

# Social assistance and remittances and their role in the fight against poverty

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Valorisation

Valorisation

*In accordance to Article 23 of the regulation governing the attainment for doctoral degree in the Maastricht University, the following section discusses the valorisation opportunities offered by this PhD thesis. Following the corresponding guidelines, these opportunities are analysed in terms of the social and economic relevance of the thesis, the potential target groups to whom the results can be interesting and the degree of innovativeness of the research methods used.*

The main focus of the thesis has been to explore and compare the role of social assistance transfers and remittances in the fight against poverty, an objective that governments around the world pursue and which has culminated in the formulation of 17 global goals for sustainable development. In addition to the academic contribution of looking at two different kinds of transfers and exploring several poverty dimensions, the findings from this dissertation have direct social and economic relevance, as they are valuable for the design of public policies.

Chapter Two looks at how recipients spend the cash received through government transfers (social assistance), as compared to private transfers sent by relatives (remittances). The findings are relevant for policymakers given that the effectiveness of government programmes and the extent to which programme objectives are met are directly linked to how transfers are utilized. Arguments against the expansion of social protection programmes are often based on the presumption that recipients abuse government transfer programmes or that they make bad decisions on how to spend the money. Having a better knowledge of and more evidence on how remittances are used is also relevant for policymakers, given that these transfers have a strong poverty reduction potential. Remittances represent more than 20 percent of the GDP in many developing countries, and they have become more important than official development aid. In the migration and development debate, there have been claims that remittances are used for conspicuous consumption and that, therefore, they do not contribute to development. Chapter Two finds that both remittances and social assistance transfers are used to cover basic needs. Moreover, government transfers are spent according to the programmes' objectives.

Chapter Three explores whether social assistance transfers and remittances are effective in reducing food insecurity and malnutrition. Ending hunger is the second sustainable development goal that the United Nations has set for 2030. Reducing malnutrition is a major concern for governments and international organisations all around the world, given that child malnutrition has detrimental effects on child development in the long-run. Therefore, it is important to understand whether and how cash transfers, private or public, can contribute to improving this poverty indicator. This Chapter finds that both remittances and social assistance are effective in improving the quantity and quality of food consumed (food security). However, they are not sufficient to improve nutritional

outcomes, such as children and adults' body mass index (BMI). These findings suggest that other interventions are needed to improve nutritional outcomes of the most vulnerable population. This thesis recommends a holistic approach to overcome structural barriers that prevent transfers from achieving their full potential. Structural barriers include, among others, limited knowledge on nutrition, unhygienic environments, and lack of access to safe drinking water.

Chapters Four and Five look at the relationship between transfers and subjective well-being. Although improving subjective well-being may not be the primary objective of government transfers or remittances, understanding this relationship has an important value in development, as improvements in subjective well-being have been linked to improved education and health outcomes, increases in productivity and consumption, and better social relationships. Moreover, poverty is not simply a lack of income but can materialise in other dimensions, including subjective well-being. Chapter Four finds that social assistance does not necessarily increase subjective well-being. An important implication for policymaking is that the attitudes of participants towards social protection depend on how these programmes are implemented. Badly designed or implemented programmes can result in negative experiences of participants, in particular if transfer receipt induces feelings of stigma or shame, which then leads to lower subjective well-being. Chapter Five finds that remittances have a positive effect on recipients' perceptions of their economic situation. However, receiving remittances does not lead to improvements in life satisfaction. Other negative factors related to receiving remittances and having a member abroad could counteract the positive feelings of experiencing an improvement in the economic situation.

This dissertation uses novel longitudinal surveys to answer the research questions at hand, and combines different econometric techniques in each Chapter. In terms of the diffusion of the results of the research, the main outcomes of the thesis have been published or are in the process of being published as working papers or peer-reviewed journal articles. Moreover, results have been presented at several international conferences. Specifically, Chapter Two has been presented at the IAREP-SABE Conference on Behavioural Economics in Sibiu, Romania (2015); Chapter Three has been presented at a seminar at the University of Western Cape, in South Africa (2016), the Social Protection Conference in Bonn, Germany (Tying the knots) (2016), and at the APPAM International Conference in Brussels, Belgium (2017). Chapters Four and Five have been presented at the 3<sup>rd</sup> Life in Kyrgyzstan Conference in Bishkek, Kyrgyzstan (2017). Chapter Four has also been presented at the HDCA Conference in Buenos Aires, Argentina (2018).

