Editorial

THIS ISSUE FOCUSES ON REACHING the world's most vulnerable people with financial and enterprise development initiatives. The papers include examinations of: cash transfers for those with little or no income, barriers and opportunities regarding financial services for people living with disability, and an asset-based approach to value chain development when working with communities at risk.

The fact that we can begin to deal with these issues in a sensible manner seems to me a beacon of hope – that we are skilled enough and confident enough to move to the next level of programming, to target the hardest to reach with sustainable initiatives that allow even the most vulnerable to become the drivers of their own development.

In the case of cash transfers, the whole notion of subsidy is tossed on its head – from the fairly recent aversion to subsidy, and the more recent move to 'smart' subsidy – and we are approaching the subsidy issue through a more nuanced lens. The most economically marginalized populations are demonstrating that a leg-up is a good investment, and the redistribution of wealth can lead to social and economic justice. Although not recommended for those that have other options, living and working subsidies make sense for those at the bottom of the economic ladder. Zimmerman and Holmes provide strong statistical evidence for the efficacy of cash transfer, particularly when linked with savings, and with the use of new technologies. In our next issue, we will include an in-depth account of the Kenyan case for cash transfers from Barca et al.

We also learn that people living with disability want a fair shot at access to financial services – that handouts are not a permanent answer and that they are ready to take on this challenge. Beisland and Mersland illustrate in their case from Uganda that exclusion as a result of credit product design is the most relevant obstacle from the perspective of the disabled person. Leymat takes a global perspective, focusing on the process of design and delivery of the most appropriate products, and concludes that complementary partnership development between microfinance actors and disabled people's organizations is the best alternative for projects to adopt.

And finally, we are presented with an approach to value chain development that widens out what can be our blinkered view, and recommends that we take an asset-based approach to understand risk and opportunity. Stoian et al. explain that the poverty reduction potential of rural value chain initiatives is often based on the assumptions that

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poor households have sufficient resources to effectively participate in value chain development, do not face substantial trade-offs when using these resources, and are able to assume higher risks when reinvesting capital and labour. In reality, they remind us, many poor households reduce risk by pursuing diversified livelihood strategies that combine subsistence and market-oriented agriculture with off-farm labour and other non-agricultural income-generating activities. Selecting single value chains for investment of money and time may not produce the desired poverty alleviation goals.

These papers add to the argument that direct support may be ultimately more effective than 'trickle down', and that reducing discrimination and exploitation, redistributing even a small percentage of wealth in the world, and doing so in a considered, responsible manner will go a long way to improving our aid effectiveness.

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