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**THE IMPACT OF NGO POVERTY
ALLEVATION PROJECTS:
RESULTS OF THE CASE STUDY
EVALUATIONS**

**Roger Riddell
Mark Robinson**



Overseas Development Institute

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RESULTS OF THE CASE STUDY EVALUATIONS**

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Preface

For the past two years a team of researchers at the Overseas Development Institute have been evaluating the social and economic impact of rural poverty alleviation programmes of non-governmental organisations in India, Bangladesh, Uganda and Zimbabwe. In each country four projects were selected as case studies, with a focus on credit, off-farm income-generation and skills training. The research project had three main objectives: to produce a rigorous cross-country comparison of NGO impact and effectiveness, to demonstrate to official donors the strengths and weaknesses of NGO approaches to poverty alleviation, and to produce a methodology of evaluation which could easily be replicated by NGOs at low cost.

This Working Paper draws on a report produced for the Overseas Development Administration and upon drafts for a planned book entitled *Working with the Poor: NGOs and Rural Poverty Alleviation*, which places the case studies in a broader discussion of the role and characteristics of NGOs, and what is assumed to be their comparative advantage in efforts to alleviate poverty. It follows the publication of five earlier Working Papers which consist of a methodological paper and four country studies.

Working Paper 37 provides a framework for detailed evaluations of sixteen different projects in the four countries. Working Paper 49 highlights the contribution made by NGOs to the alleviation of rural poverty in India. Working Paper 50 examines the impact of NGO projects spanning credit, agriculture, social forestry and income generation in Bangladesh; Working Paper 51 assesses the contribution of NGOs in Uganda to rural poverty alleviation in the aftermath of civil war and economic collapse, and Working Paper 52 considers NGO programmes in Zimbabwe which focus on their role in promoting rural enterprises and sustainable development.

This Working Paper distils the results of the case study projects to produce an overview of NGO impact and effectiveness across the four countries. It begins with a summary of the main findings of the research, drawing attention to factors which contribute to successful outcomes, as well as weaknesses in several of the projects. The background to the study is laid out in the following section, in which the rationale for the choice of the countries and projects is explained, and the overall objectives of the research are outlined. The main body of the paper examines the results of the evaluations, focusing on distributional impact, the involvement of women, the role of groups, management and staffing, innovation and replication, credit, sustainability, cost-effectiveness, and the constraints posed by the external environment.

Despite differences across the four countries, the research identified a number of common themes. Most consistent was the finding that the successful projects encouraged consultation and participation in their design and implementation. These were typically characterised by strong and competent leadership and were run by skilled and committed staff, for the most part belonging to local NGOs. The results provide support for the view that NGOs play a significant role in efforts to alleviate rural poverty even if their projects do not always reach the very poorest, are costly to implement and encounter problems of sustainability.

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1 Overview and Summary

It is widely assumed that non-governmental organisations are able to reach and improve the wellbeing of the poorest who are the subject of NGO assistance. Overall, the sixteen evaluations paint an encouraging picture of NGO project performance. Twelve out of the sixteen broadly achieved their objectives, and had a positive impact in alleviating poverty, even if only one was clearly successful in achieving all the objectives set. In contrast, only two of the sixteen projects can be said to have both failed to meet their overall objectives and to make little headway in reducing poverty. The final two achieved some of their objectives, but fell short in others, with the result that it was not possible to derive a firm assessment of their overall contribution to poverty alleviation.

This overall judgement of project success, while subject to a number of qualifications, appears to be consistent with the findings of other comparative studies: three-quarters of the sample appeared to meet objectives set, and had an impact in alleviating poverty. In the successful projects there was evidence that incomes had increased, in some cases quite substantially, consumption had improved, and there were ongoing investments in land, livestock and assets. In addition, the social status and self-confidence of the poor was found to have been enhanced in the process, increasing their capacity to make use of locally available opportunities.

Successful project interventions were found to be related to a number of different factors, none of which in isolation was sufficient to achieve project objectives. Three in particular stand out: genuine participation, strong and effective management, and skilled and committed staff. In addition to these factors, a favourable external environment was found to be conducive to project success; it was far easier for projects to succeed in their objectives when the local economy was expanding (or at least not contracting), resources were plentiful and local élites were broadly supportive of their objectives. The evidence also suggested that those projects which had been prepared and designed more carefully were among the more successful performers.

Participation

The sixteen case studies confirmed the importance of beneficiary participation in the planning, design and implementation of projects. Projects were more likely to succeed where their objectives corresponded to the priorities of the poor, and where the intended beneficiaries were regularly consulted and involved in decision-making at all stages of the project cycle. Although there was some evidence of success in projects lacking in participation, the benefits derived were unlikely to be sustained over the longer term without more direct involvement. Most of the NGOs placed

a high premium on the formation of new groups or the strengthening of existing groups as a means of raising awareness, fostering participation and empowering the poor, although these were not always integral to successful interventions.

Leadership and management

The sixteen projects highlighted the importance of a strong and competent leadership, skilled in management and possessing an overall vision of project goals. Strong leaders were able to maintain channels of communication with government officials enabling them to lever additional resources or circumvent potential problems. At the same time, excessive centralisation of decision-making in some projects undermined staff commitment and limited the potential impact of the intervention.

Staffing

A third factor underlying project success was staffing. The calibre of project staff, their commitment to overall project objectives and degree of empathy with the intended beneficiaries all contributed to the more successful projects. Well-trained and educated staff motivated by a reasonable level of remuneration and decent working conditions played a critical role in this regard.

Not unexpectedly, while the overall judgment of project performance was favourable, the projects exhibited weaknesses in certain key respects.

Reaching the poorest

First, and most importantly, most of the projects failed to reach the very poorest, and even in cases where poverty alleviation occurred, improvement in economic status was modest. There was little evidence to suggest that many beneficiaries had managed to escape from poverty on a permanent basis. However, these results need to be seen within the wider context. Thus what appear to be 'marginal' improvements to an outsider (even for those closely associated with the project) can be of major importance for the poorest themselves, especially when considered in a broader environment of marked economic decline. Equally, it would be unrealistic to expect rapid change to occur in a relatively short space of time. Some of those assisted are what are sometimes called 'borderline' poor—people who experience spells of seasonal poverty. For them, even small increases in incomes during the peak agricultural season can be enough to tide them over a lean patch. Similarly, the creation of new, or more commonly, additional periods of employment during the off-peak months was found to play an important role in reducing vulnerability to the fairly hostile external environment in which most poor people have to live.

Cost effectiveness

Second, most of the studies revealed that these types of interventions are costly to implement and the benefits take time to mature. In five of the projects, the benefits clearly exceeded the costs of achieving them. In five others, the objectives were achieved, but at a high cost of staffing and resources. In the two projects which failed to meet their objectives the costs far exceeded the benefits. For the remaining four projects, it was difficult to make precise judgments, either because the project was relatively new or because the data was insufficient. In addition, the studies confirmed that cost-benefit analysis appears novel to some NGOs, and that overall costs are usually higher than NGOs believe them to be.

Sustainability

On the question of sustainability, relatively few of the projects demonstrated the potential to continue once the NGO ceased operating in the area. Some were heavily constrained in this respect by an adverse physical environment. In others, insufficient attention on the part of the NGO to cultivating the capacity of grassroots organisations to manage economic programmes undermined their potential for self-reliance over the longer term.

2 Background to the Study

2.1 Introduction

As the core of this study are case study evaluations of sixteen poverty alleviating projects executed or funded by some of Britain's leading NGOs, utilising the approach outlined in the methodology framework paper (Riddell, 1990). This Working Paper summarises the main conclusions of these evaluations. It begins by outlining the reasons for the choice of countries and the case study projects, providing a brief description of each. It then summarises the main findings from the evaluations, followed by a discussion of a number of specific issues arising from the case study evaluations.

2.2 Choice of countries

Poverty alleviating projects were selected for analysis in four countries: two in South Asia (Bangladesh and India) and two in Sub-Saharan Africa (Uganda and Zimbabwe). The choice of these particular countries was based on a broad range of factors: a significant level of indigenous NGO activity in the country, a substantial British NGO involvement, and a comparatively large official British aid

programme. Another consideration was the differing nature of poverty in each country. Within the overall context of 'poor' countries, the attempt was made to select countries which are characterised by variations in the incidence, extent and causes of poverty, and different approaches of government, as it was anticipated that this would be likely to give rise to different types of NGO project intervention and to differing approaches to poverty alleviation.

Bangladesh is ranked among the five poorest countries in the world in terms of per capita GDP (\$177 in 1989), placing it in the category of 'least developed' countries. It has a (1989) population of 110 million, growing at the rate of 2.7% per annum. Over two-thirds of the population is classed as poor, and in the rural areas, more than half the people do not earn or produce enough to meet their basic food requirements. Foreign aid plays an important role in Bangladesh, accounting for 87% of government development expenditure and more than 50% of the value of imports. There are estimated to be over 500 local NGOs involved in development work, which together receive external aid of \$85–100 million per year, equivalent to 6% of official aid commitments. British NGOs annually transfer in excess of \$20 million to their local counterparts. Bangladesh is the second most important country after India in terms of its receipt of total UK NGO funds sent abroad.

India is the second largest developing country in the world. In 1989, it had a population of 833 million, growing at an annual rate of 2.1%. GDP per capita was \$283. A third of the population is below the official poverty line. Most of these live in the rural areas, but are distributed unevenly across the country. In sharp contrast with Bangladesh, in 1988, foreign aid represented 11% of the value of total imports. There are more than 10,000 NGOs engaged in development activities in India, spending between them an estimated \$500 million per year, 90% of which comes from foreign contributions, equivalent to 25% of official development assistance. British NGOs account for about 10% of total NGO expenditure, equivalent to some \$30 million annually.

Uganda has a population of around 18 million, growing annually at a rate of 3.6%. GDP per capita stood at \$266 in 1989. Although this is higher than Bangladesh, the changes in Uganda's per capita income for the period 1965 to 1988 are the worst recorded for all developing countries, having contracted by an average of 3% a year over the period, and reflecting the cumulative effects of war and political turmoil. Poverty is most acute in the rural areas, where two-thirds of the population are classified as poor, although there are marked regional variations in the incidence of poverty. In the late 1980s, foreign aid contributed more than 50% to total government expenditure, and represented more than 60% of the value of

imports. There are approximately 300 NGOs active in Uganda; at least eighteen of these are British. British NGOs provide in the region of £10 million annually for development projects and disaster relief but there are no accurate figures on the total volume of NGO aid to the country.

Zimbabwe has a population of almost 10 million, growing at the rate of 3.1% per year. With a GDP per capita of \$655 in 1989, it is classified as a middle-income economy, although there are significant disparities of wealth between classes and regions.¹ Poverty is concentrated in the rural areas, especially in the communal areas where more than half of the population live, the majority of whom are smallholders. Foreign aid flows account for just 2.6% of total government expenditure, and represents about a quarter of the total value of imports. NGOs number around 400, and spend well in excess of £20 million, equivalent to 20% of official aid flows. British NGOs have stepped up their involvement since independence in 1980, and play a prominent role in funding the activities of a range of Zimbabwean counterparts.

2.3 Case study selection

Clearly, the range of projects funded by and/or implemented by British NGOs across even these four countries vary in relation to size, duration, objectives, level of funding and approach.² The sixteen projects selected for the ODI study share two common characteristics. Firstly, all are located in or involve major activities in rural areas. Most importantly, however, all are explicitly concerned with poverty alleviation through income generation, even if the particular approach used differs from project to project.³ Thus projects with an exclusive single focus on social services (education, health and shelter), or on relief, were excluded from the study, even though it is recognised that such projects may mitigate some of the most pernicious effects of poverty.

¹ All four countries are considered poor enough to be eligible for IDA (International Development Association) funding, the 1989 cut-off point being an average per capita income of \$700.

² In some cases, the ODI evaluations examined the whole project, in others just a single programme component, although both are referred to as projects for shorthand purposes in the pages which follow.

³ The one exception is the community health component of the Multi-Sectoral Rural Development Programme in Uganda, although particular attention is given to the attempts to institute cost-recovery mechanisms through user-fees and income generation.

The term 'poverty alleviation' is shorthand for an intervention aimed at a sustained improvement in the economic status of the poor, by raising incomes and creating new opportunities for employment, which in turn bring about increased consumption, savings and investment. Within these parameters, an attempt was made to strike a balance between projects concerned with off-farm employment and those with a focus on small-scale agriculture. Finally, most of the projects selected had among their objectives increasing participation, improving self-reliance, or enhancing social mobility.

There are a number of reasons for focusing on projects stressing the raising of incomes and the enhancing of economic status. First, it was considered easier to compare interventions within and between different countries by focusing on more narrowly-defined projects. Second, it was assumed that it would be easier to come to firmer, and less impressionistic, judgements about changes in economic status than, for example, in assessing the achievement of less tangible goals such as 'raising the awareness of the poor' or 'increasing their empowerment'. Third, the type of approach adopted here reflects the growing realisation on the part of NGOs that any long-lasting attempt to redress the causes of poverty, as opposed to its symptoms, have to include a focus on improving the economic wellbeing of the poor.

Two further considerations underpinned the selection of the sixteen projects. As a primary objective of the study was to assess impact, it was necessary to select reasonably-sized projects, to try to choose those that had been running for some time (at least two, and preferably five, years), and to pick those which exhibited a level of continuity of both objectives and methods of approach. In the event, only one of the sixteen projects had started less than two years prior to the evaluation; five were less than five years old, and eight (half) had been in operation for ten or more years. One project had ended over five years prior to the evaluation, and in others, particular areas or groups assisted no longer received direct NGO support. Another criterion for selection was that the projects should have some direct link with a UK NGO, although only two of the sixteen are implemented by British NGOs—in this case by ActionAid.

In *Bangladesh*, the four projects selected highlight different NGO approaches to poverty-alleviation, and the types of problems that have been encountered in the course of their implementation. The four are: the ActionAid Development Centre Programme which focuses on savings and credit for off-farm income generation; the horticulture and agriculture programmes of the Gono Kallyan Trust which provide technical support to enable small groups of the poor to farm land on lease; the fisheries programme of Gono Unnayan Prochesta which helps the landless to

develop disused ponds for fish cultivation; and the Caritas social forestry programme where the aim is to motivate people to grow more trees around their homesteads and public land.

The four projects chosen in *India* also reflect a range of approaches common to many NGOs in the south of the country, as well as embracing different types of local NGO organisations. These are: the Community Organisation Programme of Rural Development Trust, which focuses on a crop loans scheme; the CASA Phase III programme, which is concerned with accessing subsidised bank credit supported by government grants for off-farm income generation; the Arthik Samata Mandal agricultural development programmes whose main thrust is the provision of crop loans from institutional sources, grants for small-scale irrigation and land improvement schemes; and the Kanyakumari District Fishermen Sangams Federation which aims at improving the marketing of fish caught by Federation members. Similarities between most of the projects in both India and Bangladesh include: a concentration on group formation, an emphasis on the poor, the landless and women, and the provision of credit.

The four projects in *Uganda* are the Uganda Women's Finance and Credit Trust, which provides credit for employment and income generation to rural women; an engineering workshop under the West Acholi Cooperative Union, which produces agricultural equipment for local farmers; the health component of the Multi-Sectoral Rural Development Programme which attempts to fund its activities through user fees and income-generating projects; and the technical skills training unit of the ActionAid Mityana rural development programme. The projects selected highlight different aspects of NGO interventions in the Ugandan context: three focus on relatively well-established agencies, two of the local NGOs promoting the projects have had a long involvement with British NGOs, and one is implemented by the Anglican Church which, with its Catholic counterpart, plays a major role in NGO development activities in the country.

In *Zimbabwe*, while all four case study projects focus on rural enterprise and group work, three have adopted very different approaches to poverty alleviation. The Catholic Church's Silveira House is one of the oldest NGOs in the country, and pioneered group approaches to credit for communal farmers in the pre-independence period; the Mzarabani farmer credit project provides an example of an NGO attempting to move away from a primary focus on relief to promoting development; the Campfire project, supported by the Zimbabwe Trust, represents an innovative approach to sustainable wildlife resource management; finally, the Simukai collective co-operative focuses on joint productive enterprises, consistent

with the government's desire to promote rural development along more equitable lines.

2.4 Expectations of the results

In common with the experience in other leading donor countries, British NGOs fund many hundreds of different types of projects, of differing size, in differing environments, and in very different types of developing countries: sixteen projects thus represent a minute sample. It is thus clearly not possible to derive general conclusions about the impact of British NGO projects as a whole, although some more specific conclusions about economic interventions do emerge from the studies.

It is therefore important to stress a number of points. First, only a few NGO evaluations reach the public domain each year, and there have been very few attempts at comprehensive cross-country evaluations of NGO projects. Hence there is little evidence against which to judge the results of this particular initiative; indeed one of the purposes of the current exercise was substantially to increase the amount of information available about NGO project impact. What is more, we know that the sixteen selected constitute a biased sample of projects, for two reasons. In the first place, and as mentioned already, certain specific criteria were used to select the sixteen projects although these do include important and representative types of NGO interventions. But secondly, there has been an additional bias, towards what could be termed less contentious projects; the selection was made in consultation with the UK NGOs, who suggested a range of projects which fitted the selection criteria for possible inclusion.⁴

This raises the question of why the selection of projects for the study was not random. The objective of the ODI study was not to try to answer the question of whether NGO projects *in general* are any good, or not: there was insufficient evidence prior to the ODI study to be able to come to a firm conclusion on this point. The explicit objectives of the exercise were:

- to try and see the extent to which a narrow representative group of poverty-alleviating projects have been successful in achieving their objectives;
- to isolate those factors for particular projects which have contributed to or frustrated project success; and, if the data merit,

⁴ In the event, the assent of the local NGO proved to be the dominant consideration governing the final selection of case studies; projects that had been outright failures or where their poor relations with the funding agency were excluded.

- to isolate those factors across projects which seem to have contributed to or frustrated project success; and, again, if the data merit,
- to make some tentative wider generalisations about the types of projects selected.

Given the paucity of information, at least in the public domain, about NGO project performance, it is hoped that the findings will be useful in providing a better understanding of NGO interventions, and in increasing overall knowledge about the impact and effectiveness of NGOs in poverty alleviating projects.

3 Results of the Evaluations

The remainder of this Working Paper picks out and discusses NGO intervention in relation to nine key themes, drawing on the evidence from the sixteen evaluations to highlight similarities and differences between projects and across countries. The themes are: reaching the poorest; the significance of the projects for women; the extent to which group formation and participation is important to the achievement of objectives; management and staffing issues; the extent to which projects are innovative and have the potential for replication; the impact and importance of credit schemes; sustainability and self-reliance; the importance of the external environment; and cost effectiveness.

3.1 Reaching the poorest

Conventional wisdom asserts that NGOs are particularly good at reaching the poorest: the assertion that they are better at reaching the poorest than government and official aid agencies suggests both that they may be better at involving poorer or the poorest groups, and that they may be better at improving their lives. Thus an important aspect of project impact is the distribution of gains accruing to different groups of beneficiaries. The evidence from the sixteen evaluations shows—positively—that the projects were not set up for the rich, and that few direct and exclusive benefits were obtained by the non-poor from the projects. Equally, however, no projects were both set up for and exclusively benefited the poorest. Almost without exception, the poor benefited to a greater extent than the poorest, and men to a greater degree than women, by virtue of having prior access to land and other assets. In only a quarter of the projects evaluated (four out of sixteen) were the incomes of the poorest raised significantly; in eight, they were

either bypassed or the benefits that they received were limited in comparison to individuals who were less poor.

These results lead to the important question of the characteristics of projects which *did* reach the poorest, and why even NGOs find it difficult to reach down to and improve the lives of the poorest.

One sub-group of the poorest are the chronically poor who lack the means to satisfy their basic food requirements. These include the sick, the elderly and others who are not generally economically active, together with a small number of people who are reluctant or unable to participate in projects due to suspicion, lack of motivation or pressure from dominant social groups. Such people tend to constitute a minority of the rural population; they are usually beyond the reach of most economic interventions and stand to benefit more from improved and direct social services, rather than through development projects designed to promote self-reliance.

But another—and larger—sub-group of the poorest include landless labourers, marginal farmers, those with few durable assets and little to no education, and a high proportion of households headed by women. Part of the reason for NGOs failing to reach these people in larger numbers lies in constraints of human and financial resources. Almost by definition the poorest tend to be scattered, disorganised, and living in resource-poor areas, or are heavily dependent on these groups for employment and credit requirements. When NGOs attempt to design projects exclusively for these people they form functional groups to encourage their participation (see section 3.3). Alternatively they try to implement projects on a one-to-one basis. But even if NGOs follow the latter course of action, they are constrained in so doing: it is no easy task to devise programmes aimed at raising the incomes of individuals without land or other assets: unskilled workers with little capital tend to produce products that sophisticated consumers do not want to buy, while the poorest have no money to buy such goods. These problems were encountered both by the ActionAid Mityana Programme (AMP) in western Uganda and ActionAid Bangladesh. These considerations reflect the fact that poverty alleviation projects of the type selected led to reinforced market involvement as opposed to trying to change the terms of engagement with dominant social groups.

However, four of the sixteen projects where the poorest did benefit directly offer some insights about the types of NGO interventions which stand a higher chance of reaching and benefiting this group: these were the CASA Phase III programme in coastal Andhra Pradesh, the ActionAid credit programme in southern Bangladesh, the Simukai collective farming co-operative, and the Campfire project in Zimbabwe. The CASA and ActionAid Bangladesh projects both used rigorous

targeting of beneficiaries, and worked hard to ensure that the poorest were well represented in beneficiary groups. Beyond that, a concentration on the disbursement of small loans which were directed towards activities selected by the beneficiaries in consultation with and subject to careful monitoring by project staff helped to ensure both that the poorest could cope with the (small amount of) assistance provided and that the money loaned was likely to go into productive uses of value to the poorest even though the loans were not always sufficient to meet their needs. In Zimbabwe, the Simukai co-operative benefited the poorest as co-operative members were largely young unskilled, uneducated and assetless ex-combatants, but the numbers involved were minute, less than 40. In the case of the Campfire project, the poorest gained because the project embraced everyone living in the designated area. In both instances, however, the administrative costs of the project and of NGO assistance were high in relation to the numbers of people that benefited and the extent to which positive benefits were generated.

In some of the other projects, the poorest clearly gained as the benefits trickled down indirectly to them even though they were not actively participating in the projects concerned. Small farmers assisted by crop loans provided by RDT in India expanded the area they cultivated, increased their share of cash crops and in some cases started to cultivate several crops in a year; all these activities led to expanded employment opportunities for the poorest. Similar employment expansion is evident from the UWFCT and ActionAid projects in Uganda generated by small businesses set up by individuals who received credit and skills training. However, few of the NGOs participating in the study acknowledged or realised the extent to which some types of intervention had a multiplier effect manifest in increased local demand for goods and services and employment.

Alleviating poverty is, of course, concerned with far more than (although often linked with) raising income levels or in attempting to increase short-term financial security—a point well recognised in the usually broad set of objectives of the projects examined. These include a range of social benefits which are less amenable to quantification, but can be of great significance to the poor, especially in the South Asian context. These include reduced dependence on moneylenders and local political élites, greater independence in decision-making, lower season out-migration, improved ability to cope with contingencies such as illness and natural disasters, greater political participation and awareness, reduced social discrimination, and increased self-respect and mobility for women.

Thus in Uganda, the Women's Finance and Credit Trust not only provides examples of increasing income, for instance from developing a small business, but income gains enhanced the status of the poor (especially those previously without

land or assets) within the wider community, providing the conditions for a widening of opportunities for subsequent gain in the medium term. Or again, people from the scheduled caste community in coastal Andhra Pradesh report that the practice of untouchability has declined as a result of their being able to sell goods and provide services valued by higher castes, resulting from the NGO intervention.

Most of the evaluations revealed few major and new social tensions arising from successfully enhancing the social and economic status of the poor, either with local (male) élites or other poor non-beneficiaries. This is a notable achievement for, as the evaluations make clear, attempts to raise the incomes of the poor usually take place in a social and political environment which is at best difficult, and often hostile to the objectives of the projects. However, this could also signify that the projects did not successfully challenge the prevailing balance of power or existing patterns of gender discrimination.

The relative absence of tension between rich and poor was usually related to the type of projects executed. Four factors appeared to play a role here: the economic benefits were perceived by the rich to be too insignificant to be of interest to them, or the project was completely self-contained (ActionAid, Bangladesh, CASA, India and the Simukai co-operative, Zimbabwe); the particular technological innovation introduced (homestead-based tree planting) primarily benefited the poor (Caritas Bangladesh); the rich also gained as the benefits accrued to the entire community (natural resource management or investments in the village infrastructure, India and Bangladesh, the Zimbabwe Trust); and, the NGO was able to persuade the rich to co-operate because the increased incomes for the poor also led to increased income for the rich (the fisheries programme in Bangladesh). In other projects, the NGO was able to exploit differences between rival dominant groups and successfully avoid polarisation, or else to eliminate the exploitation of politically weak middlemen (CASA and Fisherman's federations in India). But the lack of tension in most of the projects reflects the fact that these focused less on mobilising the poor to challenge the structural causes of poverty (unequal landholdings, low wages etc.) and more on enhancing the incomes and material status of the poor.

However, social tensions did arise in some projects, sometimes spilling over into violence, especially when richer groups felt that their interests were under potential or actual threat. In India especially, dominant social groups (landlords, moneylenders, high castes) sometimes reacted violently to a loss of patronage and income (from high-interest loans) by resorting to coercion, smear campaigns, exploiting factional divisions, and physical attacks on project participants or staff members. In the Zimbabwe Trust project, the comparatively powerful district

council appeared to try to control the significant income gains acquired from wildlife management which was due to the ward participants.

3.2 The involvement of women

Since the early 1980s, NGOs have been highlighting discrimination against women and the relative disadvantages that women have in many societies in the developing world. It is probably for this reason that NGOs are believed to be effective in reaching poor rural women through their interventions.

While this particular selection of NGO projects indicated a serious commitment to gender issues, the involvement and impact of these projects upon poor women was generally limited. With the notable exception of the Uganda Women's Finance and Credit Trust, set up exclusively for women, there was little evidence to suggest that the projects selected significantly enhanced opportunities available to women, or effectively challenged prevailing patterns of gender discrimination. Men dominated the agricultural credit schemes studied—Christian Care in Zimbabwe, RDT in India—even if these included special programmes of assistance for women. Women were also usually under-represented both in committees of beneficiaries set up to liaise with the NGO and among the project staff of the NGO, unless there was a positive attempt to expand their involvement.

In only six of the sixteen projects did women benefit to any significant extent, either through their direct participation and involvement in the project, or in terms of a perceptible improvement in their economic and social status. Equally, however, it needs to be said that improving the economic status of women in male-dominated societies is both a complex and delicate issue and one which is intrinsically connected to the wider problem of poverty. In the face of the particular difficulties experienced by women, it is highly unlikely that significant advances can be made in a short space of time; indeed, it would be naive to expect NGO projects, especially over a short period, to transform the role and status of women. In some projects, pressure from the men forbidding their wives to take on new income-enhancing activities was often outweighed by the extent of family poverty, and the chance to have more cash or food around. This was evident in the GKT horticulture and agriculture programme and the ActionAid credit programme in Bangladesh. In both cases, the rise in income will have gone some way towards increasing the independence of women—at minimum it will have increased the confidence of women that a different type of life is possible. As the UWFCT project in Uganda and the CASA project in India demonstrate, in the short term at least, increased self-respect and even limited financial independence can be very important for poor women in male-dominated society. Nevertheless, there are frequently limits to the

extent that disadvantaged women gain increased independence from such interventions. For example, the ActionAid credit programme in Bangladesh indicated that male family members used loans secured by women to finance their own economic activities.

Where efforts were made to involve women and promote their economic wellbeing, the sixteen projects revealed a tendency to emphasise more traditional occupations for women, characterised by relatively low economic return and market potential. The reason is understandable; it reflects existing economic and domestic commitments which place severe restrictions, especially time restrictions, on the ability of women to take on new tasks. The result, however, is that gender divisions tend to be reinforced rather than resolved by such interventions. However, examples of projects where NGOs were able to help women identify opportunities for deriving new sources of income include tree cultivation and backyard nurseries on household plots in the Caritas social forestry programme in Bangladesh, tailoring, poultry-raising and dairying in the CASA Phase III programme in India. In such cases it was apparent that increased income for women brought wider benefits in the form of improved food intake for children and higher expenditure on health and education.

3.3 The role of groups

The sixteen case studies broadly confirm the view that most NGOs place a high premium on the formation of new groups, or the strengthening of existing groups, a means of raising awareness, empowering the poor and promoting the goal of self-reliance. However, not all the NGOs operated through fully-fledged groups. In Uganda, for instance, in two of the four projects (UWFCT and the Busoga diocese health programme) beneficiaries interacted with NGO personnel largely on an individual basis. For the remainder, groups have differed in their origins, size and function. In some instances, groups were already in existence prior to the intervention of an NGO; these included self-help groups (such as the farmers' groups in Christian Care and Silveira House) and membership organisations (the ASM farmers' co-operatives and the fishermen's associations in India). For the most part, groups were established by the NGO in the earliest stages of the project.

For some of the projects studied, the groups functioned little differently from groups set up or utilised in non-NGO projects. Their main function was to facilitate the distribution and collection of credit, or to provide a mechanism to channel inputs to the beneficiaries. For others, however, the groups performed a rather different, or at least additional, role, best captured in the notion of 'empowerment'. In the Uganda, the NGOs usually worked with groups which were formed prior to

project commencement, or with very loosely-structured associations. In Zimbabwe, individuals with similar backgrounds, especially common church membership, were brought together to facilitate the allocation of small-scale credit and agricultural inputs to farmers. But in neither country was there much evidence of NGOs spending time forming new groups, or explicitly attempting to involve the poorest. To some extent, this appeared to reflect a wish to reduce risk and to maximise the anticipated impact of particular interventions.

In contrast, in Bangladesh and India, seven of the eight projects began with the explicit task of forming groups which were established explicitly with the objective of bringing together the poor, on the basis of class, gender and locality.⁵ Here groups were formed for two purposes: firstly, to promote participation in the design and organisation of economic programmes, and provide a channel through which credit and other inputs could be directed; secondly, in order to achieve a range of specific social and political objectives. In India, especially, the case studies provide evidence of the groups formed playing an effective role in empowering their members. The results are manifested in various ways. In some cases, groups provide the basis for collective social action, enabling communities to seek redress over legal wrangles, to mediate in conflicts over land rights, or to challenge government legislation. The fishermen's associations in Tamil Nadu illustrate not only the way in which the exploitative mark-ups of middlemen and moneylenders were successfully circumvented, but the manner in which substantial political leverage was acquired by the associations which enabled them to influence government policy on fishing rights. Likewise, the CASA project provided the structure for poor people not only to gain confidence to approach officials, and to interact with people from outside their own community, but also to secure access to resources from government institutions and banks.

The positive gains from NGOs working with and through groups, however, needs to be put into broader perspective. Even though five of the sixteen projects lacked community participation, they were clearly successful in raising incomes. Groups only appeared to play a significant role in achieving the objective of a sustained improvement in the lives of the poor when they genuinely represented their interests (rather than a front for élite groups) and where they provided effective channels of communication with the NGO. In projects where groups were characterised by unstable membership or internal conflicts, performance was

⁵ In these countries, village level institutions and farmers' co-operatives do exist, but the poor are usually denied effective representation on them which renders them powerless in local decision-making.

adversely affected. Equally, even with projects which resulted in higher incomes or increased status of the beneficiaries, fear of losing the gains achieved often pushed group members towards exclusivity and a reluctance to open up membership to the poorest. Thus in some projects where members were self-selected (such as the Silveira House farmers' groups in Zimbabwe or the fishermen's associations in India), the beneficiaries introduced stringent entry requirements. In such projects, membership became conditional on the ownership of land and assets, which resulted in the poorest automatically being excluded.

Projects are often designed so that if individual members perform poorly the project as a whole suffers. For example, some credit projects operate in such a way that when one member defaults it adversely affects the credit standing of others. Default or an inability to meet repayment obligations is the most common cause of group break-up in ActionAid Bangladesh and Silveira House in Zimbabwe, not unanticipated given the vulnerability of the poor to domestic and environmental calamities. What is more, group pressure to repay loans to the project can result, and in the case of RDT has resulted, in some members of the credit scheme returning to the village moneylenders to borrow funds simply in order to remain in good standing with the NGO.

Another problem with functional groups is that while they may be conducive to effective project management in the short-term, longer term sustainability can be more difficult to achieve. Certainly the small-scale credit programme of ActionAid Bangladesh, the crop loan programme of Arthik Samata Mandal and RDT in India, and the Silveira House credit programmes in Zimbabwe all appeared to have similar problems in the capacity of project members to take over the responsibility for administration from project staff for operating these programmes.

Yet another objective in the group approach of NGOs is often to try to nurture effective leadership among the poor. Again, a number of the case studies provide evidence of successes here, notably in the CASA project and the fishermen's associations in India, although strong leadership can adversely affect the nurturing of group democracy, and in the long term it heightens the risk of non-sustainability since other group members can lose interest and do not take an active part in group affairs as the ASM case study illustrates.

Clearly, therefore, the issue of groups and their role in NGO projects is more complicated than might initially be thought. Groups may not be a *sine qua non* for successful NGO interventions. During the life of the project, performance is related to a range of factors, only one of which is the manner in which the beneficiaries are organised and their input into decision-making structures.

3.4 Management and staffing

The quality and effectiveness of management and project staff constitute one of the key clusters of factors identified as playing a major role in project impact. The term management encompasses a wide range of issues. It begins with project selection and ends with the process of disengagement; in between comes the constant monitoring of the project against objectives, perhaps the altering of objectives but certainly their continual adaptation as internal and external factors change, as well as the training and competence of the different employees, from the staff directly involved in the execution of the project, to the quality and competence of local staff and their ability to relate to donors. It also includes more mundane matters such as record-keeping and accounting. Moreover, project management entails close and continual interchange with the beneficiaries, sensitivity to their changing needs and priorities, and the ability to sense when and how the project is helping, and when it is hindering, their lives.

The case studies throw light on the varying importance of each of these management and staffing issues. The calibre of NGO project staff, their commitment to its philosophy and overall objectives, and degree of empathy with the project participants all appear to play an important part in meeting project objectives. Well-trained field staff, motivated by a reasonable level of remuneration and committed to the goals of the organisation, clearly play a critical role in successful interventions. Poorly-paid staff have cause to be less committed to the projects they are managing or executing, and will be tempted to spend more project time engaged in moonlighting activities. It is therefore no surprise to find that weak projects such as the Mzarabani project in Zimbabwe are often characterised by high rates of staff turnover, leading to project disruption, even if there is little evidence among NGO projects of the petty corruption which plagues many government programmes, especially in South Asia.

There also appears to be a link between degree of commitment and levels of education of staff: locally recruited staff tend to have closer affinity with and understanding of the needs and desires of the intended beneficiaries, because of similar background and levels of education. Religious affiliation also appeared to be important. Thus, commitment to helping the rural poor in some cases had a religious foundation, which tended to heighten commitment to the project. This was true, for example, for the CASA project in India. But additionally, common religious affiliation between project promoters and the beneficiaries provided an additional level of 'binding' which proved especially useful as projects went through times of strain or crisis. In Zimbabwe, this is illustrated in both the Silveira House and Mzarabani projects.

Commitment, of course, is by no means a sufficient condition for success. Pre-project design and preparation remain critical, while training in technical and financial expertise are also important factors. The case studies suggest that it is far from uncommon for NGOs to try to promote a particular project which staff are unqualified to initiate, or which is too large for them to manage efficiently, to the detriment of the achievement of project goals. This problem tends to be most visible when NGOs try to switch from promoting relief to trying to promote and nurture development. Both the Mzarabani and Simukai case studies in Zimbabwe illustrate different types of problem within this perspective. Sometimes, too, poor staff training and expertise can be associated with an unjustifiably poor (perhaps patronising) attitude to the intended beneficiaries, which inhibits the important process of feedback as the project evolves.

Some of the case studies show that excessive centralisation of decision-making in the hands of the project leadership, especially if bound up with family ties and patronage, tend to undermine staff commitment and limit the potential of a programme, mostly notably brought out in the Asian case studies. Yet in both Africa and Asia, strong leadership gave almost all projects a powerful momentum, sometimes overriding other staffing weaknesses especially when project leaders are able to influence government officials. But strong leadership also brings with it its own dangers. Thus to the extent that more fundamental management and decision-making problems are concealed, the NGO will become dangerously vulnerable to the leadership of particular individuals and therefore vulnerable to changes in management.

3.5 Innovation and replication

As the role and place of NGOs in development has gained prominence, so the issues of project replicability and NGO influence has become of increasing importance. The Zimbabwe case studies provide good examples of both project replicability and NGO innovation. Thus the Silveira House group loan scheme was taken over by the government and 'replicated' almost throughout the country. Poor subsequent performance was in large measure due to the fact that some of the core benefits of smallness and group cohesion were lost in the process of scaling-up. For its part, the Campfire project of the Zimbabwe Trust provides an example of a project which, although still in its infancy, is already being used as a model for a completely new way of marrying income generation and wildlife management objectives, both by official aid agencies (the USA and Canada) and by other NGOs.

However, most of the case study projects were not introduced with the intention of being replicated; the majority were started simply in the hope that the direct

project members would benefit from the intervention. Indeed, the studies confirm the view of Korten (1980) that where lessons are learnt, they tend to play a larger role influencing the organisational capacity of the implementing NGO rather than leading to a redesign of the project approach. Nonetheless, NGO poverty alleviation projects in rural areas tend to share many similar characteristics, especially those which involve the provision of credit and other forms of material assistance. Thus the most common form of replication is for NGOs to repeat in one area what it, or sometimes another NGO, did in another, with modifications in accordance with local circumstances. However, the strong impression was gained that far more could be done in this important area.

NGO projects are frequently believed to be innovatory in their approach, involving some degree of experimentation in methods and technology. It was found that nine of the sixteen case study projects contained some element which could be termed innovatory, ranging from those which introduced a new technology or production process, to those which devised a novel approach to a familiar problem. Among the case studies, new fibro-cement roofing tiles were introduced by the ActionAid Mityana programme in Uganda, the engineering workshop set up initially by Acord to produce specially-designed ox-ploughs, revealing both innovation and flexibility. In south India, new boat technology has been developed by the Intermediate Technology Development Group in association with artisanal fishermen.

However, the more common form of innovation lay in the specific approach adopted in different socio-economic and political contexts: half the case study projects appeared to use a new type of approach to help address the problems of rural poverty, including all four projects in Uganda. Besides the ActionAid and Acord projects, the UWFCT pioneered credit for poor rural women, and the health programme of the Busoga diocese devised cost-recovery mechanisms for its curative health services. Although these projects did not introduce new or unfamiliar methods and approaches, they were certainly new to Uganda. In contrast, there was little especially innovatory about the ActionAid Bangladesh programme; on the contrary it was largely the reproduction and successful application of a well-tried approach to group credit which had originally been pioneered by the Grameen Bank in the same country.

3.6 NGOs and credit

Credit-focused initiatives constitute a major proportion of NGO projects across both Africa and Asia, and the present selection of case studies reflects this. Credit was a central element in seven of the sixteen projects, and a subsidiary component in

several others although only one (UWFCT in Uganda) focused exclusively in credit. In four projects (Silveira House and Christian Care in Zimbabwe, Rural Development Trust and Arthik Samata Mandal in India), credit took the form of crop loans to peasant farmers, which enabled them to purchase agricultural inputs (seed, fertiliser, pesticide and implements) and/or to cover the costs of ploughing. In three other projects (UWFCT in Uganda, ActionAid in Bangladesh, CASA in India), credit was primarily used to promote off-farm employment by helping beneficiaries to invest in income-generating assets. Of these seven schemes, five consisted of revolving funds directly administered by the NGO, and two (CASA and ASM in India) drew on credit available from the formal banking sector.

The first thing to say about the credit schemes is that they were popular initiatives: the demand for credit tended to exceed the ability of NGOs to provide enough of it. The NGOs were able to reach the poor (though not necessarily the poorest) with targeted small-scale loans, for three main reasons. First, the credit provided by the NGOs was invariably cheaper (because of subsidised interest rates) than loans provided by traditional moneylenders, and/or more easily accessible than normal bank credit. Second, the volume of credit was large enough to meet borrowers' most immediate needs, but small enough to ensure relatively high levels of repayment, even if the amount lent usually fell well short of their total requirements. In the case of RDT in India, this was deliberate policy in order to encourage less-poor beneficiaries to supplement NGO funds with credit from other sources. It was, however, popular for an additional reason—it was perceived to be less risky than other forms of credit: members of NGO credit schemes usually believe that they will be treated less harshly if they fail to repay on time.

The evaluations also indicate that rates of repayment to NGO credit schemes have often been better than the level of repayments to comparable state credit agencies, although in the RDT case there was some evidence to suggest that some people kept up with their repayments by returning to traditional moneylenders in order to remain in good standing with the NGO scheme. Additionally, as the CASA example indicates, where the role of the NGO has been to assist the poor to borrow from institutional sources, repayment rates to these non-NGO institutions have also increased. In part this could be attributed to the lower rates of interest charged in the NGO schemes. But in all cases, it appears that the different forms of group membership characteristic of the NGO schemes, combined with a more personal face-to-face relationship between the implementing agency and credit recipient, were important factors leading to better NGO performance. This was certainly true of the Silveira House schemes in Zimbabwe: in the first five years of the Silveira House 'pump-priming' scheme, repayment rates were 97% of money lent, declining

to an average 73% over the following five years, largely as a result of disruption caused by the pre-Independence war. In the case of ActionAid Bangladesh, too, registered repayment rates in excess of 95% occurred largely as a result of its insistence on regularity and strict monitoring.

The CASA, RDT, ActionAid Bangladesh, Silveira House, and UWFCT credit schemes all helped to raise incomes from new sources of off-farm employment or from increased agricultural production. The loans provided were used productively (following consultation with project staff or discussion within a group) and responded to farmers' needs. In the cases of Silveira House and the RDT scheme in India, small farmers increased cash crop production by purchasing inputs which were otherwise difficult to obtain. However, not all the schemes were successful; the Mzarabani credit scheme did not lead to any significant rise in incomes of participants, in large part because of administrative and technical problems experienced by the NGO.

What is more, unless very carefully monitored, and unless sufficient funds are provided, NGO credit schemes often fall well short of their intended objectives. In part, the problem lies with insufficient attention given to the practicalities of running a credit programme once it is up and running: both the demand and need for credit clearly encourage NGOs to establish programmes quickly. In the case of the Mzarabani project, even the promoters of the programme appeared to be confused about the method, timing and amounts of repayment which should be made. More common is confusion at the level of the borrower. There is often a real tension between, on the one hand, providing sufficient credit in order to make a significant difference to people's incomes, and, on the other, providing amounts too large for people to be able easily to pay back the money they have borrowed, often because insufficient attention has been focused on the income-generating schemes for which the money is to be used. The issue, however, is more complex. In practice, poor people do not always want access to credit for investment purposes, as they have far more pressing demands: immediate consumption needs or family emergencies are frequently the uses to which the loan is put, whatever the ostensible reason for granting the loan. Thus, credit can have an immediate and beneficial effect on individual borrowers (and may be repaid in due course) but it may not have positive longer run effects on incomes and living standards.

There are also longer term issues which are often not sufficiently addressed. For instance even if the money provided is channelled predominantly into income-generating activities, the Silveira House, Mzarabani and RDT evaluations reveal considerable differences in incomes across different years—the fluctuations in incomes arising largely as a result of varying rainfall. In drought years, defaults

increase dramatically. Loans are invariably repaid on stop-orders for market output from the current season and there is no cushion to stretch repayments over a number of years. Thus these credit schemes often do not lead to any reduction in the vulnerability of rain-fed farms to risk; indeed with loans in place and drought far from uncommon, farmers often and ironically could face even higher risks when they take on loans than if they did not.

The case studies also reveal that NGO credit schemes are costly to administer. There is no doubt that it is expensive to process and monitor large numbers of small loans. Silveira House had administrative costs of 12% excluding the costs of group formation and extension work, whereas for Christian Care the comparable figure was 14%. For Rural Development Trust and the UWFCT the total cost of administering the crop loans scheme reached 30%, although this also included time spent on non-credit activities such as group motivation and non-formal education. In projects where the NGO facilitated loans from commercial lending institutions, such as CASA, the administrative costs were lower since the beneficiaries dealt directly with bank and government officials.

This problem leads on to the question of sustainability. Most NGO revolving credit funds are designed to become self-sustaining. Yet those examined offer few signs of either sustainability or self-administration in their present form. None demonstrated the ability or the potential to become self-sufficient following the withdrawal of the NGO, for two main reasons. Firstly, administrative costs remained too high to be borne by the poor, and training beneficiaries to run their own schemes has always been a low priority for NGO credit schemes. Second, recurrent drought or disasters quickly erode any (small) capital base that an NGO credit scheme is able to build up over the good years. A third factor is that it is difficult for revolving credit schemes to shift from subsidised interest rates (sometimes well below the rate of inflation) to charging full market rates.

In common with a number of state-financed credit schemes for the rural poor, all the credit schemes examined were subsidised by the donors, either through below-market interest rates (sometimes well below the rate of inflation) or matching grants. If NGOs are not to continue to provide subsidised credit to the people assisted *ad infinitum*—and NGOs clearly do have the resources to subsidise on anything but a fairly limited scale—then the NGO is faced either with trying to make the scheme self-financing, or with the choice of transferring the group assisted to a government or commercially-based scheme.⁶ Particular difficulties

⁶ Assuming that the NGO would not wish members to have to turn again to local money-lenders.

arise if a government scheme charges higher interest rates than the NGO scheme—a common phenomenon in Africa. Certainly in Zimbabwe, the beneficiaries viewed the higher interest rates of the government scheme as 'exploitative'. When the Silveira House scheme was transferred to a government agency after Independence, and the group system of repayment abandoned, default levels rose markedly, even if falling repayment rates were also associated with declining soil fertility, drought and a rapid expansion in loan size.

In summary, while the case studies provide powerful evidence of short-term success in NGO credit schemes, the NGO interventions provide no solace that the methods tried will prove a durable and more widespread answer to rural and particularly small farmer poverty.

3.7 Sustainability and self-reliance

Sustainability is an issue far broader than credit programmes. To be financially sustainable, a project must be able to cover its costs, and generate sufficient funds to make it worthwhile for the poor to take it over. Institutional sustainability is essentially a function of the capacity of groups and individuals to organise and manage all project activities. NGO withdrawal is therefore premised on the existence of some organisational structure to which it can hand over responsibility for project management.

Most of the projects examined were still functioning under the auspices of the NGO promoters of the project; thus the issue of sustainability of the project after NGO withdrawal is more a matter of speculation than of analysis. Nonetheless, the evaluations provided some useful insights into the broad issues of sustainability. Few projects could be termed financially self-sustaining over the longer term: of the sixteen projects examined, at least five are clearly not sustainable in their existing form, while seven exhibit limited potential for sustainability. Scarcely any could be expected to stand on their own feet financially without continued donor support or the continual payment of some sort of subsidy.

Nevertheless, there is a strong expectation that the Campfire project in Zimbabwe, the Multi-Sectoral Rural Development Programme in Uganda, the Caritas social forestry programme in Bangladesh, the fisheries and the CASA Phase III programmes in India are among those which could be financially self-sustaining in the medium-term. These projects share several common features: the participants are strongly committed to the objectives of the project; they have been involved in project management; there are a range of identifiable and tangible benefits; and perhaps of major importance, the NGO was able to find ways of covering recurrent costs. The attempt of the Busoga diocese in its Multi-Sectoral Rural Development

Programme to fund services through user fees and community income-generation schemes has proved moderately successful, although reducing subsidies remains a significant obstacle. These findings suggest that where NGOs take an active role in promoting self-help initiatives, the problems of over-dependence are lessened and withdrawal becomes easier to attain over the longer term.

Conversely, the projects which have little potential for sustainability or are clearly not sustainable (the majority) shared the following features: they are non-participatory with a rather low level of commitment on the part of beneficiaries; the costs of administration are high; and there is little chance of the project becoming economically viable.

Relationships with host governments also play a role in project sustainability and the prospects that exist for gradual withdrawal. For instance, the credit programmes of CASA and ASM were strengthened by the availability of credit subsidised by the government which could be tapped for use by beneficiary groups. In contrast, RDT concentrated on providing credit and other inputs from its own resources with the result that it had rather tenuous links with government. Projects which were developed in conjunction with government stood a higher chance of being sustained following the withdrawal of the NGO as a more enduring relationship had been created with the local community: in many ways Zimbabwe's Campfire project was designed and is being executed hand-in-hand with the Department of National Parks.

In contrast, the virtual absence of systematic government efforts to alleviate poverty in many parts of Uganda has meant that NGOs are often the sole source of external assistance. This has often resulted in NGOs playing a 'gap-filling' role where government services are weak or ineffective. The implication for NGOs in Uganda is of a long-term involvement until such time as the government is able to rebuild local services or communities are able to maintain services established with the assistance of NGOs.

Finally, it should be noted that sustainability and NGO dependence are issues of more concern to NGOs than they are for the people assisted. In general, and from their viewpoint quite understandably, those in receipt of NGO assistance remain quite content to continue to receive external inputs for the foreseeable future.

3.8 NGO impact and the external environment

The question of sustainability leads naturally to the contribution of the external (i.e. non-project) environment to project outcomes. For each of the sixteen projects, impact was usually contingent on local, and to some extent, on national and

international factors. Yet the vast majority of the evaluations indicate that the NGOs often underestimated or failed to take into account the wider environmental context in which they are operating: they tend repeatedly to underplay the significance of economic and social factors outside the immediate parameters of individual projects. In particular, any positive changes in the lives of the poor are primarily attributed to the development projects initiated by NGOs, even though they might result from factors external to the project.

The West Acholi Engineering Workshop in Uganda provides the clearest example of this. The workshop was initially set up to produce ox-ploughs to service the needs of small farmers in the area. But demand dwindled due to a rapid depletion of cattle brought about by continuous bandit raids in the context of political insecurity. The workshop attempted to diversify production, but the quality of the products was poor and its economic viability was threatened. While it may not have been possible to anticipate a drastic fall-off in demand when the project was being initiated, there was clearly a need to build in an element of flexibility to allow a range of products to be manufactured in the face of market uncertainties.

Crop prices and demand for products are clearly important determinants of success in projects which attempt to raise the income of farmers through cash cropping. In Zimbabwe, the case of Silveira House illustrates that the economic viability of maize production by small farmers supported by crop loans was conditional on the attractive prices set by the official Grain Marketing Board, while the Mzarabani case study illustrated the weakness of the marketing system which the project simply failed to address. In India, the Rural Development Trust provided credit to help farmers invest in crop inputs which in turn encouraged a shift towards groundnut production. This was feasible in economic terms because increased national demand for groundnut oil had pushed up prices. Yet in both the Silveira House and the RDT projects, crop output was itself conditional on climatic variations: recurrent drought reduced yields and farmers defaulted on their loans.

A rather different illustration is provided by the CASA project in India, where prawn cultivation was introduced by the NGO to provide new sources of income generation for the poor. The prawn cultivation initiative succeeded despite the fact that it was located in a remote and relatively inaccessible area, because demand for prawns from Japan had escalated over the previous decade, driving up prices, creating a profitable activity and making it worthwhile for private traders to arrange transportation and marketing. Similarly, sericulture in both the CASA and the ASM projects succeeded in part because national demand for silk was buoyant and the fact that grants and subsidised credit were made available by the government. There is no guarantee, however, that favourable prices will continue to prevail,

particularly if local production reached saturation point as a result of competition from private investors, which highlights the risk element in such ventures.

In other cases, however, the NGOs did not always prove sensitive to the pattern of local demand and potential competition from the private sector when identifying opportunities for self-employment. For example, people who had received skills training from ActionAid in Uganda and went on to set up businesses found it difficult to compete with established artisans who could produce superior products which they sold at more attractive prices. Similarly, training programmes in RDT and ASM in India did not appear to be sensitive to the local opportunities that existed for gainful employment with the result that only a relatively small proportion of those who received training were applying the skills they had acquired. In contrast, Gono Kallyan Trust in Bangladesh was able to capitalise from its relatively close proximity to Dhaka by identifying market outlets for horticultural produce grown by poor farmers.

In several projects, the NGO insulated producers from local market forces by creating an artificial and temporary source of demand. ActionAid Uganda trained local unemployed youths in tile-making and purchased most of the tiles they produced for use in its own house-building programme. Women trained in printing and dying techniques by CASA went on to produce saris and other items of clothing, most of which were purchased by the NGO to augment its disaster relief stock. In both cases, however, it was by no means certain that once the NGO withdrew, the products would be competitive on the local market.

The distribution of land and other key assets clearly also conditions the options available to local NGOs. A large landless population in Bangladesh with minimal access to capital limits the prospects for rapid and enduring poverty alleviation. ActionAid Bangladesh provided credit for income generation programmes but the degree of material improvement was relatively small, as demand was low and the investment was geared towards activities which, at best, supplemented earnings from casual labour. In such an environment, it would be unrealistic to expect major changes to accrue to the poor in the absence of major structural reforms centred on the redistribution of land and capital assets. In comparison, crop loans and grants for minor irrigation schemes provided by Arthik Samata Mandal in India were successful in raising farmers' incomes because some prior redistribution had taken place.

Another issue of some importance for particular projects is the nature and extent of repression on the part of local élites. Resistance to programmes designed to strengthen the poor, or appropriation of the benefits of poverty alleviation programmes on the part of the rich, can clearly limit the potential impact of NGO

interventions. Several of the NGOs in India encountered opposition from local politicians and dominant groups, who tried to subvert their activities. This was especially evident in the case of the fishermen's co-operatives which attempted to market fish collectively and RDT's attempts to help farmers escape from the clutches of moneylenders who controlled rural credit. Project performance in such situations has to be assessed in the context of a political environment which is averse to NGO attempts to promote social and economic empowerment.

Perhaps the most dramatic example of external factors which undermine project impact are sporadic natural disasters, to which resource-poor environments are particularly prone. Severe flooding in Bangladesh destroyed the fish ponds excavated with assistance from GUP while a tornado devastated houses and crops belonging to those assisted by GKT. A cyclone which hit coastal Andhra Pradesh soon after the CASA and ASM evaluations were completed resulted in widespread loss of livestock, assets and crops. Despite these catastrophes, the people affected were able to rebuild their lives fairly quickly as a result of an immediate influx of disaster relief, and the reduction in vulnerability brought about by the NGO's interventions.

Finally, although the legislative framework was considered to be a limiting factor by NGOs in all four countries, there was no clear evidence from the case studies that they were unduly constrained in their activities, or indeed that project impact was adversely affected. The main effect of such legislation was administrative in that NGOs had to spend time dealing with government officials and submitting financial reports, although the threat of sanctions for failing to do so was very real in some countries.

3.9 Cost effectiveness

A central question, especially for official donors but also increasingly for their private supporters, is whether NGOs offer value-for-money in terms of directly assisting the poor. This is only partly a question of whether particular NGOs are effective in terms of the impact of the projects they promote. It is also a question of whether the costs of NGO projects and programmes represent the most efficient use of resources.

Cost-effectiveness within NGO projects refers to the relationship between the inputs of a particular programme or project (its costs) and what has been achieved (its benefits), even where such benefits cannot be quantified in financial terms. Tracing this relationship involves, at its simplest, forming a view on whether the costs are commensurate with the benefits. But it also involves an assessment of possible future relationships between costs and benefits, and sometimes

consideration of whether money might have been more effectively utilised in funding other sorts of projects. Projects which appear to be 'costly' at an early stage of their development may be much more 'cost-effective' in the future.

There are major difficulties with assessing cost-effectiveness in the sorts of poverty-focused projects typical of many NGOs. In the first place, an element of subjectivity is bound to arise in any attempt to measure costs and benefits, which increases in cases—like the sixteen projects considered here—which all contain non-quantifiable objectives. However, both the absence of quantifiable baseline data and, the limited availability of project-specific cost data⁷ mean that not even the potentially-quantifiable data exist in a usable form. The upshot is that this pervasive lack of data precludes a rigorous quantitative analysis of cost-effectiveness either in the case studies, or in these summary paragraphs. Nonetheless, the case studies are able to throw light on most of the key issues.

For some NGOs, it appears novel to pose the question of whether the benefits achieved in a project justify the costs expended. The dominant view has been that the assistance given is itself largely the justification for the costs incurred: the fact that people are poor and therefore require help remains in the minds of many the main basis for providing assistance. Within this perspective, costs are largely set aside (written off), and success is perceived largely in one of two ways. Originally, success was seen to lie merely in the ability to provide assistance to as many of the poor as possible. However nowadays, success is more commonly seen almost exclusively in relation to the achievement of the objectives of the project—the provision of clean water, the increase in income, the expansion of gainful employment. Within this perspective, the *overall* costs of achieving the objectives set are of secondary importance, although it should be stressed that within almost all NGOs there is usually a conscious effort to keep costs to a minimum. For most NGOs, benefits (reduction in poverty) are the hoped-for bonus, but lack of benefit (continuation of poverty) provides no sound basis for withdrawal.

NGOs pride themselves in the low cost of their projects, frequently comparing the delivery of their services with projects promoted by official aid agencies or with government programmes. In terms of the resources devoted to them, the sixteen case study projects certainly appear to cost less than similar types of official aid interventions. However, one is not always comparing like with like; thus NGO projects tend to be smaller-scale, and, in terms of cost per beneficiary, they appear to be either broadly equivalent to, or even higher than, similar programmes run by

⁷ It is rare for NGOs to sub-divide their overhead and head office expenses and allocate them to different projects.

host governments. One reason for this is that NGO projects tend to be more staff-intensive than similar government projects, and expatriate NGO personnel are paid more than equivalent government salaries in most developing countries. However, these higher costs need to be placed within a broader perspective, as the NGO projects both appear to produce greater benefits than government programmes, and (largely because of this) because they are certainly favoured more by the poor than are government projects.

As indicated, there was insufficient quantitative data to permit precise calculations of costs and benefits. However, sufficient information was obtained to permit some fairly firm judgements to be made. Broadly, the sixteen projects fall into three clusters. For five of them, it was judged that the resulting benefits clearly outweighed the costs of the intervention. In five others, the objectives were certainly achieved but at a high cost of resources and staff provided, and administrative overheads. Two were evidently not cost-effective since they did not succeed in generating significant tangible benefits. For the remaining four projects, precise judgements were more difficult to make so no firm conclusions could be drawn about their cost-effectiveness.

Even if it had been possible to make more 'objective' assessments of the costs and benefits of different projects, further information would be required for these to be of use to policy-makers. Certainly comparing the cost per beneficiary for seven credit projects across the four countries is a fairly meaningless exercise because it ignores so much—alternatives for the poor in very different circumstances, the impact of credit on overall living standards and the extent to which the group action engineered enhances life-chances and expectations. Far greater insights can be obtained by examining the different sides of the cost/benefit equation for particular projects. On the benefit front, if there were problems they appeared to lie more in the large number of objectives set, although this was more often the result of the complex nature of the societies into which the project was inserted than the desire of NGOs to tag on a whole string of disparate and unconnected objectives.

There is another way in which cost effectiveness might more profitably be seen, namely to ask if benefits could be significantly enhanced by increasing costs. Thus for a number of the projects, greater benefits might have been reaped if, for instance, the approach had been different, if more resources were placed at the disposal of the project, if the NGO personnel were more skilled, or if there had been better project management. The question this leaves one with is the precise relationship between increasing the costs (to improve the quality of the project) in

order to achieve greater benefits and (hopefully) better targeting towards the poorest.

3.10 Conclusions

If this summary of the results of the case studies has shown anything it is surely the complex nature of societies into which NGO projects are inserted, as well as the sheer range of different internal and external factors which influence project outcomes. The results of the sixteen evaluations have clearly produced a rich source of information which help to throw light on the difficulties NGOs face in their attempt to assist in poverty alleviation, as well as helping us understand better what might or might not 'work'. It is to be hoped that the openness to serious analysis which the ODI study has found may continue, for there are clearly other, and perhaps even more important, lessons to be learnt, many of which probably lie embedded in files and experiences of the increasing number of NGOs in the north and the south who are seeking to contribute to the alleviation of poverty across the developing world.

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