A Poverty Alleviation Program in Turkey: Social Risk Mitigation Project

Introduction

In a comparison of income per head between European countries and Turkey, which has completed significant stages on its way to membership to European Community, a major difference seems to exist. Turkey, having the sixth largest economy in Europe, is the last in average income per head. While the income per head is $26.000 in Europe, it is approximately $5.000 in Turkey (State Institute of Statistics, 2005).

According to the UN 2005 *Human Development Report*, Turkey takes the 94th place among 177 countries in terms of its status in human development. Norway, the country with the highest human development performance, has a human development index value of 0.963, while Turkey's is 0.750 (United Nations, 2005: 220). Poverty becomes a serious, social and political issue in Turkey whose development levels lag behind those of countries like Lebanon, Azerbaijan, Sri Lanka and Jordan. The same report states that 10.3% of the population lives with under $2 per day. 2% of the population is categorized as the absolute poor, who live with under $1 per day (United Nations, 2005: 227, Table 3).

Turkey is also among the countries with the most corrupted income distribution, due to new liberal policies in effect since the 1980s.[1] However, the fight against poverty has recently become one of the priorities of social welfare policy. Before the 1980s, the focus was on the indirect approach, which aimed to improve the income and life standards of the poor through rapid growth. After 1980, a rapid increase in poverty rates brought the direct approach onto

[1] In the TÜSİAD (Turkish Industrialists and Businessmen's Association) report titled "Distribution of Individual Income and Poverty in Turkey – A comparison with European Union", which went public on December 6, 2000, it is emphasized that Turkey has a much more unequal structure than other European Union countries. According to the report, in terms of unequal income distribution, Turkey leaves Portugal, the country with the most unequal structure among EU countries, behind. "Turkey's income distribution is 28% according to the Gini coefficient and 123 times, according to the Theil index, more unequal than Portugal" (TÜSİAD, 2000).

the agenda. The poverty problem has become a basic element of Turkey's social welfare policies following the economic crisis in February 2001.

This biggest crisis in the history of the Republic, which is referred as "Black Wednesday" by the public, had its effects on social life as well as on the economy. It caused a record boost in interests, forced the government to give up its strict, long time money policy and to adapt the "floating exchange rate" policy, made thousands of businesses collapse and hundreds of thousands lose their jobs.

As mass meetings were organized all around the country right after the crisis[2], the issue of Turkey's being at the edge of a social explosion was opened for debate both in political circles and among social organizations.[3] After the acts of plunder and pillage in December 2001 in Argentine, which had gone through a similar economical crisis, journalists, academicians and politicians began to explain why such events did not occur in Turkey. Some of these explanations included hardly "objective" evaluations like the Turkish people being more patient, more resistant to pain and more solidarist than Argentineans. Another evaluation was made by Odd Per Brekk, IMF Turkey Representative. Brekk said that the economical program implemented in Turkey had social aspects when compared to the program which caused a social crisis in Argentine, and this program "would not cause a social explosion in Turkey". Besides, he added that the World Bank would financially assist the

[2] Tradesmen were one of the sectors most affected by the economic crisis. A "Tradesmen Meeting", held on April 11 at Tandoğan Square in Ankara, was one of the most crowded. On the same day, over 200.000 tradesmen and farmers marched in cities like Gaziantep, İzmir, Denizli, Sivas and Mersin. The Emek Platform arranged a meeting on April 14.

[3] Along with their warnings a social explosion that would occur if the economic crisis in Turkey continues or if the route of economic program was not changed, effective craft and labor unions like TMMOB, TOBB, Hak-Is and Turk-Is presented a report expressing "economic hardships of the people" in the National Security Council's regular meeting held on June 31, 2001 and increased tension in ongoing debate. In the report, which drew attention to "post-economic crisis measures that put undue hardship on low incomers", concerns about the "emergence of a social explosion" are expressed. The report drew attention to the price increases which made the low incomer's living hard to maintain, leading to an increase in crimes like theft and purse-snatching. It also attracted attention to the point that this situation may cause bigger social explosions in the future and turn into street actions. The government was called to take measures to improve the status of low incomers in order to prevent such events" (*Hürriyet*, July 1, 2001, "Interesting Line in the Report").

4 At this point, we should mention the circular sent to the governors' offices by the Ministry of Internal Affairs at that time, Rüştü Kazım Yücelen, "to prevent a social explosion", which was represented in the press as the "Argentine Circular". In his circular, Minister Yücelen stated that "one of the most important public dynamics in ensuring public order and security can be achieved by effective implementation of social services"; and he demanded "the determination of the hungry and in-need, and urgent aid to be given to these people" (*Hürriyet*, January 5, 2002).

projects to be implemented in social fields, and they were in close contact with the Bank (*Hürriyet*, March 5th, 2002).

Actually, the IMF and the World Bank have taken certain measures, considering that the increase in unemployment and poverty caused by the economical crisis on February 21st would increase social tension in Turkey. [4] One of these measures was reflected as an increase in social expenditures in parts of the 2002 budget like health and education. Another was the "Social Risk Mitigation Project", signed on September 11, 2001 between the Turkish Government and the World Bank, published and taken into effect with the Official Gazette dated November 28, 2001. For this project, where the Social Assistance and Solidarity Fund[5] is the implementing institution, a 15-year loan of 500 Million Dollars was taken from the World Bank with a grace period of five years. The Turkey Representative of the World Bank, Ajay Chibber, associated the preparation of this project with the economical crisis in February 21. According to Chibber, the project aims to reduce the negative effects of the February crisis on poor families (*Radikal*, October 12, 2002). It also aims to decrease poverty in Turkey within both short and long terms. The period of the project, originally set to end on December 2005, has been extended until August 2006 (Interview with the Project Coordination Unit Expert, January 2006).

This article deals with the Social Risk Mitigation Project (SRMP) implemented as a program to fight directly against poverty in Turkey. The SRMP complies with the poverty reduction program laid out by the World Bank in the 2000/2001 World Development Report. In that report, social risk management is one of the basic elements of the fight against poverty. Implementations given in the chapter titled "coping with shocks", which is one of the social risk management strategies, comprise the content of the project. The primary goal of the SRMP is to eliminate the negative effects caused by the economic shock. However, failure to implement the other strategies of social risk management like risk reduction and mitigation, decreases the coping with shocks strategy's chance to succeed. This situation leads to a foresight that the SRMP will have only a short term and temporary effect on poverty.

At first, this article will outline the poverty reduction strategy developed by the Bank in the 2000/01 Report and then it will examine the SRMP, which consists of policies

[5] The Social Assistance and Solidarity Fund was founded in 1986, with law No. 3294. The purpose of the law has been defined as to help people in need and take measures to improve social justice. As Şenses (1999) mentioned, the foundation of the Fund seven years after the start of a stability and structural adaptation program, forces one to see a relation between them.

mitigating the shock caused by the economic crisis and enabling the poor to cope with this shock.

World Bank and Poverty

Bretton Woods institutions have increased their concern with poverty, especially after 1990s. One of the reasons for this concern is that poverty, increased by the structural adaptation and stability program implemented in developing countries under the management of the IMF and the World Bank (WB), has reached a limit harmful to social and political stability. Another reason is the reaction from not only "intellectual" circles but whole sections of society as well, due to negative social and political consequences created by WB and IMF programs. For a long time, the IMF and WB have been criticized by not only the unemployed and poor sections in countries where this program has been implemented, but also by an international anti-globalist group as well. Sometimes, these reactions go further than moderate criticism and turn into violent social explosions, as in Argentina and Uruguay.

As these factors revive interest in poverty, they have also helped the social and political dimension of the problem to gain importance. Furthermore, political and social criticisms directed towards new liberal policies have brought poverty reduction programs on to agendas as supplemental elements to these policies. The IMF and WB initiated the "Poverty Reduction Strategy" in 1999. This strategy, a part of the "Comprehensive Development Approach" [6] formed by WB President Wolfensohn and Stiglitz, called governments, regional development banks, churches and non-governmental organizations (*NGOs*) to cooperate in the fight against poverty (World Bank, 2000b: 193).

Undoubtedly, the WB has been interested in poverty for a long time and has worked on it more than the IMF has. Beginning in the1980s, the WB has prepared a report on poverty every ten years, and in each report it has asserted that it has improved its approach to poverty. The 2000/2001 World Development Report[7], presented as a product of a wider approach in comprehending the dimensions of poverty, offers a more extensive program heavily influenced by debates in academic circles on poverty (Şenses; 2001: 42-43). Their suggested program not only shows extended definitions of poor and poverty but draws up new strategies in the fight against poverty. Before this report, a work published in 1999 (Poverty Reduction and the World Bank: Progress in Fiscal 1998) suggested that taking necessary measures before an economic crisis arose in a developing country and strengthening the poor

[6] For the comprehensive development approach see Pender, 2001.
[7] Henceforth called the 2000/01 Report.

to ensure that they can cope with such a crisis; these are presented as the most basic and newest themes of the 2000/01 Report. Furthermore, this earlier study (1999:4) adds that ten-year poverty reports have become a tradition after the World Development Report published by the Bank in 1980, and that the Bank's interest in poverty will continue, increasingly.

Before moving on to the contents of 2000/01 Report, which claims to bring a larger and more diverse approach to poverty on to the agenda, one important point about the report should be mentioned. The pre-study performed with a large research group before the report was written, shows the importance the Bank gives to the Report. This study, which gathered the views, experiences and demands of 60.000 poor from 60 countries was conducted using participatory and qualitative research methods. Differing from other poverty studies with its main purpose to make the voice of the poor heard, it is published in 3 volumes[8].

The 2000/01 Report does not include a new look towards poverty nor does it search for new methods to fight poverty, but it improves the definition of poverty and formulates the fighting methods that the WB has been trying to develop since the 90s[9]. The same thing can be said for the Report's "strategy to fight poverty". According to the World Bank, an effective "Poverty Reduction Strategy" comprises of three dimensions complementing each other:

1.Promoting opportunity: Along with jobs, loans, roads, electricity, water and health services, providing a market where the poor can sell their products. **According to the Bank, the primary condition for these opportunities to be created is economic growth.** At the same time, inequality should be reduced and the government should make attempts to support assets like human and land sub-investments.

2.Facilitating empowerment: Making governmental institutions more sensitive and accountable towards the poor; increasing participation of the poor in the political process and local decision-taking mechanisms; removing the social obstacles originating from sex, ethnicity, race and social status differences.

3. Enhancing security: Reduction of vulnerability of the poor to economic shocks, natural disasters, health problems and violence; encouragement of investment into human capital as a requirement for increasing security; development of mechanisms to reduce the risks faced by the poor; generation of security mechanisms to increase the power of the poor to cope with risks. (World Bank, 2000/01: 6-7, 32, 38-40).Creating opportunities and

[8] *Crying Out for Change*: A field study which gathered voices of 20.000 poor from 23 different countries in 1999.
Can Anyone Hear Us: A study which collected voices of 40.000 poor from 50 countries.
From Many Lands: Country and regional field studies (World Bank, 2000a)

[9] For the thesis that the Report does not add anything new to the existing information about poverty, its causes and the solution it offers see Boer, 2001: 288.

strengthening were asserted as the basic elements of "sustainable development". This can easily be seen just by looking at the UN, OECD or World Bank reports and especially at the reports published in the 1990s. However, in the section about social security, the WB seems to have "learned its lesson" from the developments in the 90s, as it states in the Report (2000/01:6). This lesson is to generate certain mechanisms beforehand to be able to mitigate the shock that economic crises will cause especially on low income groups. The WB mentions how difficult it is to create a social security network after a crisis, citing the 1995 "peso crisis" in Mexico and the 1997 financial crisis in East Asia as examples. It takes the governments responsible for failure to overcome the shock wave created by these crises, and blames them for their inability to establish an effective policy, which led to insufficiency and latency in taking social security measures (World Bank, 2000/01: 146). At this point, for a better understanding of the Social Risk Mitigation Project, the third part of the Report's strategy to fight poverty, "social risk management", should be discussed in more detail.

A basic message of the social risk management of the fighting poverty strategy developed in the Report's chapter titled "Security", is that "reduction" and "mitigation" policies are considered to be of higher importance than the "coping" methods which aim to eliminate the effects after a shock emerges. The Bank believes that, principally, the best approach is to **reduce** the effects of harmful shocks. A second approach to be adopted is a risk **mitigation** program which will reduce the possible effects of a shock. A **coping** strategy is a supplemental approach to be implemented when these two fail (World Bank, 2000/01: 146-147).Before moving on to differences between these strategies and their implementation, two questions need to be addressed: according to the Bank, who are the poor and what are the risks?

According to the Bank, who are the poor? In the 2000/01 Report, it is stated that poverty is not only caused by inadequacy in health, education and consumption, but vulnerability against risks should be counted as one of the basic indicators of poverty (World Bank, 2000/01:135). However, the definition of vulnerability is quite overall and vague. For example, as the unemployed can be considered vulnerable, a civil servant with a good income (above 2 dollars per day), not within the Bank's poverty criteria range[10], is also vulnerable to

[10] Though the Bank's criteria of "poverty" and "poverty limit" are very open for debate, they will not be subject to discussion here. However, it should be mentioned that the Bank has reached definitions "absolute poor" and "relative poor", moving from the "purchase power parity" calculated using 1993 price data as the indicator of poverty. According to the purchase power parity, absolute poverty or the lowest poverty limit is determined as 1 dollar per head daily; and relative poverty or the upper poverty limit is determined as 2 dollars a day (World Bank, 2000/01: 17). For the Bank's definition and criteria of poverty see İnsel, 2001. For general poverty measures see Şenses; 2001.

the risk of losing his job and falling into poverty. From this view, it is said that poverty is a "static concept" "defined and measured traditionally", whilst "insecurity" and "vulnerability" are "dynamic", as new circumstances created by changes occurring in time. According to the Bank, vulnerability generally shows itself as illness and death which can affect an individual, or as shocks like natural disasters, macro-economic crises which can affect a community, region or nation. (World Bank, 2000/01: 138; 139, Framework Article 8.3)

What Are the Types of Risks the Poor Can Face? The Bank widely classifies the risks the poor can face in relation to health, social, economic, politic and environmental issues. At the same time, it sorts risks by their sizes as micro (affecting an individual or household), meso (affecting a community consisting of households or a village) and macro risks (shocks emerging at a national or international level). For our subject, social risks are of importance and this risk group comprises of crime, regional violence, terrorism, gang actions, inland conflicts, war and social uprisings (World Bank, 2000/01: 136, Table 8.1).

According to the Bank, a poverty reduction strategy should supply the poor with instruments to resist risks as well as reducing their vulnerability against them. At the same time, it is stated that such a strategy should strengthen private and public institutions to realize risk management. Briefly, preventing risks at regional and national levels and managing them when it is impossible to prevent them are displayed among the primary goals (World Bank, 2000/01: 39-40).

As mentioned before, risk reduction strategies, being measures aiming to reduce the possibility of a shock's emergence, lead the risk management strategies. It is emphasized that individuals or household members, from time to time, may take certain measures of their own, but it is possible to reduce the risk more effectively at meso or macro levels, therefore the precautions taken at the community or country level (like construction of a dike by a community or a dam by the government against flood risk) will have a greater effect.

Risk mitigation strategies aim to reduce the effects of the shock. Risk mitigation strategies are diversification and insurance. In rural areas, changing the product and the location where it will be planted, a tendency towards non-agricultural incomes; and in urban areas, to try in-household employment possibilities for income other than paychecks, are "common diversification strategies". The Bank is uncertain about the implementation of an insurance system at individual and household levels, especially in the private sector. As the Bank mentions, the possibility of the poor benefiting from an insurance system that originates in the private sector is very low (2000/01: 141).

Coping strategies aim to reduce effects after the shock emerges. It consists of individuals' selling their properties, using their savings or taking out loans. At the governmental level, coping strategies are implemented by activating the transfer of workfare mechanisms that form the social security network. The Bank states that when these measures prove insufficient, households' consumption may be reduced and the work supply can be increased (2000/01: 142).

These three risk management strategies are handled under two titles as informal and formal mechanisms (World Bank, 2000/01: 141, Table 8.3). One of the interesting points is that, when considered from mechanisms' point of view, the distinction between these strategies is not very functional. In other words, there is no noteworthy functional difference between the risk reduction and mitigation mechanisms. For example, when we consider "preventive health services", one of the risk reduction mechanisms aiming to reduce the emergence possibility of the risk, and "investment into physical and human capital", which is among the risk mitigation strategies and has the purpose of mitigating the shock caused by the risk, these two do not look like mechanisms with different functions.

A second interesting point is that governmental services, which are among formal mechanisms, have a narrow outline. Though the role given to the public sector has been minimized under the risk reduction management, some of the services to be conducted by the public sector have been transferred to mechanisms which can be implemented by individuals. For example, it is possible to ask how the preventive health services will be conducted at the individual or household levels. Moreover, the development of human capital[11] or investment into human capital, whose most significant elements are education and investment into education, are shown as mechanisms to be performed by the individual or household members. Yet investment into human capital, which is displayed as a risk mitigation strategy at individual level, should actually be implemented in the form of a public service.

Another important issue which needs to be discussed regarding the Social Risk Mitigation Project is the creation of a social security network. In social risk management, which is an important part of the Bank's poverty reduction strategy, the formation of a social security network to eliminate the possibility and effects of a shock has been discussed under the title "Policy Responses for Improving Risk Management" of 2000/01 Report. Actually, the development of a social security network is often counted among the formal mechanisms under the public sector's responsibility: "Social assistance, workfare, social funds". However,

[11] For the relationship between human capital and reduction of poverty see Becker, 2002.

functional ambiguity between the three strategies of social risk management is also seen when deciding which mechanisms will be implemented by the public sector, individuals or communities. According to the Bank, formation of a social security network will be realized with contributions from the private sector and civil society organizations, as well as from the public sector. As a matter of fact, the Bank states that not every country needs to establish a "comprehensive social security network", but "a modular system" should be set up. This system will be implemented by evaluating the risks every country can face and defining what kinds of social security networks, supplementary to current risk management regulations, will be formed (World Bank, 2000/01: 147). Thus, what is discussed is a more flexible system which will be formed depending on requirements and current institutional capacities, not a social security network predefined for each country and whose programs are already chosen and shaped. For this reason the Bank stipulates that the social security network to be formed, not with just one risk management strategy, but with a combination which will be identified in accordance with requirements.

Justification of the Project: Ascertainments on Turkey

Together with the "transition program to powerful economy", implemented after the February 2001 economic crisis, the living conditions of the low income group have become more difficult and impoverishment has accelerated. In the Nourishment Research by the Turk-Is (Confederation of Turkish Labor Unions) Research Center in June 2002, it is stated that the hunger limit is 334 million Turkish Liras (minimum food expenses for a family of four to have sufficient, balanced and healthy nourishment) and the poverty limit is over 1 billion Turkish Liras (expenses of a family of four for basic requirements other than food like rent, transportation, clothing, education and culture). In contrast, a study conducted in April 2001 by the same institution, calculated the poverty limit as 657 million 650 thousand Turkish Liras (Turk-Is, 2002). These numbers show us that the poverty was rising fast in these months.

It is also observed that there is an increase in unemployment rates after the February 2001 crisis. For sure, the unemployment problem had not arisen with this economic crisis. However, when we look at the "household workforce" data of the State Institute of Statistics (SIS), a rapid increase in unemployment is easily seen. 1 million 806 thousand unemployed with an unemployment rate of 8.3 percent in the 1st period of 2001 (January, February, March) increased to 2 million 335 thousand and 10.6 percent in the 4th period of 2001

(October, November, December). According to the SIS's interim results of the 1st period of 2002, the number of unemployed is 2 million 462 thousand and the unemployment rate is 11.8 percent. We can anticipate that unemployment will increase in the years to come, because a part of the "public sector reform", which is a part of the structural harmony on which IMF and WB insists, is the reduction of employment in the public sector. In the IMF's Letter of Intention presented to the Executive Board of Directors, it is stated that the "excess number of workers will be decreased by 1/3 by the end of June and cumulatively by 2/3 by the end of 2002 October using voluntary retirement offers and only necessary dismissals"; "remaining excess employment will be gradually diminished by the end of June 2003"; "no new hiring will be allowed in compliance with this goal" and "emptied positions will immediately be terminated" (*Anka Economy Bulletin*, 2002: 18).

The pre-study made by the WB for the Social Risk Mitigation Project also shows that poverty in Turkey has reached a significant level. It will be useful to discuss the results of this pre-study within the project's scope.

A basic idea leading the poverty research upon which the project was built, is that the economic crisis of February 2001 in Turkey created a social risk environment where the poor cannot survive on their own. As the social and poverty-increasing effects of the crisis are explained, it is marked that dismissals, rising prices and negative economic growth, which decrease the income of households, are the foremost sensible effects of a rise in poverty risk. According to the poverty research conducted by the Bank, villagers in rural areas who do not own lands are affected by the decrease in informal job opportunities. This problem concerns the urban poor as well. Correspondingly, the land-owning poor also suffer from input costs which rise due to inflation (World Bank, 2001 *PID*: 1; PAD: 14).[12]

Insufficiency of the Social Security Network in Turkey

The second ascertainment in the implementation of the project is the lack of a social security network capable of reducing unemployment and poverty risks in Turkey. According to the Bank, Turkey's social security system is unable to provide any benefit to vulnerable groups. Deficiencies in Turkey's social security system are listed as follows:

[12] The text of the project is taken from the website of the World Bank. On the website there are two texts related to the project. The first one is the approved text of the project, and the shorter second is informative about the project. Here, both is used. In references, first one is *PAD* (*Project Appraisal Document*), second one is *PID* (*Project Information Document*).

-An unemployment aid program has been recently adopted in Turkey. However, as the unemployment aid program will be effective from 2002, those who lose their jobs due to economic crisis or reforms will not able to benefit from this aid until that date.[13]

-Social aid in Turkey are not comprehensive; they are *ad hoc*, irregular, limited and lack sufficient resources.

-There is no aid for the poor directly affected by the economic reforms (like cash transfer). Aid given by institutions like the Incentive for Social Assistance and Solidarity Foundations and Social Services and Child Protection Agency are limited as *ad hoc* aid. Besides, there are no other cash transfers like the "global child monthly pay" which exists in other Western and Eastern Europe countries. The 1994 Evaluation of Living Standards has proved that having children in Turkey increases the risk of poverty. When evaluated for all age groups, children under 10 have the highest poverty risk (World Bank, 2001 *PID*: 3-4; PAD: 16-18).

Danger of Disappearance for Human Capital

In justification of the Project, the third ascertainment concerning Turkey is the necessity to "use a social security network for the protection of human capital", because compared to the other "middle income leveled countries", Turkey's social indicators are hardly refreshing. "In Turkey, especially the death rate of children and mothers are rather high for a middle-income country, and female literacy rate is lower than the other countries in the comparison group (except Tunusia)[14] (World Bank *PID*: 4).

During the justification of the project, a frequently mentioned subject is the "danger of collapse" that human capital in Turkey is in. We can even say that avoiding the effects of a "collapse" of human capital is presented as the main motive in the creation of the project. In social evaluations made for the project, it is said to be determined that the poor cannot send their children to school because of economic crises. One of the reasons for this is shown as the 20 million TL registration-fee demanded by some state schools in the 2000-2001 educational year. The poor also face similar problems in rural life. Families mostly complain about an inability to afford shoes and winter wear for their children. Moreover, poor families cannot benefit enough from preventive health services.

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[13] Since the project was prepared in 2001,the year 2002 is talked of as a future date. Unemployment insurance was put into effect as of February 1, 2002 in Turkey.

[14] Female literacy rates in Turkey are astonishing: "One of every four in Turkey and one of seven women in Istanbul is illiterate." The Female illiteracy rate in Şırnak is 80% (*Cumhuriyet*, September 8 2002). Moreover, 640.000 girls cannot attend school even though they are within the compulsory age range.

In the social evaluation made for the project, "the poorest" families' mentality in leaning on "child labor" as an instrument to cope with poverty is shown as one of the reasons which speed up the process of human capital's collapse in Turkey. In Sinop's Duragan district, families send their 9 year old boys to work in agricultural fields for low wages.[15] In big cities, children work in the informal sector; in cities like Istanbul, Gaziantep, Diyarbakir, there is a large number of street children.

One of the strategies of the poor in Turkey to cope with crises is "to change their food consumption habits". The Bank's research shows that the poor families seriously cut their consumption of food, especially items like meat, fresh vegetable, fruits and tea. The food cut is substituted with bread (World Bank, 2001 PAD: 14,15).

Who Are Vulnerable in Turkey?

According to the Bank's research, families with many children, mostly girls, living in rural areas, whose "husband" responsible for all income is dead, physically disabled or reported missing in his military service, are under a high risk of poverty. Other groups at risk or defined as vulnerable are the single elderly who have recently migrated to the city, who are living in gecekondu regions, and who have no social security.

In March 2001, a simulation of the effect of the February 2001 financial crisis on "welfare distribution" was made using the 1994 household data. This simulation aimed to determine the properties of the most vulnerable households. It shows the following basic properties of the poverty increase as a consequence of financial crisis:

-As well as families with many children, single parent families also seem to be the sector most affected by high interest rates and an increase in food poverty.

-Increase in unemployment excessively affects families with many children.

-Those at the middle level of education are possibly more vulnerable, but they are still above the food poverty limit., Those at the lowest educational level have the highest tendency towards food poverty.

-The urban population is more likely to suffer from food poverty, because they have lesser possibility to reach aid supporting their monetary income (World Bank, 2001 PAD: 15).

Government's Reaction to Crisis and Poverty

[15] According to the ILO's Child Labor Survey in 1999, there are about 1.5 million children working in Turkey. Most of the children, with a share of 7.5 percent in employment, work in agriculture.

At the end of the section which includes social evaluations about Turkey and forms the pre-study of the project, it is stated that the structural reform package implemented by the government would save the economy from regression, provide growth and reduce unemployment and poverty in the final phase. The public sector reform which, recently, is often emphasized by the Bank as a variable to reduce poverty indirectly and especially the elimination of corruption are the themes repeated here. One of the points needed to be emphasized is the warning for the necessity to increase public expenses for health and education in Turkey; otherwise, human capital will experience great harm and the burden of the adaptation policy will be placed on the shoulders of the poor.

Finally, it is mentioned that the government in Turkey is working to strengthen the social security network and to reform the system correspondingly, and recent applications of the government are given. The first stage of the social security reform is changing the retirement system. This change includes raising the retirement age.

The second stage of the reform strategy in the social security system was planned in 2001. According to this plan, the Bank expressed the goal to separate retirement and health insurance systems, and to implement applications like unemployment insurance. The third stage is to provide a framework supportive and supplemental to individual retirement schemes.[16] All these reforms aim at a reduction in personnel employed in the public sector, and at a gradual transfer of the social security system to the private sector. Along with the private sector, civil society organizations will also be activated. Social policy, created and implemented by the government, is substituted by a "social security system" combined with the strategy to fight poverty, and integrated with the private sector, civil society organizations, and even religious communities.

Purpose of the Social Risk Mitigation Project

The "Purposes" part of the project states that the SRMP's goal is to contribute to the reduction of poverty in Turkey within short and mid terms (PAD: 43). Parallel to this purpose, their goals are listed as follows :

[16] "Draft Law for Individual Retirement Savings and Investment System" has been accepted on March 28, 2001 in a General Meeting of the Grand Turkish General Assembly. The law was published in the Official Gazette on April 7, 2001 (No: 24366). It was put into effect on October 7 2001. In the individual retirement system, considered as complementary to the social security system compromised of SSK (Social Insurance Institution), Pension Fund and Bag-Kur, it is planned that a "Retirement Investment Fund" be created with the contribution shares of the participants and these shares be valued in this fund. In this way, an additional income would be provided for the retirement period, and welfare levels would be increased. Participants will earn the right to retire after the age of 56, under the condition of staying at least 10 years in the system following the date of entry (Belgenet, 2002).

i. To provide direct and emergency income support to the poor affected by the crisis (**social risk mitigation**).

ii. To increase the social capacities of state institutions responsible for delivering services and aid to the poor (**social risk management**).

iii. To implement a basic social aid system covering the poorest eight percent of the population, under the condition of using it in basic heath and educational services (**mitigation and prevention of social risk**).

iv. To increase income and employment creator opportunities for the poor (**social risk reduction**) (World Bank, 2001 PID ; PAD: 1).

As seen, the purposes of the project comply with the social risk management strategies expressed in the 2000/01 Report. At the basis of these strategies, the Bank contributes as both a financier and a consultant.[17]

Implementation Plan of the Project and Stage Reached in Implementation

The Social Risk Mitigation Project comprises of four complementary components, being "rapid response, conditional cash transfer, institutional development and local initiatives".

Rapid Response

This has been planned to support the aid programs of the Social Assistance and Solidarity Foundations, aimed at poor families. In particular, the aim is to deliver in 2001 education, food, fuel and health aid to families which were affected by the economic crisis. 100 million dollars of the 500 million dollar loan provided by the WB for the project have been reserved for the rapid response component (World Bank, 2001 PID:5; PAD: 23; General Directorate of Women's Status and Issues, 2002)

The Rapid Response Component was put into effect with the circular sent by former State Minister Hasan Gemici to the Foundations on July 14, 2001. It includes social aid to be performed in 2001 and this comprises of four parts:

i. Contribution to Education

[17] A "consultant board" has been formed with the participation of 13 public institutions related to the project's implementation, 2 universities (METU and Hacettepe) and 5 voluntary organization (AÇEV, ÇYDD, Anatolian Development Foundation, Women's Labor Valuation Foundation and Education Volunteers Foundation) (General Directorate of Status and Issues of Women; 2002).

ii. Health Aid

iii. Fuel Aid

iv. Food Aid

In the Rapid Response Circular, it is stated that 1 million 50 thousand student will receive 50 million Turkish Liras on the the first day of the school year and 30 million Turkish Liras in each following month and this aid will be given to the mothers in order to raise the status of women within the family. Students eligibility to receive the aid will be determined by a study conducted by the provincial/district Directorate of Education and board of trustees of the Foundation (*Hurriyet*, August 15, 2001)

Some parts of the project have been widely reported in the press and are known to the public, these being about aid within the scope of rapid response. Though former Minister Hasan Gemici had declared that the 50 million TL per student would be distributed as books, stationary, uniforms, bags, coats, etc., a beating incident[18] which occurred in the Sarikamis District of Kars during the distribution of aid showed that this aid was also paid in cash. Educational aid required regular attendance to school. Minister Gemici has mentioned that social aid to families who fail to meet these conditions will be cut (*Radikal*, July 16, 2001). One of the issues about the educational aid mirrored by the press is the World Bank's determination to avoid misuse of this aid by "fathers" (according to the results of research conducted by Middle East Technical University on 2.000 subjects), and its decision to give the aid to the "mothers". in accounts opened in the name of mothers (*Milliyet*, March 24, 2002).

For the fuel aid, included in the rapid response component, Minister Gemici, in a press conference held on July 21, 2001, has said that a total of 40 trillion TL fuel aid will be given to 400 thousand families from the Social Assistance and Solidarity Fund (*Akşam*, July 27, 2001). Also, 24 trillion TL food aid has been announced, to be given to about 600 thousand families. As a part of the food aid, a "Milk to a Million Children Daily" campaign was started on February 26, 2002. The first stage of the project, a rapid response component, has been completed with distribution of milk.[19]

Conditional Cash Transfer

[18] The press reported that a 5th grade elementary schoolgirl, Nilüfer Polat made an objection during the distribution of money saying "You always give the money to the rich of the village" and was then beaten by the school manager . (*Radikal*, November 1, 2001).

[19] On the first day of the campaign, milk was distributed to 525.000 students in Istanbul. In Diyarbakır, this number was 75.000 students in 40 schools. (*Milliyet*, February 27, 2002).

This component, is part of the aim to form a social security network covering the poorest eight percent of the population. Within the framework of this purpose, cash aid should be given to families on the condition that they send their children to school and meet their basic health and nutrition needs. The resource reserved for this Conditional Cash Transfer is 480 million dollars. 260 million dollars of this reserve is met by the loan given by the World Bank (World Bank, 2001 PID: 6; PAD: 23).

"Within this scope", it is stated that, "nutrition and health aids to children in the 0-6 age group will be given conditionally for regular vaccination and health checks; and educational aids, within the law of Ministry of Education, for regular attendance to school". (SYDTF, 2002a: 2) In order to determine the target population for Conditional Cash Transfer, the Middle East Technical University has conducted some Household Research.

The Conditional Cash Transfer started in March 2002. It was planned that the aid, covering a million people, would be distributed as 12 million TL to the first child of the family, 10 million TL to the second and 8 million TL to the third, via the Social Assistance and Solidarity Foundation. Besides, it was said that 10 million TL wwould be paid to the mothers. This aid, also called the "Conditional Support Project", was first implemented in Kahramanmaraş (Göksu), Gaziantep (Yavuzeli), Sinop (Durağan), Ankara (Keçiören), Çankırı (City Center) and in the Black Sea region (Ereğli). It was envisaged to cover the whole of Turkey within 2 years (*Milliyet*, February 27, 2002). The Conditional Cash Transfer has also been completed.

Institutional Development Component

This component of the SRMP aims to develop the institutional capacity of public institutions responsible for the social security network for the poor. These institutions include the General Directorate of Social Assistance and Solidarity, Social Assistance and Solidarity Fund, the Social Services and Child Protection Agency and the State Institute of Statistics. The share reserved for this component from the project resource is 36.54 million dollars, 31.90 million dollars of which is covered by the World Bank loan (World Bank, PID: 6; PAD: 23))

Within the scope of the project, "development of these institutions' technical infrastructure, provision of necessary software and hardware required for their fast and efficient operation, increase of staff's qualities with training, development of monitoring-evaluation activities with expert personnel support, increase of research-development

activities and informing the public about the works being carried out, are planned" (SYDTF, 2002a: 2).

The Institutional Development Component started in 2002 and is still on track.

Local Initiatives Component

The Local Initiatives Component started in 2002. The resource reserved for this project is 127.34 million dollars; the Bank gives 103.10 million dollars of this amount (World Bank, 2001 PID: 6; PAD: 24, 27-29.). Within the scope of this component lies the aim to support the poorest 36 percent of Turkey's population. The purposes of the Local Initiatives Component are "the implementation of projects for social development in cooperation with the related public institutions of the Social Assistance and Solidarity Incentive Fund and Social Assistance and Solidarity Foundations, universities, civil society organizations, experts and institutions, and the expansion of employment possibilities and reduction of poverty".

Within the framework of the local initiatives component, it was decided to give 1.000 dollars to each person to participate in projects which will bring income to the poor, 10.000 dollars to applications for employment training and up to 50.000 dollars to projects related to society centers (*Milliyet*, February 27, 2002). This program is still continuing. The number of projects supported within the scope of this project as of August 2005 is 4.596; the number of beneficiaries is 210.236. As of August 2005, the fund reserved for accepted projects is 133.019.000 YTL (SYDTF, 2005: 25).

Conclusion

The SRMP has been implemented in Turkey in an environment where a risk of "social explosion" was discussed most urgently after a serious economic crisis. This project, along with the reduction of poverty in short and mid terms, also aims to mitigate the negative effects of the February 2001 economic crisis and to create mechanisms for the poor to cope with the shock they live. In the 2000/01 Report of the World Bank, "social funds" are included in mechanisms to cope with shocks. By means of institutions like the Social Assistance and Solidarity Fund in Turkey, the Emergency Social Needs Fund in Brazil, the National Renewal Fund in India and the Emergency Social Fund in Bolivia, the World Bank implements poverty

reduction projects as a "complementary" part of structural reforms.[20] In the 2000/01 Report, as one of the responsibilities taken by the government in a poverty reduction program, social funds are mentioned, and it is stated that such funds are established in about 50 developing countries mostly in Latin America and Africa, South of the Sahara (World Bank, 2000b: 155). With the poverty reduction projects developed by the World Bank by means of these social funds, it is aimed to create a social security network. The SRMP follows this general tendency. The aim of the project, which is mostly financed by the World Bank, is, as mentioned before, to provide a social security network. The Bank already insists that the aid it gives within the fighting poverty program be used mostly to form a social security network (Şenses, 2001: 266).

Incentives, cash transfers and workfare, under the title 'public mechanisms developed to cope with the shocks' in the WB Report, constitute the basic components of the SRMP. In this manner, the SRMP is a practice example, in accordance with the Bank's policy to fight against poverty. Because the SRMP is an uncompleted project, it is not yet possible to determine its effect in the reduction of poverty. However, research shows that similar projects implemented in other countries have proved to be limited in forming a social security network and having a long term effect in eliminating poverty. In the creation of employment, short term employment projects are observed to remain as compensating activities, beneficial only to a small minority.

Generally, the primary obstacles blocking the success of these projects are insufficient resources, out-of-purpose usage of resources and difficulties in determining the target population. The SRMP aims cash aid at to the poorest. Yet, no data to show us the level of success in this delivery exists. In an assessment about the Fund in general, many claims of "out-of-purpose use, partisanship, favoritism and corruption" are found in the press (Şenses, 1999). Moreover, the Fund looks like an administrative structure suitable for the government in charge to intervene for its own political good. Financial resource insufficiency and malfunctions in its administrative structure of the Fund, the implementing institution of the SRMP, will obviously affect the success of the SRMP. For this reason, factors like the resources owned by the implementing institution, its administrative structure and whether or not it is open to intervention, are of great significance.

[20] For Brazil and India (Chossudovsky, 1997:153, 223), for Bolivia (Graham, 1992). The Emergency Social Fund established in Bolivia in 1987, has been the most known and debated fund for being the first. For social funds, also (UNDP,1998:60-62).

The SRMP is a social aid project and shaped towards the "direct fight" against poverty approach. Yet, it is a known fact that methods of direct fight against poverty have a chance of success only in an environment where an indirect approach is considered and effort is made to realize it efficiently. Mechanisms to cope with shocks are inadequate for an effective fighting poverty program. To reduce risk, an efficient macro-economic policy is required. Formation of risk reduction mechanisms depends on ensuring rapid economic growth. The government should have an efficient health and education policy and increase its investments in these fields. At the same time, it should be considered that a fair tax system is complementary to all these elements.

Civil society organizations are included within the scope of the SRMP's local initiatives component. Civil society organizations cover a large space in the WB's fighting poverty programs and they are said to have an important function in the programs' reaching the target poor population (World Bank, 1996; 1999; 2002). These organizations are expected to contribute especially in community development projects. However, there are almost no civil society organizations in Turkey active in the field of poverty.

The SRMP can create an important experience for fighting poverty programs to be implemented in Turkey in the future. For this reason, following the completion of the project's implementation, there should be studies to determine if social aid has reached the target population, and especially if it has improved the status of the poorest urban and rural section. Problems and deficiencies met in this project's implementation will be informative for the other projects.

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