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## [Review of the book *Successes in Anti-Poverty*]

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## [Review of the book *Successes in Anti-Poverty*]

### Abstract

[Excerpt] Michael Lipton has devoted a long career to studying and fighting poverty in the developing world. In this volume he talks about how to make anti-poverty programs work.

### Keywords

poverty, employment, policy, sustainability

### Disciplines

Labor Relations

### Comments

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*Successes in Anti-Poverty*. By Michael Lipton. Geneva: International Labour Office, 1998. 214 pp. ISBN 92-2-110848-1, \$24.75 (paper).

Michael Lipton has devoted a long career to studying and fighting poverty in the developing world. In this volume he talks about how to make anti-poverty programs work.

Three overarching principles are recommended. (1) The principle of joint requirements: several conditions have to be met jointly if many people are to escape poverty. (2) The principle of total effect: anti-poverty policies have effects beyond their particular areas and must be evaluated accordingly. (3) The principle of joint planning: programs should be designed with clear and reasonable expectations about targeting of services on the poor, sustainability, quality of yield, and acquisition of yield by the poor.

The force of the book is in applying these principles in particular contexts. Thus, Lipton recommends the following design features for employment-creation schemes such as that in Maharashtra (India): design employment for low-opportunity-cost individuals; seek alternatives to direct targeting; use scheme rules and conditions to discriminate in favor of the poor; allow for poor workers' frequent physical difficulties; minimize poor participants' transactions costs; reduce covariate stresses on public works resources; use retailer, employer, and public works competition "for the poor"; before starting, check that low demand for labor causes poverty; subsidize coverage, sustainability, and graduation; encourage grassroots pressure groups to improve the scheme; seek complemen-

tarities among employment schemes; build up capacity of schemes and workers before works begin; and use performance incentives for officials and participants. In a similar vein, drawing lessons from the Grameen Bank in Bangladesh and other similar programs, he has set forth thirteen rules for successful pro-poor credit: respect fungibility of credit; seek a poverty focus, but by means other than direct targeting; avoid anti-poor rules and actions; find alternatives to physical collateral; cut poor borrowers' transactions costs; reduce the covariance of repayment; avoid lending monopolies; ensure that extra credit can be productive before raising its supply; subsidize transactions costs and administration, not interest; avoid politicizing or softening repayment, but anticipate emergencies; complement credit with infrastructure and education; impose savings requirements to improve borrowers' performance; and create incentives to lenders and borrowers for repayment.

For those seeking to combat poverty in low-income countries, these pages offer a great deal of empirically based wisdom.

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