority of Africans. It was also highlighted that Africa is urbanizing at a fast pace, while its population is quite youthful – about 40 per cent is under age 23.

Prospects of an agriculture-led social and economic transformation remain bright if African countries implement a number of policies that include institutional reforms and policy alignment for inclusive growth models; a shift from poverty reduction to wealth creation as a development strategy; a shift from food security to food sovereignty policy; constitutions to provide full recognition of customary land rights, and customary rights to natural resources; regional agricultural policies should all be organised around the central thrust of integrating African economies; reverse the tide of old people as farmers- bring on board youth, and develop programmes that are more responsive to the needs of women famers. As regards the potential of CAADP as a framework for agricultural successes in Africa, it was noted that successful agriculture programmes in Africa have been driven by technical and political leadership commitment. Technology and opportunities for leapfrogging by African agricultural institutions also abound. African countries should also aim to take advantage of opportunities presented by changing global partnership architecture. Political commitments to policy reforms and increased private sector participation including growing assertive farmer organisations should also remain central. Other areas of intervention include fostering innovative linkages between smallholder farmers and commercial farmers, taking advantage of growing transparency and accountability by the State and other strategic stakeholder, and growing freedoms of expression and information coupled with a more literate citizenry which has emerged as a counter voice and exposee to decades of rent seeking in the agriculture sector.

Session 7: Mobilizing resources for development and poverty eradication

Summary of discussions

In this session, two panellists took the floor to present the experience of their institutions, regions or countries: Ms. Nora Lustig (Tulane University) and Ms. Stephanie Potter (Rabobank Foundation).

During her presentation on *Reducing poverty and inequalities through balancing taxes and social spending,* Ms. Lustig addressed three questions: (1) To what extent do fiscal systems leave the poor worse off in terms of consumption of private goods and services; (2) How frequently fiscal systems may be inequality reducing but at the same time leave the poor worse off in terms of their purchasing power of private goods and services; and (3) In what countries are the poor and the vulnerable net payers of the fiscal system.

Her analysis, which was based on household surveys conducted around 2010 in 25 countries showed that although tax and transfer systems contribute to a reduction in poverty in many countries, these measures can also have a perverse outcome on the poor who become impoverished by the fiscal system. For instance, in ten countries—Armenia, Bolivia, Brazil, El Salvador, Guatemala, Indonesia, Mexico, Russia, Sri Lanka, and Tunisia—between one-quarter and two-thirds of the post-fisc poor lost income to the fiscal system. In other countries, this figure is much lower, at 13.3 per cent of the post-fisc poor in South Africa (but, due to the high proportion of the total population that is poor, still 5.9 per cent of the total population) and 3.2 per cent of the post-fisc poor in Ecuador. In the three countries where the headcount ratio rose (Ethiopia, Ghana and Tanzania), the proportion of the poor who were impoverished by the fiscal system is staggering—above 75 per cent.

This undesirable outcome of the poor being made worse off by the combination of taxes and transfers is the consequence of primarily consumption taxes—e.g., value added or excise taxes. For example, the Brazilian tax system results in heavy taxes on such basic staples as rice and beans. For many households, transfers from *Bolsa Familia* are not there or are not large enough to compensate what they pay in consumption taxes. This negative outcome does not stem from a deliberate plan but is the result of targeting schemes which select households on their characteristics (poor with school-age children), a very complex cascading tax system and consumption patterns of the poor. In the case of Ethiopia, it is mainly the result of taxes on agriculture, even small-holder agriculture.

Ms. Lustig concluded that cash transfers are equalizing but with taxes, they can increase poverty. Therefore, the big risk in setting an ambitious domestic resource mobilization agenda is that in the process, governments may impoverish poor people even further.

Ms. Potter talked about Public-private partnership towards improving access to finance for poverty eradication and improving rural livelihoods. She explained that Rabobank focuses on food and agriculture financing and sustainability. It is primarily banking for food as it mainly works towards increasing food availability, improving access to food, stimulating balanced food, and financing stability. It covers about 45 countries globally and focuses primarily on stabilizing the supply chain. It targets areas with low productivity and the millions of small farmers that form the basis for the supply chain in developing countries. It works on strengthening farming communities' economic base by supporting them in forming and strengthening cooperatives, or organisations that are structured along cooperative lines. It invests in the economic self-reliance of cooperatives such as those of coffee and cotton farmers and savings and credit cooperatives by putting up finance and by sharing the cooperative, banking and agricultural expertise. It provides finances leveraging its network and pulls in some of the cooperatives' principles, which drive its work. It also has a research team dedicated for providing a knowledge base.

The Rabobank Foundation, she highlighted, is a small segment of the bank and provides services and packages in Latin America, Asia and Africa. The Foundation has a partnership with industry players, called 'Patient Procurement Platform' working to include smallholder farmers in food supply chains on market conform conditions that provide attractive returns for international off-takers, farmers and supply chain partners. It provides small grants for capacity building; short-term loans for inputs and working capital; long-term loans for equipment and replanting, sharing risk with partner banks benefiting smallholders, producer organizations (cooperatives) and savings and credit cooperatives in food and agribusiness for agricultural value chains such as coffee, cacao, diary and cotton. The Rabobank's Rabo Rural Fund provides direct loans - short-term for buying, processing and exporting, and long-term for equipment and plant expansion benefiting producer organizations (cooperatives) and SME's in food and agribusiness supplying from smallholders for non-perishable products such as coffee, cocoa, cotton, honey, nuts, pepper, soy, spices, canned and dried vegetables, bananas and new, palm oil, wild catch and aquaculture.

Focusing on the best practices and lessons learned, she pointed out that focusing on stable long term contracts has helped Rabobank to strengthen its relationship and increase the confidence level of its potential partners. Having well integrated multi value chains has been an important arm for the Foundation in terms of technical assistance. Effective and all-encompassing risk management has also been instrumental to the Foundation's work. Stronger farmer organizations that comply with standards on cooperative governance, bankability, capitalization, etc. are required for farm inputs and equipment financing to be often realized and minimize risks. Enabling environment where proper pledging of inventory, future crops, or equipment to financiers as security is allowed has been important and multi-partite agreements have been useful.

Ms. Potter finally highlighted a study that Rabobank had conducted in 2014 on the social impact of its Foundation. The study showed that the Foundation had projects on 24 focus developing countries in 2014, and that the majority were member based organisations or cooperatives where small-scale farmers are joint owners and responsible for running the organisation. It was found that more funds were allocated in 2014 than in 2013. It supported 264 rural organizations and a total of 4.7 million smallholder farmers were reached through its support to project partners. Over 77,000 farmers and some 10,000 administrators and organisation staff received additional training.