A Review on the Best Practices of Poverty Reduction in Developing Countries

Chhy Theavy¹*, Serey Mardy²
¹Post-graduate school, National University of Battambang
²Faculty of Agriculture, Svay Rieng University

Corresponding Author: Theavy Chhy chhytheavy@gmail.com

A R T I C L E I N F O

Keywords: Practice, Poverty, Reduction, Economy, Developing Country, Education

A B S T R A C T

Due to its detrimental effects on human wellbeing, extreme poverty, which exists in many developing nations, is a serious issue that requires immediate attention. It entails inadequate food and nutrition, inadequate housing, unsafe drinking water, low literacy rates, high rates of infant and maternal death, high unemployment, and a sense of helplessness and vulnerability. Reducing poverty can be accomplished through increasing employment and educational opportunities for the underprivileged; implementing institutional and economic reforms to increase productivity and optimize resource use; endorsing microfinance initiatives to lift barriers to small-scale business, innovation, and entrepreneurship; and creating and refining marketing strategies to boost output. Conducting this review is based on an analysis of old and recent literature. It looks at the development and meaning of poverty. Additionally, based on current discussions on the idea, the review shows the disparities in interpretations in developing nations and emphasizes the varied viewpoints regarding the concept of poverty.
INTRODUCTION

Poverty is a serious economic and social problem that affects a large portion of the world's population. It can take many forms, such as persistent hunger and malnutrition, disease, homelessness, a lack of durable goods, low life expectancy, social exclusion and discrimination, high unemployment, high rates of infant and maternal mortality, and a lack of participation in decision-making (Sachs, 2005; Sneyd, 2015; World Bank Organization, 2001). Because poverty has a negative impact on people’s quality of life, it has been declared a social, political, and economic priority for humanity (Sachs, 2005). Therefore, the elimination of hunger and poverty remained a top priority in the pursuit of the Sustainable Development Goals, which were subsequently adopted by the UN General Assembly on January 1, 2016 (Alkire et al., 2017; World Bank, 2017a; Ferreira et al., 2015; World Bank, 2017b). These goals were also major objectives in the Millennium Development Goals, which were adopted by the UN in September 2000.

The COVID-19 epidemic has considerably increased the number of newly impoverished in recent times. According to World Bank estimates (World Bank, 2020), the pandemic caused between 88 million and 115 million people to fall into extreme poverty in 2020. Between 110 million and 150 million people are estimated to be living in extreme poverty; an additional 23 million to 35 million individuals are predicted to enter poverty in 2021. However, the World Bank also notes that, even prior to the epidemic, many individuals in the world's poorest nations did not experience the kind of development that would increase their earnings, improve their standard of life, or reduce inequality (World Bank, 2020). Therefore, this study aimed to review the main keys to reduce the poverty in developing or underdeveloping countries. This study is very important in developing countries due to its help to i). reduce the number of people living in poverty; ii). improve the quality of life for the poor: Poverty can have a devastating impact on people's lives. It can lead to malnutrition, lack of access to healthcare and education, and social exclusion. Poverty reduction strategies can help to improve the quality of life for the poor by providing them with the resources they need to meet their basic needs and live dignified lives; iii). promote economic growth and reduce inequality; iv). achieve the Sustainable Development Goals (SDGs).

LITERATURE REVIEW

Poverty is one of the world's most persistent and widespread social problems in emerging nations (Deguara, 2008; Knowles, 2000; Lehning, Vu, & Pintak, 2006; Todaro & Smith, 2006). Nevertheless, despite several attempts by the national and international communities, it still persists (Atinmo, Mirmiran, Oyewole, Belahsen, & Serra-Majem, 2009). Global poverty statistics are concerning, with nearly half of the world's seven billion people living on less than $2 per day and denied access to resources, health care, education, freedom, dignity, and political participation, among other basic human development opportunities (Singleton, 2003; Vollmer, 2010). Bastiaensen, De Herdt, and D'Exelle (2005) posit that poverty is not a personal trait, but rather a situational attribute that defines a person’s or a group's circumstances at a given moment in
time. As such, poverty is an unsolvable issue for social scientists and decision-makers (Rupasingha & Goetz, 2003).

Since the 1990s, it seems that reducing poverty has once again been the main objective of international development. Since the latter part of the 1990s, the World Bank has prioritised reducing poverty and has focused all of its efforts on this objective. By releasing a World Development Report (WDR 2000/2001) with the subtitle "Attacking Poverty," the Bank has also taken the initiative in redefining poverty and has developed new policies based on a more expansive definition of the term.

To combat poverty, national governments collaborate with their development partners. Poverty is closely associated with all facets of a person's life, despite the common misconception that it only refers to a lack of material resources. Poverty increases the risk of malnutrition, reduces access to amenities like power, water, and healthcare, and increases vulnerability to natural disasters and climate change. Therefore, knowing poverty is crucial to understanding the potential advancement of civilizations (UN, 2010). Reducing poverty and inequality is at the core of both the UN's Sustainable Development Goals (SDGs) and the World Bank Group's twin goals for 2030: eradicating extreme poverty and building shared prosperity in every country in a sustainable way. National statistics systems, household surveys, and methods for assessing poverty are crucial for tracking these global targets (UN, 2010).

**METHODOLOGY**

Conducting this review is based on an analysis of old and recent literature. It looks at the development and meaning of poverty. Additionally, based on current discussions on the idea, the review shows the disparities in interpretations in developing nations and emphasizes the varied viewpoints regarding the concept of poverty. For this study, two methods were used: (1) evaluation of the literature from published sources, including books and journal articles, that has been subjected to peer review and editing. (2) Examination of published materials from international agencies, such as the World Bank, UN, and United Nations Educational, Scientific, and Cultural Organization (UNESCO), that deal with topics related to poverty, development, and sustainability. The literature gathered from the two sources was combined and organized with a focus on examples that offered pertinent proof for the topic under consideration.

**RESULTS AND DISCUSSION**

**Education**

Because it may give people access to resources, career possibilities, and skill sets that help them not only survive but thrive, education is sometimes referred to as the great equalizer. Because of this, obtaining a quality education is a generally acknowledged strategy for reducing poverty. Education can also alleviate a host of other issues that could lead to individuals, families, and even entire communities becoming trapped in a cycle of poverty (Giovetti, 2022). In essence, a quality education supports children's development of their social, emotional, cognitive, and communicative skills. Furthermore, they often gain
knowledge and abilities at a higher level than those who do not go. Following that, they can make more money and have happier lives by using these skills. As to UNESCO, if every child in low-income countries could read at a basic level, an estimated 171 million people could be lifted out of extreme poverty. By ensuring that every adult completes secondary education, we could nearly half the global poverty rate. For this reason, achieving high-quality education is one of the Sustainable Development Goals (SDGs) set forth by the UN for 2030 (Giovetti, 2022). Education also contributes to the social and economic advancement of nations and raises the standard of life in communities. People's behavior changes as a result of the benefits of education because of the information acquired (UNESCO, 2008).

**Expanding Job Opportunities**

Among the nations experiencing poverty is Cambodia. In actuality, around 75% of Cambodians are employed in jobs relating to agriculture. In order to promote revenue diversification and higher labour returns, the government must also encourage initiatives outside of agriculture. Many impoverished people labour long hours for little pay in both rural and urban locations; productivity is low and security is little. The creation of jobs and better working conditions are essential to lowering poverty, as the International Labour Organisation noted in its remarks (RGC, 2002). The Royal Government's initiatives in important sectors, especially those that facilitate the growth of the private sector, boost exports, and boost tourism, are meant to promote employment possibilities. It is acknowledged that attempts to enhance governance and transparency, as well as the accomplishment of raising the capacities (health, education, and skills) of the Cambodian people, will have a significant impact on how successful these policies are (RGC, 2002).

**Improving the Marketing Systems**

The best strategy for reducing poverty, according to Karnani (2017), is to increase the productive ability of the impoverished. Effective marketing strategies are essential for the impoverished to be able to produce more because they allow goods to be delivered to markets at prices that are competitive and generate more earnings. This serves as one another argument for why developing countries need to find ways to expand their export markets. Kenyan farmers who cultivate cashew nuts, cotton, rice, tea, and coffee are suffering, which emphasizes how important it is to modernize the marketing infrastructure. Farmers who deal with problems including crop damage, low commodity prices leading to low earnings and incomes, and middleman abuse have become impoverished because of flaws and inefficiencies in the commodity sale process. Growers of various commodities stand to gain from enhanced storage, which shields them from price swings; resource pooling, which reduces costs; and product processing, which boosts returns and adds value through improved marketing systems. By putting these policies into practice, poverty can be reduced fairly and sustainably, employment can be created, a strong agro-industrial sector can be established, local, regional, and national economies can be stimulated, and incomes can be raised (Collins, 2022).
Economic and Institutional Reforms

Adopting institutional and economic changes to raise competitiveness, attract investment, guarantee greater resource efficiency, promote economic growth, and generate employment is a critical first step towards eliminating poverty in emerging nations. Well-planned and carried out reforms have the power to enhance accountability, fortify governance, and reduce widespread corruption—all of which have impeded the development of many developing countries' economies (Page & Pande, 2018). Among the reforms that are necessary are strengthening land tenure systems to encourage risk-taking and investment in profitable ventures; improving governance to ensure greater inclusivity, transparency, and accountability; reducing the misappropriation of public funds and unnecessary spending; ensuring a greater emphasis on the needs and priorities of the impoverished; maintaining macroeconomic stability and addressing structural barriers to faster growth, such as by lowering exorbitant regulatory burdens and high business expenses; and including the impoverished, women, and youth in decision-making (World Bank, 2015). The poor will benefit from these reforms in that their needs and goals will be adequately taken into consideration when creating policy, and they will have better access to land and other economic resources. To make tax rules in developing countries more efficient and pro-poor, reform is also required.

Promoting Microfinance Institutions and Programs

One of the biggest obstacles to the development of small companies and other sources of income in underprivileged areas of many developing nations is a lack of funding (Bruton et al., 2013; Katsushi et al., 2010). This prohibition can be removed, allowing microfinance companies to provide small businesses with much-needed cash. These enterprises often do not have access to loans from established financial institutions. Microcredit can therefore play a significant role in boosting household incomes, lowering poverty, expanding economic activity, and producing jobs in the unorganised sector (Banerjee & Duflo, 2007; Gulyani & Talukdar, 2010; Narayan, 2002; Page & Pande, 2018; Sachs, 2005; World Bank Organization, 2001). According to Vatta (2003), in places where traditional financial institutions have not been able to make a significant impact, microfinance organizations have a good possibility of reaching the impoverished in rural areas and addressing the underlying issues with rural development. The ability for the impoverished to borrow small amounts of money more frequently, meeting their credit needs for a variety of purposes over shorter periods of time, lower transaction costs, flexibility in loan repayment, and an overall improvement in loan repayment are some benefits of borrowing money from microfinance institutions. Less stringent collateral requirements also make it easier to access credit. The small, unofficial self-help groups that frequently serve as the basis for microcredit lending are also beneficial for promoting learning, skill development, entrepreneurship, social empowerment, the sharing of ideas and experiences, and increased group member accountability (Bruton et al., 2013).
CONCLUSIONS AND RECOMMENDATIONS

Reducing poverty involves more than just raising income levels; it also entails establishing the conditions necessary for all people to live creative, healthy lives with enough food, clothing, and shelter. Additionally, people must be free from discrimination from the state and the community and guaranteed their freedom, dignity, and self-worth, as well as be able to engage in society. There are several ways to lessen poverty, such as giving the poor access to jobs and education, and enacting institutional and economic changes to boost productivity and make better use of available resources, supporting microfinance initiatives to remove barriers to small-scale business, innovation, and entrepreneurship, and creating and refining marketing strategies to boost output.

REFERENCES


Giovetti, O. (2022). How does education affect poverty?


Theavy, Mardy

Contexts. https://doi.org/10.4324/9780203890677


