

THE ROLE OF NGOS IN RURAL POVERTY ALLEVIATION

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Abstract

The study evaluates the impact of “Local Efforts for Empowerment and Development (LEaD) project of CARE Sri Lanka, Hambantota in improving the livelihood and reducing the poverty of project beneficiary households (BHHs). The contribution of NGOs in alleviating poverty remains only partial and is contested. Conforming to the debate, in helping the poor climb out of poverty for example, NGOs now have developed various strategies focusing the demand-side approach by initiating the development programmes or projects. In line with this international trend, Cooperative for American Relief Everywhere (CARE) International Hambantota, Sri Lanka has implemented a novel approach: “sustainable livelihood approach for development” with its project, named LEaD under its Southern Dry Zone Development Programme in 2007. The Programme aimed at reducing the vulnerability, ensure the sustainability of human development and livelihoods of a 17,000 poor and marginalized households living in 170 villages of four DS divisions in two districts: Moneragala and Hambantota at the end of 1012. To use the sustainable livelihood impact assessment framework, primary data was collected from a sample household survey of 242 BHHs in 74 villages in four Divisional Secretariats (DSs). Qualitative data were collected from focus group discussions and case studies. Impact variables included degree of livelihood diversification; changes of five forms of assets (financial, physical, human, social and natural) and material stile of life; net revenue of enterprises project assisted, as well as perception of changes in community cohesion. The study evidences to suggest that LEaD has been able to reach the poorest of the poor in rural areas: landless people and other marginal groups and increased their standard of living. The provision of microfinance by CARE caused to increase the degree of diversification of livelihood and create social ties among BHHs. However, this social capital is not correlates with that the net revenue from project related activities. The situation may leads to limit the sustainability of the success. On the base of these findings, it can be concluded that while LEaD is very reasonable to help the poor to exit from the poverty trap, it tends not to alleviate poverty.

Keywords: NGOs, impact, sustainable livelihood, poverty trap, Sri Lanka.

The Role of NGOs in Rural Poverty Alleviation

1. Introduction

Although Non-governmental Organizations (NGOs) have a history of involvement in a wide range of welfare and development work over the world, knowledge about the contribution of NGOs in alleviating poverty remains only partial and is contested. At one end of the spectrum are studies conducted in end of the 1980s and early 1990s were arguing that NGOs contribution in poverty reduction are limited (**Edwards & Hulme 1999; Riddell & Robinson 1995**). In contrast, some other researchers (**Suharko 2007**) pointed out that the involvement of NGOs in alleviating poverty has changed the life of the poor in developing countries. Conforming to the debate, the NGOs have changed their role and approach in development radically over the last 15 to 20 years. In helping the poor climb out of poverty for example, NGOs provided various basic public services using a supply-side (or micro task) approach in 1980s; they now have developed various strategies focusing the demand-side (or macro task) through development programmes or projects. In line with this international trend, Cooperative for American Relief Everywhere (CARE) International Hambantota, Sri Lanka has implemented a novel approach: “sustainable livelihood approach for development” with its project, named “Local Efforts for Empowerment and Development (LEaD) under its Southern Dry Zone Development Programme. The project commenced in 2007. The major objective of the project is to ensure sustainability of livelihoods and socio-economic conditions for 17,000 poor and marginalised households, living in 476 villages of four Divisional Secretariats (DSs) in two districts: Moneragala and Hambantota by the end of 2012. By the end of 2011, LEaD had invested more than Rs. 220 million on a total of 653 Projects; including 473 livelihood related projects, 170 infrastructure and 10 other projects. The project is now nearing its end. As such, now is the appropriate time to assess the impact of the project on livelihoods on the beneficiary households (BHHs).

2. Objectives of the Study

The main objective of the study is to assess the impact of the LEaD Project interventions in changing the livelihood strategy, socio-economic conditions and style of material wealth of the beneficiaries and their households. The study focuses also on the following specific objectives.

- a. Whether project has increased the endowment of assets (financial, physical, human and social capital) of the beneficiary households BHHs (if yes, e.g. how much, what way and by which activities?)
- b. What would be the level of sustainability of these livelihoods

3. Methodology of the Study

3.1. Research Tools

Here we use the ‘**sustainable livelihood (SL) approach to impact-assessment**’ methodology in order to assess the livelihood impact of the project intervention¹. The SL

¹ In this approach a livelihood is sustainable when it can cope with, and recover from, stresses and shocks, maintain and enhance its capabilities and assets both now and in the future while not undermining the natural resource base (Ashley and Hussein, 2000)

approach aims to assess both the changes in the *way* people live in their lives and *what* they achieve with the project. Other key features of such assessment are the emphasis on cross-checking multiple types of data: qualitative and quantitative. The Household survey, constructed using structured questionnaire, is the main research tool for collecting the quantitative data. Such quantitative data was supplemented by the qualitative data collected through different sources such as participatory focus group discussions, interviews with key informants, case studies, market visits and observation.

3.3. Sources of Data

Data and information were collected from a sample of 242 beneficiaries (households) in four DS namely, Hambantota, Sooriyawewa and Tissamaharama in the Hambantota District and Madulla DS in Monaragala District for two periods: pre-project intervention (2007) and post-project intervention (2011). Project beneficiaries are systematically selected from a reconstituted list provided by the regional office CARE Hambantota. The sample strategy was selected in order to ensure the representation of all different types of enterprises to whom the project provided assistance, in both the farm and non-farm sectors. We did not distinguish between those beneficiaries who participated in LEaD Project activities versus other projects. The pre-intervention information was collected based on project reports of the regional office CARE Hambantota and any possible gaps in data was supplemented by recall memory of the respondents during the field survey using a pre-structured schedule.

3.5. Method of Analysis

Table 1: Summaries of Impact Variables and Issues Explored

<i>Key Component</i>	<i>Impact Variable</i>	<i>Issues to Explore</i>
<i>Livelihood diversification</i>	<i>No. of strategies used to live</i>	<i>-What reasons are affecting the choice and change of the current livelihood activities?</i>
<i>Change of assets and capital endowments</i>	<ul style="list-style-type: none"> <i>-physical capital</i> <i>-Human capital</i> <i>- Financial assets</i> <i>- Social capital</i> <i>-Natural capital</i> 	<ul style="list-style-type: none"> <i>-Does the supported activity affect access to assets; does it change its quality and productivity?</i> <i>-Are cash earning invested in human capital (education, health, skill development)?</i> <i>- Are savings deposited in commercial bank?</i> <i>-Does it strengthen the household's access to social networks?</i> <i>-Are natural resources used sustainably?</i>
<i>Improved livelihood and/ or Empowered well-being</i>	<ul style="list-style-type: none"> <i>-Increase in income</i> <i>-Less vulnerability</i> <i>-Improved well-being (education, health, housing,</i> 	<ul style="list-style-type: none"> <i>- Has the share contribution to total income, increased? What, how and why?</i> <i>-How does the supported activity contribute directly towards improving cash, food, sustainability, and security?</i> <i>- How does the supported activity contribute directly to</i>

	<i>instruments used e.g. electricity)</i>	<i>improve dwelling house conditions and instruments used by the BHH?</i>
<i>Sustainability</i>	<i>-Ability to cope with external shocks -Not dependent external support -Financially sustainability</i>	<i>- To what degree is the activity based on natural resources? -Are respondents more dependent on outsiders? - Is the activity financially sustainable?</i>
<i>Differences between beneficiaries</i>	<i>Gender, enterprise type, scale, ownership etc.</i>	<i>-Who is affected? In what way is it affected and why?</i>
<i>Key factors influenced</i>	<i>Internally and externally</i>	<i>-What factors need to be strengthened or conserved?</i>

Source: Created by Author on the base of literature

4. Local Efforts for Empowerment and Development (LEaD) Project

CARE Sri Lanka was established in 1950 with a focus on food security as well as maternal and child health in the country. Since 1994, CARE has used what it refers to as Household Livelihood Security (HLS) as a framework for programme analysis, design, monitoring, and evaluation.

CARE Sri Lanka focuses on three main target groups in specific geographic areas: poor rural communities in the dry zone; conflict-affected populations in the North and East; and plantation residents. Following the 2004 Indian Ocean tsunami, CARE expanded its work to support tsunami survivors in seven of the worst affected districts. CARE Sri Lanka's strategic plan focuses on vast areas such as peace building, governance, sustainable livelihoods, gender equity, emergency preparedness and disaster risk reduction. In the light of such strategies, CARE International Hambantota commenced the LEaD Project in 2007 under its' Southern Dry Zone Development Programme. The LEaD Project is undoubtedly a sustainable livelihood rural development approach. The main goal of the project is to improve the quality of life (in terms of both physical living conditions as well as economic opportunities) of 17,000 poor and marginalised households living in four District Secretariats (DS) divisions in two districts: Hambantota and Moneragala. The project area comprises of three DSs namely Hambantota, Sooriyawewa and Thissamaharama in Hambantota District and Madulla DS in the Monaragala District. This means that the LEaD Project focuses mainly on the poorest of the poor and marginalised people like the landless, small farmers, and cottage enterprises which largely use local inputs and cast related. The strategies of the LEaD Project were designed as a development intervention to address the main problems faced by these groups of people. CARE International Hambantota believes that the main reason behind poverty and backwardness of the majority of people in the project area is due to the lack of a proper mechanism and opportunities for them to participate in the development process at village level. There are situational barriers which prevent/hinder poor people from identifying and discussing their livelihood related constraints and from planning and actively participating in development processes in the village.

In order to address this core problem, four interrelated general bodies - the Village Operational Committee (VOC), Rural Coordinating Committee, Regional Operational Committee and the District Advisory Committee - were formed by CARE International Hambantota to enable all decision making powers regarding the programme to rest with the village. The main purpose of forming the VOCs is to provide a platform where the villagers get to gather to identify and discuss problems that they face economically and socially. The expected function of the VOC is to create a development plan and implement it through the participatory development principle. The Village Coordinating Committee is the institutional body by which brings together all government sector officers in rural development and members of the VOCs. Through the Village Coordinating Committee villagers are not only building social capital on their own but they also successfully resolving their livelihood related problems. The third institutional body at the rural level introduced by CARE is the Regional Operational Committee. The Divisional Secretary who is the authorised administrative officer for the government in the region chairs the committee. The stated function of this committee is to facilitate the villagers in resolving any problems they face in implementing the village development plan. Finally, the District Advisory Committee assumes all decision-making powers pertaining to evaluation, monitoring and resource allocation with respect to the programme in the village.

Using these four local institutional bodies, as at end of 2011, CARE Hambantota Sri Lanka has implemented 653 projects in 476 villages, with over 9,461 poor households investing a total amount of Rs. 220,596,538 (Table 3). As part of the programme, CARE Hambantota develops the human capacity of the villagers through training programmes and organising field trip covering different livelihood activities. For individuals who are not eligible for bank credit, CARE Hambantota facilitates the poor villages by capitalising the rotary (revolving) fund for each VOC through its microfinance sector. The LEaD Project has also provided social and economic infrastructure such as the rehabilitation of roads, culverts, building village secretariats, establishing rural / children libraries, provision of drinking water etc.

5. Findings and Discussion

5.1. Current Livelihood Strategies: Choice, Priority and Degree of Diversification

As mentioned earlier, one of the main objectives of this study is to identify the choice, priority and degree of diversification of the livelihood activities that the beneficiary households currently engage in. We calculate the ranking score to identify the livelihood 'portfolio' of beneficiary households. The ranking of livelihood activities of the beneficiary household's post project intervention are shown in Table 2.

Data in Table 2 clearly indicates that the number of combination in fruit & vegetables, and paddy is highest (51), followed by 21 combinations across the livelihood activity in Chena cultivation and Paddy and 15 combination in Chena cultivation and, fruit and vegetables. These results suggest that livelihoods of the beneficiary households and highland crops such as vegetables, fruit, and Chena cultivations, together with rice production are inseparable for the farmers in the sample.

The estimated rank score further reveals that the fruit and vegetables farmers rank top in livelihood diversification - indicating 99 combinations and representing almost all activities in different magnitudes. The ranking score of livelihoods reveals that after project intervention the farmers of the sampled villages shifted their livelihood priority from Chena cultivation to the fruit & vegetables cropping sector. (or the shift from the subsistence sector to the cash crop sector).

Table 2: Rank of Livelihood Activities for Beneficiary Households during the Project Intervention

Code	Livelihood Strategy	1	2	3	4	5	6	7	8	9	10	11	12	13	14	Total	Score
1	Labour		6	7	7	5	2	6	3	1	3	2	2	0	0	44	3
2	Chena cultivation			15	21	8	4	7	4	0	0	6	3	1	0	69	2
3	Fruit & Vegetable				51	9	6	9	8	1	1	4	2	3	5	99	1
4	Paddy Cultivation					5	5	8	4	1	4	5	4	0	2	38	4
5	Manufacturing						2	1	3	1	2	2	1	0	0	12	5
6	Livestock Product							1	2	0	1	0	0	0	0	4	7
7	Petty Traders								0	2	1	0	0	2	0	5	6
8	Fair Traders									1	3	0	0	0	1	5	6
9	Food processing										0	1	0	0	0	1	9
10	Fisheries											0	0	1	0	1	9
11	Skill Labour												0	1	0	1	9
12	Tailoring													1	1	2	8
13	Commercial crops														0	0	0
14	Other Services																

Source: Sample Survey

During the survey, the respondents were asked to indicate the reasons behind such higher diversification of their livelihoods, if any, over the last 4 to 5 year period in order to assess the project's impact on the changes. More than 75% (183) of respondents of the whole sample have given 365 reasons (divided into 8 categories) influencing the diversification of their livelihoods. The receipt of credit is one of the major reasons attributed to the shift of livelihood activity from Chena cultivation (where the crops grown are mostly cowpea, green gram, ground nuts, maize and *Kurrakkan*) to vegetables and perennial crops, especially banana.

The provision of microfinance to the poor is one of the leading outputs implemented through the LEaD Project of CARE Hambantota. As shown in Case Study 1, the majority of beneficiaries were categorised into the marginalised group before the project intervention and they had no bankable collateral assets. Therefore, they had no opportunity to access credit and lacked the working capital to start up new businesses or change the livelihood in which they were engaged. Given this situation, the microfinance strategy of CARE through village organising committees undoubtedly not only resulted in a better way to access credit and increase the degree of diversification of livelihood activities but also enabled them to enter into a new phase in their lives. Provision of microfinance is not the end of story. Using the credit plus approach, awareness training programmes with observational field trips on agricultural activities, and personally-uncountable provisions (such as infrastructure development projects and providing agriculture related technological inputs for irrigating highland crops, the project has directly forced an increase in the degree of livelihood diversification of BHHs (Case Study 1).

Case Study 1

Damayanthee resides at Shantipure, located in Hathporuwa Grama Niladari Division (GND) of Sooriyawewa DS. She is 35 years old with a family of five. When she married at 20 she had no money and no job experience. She started her livelihood working in a Montessori, earning Rs.1,500 per month, and at the same time her husband was a temporary labourer in the sugar cane company Sevanagala, earning a monthly salary of Rs.7,000. In 2002, her husband migrated abroad in search of a job. Damayanthee was unable to continue working at the Montessori because of her child-rearing obligations. She started to make cement flower pots as a hobby to decorate her home, and then she started to receive requests from neighbours and then subsequently from neighbouring villages for her flower pots. The lack of frames started to constrain her ability to meet the increase in demand. CARE supported her by giving Rs.15,000 under its LEaD Project and she has invested this fully towards buying the necessary equipment for her self-employed project. After her husband returned to Sri Lanka, they decided to develop their enterprise and they rent a piece of land near the main road and started their business at the new premises. Unfortunately the land owner was not supportive of the success of the project and cancelled the rental agreement and he himself started a similar business at the same premises. Demayanthee was not discouraged, and took up the challenge and responded by continuing her business using her home garden. She then borrowed Rs.100,000 from the bank and invested the money to purchase a small land for her business. CARE again supported her by giving Rs.20,000 for working capital. In 2011 she became a woman enterprise owner and her husband joined a company as a Backo machine operator outside the village. In the same year, Demayanthee expanded her business to not only making flower pots but also selling pots with flower plants. At this point, CARE also helped build her social capital by introducing her to the Association of Floricultures in Sooriyawewa. This is not the end of the story of Damayanthee's success with the LEaD Project. The project has facilitated her further by giving her opportunities to participate in different types of training programmes including a workshop on small and medium entrepreneurs, leadership and bookkeeping training programmes to enhance her business career. For example, a length of 200km of main roadway to the village is being rehabilitated under her leadership of the Gamidiriya Programmes (one of the leading rural development programmes of the Government's pro poor policy package). Damayanthee said that "I have the capabilities to manage all the family obligations. Look, my son has passed Grade Five national scholarship examination with a higher rank of marks and he won a place in Ambilipitiya National School. I will never forget CARE, they are the parent of my success.

5.2. Impact of Project Intervention on Changing the Assets of BHHs

In this section, the changes of the five forms of assets - Financial, Social, Human, Physical and Natural – during the project intervention period are assessed. For this analysis, the sample is categorised into five-sub samples based on the monthly real per capita income of the households in the pre project intervention period. These categories are: a). **Poorest of the poor** : monthly per capita income is less or equal to Rs. 3,000; b). **Poor** : monthly per capita income ranges between Rs. 3,001 - Rs. 6,000; c). **Middle income earners** : monthly per capita income is between Rs. 6,001 - Rs. 10,000; d). **Local Rich** :monthly per capita income ranges between Rs. 10,001 - Rs. 15,000 and e). **Local richest**: Monthly per capita income is more than Rs. 15,000.

5.2.1. Changes in Financial Assets

In order to identify the project impact in changing the financial assets of the BHHs, three indicators have been used: changes in monthly real per capita income, changes in the amount

of savings and its sources and access to credit. BHHs are compared using the before and after approach, across different income categories (five sub-samples).

Changes in income

Estimated income data evidenced to suggest that majority of the BHHs who previously lived below the poverty line now had the capabilities to climb up to the higher income level categories during the LEaD Project period. Prior to the inception of project for example, 95 out of 242 BHHs were in the income category of Poorest of the Poor (POP), 87 BHHs in Poor, 49 BHHs in Middle income and 11 BHHs in the Local rich or above. Predominant changes in all income categories in the sample are visible during the project intervention period. For example, 83 BHHs out of 95 POP (or 89.5%) have been freed from their poverty status and moved towards a higher rank of income. The number of BHHs in the poor category has declined from 87 to 59 by a rate of 32%. Meanwhile, the numbers of BHHs in all income categories of middle and above have increased remarkably.

In absolute term, 43 BHHs out of uplifted 83 POPs have graduated into the income level of Rs.3,001 - Rs. 6,000 or poor category while 32, 6 and 2 BHHs have been ranked into the poor, middle and rich or above categories respectively during the project intervention period. The financial prosperity of the poor BHHs, (Rs.3,001-Rs.6,000 category) in terms of income was also high. For example, the net sum of 71 Poor BHHs have shifted to other above income categories - 46 ranked into the Middle income while 22 and 3 poor BHHs moved into the rich income category. By absorbing these emerging households, the numbers of households in the middle income and above categories have seen a sharp expansion during the project intervention period.

Women empowerment in terms of ending their poverty.

Gender equity or women's empowerment is key to any poverty alleviation effort and this outcome is one of the major goals of the LEaD Project. The research sample comprises of 140 women respondents and 102 men. The estimated data very clearly shows that more than 40% out of the total women respondents (57 out of 140) in the sample were ranked as POP, whereas a further 35.7% (or 50 BHHs) were in the category of Poor. This meant that the women poverty head count ratio of the sample in the pre-intervention period was 75%. This ratio has extraordinarily declined to 28.5% during the project period.

Changes in Savings

Savings is an alternative indicator to measure Financial Assets. In addition to the banking institutions, the rural poor are using alternative savings sources, among which group savings, rearing animals, storing grain, growing trees, collecting gold are predominant. The majority of BHHs have no reported institutional or monetary savings, however the number of BHHs who deposited money in Commercial Banks increased from 60 to 106 during the project intervention period. However, the savings ratio of rural poor is less. On average for example, the savings amount per household in the combined POP and poor income categories rallied around Rs. 15,000 prior to inception of the LEaD project. However, the figure has increased to Rs 25,000 in the post project period. In the study period, it observed that the project has not implemented an awareness programme on importance of the thriftiness in poverty alleviation.

Access to Credit

Access to credit is the next indicator for assessing the financial assets structure. Informative data collected from focus group discussions reveals that prior to inception of the LEaD Project most people borrowed money from individual money lenders at an exploitative interest rate of 10% per month. Even after the project intervention, there were only 25 out of 95 BHHs (26%) in the POP category have accessed Commercial Banks to meet their financial needs. In the poor category, only 19 out of 88 BHHs had borrowed from Commercial Banks. The average loan size taken from commercial banks was Rs. 26,000 and the average interest rate was 12%. Government officers mostly have been used as personal collateral. Most importantly, microfinance sector of the LEaD Project has become the main source of credit. Estimated data shows for example that 206 BHHs out of total 242 (85%) have benefited from the microfinance sector of the project. Out of the aforementioned 206 BHHs 40% were from the POP level and a further 38% BHHs belonged to the Poor category. This means that the project had a positive impact on Poor BHHs by providing them with access to credit. There is also a salient indication that the dependence on exploitative moneylenders has ended after the project intervention. For example, all delegates in the focus group discussion declared, with one voice, that *“prior to the creation of Village Rotary CARE fund, (CARE MF sector) we all met our demand for credit from the exploitative money lenders who do business in surrounding villages and charge, at least an interest rate of 10% per month. However, thanks to CARE now not one of us walk to see moneylenders as now we are not ‘the have nots but ‘the haves’. Although the available amount by the fund is not sufficient, it was the sole agent in our prosperity in all aspects of increasing the financial, physical and social capital.*

5.2.2 . Social Capital

As noted earlier, the LEaD Project is based on some core values: inclusion, social and gender equity, sustainability and cost sharing. In light of such principles, two interrelated institutions, *Sewa Piyasa* and a Village Organizing Committee for each GN division have been established in the project area. These two institutional bodies help poor peoples to sit together with the Government and non-government officials and discuss common issues, identify priority needs, and gain assistance for different development programmes to monitor progress and the decision making process. In addition to these institutional settings, the village fund has been created with total contributions coming from CARE International Zonal Office at Hambantota and Moneragala. Informative data collected from focus group discussions, case studies and household sample survey provide evidence that the afore mentioned project initiatives have undoubtedly caused an increase in the interrelation between Government officials (GOs), officials of NGOs, and existing social organization of livelihood groups. However project have not provided a effective mechanism by which the social capital to use in income generating activities and coping the external shocks.

5.2.3. Human Capital

As part of its initiatives the LEaD Project develops the human capacity of the member households through training programmes. The training programmes were conducted for members of the villages to share the various facets in CARE and to enhance their capacities in managing the project. In addition to such trainings programmes, CARE organized field trips for agricultural farmers. Delegates in the focus group discussion stated that these field trips undoubtedly helped them to change their livelihood activities from traditional cropping patterns to cash crops, while also helping to increase the productivity of paddy sector using modern agro-technology.

The road rehabilitation projects directly benefited the young schoolchildren, helping them regularly attend school. For example, a mother at a focus group discussion stated that:

“Prior to the road development project, during the rainy season our daughters was unable to walk to the main road to get a bus to school with a white uniform, and would have a muddy and yellow one. With this trouble, the children were discouraged from attending school and they tended to end their school education. The CARE officers listened to us and facilitated developing the road. This road is not only the access to the village, but also the path to a golden future for our children.”

5.2.4. Physical Capital

The LEaD Project has implemented a number of infrastructure activities both at household and community level. The infrastructure activities implemented by the project included water development activities; small irrigation, cash for input buying or physical assets creation purposes (water pump and hoses, machineries); rural road construction and rehabilitation.

Table 3: Mean Differences of Selected Physical Assets of BHHs

Types of Assets	Mean (Rs.)				
	After	Before	Difference	t. value	Sig.
Machinery	57140	16145	40995.4	3.910	0.000
Agricultural instruments	18553	4554	13999.2	3.538	0.000
Stock of production	18636	5756	12880.2	2.761	0.006
Bicycle	3797	3243	553.7	1.424	0.155
Motor bike	46166	22787	23378.9	4.648	0.000
Vehicle	5747	4810	937.0	1.199	0.231

Source: Sample Survey

There is no doubt that these infrastructure provisions caused the direct increase in ownership of machineries and instruments on the one hand and an increase in the usage of mini transportation assets such as motor bicycles and three wheelers on the other. The increase in the usage of such instruments and machinery will increase the productivity, volume and stock of the production. The ‘T’ value of mean differences for all selected asset variables except vehicles and bicycles is significant at 5% confidential level in statistical sense. This means that there is a strong difference of physical assets ownership by the BHHs between the two periods: before and after the project.

5.3. Changes in wellbeing of BHHs

Changes in living space of dwelling houses

The majority of BHHs are living in small houses. Prior to the inception of project, the mean area of the living space in a dwelling house of the BHHs was 463 Square feet. Currently it is 525 Square feet. The mean difference of the living space in a dwelling house is 62.8sqft and the t value (1.965) of this difference is statistically significant at expected (5%). This means that the BHHs gained the capability to scale up their dwelling houses during the project period.

Changes the material style of wealth

The improvement in the conditions of dwelling houses was used to assess the material style of wealth, while the presence of electricity, drinking water and toilet facilities were used to assess the quality of life. As indicated in Table 12, there are only 57 (28%) houses which improved either the condition of their roof, walls, sidewalls or floor during the project period. Prior to the project intervention, a total of 36 houses in the sample were with leaking roof condition. During the project, 28 out of these houses (77%) were able to improve the conditions of their roof including 17 roofs with tile, one with tin and 10 with asbestos. Furthermore, 20 out of the 43 houses which were formally made of wattle and daub now have permanent walls. Further 11 out of 21 houses with a floor made out of cow dung now have improved the floor condition to cement during the project period. These all attest to the improving material style of wealth in terms of the condition of dwelling houses of the POPs and poor segments in the sampled BHHs.

Changes the quality of life

There were significant improvements in the quality of life of BHHs after several years of project assistance. During the field survey, we gave a mark per unit to the important goods in possession of the households in their dwelling houses. This bundle consists of five important electrical and non-electrical goods (radio/cassette, TV, CD player, computer and telephone) and three quality of life contents: drinking water, electricity and water used toilet. The maximum possible score a household receives is eight. The average score prior to the project intervention was 3.5 marks; after the project it was 5.9 marks and mean differences during the project period is 2.482. The t value on the mean difference is 10.470, the value is statistically significant at three zero decimals, which means that there was a high improvement in the quality of life of BHHs after several years of project assistance.

6. Reasons for Success

During the field survey the respondents were asked to state reasons they thought were behind the current level of their success relative to peer members in the village. The correlation coefficient was estimated across some selected variables to examine other possible factors in addition to the personal factors influencing the relative success of BHHs. These variables include, change in monthly income, livelihood diversification, monthly revenue of project-supported activity and other three social indicators: number of days per month participating in social works, membership of societies, and number of days per month the spouse worked with livelihood activities.

Table 4 shows the result. As shown in Table 4 for example, the change in monthly real income of BHHs during the project period is strongly correlated to the degree of diversification in livelihood activities at one percent level, which means that the higher diversification of livelihood activities is a crucial factor to prosperity of the BHHs in terms of financial assets. Secondly, Correlation between a loan by CARE and revenue from project related activities is significant at one percent level. This means that the provision of CARE microfinance causes an increase in the income of BHHs.

Two proxies in social capital: membership in societies and the number of days spent in social work per month is highly correlated at one percent level in respect of BHHs. However, correlation of these two variables and change in income is not statistically significant. The finding suggests that the LEaD Project has helped the BHHs to build social capital, however beneficiaries have not used this social capital fully to generate bargaining power or cope the external shocks. Family cohesion (spouse helping in project related activity) is shown to be a primary indicator in social capital, significantly correlating with revenue from project related

activity. For example, as shown in Table 4, correlation between two variables is significant at five percent level.

Table 4: Correlations between Possible Alternative Factors Affecting Relative Success

		<i>Change income</i>	<i>Diversification of Livelihood</i>	<i>Care Loan</i>	<i>No of Days per Month in Social Works</i>	<i>Membership in Societies</i>	<i>Spouse help project related Activity</i>	<i>Revenues from project supported activity</i>
<i>Change income</i>	<i>Pearson Correlation</i>	1	.328(* *)	.066	.083	.040	.027	.121
	<i>Sig. (2-tailed)</i>		.000	.308	.200	.537	.676	.059
<i>Diversification of Livelihood</i>	<i>Pearson Correlation</i>		1	.122	.110	.010	.029	.085
	<i>Sig. (2-tailed)</i>			.059	.088	.874	.657	.189
<i>Loan Care</i>	<i>Pearson Correlation</i>			1	.060	-.057	.026	.166(**)
	<i>Sig. (2-tailed)</i>				.354	.377	.692	.010
<i>No of Days per Month in Social Work</i>	<i>Pearson Correlation</i>				1	.478(* *)	.090	-.037
	<i>Sig. (2-tailed)</i>					.000	.162	.562
<i>Membership in Societies</i>	<i>Pearson Correlation</i>					1	.005	.148(*)
	<i>Sig. (2-tailed)</i>						.939	.021
<i>Spouse help project related Activity</i>	<i>Pearson Correlation</i>						1	.145(*)
	<i>Sig. (2-tailed)</i>							.024
<i>Revenues from project supported activity</i>	<i>Pearson Correlation</i>							1
	<i>Sig. (2-tailed)</i>							
	<i>N</i>	242	242	242	242	242	242	242

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Source: Sample Survey

7. Sustainability of the Success

As expressed earlier the majority of project beneficiaries are poor farmers. The project areas are located in the dry zone. The land being used for cultivation by most of these farmers is reservation or non-permit land and therefore not irrigated. The lack of water and land are major issues for most villages (particularly in Madulla) in the project areas. On the production side severe drought, government policies and regulation would be the external shocks affecting the existing livelihood activity of BHHs. Although different types of irrigation facilities such as the rehabilitation of small irrigation dams and channels, agricultural wells and the provision of irrigated inputs have been provided through the LEaD Project with the aim of coping with the supply-side oriented external shocks, most of these project supported work has been implemented without an environmental assessment. In the future, sustainability may become a question. On the demand side, most of the agricultural

goods producers are price takers when selling their product. However, the given price by the buyers is not static. Excess supply (e.g. as what happened with banana) will result in the price of the goods falling. This situation is known as price shocks. Thus financial sustainability may become an issue in the future.

8. Conclusion

The LEaD Project has positively benefits in favour of POP and Poor in most of the impact variables such as degree of livelihood diversification, monthly real income, access to credit, increased physical assets and social capital. However, the project impact on the variables of savings and style of material wealth in terms of improvement in the conditions of dwelling houses and the presence of electricity and drinking water is neutral. The study evidences to suggest that LEaD has been able to reach the poorest of the poor in rural areas: landless people and other marginal groups and increased their standard of living. The provision of microfinance by CARE caused to increase the degree of diversification of livelihood and create social ties among BHHs. However, this social capital is not correlates with that the net revenue from project related activities. Most infrastructure development project supported by the project has been implemented without an environmental assessment. This is the major negative impact of the project intervention. The situation may leads to limit the sustainability of the success. On the base of these findings, it can be concluded that while LEaD is very reasonable to help the poor to exit from the poverty trap, it tends not to alleviate poverty.

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