Impact of cash transfer payment on poverty reduction in Iran, Social Accounting Matrix Approach

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ABSTRACT
The reduction of poverty is a fundamental objective for governments worldwide, as it represents a crucial step toward achieving inclusive and sustainable development. In Iran, like many other developing countries, poverty remains a pressing issue that requires effective intervention strategies. Cash transfer payments have emerged as a popular policy tool aimed at addressing poverty, providing financial assistance to vulnerable populations, and improving their living conditions. This paper explores the impact of cash transfer payments on poverty reduction in Iran, employing the Social Accounting Matrix (SAM) approach to analyze the economic and social dynamics associated with these interventions.
Iran has implemented various cash transfer programs over the years, such as the Targeted Subsidy Plan, the Imam Khomeini Relief Foundation's Cash Transfer Program, and the State Welfare Organization's Family Support Program. These initiatives aim to alleviate poverty by directly transferring cash or subsidies to eligible households, targeting those who are most in need. By examining the effects of these programs through the lens of the SAM framework, we can gain insights into the broader economic implications of cash transfers and understand the mechanisms through which poverty reduction occurs. The Social Accounting Matrix (SAM) approach provides a comprehensive framework for analyzing the interactions between different sectors of an economy, including households, businesses, and government. It allows for a detailed examination of the income distribution, resource allocation, and the multiplier effects of policy interventions. By utilizing SAM models specific to Iran, this study seeks to quantify the direct and indirect impacts of cash transfer payments on poverty reduction, as well as their potential spillover effects on employment, consumption patterns, and overall economic growth. Understanding the complex relationship between cash transfer payments and poverty reduction is crucial for policymakers, researchers, and development practitioners aiming to design effective social protection programs. By assessing the efficiency and effectiveness of existing cash transfer initiatives, policymakers can make informed decisions regarding program design, targeting mechanisms, and resource allocation. Moreover, this research can contribute to the ongoing dialogue on poverty reduction strategies, providing empirical evidence on the role of cash transfers within the broader context of Iran's socioeconomic development.
In summary, this work aims to examine the impact of cash transfer payments on poverty reduction in Iran using the Social Accounting Matrix (SAM) approach. By analyzing the economic and social dynamics associated with these interventions, we seek to shed light on the effectiveness and potential challenges of cash transfer programs in alleviating poverty. Ultimately, the findings of this study can inform evidence-based policy decisions, contributing to the broader goal of achieving sustainable and inclusive development in Iran. For this purpose, First, the cash transfer payment is defined and its impact on the whole economy. Second, the research methodology (social accounting matrix approach) is introduced to evaluate the transfer payment policy on poverty reduction. Third, the research methodology is tested in Iran using the new 2016 SAM is published recently by the Central Bank of Iran.
Fourth, the results will be drawn and compared with other countriesâ€™ experiences. Fifth, some recommendations and suggestions for future research will be given.