

**Gender Issues in Poverty
Alleviation: Recent
Experiences with Demand-
based Programs in
Latin America, Africa and
Eastern Europe**

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Preface

Two decades have passed since work began on the inter-relationship between employment and poverty in general, and on the gender dimension in defining such a relationship in particular. As part of its efforts to evaluate strategies for poverty eradication through the promotion of productive employment, the Programme on Women and Social Groups of the Development Policies Branch, initiated a series of thematic assessments of various strategies and programmes implemented over the last two decades, including those that were carried out with the assistance of the ILO.

In the context of the ongoing debate on the feminisation of poverty, the main focus of this series is to examine the viability and effectiveness of poverty eradication strategies from the perspective of promoting broader gender equality. This raises a number of questions: (a) to what extent gender-specific constraints and characteristics have been taken into account and planned for; (b) how successful have the strategies been in expanding opportunities for women; (c) what lessons could be drawn for future policy and programme development; and (d) what are the emerging issues for an agenda of research and debate.

In this series, the paper by Carol Graham is an exploratory and preliminary investigation into the gender dimension of Social Development Funds and Compensatory Programmes launched in the 1980s and 1990s to mitigate the adverse effects of structural adjustment and economic reform programmes. While there have been a number of evaluations of these programmes, there has hardly been a systematic analysis of how the gender issues were addressed. Generally, in almost all countries where Social Funds have been established, there is an awareness and understanding of the fact that women are most affected by the adverse effects of crises and adjustment programmes; however this concern has not been adequately addressed in the design, operation and evaluating of the Social Funds.

The paper by Graham shows how the political environment, and the extent of participation by the beneficiaries in shaping the programmes have influenced the design and implementation of these programmes. The paper points out that programmes which rely on the initiative and participation of beneficiaries and the organizations which represent them, have the longer-term effect of strengthening the capacity of these institutions, thereby giving previously marginalized groups - among them, women - a more effective political voice. Such an approach is more likely to give effective political expression to the gender dimension than a top-down approach. But because women face cultural, educational and resource constraints to effective and formal political participation, programmes need to take pro-active measures to facilitate women's participation.

Other evaluations of the Social Funds Programmes, focusing on the employment promotion strategies, including special wage employment schemes and micro- and small-scale enterprise development are underway, and the findings will be finalized in 1996/97.

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This evaluation series has been initiated by and carried out under the general direction of Azita Berar-Awad.

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1. Introduction

While the link between gender issues and poverty reduction is an increasingly recognized one, far less effort has been made to incorporate these issues into broader poverty reduction strategies and policies. Indeed, our knowledge of how ongoing poverty reduction efforts are affecting women is limited. In part this is due to traditional neglect of gender issues, but in part it stems from the resource limits that the economic and debt crises of the 1980's placed on the ability of most countries to address poverty issues generally. Even today, in most cases, efforts to alleviate poverty are being implemented in economies recovering from severe economic crises caused by heavy external indebtedness and macroeconomic distortions.¹

At the same time, a new focus on poverty in both donor and recipient country communities - and in particular on the kinds of programs that rely on the participation of the poor themselves - provide new opportunities for the incorporation of gender issues. Many of the programs implemented to alleviate poverty in the context of adjustment in both Latin America and Africa in recent years have been strongly influenced by the concept of incorporating the demands of beneficiaries and their organizations into program design and content. This concept was first introduced in Bolivia's Emergency Social Fund (ESF), and despite its potential drawbacks,² has proven a powerful tool for enhancing poverty alleviation and institutional development at the local level. Since the ESF experience, demand-based poverty alleviation programs or social funds have become the preferred approach in many adjusting countries in Latin America and in Africa, an approach which has been strongly supported by the donor community. Regardless of design, meanwhile, all programs are strongly influenced by the political context in which they are implemented.

Many of the lessons that emerge from successful poverty reduction efforts are quite relevant to addressing gender issues as well. In many cases women have the same characteristics as the poorest groups: they are traditionally marginalized from government attention, and they are poor with respect to voice as well as to resources. Thus lessons about how to re-direct resources to traditionally marginalized groups, as well as how to make such resource allocations more sustainable by enhancing the political voice as well as the economic potential of the poor, are relevant to gender issues as well.

In most developing countries, the adjustments necessary to overcome the economic crisis of the early eighties required difficult choices in the realm of public expenditures, with the social sectors often suffering disproportionately - and mistakenly - in the reduction in the size and scope of the state sector. While concern about the social costs of those adjustments increased throughout the continent in the 1980's, the available resources to address those costs did not. Resource constraints as well as changing political views by the late eighties had a major impact on social policy not only in Latin America, but also in Africa and Eastern Europe. The focus of government spending shifted from development efforts which relied on large-scale infrastructure projects and universal subsidies, to universal provision of only basic health and education services, and targeted interventions to help the neediest groups. These shifts in policy focus were not implemented without substantial political opposition in most countries, as cutting the size and scope of the state sector has not always been accompanied by an increase in its efficiency, at least in the short term. Some social sectors have yet to recover lost access to important social services, particularly those in the middle income brackets that lose access to universal services but often have difficulty affording private ones. In many cases, as laid off public servants and other previously middle class groups enter the ranks of the "new" poor, they increasingly compete with the structural or "old" poor for government attention and resources. It is also not clear to what extent women are represented among the "new" poor: in many developing countries, particularly in Africa, obtaining a public sector job implied a certain amount of privilege and education that were traditionally reserved for men. What is clear is that in many countries women tend

¹ An underlying assumption of this paper is that the alternative to making painful but necessary adjustments in Mexico, as in many other Latin American countries, would have resulted in more severe economic crises with worse implications for the poor, and that the resource constraints that those adjustments entailed required a new approach to protecting the poor. For a detailed description of the record of a government that prolonged the implementation of such adjustments by implementing a so-called "heterodox" economic strategy, see C. Graham, *Peru's APRA: Parties, Politics, and the Elusive Quest for Democracy* (Boulder: Lynne Rienner, 1992). Data on the fate of the poorest sectors during that period is found in *Ajuste y Economía Familiar: 1985-1990* (Lima: Instituto Cuanto, 1991).

² These are discussed in detail in the review of the various programs.

to be over-represented in the ranks of the "old" or structural poor in many countries, and female-headed households tend to be among the most vulnerable social groups.

In the context of unresolved debates over the basic structure of the social sectors, gender issues and their link with poverty reduction more broadly have been secondary items on the agenda, if they appear at all. Indeed, despite a new generalized focus on beneficiary participation in safety net and other poverty reduction efforts, there have been few efforts to incorporate women or the organizations that represent them in the design or implementation of programs. There are some cases, however, where women have been specifically involved and targeted as program beneficiaries. And while few programs venture beyond the traditional vision of women in their reproductive capacity, some programs, such as in Chile and Mexico (discussed below), have attempted to enhance women's productive as well as reproductive roles.

The following review of experiences of poverty alleviation efforts during adjustment in Latin America, Africa, and Eastern Europe seeks to provide lessons for policymakers implementing such programs in the future, as well as explain how - or if - gender issues have been addressed and identify improved approaches for the future.

Three broad lessons emerge from the experiences of Chile, Bolivia, Peru, Zambia, Senegal, and Poland, and provide a basis for the analysis of the political economy of poverty alleviation programs. The first lesson is that open political environments are more likely to result in a broad political base of support for economic reform and therefore a policy environment in which effective poverty reduction can take place. It is this author's view that such an environment is also a prerequisite to addressing broader gender issues, at least among the less advantaged sectors of the population. The second and related lesson is that open political systems are more likely to encourage the participation of diverse groups such as non-government organizations (NGO's) and local institutions in their anti-poverty strategies. This enhances their capacity to reach poor and marginalized groups, thereby giving those groups a stake in the ongoing process of economic reform. As NGO's and local organizations tend to provide the primary representative forum for women in many developing countries, increasing the potential of such organizations should have positive - if indirect - effects on the status of women as well. The final lesson is that strategies which rely on the participation of beneficiaries and the organizations that represent them have the longer term effect of strengthening the capacity of these institutions, thereby giving previously marginalized groups a more effective political voice. Again, such an approach is more likely to give effective political representation to women's issues than a centralized or top-down approach would. Yet women, like the poorest groups, may face educational, cultural, and other barriers to effective political participation in addition to resource constraints. Thus demand-based programs may need to take a pro-active approach to incorporating the participation of women, in the same manner that they often attempt to promote the participation of the poorest or most marginalized communities.

The following is a review of various country experiences with demand-based social funds and other poverty alleviation programs. No two programs are exactly alike; indeed, they are, if anything, characterized by their differences. Approaches to implementation, targeting, program scale and emphasis (employment versus social benefits, for example), and, where relevant, gender issues, all varied. Yet despite the differences, some very clear lessons emerge which are relevant to various regional and country contexts.

2. Poverty Alleviation During Adjustment: Selected Experiences³

2.1 Bolivia

Bolivia's Emergency Social Fund was the first social fund of its kind, and attracted a great deal of national as well as international attention. Enthusiasts of the ESF cite its demand-based approach, its efficiency and transparency, and its rapid results. Critics question the program's ability to provide permanent poverty alleviation or to target the poorest sectors, and its position outside the public sector. The program did not reach those most directly affected by adjustment: the tin miners, and had a disproportionately low reach of the poorest two poverty deciles.⁴ Yet the ESF administered \$240 million in its four years of operation, and the projects that it created, which ranged from infrastructure such as health posts, schools, and low-income homes to services such as job creation and school lunch programs, benefited over 1 million poor, a substantial number in a population of just under 7 million. Despite relatively weak targeting, the program had substantial impact on the political sustainability of economic reform and on poverty alleviation.

Firstly, the ESF had a positive political impact by demonstrating that it could work in a transparent and non-partisan manner - with local governments and NGO's of all political bents - in a country where aid programs were usually influenced by patronage politics. The ESF resulted in an unprecedented collaboration of efforts between NGO's - the groups with the closest ties to the poor - and the state. This allowed the Fund to reach the poor in remote communities who had rarely, if ever, seen the state follow through on promises. The Fund also enhanced local governments' capacity by providing them with funds independent of the central government. And, due to its demand-based structure, the Fund could not be monopolized by any one political actor at election time: a diversity of actors, from the governing party to local governments and NGO's, could claim credit for ESF projects. As a result, there was no correlation between ESF funds and the outcomes of the 1989 presidential and 1987/89 municipal elections.⁵ The ESF did not, however, reach the poorest of the poor, and the poorest two deciles of the population had a disproportionately low representation among ESF workers. This, coupled with the fact that most ESF workers were hired in the construction sector, meant that women had extremely poor representation: only 1% of ESF workers were women. Women did play a much more important role in those ESF programs, such as school feeding, which relied on voluntary community organization and labor. The ESF experience shows that programs which seek to incorporate female participation in the labor force must broaden the projects and skills required beyond that of heavy construction.

The Fund did provide many poor with a means to help themselves as well as an alternative channel with means to make demands upon the state, thereby giving them a stake in the ongoing process of economic reform. By doing so it contributed to support for the government among previously marginalized sectors - if not for the adjustment program per se - at a critical time, which enhanced the feasibility of economic reform. Even if the ESF had instead focused its efforts on those who were directly affected by the adjustment program - the tin miners - it is unlikely that it could have eroded their entrenched opposition to the government's economic strategy. The rapid pace of adjustment coupled with the crash of world tin prices, meanwhile, reduced the political power of their traditionally influential confederation. This does not imply that those who are directly affected by

³ The following section is based on the author's ongoing research on the politics of protecting the poor during adjustment. She conducted field studies in six countries in three regions: Chile, Bolivia, Peru, Senegal, Zambia, and Poland. Comparative results will appear in the forthcoming Brookings volume. Results from the individual Latin American cases have been published by the author as: "From Emergency Employment to Social Investment: Alleviating Poverty in Chile", *Brookings Occasional Papers*, November 1991; "The Politics of Protecting the Poor During Adjustment: Bolivia's Emergency Social Fund", *World Development*, Vol.20, No.9, 1992; and "The APRA Government and the Urban Poor: The PAIT Programme in Lima's Pueblos Jovenes", *Journal of Latin American Studies*, Vol.23, Part 1, February 1991. The Africa case studies are in circulation as discussion papers in the Social Dimensions of Adjustment Unit at the World Bank, and the Polish case as: "The Political Economy of Safety Nets During Market Transitions: The Case of Poland", Research Paper Series Number 3, Country Economics Department, The World Bank, Washington, D.C., January 1993.

⁴ The poorest regions benefited least from the ESF in terms of per capita expenditures: the wealthiest of five income areas received \$23.97 per capita while the poorest received \$9.45. ESF workers represented 6.25% and 7.75% of workers in income deciles 1 and 2, but 13.25%, 21.5%, and 15.3% respectively in deciles 3, 4, and 5. By regional standards, however, deciles 3, 4, and 5 in Bolivia are still considered quite poor. For detail, see Graham (1992) or Steen jorgensen, Margaret Grosh, and Mark Schacter, eds., *Bolivia's Answer to Poverty, Economic Crisis, and Adjustment: The Emergency Social Fund* (Washington, D.C.: The World Bank, 1992).

⁵ For detailed results by district, see Graham (1992).

adjustment do not merit compensation,⁶ but that most efforts directed at those groups will have marginal impact on the political sustainability of adjustment. This suggests that pro-poor programs implemented during adjustment may create opportunities for building "pro-reform" coalitions among the poorest groups by enhancing their economic potential and political voice, which are also important elements of poverty reduction. Such an approach is also likely to benefit women's organizations - who tend to be highly organized at the local level but rarely have national level presence in developing countries - by providing them with alternate channels of representation and opportunities for institutional development.

2.2 Senegal and Zambia

The two Africa cases in the study, Senegal and Zambia, provide an interesting contrast in terms of impact of political opening on sustaining adjustment, reaching the poor, and capacity-building - or lack thereof. In Senegal, adjustment has progressed at a rather slow pace for over a decade, and the political system has remained a relatively stable - if limited - democracy. The first major attempt to compensate the losers from adjustment was the *Delegacion a l'Insertion a le Reinsertion et a l'Emploi (DIRE)*, set up in 1987. The DIRE, which was funded by U.S. AID, the World Bank, and the government of Senegal, provided civil servants who had retired voluntarily (the *deflates*) and university graduates who would previously have gotten jobs in the civil service (the *maitrisards*) with credits of up to \$50,000 to start their own businesses. Due to a lack of training and follow-up, and to the prevalence of clientelistic criteria in the disbursement of loans, the DIRE had a very poor record, both in terms of repayment and mortality of enterprises (32%). In addition, as the program's budget was administered through the public treasury, approximately \$3 million were lost or "filtered" in the process. The several thousand beneficiaries were a relatively privileged - and primarily male - group, and the projects funded included bookstores and travel agencies in central Dakar. In short, an enormous amount of resources for a country as poor as Senegal were squandered on relatively privileged groups.

This poor record resulted in gradual fading out of the DIRE. Despite the program's original high visibility, its effects on the political sustainability of adjustment were minimal: the program's image as dominated by clientelism and the governing party limited its impact among any groups except its direct beneficiaries. The program did not have any impact on poverty alleviation, meanwhile.

After a wave of civil unrest in February 1988, the government made another attempt to address the social costs of adjustment, and set up the *Agetip* program in conjunction with the World Bank. *Agetip* was influenced by the success of the *ESF*, and was also set up as an independent agency with a private sector director, in sharp contrast to the DIRE. The *Agetip* responded to proposals from municipalities for labor-intensive infrastructure projects. *Agetip* implements only labor intensive public works (no social programs) and from its inception in 1990 through end-1991, had implemented over 100 projects and created over 11,000 temporary jobs. In terms of efficiency and number of projects, the *Agetip* has been remarkably successful and has even been cited as a model for the reform of the Senegalese private sector.

Yet the *Agetip* is also influenced by the political context in which it operates. There is no debate about reaching the poor and needy groups in Senegal, nor is there any kind of cooperative relationship between the government and the NGO's, which are the only organizations with extensive links to the poor. The *Agetip* does not use poverty criteria for allocating its projects. In addition, as the opposition boycotted the 1990 municipal elections, the only proposals that the *Agetip* is funding are those from the mayors of the governing party. While in some cases such proposals do have poverty reduction goals, such as the installation of sewage and water facilities, in others they may be pet projects of the mayor, such as renovating the town hotel. The agency does employ primarily unskilled youth, although they were primarily male.

As the *Agetip* does not work with NGO's, it has very weak links to the poorest groups. There is a widespread popular perception that the *Agetip* is "of the system" or a tool of the governing party, and thus its impact on the political sustainability of adjustment - at least among those groups who are not of the governing party - has been limited. Its record on the poverty alleviation front is mixed: while it has provided a large number of temporary jobs and some sorely needed infrastructure in poor areas, the limited nature of beneficiary participation, and particularly of the organizations that are most closely linked to the poor, has limited its potential in terms of both project sustainability and capacity

⁶ Tin miners were granted relatively generous one-shot severance payments when they were laid off.

building.

What limits the Agetip's ability to reach the poor also limits its ability to reach women, who are relegated to a secondary role in many sub-Saharan African countries. The author's interviews with three groups of Senegalese women, two urban and one rural, indicated that their political participation was severely constrained by educational factors (women are disproportionately represented among the illiterate in Senegal); cultural constraints (many cited the local men withholding political information from them); and religious factors. Women, particularly in rural areas, have very little contact with the formal political system in Senegal; NGO's tend to be the only organizations that attempt to foster women's organization and participation.⁷ In Senegal - and in many other countries - if poverty alleviation programs aim to address gender issues, they must incorporate the participation of NGO's and other informal organizations that have direct contact with women. Yet in most cases the designers of the programs and the governments implementing them either do not have the mandate or the political incentive to focus on women. In addition, the extent to which such programs can enhance the role of women is de-limited by progress in changing broader social and cultural attitudes towards women.

In Senegal, the goal of poverty reduction - and indeed even any debate on poverty - has been subordinate to the interests of politically vocal groups within or linked to the state sector. The slow pace of reform has given these groups much more opportunity to "protect" their privileged positions within the system. The limited nature of political participation, meanwhile, has resulted in a great deal of suspicion of government-sponsored initiatives, limiting the potential impact of the Agetip. This stands in sharp contrast to Bolivia's ESF, which, by working with a variety of political parties and NGO's was able to create support for adjustment - or at least good will towards the government implementing adjustment - among the sectors of society that had traditionally been marginalized from state benefits. By concentrating its efforts on these sectors, the ESF had much more impact on poverty alleviation than it would have had by focusing on compensating the tin miners.

Zambia provides a sharp contrast to Senegal. Adjustment was postponed for years in Zambia under the UNIP government, and all kinds of state benefits were linked to party membership. As a result, Zambia fell from one of the highest per capita income levels in sub-Saharan Africa at the time of independence to one of the lowest, with per capita incomes in the 1980's below their 1960's levels. Then in October 31, 1991, the first democratic elections in thirty years ushered in dramatic political change. Frederick Chiluba and the Movement for Multi-Party Democracy, which campaigned on a pro-adjustment platform, took over 75% of the vote. Upon taking office, the government began to implement a pro-free market economic strategy *and* publicly made reaching the poorest and most vulnerable groups a priority. Due to the dramatic nature of political change, the groups which had traditionally had privileged access to state resources had their influence substantially reduced, allowing the government to focus its efforts on the poorest.

Maize meal price policy is telling. The heavily subsidized price of maize - which consumed over 15% of government revenue - had been the political "bete noir" for the Kaunda government, and repeatedly attempts to raise the price resulted in food riots and even a coup attempt in 1990. The coupon system, which was in theory to provide cheaper maize to poor groups, had become a tool of the UNIP party, while many of the poor were marginalized from the system and had to pay three to four times the official price of maize on the black market. When the Chiluba government liberalized the price of maize in December 1991, keeping subsidies on roller meal - the coarse grind that only the poorest eat, there was no popular unrest. This was due in large part to the government's explaining the measures, and the need to allocate scarce resources for the most vulnerable groups, to the public. This contrasted sharply with the Kaunda government, which usually announced measures overnight, and where entrenched interest groups with a stake in state subsidies had much more influence. The dramatic nature of political change in Zambia, as well as the pace of reform measures, undermined the influence of these groups, allowing for an increased focus on the poor.

The Micro-Projects Unit in Zambia, which is funded by the World Bank and the European Community and run out of the government's National Development Planning Office, is a good example of a program that reaches the needy rather than the privileged, and is being expanded substantially under the Chiluba government. The MPU, also influenced by the ESF, responds to proposals from

⁷ One NGO visited by the author, for example, L'Association des Bacheliers Chomeurs pour l'Emploi et le Developpement (ABACED), focuses on organizing women's groups who are already involved in trading and marketing of farm goods, and teaching them to read and to count so that they can sell their produce more effectively.

community organizations, mostly for renovation of existing infrastructure.⁸ The program requires a 25% community contribution in cash or in labor. It has been successful in re-vitalizing the self-help spirit in many communities and in reaching remote areas long neglected by the state. The program has recently been expanded to incorporate World Bank-funded public works employment programs, which began with a \$20 million IDA soft loan in 1992. In 1992, the program financed 250 projects across the country, disbursing about \$5 million for high priority social infrastructure rehabilitation. The programs are intended to help offset the negative effects of the adjustment program as well as the severe drought of 1992. While the public works programs also require some sort of community contribution, it is not set as rigidly at the 25% level; rather recipient communities in general must contribute to the selection and maintenance of the projects.

By giving communities contact with and a stake in a government poverty alleviation program, programs such as the MPU - and arguably even food for work - enhance the political sustainability of economic reform, creating a basis of support among previously marginalized but numerically significant groups. In addition, the demand-based nature of the MPU inherently encourages such groups to exercise their political voice, something unprecedented in the Zambian context, where a one-party state dominated the system for several decades. The MPU's focus on community initiative and self-help and its providing the poor with an alternative channel to a monopoly party, which tends to exclude women and other marginalized groups, suggests a potential role for enhancing the participation and status of these groups. As in the case of most other countries, however, special promotion programs may be necessary to encourage the participation of particular social sectors who, for a variety of reasons, have not been able to do so previously.

Another program, which has had a particular impact on women, is the food for work program, which is funded by the Zambian government and the World Food Programme. The program sponsors the building of pit latrines and other social infrastructure in poor urban areas, and pays its workers - local inhabitants - in food. Approximately 90% of the program workers are women, as the majority of men refuse to work for food rather than cash. It is questionable whether such a program marginalizes poor women or provides them with valuable work experience. The program operates throughout Zambia, and is clearly reaching a target group - female headed households in the informal sector - which is among the most vulnerable in Zambia, and providing them with important food supplements as well as necessary infrastructure. Critics, however, raise a series of questions about the utility of food for work, its effects on agricultural markets, and the equity of its targeting mechanisms: only the poorest of the poor will work for food. This becomes even more complex when the majority of that group is gender-specific. Regardless of the merits or demerits of food for work, its experience as one of the few programs which has targeted primarily women is well worth examining in closer detail.

2.3 Chile

A very different example and model for reaching the poor is the case of Chile. Chile had an extensive social welfare structure prior to adjustment; the system was re-vamped and targeted to the poorest groups during the Pinochet years. While social spending per capita declined during the adjustment years, it actually increased for the poorest two deciles.⁹ Yet many people at the margin lost access to what had been one of the most comprehensive social systems in Latin America. This was not necessarily a positive result, nor is it one that a government that was more responsive to electoral pressure would be able to implement. Yet it proved extremely effective in protecting the poorest sectors during severe economic crisis. The infant mortality rate, for example, not only continued to decline but accelerated in its rate of decline and is one of the lowest on the continent, below that of Colombia, Argentina, and Mexico.

In conjunction with targeting social sector spending, large-scale employment programs were implemented from 1975-1987. At the height of the economic crisis in 1982, with unemployment at almost 30%, the programs employed up to 13% of the workforce (over 500,000 workers). The programs paid one-fourth to one-half the minimum wage, providing a self-targeting mechanism, although many critics argue that the subsidy was far too low. Implementation at the beginning was a bit haphazard, and labor was often not used productively, tainting the image of the programs. With

⁸ The proposals must go through local governments to prevent duplication and to ensure that they are in line with local government priorities. To prevent bureaucratic lag, however, the proposals are simultaneously sent directly to the MPU. Thus if a viable proposal seems to be unfairly held up or denied in the local government, the MPU is able to follow up on it.

⁹ For a detailed account, see Graham "From Emergency Employment" (1991).

time, program design was improved, and incorporated some private sector hiring and training. Workers in the private sector-linked programs were often able to find permanent jobs with the same firms, a positive effect in terms of poverty alleviation. While the programs had several flaws - particularly the authoritarian manner in which they were implemented - even their harshest critics agree that their scale and duration dictate some impact on reducing the potential for social explosion at a time of unprecedented unemployment rates. It is unlikely that a demand-based program could attain the systematic coverage, scale, and speed in implementation that the Chilean programs did, particularly with the resources available relative to population size.¹⁰

The programs clearly affected women, although not necessarily always in a positive sense. Seventy-five percent of workers in the "PEM" or "Minimum Employment Program", which paid the lowest wages, were women. In contrast, only 30% of the workers in the better paying POJH or "Program for Heads of Household" were women. Whether or not the PEM experience was good for women is difficult to answer. On the one hand the program gave women who would otherwise have had difficulty finding a job a chance to earn a salary - and therefore the independence that comes from having a salary. For many poor urban women, this was an important change. On the other hand, PEM labor and jobs were clearly seen as inferior, and most men refused, if at all possible, to work in the program. This relegated women PEM workers to an inferior status of sorts. This was particularly negative when one considers the image that private sector firms had of PEM laborers as poorly paid, unproductive, and generally undesirable. One can clearly not expect employment programs to solve years of cultural and other barriers to women being treated equally in the workforce. Yet if such programs serve to segregate women as "inferior" labor, then their design should be seriously reconsidered. On the other hand, the programs often gave women, and in particular female heads of household, access to desperately needed income at a critical time. As in the case of food for work, the effects of these extremely low wage programs on women should be the subject of further analysis.

The Pinochet regime's protection of the poorest - through a variety of programs - is an example worth noting. Chile's record vis-a-vis its neighbors in protecting basic health and welfare of the poor during a period of adjustment, and targeting and reaching the very poorest, is indeed remarkable. Yet according to other indicators, such as income distribution and per capita consumption, Chile fares less well. It is no coincidence that the government of President Aylwin made poverty reduction a major focus of its economic program. The new government also set up a demand-based social fund, the Fund for Solidarity and Social Investment (FOSIS), to complement the works of line ministries with outreach programs for the poorest communities and unskilled youth. The FOSIS seeks to correct a major flaw in the Pinochet government's approach: it failed to incorporate any kind of beneficiary participation. The authoritarian government's top-down manner, precluded the kind of participation from below which often enhances the sustainability of programs, and limited their positive political effects. Jobs were withdrawn from shantytowns that were active in political protests, for example. Finally, as targeting of social welfare spending entails political as well as economic choices, and the Pinochet regime was free of the constraints faced by most democratic regimes, its lessons on the political sustainability front are far less clear cut, as is the replicability of its targeting the poorest at the expense of middle sectors.

Women were clearly a major subject of the military regime's targeting effort, which focused on mother and child nutrition programs: programs for pregnant mothers and child feeding programs. Yet the regime's focus was clearly and solely on women in their reproductive role. If anything, there were actually incentives skewed against some working mothers. For example, mothers with undernourished children were allowed access to free child care and nutrition education. Mothers of well babies, however, were not allowed access to free child care, penalizing those mothers who managed to keep their children healthy, but also needed to work.¹¹ In contrast, the Aylwin government, while maintaining most mother and child nutrition programs in place also focused on women in their productive role. The FOSIS, for example, in addition to its unskilled youth training program and program for indigenous communities has a program to provide job skills for low-income women,

¹⁰ In 1987, the programs allocated 5 billion pesos or approximately \$20 million in the government's total social spending budget of 274 billion pesos, and employed approximately 165,000 people. The ESF, meanwhile, had approximately \$240 million for its four years of operations, and on average employed approximately 3,000 or 0.3% of the economically active population.

¹¹ I would like to thank Dagmar Raczynski of Cieplan for pointing this out to me in comments on a more detailed version of the Chile case.

particularly heads of household.¹² This is an important change of focus which has clearly not been a part of many social programs or social funds, the majority of whom focus solely on the women's role as a mother and neglect her potential as an independent producer. While there is, no doubt, an important role for mother and child nutrition programs and other targeted feeding programs, in most countries there are also an enormous amount of barriers to women's equal access to employment, which, no doubt, contribute to the higher percentage of women in poverty than men.

2.4 Peru

It is also extremely important to note that programs designed to protect or benefit the poor, if poorly implemented, can do more harm than good. They often alienate the potential beneficiaries, as the case of the Peruvian PAIT (Programa de Apoyo al Ingreso Temporal) demonstrates. The PAIT program was a public works employment program, modeled on Chile's programs, which was implemented in Lima's shantytowns by the 1985-90 APRA government. The program provided sorely needed income support as well as some socially useful infrastructure (local schools, roads, and sewage facilities, for example). By its height in 1988, the program had employed approximately 500,000 people country-wide on a three-month basis. Yet it was implemented in an extremely top-down and partisan manner, with a great deal of clientelism in hiring as well as constant political manipulation of the workers. PAIT workers were often taken to political rallies to cheer for President Garcia, for example. The program's budget was also manipulated, drastically increasing hiring prior to elections, and then fading jobs out quietly afterwards, which kept applicants in a constant state of uncertainty.¹³ The perception that the program was used as a tool by the governing party ultimately undermined its public image. Most damaging, however, was the program's excessive centralism and top-down implementation, which resulted in its disrupting, duplicating, and undermining the efforts of local self-help groups, which are critical to the survival of the poor in Peru. For example, rather than have its workers use existing communal kitchens at lunch-time, the PAIT program set up its own, often right next door to existing programs and competing for their clientele. Its effects ran directly counter to the capacity building that is integral to poverty reduction.

Whatever marginal effects the PAIT program had on poverty alleviation were temporary, while the disruption caused to local organizations often had permanent effects. The case of Peru demonstrates the importance of incorporating the participation of local groups in the programs that are designed to benefit them, as well as the damage that programs for the poor can cause if they are manipulated for partisan political purposes. There is one major difference between the PAIT program and most demand-based social funds: the demand-based structure of the latter programs allow for autonomous pressure from below on the program leadership. While this does not always prevent manipulation of the program, it does mean that the local power structure and the nature of grass roots organizations can be counter-vailing factors to control of the program by the governing party.¹⁴

The PAIT clearly had effects on women, meanwhile. Between 75% and 80% of PAIT workers were women, and in many cases the program was cited by beneficiaries as providing women with access to their first paid jobs and therefore the independence that comes with a salary, or for its advantage of providing employment near home, where young children often remained. Many program workers previously had to spend as much as four hours daily commuting to jobs in the center or suburbs of Lima. Indeed, the program had such an effect on women that local clergy members cited cases of husbands wanting divorces because their wives were "different" with the new independence they attained from working in the PAIT!¹⁵ Yet the program's effects were not only positive. First of all, as the program was suddenly withdrawn by the government, this newfound "independence" was quickly taken away, although it is not clear that the psychological effects of having an independent job and salary faded as quickly. Secondly, as PAIT jobs were originally designed for men, there were many cases of women having to carry extremely heavy loads or push wheelbarrows of stones, or others of women involved in tasks such as burning trash while carrying their babies on their backs. As in the case of other programs discussed above, there are both positive and negative effects of low wage

¹² FOSIS, 1992 Annual Report, Santiago.

¹³ For details on enrollments and election results by district, see Graham "The APRA Government" (1991).

¹⁴ For detail on clientelism and local organizational structures in Pronasol, see Craig (1992).

¹⁵ This conclusion is drawn from the author's series of interviews with PAIT workers and local observers in two Lima shantytowns in January-March 1988.

programs which often provide women with a first opportunity to earn a salary and independence, but on the other hand often marginalize them as "inferior" labor and take advantage of their desperate need for income to impose conditions that men will often not tolerate. Clearly this is an arena where a great deal more research remains to be done.

With the economic debacle of the APRA government and then the subsequent Fujimori government's implementation of a draconian adjustment program, there was also a change in approach to the safety net issue. While the Fujimori government had little choice but to implement a shock stabilization program, it clearly did have a choice in its approach to the safety net issue. Although early on a great many public promises were made of a social emergency program to cushion the poorest and most vulnerable from the shocks, no viable program materialized.

The absence of an effort to protect the poor under Fujimori stems in part from the weak record of such programs under the APRA regime and their reputation for partisan manipulation. Yet it also stems from the political beliefs and leadership traits of Fujimori himself. Firstly, the promised Social Emergency Program was victim to the rivalry between Fujimori and the highly popular Hurtado Miller. Secondly, the lack of popular protest and the amazing ability of the poor of Peru and the NGO community to organize into communal kitchens and other self-help organizations on a wide scale eliminated the government's primary incentive - fear of popular unrest - for organizing a program. Thirdly, the program was victim to Fujimori's desire to maintain authoritarian control over it. Thus, despite the availability of foreign resources, no safety net program got off the ground for over two years.

In 1991 a social fund, the National Fund for Development and Social Compensation (Foncodes), was put in place, in theory modelled on Bolivia's ESF. Yet because it was placed in the hands of pro-Fujimori political hacks, the program did not get off the ground until mid-1992, when the government (in part due to international pressure) re-vamped the fund, giving it new priority and placing a private sector director in charge. From that point on the Fund was able to obtain some international support due to the credibility of the new director, and significantly expanded the scope and scale of its operations. In 1992, it funded slightly over 3000 projects at a cost of \$75 million, and was able to obtain a relatively wide range of coverage throughout the country rather than concentrating only in Lima. Still, the program's image was tainted early on by the government's attempts to manipulate it politically, and its scale and scope were hardly sufficient to address the needs of the 12 million or more Peruvians under the poverty line, with at least seven million of them in extreme poverty, defined as unable to meet their basic food consumption needs.

Foncodes' shaky start and limited scale, as well as the absence of adequate targeting criteria, clearly limit its potential. Not only does it share the usual dilemmas faced by demand-based programs - in particular the poorest being the least likely to present viable proposals, but it operates in a context where extreme poverty has risen in an unprecedented manner and where all efforts at independent popular organization - traditionally very strong in Peru - have been the targets of subversive groups such as Sendero Luminoso.¹⁶ It would be difficult for any social fund to succeed in such a context, but will be particularly so for one where the government's commitment to keeping the fund out of partisan politics - and indeed commitment to the program itself - is highly questionable.

Given the obstacles to Foncodes' success, it is highly unlikely that gender issues - which are not part of its official structure or operations manual - will be dealt with in any coherent manner. On the other hand, the very prominent role of women in most community and other grass-roots organizations in Peru make it likely that if Foncodes is able to operate in an efficient and transparent manner, then it may well give women's organizations - or at least organizations composed predominantly of women - much needed organizational and financial support. While this would clearly be a positive step towards addressing gender issues in Peru, it is far too early - and risky - to issue such optimistic forecasts.

2.5 Poland

A final experience that demonstrates the political constraints reaching the poor and vulnerable and for treating gender issues is the case of Poland. On the one hand, poverty is a relatively novel concept in most Eastern European countries, where new inequalities have surfaced with the introduction of market-style economies and pre-existing safety net systems are either inadequate or no longer viable financially. On the other hand, the issue of gender is quite different from in developing

¹⁶ For example, while less than 20% of Lima's population was below the poverty line in 1985, over 50% were by 1990.

countries; in much of the former socialist bloc, there has been a public awareness of the need to treat women equally for decades.

In January 1990, soon after its inauguration, the first non-Communist government in Poland launched a dramatic, Bolivia-style stabilization and adjustment program. The program successfully stabilized hyper-inflation. Yet political uncertainty soon stalled reform efforts, as several attempts failed to maintain a coherent government coalition in Parliament. Structural reforms, such as privatization of the financially unviable state industrial conglomerates, have been postponed, creating an unsustainable drain on the state budget. The longer reforms are postponed, the greater the anxiety about their potential social costs, increasing political opposition to the adjustment program despite the absence of any viable alternative proposals. The rapidly increasing budget deficit makes it increasingly unviable for the government to maintain the current social welfare system. Even prior to the collapse of public finances, the system, which is based on universal free access to all benefits, was characterized by poor quality of services, unequal access, a growing system of "informal" payments for services, and a skewed incentive system. Among other negative effects, the incentive structure promotes premature retirement among pensioners in the social security system, and excessive usage of specialized care and emergency and hospital services in the health system, creating dramatic shortages. Government insolvency coupled with the need to provide protection for the poor and unemployed, whose numbers will increase in the future, dictate an immediate re-vamping of the social welfare system.

Proposals being considered for reform of the health and social security systems in government circles would guarantee basic health care and social security insurance for those who needed them, while introducing private providers and choice of services for those who could afford them. This would alleviate the financial burden on the government and enhance service quality by introducing competition. Concurrently, government resources would be targeted at the provision of a safety net for the increasing numbers of poor and unemployed. Unemployment prior to 1990 in Poland was "hidden" by the maintenance of excess workers on government and industrial payrolls. Open unemployment is now at 12%, and in towns or regions that were dependent on insolvent state owned enterprises is as high as 30%. There is a clear need for programs which are more extensive than unemployment insurance for these regions. Chile-style public works or a social fund like the ESF would be ideal mechanisms to provide employment and infrastructure improvement, and give impetus to municipal government development. Unfortunately, the political debate in Poland on the safety net lags far behind the proposals for reform, centering on emotional criticisms of government proposals rather than on any provision of realistic alternatives. This is a major impediment to progress of any kind.

At the popular level there is widespread ignorance - and anxiety - about future social welfare due to the incoherent debate and the government's past failure to communicate or explain the ongoing reform process to the public. Populist opposition movements have been quick to capitalize on this anxiety. By the summer of 1992, failure to adequately address the safety net issue and anxiety about the potential social costs of reform led to a series of industrial strikes which virtually paralyzed the government and forced it to make the safety net issue a priority. In September of 1992 the government announced two Social Pacts, one on the future of state enterprises and one on the future of the social safety net, that were to be negotiated with unions and the private sector. The government's new attempt to communicate its proposals to the public and to incorporate popular participation is a first step towards a realistic treatment of safety net and poverty issues in Poland.

Yet the delivery mechanisms for new forms of social assistance are severely under-developed. Elected local governments were only recently constituted, yet have been given primary responsibility for the provision of benefits to the poor and unemployed. There are a host of unresolved issues about the nature of benefits, their financing, and who should be eligible, as well as their delivery. In the absence of progress, the appeal of both right and left-wing strains of authoritarian populists is on the rise,¹⁷ based on latent fears about social welfare. Failure to resolve the poverty and safety net issues, threatens to derail the economic reform process and jeopardizes the democratic transition. In Poland there is a great deal of room for learning from Latin American experiences.

The whole issue of gender is very different in the Eastern European context, where unlike in Latin America or Africa, there has been a public awareness of the need to treat women equally for

¹⁷ Edmund Wnuk-Lipinski, "Freedom or Equality: An Old Dilemma in a New Context", in Bob Deacon, ed., *Social Policy, Social Justice, and Citizenship in Eastern Europe* (Aldershot: Avebury, 1992).

decades. This awareness has been accompanied by major advances in enhancing the equality of education and opportunity, and generous benefits in important arenas such as maternity leave and child care. In Poland, for example, the Prime Minister, who is currently the most respected and powerful politician in the country, is a woman. In addition, many of the heads of social assistance offices are women, who are well attuned to gender issues. Thus the need to address gender issues, which have been extensively addressed through legislation in many Eastern European countries, seem far less pressing than do poverty issues more generally, and specifically the need to make some sort of transition from an unsustainable universal benefits system to one of targeted social assistance.

3. Other Cases: Ghana, El Salvador, and Mexico

Since the experience of Bolivia's ESF, similar demand-based social funds have been implemented throughout the Latin and African continents. While extensive field work was not conducted in any of these three countries, the experiences of Ghana, El Salvador and Mexico are worth noting: Ghana's fund because of its highly public introduction yet disappointing performance; El Salvador's because of its highly positive record and its theoretical focus on women, and Mexico's because of its unprecedented size and scope.

3.1 Ghana

Like Zambia, Ghana went from being one of the richest countries in Sub-Saharan Africa at independence to being one of the poorest. Between 1970 and 1982, real per capita income declined 30%; between 1975 and 1983, real minimum wage fell by 86%.¹⁸ To the extent that the data are reliable, 35.93% of the Ghanaian population was poor in 1988, although the living standards of the so-called non-poor, who spent over 60% of their incomes on food, were hardly very good.¹⁹ After taking power in a military coup in 1981, Flight Lieutenant Jerry Rawlings combined authoritarian populist political tactics with an orthodox economic reform program, and GDP registered a positive growth rate of over 5% for 1984-1986.

The program was not without social costs, however, which came on top of over a decade of severe economic decline. The primary opponents of the economic program were urban: student groups and civil servants who lost from public sector expenditure cuts, and increasingly became an active political opposition and concern for the government. Rural groups, on the other hand, benefited from devaluation and the virtual elimination of the marketing boards which had kept prices for their products artificially low. The economic program was receiving international attention for its success at a time that UNICEF released its influential study, *Adjustment with a Human Face*. Thus the government conducted a highly publicized study of the effects of the reform program on vulnerable groups in Ghana in 1987, and in February 1988, with \$85 million in donations from international agencies, launched the Program of Action to Mitigate the Social Costs of Adjustment (PAMSCAD), "the most ambitious program on the continent to alleviate the social costs of adjustment."²⁰ While PAMSCAD was originally intended to protect the most vulnerable groups, *including* women, it suffered from too complex a design and too much influence from individual donors, and also fell prey to the government's political ambitions. Thus vocal urban groups rather than the originally intended target population were the primary beneficiaries of the PAMSCAD.

PAMSCAD programs were supposed to have a strong poverty focus, high economic and social return, ease of implementation, and were not supposed to create macroeconomic distortions.²¹ The largest PAMSCAD projects were employment programs designed to create 40,000 jobs over a two-year period. These included public works projects, credit schemes for small scale entrepreneurs and farmers, projects for women and small-scale miners, and labor-intensive projects to rehabilitate school infrastructure. There was also a food-for-work program run by local NGO's and implemented in the north of the country during the dry season, when food production was very low.

¹⁸ Thomas Callaghy, "Lost Between State and Market: The Politics of Economic Reform in Ghana, Zambia, and Nigeria" in Joan Nelson, ed., *Economic Crisis and Policy Choice: The Politics of Adjustment in the Third World* (Princeton: Princeton University Press, 1990), p.275.

¹⁹ The difference in the percentage of income spent on food between the poor (69.1%) and the non-poor (66.1%) was notably small. Poverty incidences in rural areas were 11 times what they were in Accra. See E. Oti Boateng, Ravi Kanbur, and Andrew McKay, "A Poverty Profile for Ghana", *Journal of African Economies*, Vol.1, #1, March 1993.

²⁰ Jeffrey Herbst, "Economic Crisis and Reform in Ghana", Unpublished Paper, Washington, D.C., 1991, p.147.

²¹ Government of Ghana, *Program of Actions to Mitigate the Social Costs of Adjustment*. Accra, 1988.

Despite the ambitious nature of the PAMSCAD - or perhaps because of it - and the substantial amounts of external support, the program fared quite poorly in implementation. The program contained too many components which were widely dispersed geographically. The projects were divided among nine sectors, and thirteen national level agencies were responsible for their implementation. This required an organizational and administrative capacity at the national and local levels which just did not exist in Ghana. Thus urban areas, where the government had the most administrative control, received the most programs. In addition, there were a great deal of problems in targeting beneficiaries: by attempting to target all vulnerable groups in Ghana, targeting mechanisms were neither specific nor accurate. Women benefited disproportionately; most projects were biased towards the urban poor and laid-off civil servants. And, because the program focused on centrally-oriented implementation, the relatively vibrant NGO community, which could not have contributed to implementation and targeting, was not involved in a significant manner, with the exception of the food-for-work program. Even the most successful of the programs, the Community Initiatives Program, reflected this centralist tendency, with priorities established at the district level on the basis of nationally-determined criteria.

There were also problems in relations with donors. Rather than all funds going to one central channeling agency, individual donors gave to - and wanted to influence - specific components, leading to a great deal of variability, with too many donors concentrating on specific projects.

The unwieldy administrative structure and centralized bias of the PAMSCAD severely limited its potential to contribute to either the political sustainability of the reform program or to poverty alleviation. The program may have temporarily relieved the opposition of some civil servants and other urban groups, but it was far less successful at reaching previously marginalized groups of poor - including women - and incorporating their participation in the reform program in any kind of sustainable manner. The record of the PAMSCAD points to the advantages of extra-institutional and simply structured demand-based funds, both for poverty reduction and addressing gender issues.

3.2 El Salvador

The Fund for Social Investment of El Salvador (FIS) was inaugurated in a difficult economic context, but at a relatively opportune political moment.²² The FIS was initiated soon after the 1989 election of President Cristiani, in the context of an economic reform program. Due to poor macroeconomic performance and the high costs of the decade-long civil war, poverty increased by 3.7 percentage points by 1985-90, and up to 42% of the population was considered to be in extreme poverty. The designers of the FIS had carefully examined the Bolivian experience and concluded that institutional linkages - particularly with the line ministries - had been lacking in the ESF's operations. Thus FIS projects must adhere to sectoral priorities outlined by the ministries, and complement the activities of those ministries through the renovation of schools and health posts, for example. The director of the FIS, like that of the ESF, was a prominent entrepreneur with credibility in diverse political sectors, who answers directly to the president. Also with the benefit of hindsight, the FIS was able to develop good procedural and auditing mechanisms prior to launching operations, and to hire a staff with strong technical and managerial skills. The FIS was launched in October 1990, with \$33 million from the IDB and \$6 million from the government of El Salvador, and since has been able to attract \$12 million from other donors, and \$15.88 million in counterpart funds from beneficiaries and soliciting agencies. The high degree of beneficiary support for the program indicates a high degree of popular support for and participation in FIS projects, which will make them more sustainable in the long run. Like the ESF, administrative costs have been kept to approximately 5% of the total.

The social groups that have been given priority by the FIS are: pregnant mothers and children aged 1-5; nursing mothers and children 1-6; children 7-12; and then women in general and youth of both sexes. The FIS also gave priority to categories of municipalities: first, those that were poor and the site of conflict during the civil war; second, those that are poor; and third, those located in conflict areas. While women are in theory given priority, it is primarily in the context of their reproductive role: gender issues per se are not part of FIS operations.

From its inception until September 1992, the FIS approved 1503 projects benefiting 1,432,926 persons, at a total cost of \$30.6 million, quite an impressive implementation record. In a population of just over 5 million, this dictates some political as well as poverty alleviation impact. In addition, the FIS has had a good record of working with NGO's and community groups: community groups

²² For detail on the political situation and peace talks, see Terry Lynn Karl, "El Salvador's Negotiated Revolution", *Foreign Affairs*, Spring 1992, pp.147-164; and Enrique Baylor, "Salvaging El Salvador", *Journal of Democracy*, April 1992, pp.70-80.

account for 56% of FIS projects solicited and NGO's for 10%, while municipalities account for 11% and the central government and state agencies 23%.²³ This in theory gives the FIS an opportunity to reach women, who are key actors in grass-roots groups in many Latin American countries. To date, however, data on the participatory role of women in FIS programs is limited and should be the subject of further analysis. As the program's data base is sophisticated and computerized, access to such information should not require too much additional data collection.

The FIS's outreach to community groups and NGO's contributes to its apolitical nature. Equally important, however, is the program management's firm commitment to transparency and political neutrality. It is telling that the harshest critics of the program are, rather ironically, members of the governing party who are frustrated with the extent to which FIS benefits other political groups! Also important, as soon as the peace accords were signed, the FIS approached the FMLN to offer its facilities, and has since implemented a few projects in conjunction with the group, acting as a catalyst in the peace process.

Despite its setting of priorities and its department of promotion, the FIS, like the ESF, has had difficulty reaching the poorest communities, which receive a disproportionately low percentage of funds. The highest priority municipalities, for example, have received only 6.05% of total FIS funds allocated to municipalities.²⁴ This problem is exacerbated by the political context: many of the poorest regions are also those where the conflict was most intense, making it difficult for FIS personnel to work there. The FIS has attempted to get around this problem by planning some program rather than project based activities - ranging from school feeding to the building of town markets - which are guided by government sectoral priorities and can be targeted to specific areas. The program-based activities may be an approach to incorporating gender issues into FIS operations. Projects under the program-based approach will still be sub-contracted out as are other FIS projects.

There are, of course, problems with the FIS, such as the imbalance between health projects (3% of total) and education projects (55%), due to ministry personnel problems. Political pressures are likely to increase, meanwhile, with the upcoming national elections in March 1994. On balance, though, the achievements of the FIS are impressive and much needed in El Salvador. Its political neutrality, efficiency and high visibility, coupled with its built-in linkages to the ministries and extensive linkages to the NGO's and local governments, maximizes its ability to enhance the institutional development that is vital to longterm poverty alleviation.

3.3 Mexico

A program which is gaining increasing national and international attention is Mexico's National Solidarity Program (Pronasol). The program is a Bolivia-style demand based social fund, but it is being implemented on a much larger scale.²⁵ The ESF channeled \$240 million in four years; Pronasol started with a budget of \$680 million in 1989 and increased to a projected \$2.3 billion for 1992.²⁶ The ESF spent approximately \$50 per year on each of its 1.2 million beneficiaries. By the same calculation, with its 1992 budget, Pronasol would spend \$135 on each of the 17 million people in extreme poverty in Mexico. This indicates that the program's resource impact is even greater than the ESF's. Pronasol's highly visible nature - such as its prominent appearance in the President's 1992 annual address to the nation - also suggests that it is having an impact in political terms. Also like the ESF, the effects of Pronasol's outreach to groups that had rarely if ever received state attention in the past cannot be underestimated.

Pronasol's design was influenced by the ESF and other demand-based social funds, but was

²³ Presentation by FIS Directorate, San Salvador, 7 December 1992.

²⁴ Presentation by FIS Directorate, 7 December; and "FIS: Memoria de Labores", Gobierno de El Salvador, San Salvador, 1992]

²⁵ For detail on Pronasol, see C. Graham, see C. Graham, "Mexico's National Solidarity Program in Comparative Context: Demand-Based Poverty Alleviation Programs in Latin America, Africa, and Eastern Europe" in Wayne A. Cornelius, Ann L. Craig, and Jonathon Fox, eds., *Transforming State-Society Relations in Mexico: The National Solidarity Strategy*; and Denise Dresser, "Neopopulist Solutions to Neoliberal Problems: Mexico's National Solidarity Program", Issue Brief No.3, Center for U.S.-Mexican Studies, University of California at San Diego, 1991.

²⁶ It is somewhat difficult to accurately quantify Pronasol's budget, as some money may have been diverted from what would previously have been social sector spending. [Dresser (1991); and Tim Golden, "Mexico's Leader Cautiously Backs Some Big Changes", *The New York Times*, 2 November 1992, p.A3.]

also a product of President Salinas' own research,²⁷ as well as of previous government programs which relied on community initiative in the form of manual labor and food supply.²⁸ There are 64,000 Solidarity committees nationwide, which are elected locally. In response to popular demands, the committees design projects in collaboration with government staff. There are four program areas: food support, which includes targeted subsidy programs; production; social services; and infrastructure. In addition to these activities, Pronasol has three programs aimed at increasing the earning potential of the poor: credit for high risk, low yield farmers; indigenous communities support funds; and a program called women in solidarity, which provides credit to workshops and small industries run by women. This component of Pronasol is quite unique, as, with the exception of Chile's FOSIS, it is one of the only social funds to incorporate a specific component that focuses on women's productive rather than reproductive role. Pronasol also supports sectoral ministries by expanding the country's health and education facilities and through scholarship and school feeding programs. Finally, Pronasol supports municipal development and provides infrastructure to poor communities through its municipal and regional funds.

The wide range and large number of programs makes it difficult to make a singular judgement of Pronasol. In addition, it is difficult to separate what may be justified criticisms of the political system - a semi-authoritarian system which is in theory in the process of liberalizing - from those of the actual design or content of the program. Ultimately, Pronasol's success as a demand-based program hinges on the extent to which the government is committed to genuine political opening and to allowing actors and organizations of all political bents to join.

Pronasol's record to date varies depending on the nature of local level party power structure and the capacity of grass roots and community organizations. In many regions, the program has come into conflict with authoritarian party bosses at the local level, indicating that non-traditional actors have at least been able to benefit to some extent. While the President has demonstrated willingness to let solidarity committees undermine local PRI authorities, he seems less willing to allow the committees to operate independently in municipalities controlled by the opposition.²⁹ The extent to which Pronasol is able to reach previously marginalized groups, and to serve as an alternative to the PRI by providing a channel for grass-roots and local level groups - of which women are an important part - to make demands upon the state, will determine if the program can have the kinds of effects on the economic potential and political voice of the poor that funds like the ESF have had.

Like many similar programs, the origins of Pronasol can be traced to the political context. In the 1988 elections, in the face of new mobilizing forces on the left, the PRI had the worst electoral showing of its history, and President Salinas took power amidst widespread accusations of fraud. While Salinas did not fear massive social unrest as did the governments of Senegal, Chile, and Poland, for example, he was painfully aware of how painful the cutting of social services by the de la Madrid government had been. Pronasol was a gamble that reversing that trend would change popular perceptions of government legitimacy. The government increased Pronasol activity in several regions where the opposition was strong, such as in Michoacan, Nueva Laguna, and Morelos, and was able to reverse its electoral fortunes. Yet it is not clear whether the electoral results were influenced by the curbing of inflation and the renewal of economic growth or by Pronasol.

Pronasol has been criticized as a populist tool and as a means for President Salinas to build up his personal base of power.³⁰ The former criticism stems from the president's tactics, such as his very public usage of the proceeds from the privatization of the national airline to provide electricity to 500,000 homes in the poorest regions. "Populist" or not, this combines clever salesmanship with the philosophy underlying orthodox economic reform: get the state out of the productive field and into the service provision area. To the extent that Pronasol is generating support in favor of a new government approach to providing social services *and* for a new channel of communicating with both central and local governments, then the program is contributing to poverty alleviation and institutional development. It is difficult to criticize the government for reaping the rewards of a good program, as governments attempt to do so in most countries. And Pronasol's specific component to enhance the

²⁷ The framework for the program is actually detailed in Salinas' PhD dissertation.

²⁸ See Alan Knight's chapter in Cornelius et al, ed.

²⁹ See Jonathon Fox's chapter in Cornelius et al., ed.

³⁰ See Dresser (1992).

productivity of women is quite rare among social funds. However, in the instances where Pronasol is re-inforcing traditional clientelistic structures controlled by the PRI, the program's potential to contribute to local capacity building is being severely curtailed. The building of local capacity through Pronasol vis-a-vis that of the PRI may be a very effective means to undermine the party's authoritarian structure and monopoly control.

4. Lessons for Policymakers?

Several lessons emerge from the experiences of other countries. Demand-based programs can reduce poverty and have positive political effects on sustaining economic reform processes. Yet these effects hinge on the programs operating in a transparent manner that incorporates the participation of the poor, thereby enhancing their economic potential *and* political voice. The ability to perform in such a manner on a large scale depends on available resources, institutional structure, and commitment from the highest levels to insulate the programs from partisan pressures. Programs must be implemented as an integral part of the macroeconomic reform program, so that successive governments have a stake in their successful implementation, and so that beneficiaries have a stake in the ongoing process of economic transformation. These conditions are not always readily available. To a certain extent, the amount of resources available and the political leadership in the case of Bolivia's ESF were unique. Even then, the ESF was not able to overcome the obstacle of reaching the poorest; indications are that Pronasol has not been able to either.³¹ Still, Pronasol has made specific effort to target female workers, unlike the ESF, where less than 1% of the workers were women. On the other hand, it may well be that in the Mexican case, the authoritarian and clientelist nature of the party structure and some local governments serves as an additional constraint to the inherent difficulty that demand-based programs have in reaching the poorest of the poor.

There is no established link between democracy and reaching the poorest, however, as even in democracies the poor are usually poor with respect to political voice as well as to resources, a trait which is usually even more marked among the female poor, particularly in rural areas. Ironically, of the cases covered here, the Pinochet regime had the most success in targeting the poorest, precisely because it did not have the political constraints of having to answer to the more vocal middle sectors that a democratic regime would have.³² On the other hand a broader view of poverty reduction, which includes the poor's participation in designing their own solutions as integral to the sustainability and longterm impact of any anti-poverty effort, might place less value on the ability to target the poorest of the poor versus the program's ability to incorporate the participation of disadvantaged groups, even if they are not the poorest ones. Many projects, such as new schools or health posts, also have indirect positive effects for poorer groups who did not participate in their design. Finally, targeting can entail high costs in terms of time and resources.³³ The same philosophy might apply to gender issues: the poorest women, for reasons ranging from fear to cultural barriers to the opportunity costs of their time, are often not the most likely to join women's or community organizations. Yet programs such as social funds, which can enhance the potential of such organizations, may do a great deal to enhance the status of poor women more generally, even if many of them are not direct participants in the organizations which participate in fund activities.

The scale and diversity of some programs, such as Pronasol, the ESF, and the very different Chilean programs, dictate some impact on politics and on poverty alleviation.³⁴ And in the case of programs like the ESF and Pronasol, the effects of outreach to groups that had received little or no state attention in the past cannot be underestimated. The specific gender targeting of the FOSIS and Pronasol, which focus on the productive rather than reproductive role of women, is one that could be expanded and incorporated by many social funds. Prior to doing so, however, a systematic evaluation of how the FOSIS and Pronasol components have - or have not - benefited women would be necessary.

³¹ Julio Moguel, "National Solidarity Program Fails to Help the Very Poor", *Voices of Mexico*, No.15, Oct.-Dec. 1990.

³² Graham, "From Emergency Employment" (1991).

³³ This raises a question that faces all policymakers attempting to reduce poverty: whether it is better to lift the largest possible number of people at the margin of the poverty line above it, using a straight headcount measure of poverty, or to focus efforts on improving the lot of the poorest, even if the number of people below the poverty line remains the same. [Amartya Sen made a major contribution to the measurement of poverty by combining the headcount ratio with the average income shortfall of the poor and the measure of inequality among them (Gini coefficient). Sen's theory and its implications for anti-poverty policy are discussed in Francois Bourguignon and Gary S. Fields, "Poverty Measures and Anti-Poverty Policy", Delta Working Papers, February 1990.]

³⁴ Administrative costs were approximately 5% of the total in the case of the ESF.

Institutional autonomy is an issue in many countries with such programs. On the one hand, autonomy allows for rapid, transparent action which bypasses public sector bureaucratic procedures - which are often costly and time-consuming - reducing administrative costs and directly channeling benefits to the poor. Case in point is the Dire in Senegal, where \$3 million was "lost" in the public sector process. On the other hand, there is the issue of longevity of extra-institutional programs, as neither their budgets nor their operating procedures have any permanent guarantees. To the extent that such programs are considered short-term measures during periods of adjustment or recovery, then institutional autonomy is less of a concern. To the extent that they are considered longer term complements to social sector policies, then it is usually necessary to establish some sort of institutional links. Other programs have a hybrid nature: the Agetip in Senegal is a semi-public corporation that is managed like a private sector firm. The successor to the ESF in Bolivia, the Social Investment Fund, remains a separate, autonomous agency that responds to the President, but has new formalized links with the sectoral ministries. In Mexico, the new establishment of Sedesol as an umbrella institution for Pronasol seems an attempt to provide the program with more formal links and to ensure its continuation after the departure of Salinas, although it is too soon to tell how successful it will be.³⁵ Commitment from the highest leadership levels to keeping programs out of partisan politics is particularly important in the case of extra-institutional programs.

Political context also makes an enormous difference in the possibilities for re-directing resources to the poor. Dramatic political change, as in the case of Zambia, or swift implementation of stabilization and adjustment, as in the case of Bolivia, provides unique opportunities for doing so. Less open political systems and stalled economic reform, as in the case of Senegal, give entrenched interest groups greater opportunities to protect their positions. In the case of Mexico economic change has been less sudden than in either Bolivia or Zambia. Political opening, meanwhile, has been far less straightforward.

In addition, program origins can often be traced to the political context. In the face of new mobilizing forces on the left, the PRI had the worst showing of its history in the 1988 elections, and President Salinas took power amidst widespread accusations of fraud. Senegal's Agetip originated in the context of major civil unrest protesting the social costs of adjustment in the aftermath of the February elections; Chile's employment programs were set up due to the Pinochet government's fear of popular unrest in the face of unprecedented unemployment rates; and the Polish government is finally acting on the safety net issues due to the political challenge posed widespread strikes related to the social costs of economic reform. While Salinas did not fear massive social unrest as some other governments did, he was painfully aware of how unpopular the cutting of social services by the de la Madrid government was, and that reversing the trend could have important effects on popular perceptions of government legitimacy. Recent electoral results seem to indicate that this is indeed the case.

Political and cultural factors will also play a role in how gender issues are addressed. There is a sharp contrast between how such issues are treated in Mexico, Chile, and Poland, for example, where women's issues have had a role on the political agenda for years, versus in Bolivia, Peru, and the African countries, where far more pressing development issues have yet to be resolved, and gender issues have yet - or are just starting - to surface in the public conscience and political agenda.

Some critics of the demand-based social fund approach argue that it is a populist strategy with one difference: that it associates social welfare with economic liberalization. An example is President Salinas' justification of the privatization of the state airline by arguing the proceeds from the sale would be used to assist the poor; indeed they were used to provide electricity for 500,000 residents in Mexico's poorest regions.³⁶ "By associating it with redistribution, Mexico's leaders are recasting a generally unpalatable privatization drive as prerequisite to gaining social justice for the country's lower income strata."³⁷ Whether or not one agrees with this philosophy, it is difficult to consider it populist. It is a demand-based poverty alleviation program implemented in the context of recovery from severe economic crisis and adjustment. The program fits into a neoliberal conception of the state:

³⁵ Bulletin of the Instituto Nacional de Solidaridad, June 1992; and Lecture by Marco Antonio Bernal Gutierrez, President, INS, at Johns Hopkins University School of Advanced International Studies, Washington, D.C., 15 October 1992.

³⁶ Dresser (1991).

³⁷ Dresser (1991), p.16.

getting the state out of the production realm and into the business of providing social services. Thus nothing could be more appropriate than using the proceeds from privatized industries to fund social services that are not part of the sectoral ministries' normal budgetary allocation. Demand-based funds are inextricably linked to the "neoliberal" - if it must be labelled as such - vision of a smaller and more efficient state. How this vision fits with a more pro-active approach to gender issues is a question that is beyond the scope of this paper.

In addition to political context, the *nature* of pro-poor programs is a factor in determining their political as well as anti-poverty impact. Demand-based programs which require community contributions or participation are best suited to creating the sustainable kinds of projects which are key to poverty alleviation, particularly if they become self-sustaining community initiatives or enhance local institutional capacity. Yet centrally-implemented public works schemes may be better suited for rapid, mass-scale impact to relieve the social costs of adjustment and for targeting the poorest groups. Ironically, such programs, especially food-for-work, seem to have more impact on women than on men, as the programs often provide women with a first opportunity to earn an independent salary or source of income (even in the form of food) in situations where the cultural barriers to female participation in the labor force are quite strong. The latter kind of program, however, is less likely to have a longterm impact, as the income provided is usually of a temporary nature. Yet the impact of changed attitudes and independence acquired through participation in the programs may be of a longer term nature.

Demand-based poverty alleviation programs cannot be expected to substitute for basic service provision nor to make structural changes in asset distribution or ownership structures. Neither can they make up for major adjustment-related trends in real wages or sectoral spending. At best they are useful complements to the activities of weak sectoral ministries and at the same time can provide short-term income or employment; they cannot substitute for long-run economic growth. Yet the programs *can* make revolutionary changes at the local institutional level by incorporating the participation of previously marginalized groups - such as NGO's or neighborhood organizations. This participation may take the form of cooperation with the state in the design or delivery of social services as well as in providing more effective channels for demand-making. To the extent that women are over-represented in social sector activities and local organizations, then these programs have the capacity to play an important role in enhancing the productive and organizational capacity of women. Unfortunately, to date most demand-based funds have placed little if any focus on fulfilling this potential.

Ultimately poverty alleviation initiatives cannot substitute for a broader central level commitment to poverty alleviation and for functioning line ministries, nor can they operate effectively without a central level commitment to allow participation of actors of all political bents. Without such commitments, the impact of such programs will be limited at best. Along the same vein, such programs cannot be expected to overcome the strong cultural barriers to changing the status of women that exist in many countries. In such cases, a central level commitment, as well as a new societal consensus, are pre-requisites.

One gauge of programs' openness to various political actors is whether or not the allocation of funds correlates with electoral objectives. In the case of the PAIT program in Peru, for example, the APRA party blatantly manipulated program enrollments for electoral reasons, dramatically increasing jobs offered in municipalities held by the opposition. Yet the strategy had only partial success in attracting votes, as the partisan manipulation of the program was obvious to much of the public. In the case of Bolivia's ESF, while actors at all different levels - from the governing party's presidential candidate to opposition party mayors - tried to reap electoral benefit from completed or projected ESF projects, there was no correlation between numbers of ESF projects and electoral results.³⁸ This was because the ESF genuinely allowed participation from a variety of organizations and political parties. Thus municipal authorities or NGO's of the political opposition could take as much credit for ESF projects as the MNR government could, even though the ESF was clearly affiliated with the MNR in the public vision. In Mexico there were clearly attempts - which were ultimately successful - to use Pronasol to change the PRI's status in provinces where the PRI fared badly in 1988, such as Michoacan, Nueva Laguna, and Morelos,³⁹ as well as the attempts to hold back the tortivale program in Mexico City municipalities where the opposition was strong. Yet the success

³⁸ For detail see Graham (1992).

³⁹ Dresser (1991), p.23.

of the PRI in these provinces may have had as much to do with low inflation and renewed economic growth as with the Pronasol program. The more democratic and open a program is, the less likely it will be able to directly influence elections. As is aforementioned, this is also affected by the political and autonomous organizational structures at the local level, which have varying degrees of capacity and independence (as well as varying representative roles for women). However, it should be no surprise if an effective program which introduces new democratic elements as well as socially useful infrastructure to areas that have rarely, if ever, received government attention creates increased good will and support for the governing party.

5. Conclusion

To date the record of demand-based social funds is mixed, both in the broader poverty reduction arena, as well as in that of gender specific issues. There are clearly areas where programs are victim to traditional clientelistic structures, others where these structures have been overthrown, and then some where the clientelistic and pluralist structures coexist. At the grassroots level, some programs seem to provide opportunities for leadership development and the basis for associational life, particularly among groups that were excluded in the past.⁴⁰ At this level, programs can give impetus to existing autonomous organizations as well as to the traditional self-help spirit of many communities. In the Chilean and Mexican cases women are given a specific focus, which may give new impetus to the treatment of gender issues. The concurrent provision of socially useful infrastructure, meanwhile, is also a contribution to poverty alleviation.

Yet clientelism and partisan politics also exist at the local level, and one potential flaw of demand-based programs is that the poorest groups, which tend to have the weakest representation at the local level as well, may not be reached by the programs. In particularly male-oriented cultural contexts, this could serve as a barrier to the incorporation of women through a demand-based approach. Yet there is increasing awareness of this drawback on the part of program designers. A demand-based approach can be - and increasingly is being - combined with a central level commitment to reaching specific target groups, including the poorest of the poor. And at the very least, there is much less margin for solutions being "imposed" from the center in programs which actively incorporate local participation. An active education and promotion campaign to elicit the incorporation of the poorest groups, including women, for example, can have important empowering effects. In the cases of Chile and Mexico, a central level commitment to gender issues has been coupled with a demand-based approach. Yet in both cases, there has historically been more awareness of gender issues than in other countries in the region. This clearly enhances the potential of treating gender issues through a local-level, demand-based approach.

"Ultimately the degree of representation and popular participation that...[programs] offer depend on...leaders' resolve to promote genuine political democratization."⁴¹ This is true of all programs that operate in political contexts that are not fully democratic, as in the case of Mexico's Pronasol or Senegal's Agetip. In the same manner, programs' impact on poverty alleviation will inevitably be linked to a government commitment to making the program function efficiently and transparently, *and* to the broader context for poverty alleviation within which the program takes place. Temporary demand-based funds cannot take the place of viable sectoral policies. The programs are designed as important *complements* to mainstream services, which have institutional development as well as infrastructure and income enhancing goals. In addition, they operate within a fixed economic parameter: their ability to make longterm contributions to poverty alleviation hinges on the renewal of growth after adjustment and therefore on sound macroeconomic management. Advocates of poverty alleviation strategies based on major structural changes, or redistribution of ownership and assets, will be disappointed in programs like Pronasol and the ESF. In the same way, such programs cannot be expected to substitute for longer term social and political changes in altering cultural attitudes regarding gender bias.

Finally, without a government commitment to allow all political groups to participate, the programs will be bound to fail precisely in the arena in which they have the most potential to make permanent contributions to poverty reduction: the development of the institutional capacity and organizational capacity of the poor, and, in terms of gender issues, of women's organizations or organizations with a high level of female participation.

⁴⁰ For the case of Mexico, for example, see Craig (1992).

⁴¹ Dresser (1991), p.37.

With such a commitment in place, there are several viable strategies for incorporating gender issues into poverty alleviation programs. Underlying all these strategies should be a recognition of the importance of the productive as well as the reproductive role of women. Until now, most programs, to the extent that they have specifically targeted women, have focused strictly on the latter role. And these efforts have indeed had important multiplier effects, such as lowering fertility and infant mortality rates or raising the education and general health levels of children. Yet a more effective strategy for breaking the poverty trap and enhancing the role of women would focus on their productive and income-earning potential as well. The poorest households in many countries are headed by women, for example. Some programs, such as food for work in Zambia and the PAIT program in Peru, have effectively reached poor, female-headed households through self-targeting: very low wages or payment in food. This may be a first step towards reaching the poorest households and providing women with employment experience. The experience and the independent salary that comes from the programs may have significant empowering effects. Yet it also may marginalize women as "willing" to work for wages that men are not willing to accept. Much more needs to be done, both on the research and on the policy fronts. Greater reliance on NGO's and other local organizations - which tend to have a high proportion of female leaders and members - is one way to reach women. Combining experience in basic public works programs with a "next" step, such as the chance to participate in credit programs after a successful round of work in a public works program, would be another means of focusing on the poorest women, but giving them further opportunity to obtain new skills and enhance their earning potential. As in the case of reaching the poorest groups, strategies to enhance the productive potential of the poorest women will require innovation, time, and, most importantly, input from local governments, NGO's, and neighborhood organizations. It will be easier in some cultural contexts than in others. And as in the case of effective poverty alleviation programs, small-scale "pilot" programs, which are piggy-backed onto existing poverty alleviation programs, are likely to be the most cost-effective and politically acceptable approach, at least at the outset. While changing attitudes is by no means easy. Yet as in the case of the introduction of demand-based approaches to poverty alleviation, program effects which enable beneficiaries to help themselves have a multiplying and self-sustaining effect. Programs which enhanced the independent productive potential of women, even if introduced on a small-scale, could have effects which were on a far wider scale and longer-lasting than the programs themselves.

A final issue to be considered, and one that clearly can have determining influence on program design, is the role of external donors. As is noted above, to date most programs - and the international agencies which have financed or co-financed them - have focused on the reproductive rather than the productive role of women. The distribution between program focus on productive employment versus other social components is usually determined by a combination of donor community preference and perceived national government needs. Gender issues are not likely to play a major role among the perceived needs of governments attempting to survive difficult adjustment programs or economic crises. Thus if gender issues are to play a role, it is likely that they will have to be introduced by the financing agencies. The viability of doing so will, of course, depend on cultural contexts. As in the case of poverty alleviation programs as well as macroeconomic adjustment programs, unless local governments perceive that they "own" and have a stake in the programs, they are unlikely to have the commitment required for successful implementation. This is likely to be the case with gender issues as well, and will involve a delicate balance between international financial community emphasis on the one hand, and encouraging change in local attitudes on the other. An important first step would be a much broader recognition of the need to incorporate gender issues on the part of the international financial community. This is likely to occur only if and when gender issues are seen as integral to poverty alleviation efforts, in the productive as well as the reproductive arenas.

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