

**Social Protection Strategies focusing on Human Development:
A means for inclusive development?**



A case study of Mexico's Oportunidades

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Abstract

This paper uses a case study of Mexico's well-known social assistance programme Oportunidades to elaborate the link between social protection mechanisms and inclusive development using Amartya Sen's capability approach to guide the analysis and to explain the findings. It was found that improvements at national and local level regarding the nutritional, health, and educational status of the population took place due to the implementation of the programme. The situation of the rural population and of women, in particular, improved through the programme which is a sign for more inclusive development. Further, it was found that the situation of the population in general improved which can also be linked to an improvement of the macroeconomic situation in Mexico. Political commitment contributed to the development of the programme and led to a change in the social policy environment setting a cornerstone for better social protection programmes with longer programme periods than historically usual in Mexico. Furthermore, official development assistance contributed to the extension and the sustainability of the programme. However, this paper analyses one particular example of a social assistance programme and it was established that this programme certainly contributed to inclusive development supported by stable macroeconomic factors and by political commitment. Yet, it became clear that each social assistance programme needs to be designed carefully. National, macroeconomic, and political factors and the individual characteristics of each country need to be taken into account to design a successful and long-lasting programme to foster human development which can contribute to inclusive development.

Keywords: social protection, inclusive development, capability approach, Oportunidades, Mexico

Table of Abbreviations

CA	Capability Approach
CCT	Conditional Cash Transfers
DAC	Development Assistance Committee
DOF	‘Diario Oficial de la Federación’ Official Newspaper of the Federation
DPT	Diphtheria, Pertussis and Tetanus
GDP	Gross Domestic Product
GNI	Gross National Income
HDI	Human Development Index
IDB	Inter-American Development Bank
IDS	Institute of Development Studies
IFPRI	International Food Policy Research Institute
IHDI	Inequality-adjusted Human Development Index”
ILO	International Labour organization
IMF	International Monetary Fund
MDG	Millennium Development Goals
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
Oportunidades	‘Programa de Desarrollo Humano, Oportunidades’ Human Development Opportunities Programme
PPP	Purchasing Power Parity
PROGRESA	‘Programa de Educación, Salud y Alimentación’ Education, Health and Nutrition Programme
RSCAS	Robert Schuman Centre for Advanced Studies
SEDESOL	‘Secretaría de Desarrollo Social’ Secretary for Social Development
SPS	Social Protection Strategies
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children’s Fund
WB	World Bank
WFP	United Nations World Food Programme

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1. Introduction

Taking a look at development, the past is characterized by different models and perceptions on how to achieve it best.

Development assistance, for instance, started with support to the colonies of the former empires. In particular, the success of the Marshal Plan for the reconstruction of Europe after World War II led to global optimism to help poorer countries to develop with external assistance (Führer 1996: 4). After World War II in 1947, the Organization for European Economic Cooperation (OEEC) was founded to implement the Marshal Plan (OECD n.d. (a)). It was the cornerstone for joint cooperation globally and for development internationally. It was followed by the founding of the Organization for Economic Cooperation and Development (OECD) in 1961 (Ibid). In addition to the initiation of the OECD in 1961, the Development Assistance Committee (DAC - former founded as Development Assistance Group in 1960 (Führer 1996: 8)) came into force (Führer 1996: 10). Its mandate includes assisting countries to better economic development by providing long-term funds and other development assistance (Ibid). The DAC used the concept of official development assistance (ODA) for the first time in 1969 and defines it as follows:

“Official development assistance is defined as those flows to countries and territories on the DAC List of ODA Recipients [check DAC website] and to multilateral institutions which are:

- i. provided by official agencies, including state and local governments, or by their executive agencies; and*
- ii. each transaction of which:*
 - a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and*
 - b) is concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent).”*

(OECD 2008a: 1)

ODA includes grants and loans. For grants, no repayment is necessary and it includes assistance in form of goods, services, and cash. On the other hand, terms for loans need to be concessional (cf. above). ODA can further consist of technical cooperation which includes grants for education and training and the provision of consultants and advisors (OECD (n.d. (b))).

Since 1960, the amount of ODA increased steadily for most of the time - with an exception in the 1990s - from about 40 billion USD in 1960 to more than 120 billion USD in 2011 as illustrated in the following figure:

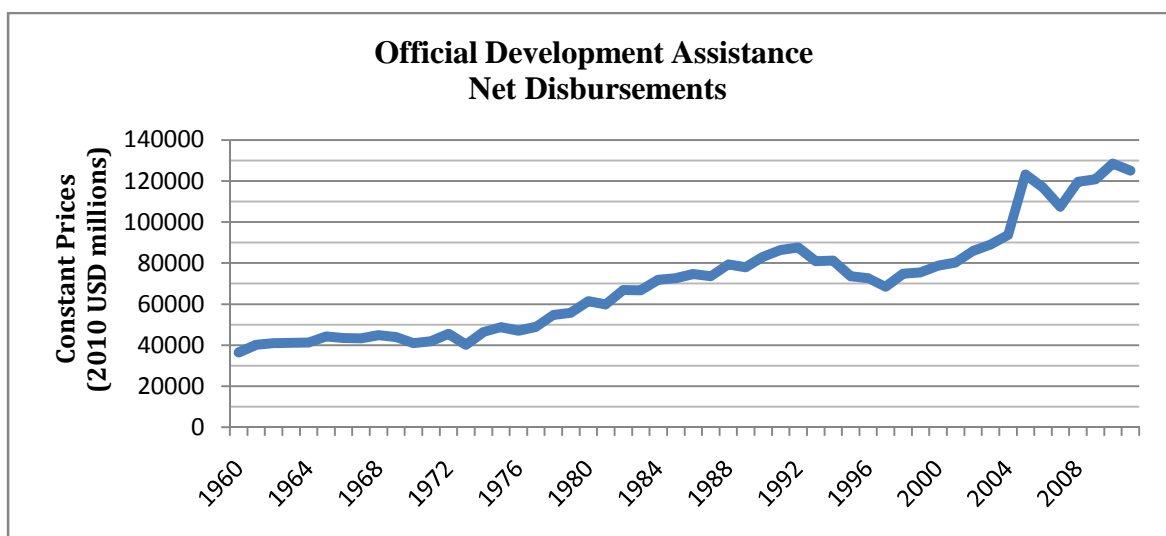


Figure 1: Official Development Assistance, Net Disbursements 1960 – 2011, Source: OECD.StatExtracts

In 1970, leaders of rich countries made a commitment to allocate a targeted 0.7 per cent of their gross domestic product (GDP) to ODA every year (Führer 1996: 21; UN Millennium Project n.d.). Additionally, at the United Nations (UN) Millennium Declaration in 2000 world leaders adopted eight Millennium Development Goals (MDG) (UN Millennium Project n.d.) to reduce extreme poverty including seven other targets until 2015 (UN n.d.) to foster global development.

From the macroeconomic point of view, neo-liberalism became the mechanism to promote development and prosperity to all countries in the 1970s (Shah 2010). Neo-liberalism is a set of economic policies with the goal to promote human well-being by setting free the individual entrepreneurial freedoms and abilities given the necessity to provide free trade, free markets, and private property rights by the state but by decreasing state intervention afterwards (Harvey 2007: 2). It became largely accepted and used by governments and international financial institutions such as the International Monetary Fund (IMF) and the World Bank (WB) (Ibid: 3). A very famous phrase is Margaret Thatcher's statement: "There is no alternative [to neo-liberalism]" (Birch and Mykhnenko 2010: 1) and the IMF and the WB state that macro-economic stability is essential for economic growth and economic growth is the single most important means to reduce poverty (Ames et al. 2001). Extensive literature such as Deininger and Squire (1998), Dollar and Kraay (2002), White and Anderson (2001), Ravallion (2001) and Bourguignon (2003) (in

Ianchovichina and Lundstrom 2009: 5) underlines that high growth rates during longer time periods are essential and often the foremost factor for a decrease in poverty rates assuming this leads to an improvement of the lives of people.

This assumption was challenged already in the 1950s and 1960s when many poor countries had high growth rates without significant improvements in living standards (Hirschman 1981 in Clark 2002: 15). The design of the Paris Declaration for Aid Effectiveness in 2005 (OECD n.d.(c)), the Accra Agenda for Action in 2008 (Ibid), and the Busan Partnership for Effective Development Co-operation in 2011 (OECD n.d. (d)) which all focus on more effective aid and development lead to the assumption that external assistance did not foster development as much as expected either. Furthermore, the World Bank states that progress regarding development was made but not enough (WB 2012a).

Worldwide poverty rates calculated from the poverty headcount ratio at \$1.25 a day (PPP-Purchasing Power Parity) (% of population) decreased significantly by 12.3 percentage points from 43.1 per cent in 1990 to 30.8 per cent in 2002 and by further 8.4 percentage points to 22.4 per cent in 2008 (PovcalNet). However, there were still 1.29 billion people living on less than \$1.25 a day in 2008 (Ibid). The following graph visualizes the percentage of people living on less than \$1.25 a day (poverty headcount ratio at (PPP) % of population) from 1990 to 2008 showing an overall improvement but identifying severe geographical differences, e.g. poverty dropped more than half in the East Asian and Pacific area whereas the poverty rate in South Asia or the Sub-Saharan area decreased considerably slower:

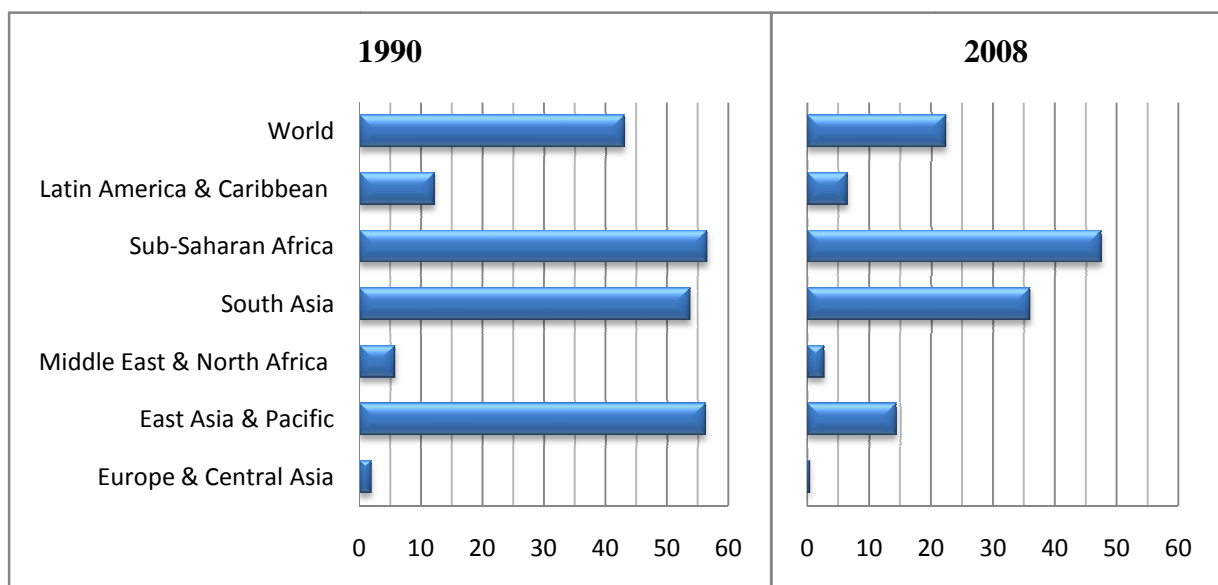


Figure 2:Poverty headcount ratio at \$1.25 a day (PPP) (developing countries only);
Source: PovcalNet, World dataBank

The poverty gap at \$1.25 a day (PPP) in per cent (cf. chapter 3.5) decreased over the years from 1990 to 2008 within the different regions but the numbers are still very high and show that poverty is quite deep especially in South Asia and in Sub-Saharan Africa. In Latin America and the Caribbean, it worsened slightly until 2002 but fell again in the years up to 2008 as is visible in the following figure:

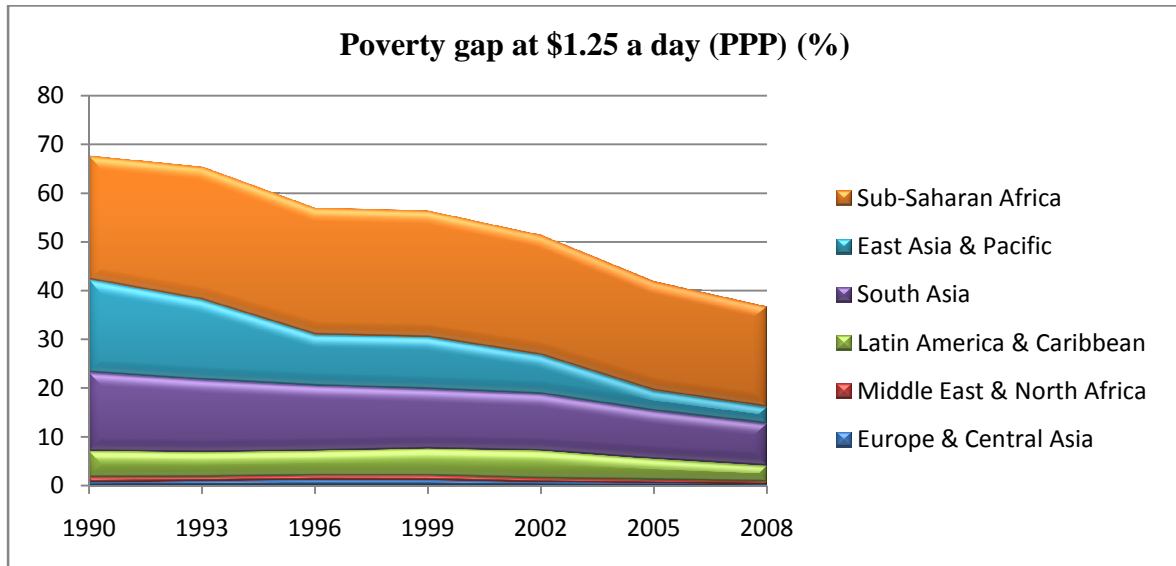


Figure 3: Poverty gap at \$1.25 a day (PPP) (%) (developing countries only); Source: World dataBank

Furthermore, 85 per cent of the world's assets are owned by the richest ten per cent of the world population whereas the poorest 50 per cent of the world population are in possession of only one per cent (UNDP (United Nations Development Programme)n.d. (a)). Moreover, the average income of the richest countries in the top quarter regarding the income distribution worldwide is 29 times higher than the average income of the countries in the bottom quarter in 2010 which shows a significant increase in inequality from 23 times as high in 1970 (UNDP 2010: 42).

In the past decades, new challenges such as financial crises, jobless growth, fluctuating food and fuel prices, and economic downturns appeared and led to increased poverty rates, deprivation, and vulnerabilities of many people (WB 2012b: 10) which put more pressure on governments to protect their national population. An example is Argentina, where the national crisis¹ hit the population especially hard and within one year 40 per cent of the population became 'new poor' (Bonilla Garcia and Gruat 2003: 29) considering the national poverty line.

¹It is assumed that the authors refer to the macroeconomic crisis in Argentina from 1999-2002 (Corbacho et al. 2003: 4) as the paper was written in 2003.

Due to these new challenges in the past decades, many developing countries tried to find new solutions on their own and within the country to protect their population from vulnerabilities and started to introduce social protection strategies (SPS), e.g. Oportunidades in Mexico in 1997 (Niño-Zarazúa 2010: 4), Child Support Grant in South Africa in 1998 (Mokoma 2008: 1), BolsaFamilia in Brazil in 2003 (Sanchez-Ancochea and Mattei 2011: 303), and the National Health Insurance Scheme in Ghana in 2003 (Mensah et al. 2009: 4).

However, SPS are not a new concept. They were already introduced even before industrialization at the end of the 19th and the beginning of the 20th century (Bonilla Garcia and Gruat 2003: 20) in some European countries such as Britain (Field 2011) and Germany (Giehle 2011). The basic idea was to prevent people from “the risk of being too poor by providing safety nets” (Bonilla Garcia and Gruat 2003: 20). With the industrialization, needs started to change and SPS became broader focusing on income security and legislations were introduced that obliged employers to take care of sick and injured employees (Ibid). Other benefits beyond basic subsistence needs were included, e.g. health care, social services, and accommodation which became known as social security. A focus on helping people to be protected from risks such as job loss, ageing or injury was included and many industrialized countries introduced universal schemes making the services available to the entire population and not only to workers and employees as it was the case before (Ibid). Western countries further started to fight unemployment by introducing strategies such as skills training and incentives for young people (Ibid: 20-21). Such strategies work in a dual sense by promoting employment and by providing a protection against the risk of being unemployed (Ibid: 21).

The overall aim of SPS is to decrease the economic and social vulnerabilities that poor and marginalised people have to face (cf. chapter 3.2.1) (Devereux and Sabates-Wheeler 2004: 9). The advantage of SPS is that they usually cover many sectors and are amply designed which is essential because, for example, sufficient income does not necessarily lead to adequate access to basic necessities such as education and health facilities if there is a lack of schools and hospitals (Sen 1983 in Clark 2002).

In the past decades, developing countries introduced SPS which include (conditional) cash transfers, social grants, social insurances or public work (cf. chapter 3.2) (RSCAS(Robert Schuman Centre for Advanced Studies) 2010: 2-3). Results of those SPS include reductions in poverty gaps, declines in income inequalities, better school enrolment rates, prevention to fall deeper into poverty, improved food security, and reduced costs for health services (Ibid).For example, when Brazil introduced ‘BolsaFamilia’ the poverty gap decreased by 12 per cent within 5 years(Ibid: 2) and in Ghana the health costs for the population decreased by 50 per cent through the implementation of its National Health Insurance Scheme in 2005 (Ibid: 3; 80).

International organizations recognized the value of SPS as they can have positive effects on social, economic, and political development (WB 2012b: I, 1; UNICEF (United Nations Children’s Fund) 2012: key messages) and started to provide their own concepts for SPS. In 2001, the WB published its first social protection and labour strategy with a focus on poverty reduction and the reflection that growth and macroeconomic policies are essential but often not enough to ensure poverty reduction and development (WB 2012b: 6).Moreover, in 2012 the WB, UNICEF, the International Labour Organization (ILO), and the European Commission published new and updated SPS. The World Bank states that it spent 7 per cent of its total lending commitments to social protection strategies from 1998 to 2011 which accounts for 30 billion USD and only in 2011, it provided 4 billion USD for SPS (WB 2012b: 7).

Summing up, it can be said that ODA andpolicies focusing only on economic growth as asked by neo-liberalism did not help to achieve inclusive development meaning to protect people from poverty, deprivation, and vulnerability and to improvehuman well-being (cf. chapter 3.1) in all developing countries as poverty rates and inequality gaps are still very high in many countries. Furthermore in 2008, 80 per cent of the world population did not have access to social protection mechanisms helping them to “live a life in dignity and deal with life’s risks” (UNDP 2008: 13). In addition, globalization, financial crises, and fluctuating food prices put more pressure on governments to protect their national population. It seems that the introduction of SPS provides a new means to advance inclusive development and to increase the well-being of people.

Therefore, this paper will focus on SPS in middle-income countries with a focus on human development. Mexico's effort to reduce the vulnerability of its inhabitants and to improve their well-being is known as a very successful example for a SPS (WB 2012b: 40, 78; Bachelet 2011: 66) and was a model for other social protection schemes in Latin America such as BolsaFamilia in Brazil (The Economist 2008) or the 'Red de Protección Social' (Social Safety Net) in Nicaragua (IFPRI (International Food Policy Research Institute) 2005). Thus, a case study of Mexico's social assistance programme Oportunidades will be done in order to answer the following research question.

“To what extent are social protection strategies focusing on human development a valuable means to contribute to inclusive development?”

The following working questions will be addressed:

- Is there a correlation between social protection measures focusing on human development and inclusive development?
- Are there other factors that are relevant for and contribute to inclusive development?

2. Method chapter

In the following chapter the research plan and research strategy, the epistemology, the choice of theory, information about the data and literature, considerations and limitations about the findings, and the structure of the paper are given. Additionally, the project design is visualised.

2.1. Research Plan and Research Strategy

The aim of the paper is to analyse the effectiveness of social protection strategies to contribute to inclusive development providing a means for improving the well-being of the national population across areas, gender, and ethnicities. If the results seem relevant the findings could be of benefit for future decision making. The impact of the social assistance programme Oportunidades on inclusive development and the distribution of well-being within Mexico is analysed. The elaboration of the research question by using a case study should help to evaluate how such a social protection programme works in reality and in a certain context (Gilham 2000: 1). Evidence is analysed and elaborated carefully using

different sources to confirm the findings (Ibid: 1-2). The case study is used to elaborate the impact of Oportunidades from 1997 until 2008.

The first step to write this paper is to attain general knowledge on the chosen topic by looking for information on the topic and by reading papers, articles, and publications while verifying their reliability. Through a collection of data and a preliminary analysis of the found material the final research question is elaborated. The final theme, the scope, and the time frame of the paper are defined. The next step is to establish a theoretical framework which should help to provide a background understanding of the topic, guide the analysis, and explain the findings. In order to link the theory and research question with the real world, a case study on the chosen topic is done with the goal to explore the chosen theoretical approaches and ideas in practice and to answer the research question. Furthermore, other components influencing inclusive development are taken into account marginally which may not fully be explained by the theory provided in the theoretical framework. The last step to answer the research question is to establish a conclusion summarizing the findings of the paper trying to give a final answer to the research question.

2.2. Epistemology

Positivism is concerned with reflecting and describing the reality by using total objectivity (Schutt 2006: 40). This means that researchers are able to put their own values and biases aside and to truly reflect reality with their research (Marlow 2010: 7). Post-positivism acknowledges that research cannot be conducted totally objectively but that researchers try to “represent reality as best as he or she can” (Muijs 2010:5) taking into account the limitations and biases of the researchers (Guba and Lincoln 1994: 109-111). Positivist and post-positivist researchers follow certain guidelines such as testing “ideas against empirical reality without becoming too personally invested in a particular outcome” (Schutt 2006: 41-42), preparing their research systematically or indicating the meanings of used terms (Ibid). For this paper, the guiding paradigm is post-positivism.

Positivism and post-positivism are often linked with the use of quantitative data (Marlow 2010: 9; Muijs 2010: 3). Therefore, quantitative data is compiled in order to answer the problem formulation. Quantitative research asks for a generalization of the results and in order to do so an evaluation of extensive data is necessary (Marlow 2010: 10). For that reason, data at national and local level is gathered and evaluated to answer the research

question. However, to a minor degree, qualitative data is included if necessary to deepen the understanding of the given numbers. The combination of both research approaches can lead to a better study (Kumar 2005:13).

2.3. Choice of Theory

Amartya Sen's capability approach (CA) is chosen in order to understand and explain the effects of social protection strategies, in this case Oportunidades, to contribute to inclusive development and to guide the analysis. The capability approach tries to provide a coherent framework to evaluate development and human well-being. By increasing capabilities such as being capable of reading and writing it allows people to choose a lifestyle they value out of several ones and to increase their well-being. Sen does not provide a list of capabilities but refers to several capabilities linked to health, nutrition, and education as basic capabilities (cf. chapter 3.3.3). Such capabilities can be interrelated and help to foster one another. They can be influenced by political, economic, and social frameworks. Furthermore, Sen (1999: 3; 6; 14) states that economic growth cannot be ignored and is essential for development but to focus on human well-being is more important. Critics argue that Sen does not "clarify the concept of capability" (Clark 2006: 8) well enough and that it can be misused due to wrong interpretations and lose its underlying principles (Mc Neill 2005 in Gasper 2006: 21). Therefore, a critical observation of the approach is done and the concepts of inclusive development and social protection strategies are included and explained as well. Both are necessary to obtain general background knowledge and to understand and guide the analysis. Inclusive development includes economic growth and the distribution of well-being among the population to reduce poverty. It is measured by economic growth, distribution of income, and other factors of human well-being. Social protection strategies aim at protecting the poor and marginalized groups from vulnerabilities and to improve their well-being. A comparison of indicators regarding the capability approach and inclusive development is done to provide an enhanced framework for the analysis.

2.4. Data and Literature

In order to answer the research question, the established indicators for the CA and inclusive development mentioned above are used to guide the analysis using Mexico's Oportunidades as a real-world example. Mainly, quantitative data at national level and at local level are used. To a minor degree, evaluations using qualitative data are taken into account to complement the quantitative information. However, major use of qualitative

data is avoided due to issues such as practicalities, methodology, and ethnics in relation with the use of secondary qualitative data mentioned by Hox and Boeijs (2005: 597).

Generally, secondary data using statistics and already existing literature on the topic are used. This includes data and papers provided by international organizations and bodies, reliable newspapers articles, data from governmental websites, or papers on the topic. The sources are tested for their reliability, suitability, and adequacy as mentioned by Kothari (2004: 111). The methodology chapters are evaluated carefully and checked for good scientific practice (cf. Hox and Boeijs 2005: 596). Only statistically significant data is used with findings based on confidence intervals of 90 per cent to 99 per cent, if available. If possible, data is counterchecked.

The World Bank database (World dataBank), the OECD database (OECD.StatExtracts), and the PovcalNet, which is the online poverty analysis tool of the World Bank, provide valuable quantitative sources and are considered as reliable sources due to their international recognition and due to regularly updated data which makes it possible to compare data over decades. The data is evaluated carefully and then processed to graphs and tables. Furthermore, data and literature evaluating the impact of Oportunidades in rural areas from 1997 to 2007 is used, e.g. Hoddinott et al. 2000; Schultz 2001; Skoufias 2005; AgudoSanchíz 2008; Bautista Arredondo et al. 2008; Behrman et al. 2008; González de la Rocha 2008; Gutiérrez et al. 2008; ManceraCorcuera et al. 2008; Neufeld et al. 2008; Rodríguez Oreggia and Freije Rodríguez 2008; and Sánchez López 2008. The methodology chapters of the papers are evaluated in order to ensure quality, validity, and usefulness of the data to answer the research question as suggested by Hox and Boeijs (2005: 596). The practicality and the language of the data are tested (Ibid). In addition, Mexican governmental papers which were published officially by the government are drawn on, e.g. DOF ('Diario Oficial de la Federación' – Official Newspaper of the Federation) 2003, DOF 2006, and DOF 2007. There is less explicit data available for Oportunidades before 2002 but the programme stayed almost the same with the exception of a broader coverage and some additional features (cf. chapter 4.5). Therefore, for the case study the 'Reglas de Operación' (Operating Rules) relating to Oportunidades are used to give an overview of the concept of the programme. The found data is presented in tables and figures and analysed. Sen's capability approach is then used to explain the findings with the aim to answer the research question.

2.5. Considerations and Limitations

In relation with the findings of this paper, it needs to be considered that a case study shows a certain situation/happening in the real world which depends on the context in which it takes place (Gillham 2000: 1). Further factors such as economic and political factors are included to complete the analysis but these factors are still interrelated and specific to one country. Therefore, the evaluation of Mexico's Oportunidades provides one case for a social assistance programme and the findings might not be the same in other places. An evaluation and comparison of several countries and programmes might be interesting for further studies.

Due to the scale of the programme Oportunidades, the limited time frame, and the limited funds available (Kothari 2004: 112) to work on this paper, it was not possible to conduct primary research. Nevertheless, valid and reliable secondary data is used (cf. above).

The time frame chosen for the evaluation of the programme is from 1997 to 2008 due to the limited scope of this paper and the availability of high quality data for this period of time. However, further discussion on the topic could be interesting for future studies as a crisis took place in 2008/2009 which could have had impacts on the population of Mexico and support the findings in this paper or provide new insights.

Furthermore, it needs to be considered that the results still cannot be seen as long-term results. The programme has started in 1997 and the data used in this paper refers to the years before 2008 with many families entering the programme in 2001 and in 2004 (Mir Cervantes 2008:40). There is no detailed information available for the families entering the programme later which would make an adequate long-term analysis possible right now. In addition, beneficiary children are still too young (AgudoSanchíz 2008: 80) and many beneficiaries are still studying (González de la Rocha 2008: 136). Furthermore, the analysis is based on persons that stayed in the villages benefiting from Oportunidades which excludes young people that left their home villages looking for better jobs and migrating to cities (Rodríguez Oreggia and Freije Rodríguez 2008: 97-98). Further studies on these aspects in due time could be of value to show the long-term effects of Oportunidades on inclusive development. Nevertheless, the findings of this paper provide an overview of possible impacts and can be seen as medium-term results.

Moreover, it needs to be considered that Oportunidades is one programme of a broad social protection strategy in Mexico and that other social protection programmes focusing on

infrastructure and other aspects of social life might have had impacts on inclusive development too. However, the focus of this paper is to show the impacts of social protection strategies focusing on human development and it is beyond the scope of this paper to evaluate such interdependencies.

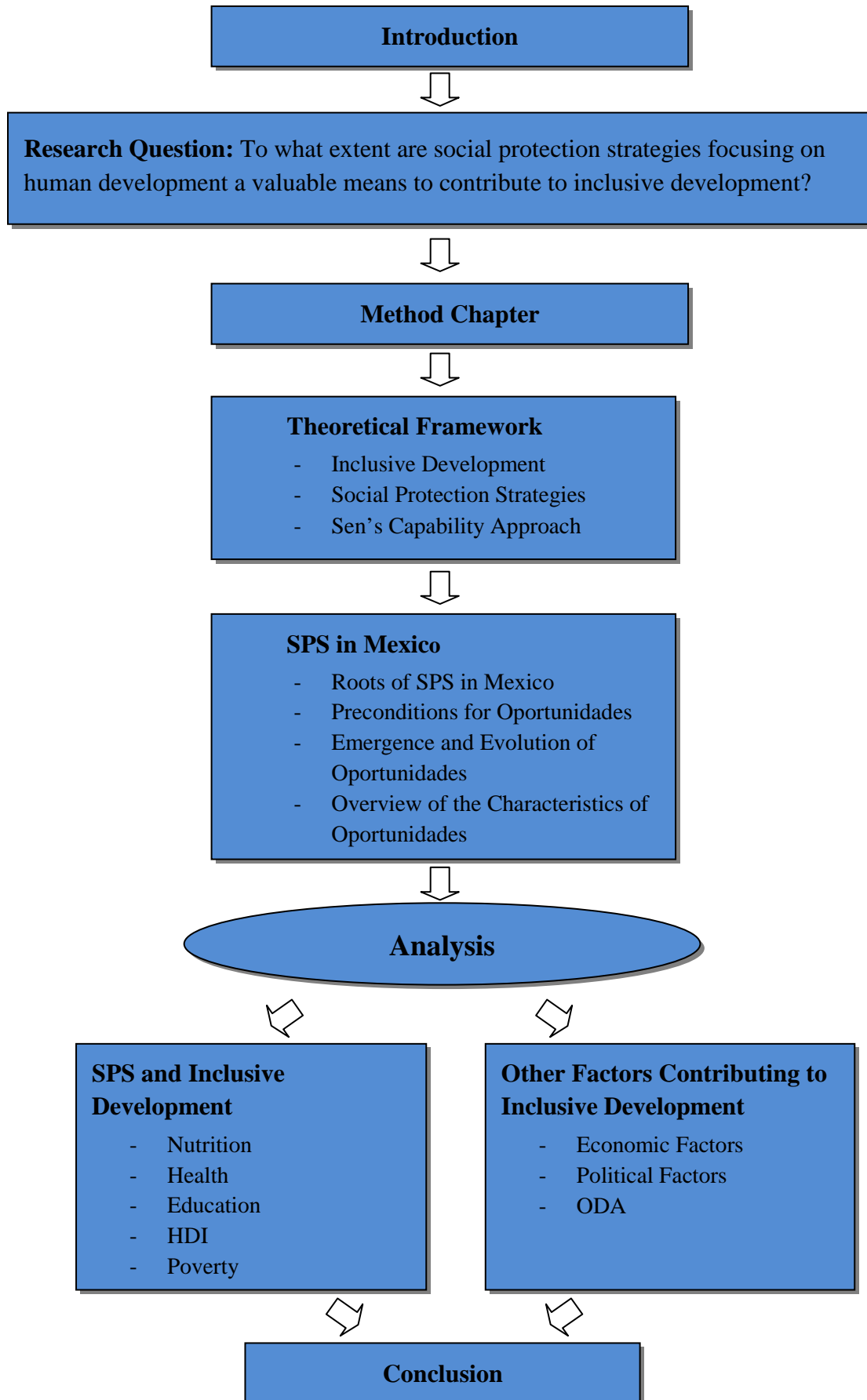
2.6. Structure

The introduction gives an overview of models for development including ODA and policies focusing on economic growth. Both approaches did not lead to the expected distribution of well-being in many developing countries. This leads to the research question focusing on the impact of social protection strategies on inclusive development by doing a case study of the social assistance programme Oportunidades in Mexico. The next chapter explains the research plan and strategy, the choice of theory, considerations and limitations regarding the findings, and the structure of the paper.

The third chapter presents a theoretical framework with the purpose to understand and guide the analysis. It focuses on ‘inclusive development’, ‘social protection strategies’, and Sen’s ‘capability approach’. This chapter is merely descriptive except of chapter 3.4 which compares the indicators for inclusive development and Sen’s capability approach to show similarities and to establish an enhanced framework for the analysis. The next chapter is used to provide knowledge about SPS in Mexico, the roots, the preconditions, and the emergence and evolution of Oportunidades as a social assistance programme in Mexico. This chapter is again mainly descriptive.

In the fifth chapter, the indicators established in the third chapter are used to analyse the data and to answer the research question through a case study of Oportunidades. The findings are explained by using the established theory. Inclusive development also includes economic growth and in chapter six economic indicators as well as political factors that contributed to inclusive development and led to the development of Oportunidades are analysed marginally. The last chapter summarizes and concludes the findings of the paper trying to give a final answer to the research question.

2.7. Project Design²



² (Alaejos et al. 2010: 9)

3. Theoretical Framework

In this chapter the following terms and concepts ‘inclusive development’, ‘social protection strategies’, and Sen’s ‘capability approach’ will be explained to provide a theoretical understanding for the analysis.

3.1. Inclusive Development

In order to understand ‘inclusive development’ it is useful to first explain both terms - ‘development’ and ‘inclusive’ - individually.

In a social context, **development** can be defined as a process linked to social and economic change, transformation, and evolution (Clark 2002: 9). Nevertheless, development often refers to the **economic development** of a country because developing countries are generally defined as countries with a low or middle level of gross national income (GNI) per capita (Soubbotina 2004: 133)³. The World Bank defines economic development as “qualitative change and restructuring in a country’s economy in connection with technological and social progress” (Ibid). It is measured mainly by an increased GDP per capita demonstrating better economic productivity and increased well-being in material sense of the population (Ibid). In order to achieve economic development **economic growth** is needed which is defined as “quantitative change or expansion in a country’s economy” and is usually measured by the annual percentage growth rate of the GDP (Soubbotina 2004: 133). This shows that there is a close connection between economic growth and economic development (Ibid).

Inclusive means to make “sure everyone experiences the benefits” (Commission on Growth and Development 2008: x) or, in other words, “the distribution of well-being” (Kanbur and Rauniar 2009: 6).

Taking a look at inclusiveness, there is a need to distinguish between inclusive growth and inclusive development as they are two different indicators. On one hand, **inclusive growth** means that there is an emphasis on making economic opportunities which are created by economic growth available to all parts of the population (ADB 2007 in Ali and Son 2007: 12) or in other words, inclusive growth should take place across many sectors and include “the large part of the country’s labour force” (Ianchovichina and Lundstrom 2009: 4).

³Exceptions are Hong Kong, Israel, Kuwait, Singapore, and the United Arab Emirates which are categorized as developing countries even though they have a high per capita income. Reasons for that is their economic structure or the official opinion of their governments (Soubbotina 2004: 133)

Furthermore, a focus on increased productivity and more employment opportunities for poor as well as non-poor is essential for inclusive growth (Ianchovichina and Lundstrom 2009:4-5). This sort of growth is measured by taking a look at the real per capita income and income inequality (Kanbur and Rauniyar 2009: 3). If the per capita income increases and income inequality decreases it can be considered as inclusive growth. On the other hand, **inclusive development** is defined as economic growth plus the dispersion of the advantages of growth in order to decrease poverty (Ibid: 8-9). UNDP states that inclusive development is characterized by the participation of the whole population including all gender, ethnicities, ages, sexual orientations, disabled, and poor people to create opportunities and to share the benefits of development as well as to participate in the making of decisions (UNDP n.d. (a)). Therefore, the main difference between inclusive growth and inclusive development is that for measuring inclusive development, not only the distribution and average level of income is needed but other non-income dimensions of well-being are essential too (Kanbur and Rauniyar 2009: 9).

One indicator to determine development is the **Human Development Index (HDI)** (Kanbur and Rauniyar 2009: 5) which combines the GNI per capita (reflecting the living standard of the population) plus the mean years for adults and expected years for children of schooling (reflecting the level of education) as well as life expectancy at birth (reflecting the health conditions of the population) (UNDP n.d. (b)). Its goal is to make up one single indicator to show social and economic development (UNDP n.d. (b)). Therefore, the HDI can be used as one indicator to evaluate inclusive development. Nevertheless as mentioned above, other non-income dimensions of well-being need to be taken into account as well (Kanbur and Rauniyar 2009: 9) in order to truly evaluate inclusive development, e.g. poverty rates, more factors regarding education, child health and maternal health, rates of HIV/AIDS, and rates of people who have access to safe drinking water (Ibid: 10-12).

3.2. Social Protection Strategies

In the following, a definition of SPS is given and the instruments for and the design of SPS are explained.

3.2.1. Definition

Almost every multilateral institution and organization has its own definition for social protection but all of them are similar in sense (cf. UNICEF 2012a: 14; ILO 2012: 8; WB,

2012b: 1; see especially WB 2012b: 91-93). One definition which is used frequently was given by the Institute of Development Studies (IDS) in 2004:

“Social protection describes all public and private initiatives that provide income or consumption transfers to the poor, protect the vulnerable against livelihood risks, and enhance the social status and rights of the marginalised; with the overall objective of reducing the economic and social vulnerability of poor, vulnerable and marginalised groups.”

(Devereux and Sabates-Wheeler 2004: 9)

Therefore, most international organizations focus on vulnerability (to tackle it and reduce risks), poverty/deprivation: to keep people out of poverty or keeping them of falling deeper into it, and exclusion/inclusion: to decrease/increase the degree of exclusion/inclusion (WB 2012b: 91-93). Measures can be combined and essential to social protection is that an integrated, multi-sectoral, and comprehensive approach is needed (UNICEF 2012a: key messages).

3.2.2. Instruments of social protection

Social safety nets were the first instruments used for social protection with the objective “to cover the risk of being too poor” (Bonilla Garcia and Gruat 2003: 20). The use of this term changed from being an income insurance for short term risks and vulnerabilities in 1990 (WB 1990: 90) to being part of social assistance (cf. below) in 2012 (WB 2012b: III-IV). Another definition is given by Reddy (1998: 1-2) who distinguishes between formal social safety nets as part of social insurance (cf. below) with legal binding for the state and informal social safety nets as part of social assistance in time of need.

As already mentioned above, social assistance and social insurance are two instruments to achieve social protection (RSCAS 2010: 29; ERF and UNICEF 2011: 3; Bonilla Garcia and Gruat 2003: 23; WB 2012b: III). **Social assistance** focuses on chronic poverty (WB 2012b: III-IV) by helping people to achieve a certain level of living and to get out of poverty. Non-contributory transfers and/or support programmes (ERF and UNICEF 2011: 3) such as school feeding programmes, food assistance (RSCAS 2010: 33; WB 2012b: III-IV), child support grants, public workfare programmes, social pensions or cash payments (RSCAS 2010: 29) are used to achieve these objectives. **Social insurance** measures focus on protecting people against shocks, risks, and vulnerabilities; on trying to keep them out of poverty; or on avoiding that they slide even deeper into it. This can include for example

pension schemes and insurances for health, disability or unemployment (RSCAS 2010: 32). An important characteristic of this kind of instrument is that it is legally binding and comes into effect only if certain situations arise (Ibid: 33).

Another measure is called **social inclusion** (RSCAS 2010: 29). It is used to improve access to social assistance and insurance by marginalized groups. It can include labour market regulations, rights based entitlements, universal coverage arrangements, and awareness campaigns (RSCAS 2010: 33, WB 2012b: IV, UNICEF 2012a: 5). Furthermore, the World Bank (WB 2012b: IV) and the ILO (ILO 2012: 6) include the importance of focusing on employment and labour reforms.

3.2.3. Design of SPS

SPS should be tailored individually to countries, driven by knowledge, and developed in cooperation among governmental ministries and civil society (WB 2012b: IX, Bachelet et al. 2011: 92-93). It is essential to take into account that there is no “one size fits all” (WB 2012b: IX, 6) and that each SPS needs to be carefully designed and adopted to the national necessities of the population especially focusing on marginalized groups. The instruments and measures (cf. above for examples) to achieve the set goals need to be decided strategically. The experience shows that it is essential to the success of SPS that there is strong political commitment and that national governments take the lead in designing and developing SPS as it is them who are responsible for keeping the strategies running in the long run (RSCAS 2010: 4-5). Other factors contributing to the success of SPS are good institutional capacities and financial sustainability (Ibid).

3.2.3.1. Cash Transfers

Taking a look at transfers for social assistance, it can be distinguished between cash and food transfers. In the past two decades, conditional cash transfers (CCT) became more popular (Fajth and Vinay 2010: 1) and in 2009, the World Bank published a policy research report on CCT (Fiszbein and Schady 2009) studying their impact and success in developing countries. However, there are arguments for conditional and for unconditional cash transfers listed below.

CCT ask for the fulfilment of certain criteria in order to receive benefits (RSCAS 2010: 42; WB n.d. (a)). Such criteria are mostly related to education and health such as visits to health clinics, vaccinations, mother's education on health topics, school enrolment, and school attendance of children (Fiszbein and Schady 2009: 1). Unconditional cash

transfers, on the other hand, provide cash to recipients without asking for any requirements including, for example, child support grants or income grants. This form of transfer is used if there is a lack of infrastructure to fulfil possible requirements (RSCAS 2010: 42). This visualizes the necessity for collaboration among government levels and exact planning of SPS as they can be very complex and include related sectors such as infrastructure and services. Advantages of CCT are that they help to increase acceptance for such programmes by the national population due to the fact that people only receive money in exchange for certain conditionalities (Lindert and Vincensini 2008 in Fiszbein and Schady 2009: 62). Disadvantages, on the other hand, are that conditionalities can lead to a loss of time of the beneficiaries, e.g. mothers need to queue and wait in health clinics instead of working (RSCAS 2010: 42); or conditions are too costly to fulfil, e.g. clinics or schools are too far away (Fiszbein and Schady 2009: 46); or the opportunity cost might be too high, e.g. children going to school might endanger the survival of the family (Ibid). Furthermore, critics point out that it is not the condition that helps to produce the required impact but that this is done by increased income (RSCAS 2010: 42).

3.2.3.2. Targeting

Taking a look at the scope and reach of SPS, most international organizations plead for universality for the implementation of SPS (UNICEF 2012a: 24; ILO 2012: 8). Nevertheless, there are arguments for both, universal programmes and targeted programmes.

Universal programmes are designed to address the whole population, poor and non-poor alike, and can increase political popularity within the country (RSCAS 2010: 43). It is argued that governments can allocate more money to poor people through universal programmes because in general more resources can be used for those programmes due to their popularity (Ibid). On the other hand, many governments prefer to use **targeted programmes** which are designed to target special groups or certain classes of a population (RSCAS 2010: 43; Legovini 1999: 1). One reason can be that the government wants to ensure that only a number of beneficiaries, as for example the poorest population group or a certain geographical area, receives the benefits (Slater and Farrington 2009: par. 2) and another reason can be to ensure proper use of resources (Ibid). Research shows that targeted programmes seem to be more efficient and effective (Coady et al. 2004a in RSCAS 2010: 43) but this is still contended. It is important that targeting is prepared carefully as there are several possibilities of errors such as the exclusion of people that should be included or the inclusion of people that should not receive benefits (RSCAS 2010: 44; Legovini 1999: 1;

Slater and Farrington 2009: par. 2). In addition, careful planning and the perception that poor only receive benefits if they give or do something in exchange, e.g. work or time; that the distribution of benefits is limited to a certain amount of money and a certain period of time; as well as the prevention of errors can help to increase political support by the whole population (Slater and Farrington 2009: 4; cf. conditional versus unconditional cash transfers above). Another point regarding targeting is the estimation of administrative costs which need to be calculated carefully (RSCAS 2010: 44; Legovini 1999: 1). Following methods for targeting can be used (Legovini 1999: 1-2):

- Categorical: A certain population group or for example all individuals in a geographic area are targeted. This kind of targeting works well in highly-concentrated areas of poverty and small-scale projects are more efficient.
- Means-tested: This form targets for example households below a certain level of income. It is necessary to collect and verify household income information which can lead to high administrative costs and is often subject to fraud.
- Proxy means tested: Targeting is based on income and other indicators that can be connected to welfare. The data can be collected easily within a sample of the population and is related to certain household or individual characteristics. Afterwards, statistical procedures are used to calculate predictions for the whole population.
- Self-selection: This form of targeting is based on reaching only those people that are really in need of certain things such as work or food by giving disincentives like low wages, queuing or lower quality.

A combination of the targeting mechanisms is possible in area and time.

3.3. Sen's capability approach

The capability approach (CA) is part of the school of welfare economics (Schokkaert 2007: 2) and tries to provide a coherent framework for evaluating development and human well-being (Streeten 1984, Stewart and Deneulin 2002, and Alkire 2002 in Clark 2006: 3; Clark 2002: 18; see also Sen 1999: 36). This makes it a useful tool for the formulation and analysis of policies but it also acts within the area of theories of justice⁴ (Foster and Handy 2008: 4). It tries to provide an alternative to the use of economic mainstream indicators such as income, expenditure or satisfaction (Gasper 2006: 1; 8) and traditional welfare economics focusing on utility (cf. Crocker 1992 and Clark 2002 in Clark 2006: 3) for the

⁴Nevertheless, the CA does not provide a complete theory of justice (Sen 1995; 2004a in Foster and Handy 2008: 7; Schokkaert 2007: 6; Sen, 1983; 1988; 1992, 2005 in Clark 2006: 5).

evaluation of people's well-being. The CA focuses in essence on the lifestyle of people, their freedoms, who they are, and what they do but it focuses also on who they are able to be and what they are able to do (Gasper 2006: 8). Therefore, it provides a very broad framework and is able to take into account all areas of human development (Clark 2002: 28).

3.3.1. Origins

Amartya Sen wrote several papers and books on the CA and developed it further from the 1980s until today (e.g. Sen 1980; 1984; 1985; 1987; 1992; 1999; in Clark 2006: 2; Sen 1985; 1990; 1992; 1993; 1999; Foster and Sen 1997 in Foster and Handy 2008: 5). Sen (in Clark 2006: 2) admits that the ideas are linked to Aristotle's, Adam Smith's, Karl Marx's and John Rawls' writings (cf. also Schokkaert 2007: 2, footnote) which focus on necessities (Smith 1779), human freedoms (Marx 1844), political distribution (Aristotle), and access to primary goods (Rawls 1971) (in Clark 2006: 2). The CA was further elaborated by other writers such as Martha Nussbaum, Sabine Alkire and Rufus Black, and Meghnad Desai with Nussbaum's writings being the most well-known (Clark 2006: 6).

3.3.2. Sen's Definition of Development

In his book *Development as Freedom*, Sen argues that development can be perceived as a process to increase real freedoms of people (Sen 1999: 3) which include basic capabilities (cf. chapter 3.3.3) (Sen 1999: 36). He states that economic growth cannot be ignored and is important for development but it is essential to focus on human well-being and freedoms (Sen 1999: 3; 6; 14). Poverty, few economic opportunities, economic insecurity, and a lack of public facilities can be seen as sources of 'unfreedom' and need to be removed (Sen 1999: 3; 15). He states that increased freedoms and capabilities are essential for people to help themselves and to influence the world which are both relevant for development (Sen 1999: 18). He distinguishes between five different freedoms which increase people's capabilities and are interlinked and complementary (Ibid: 38-40):

- political freedom: the right to participate, to free speech, and election including civil rights;
- economic facilities: opportunities to participate in the economic market by consuming, producing or exchanging goods and services; increased national income and wealth augment economic entitlements of the population;
- social opportunities: the provision of schools and health facilities which help to improve the individual's chances for a better life;
- transparency guarantees: the guarantee to associate with each other openly including the right to disclosure which should help to prevent corruption, illicit dealings, and financial recklessness;
- protective security: the provision of a security framework including fixed institutional arrangements such as insurances and short term arrangements for emergency relief to prevent people from extreme poverty including starvation and death.

3.3.3. Concepts of the CA

Within the CA, Sen differs between functioning and capability. **Functioning** is what a person achieves to do or to be, for example a person achieves to be sufficiently nourished (Sen 1985 in Clark 2006: 4; Schokkaert 2007: 2), or “how well a person manages to function with the resources at his or her disposal” (Clark 2002: 34). All functionings together form a functioning set which composes an individual's life (Gasper 2006: 9; Clark 2006: 4). There are different possible **functioning sets** (also called **n-tuple**) which depend on how an individual uses available commodities and each set stands for a potential life-style (Clark 2006: 4).

Capability is the ability of a person “to achieve a given functioning (‘doing’ or ‘being’)” (Saith 2001 in Clark 2006: 4), for example, if a person is capable of achieving a certain level of nourishment. Later, Sen also mentions that capabilities are real opportunities (Schokkaert 2007: 1; Gasper 2006: 18) and substantive freedoms (Sen 1999: 74). All capabilities together make up the **capability set** which helps people to live a life they value or, in other words, which gives them the possibility to choose a lifestyle they prefer out of several possible ones (Sen 1985; 1992; 1999 in Clark 2006: 4). Capabilities can relate to physical, social, and psychological achievements of individuals (Clark 2002: 28) and are influenced by the economic, political and social framework of a country including the provision of educational, and health facilities (Sen 1999: 5). Sen does not give a concrete list of capabilities (Clark 2006: 5; Schokkaert 2007: 17) because he argues

that they often rely on personal value judgements (Clark 2006: 5). Nevertheless, he often refers to certain capabilities which have an intrinsic value “such as being able to ‘live long, escape avoidable morbidity, be well nourished, be able to read, write and communicate, take part in literary and scientific pursuits, and so forth’” (Sen 1985, Clark 2002 in Clark 2006: 5; see also Sen 1999: 20). Due to the fact that there is no fixed list, the approach is adaptable, e.g. for the evaluation of poverty only few basic capabilities might be needed meanwhile a longer list of capabilities might be required for the evaluation of well-being or human development (Clark 2006: 5).

There is also a need to distinguish between functionings (achievements), commodities (goods and services) and utility (happiness, desire-fulfilment) (Sen 1980, 1982, 1984, 1984a, 1985, 1985a, 1988 in Clark 2002: 29; 34). For example, are people able to use commodities at their disposal to achieve certain functionings or a state of being which can then result in utility? (cf. Clark 2002: 35).

Sen (1999: 74) argues that traditional welfare-economics focus on evaluating utility but neither commodities nor utility are as adequate as the capability approach for evaluating human well-being and a valuable life.

The agency aspect: Gasper (2006: 7) states that the capability approach is interesting due to the idea of people being “equal with respect to effective freedom⁵” (Cohen 1993 in Gasper 2006: 7) seeing people as agents who have the right to make their own choices (Gasper 2006: 3). The term agent is used by Sen (1999: 19) for an individual who is able to act and to bring change and who has own values and objectives. Interesting to know is that personal values and objectives can come into conflict with the individual’s own well-being (Sen 1985; 1985a; 1992 in Clark 2006: 5). Nussbaum (in Gasper 2006: 7) notes that it is necessary to have capability in the agency sense, meaning the capacity and the skills to think and to act, in order to use existing opportunities freely. Sen (1999: 4) states that free agency of people is advanced by development but it is also a means for development.

3.3.4. Political, Economical and Social Links of Capabilities and Freedoms

As mentioned before, freedoms and capabilities are interrelated. The provision of social arrangements such as health clinics and education can lead to better living conditions and therefore increase “effective participation in economic and political activities” (Sen 1999: 39).

⁵“Effective freedom involves the power to act” (Smith in Lacey n.d.: 2).

Taking a look at politics, Sen (1999: 18) states that public policies can improve the capabilities of the population and that the other way round, participatory capabilities can have a positive effect on public policies too. Illiteracy may restrain people to read newspapers and to be informed about political on-going or to participate in politics which decreases political freedom (Ibid: 39). Economic deprivation can lead to social as well as political unfreedom (Sen 1999: 8) and economic unfreedom or a lack of economic capabilities can lead to low income, poverty or other kinds of deprivation (Sen 1999: 8; 19) as people are not able to achieve certain outcomes. He states that on one hand low income can be responsible for a lack of education, bad health, hunger or undernourishment. On the other hand, the capability to read and to stay healthy can lead to higher income (Ibid: 19). It is widely acknowledged that letting people participate in the market is very useful for economic growth which can lead to increased income and provide the state with more capital to invest in social arrangements and public interventions (Ibid: 40). This can also be seen the other way round with more social arrangements capabilities and participation of the population in the market increase (Ibid: 40). Sen gives an example of Japan which invested a lot in human development and therefore, had higher rates of literacy than Europe already in the mid-19th century. This in turn had then an important effect on its economic development (Ibid: 41).

Summing up, it can be said that according to Sen, “the role of income and wealth – important as it is along with other influences – has to be integrated into a broader and fuller picture of success and deprivation” (Sen 1999: 20) recognizing that economic and income growth does not necessarily lead to improved living standards but that a focus on capabilities and freedoms is necessary and that those factors are interlinked. He also mentions that it is essential to use economic growth accurately (Ibid: 44) in order to advance capabilities and therefore, development itself.

3.3.5. Growth-mediated vs. Support-led Development

Sen (1999: 45-46) states that successful improvement of development factors such as a decrease in, for example, mortality rates can be due to growth-mediated or support-led development. **Growth-mediated development** relies on fast and broad economic growth with the conditionality that the benefits are used to invest in social-services. **Support-led development**, on the other hand, focuses on a well-developed system of social support including health, education, and other important social arrangements which focus on an improved quality of life.

3.3.6. The UN and the CA

Based on the capability approach, the UN developed the HDI (cf. chapter 3.1) to measure human well-being which is published in the Human Development Report (Clark 2002: 18; Foster and Handy 2008: 6). The Human Development Report was first issued in 1990 and since then, UNDP publishes a new edition every year focusing on different topics (UNDP n.d. (c)). Critics object that the HDI does not take into account inequality between groups (women, men) and geographic areas (rural, urban) (Clark 2002: 18)⁶.

3.4. Comparison of Indicators

Comparing the indicators presented above to measure inclusive development and the capability approach, it was possible to extract the following indicators:

Inclusive development:	Capability approach:
<ul style="list-style-type: none"> - distribution and average level of income: <ul style="list-style-type: none"> • GNI per capita • GINI index - non-income dimensions of well-being <p>Possible indicators:</p> <ul style="list-style-type: none"> • HDI • poverty rates • factors regarding education such as enrolment, completion of primary, secondary education • child health and maternal health • rates of HIV/AIDS • rates of people who have access to safe drinking water 	<ul style="list-style-type: none"> - HDI - Asks for: long life <p>Possible Indicator: life expectancy</p> <ul style="list-style-type: none"> - Asks for: escape of avoidable morbidity <p>Possible Indicators: death below 5 years of age; immunization rates</p> <ul style="list-style-type: none"> - Asks for: adequate nourishment <p>Possible Indicators: stunting and wasting rates</p> <ul style="list-style-type: none"> - Asks for: ability to read, write and communicate <p>Possible Indicators: enrolment rates, primary and/or secondary graduation</p> <ul style="list-style-type: none"> - Asks for: ability to take part in literary and scientific pursuits and so forth <p>Possible Indicator: level of education</p>

Table 1: Comparison of Indicators: Inclusive development vs. the capability approach

⁶Interesting to know is that in 2010, the UN used the first time the so called “Inequality-adjusted Human Development Index” (IHDI) which takes into account the inequality within a country. The IHDI is a measure for real human development and the HDI a measure of the potential of human development without inequality, for example, if the IHDI is below the HDI it shows that there is inequality within the country (UNDP n.d. (d)).

The CA further focuses on political participation and rights, economic participation, social opportunities including schools and health facilities, decrease of corruption, and the provision of social protection.

Taking all those indicators into account, it can be stated that the indicators for inclusive development and the capability approach are overlapping in many areas but especially in the areas of health, education, and nutrition, and with the HDI.

3.5. Definitions of Terms

In the following, the most important terms used in the paper are explained for a better understanding. Basic knowledge of not mentioned terms is assumed.

GINI Index: This “index measures the extent to which the distribution of income or consumption expenditure among individuals or households within an economy deviates from a perfectly equal distribution. A Lorenz curve plots the cumulative percentages of total income received against the cumulative number of recipients, starting with the poorest individual or household. The Gini index measures the area between the Lorenz curve and a hypothetical line of absolute equality, expressed as a percentage of the maximum area under the line. Thus a Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality” (WB n.d. (b)).

Gross Domestic Product (GDP): The GDP “at purchaser’s prices is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products” (WB n.d. (c)).

Gross Domestic Product growth (annual %): It is the annual growth rate of the GDP in per cent. The numbers are calculated using constant 2000 USD (WB n.d.(d)).

Gross enrolment rates: This indicator shows the school enrolment rate “regardless of age, expressed as a percentage of the population of official primary [/secondary] education age. GER can exceed 100% due to the inclusion of over-aged and under-aged students because of early or late school entrance and grade repetition” (WB n.d.(e)).

Gross National Income (GNI) per capita (Atlas method): Is based on current USD and it is modified in order to make international comparison between countries possible (WB n.d.(f)).

Gross National Income (GNI) per capita: It “is the gross national income divided by midyear population. GNI (formerly GNP) is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad” (WB n.d.(g)). It is based on constant 2000 USD (Ibid.)

Inflation: This indicator shows the annual percentage increase regarding the value of a basket of different services and goods for the average consumer from one year to the other (WB n.d.(h)).

Mortality rates:

- “Infant mortality rate – Probability of dying between birth and exactly one year of age, expressed per 1,000 live births” (UNICEF 2012b: 91).
- “Under-five mortality rate – Probability of dying between birth and exactly five years of age, expressed per 1,000 live births” (UNICEF 2012b: 91).

Poverty gap at \$1.25 a day (PPP) (%): “Poverty gap is the mean shortfall from the poverty line (counting the non-poor as having zero shortfall), expressed as a percentage of the poverty line. This measure reflects the depth of poverty as well as its incidence” (WB n.d.(i)).

Poverty headcount ratio at \$1.25 a day (PPP) (% of population): “Population below \$1.25 a day is the percentage of the population living on less than \$1.25 a day at 2005 international prices” (WB n.d.(j)). It is based on the average of the national poverty lines of the 15 poorest countries in the world (Chen and Ravallion 2008: 4).

Poverty headcount ratio at \$2 a day (PPP) (% of population): “Population below \$2 a day is the percentage of the population living on less than \$2.00 a day at 2005 international prices” (WB n.d.(k)). This poverty line is based on the “median poverty line found amongst developing countries as a whole” (Chen and Ravallion 2008: 4).

Poverty headcount ratio at national poverty line (% of population): “National poverty rate is the percentage of the population living below the national poverty line. National estimates are based on population-weighted subgroup estimates from household surveys” (WB n.d.(l)).

Stunting: It is calculated by measuring the height of a child and comparing it to its age and it is a sign for chronic malnutrition. If a child is smaller than its age would lead expect comparing it to healthy children it can be considered stunted, i.e. ‘shortness-for-age’ (WFP (United Nations World Food Programme) n.d. (a)).

Wasting: It can be considered as acute malnutrition and is connected to a significant weight loss due to starvation and/or disease. It is calculated by measuring the weight of a child comparing it to its height using healthy children as a reference (WFP n.d. (a)).

4. Overview of the SPS in Mexico

Oportunidades is a programme within Mexico’s social protection strategy focusing on human development. It is labelled as a very successful tool for social protection (Bachelet 2011: 66; Fiszbein and Schady 2009: 12; 29; 36) to decrease poverty and to advance human well-being. In the following, a short overview of the composition of Mexico’s population as well as the emergence and evolution of the programme Oportunidades are given.

4.1. General Information about Mexico

Mexico is a federal republic with 31 states and one federal district (CIA 2012). It is labelled as an upper middle income country due to a GNI per capita of 9,640 USD in 2008 (atlas method, current USD (cf. chapter 3.5)) (World dataBank). From 1995 to 2008 the population of Mexico rose from 92 million inhabitants to 111 million (World dataBank). The population regarding age is structured as follows:

Age	Per cent	Male	Female
0-14 years	27.8%	16,329,415	15,648,127
15-64 years	65.5%	36,385,426	38,880,768
65 years and over	6.7%	3,459,939	4,271,731
Total	100%	56,174,780	58,800,626

Table 2: Population Structure 2012 est.; Source: CIA 2012

In 2010, a census showed that about 14 million people were indigenous in Mexico (Minority Rights Group International 2011) which amounts to more than 12 per cent of the population.

The north of Mexico is considered to be industrialized and rich and the South to be poor and rural with high percentages of indigenous inhabitants (CIA 2012; DePALMA 1996; INEGI 2011).

4.2. The Roots of SPS in Mexico

Mexican officials tried to decrease poverty and improve well-being over decades (Levy 2006: 4). The first social rights were introduced in 1917 focusing on employee's rights relating to housing, health, and pensions (Gracia Lopez 2011: 294). In the 1940s, the 'Instituto Mexicano del Seguro Social' (Mexican Social Security Institute) and in the 1960s, the 'Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado' (State Workers Security and Social Services Institute) were created. Both were responsible for implementing different SPS (Ibid). The main beneficiaries of those SPS were salaried employees and union members which led to the exclusion of a considerable share of the population such as farmers and informal workers (Gracia Lopez 2011: 294). In the 1970s and 1980s, the first welfare programmes to reduce poverty were introduced focusing on rural development, the inclusion of marginalized groups, and food security (Ibid: 295).

4.3. Preconditions for Oportunidades

In the following, macroeconomic, political, and social factors contributing to the development of Oportunidades are elaborated.

4.3.1. Macroeconomic Factors

Taking a look at the 1980s, this decade is known as the 'lost decade' in the Latin American countries (Rodriguez 1991: 24). High growth rates in the 1970s led to high credibility on international markets. This led to increased amounts of international lending with low interest rates to Latin American countries. In 1982, Mexico announced as the first country its inability to pay back the borrowed funds within the scheduled time which led to the official start of the Latin American debt crisis (Ibid: 24). A vicious cycle of keeping interest rates high for lenders and of increased needs for funds to pay the high interest rates back led to increasing foreign debts. Growth and stability were left behind and therefore, it is called the lost decade [of growth and stability] (Ibid: 25). This is also apparent from an on average low GDP growth rate of 0.59 per cent per year from 1982 to 1989 (World

dataBank; cf. chapter 6.1 and annex 8.1) showing that the economy is growing very slow and that the country is in a stagnation.

The debt of the central government increased from 15.98 per cent of the GDP in 1980 by almost 20 percentage points to 35.68 per cent in 1982 (OECD.StatExtracts). The external debt reached its peak in 1987 with 61.71 per cent of the GDP. It decreased slowly until 1993 to 23.08 per cent and increased again to 37.25 in 1995 (Ibid).

In 1995, another profound recession took place leading to high inflation, a devaluation of the Peso by half (Whitt 1996: 1), and a steep increase of the poverty rate (cf. below). This crisis is called the 'Peso crisis' and started at the end of 1994 when the government decoupled the Mexican Peso from the US dollar (Whitt 1996: 1).

4.3.2. Political and Social Factors

In addition to the economic ups and downs in the 1980s and 1990s, the political situation was not very stable in the beginning of 1994. Tumults in the south of Mexico and the assassination of a presidential candidate as well as other important political and economic Mexican figures led to uncertainty about the political and economic stability in the country (Whitt 1996: 2-3). When Ernesto Zedillo was elected president at the end of 1994 (Basténier 2012), he had to deal with the Peso crisis and an increased number of poor people in the following two years.

Comparing the percentage of poor people by national and international standards one can notice that the percentage by national standards is a lot higher (cf. tables below). It can be said that in Mexico the national poverty line can be considered more important than the international poverty line of \$1.25. One reason is that the latter one is based on the poverty lines of the 15 poorest countries of the world (cf. chapter 3.5); however, Mexico is considered as a medium-income country (cf. above) and countries with better economic situations are more likely to have higher poverty lines (Gentilini and Sumner 2012: 7). Therefore, the poverty line of \$2 would be more adequate taking into account the median of all developing countries (cf. chapter 3.5). Furthermore, the national poverty lines vary across countries and take into account different national factors (Chen and Ravallion 2008: 2). In Mexico, the standards are defined by the 'Secretaría de Desarrollo Social' (Secretary for Social Development - in short SEDESOL) and include three different levels of poverty: food poverty: to lack enough income to buy sufficient and proper food to ensure adequate nutrition; capacities poverty: to be deficient in income needed to spend on education and

health; and assets poverty: to lack further income in order to spend it on housing, transport, and clothing(WB 2005a: 105). Food poverty indicates extreme poverty and assets poverty indicates moderate poverty (WB 2005a: 150). Therefore, in Mexico the national poverty line representing assets poverty may help to evaluate the real level of poverty. Nevertheless, to provide a holistic picture of poverty data for national and international standards is given.

The figure below shows that during the mid-1980s and the beginning of the 1990s the poverty rate at the national poverty line stayed constantly over 50 per cent. Although some social protection programmes were in place (cf. above), the poverty headcount ratio by national and international standards increased significantly after 1995. It can be observed that the national poverty line reached a peak of almost 70 per cent in 1996 which can be related to the Peso crisis mentioned above. However, the years following 1996 show a steady decrease of the poverty headcount ratio to below 50 per cent in 2006but another slight increase until 2008.

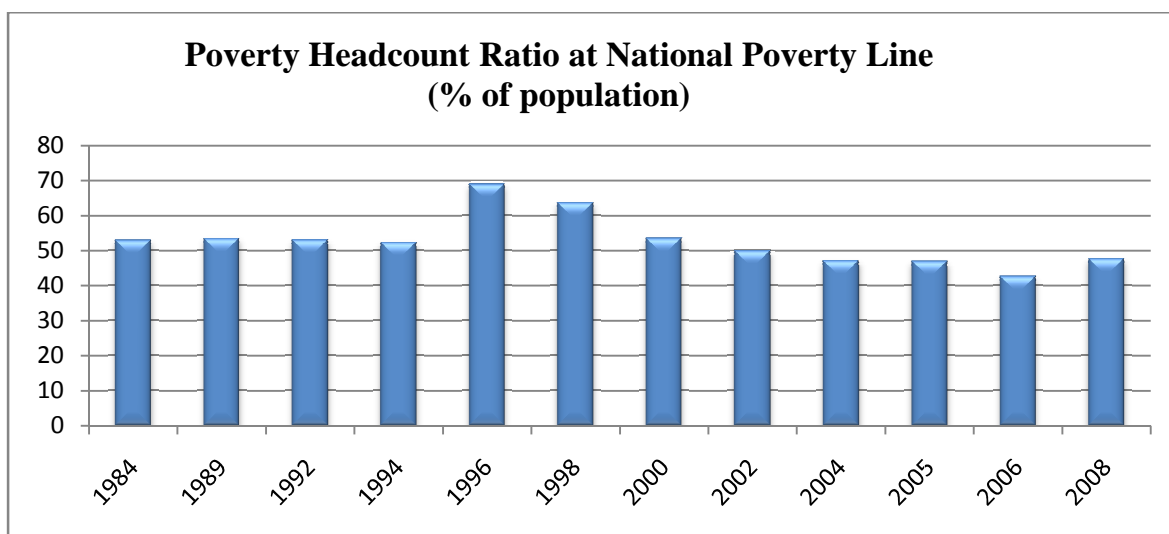


Figure 4: Poverty headcount ratio at national poverty line (% of population) in Mexico 1984 to 2008; Source: World dataBank

As the figure below regarding the poverty headcount ratio at \$1.25 and \$2 a day illustrates, the percentage of people living in poverty are a lot smaller compared to the national standards shown before. The poverty headcount ratio of people living on less than \$1.25 per day decreased significantly from 1984 to 1994 by 8.8 percentage points. However, from 1994 to 1996 it increased againby 4.3 percentage points from 3.6 per cent to 7.9 per cent and further to 8.62 per cent in 1998. In comparison, the poverty headcount ration at \$2 per day was very high in 1984with 28.5 per cent of the population living on less than \$2 per day. It decreased significantly until 1989 to 6.55 per cent; however, from 1994 to 1996

there was another increase by 6.1 percentage points reaching 20.1 per cent in 1996 due to the Peso crisis that hit Mexico in 1995. After 1998 the situation started to improve constantly. However, in 2008 the poverty rate for both indicators increased slightly again.

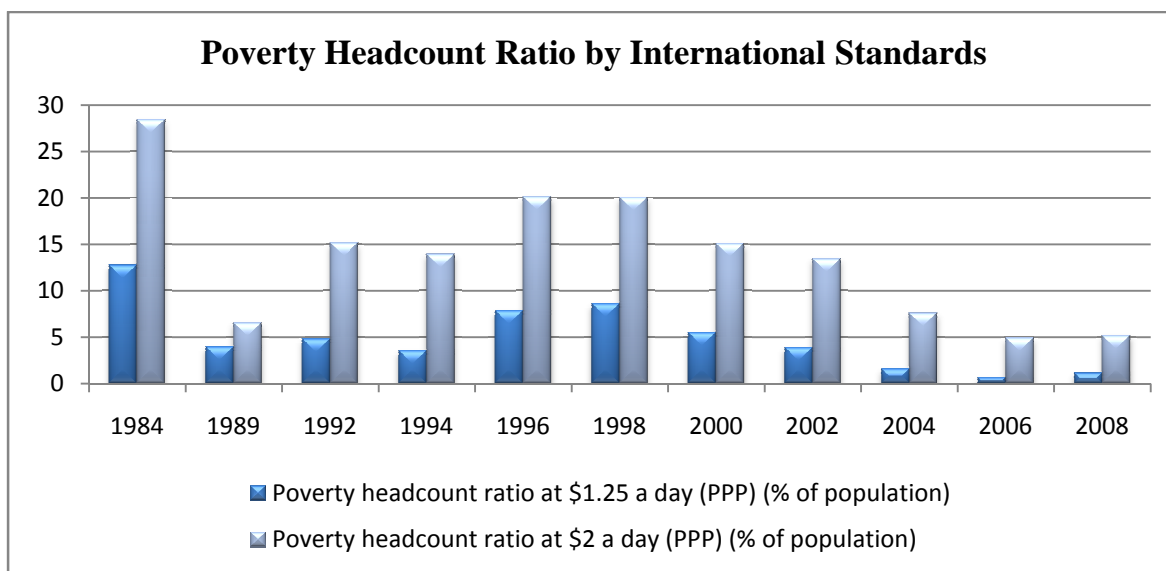


Figure 5: Poverty headcount ratio by international standards at \$1.25 and \$2 a day (PPP) (% of population) in Mexico 1984 to 2008 at 2005 international prices; Source: World dataBank

In addition to high poverty rates, the geographical differences between rural and urban areas in Mexico were significant in the mid-1990s and the population in rural areas was in a worse position. In 1996, 52.4 per cent of the rural households and ‘only’ 26.5 per cent of the urban households could be considered extremely poor (WB 2005b: 150) because they had not enough money to buy food to satisfy a minimum of nutritional requirements regarding national standards explained above (WB 2005a: 105). Infant mortality in the rural areas was a lot higher than in urban areas and rural children were more likely to be stunted: they were almost five per cent smaller than the national average (Levy 2006: 9). Reproductive and preventive health service centres were more common in urban areas and only 56 per cent of women living in poverty used birth control methods which led to a high fertility rate among poor women - representing in 1995 the same fertility rate for poor women as it was the fertility rate at national level in 1979 (Levy and Rodriguez 2004 in Levy 2006: 9). In 1996, rural extreme poor were more likely to lack primary education than urban poor (Davis et al. 2004: 196) which is also visible in the figure below. It shows that the school enrolment rate for children between 12 and 15 years was, with over 80 per cent in the urban areas, significantly higher than in the rural areas with percentages below 70 per cent from 1992 to 1996.

Comparing the data of the figure, it can be stated that urban poor had on average more education than the rural poor. Moreover, girls within the rural, the urban, and the bottom quintiles were always significantly more deprived than boys.

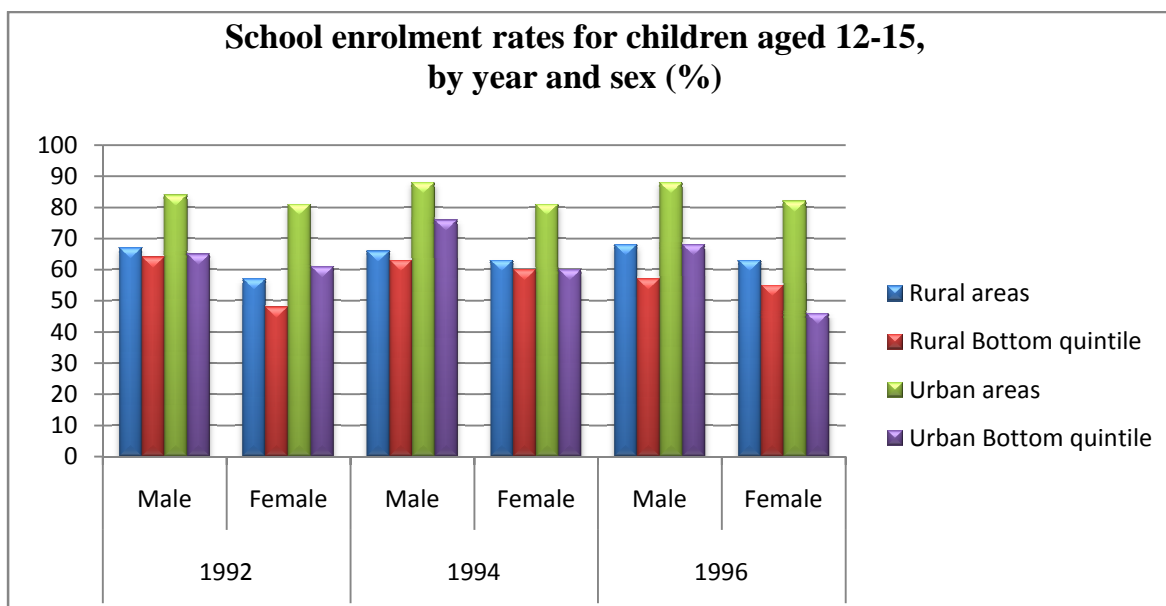


Figure 6: School enrolment rates for children aged 12-15, by year and sex (%); Source: Davis et. al 2004: 203

These findings show severe differences within the population and across areas and gender. They show that the benefits of economic growth were not distributed across the country depriving especially the rural population and women. Therefore, the time period in the 1990s can be labelled as a non-inclusive development period.

4.4. Emergence and Evolution of Oportunidades

Although fifteen food subsidies programmes were in place in the mid-1990s (Levy 2006: 4-5), the impact was distributed unequally (cf. chapter above). Some of the SPS that were in place were universal and others were targeted. Nevertheless, the urban poor received the main part of the benefits (Ibid: 5). Levy (2006: 6-8) argues that the implementation of the social programmes was not centralized which led to high administrative costs, corruption, and little impact as efforts were doubled and high errors in targeting occurred (cf. chapter 3.2.3.2).

Due to high poverty rates shown above and affirmed by different studies and researches within Mexico (cf. Levy 2006: 11, footnote) which showed the links between human capital, food, nutrition, education and health (Levy 2006: 10), the government decided to use the atmosphere of the crisis in 1995 (cf. chapter 4.3.1) to design a new, more effective, and more efficient programme that should replace the old ones. A pilot project was

conducted in order to test the concept and show the benefits of the programme as well as to convince other government officials to support the programme (Ibid: 34-35).

The programme was initially called 'Programa de Educación, Salud y Alimentación' (PROGRESA) which means Education, Health, and Nutrition Programme (Skoufias 2005: 1). It should help to alleviate poverty, to distribute the gains of welfare to the poor, and to protect them better from crises in the future (cf. Levy 2006: 14-15) with an integrated approach focusing on human capital. Its main goal is to break the vicious cycle of intergenerational poverty transmission by improving the education, health, and nutrition of the poorest population but especially of children and mothers (Skoufias 2005: 1; Levy 2006: 21). It is a conditional cash transfer system asking for school enrolment and visits to health facilities in exchange for benefits. In addition, benefits such as nutritional supplements are given to children under five as well as pregnant and breastfeeding women (Ibid). Unique to PROGRESA was that an external organization was hired – the IFPRI – to evaluate the impact of the programme within the first two years (Bate 2004; Székely 2011: 20). After Vicente Fox took office in 2000 (CIA 2012), he renamed the programme to 'Programa de Desarrollo Humano, Oportunidades' in short 'Oportunidades' which means Human Development Opportunities Programme (DOF 2003: 6) in 2002 (Levy 2006: 1) and therefore in the following, the programme will be called Oportunidades. Based on the findings of the IFPRI, Fox introduced basically the same programme with a broader coverage to include the urban poor and some additional features such as 'Jóvenes con Oportunidades' (cf. chapter 4.6.3) (Skoufias 2005: 66). The first framework for Oportunidades was determined in the National Plan for Development 2001-2006 (DOF 2003: 7).

4.5. Overview of the Characteristics of Oportunidades

Oportunidades can be considered as a social assistance programme (cf. 3.2.2.) which focuses on human development through improving the health, educational, and nutritional situation of the population (DOF 2003: 7) and was introduced in 1997 (Fiszbein and Schady 2009: 268). The structure of the programme is based on inter-institutional collaboration. Bodies and ministries responsible for education, health, social development, and social insurance work jointly together. SEDESOL is responsible for the general coordination (DOF 2003: 10; DOF 2007: 5).

4.5.1. Objectives

The aim of Oportunidades is to support families in extreme poverty to improve their capabilities and to extend their alternatives to achieve better levels of well-being (DOF 2003: 8; DOF 2007: 3).

It has the following guiding objectives (Ibid): improve the educational level and the well-being of Mexican people; improve the quality and reduce the inequality of opportunities; widen the capacity of governmental responses to strengthen the confidence in the institutions; improve the health conditions of Mexicans; dismantle the inequality in health; decrease the deficits in health that affect the poor; improve and broaden the level of education for the development of capabilities of persons and individual initiatives; strengthen the social capital; and achieve social and human development (DOF 2003: 7; DOF 2007: 3).

4.5.2. Targeting

The government decided to use targeting procedures in order to ensure that only families that live in extreme poverty benefit of the programme. The targeting is carried out through a focus on certain geographical areas and proxy-means testing (Fiszbein and Schady 2009: 207, 268). First, areas with a high concentration of households in extreme poverty are prioritized. Second, eligible families are evaluated (DOF 2003: 10; DOF 2007: 5-6).

4.5.3. Benefits

It is a conditional cash transfer system in combination with in-kind distributions such as nutritional supplements. The size of the cash benefits increases the income of households in extreme poverty by 25 per cent on average (Gertler 2000: 3). The recipients of the cash benefits are mainly the female heads of the households (DOF 2003: 11). The height of the amounts distributed to the beneficiaries is updated two times per year, in January and in July, taking into account the inflation (DOF 2003: 15). The money is distributed bi-monthly through payment points or through savings accounts established at one designated Mexican bank (Fiszbein and Schady 2009: 212; Parker 2003: 26). The receipt of the benefits is not tied to a certain time period (Fiszbein and Schady 2009: 212) but to the fulfilment of certain conditions mentioned below. The following monetary and service benefits are distributed to eligible beneficiary families:

Nutrition: monthly monetary amounts to improve the health of the family members, e.g. 155 Peso in 2003 (DOF 2003: 15) and 185 Peso in 2007 (DOF 2007: 10) for each

beneficiary family; nutritional supplements for children under five and for pregnant and breast-feeding mothers to improve their nutrition and to prevent undernourishment; appointments to monitor the nutritional status; and education classes for nutrition and alimentation (DOF 2007: 7).

Health: supply of a guaranteed basic health package (DOF 2007: 7) which provides “first-level healthcare services” (Sánchez López 2008: 119); education classes for health, nutrition and hygiene (DOF 2003: 13 and DOF 2007: 7).

Education: scholarships and a certain amount for school supplies at the beginning of every school term. The following table shows a comparison of scholarships for girls and boys in 2003 and 2007 in Mexican Peso (\$) ⁷:

	2003 (1st term)		2007 (2nd term)	
	Boys	Girls	Boys	Girls
Primary				
3rd	\$ 105.00		\$ 125.00	
4th	\$ 120.00		\$ 145.00	
5th	\$ 155.00		\$ 185.00	
6th	\$ 205.00		\$ 250.00	
Secondary				
1st	\$ 300.00	\$ 315.00	\$ 360.00	\$ 385.00
2nd	\$ 315.00	\$ 350.00	\$ 385.00	\$ 425.00
3rd	\$ 335.00	\$ 385.00	\$ 405.00	\$ 465.00
Upper secondary				
1st	\$ 505.00	\$ 580.00	\$ 610.00	\$ 700.00
2nd	\$ 545.00	\$ 620.00	\$ 655.00	\$ 745.00
3rd	\$ 575.00	\$ 655.00	\$ 695.00	\$ 790.00

Table 3: Benefits for girls and boys in 2003 and 2007 in Mexican Peso via Oportunidades; Source: DOF 2003: 15 and DOF 2007: 10-11

As the table shows, the amounts increased faster for higher grades and for girls, e.g. an increase of 20 Peso from 2003 to 2007 for the 3rd grade of primary; 60 Peso for 1st grade of secondary for boys and 70 Peso for 1st grade of secondary for girls; 100 Peso for 3rd grade of upper secondary for boys and 135 Peso for 3rd grade of upper secondary for girls from 2003 to 2007. The reason for this increase is that the amount should cover the opportunity

⁷To have a general idea about the amount distributed I will give the exchange rate for 01 January 2003 which was 0.0963 USD for 1 Peso and for 01 July 2007 which was 0.0926 USD per 1 Peso (Currency Converter Yahoo). Therefore, a family would receive about 10.11 USD in January 2003 and 11.58 USD in July 2007 for each child attending the third grade of primary school.

cost of children helping at home or earning money through working (Behrman et al. 2002: 1). Older children are more likely to do so and therefore, the amount increases with the age of the children (Ibid). After the second grade the amount for girls is higher than for boys because the gender inequality within the country is taken into account (DOF 2007: 6), i.e. that the government wants to increase the enrolment rates of girls as they are more likely to skip or to leave school than boys. This is also visible in the enrolment rates of boys and girls from 1992 to 1996 (cf. figure 6).

Another initiative is called: 'Jóvenes con Oportunidades' (Youth with Opportunities) to increase the number of students obtaining a baccalaureate. Every year, beginning with the third grade of secondary school, the beneficiaries accumulate points when finishing another year of schooling. If they finish upper secondary education before 22 years of age they receive a certain amount of money equal to the points accumulated – maximum 3000 points (DOF 2007: 8; 11). (Ibid: 8).

The programme extended over time and other components were included to Oportunidades, for example, monthly benefits for adults over 70 living in a beneficiary household in 2006 (DOF 2006: 16) and a monthly grant for energy costs in 2007 (DOF 2007: 8) showing that the government tries to improve the scope and the effectiveness of the programme to fulfil its objectives (cf. chapter 4.6.1). Furthermore, the bodies and ministries in charge of the respective areas are responsible for improving educational and health services for beneficiaries especially in their areas of residence (DOF 2007: 6-7).

4.5.4. Conditionalities

The conditionalities to receive the benefits include: school enrolment and school attendance of 80 per cent per month and 93 per cent per year; the successful completion of the secondary grade; if applicable the successful completion of grade 12 before turning 22 years old; all household members need to have a certain number of medical checkups; (Fiszbein and Schady 2009: 268); registration at the corresponding health institution; monthly participation at health and nutrition lectures for household members above 15 years of age to increase their self-caution regarding health (DOF 2007: 8-9). Furthermore, beneficiary families are obliged to use the given monetary benefits for the indicated purposes – health, nutrition, and education – and need to support children in school age to finish the school cycle (Ibid: 9).

A violation of the conditionalities leads to a temporary reduction of the benefits and in case the violations are continuing, families lose the right to receive benefits (Fiszbein and Schady 2009: 89).

4.5.5. Evaluation

One special feature of Oportunidades is its external evaluations system (Bate 2004; Székely 2011: 20) and the available data it provides (Fiszbein and Schady 2009: 36). The first evaluations in rural areas were done by the IFPRI who hired external reputable economists to carry out the evaluation ensuring the credibility of the evaluations (Parker 2003: 4). Afterwards, other credible Mexican institutions such as the ‘Instituto Nacional de Salud Pública’ (National Institute of Public Health), ‘Centro de Investigaciones y Estudios Superiores en Antropología Social’ (Social Anthropology Research and Higher Studies), and ‘Centro de Investigación y Docencia Económicas’ (Center for Research and Teaching in Economics) took over to carry out the evaluations (IFPRI n.d.).

4.5.6. Scope

The programme started in 1997 with 300,000 households receiving benefits (Bate 2004). In 1999, the funds spent for the programme corresponded to about 0.2 per cent of the GDP (Skoufias 2005: 1). By 2000, almost 2.6 million households benefited of the programme covering 40 per cent of the rural families (Ibid). In 2007, 5 million households benefited from Oportunidades which accounts for about a quarter of the total population and “all homes living in extreme poverty” (IDB (Inter-American Development Bank) 2008). The programme costs account for 0.4 per cent of the national GDP (Fiszbein and Schady 2009: 269; RSCAS 2010: 4).

Combining all the given data, it can be concluded that the structure of Oportunidades has many similarities to the capability approach proposed by Sen (cf. chapter 3.3). It focuses on education, health, and nutrition, the improvement of infrastructure, better political commitment, and decreased inequality in order to improve the capabilities and the well-being of the Mexican population and to break the intergenerational cycle of poverty. These measures further help to increase the capabilities in the agency sense mentioned by Nussbaum (cf. chapter 3.3.3) helping people to make entire use of available economic, political, and social opportunities. However, Oportunidades also includes another characteristic: conditionalities which beneficiaries of the programme have to fulfil in order to receive benefits. This happened in order to avoid that the money given to the

beneficiaries is spent otherwise due to different personal values and objectives of the beneficiaries (cf. chapter 3.3.3) and therefore, to support the realization of the programmes objectives which should help beneficiaries to achieve a better status of well-being. Moreover, an evaluation system was introduced to show the impact of the programme which had positive effects on political support and international recognition of the programme (cf. chapter 6.2 and 6.3).

5. Social Protection Strategies and Inclusive Development

Sen implied that education, nutrition, and health are important factors to increase capabilities which should lead to development and improve human well-being (cf. chapter 3.3.3). It was shown in the chapter before that Oportunidades takes these notions into account trying to improve those three areas in order to increase the opportunities and capabilities of the Mexican population and to break the vicious cycle of poverty. In the following chapter, the research question to what extent social protection strategies focusing on human development are a valuable means to contribute to inclusive development will be answered. Therefore, the impact of Mexico's Oportunidades on improved levels of nutrition, health, and education is analysed.

5.1. Nutrition

As mentioned above Oportunidades focuses its efforts on three core areas: nutrition, health and education. Nutrition is an important factor for health as adequate nutrition is important for being a healthy person, growing normally, and being more resistant to diseases (WFP n.d. (b); UNICEF 2009: 31). Malnutrition of babies and toddlers has negative effects on their physical and mental development (Ibid). It is especially important for children and pregnant and breast-feeding women to be adequately nourished. The first 1000 days of the life of a child including conception are often called the window of opportunity and represent the most important period of time to prevent malnourishment (Ibid).

Nutrition is most commonly measured through weight and height and indicators are, for example, stunting and wasting rates of children (UNICEF 2012b: 84). As shown before (cf. chapter 4.6), the Mexican government started to provide monetary benefits to families in order to improve nutrition. The overall situation of nutrition is elaborated below.

5.1.1. Consumption

A survey done by the IFPRI (Hoddinott et al. 2000) elaborates that nutrition intakes rely on the goods which households buy. This is also affected by knowledge of an appropriate diet (Ibid: 3). Within the first year of operation of Oportunidades, the survey found that beneficiary households of Oportunidades spent on average more on food – 3.4 per cent more in 1998 and 13.5 per cent more in 1999 – than non-beneficiary households (Ibid: 52). Furthermore, within one year, from November 1998 to November 1999, beneficiary households in rural areas consumed more and a wider variety of food than non-beneficiary households including vegetables, fruits, and meat (Ibid: 55-58). Additionally, the percentage of household doing without certain types of food decreased significantly, e.g. the percentage of beneficiary households doing without vegetables⁸ (except of tomatoes and onions) decreased by 6 percentage points from 18.2 per cent to 12.2 per cent in comparison to non-beneficiary households where the percentage decreased by only 2.8 percentage points from 22.8 to 20.0 per cent from 1998 to 1999. An additional 15 per cent of beneficiary households started to include meat to their diet (Ibid: 59) and the calories consumed per person and per day increased by 7.8 per cent in 1999 (Ibid: 35). These numbers show that households spent their money differently which led to a more diverse diet. The authors of the study link the improvement of the diet also to lectures given to the population talking about appropriate diets and encouraging them to consume more fruits, vegetables, and other animal products (Ibid: 36).

Summing up, it can be said that within one year of observation from November 1998 to November 1999 the situation regarding a more diverse diet of all households participating in the survey improved. However, the situation of the beneficiary households of Oportunidades improved significantly better in comparison to non-beneficiaries which could be related to the monetary support and lectures provided by Oportunidades.

5.1.2. Stunting

Regarding chronic malnutrition (cf. chapter 3.5) at national level, the Mexican National Nutrition Survey in 1999 found that 17.7 per cent of children under five were stunted and that rural areas were hit harder (31.6 per cent) than urban areas (11.6 per cent). Furthermore, children of indigenous roots had a higher prevalence rate of stunting (44.3 per cent) than children of non-indigenous parents (14.5 per cent) (Rivera and

⁸Those vegetables include: potatoes, carrots, leafy vegetables, oranges, plantains, apples, lemons, and prickly pears (Hoddinott et al. 2000: 59).

Sepúlveda Amor 2003: S568). The survey in 2006 found that the national rate of stunting had decreased to 12.6 per cent (Olaiz-Fernández et al. 2006: 89).

In 2008, an external evaluation ((Neufeld et al. 2008) focusing on the impact of Oportunidades regarding nutrition and evaluating the stunting prevalence of children less than two years old in rural areas took place. They found that among children receiving benefits from Oportunidades the prevalence of stunting decreased by 11.1 percentage points from 35 per cent in 1999 to 23.9 per cent in 2007 and for non-beneficiaries the prevalence rate decreased by 10 percentage points from 29.4 to 19.4 per cent (Neufeld et al. 2008: 363). The improvement of the prevalence for stunting was highest in high (-10.3 per cent) and medium marginalized (-12.5 per cent) communities in comparison to very high marginalized (-4.9 per cent) and low marginalized (+3.4 per cent) communities (Neufeld et al. 2008: 363) where an increase of the stunting prevalence took place. Furthermore, the authors found that the indigenous population was still more affected by stunting than the non-indigenous (Ibid: 347). There were great differences among areas and gender: the prevalence of stunting for boys was about 25.6 per cent but for girls only 18.1 per cent in 2007 and there were also differences among the federal states examined; for example Guerrero had a prevalence of 36.3 per cent, Veracruz 24.4 per cent, and Michoacán 16.2 per cent as can be seen in the figure below (Ibid: 346; 365). All the given states can be considered to be situated in the centre or in the south of Mexico. Interesting to observe is that there were considerable improvements in most of the states except of Veracruz where almost no improvement occurred during the ten years of observation (Ibid: 364).

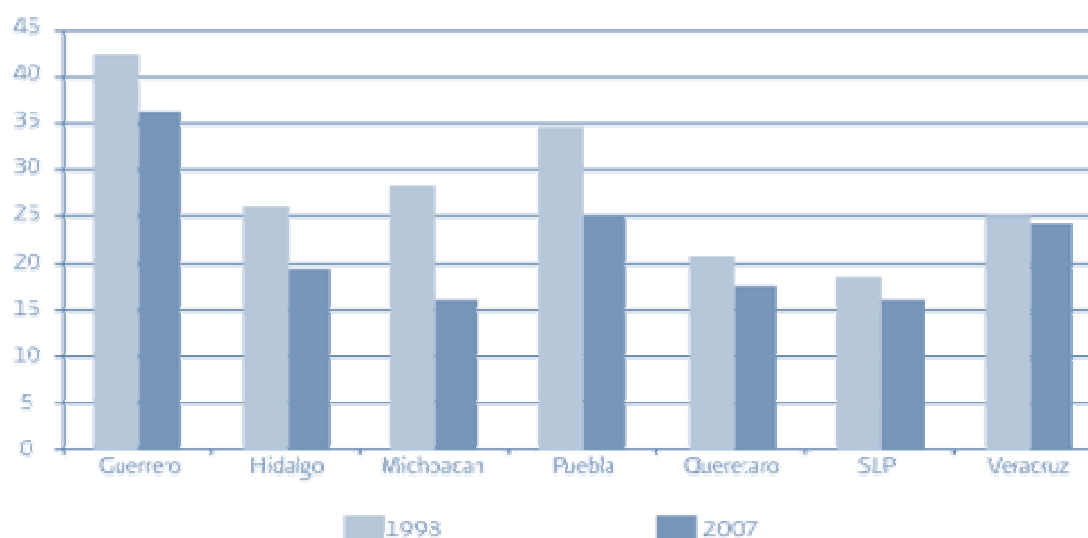


Figure 7: Prevalence of stunting in 1998 and in 2007, by seven states (SLP = San Luis Potosí);
Source: Neufeld et al. 2008: 362

Concluding, it can be said that there was a severe improvement for the prevalence of stunting since Oportunidades started. It is observable that prevalence of stunting is still higher among beneficiaries (23.9 per cent) than among non-beneficiaries (19.4 per cent) but one can notice that the prevalence rate improved faster among beneficiaries (-11.1 percentage points) than among non-beneficiaries (-10 percentage points) (Ibid: 363). One reason for the fast improvement of the latter can be that non-beneficiaries are generally better off than beneficiaries. However, it seems that Oportunidades evens the opportunities including better nutrition and health for beneficiaries and non-beneficiaries leading to improvements for both groups at almost the same speed. This allows the assumption that Oportunidades had positive effects on the beneficiary group that might not have been possible without it.

5.1.3. Wasting

At the national level, the numbers for wasting or acute malnutrition (cf. chapter 3.5) were already low in 1999 accounting for 2.1 per cent of children under five (Rivera and Sepúlveda Amor 2003: 5569; Olaiz-Fernández et al. 2006: 84) which decreased further to 1.6 per cent in 2006 (Olaiz-Fernández et al. 2006: 89).

Comparing the data of children less than two years old in rural areas, the prevalence of wasting decreased from 3.3 per cent in 1999 to 2.4 per cent in 2007 (Neufeld et al. 2008: 363) which can be considered normal for a healthy population (<2.5 per cent) (Ibid: 345). The differences between the different federal states were moderate ranging from 1.7 per cent in Guerrero to 2.9 per cent in Veracruz (Ibid: 346). In the range of non-beneficiaries, the prevalence of wasting increased from 1.1 to 2.9 per cent from 1999 to 2007 whereas within the beneficiaries the prevalence decreased by 1 percentage point from 3.3 to 2.3 per cent (Ibid: 363). This data shows another positive result for children less than two years old benefiting of Oportunidades in rural areas and leads to the conclusion that beneficiaries are less prone to crises as wasting indicates acute malnutrition and the prevalence rate of beneficiaries decreased but the prevalence rate of non-beneficiaries increased.

Taking a look at wasting and stunting, it can be said that there were improvements for adequate nourishment expressed in a reduction of the prevalence of both indicators. The reduction of wasting was smaller but it can be considered quite significant because in comparison to beneficiaries the prevalence of wasting for non-beneficiaries increased and

did not decrease showing that the programme has positive effects on the health of beneficiaries. Therefore, it can be stated that Oportunidades had impact on better nourishment of children and their mothers within the first 1000 days of a child's life which helped to improve adequately nourishment laying the cornerstone for a healthier physical and mental development which is essential for the future capabilities and functionings of the children. Furthermore, improvements in rural and remote areas and within poor communities contribute to build the capabilities of these population groups and to advance inclusive development by distributing the wealth across sectors, areas, and gender.

5.2. Health

The section before showed that Oportunidades had positive effects on nutrition which is a key factor for health. In addition to money for nutrition and the supply of nutritional supplements, Oportunidades provides basic health care packages, educational classes for health, nutrition, and hygiene, and tries to improve the supply of health services to increase the health status of the Mexican population but especially of children under five and of pregnant and breast-feeding women (cf. chapter 4.6).

5.2.1. Child Health

Taking a look at child health, the effects and the impact of better nutrition were evaluated before. Other interesting indicators to observe child health are immunization rates and mortality rates.

At national level, immunization rates of diseases increased from 1997 to 2008. As the table below shows, the percentage of children vaccinated for diphtheria, pertussis (or whooping cough), and tetanus (DPT) increased from 95 to 96 per cent. More significantly is the percentage of children that were vaccinated against measles with an increase of 5 percentage points from 91 per cent in 1997 to 96 per cent in 2008.

	1997	2008	Difference
Immunization, DPT (% of children ages 12-23 months)	95	96	1
Immunization, measles (% of children ages 12-23 months)	91	96	5

Table 4: Immunization (% of children ages 12-23 months); Source: World databank

This data shows improved levels of immunization for children from age 12 to 23 months protecting them from these diseases and improving their chances to live a longer life.

The under-five mortality rate is especially important because it is claimed by UNICEF (2012b: 125) to be the best indicator for showing a change in child well-being since a) it can be defined as an end result of rather than an input for the development process; because b) it is the result of many other inputs such as immunization, knowledge of mothers, availability of health services; and c) “the natural scale does not allow the children of the rich to be one thousand times more likely to survive, even if the human-made scale does permit them to have one thousand times as much income” (UNICEF 2012b: 125).

Comparing the national mortality rate per 1,000 births, it can be said that the rates decreased steadily from 1997 to 2008 with a more significant improvement regarding the probability of children dying before reaching their fifth birthday from 34.6 to 18.8 deaths per 1,000 live births (WB n.d.(m)). Infant mortality rate improved also from 28.3 to 15.7 children dying within the first year of life per 1,000 live births in the same years (WB n.d.(n)).

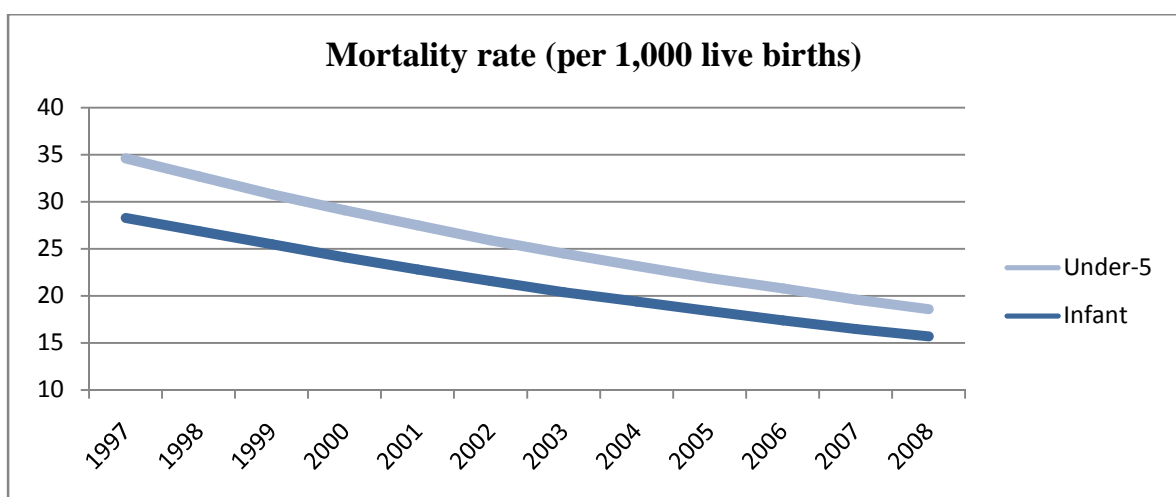


Figure 8: Mortality rate (per 1,000 live births); Source: World dataBank

This shows an impressive improvement of the mortality rates for infants and under-five year olds cutting the number of deaths per 1,000 live births for the latter one by almost the half and can be interpreted as a significant increase of child well-being also according to UNICEF's statement above. The improvements might be related to a better nutritional status of mothers and children, more knowledge of mothers, and increased immunizations rates shown above which might be related to services and goods provided by Oportunidades.

5.2.2. Maternal Health

The maternal mortality ratio decreased from 85 deaths per 100,000 live births in 1995 by more than a third to 50 deaths per 100,000 live births in 2010 (World dataBank). One reason might be that at national level, the percentage of births attended by skilled health staff increased by 8 percentage points from 85.7 per cent in 1997 to 93.7 in 2007 and by another 1.6 percentage points to 95.3 percent in 2009 (World dataBank).

Regarding the impact on maternal health, an evaluation of Oportunidades in 2008 (Bautista Arredondo et al. 2008) showed that beneficiary women of Oportunidades were more likely to use health services than non-beneficiary women and that it was more likely that a doctor or a nurse would be present during child birth among beneficiary women (Bautista Arredondo et al. 2008: 213).

According to another survey done to evaluate Oportunidades (Neufeld et al. 2008), the health of mothers of children between zero to two years of age receiving benefits from Oportunidades was slightly better than the one of non-beneficiaries comparing their underweight and overweight shown in the table below. Only with obesity beneficiaries were slightly worse off than non-beneficiaries which can be related to a wrong diet and a lack of micro-nutrients already as a child (The Economist 2012).

	Low weight	Overweight	Obesity
Beneficiaries	3.4	33.8	15.2
Non-beneficiaries	3.6	34.6	15

Table 5: Prevalence (%) of overweight and obesity among women, mothers of children zero to two years of age, by household characteristics; Source: Neufeld et al. 2008: p. 357

The number of low-birth weight babies decreased from 9.1 percent in 1999 to 8 per cent in 2008 and 7.3 per cent in 2009 (World dataBank).

To conclude, it can be said that these figures show improved numbers for child and maternal health and better services for women having a baby at national level and at local level provided by Oportunidades increasing the probabilities of the population to achieve better mental and physical development which can help to increase their capabilities and to live a longer and better life.

5.2.3. Further Health Indicators

Comparing data regarding health at the national level, the table below illustrates that there was an improvement in all areas except of the prevalence of HIV which stayed the same at

0.3 per cent of the population which can be considered positive too. The number of health facilities increased and provided double as many hospitals beds in 2008 than in 1997. Furthermore, the percentage of the population with access to sanitation facilities increased by 11 percentage points with an especially high improvement in rural areas by 25 percentage points from 49 to 74 per cent. Access to water increased at national level by five percentage points from 89 to 94 per cent and reached a coverage of 88 per cent of the rural population which means an increase of 15 percentage points within 12 years. On overall, the life expectancy increased by three years from 73 years to 76 years from 1997 to 2008 and shows the positive effects of improved conditions on life expectancy.

	1997	2008	Difference
Life expectancy at birth, total (years)	73	76	3
Life expectancy at birth, female (years)	76	79	3
Life expectancy at birth, male (years)	71	74	3
Prevalence of HIV, total (% of population ages 15-49)	0.3	0.3	0
Hospital beds (per 1,000 people)	1	2	1
Physicians (per 1,000 people)	1.4	2.9*	1.5
Improved sanitation facilities (% of population with access)	72	83	11
Improved sanitation facilities, rural (% of rural population with access)	49	74	25
Improved sanitation facilities, urban (% of urban population with access)	80	86	6
Improved water source (% of population with access)	89	94	5
Improved water source, rural (% of rural population with access)	73	88	15
Improved water source, urban (% of urban population with access)	94	96	2

Table 6: Different indicators regarding health; Source: World dataBank

***This number is for 2004 as there was no number available for 2008.**

These numbers show an improved situation but are still not sufficient leaving 17 per cent of the population without adequate access to sanitation facilities (cf. WB n.d. (o)) and 6 percent without access to a sufficient amount of water (cf. WB n.d. (p)). Nevertheless, the overall situation improved over the past 12 years which is also visible in the under-five mortality rate shown above and can be related to different factors, e.g. increased national wealth (cf. chapter 6.1), more resources for health and education, increased income as well as educational courses on health and nutrition provided by the government through Oportunidades trying to fulfil its objectives to decrease health inequality, to improve the health conditions, and to decrease health deficits for poor people in Mexico (cf. chapter 4.6.1).

5.2.4. Health care

Poor Mexicans living in rural areas tended to use health care facilities at a very low rate of about 6.5 visits per person per year (Gertler 2000: 11). Therefore, it is interesting to observe that the IFPRI survey in 2000 found that within one year of the programme's operating time the rate of visits to health clinics increased and was 12 per cent higher within beneficiary communities than within non-beneficiary communities (Ibid: 9). Furthermore, the use of public clinics rose by 30 per cent to 50 per cent due to Oportunidades (Ibid: 12). Beneficiary children under five were less likely to be sick than non-beneficiaries (Gertler 2000: 16; 30-31) and beneficiary adults very more likely to be healthier than non-beneficiaries (Ibid: 16).

Taking a look at an evaluation published in 2008 (Sánchez López 2008), the author found that even though the demand for healthcare services increased (Ibid: 108) the quality of the services and the availability of health staff, medical equipment, and basic health supplies is not sufficient (Ibid: 106; Gutiérrez et al. 2008: 22). Beneficiaries in remote areas often need to travel to other regions in order to obtain medical attention which impedes correct monitoring of patients and sufficient aftercare (Sánchez López 2008: 109). Furthermore, the situation is worse especially in areas with a high percentage of indigenous population (Ibid: 107; 156). Nevertheless, it was found that Oportunidades has positive effects on the awareness of beneficiaries regarding their health and preventative and self-care practices through access to information and advice to health in combination with cash transfers (Ibid: 109-110). Moreover, the evaluation found that indigenous beneficiaries believe that the programme had a positive impact on their life which the author primarily related to the receipt of cash transfers being an emergency resource for the people which they can use to buy medicine if needed (Ibid: 156).

However, Bautista Arredondo et al. (2008: 224) found that qualitatively high services lead to an increased use of the services and that poor quality services are used less frequently. Therefore, in the future it is important to improve the quality of healthcare to make the programme more effective (Sánchez López 2008: 110). This is also important in order to provide the solid framework needed to foster human capabilities and functionalities which are influenced by political, social, and economic frameworks (cf. chapter 3.3.3).

Summing up, it can be said that Oportunidades had positive effects on the health situation within the country. The improvements in stunting and wasting rates as well as the decrease

of mortality rates of infants and under-five year olds seem to be influenced by and related to improved maternal mortality rates and better maternal and child health provided by successful interventions. Certainly, it is not possible to give all the credit for the positive results to Oportunidades alone but to a general improvement at national level due to economic growth too (cf. chapter 6.1). Additionally, improvements in the quality and number of health facilities are still necessary. However, if taking a look at the data provided, particularly by the studies focusing on the results of Oportunidades, it can be assumed that the programme certainly had a positive influence on the improvements especially in rural and remote areas helping to distribute the benefits of well-being across areas, gender, and ethnicities leading to more inclusive development.

5.3. Education

The third pillar of Oportunidades is to improve education in order to break the intergenerational cycle of poverty. In the following, school enrolment rates, school achievements, and other indicators related to education are elaborated.

5.3.1. Enrolment Rates

On one hand, comparing the enrolment rates at the national level, it is observable that the gross enrolment rates for primary education improved slightly by a few percentage points from 1997 to 2008. On the other hand, before the start of the programme gross enrolment of secondary education was almost half of the enrolment rate of primary education in relative terms. Until 2008, there was a significant improvement for the gross enrolment rate of secondary school by more than 20 percentage points for both sexes and by even more than 26 percentage points for girls as can be seen in the figure below. This shows that more students kept on going to school after primary education.

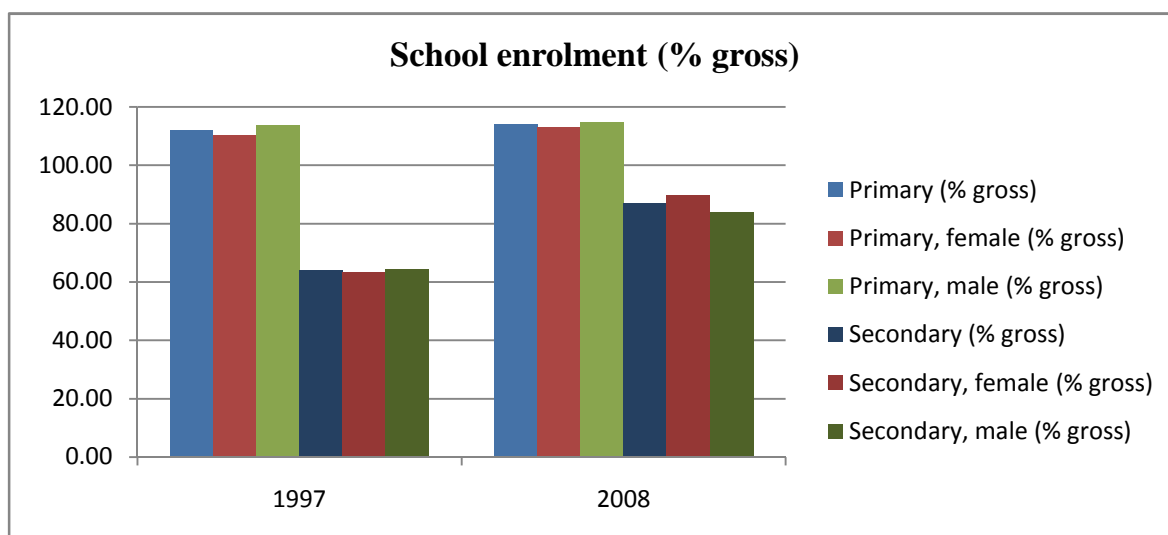


Figure 9: School enrolment primary and secondary school 1997 and 2008 (% gross);
Source: World dataBank

In fact, the proportion of students continuing with secondary school after primary school increased by 11 percentage points from 83 per cent in 1997 to 94 per cent in 2008 (World dataBank). The number of repeaters in primary school decreased significantly from 6.9 per cent in 1997 to 3.6 percent in 2008. Furthermore, the gross school enrolment for tertiary education increased from 16 per cent to 27 per cent from 1997 to 2008 (Ibid). These numbers show the gross enrolment rate which means that older or younger students than the usual age of primary/secondary students use the possibility to finish primary/secondary education. In Mexico, the majority of those students is supposedly older because the numbers can also include people that quit school and considered re-entering in order to finish the school which can be related to the monetary support distributed by Oportunidades.

These assumptions are also supported by the findings of Schultz (2001: 21) and Behrman et al. (2002: 13) who evaluated the impact of Oportunidades and found that enrolment rates for beneficiaries and especially girls increased faster than for non-beneficiaries. Actually, enrolment rates were positively affected by increased levels of schooling of the parents, particularly of the mother but also of the father (Schultz 2001: 25). Another interesting finding is that due to the fact that the enrolment rates of girls is more influenced by the poverty level of the family the secondary enrolment rates for girls increased more significantly than for boys (Ibid: 26) showing a positive impact of Oportunidades.

Summing up, the numbers indicate very positive developments for school enrolment rates by an increasing trend for longer stays in school and the positive accomplishment of more classes which helps to improve the capabilities of the Mexican population and is another important step for inclusive development. The incentives given by Oportunidades focus exactly on increasing school enrolment and helping students, and especially girls, to stay in school. Therefore, some of the positive developments above can certainly be connected to the benefits given by Oportunidades.

5.3.2. Schooling Results

However, an external evaluation (Mancera Corcuera et al. 2008) focusing on schooling results of beneficiaries and non-beneficiaries in Spanish and Mathematics found that

beneficiaries had on average worse results than non-beneficiaries. This is shown in the table below representing the average scores of beneficiaries and non-beneficiaries in Spanish and Mathematics in 6th grade primary school and 3rd grade secondary school. Non-beneficiaries have in all categories a higher score than beneficiaries.

	6th grade Primary School	3rd grade Secondary School
Spanish		
Non-beneficiary	525.49	531.65
Beneficiary	466.6	466.28
Difference	58.89	65.37
Mathematics		
Non-beneficiary	523.77	521.25
Beneficiary	472.47	484.5
Difference	51.3	36.75

Table 7: Mean scores from beneficiaries versus non-beneficiaries; Source: ManceraCorcuera et al. 2008: 33-34

ManceraCorcuera et al. (2008: 33) found that the school results in 6th grade elementary school were worst in indigenous schools and for Conafe⁹ Community courses. Urban schools had better results and the best results of students were obtained in private schools (Ibid). Furthermore, they found that among beneficiaries, women were on average better than men (cf. Ibid: 43-44) and non-indigenous achieved better results than indigenous (cf. Ibid: 44-46).

One reason that explains the bad performance in Spanish and Mathematics of the beneficiaries might be their background. Most beneficiaries come from poor, rural and/or indigenous families and are therefore more likely to be deprived than non-beneficiaries. However, the decrease of student's achievements according to the type and area of schooling raises questions on the quality of the schools and it cannot be directly assumed that Oportunidades did not have any positive impact on the achievements of students. This point was also picked up later by the authors of the external evaluation stating that regarding the data "the poorest people attend the poorest schools" which often lack human resources and educational material, e.g. in comparison to general primary schools where 28.8 per cent have a computer this is the case in only 4.1 per cent of indigenous primary schools (ManceraCorcuera et al. 2008: 54). Taking a look at the teachers, teachers in

⁹ Conafe ('Consejo Nacional de Fomento Educativo' which means translated the National Council for Education Development) provides courses in small marginalized communities in rural areas which are held by young people who do not have a professional teacher education for a restricted period of time (OECD n.d. (e): 1).

marginalized communities are more likely to lack access to internet at home (Ibid) which may decrease their possibilities of up-to date education. Students living in marginalized areas sometimes need about three hours to reach the school and commonly only half of the curriculum is covered (Ibid: 55). There are, however, indigenous primary schools that offer boarding facilities. This service is then linked with the capability of parents to pay transportation, food, and housing costs (AgudoSanchíz 2008: 102-103). Therefore, looking at the facts given above, it is important to focus on improving the quality and the availability of resources in the future.

Controversially, the government already spends extra money on compensatory programs to finance material and didactic elements to the schools in marginalized areas linked to Oportunidades (ManceraCorcuera et al. 2008: 52). Although the amount for education is increasing, the expenditure for compensatory programs is decreasing in absolute as well as in relative terms with the exception of 2004. In 2000, one per cent of the expenditure on education was used for compensatory programmes; in 2003, it had decreased to 0.76 percent; in 2004, there was an increase to 1.42 per cent again but it dropped again to 0.62 per cent in 2006; and in 2009, only 0.46 per cent of the total amount of money spent on education was spent for compensatory programs (Ibid).

Another reason for the bad performance in beneficiary communities might be that there are still 8.3 per cent children which are economically active. This number is to be seen at national level but it is general knowledge that the probability that children in poorer families have to work is higher than in richer families. Although it can be observed that the percentage dropped by 0.6 percentage points from 8.9 per cent to 8.3 per cent from 2004 to 2007 showing an improvement by 1.3 percentage points for boys and no improvement for girls, this number can be seen as still very high. On the other hand, the percentage of children having to work but being able to study at the same time improved significantly by 16.9 percentage points from 65.9 per cent to 82.8 per cent of all children economically active as can be seen in the table below.

	2004	2007
Economically active children, total (% of children ages 7-14)	8.9	8.3
Economically active children, female (% of female children ages 7-14)	5.6	5.6
Economically active children, male (% of male children ages 7-14)	12.2	10.9
Economically active children, work only (% of economically active children, ages 7-14)	34.1	17.2
Economically active children, study and work (% of economically active children, ages 7-14)	65.9	82.8

Table 8: Economically active children from 7 to 14 in 2004 and 2007; Source: World dataBank

These numbers show that still more efforts need to be undertaken to improve the situation of children between 7 and 14 to give them the possibility to go to school and giveschool their full attention to achieve better schooling grades.

Concluding, it can be said that there are efforts of the government to improve the impact of the programme but given the findings above those efforts need to be enhancedto improve the services of education and health facilities in the most marginalized communities to improve the capabilities of the rural population and especially of the indigenous population to achieve more inclusive development.

5.3.3. Long-term Effects

A survey done in 1996 in the urban areas to evaluate the wage structure in Mexico found that wages increase by about 5 percent for each additional year of primary educationand by about 12 per cent for each additional year of completed secondary school (Parker 1999 in Schultz 2001: 31). Although these numbers are to be seen in relation with urban job possibilities in the mid-1990s, they show that the possibilities to earn higher wages for beneficiaries for each additional year of schooling are increasing. Furthermore, it shows that more capabilities are in general rewarded with better payments.Those findings are partly supported by an evaluation of Oportunidades done by Behrman et al. (2008: 85) which found that the programme has positive effects on the long-term labour income of men depending on completed primary and secondary education by 12.6 per cent and 14.2 per cent correspondingly. Further, they found that beneficiary women had lower levels of income than non-beneficiary women. This could be related to the fact that most beneficiaries come from very poor conditions and live in remote and indigenous areas which disadvantages women, in particular, from the beginning.

Moreover, when comparing the prospect of upward mobility regarding occupations, male non-beneficiaries (28.2 per cent) were more likely to get a better job than their parents had in comparisonto beneficiaries (25.9 per cent) (Behrman et al. (2008: 87; 91).However, female beneficiaries (60 per cent) were by 4 percentage points more likely to get a better job than their parents than non-beneficiaries (56 per cent) (Ibid: 87; 92). Furthermore, “mobility towards higher-qualified jobs is 27.2 per cent for non-indigenous males and 61.4 per cent for females, while it is 24.8 per cent for indigenous males and 54 per cent for females” (Behrman et al. 2008: 90). The numbers for male non-beneficiaries are better

again than for beneficiaries but as mentioned above they are more likely to live in better situated places and have better preconditions than beneficiaries. On the other hand, female beneficiaries might have more chances due to better knowledge about family planning provided by Oportunidades than their non-beneficiary counterparts (cf. below). Generally, the positive numbers for beneficiaries can again be seen in relation with education showing that more education leads to better job possibilities. This then can be related to increased capabilities supported by the benefits provided by Oportunidades.

Comparing the parents' and the youth's generation benefiting from Oportunidades, it was found that the gender gap at the younger generation has reversed improving the schooling situation of girls (González de la Rocha 2008: 136). Furthermore, "the ethnic gap has almost closed in the case of the men" (González de la Rocha 2008: 136) and the situation of indigenous women has improved too (ibid) indicating another positive impact of Oportunidades.

Another aspect is fertility patterns. A survey found that the programme had a positive effect on the life-planning circle of indigenous women. Former beneficiaries were by 6.1 percentage points less likely (26.3 per cent) to be already mothers than their non-beneficiary counterparts (32.4 per cent) (González de la Rocha 2008: 136; 172). This could be related to better knowledge of beneficiary women through lectures provided by Oportunidades and more education providing them with more capabilities such as reading and writing which allows them to better plan their life-cycle.

Regarding political participation, participation at presidential elections has roughly been the same in Mexico in the past twenty years with participation rates close or above 60 per cent in four presidential elections– 65.89 per cent in 1994, 59.99 per cent in 2000, 63.26 per cent in 2006, and 64.58 percent in 2012 (International IDEA n.d. (a))¹⁰. This does not indicate any improvements due to more capabilities such as reading or writing.

Summing up, it can be said that the indigenous population is slightly more disadvantaged due to the fact that this population group often lives in remote areas. Poor infrastructure is available and only very few good trained professionals are willing to live and work in remote areas and many only choose to do so in order to be able to get a position in 'better' areas afterwards. Certainly, this has a significant impact on the quality of education and of

¹⁰In comparison, the United States had a participation of presidential elections of 54.23 per cent in 1996, 51.28 per cent in 2000, 62.08 per cent in 2004, and 57.47 per cent in 2008 (International IDEA n.d. (b)).

health services too (González de la Rocha 2008: 157) which was also shown before. Furthermore, the availability of secondary and high school education decreases in remote areas and in particular, high education facilities are concentrated in towns or cities. The same happens in relation with health where small clinics which provide first level services and basic health care are available in remote areas but bigger hospitals are generally situated in towns (Ibid: 166).

However, it can be said that positive improvements took place at national level and for beneficiaries. Some are more significant than others such as school enrolment rates. It needs to be taken into account that it is still not possible to evaluate long-term results because of the short period of the programme's duration. Furthermore, the scope including beneficiaries increased gradually meaning that some of the beneficiaries received benefits not since the beginning of the programme but might receive it only since a shorter period of time. Long-term effects of better nutrition on education and health might be only evaluated when the first children being part of the programme from the beginning – including their conception and good mother's health – enter school and accomplish primary and secondary school. In addition, it needs to be considered that in some cases non-beneficiaries have better results than beneficiaries but the latter ones are also receivers of benefits because they belong to the poorest families and therefore, their preconditions in life are less favourable than for richer children. The same applies for most of indigenous children who are less favoured living in remote rural areas with fewer possibilities to go to quality and better schools. Nevertheless, Oportunidades had positive impacts on the situation of women and the indigenous population regarding education, nutrition, and health. Additionally, the situation of the population and the well-being increased over the past few years at the national level which is also observable through the HDI.

5.4. Human Development Index

Taking a look at the HDI which combines data on the living standard, health, and education of a population providing one indicator to measure development (cf. chapter 3.1), it can be said that the situation of Mexico's population improved almost steadily from 1990 to 2008. The HDI ranges from 0 to 1 and the closer it is to one the better. Comparing the data from the figure below, one can notice a steady improvement from 0.65 in 1990 to 0.72 in 2000 and to 0.76 in 2008. Only in 2005 there was a small set back to 0.714.

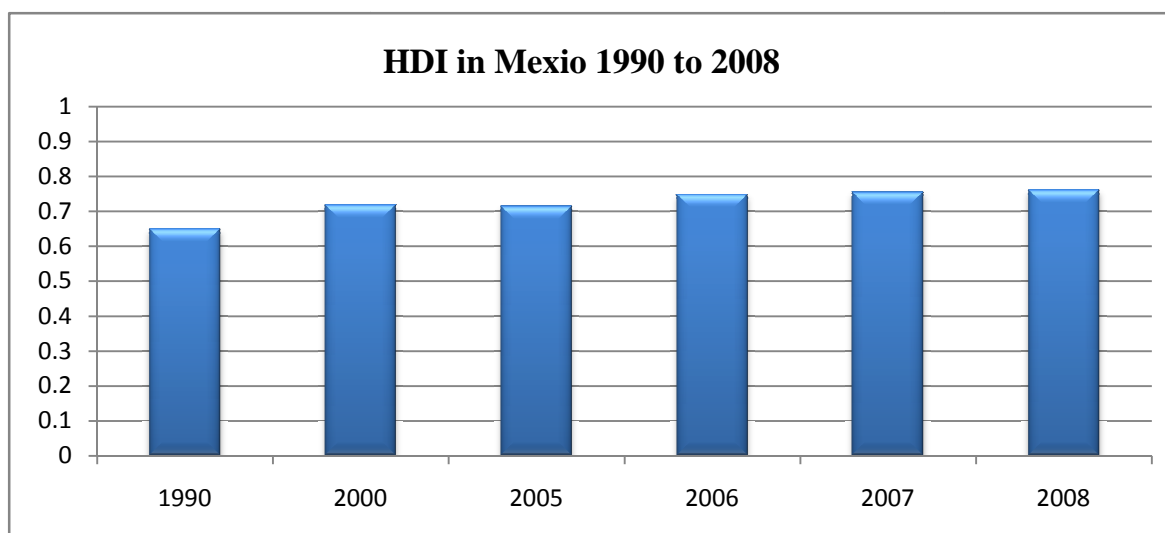


Figure 10: HDI in Mexico 1990 to 2008; Source: UNDP 2011

Therefore, it can be concluded that the situation of the national population improved steadily over the past two decades with the most significant step from 1990 to 2000. This data in relation with the established findings above show that Oportunidades might have played a role improving education and health levels and conditions which are also reflected in the HDI contributing to inclusive development. Another factor that could have contributed to an improvement at national level is an improved macroeconomic situation which will be elaborated later.

5.5. Poverty

Before, it was established that there were improvements regarding nutrition, health, and education at national and local level. Comparing the different types of poverty established by SEDESOL (cf. chapter 4.3.2) to measure poverty by national standards one can notice that there were impressive improvements from 1996 until 2004. Food poverty at national level decreased by almost 20 percentage points from 37.1 per cent to 17.6 per cent from 1996 to 2004; in rural areas, it decreased by almost 25 percentage points and in urban areas by more than 15 percentage points in the same period. Capacities poverty decreased by more than 20 percentage points at national level, by more than 25 percentage points in rural areas, and by almost 18 percentage points in urban areas from 1996 to 2004. The numbers for assets poverty decreased by more than 20 percentage points from 1996 to 2004 at national level, by more than 23 percentage points in rural areas, and by 19 percentage points in urban areas as the table below illustrates.

	1996	1998	2000	2002	2004
National					
Food Poverty	37.1%	34.1%	24.2%	20.3%	17.6%
Capacities Poverty	46.4%	42.8%	32.0%	27.4%	25.0%
Assets Poverty	69.0%	64.3%	53.8%	50.6%	47.7%
Rural					
Food Poverty	52.4%	52.5%	42.4%	34.8%	27.9%
Capacities Poverty	61.7%	60.3%	50.1%	43.9%	36.1%
Assets Poverty	81.0%	76.6%	69.3%	65.4%	57.4%
Urban					
Food Poverty	26.5%	21.3%	12.6%	11.4%	11.3%
Capacities Poverty	35.9%	30.7%	20.3%	17.4%	18.1%
Assets Poverty	60.7%	55.8%	43.8%	41.5%	41.7%

Table 9: Share of Population in Poverty; Source: WB 2005b: 150

This data is especially interesting because it shows the different levels of poverty regarding food, capacities, and assets. All three poverty levels decreased significantly in the years from 1996 to 2004 but especially for the population living in rural areas where an improvement of almost 25 percentage points in all three areas took place. Measures introduced by the government such as Oportunidades might have had an impact on these numbers, especially for food and capacities poverty, as those are related to the objectives of the programme and the benefits are related to those two aspects. Another reason to support this assumption is the faster improvement of the numbers regarding rural areas due to the fact that Oportunidades was introduced first in rural areas in 1997 and then expanded in 2001 and 2004 in order to reach the urban poor making a faster improvement for rural areas more likely contributing to inclusive development.

Concluding, it can be said that there were improvements regarding nutrition, health, and education at national and at local level which is also visible in an increased HDI and can be partly related to the goods and services provided by Oportunidades. Additionally, poverty rates decreased considerably at national level and more significantly in rural areas than in urban areas. Therefore, it can be concluded that Oportunidades had positive effects on human development and that this social assistance programme, in particular, provided a valuable means to increase inclusive development in Mexico.

6. Other factors contributing to inclusive development

The previous chapter showed that Oportunidades had a positive impact on inclusive development. Nevertheless, inclusive development also includes economic growth and the distribution of income (cf. chapter 3.1); therefore, some macroeconomic factors are elaborated below. Furthermore, a short examination of political factors and the role ODA related to Oportunidades takes place.

6.1. Macroeconomic Factors

Macroeconomic factors reflect the economic situation of the country. A stable economy includes for example stable economic growth and stable inflation rates which should lead to more productivity, better efficiency, and more employment helping to raise the living standard of the population (IMF 2012). In the following, GDP growth, GNI per capita, inflation, employment, and inequality are elaborated.

6.1.1. GDP Growth and GNI per Capita

The GDP reflects the gross value of all products produced in a country within one year (cf. chapter 3.5). Therefore, a positive GDP growth shows that more goods got produced in one year than in the previous one which usually is a sign that the economy works well.

Evaluating the data of the figure below, one can observe that Mexico had to deal with several crises and recessions in the past three decades leading to five years of negative GDP growth (cf. annex 8.1) in 1982, 1983, 1986, 1995, and 2001. In the first two years of the 1980s, the growth rates were extremely high with about nine per cent annual growth in those two years. After Mexico's official declaration of liquidity problems and the start of the Latin American debt crisis (cf. chapter 4.3.1), the average annual growth rates was 0.59 per cent for the years from 1982 to 1989. From 1990 until 1994, the economy recovered and had a positive average growth rate of 3.69 per cent in those years. In 1995, it dropped again to -6.2 per cent due to the Peso crisis (cf. chapter 4.3.1) but after 1995, the economy was able to keep a positive growth rate until 2008. One exception was the year 2001 with a negative GDP growth rate of -0.15 per cent which means that the GDP was lower than in the year before indicating a less favourable economic situation in that year. In general, the economic situation from 2001 to 2003 was less favourable with an annual average GDP growth rate of only 0.67 per cent in those years.

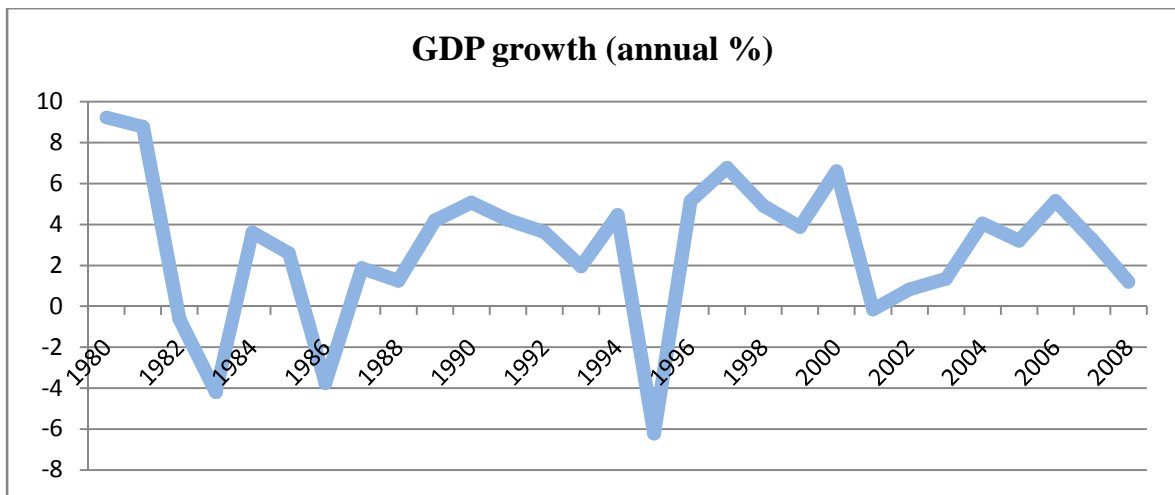


Figure 11: GDP growth (annual %) and GNI per capita growth (annual %) in Mexico 1980 to 2011; Source: World dataBank

Although the annual GDP growth fluctuated significantly over the past three decades, the GNI per capita (cf. chapter 3.5) increased progressively. Taking a look at the figure below, one can notice that the GNI per capita in Mexico (using constant 2000 USD) rose steadily from 2,384 USD in the 1960s to 6,229 USD in 2008. There were a few exceptions to the overall positive growth rate such as a significant increase in the GNI per capita before the debt crisis in 1982 which was followed by a sharp fall. Another severe drop is noticeable in 1995 due to the Peso crisis and since 2003 the GNI per capita growth rate rose steadily at a moderate level.

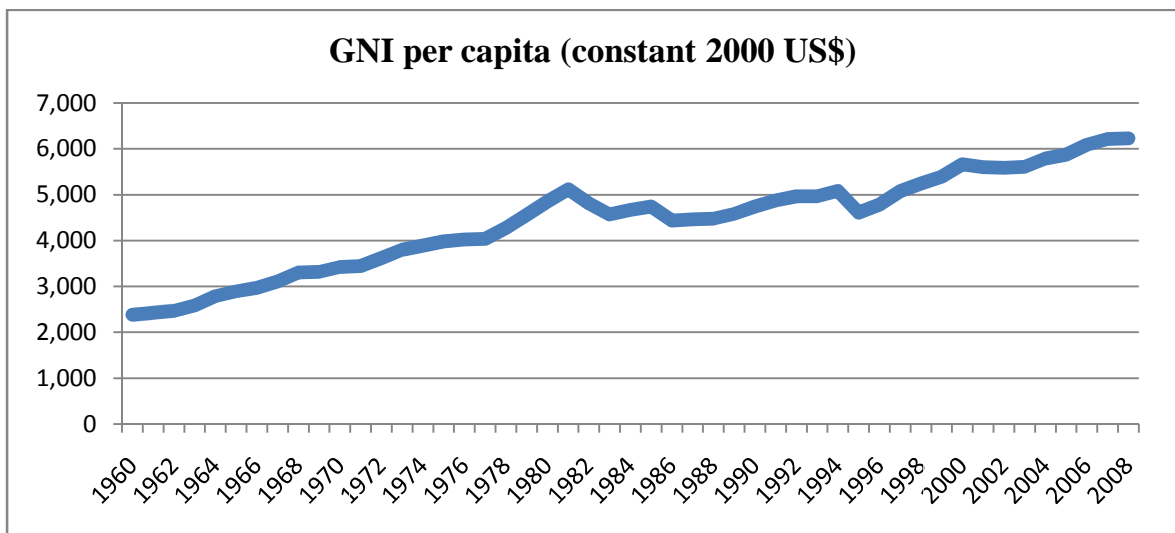


Figure 12: GNI per capita 1960 to 2008 in Mexico; Source: World databank

Referring to the definition of development by the World Bank (cf. chapter 3.1), these numbers indicate that Mexico achieved economic growth and therefore should have achieved a better status of development. Positive numbers for GDP growth and the GNI per capita are important for the population because they show that the material situation of the

country is improving which should have positive effects on the whole population and should help to advance inclusive development. This is supported by falling poverty rates shown in chapter 4.3.2 and chapter 5.5 and by improvements regarding nutrition, health, and education at national level shown in the previous chapter.

It is interesting to observe that the Peso crisis in 1995, which is visible in figure 11, had a severe impact on the poverty rates regarding the national poverty line leading to an increase of the poverty rate by almost 17 percentage points leaving 70 per cent of the population living in poverty in 1996 (cf. chapter 4.3.2). However, the economic downturn in 2001 which led to a negative growth rate of -0.15 per cent in 2001 did not lead to an increase of the poverty rate in this or the following years. On the contrary, the poverty rate at the national poverty line decreased by 3.6 percentage points to 50 per cent of the population from 2000 to 2002. One reason for this positive outcome could be that the recession was not as bad as the Peso crisis in 1995. Another reason could be that social protection mechanisms were in place helping people to be less vulnerable regarding economic changes. This is also visible in the GNI per capita which decreased only slightly in the years from 2001 to 2003 and is used to indicate well-being of the population in material sense. Furthermore, looking at the different poverty rates provided in chapter 5.5, it is observable that poverty regarding food, capacities, and assets poverty decreased considerably from 2000 to 2004 at national level and especially in rural areas. However, it is interesting to observe that capacities and assets poverty increased from 2002 to 2004 in urban areas. This could be due to the positive impact of Oportunidades which started first in rural areas and later extended to urban areas making rural areas less vulnerable to crises and shocks.

6.1.2. Inflation

Another macroeconomic indicator that affects the lives of the national population is inflation regarding the consumer price index (cf. chapter 3.5). The figure below points out that the decoupling of the Peso from the USD at the end of 1994 (cf. chapter 4.3.1) led to a price increase of all items by 35 per cent in 1995 and by another 34.4 per cent in 1996 endangering the lives of especially poor which saw themselves confronted with zooming prices for all products and especially for food, for which prices increased by 39.6 per cent in 1995 and by 42.3 per cent in 1996. This is for sure one reason that contributed to the growing poverty rates from 1994 to 1996 shown in chapter 4.3.2. The inflation kept on decreasing after 1996 which indicates a slow stabilization of the economy but it was still

above ten per cent until 2000. In 2001, it fell below the level of inflation in 1994 with 6.36 per cent and stayed constantly under five per cent for all products afterwards.

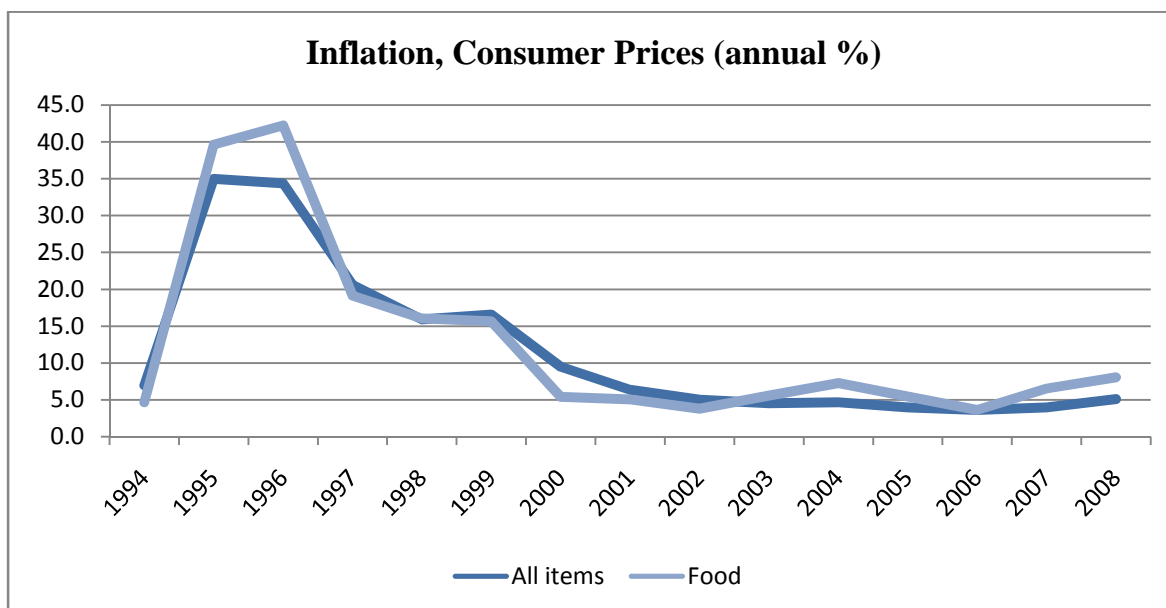


Figure 13: Inflation, consumer prices (annual %); Source:OECD.StatExtracts

This indicates that the economy stabilized in the past ten years keeping inflation close and below five per cent from 2002. Stable consumer prices indicate a stable macroeconomic situation and should help to increase the living standard and the well-being of the population mentioned above. Even though there was a small recession which is visible in a negative GDP growth rate in 2001 (cf. above), inflation kept on decreasing showing an stabilization of the economic situation in general and could also have contributed to decreasing poverty rates and to an improvement of the indicators regarding inclusive development which were elaborated in chapter five.

6.1.3. Employment

Generally, economic development is accompanied by a shift from agricultural labour to the industry and service sector (ILO 2011a: 1). Looking at the figure below one can observe that the share of the population in agriculture decreased constantly by 10.6 percentage points from 23.7 per cent in 1997 to 13.1 per cent in 2008. Employment in services increased by 7 percentage points to 60.6 per cent from 1997 to 2008 and employment in industry increased by 3.2 percentage points in the same period to 25.5 per cent of employed people working in industries.

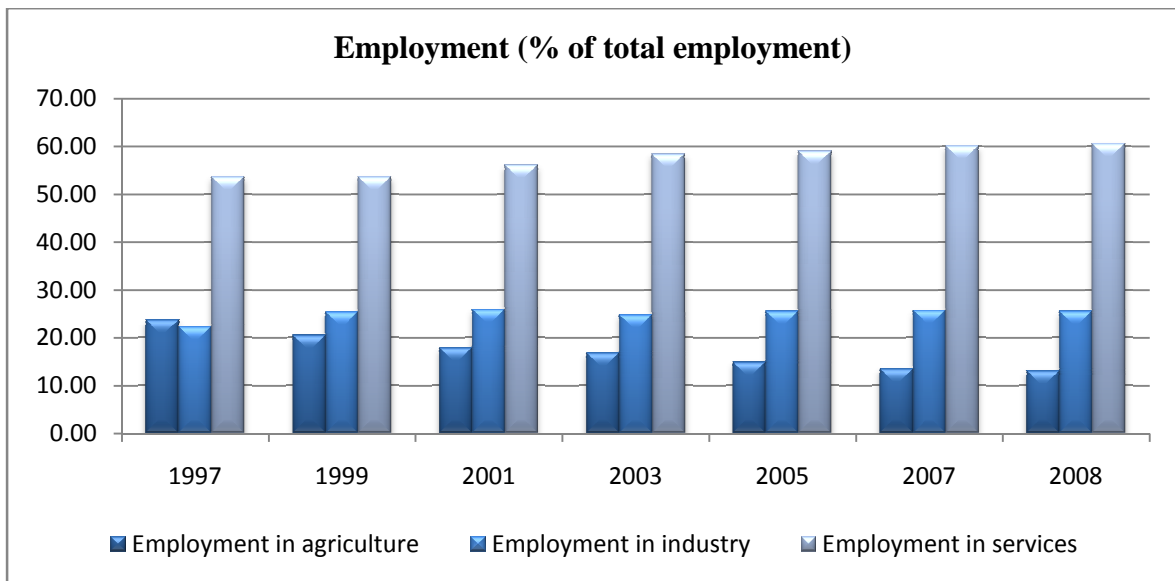


Figure 14: Employment (% of total employment); Source: World dataBank

This reduction from people working in agriculture to more people working in industry and services can be seen as an improvement of the economy, the development of the country, and of the material well-being of people. People working in industry and services are considered to earn more money which leads to the assumption that they will be able to live a better life. This could also have contributed to the reduction in poverty rates shown in chapter 4.3.2 and chapter 5.4. Furthermore, the unemployment rate was around two per cent of the labour force at the end of the 1990s and at the beginning of the 2000s. From 2003, it increased to three per cent and stayed between three to four per cent from 2003 to 2008 (World dataBank)(cf. annex 8.2) indicating a stable macroeconomic situation and good indicators for increasing living standards and development within the country.

However, informal work is very high in Mexico with 20 million Mexicans working in informal employment in 2009. This number includes informal jobs in official enterprises, all informal enterprises, and goods which are produced at home for own consumption (ILO 2011b: 3). This accounts for 53.7 per cent of all non-agricultural employment (Ibid). Mexico together with India, Brazil, Pakistan, and Vietnam has one of the highest shares of informal workers (Ibid: 2). This has very negative effects on the lives of the national population leaving this group of people without legal protection and worker's rights and reducing the efficiency of legal protection mechanisms that are based on employment discouraging inclusive development. Oportunidades however is based on proxy-means and geographic testing and should be able to include also this population group helping to increase inclusive development.

6.1.4. Inequality

According to the Human Development Report (UNDP 2010: 73), historically high inequality¹¹ in Latin American countries is linked to the deprivation of poor regarding education, salaries, and land. In addition, poor families are more likely to have more children than rich families. Some countries successfully managed to decrease the inequality within the past years due to progressive policies (Ibid), e.g. in Brazil the GINI index (cf. chapter 3.5) decreased from 60.55 in 1996 to 55.07 in 2008 (World dataBank).

Since the 1980s (World dataBank), the GINI index in Mexico has been lower than in Brazil. However, on the contrary to the positive numbers of economic growth shown in the previous chapter, the Gini index is still very high with 48.3. Comparing 1996 to 2008, it decreased only slightly by 0.2 points fluctuating within a few points above and below 48 in this time period. Furthermore, the income share held by the highest 10 and 20 per cent is still very high making up more than 50 per cent of the national income. In 2000, the income share for the richest population improved and worsened for the poorest population group. Until 2008, the income share held by the richest 20 per cent reached the same percentage again that it held in 1996. On the contrary, the income share held by the lowest 10 per cent increased by 0.22 percentage points from 1996 to 2006 and decreased again slightly until 2008 to 1.81 per cent. The income share held by the lowest 20 per cent increased by 0.3 percentage points from 4.43 per cent in 1996 to 4.73 per cent in 2008.

	1996	1998	2000	2002	2004	2006	2008
GINI index	48.5	49	51.9	49.7	46.1	48.1	48.3
Income share held by highest 10%	38	37.7	41.4	39.4	35.6	38.3	38.7
Income share held by highest 20%	53.7	53.8	56.6	54.8	51.2	53.6	53.7
Income share held by lowest 10%	1.74	1.55	1.55	1.75	1.68	1.96	1.81
Income share held by lowest 20%	4.43	4.09	3.98	4.39	4.55	4.8	4.73

Table 10: Income inequality 1996 until 2008; Source: World dataBank

Concluding, it can be said that even though the Gini index did not change from 1996 to 2008 and even though the situation of the lowest 10 and 20 per cent worsened until 2000, the situation of the poorest population improved slightly after 2000 which leads to the conclusion that positive economic growth and efforts of the government including social

¹¹For example, Mexico had a Gini index of 46.05 in 2004, Peru 50.34, Brazil 57.68, and Colombia 58.68, all of those countries are considered upper middle income countries in Latin America (World dataBank). In comparison, other upper middle income countries such as Belarus had a Gini index of 26.22 in 2004, Romania 31.66, or Serbia 32.94. The country with the best Gini index worldwide was Sweden with 25 in 2000 (World dataBank) (cf. annex 8.3).

protection strategies had at least some influence on the distribution of wealth to the poorest part of the population and shows an important step in the right direction.

6.2. Political Factors

Mexico is labelled as an upper middle income country (cf. chapter 4.1) and it was shown before that it has an increasing GNI per capita. Although the inequality within the country is similar to other Latin American countries, it is still very high compared to other upper middle income countries outside of Latin America (cf. above).

Since the beginning of the 20th century, social protection mechanisms were in place (cf. chapter 4.2) but it was a habit that each new administration that took over would abolish the programmes introduced by the former administration and would implement new ones which avoided that programmes could actually achieve long-term effects (Levy 2006: 18; Parker 2003: 10). The former poverty alleviation programme in Mexico was called ‘Programa Nacional de Solidaridad’ (Pronasol – National Solidarity Programme) and was introduced by President Salina (Levy 2006: 18). It was followed by Progres/Oportunidades which was introduced by Ernesto Zedillo in 1997 (Ibid: 108). The initial development of the programme was fostered by the acknowledgment of the finance ministry that quality and effectiveness regarding public spending and poverty programmes were becoming more important due to the tight budgetary at that moment (Levy 2006: 15) which was related to the Peso crisis in 1995. The president’s function as minister of budgeting in the last administration and his training as economist contributed positively to deal with the given circumstances of a tight budget and increased the presidential support of the programme (Ibid). The president encouraged the finance ministry to keep on working on the programme (Ibid: 88) and facilitated work and coordination among ministries (Levy 2006: 96). Therefore, presidential support and his understanding of the correlation between economy and social factors, his openness to design a programme in a new and different way, and political support of different ministries which might have been partly generated by high poverty rates looking at the national poverty line (cf. chapter 4.3.2) encouraged the development of the programme. It was further fostered by extensive preparations from 1995 until mid-1997 (Levy 2006: 91) when a pilot project started (Ibid: 34-35).

Another extraordinary characteristic of Oportunidades is that it was developed in such a way that it could not be seen in relation with a vote-buying mechanism for which former

social programmes were well-known (Bate 2004). The selection of the beneficiaries and the distribution of the cash benefits are done by non-Oportunidades staff disconnecting the distribution of the benefits from the election cycle (Ibid) which also helps to antagonize corruption. This shows the efforts of the designers of Oportunidades to implement a long-lasting social programme which can positively contribute to inclusive development.

The programme had to prove itself in 2000 after the election of the new president because it was common in Mexico to abolish programmes introduced by the former administration as mentioned above. Eventually when Vicente Fox became the new president of Mexico at the end of 2000 (CIA 2012), he invited the external experts to inform him about the impacts of the programme (Skoufias 2005: 66). He abolished Progresa and introduced a 'new' programme. However, he basically introduced the same programme but renamed it to Oportunidades and added some additional features (cf. chapter 4.5). This decision was fostered by the highly credible external evaluations of IFPRI (Skoufias 2005: 66) and the continuation of the programme probably would not have happened without this evaluation. Since then, the programme has been part of three different administration periods and is still in place which shows that the evaluation system was essential to increase political support. Furthermore, a certain amount for Oportunidades was included in the budget every year and no party ever voted against this amount (Levy 2006: 108, footnote). Reasons for that can be the solid programme design in combination with an accurate budget plan taking into account fiscal restrictions as well as well-educated staff and the evaluation system (Levy 2006: 92) which helped to increase political commitment of all parties and certainly contributed to the success of the programme.

However, it needs to be taken into account that Oportunidades is a programme which is part of a broad social policy strategy. Other programmes included are the 'Programa de Empleo Temporal' (Temporary Employment Programme) for increasing employment and income opportunities, and the 'Fondo para la Infraestructura Social Municipal' (Social Municipal Infrastructure Fund) to improve the infrastructure in the country (Skoufias 2005: 1; cf. also Levy 2006: 19-20). Both programmes are still in place today (Gaceta 2012; DOF 2011) showing a general increase of political commitment to social programmes and the improvement of the lives of the national population. This is also fostered by the fact that in 2004 a law passed that calls for evaluation systems for all new social programmes (Fiszbein and Schandy 2009: 95) and a "National Council for the Evaluation of Social Development Policy" was established (Fiszbein and Schandy 2009: 95).

Concluding, it can be said that in Mexico political commitment was and still is very important for inclusive development as politicians have the power to create social protection strategies which have the goal to distribute the fruits of economic growth and achieve better well-being of the population taking into account areas, gender, and ethnicities. The external evaluation system, a solid project design, and the available and well-educated human resources including their commitment helped to create the programme Oportunidades and are essential factors for its continuation. The new law for social policies focusing on evaluation to verify the impact and success of social protection programmes which finds its roots in the Zedillo administration period might have changed the social policy environment in Mexico helping to increase the sustainability and the impact of social protection strategies contributing to inclusive development in the long-run. Technocracy (cf. Levy 2006: 88) in combination with democracy led the way to a successful future for social development programmes which can have positive effects on inclusive development as shown in the previous chapter.

6.3. Official Development Assistance

Another factor that could have contributed to inclusive development is ODA (cf. chapter 1) due to its support of the social assistance programme Oportunidades.

In general, ODA in Mexico decreased significantly after a peak of more than 600 million USD in 1993 and during the development and implementation stage of Oportunidades as the figure below illustrates. Although Mexico still received more than 100 million USD in gross disbursements¹² after 1997 the net disbursements¹³ reached a first low of 16.3 million USD in 1998 and a negative number of -77.19 millions in 2000. This negative number shows that Mexico got 162.93 million USD in ODA but it had to reimburse 240.12 million USD which it had received in form of loans through ODA in former periods. The same applies to the years following 2000 where net disbursements are lower than gross disbursement.

¹²Gross disbursements are the actual amounts disbursed (OECD 2008b: 143).

¹³Net disbursement is “the sum of grants, capital subscriptions, and net loans (loans extended minus repayments of loan principal and offsetting entries for debt relief” (OECD.StatExtractsn.d.).

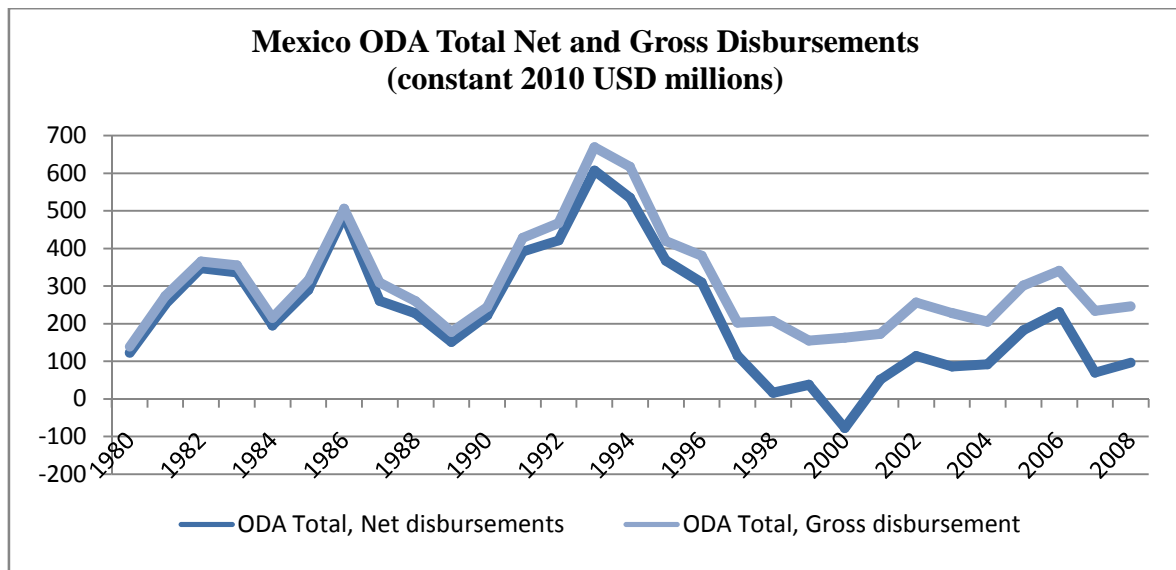


Figure 15: Mexico ODA Total Net and Gross Disbursements (constant 2010 USD millions); Source: OECD.StatExtracts

However regarding Oportunidades, the IDB granted a loan of 1 billion USD (Parker 2003: 28; Levy 2006: 114) starting from 2002 for the duration of three years to support and expand the programme (Levy 2006: 114). Prior to this the IDB was involved marginally in the design of the evaluation done by the IFPRI (IDB 2004). Another loan of 1.2 billion USD was given to Mexico in 2005 for a period of four years by the IDB (Levy 2006: 114; IDB 2008). Nevertheless, the majority of the funds used for Oportunidades were still provided by the Mexican government (Parker 2003: 29). In 2008, Mexico received another 2 billion USD credit line from the IDB (IDB 2008). The approval of the first loan was fostered by the external evaluation system of Oportunidades (Parker 2003: 28) and allowed the Fox administration to expand the programme. These numbers show the interest of the international community for the programme. It is important that Oportunidades was already established when the IDB started to lend money and this money was then used to expand the programme further to reach all households in extreme poverty. The success of Oportunidades is based on a scheme which was developed internally making it a ‘home made’ programme combined with political commitment. The evaluation system proved to be very important to achieve international recognition and to increase confidence in the programme.

The first disbursement might have been important due to the negative economic growth in 2001 but in any case the involvement of the IDB in the programme helped to increase its credibility internationally and within the country as “the IDB behind a program is almost a seal of quality” (IDB 2004). Furthermore, the IDB promoted the replication of the

programme in other Latin American countries which can be seen a sign for a successful programme. In addition, the bank provides technical support and loans with a longer loan period than the administration periods of presidents (Ibid), which is six years (DOF 2012), ensuring the continuation of the programme. The inclusion of the IDB can be seen as a smart move of the government to prolong the lifetime of the programme beyond their administration period. Nevertheless, this was also fostered by the programme design and might not have been possible without such a solid design.

To resume, it can be said that steady economic growth took place, inflation decreased, and the employment possibilities shifted in Mexico which is important for inclusive development. However, informal labour and inequality are considered to still be very high but a small redistribution of wealth is starting to take place which is further important for inclusive development. Moreover, political commitment in Mexico was essential for the development of Oportunidades and for shifting the social policy environment to develop long-term programmes contributing to a better distribution of wealth within the country and providing a cornerstone for better inclusive development in the future. This kind of development – economic growth in combination with social policy programmes – can be labelled as growth-mediated development according to Sen (cf. chapter 3.3.5). Furthermore, assistance from outside of the country helped to increase the scope of Oportunidades and contributed to its continuation. Therefore, it can be said that ODA contributed indirectly to inclusive development through supporting Oportunidades.

7. Conclusion

In order to answer the research question, data regarding the social assistance programme in Mexico called Oportunidades which is considered to be a successful programme to decrease poverty and increase the well-being of the population was gathered and analysed. The preconditions fostering the development and the evolution of the programme were discussed showing a diverse and widespread social protection strategies environment and a difficult economic and political situation in Mexico as well as high poverty rates before and during the implementation of the programme.

An overview of the characteristics of the programme was given stating in detail its objectives, its design including benefits and conditionalities, and its scope. It was found that Oportunidades had many similarities to the capability approach proposed by Sen focusing on a better status of nutrition, health, and education of the population. In addition to Sen's approach, three more attributes were added to Oportunidades: conditionalities – to avoid misuse of given benefits due to own values and objectives; targeting – to ensure to reach the most deprived families; and an evaluation system – to measure the impact of the programme. The data of the latter one was also used to improve the programme and to truly ensure poverty reduction and increased well-being. Potential indicators to measure inclusive development and well-being through increased capabilities were established. They were further used to answer the research question evaluating the impact of Oportunidades on inclusive development. Data at national level was gathered to show the overall improvement of the population in Mexico and data from evaluations focusing especially on Oportunidades were used to establish a case for showing the impact of the social assistance programme.

Regarding nutrition, it was found that the programme through the distribution of cash in combination with nutritional supplements had positive effects on a better and a more diverse diet among beneficiaries. Furthermore, the prevalence of stunting decreased considerably at national level but also for beneficiaries. Non-beneficiaries had a lower rate of stunting than beneficiaries already in 1999, the first year of examination, but the prevalence of stunting for beneficiaries decreased a little faster than for non-beneficiaries showing a positive effect of Oportunidades. The data showed that the prevalence of wasting which is another indicator of malnourishment decreased at national level and for beneficiaries of Oportunidades but increased for non-beneficiaries from 1999 to 2007. This indicates that the nutritional supplements had an effect on the well-being of beneficiary

children providing them with better conditions to achieve full mental and cognitive development which is essential for gaining full potential as an adult and for improving their chances in life contributing to inclusive development.

For health, the programme supplies health care packages and educational classes on health. Additionally, it aims at improving the supply of health services. It was found that more children were vaccinated for DPT and measles covering 96 per cent of all children aged 12 to 23 months in 2008. Fewer children were dying within the first and fifth year of life. This shows an overall improvement of child well-being as mortality rate under-five can be considered a result of the development process because it is influenced by other indicators such as immunization rates, mother's health and knowledge, and the availability of health services which can be linked to the goods and services provided by Oportunidades. Furthermore, the maternal mortality rate decreased and maternal health increased for beneficiaries through a better provision of nutrition and health services. More hospital beds, improved access to adequate sanitation, and improved water sources especially in the rural areas had an impact on a better health situation in the country and an increase of life expectancy at birth from 73 years in 1997 to 76 years in 2008. The programme further had an impact on an increased number of visits to health centres and public clinics by beneficiaries and an improved health status of beneficiary children and adults. However, it was discovered that the quality and the availability of health clinics and health staff was not sufficient especially in rural and marginalized areas with a high percentage of indigenous inhabitants. Nevertheless, a study found that indigenous beneficiaries had a positive opinion of Oportunidades helping them to improve their living conditions and another study found that the knowledge of beneficiaries regarding health and nutrition had increased. Therefore, another example for the positive effects of Oportunidades regarding capabilities and the well-being across the country and across population groups could be established.

In relation with education, Oportunidades provides benefits for every child that attends school from the 4th grade of primary school until uppersecondary education. Those benefits increase with age and differ by gender taking into account the former deprivation of girls. The school enrolment rates at national level were analysed showing that the enrolment rates increased for both primary and secondary education. For the latter one, the enrolment rates improved significantly by 19 percentage points for male students and by 26 percentage points for female students from 1997 to 2008 showing that more students kept

on studying after primary school. Furthermore, the repetition rate decreased significantly. The same findings were observed evaluating the impact of Oportunidades. The percentage of beneficiary children and especially beneficiary girls who kept on studying tended to increase faster than for non-beneficiary students. However, schooling results of students were lower for beneficiary students than for non-beneficiary students. It needs to be taken into account that beneficiary children receive benefits due to their economic situation which is often related to a life in marginalized communities and can lead to deprivation regarding social, political, and economic factors from the beginning. Actually, it was found that the quality of school services in rural and marginalized areas are worse than in more centralized and urban areas and that schools in rural areas were less equipped than their counterparts in urban areas. The Mexican government had already made efforts to improve schools in rural and marginalized communities with limited success and still a lot of work needs to be done. Nevertheless, Oportunidades helped to improve the situation of beneficiary children and provided a framework to increase their capabilities. The number of economically active children between 7 to 14 years decreased only slightly from 2004 to 2007 but the percentage of those being able to study at the same time increased significantly by 16.9 percentage points giving them the possibility to improve their capabilities and to get a better job in the future. Actually, it was identified that male beneficiaries had better possibilities to get higher payment than before and that beneficiary women were more likely to get a better job than their mothers showing that Oportunidades contributed to achieve better capabilities across generations which in turn helped to improve the possibilities for better payment and better jobs. Indigenous beneficiaries were still more deprived than non-indigenous beneficiaries but the ethnicity gap improved for indigenous women and almost closed for indigenous men which could be further related to Oportunidades contributing to inclusive development.

Taking a look at the HDI which is based on the capability approach, it was found that a steady improvement of human development took place from 1990 to 2008 which is certainly related to the arguments established above. Poverty rates regarding food, capacities, and assets decreased at national level but especially in rural areas showing an improvement across areas.

Concluding the above findings, it can be said that there were improvements for all three sectors which are important for human development - nutrition, health, and education - at national and at local level. Oportunidades contributed to improvements for beneficiaries

across areas, gender, and ethnicities leading to an improved status of the educational, health, and nutritional situation of the population. These improvements then led to increased capabilities meaning that the population is capable to eat better and to study due to better nutrition and better health. All these factors are important for inclusive development and can be related partly to Oportunidades but also to other factors such as an improved economic situation of the country.

Actually, the annual GDP growth in per cent showed several crises from the 1980s to 2008 but the GNI per capita increased almost steadily from 1960 until 2008 which is a sign for economic development and another indicator for inclusive development. It was also found that inflation and poverty rates increased significantly during the Peso crisis in 1995 but decreased steadily afterwards even during a slight stagnation from 2001 to 2003. This could be related to functioning social protection mechanisms in place. The employment of the population diversified and more people got employed in industry and services which leads to the assumption that the educational level and the living standards of the population improved. However, the number of people working in the informal sector is still very high and leads to an exclusion of this group from formal security nets which are based on employment. Oportunidades should be able to counteract this because it is given to all eligible households living in extreme poverty and should therefore contribute to inclusive development. It was also found that inequality regarding income distribution stayed almost the same in Mexico from 1996 to 2008. From 1996 until 2008, the situation for the lowest 10 and 20 per cent improved slightly indicating a modest distribution of wealth to the poorest quintile of the population. Furthermore, it was shown that political factors were important to contribute to inclusive development. Presidential support and the president's understanding for the connection between economic and social factors, committed staff in the finance ministry, and careful planning as well as commitment to establish a long-lasting programme were essential for the development of Oportunidades. The latter also contributed to a change of the social policy environment in Mexico fostering the accountability of programmes by introducing a law which requires evaluation mechanisms for every new established social programme. ODA on the other hand did not play a role for the development and design of Oportunidades; however, the financial and advisory support of the IDB certainly contributed to the expansion and the sustainability of the programme by recommending the programme design to other countries which increased the credibility of the programme at the international level and within the country.

Therefore, it needs to be considered that ODA contributed indirectly to inclusive development in the case of Mexico too.

To finally answer the research question it can be said that the results stated above show that Oportunidades helped to foster inclusive development in Mexico across areas, gender, and ethnicities due to increased capabilities from 1997 to 2008. Additionally, Oportunidades contributed to equalize the possibilities and opportunities between poor and rich to achieve the same level of capabilities and opportunities and therefore, certainly contributed to an important part to inclusive development. However, it needs to be taken into account that it is still not possible to evaluate long-term effects regarding human development because of the relatively short duration of the programme in general and an evaluation after 2008 was beyond the scope of this paper. Nevertheless, it can be concluded that following Sen's suggestion to focus on development through the improvement of capabilities and with the inclusion of some additional characteristics, Oportunidades showed that it is possible to advance the well-being of the population making social assistance programmes focusing on human development a valuable tool to foster development. The additional characteristics were included to ensure maximum effectiveness of the programme making sure that the most deprived families receive the benefits and that the benefits are used adequately. Furthermore, they helped to make the programme sustainable and to antagonize corruption. Macroeconomic factors contributed to the development of Oportunidades and are important to increase national well-being in general. Political support was essential for the development of the programme and therefore also for inclusive development in Mexico. ODA further acted as an indirect factor to contribute to inclusive development through supporting the programme. Improvements to increase the efficiency of Oportunidades still need to take place and the real long-term effects need to be evaluated when the programme has been in place for longer but a first important and successful step has been done. Certainly, these findings are specific to Oportunidades and to the economic, political, and social conditions found in Mexico. However, it was possible to analyse the impact of this social protection programme on inclusive development and give a general overview to what extent social protection programmes are able to contribute to inclusive development if careful planning and the inclusion of a wide variety of factors is taken into account.

8. Annex

8.1. GDP

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
GDP (constant 2000 US\$) (billion)	345.56	375.88	373.52	357.84	370.76	380.38	366.10	372.89	377.54	393.39
Difference per year (billion)		30.31	-2.36	-15.67	12.92	9.62	-14.28	6.79	4.64	15.85
GDP growth (annual %)		8.77	-0.63	-4.20	3.61	2.59	-3.75	1.86	1.25	4.20
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
GDP (constant 2000 US\$) (billion)	413.33	430.78	446.41	455.12	475.41	445.85	468.76	500.52	525.08	545.42
Difference per year (billion)	19.94	17.45	15.63	8.71	20.29	-29.56	22.92	31.76	24.56	20.34
GDP growth (annual %)	5.07	4.22	3.63	1.95	4.46	-6.22	5.14	6.78	4.91	3.87
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GDP (constant 2000 US\$) (billion)	581.43	580.51	585.31	593.22	617.27	637.06	669.86	691.70	699.94	656.26
Difference per year (billion)	36.01	-0.91	4.80	7.91	24.05	19.79	32.81	21.84	8.24	-43.68
GDP growth (annual %)	6.60	-0.16	0.83	1.35	4.05	3.21	5.15	3.26	1.19	-6.24

Data extracted form World dataBank

8.2. Unemployment

	1988	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Unemployment, total (% of total labor force)	2.5	3.0	3.1	3.2	4.2	6.9	5.2	4.1	3.6	2.5	2.6	2.5	2.9	3.0	3.7	3.5	3.2	3.4	3.5	5.2	5.3

Data extracted form World dataBank

8.3. GINI index – upper middle income countries

23 out of 54 upper middle income countries labelled by the World Bank sorted by the year 2004 due to the highest number of availability in this year

Country Name	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Belarus	28.76			30.28		30.35	30.66	29.97		26.22	27.92	28.63	28.74	27.22
Romania				29.44		30.25	30.57	31.46	31.06	31.66	31.57	32.11	32.1	31.15
Kazakhstan		35.32					41.11	34.95	33.85	32.25		30.76	30.88	29.33
Serbia								32.74	32.81	32.94	33.4	29.63	29.4	28.16
Latvia	30.98	31.65	31.72	33.52				35.91	37.66	35.73			36.27	36.61
Bosnia and Herzegovina							28.03			35.78			36.21	
Lithuania		32.26		30.21		31.85	32.4	32.33		35.81				37.57
Russian Federation		46.11			37.48		39.6	35.7	37.26	37.14	37.51	42.13	43.71	42.27
Maldives				63.27						37.37				
Malaysia	48.52		49.15							37.91			46	
Macedonia, FYR				28.13		34.44		38.75	38.95	38.85	39.13	42.78		44.2
Turkey								42.71	43.42	42.67	42.56	40.34	39.26	38.95
Jamaica		40.47			44.22			48.34		45.51				
Mexico		48.54		48.99		51.87		49.68		46.05		48.11		48.28
Uruguay	42.11	42.66	42.73	43.81		44.39	46.17	46.66	46.22	47.13	45.87	47.2	47.63	46.27
Venezuela, RB	47.21			48.06	47.76		47.23	49.01	48.1	47.5	49.46	44.77		
Costa Rica	45.71	46.54	45.62	45.67	47.67	46.53	50.9	50.72	49.74	48.69	47.63	49.14	49.25	48.87
Argentina	48.91	49.52	49.11	50.74	49.81	51.11	53.36	53.79	54.72	50.18	49.28	47.72	47.37	46.26
Peru			34.78	56.17	56.66	50.75	54.06	55.64	55.22	50.34	51.11	50.87	51.65	48.95
Dominican Republic		47.43	48.92			52.01	50.43	50.12	52.09	51.95	51.06	51.9	48.69	49
Panama	57.81		58.26	57.56			57.3	56.64	56.31	55	54	55.06		
Brazil	60.24	60.55	60.53	60.35	59.78		60.13	59.42	58.78	57.68	57.42	56.77	55.89	55.07
Colombia		56.94			58.74	58.68	58.01	60.68	57.86	58.29	56.12	58.66	58.88	57.23

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