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POVERTY ALLEVIATION IN ETHIOPIA, THE ROLE OF NGOs

POVERTY ALLEVIATION IN ETHIOPIA

The Role of NGOs

A brief paper prepared for the Panel Discussion at the Fourth General Assembly of the Ethiopian Economic Association

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1 INTRODUCTION

This panel discussion includes presentations from distinguished representatives of the World Bank, the UNDP and the Government of Ethiopia. I am sure that the current state of play in poverty alleviation from a macro-economic perspective will be covered adequately in other presentations. I will focus, therefore, on defining the role that non-governmental organizations (NGOs) play in poverty alleviation. I will argue that partnerships with NGOs can add value to the common mission we all share - that of eradicating poverty. I shall try and show that NGOs are best suited to the role of experimentation and model building and that their work and experience needs to be given formal and serious consideration in policy formulation.

I will recommend that economic development policy must examine innovative means by which the majority poor can have access to capital to fuel income generation. I will also recommend that an enabling environment needs to be created that will expand the capacity of the NGO sector. I believe that collaborative research between NGOs and academia, government and other actors should be increased and that formal fora need to be created so that the understanding and experience of the NGO sector can influence public policy.

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2 CAVEAT

This paper does not (and cannot) represent the views of NGOs as a group. It draws primarily on the experience and understanding of ACTIONAID and its many national and international NGO partners.

3 UNDERSTANDING POVERTY

Poverty is not simply the lack of material resources or the lack of access to a set of goods and services. ACTIONAID believes that the poor are constrained from being able to change the condition in which they find themselves; that they would wish to change it if given the choice. Poverty is about having limited choices.

Expanding the number of choices available to the poor and instituting enabling processes that allow the poor - themselves - to make informed choices is at the heart of the poverty alleviation strategy followed by NGOs.

The core value that this understanding emanates from is linked to human dignity. All human beings are of equal value and have the same rights but are born into inequality of circumstances and opportunity.

NGOs, therefore, are concerned not only with the products of development (improved incomes, better health care, education, etc) but also with processes. NGOs believe that the poor should be the subjects of their own development, not the objects. Participatory processes are, therefore, central to NGO strategy. Processes that uphold human dignity are seen as empowering; processes that diminish it are seen as disempowering or impoverishing.

This holistic view of poverty and the poor prompts NGOs to engage with people as the centre of their own development. Activities and field methodologies flow from this central tenet : giving people choices.

4 ROLE OF NGOs

The role of NGOs, particularly in Ethiopia, is not adequately understood or appreciated. There are historical and other reasons for this, linked primarily to the famines of the 1970s and 80s. Such lack of appreciation has had the unfortunate effect of dampening what could be a buoyant and dynamic sector actively engaged in poverty alleviation.

NGOs are currently viewed as vehicles of relief, distributing food to the victims of famine. They are seen as institutions that bring additional financial and material resources to the country for relief, supplementing official aid. Certainly, this has been one of the many noble roles played by NGOs. They have, arguably, been able to touch the conscience of the world and have mobilised massive resources to reduce suffering and death in this country. But this view - of NGOs as service providers - is limited and restricts the NGO sector from making its full contribution to development.

The role of NGOs as agents who procure and distribute relief items is diminishing. NGOs in Ethiopia have made a significant transition from relief to development. ACTIONAID-Ethiopia, for instance, has been in the country since 1988 and has engaged almost exclusively in long term development through integrated activities (income generation, credit, agricultural extension and social services). It has focused on capacity building and the strengthening of local institutions, including indigenous NGOs. ACTIONAID-Ethiopia, like several other NGOs, does not have a food aid programme.

NGO activities go well beyond relief. NGOs are at the forefront in creating innovative models for participatory development. NGOs are active in agricultural research and extension; in income generation activities; in the promotion of savings and credit; in alternative approaches to health, education and water supply; in the development of appropriate technology; in environmental conservation; in researching urban poverty; in simulating the informal sector; addressing issues related to gender and generation; in

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researching the impact of economic reform on the poor; in promoting debate on governance and democracy and so on. Service delivery and relief are but a part of the many activities the NGOs are engaged in across the country. Most importantly, perhaps, NGOs are actively involved in building capacities and institutions so that the processes of development can be sustained.

NGOs have many strengths. They are usually small and focused to particular target groups of the poor and vulnerable. They are able to interact intensively with such groups allowing a clear understanding to emerge of the nature and causes of poverty. They are flexible in their approach to poverty alleviation with the ability of making rapid shifts in programme design and strategy. They are able to experiment with new ideas and can bring innovative solutions to difficult issues. They are able to create models which, if examined seriously, could be replicated widely and successfully.

NGOs can cross the spectrum from intensive field work to dialogue at the international level. They are linked to influential northern donors and can influence global policy. They can use their field understanding to represent the interests of the poor in appropriate fora.

Thus the role of NGOs is multi-faceted. It ranges from service delivery to advocacy. The central features are the close interaction that NGOs enjoy with the poor; their ability to adapt projects to suit felt needs; their flexibility and responsiveness and their access to influential international institutions where they represent the interests of the poor.

5 NGO CONTRIBUTIONS TO POLICY

Over the past four decades, the NGO sector has been able to achieve credibility in many parts of the world. There are several examples of NGOs influencing public policy. I will only take a few.

The World Bank group is arguably the most powerful institution in world development today. Two decades ago, NGOs were the sworn enemies of the Bank largely because of its prescriptive approach to structural adjustment. The situation today (though not all NGOs will agree with this) is markedly different. The top leadership of the Bank is now committed to fostering NGO participation. The Bank has made poverty eradication central to its mission. The idea of targeting; of creating safety nets to deal with the short term effects of adjustment shocks; of paying attention to the social sectors have all gained prominence within the Bank. The Bank is now actively concerned with the poor and vulnerable and for equitable growth rather than growth by itself. These shifts have been influenced by many forces not the least being sources within the Bank itself. However, the role that NGOs have played in bringing about this change cannot be undermined. Today, the Bank requires every mission in Africa to consult regularly with NGOs.

The outcome is that several Bank projects have been modified to accommodate NGO comments. Structural Adjustment has an increasingly human face. The concerns of the poor are increasingly taken into account. This affects poverty alleviation policy in important ways. The openness of the Bank to dialogue with NGOs also paves the way for ongoing and continued improvements in the sensitivity of macro policy to the needs of the world's poor.

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A second example is the ongoing struggle with aid. The industrialised nations have all made a commitment to provide 0.7% of their Gross National Product to aid. The truth, however, is that their contributions have fallen from about 0.5% in 1963 to about 0.3% in 1993. NGOs are active in reminding rich nations of their responsibilities. ACTIONAID, for example, publishes an annual document entitled "The Reality of Aid" which monitors the quantity and purpose of aid. It lobbies the European Union and the British Government using the findings of this document.

NGOs have been active in many other spheres of critical importance in the world. Leading resistance to the proliferation of nuclear weapons; debating the allocation of resources between guns and butter; monitoring the environment and so on are all examples of NGOs engaged in influencing global policy.

The increasing prominence of NGOs in policy formulation is best seen through their participation at successive UN Conferences. At the Earth Summit in Rio, NGOs were very much on the fringe. Their representation and participation has seen significant improvement since then. For the first time, in 1996, the Summit on Human Settlements (HABITAT II) in Istanbul will see formal NGO participation in governmental deliberations. NGOs will no longer be on the fringe; they will be part of the mainstream debate in determining global commitment.

This increase in credibility has come about as a result of the growing maturity of the NGO sector in the world. Their strengths (especially their close links to the poor) are now respected and their views sought. NGOs have also learnt to become more professional in their approach and to improve their coordination in dealing with policy issues.

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6 OPPORTUNITIES IN ETHIOPIA

Collaboration between NGOs and government in Ethiopia is largely restricted to administrative issues. No line ministry has an NGO desk or holds regular meetings with NGOs on policy issues. This is unfortunate. There is much that both partners can gain from each other if formal fora were created. Similarly, collaboration between academic and research institutions and NGOs is almost non-existent, although some efforts are now being made to improve this. Through a few selected examples, I will try and show the enormous benefits increased collaboration can possibly bring to poverty alleviation.

6.1 Grain Mills

NGOs have been able to demonstrate the importance of grain mills, owned and managed by women, in several regions. The usual method is that a group of women come together and are given a loan, on commercial interest rates, to purchase a grain mill. With some training, they are able to manage and maintain this enterprise both repaying the loan and making profits. Hundreds of other women are now freed from the drudgery of grinding grain by hand (which takes 2-3 hours each day).

The impact of the grain mill goes well beyond the group of women.

Let us take farm production. The usual strategy to increase production focuses on material inputs such as seeds, fertilisers, tools, etc and assumes that labour time is in abundance. However, this is not always true. Where there is a skewed age distribution and where there are a number of women-headed households, labour time can be an important constraint to production and productivity.

The enormous amount of time saved, by the introduction of grain mills, can now be used to increase the size of the plot of land under cultivation; to do more extensive weeding and so on. This increases overall farm production.

The impact does not stop there. Besides increased time for productive activity, women now also have more time to care for their children. This expresses itself in terms of lower morbidity and mortality, better nutrition and so on.

There is need for active research in this area. If the findings (as above) are validated, government should consider the introduction of a policy instrument (perhaps an instruction to commercial banks to earmark a certain percentage of loans to women's groups) that will allow grain mills to become more extensively available to women's cooperatives. The cost to the exchequer will be negligible and banks should recover their investment. On a large scale, such a scheme could dramatically improve farm indicators in the short term and quality of life indicators in the medium term.

6.2 *Credit for the Poor*

Capital fuels economic growth and, in turn, leads to the creation of wealth. The poor majority of this country are as much in need of capital as anyone else. However, a vicious cycle operates that continually excludes them from having access to formal lines of credit. The poor lack capital and so lack collateral. Loans are unavailable to them (with the exception of limited and designated credit for fertiliser). Current bank procedures, which are cumbersome, also discriminate against the poor who are largely illiterate.

During the past regime, enormous resources were wasted in developing a few state farms at the expense of investments that could have been targeted to the small farmer majority. I will argue that rapid economic development can only take place when the majority poor are also given options that will enable them to obtain credit and accumulate capital.

There is substantial NGO experience in savings and credit, targeting the collateral-less poor. Using variations of the Grameen Bank (Bangladesh) model, NGOs have set up such schemes in several regions of Ethiopia and have been able to demonstrate success. In two areas of SEPAR, for instance, over 8,000 poor families are members of ACTIONAID Savings and Credit projects. The basic principles - group guarantees; commercial interest rates; facilities for savings and so on - seem to work everywhere. For thousands of families (who did not even have a hen in their house), such credit has meant that they now own goats and sheep and even oxen leading to an upward spiral of improved food security and increasing incomes. Most importantly, such credit has improved the self reliance of these families and has contributed to an increasing sense of dignity.

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However, NGO efforts are extremely limited in terms of sizable coverage. What NGOs have been able to do is create models and to demonstrate that the collateral-less poor are credit worthy. The models that NGOs have developed need to be examined closely with the view to wide replication. Policy makers need to examine the establishment of new financial institutions, perhaps supporting the existing banking system, in making credit available more widely. More extensive coverage of the poor, using the mechanism of credit, can significantly hasten the pace of economic development and lead to improved growth rates for the economy as a whole.

Obviously, the final design of such institutional arrangements will be complex. I argue that NGOs have demonstrable experience and understanding of the core issues involved and can make important contributions to the development of policy and the design of institutions and systems.

6.3 *Child Education*

The current enrolment rate is just over 20%. The vast majority of Ethiopia's children do not have access to school. The current governmental strategy focuses on the formal system (of school buildings, trained teachers and so on). Even with the best intentions, it will be impossible to earmark adequate resources to ensure significant expansion of the formal school system. Even if formal schools were constructed, the poverty within families will mean that a large proportion of children will not be able to attend schools.

NGOs, particularly ACTIONAID-Ethiopia, have experimented with an alternate form of primary education. This successful model focuses on a few key elements : community management; local resources; limited hours (2-3 hours only); flexibility in school timings and a child-centred learning oriented pedagogy. The curriculum is linked to the formal system. In two areas of SEPAR alone over 4000 children attend such Non Formal Primary Education (NFPE) centres. (Interestingly, because of the limited hours and flexibility in school timings, almost 50% of children are girls). There are no school buildings; only community constructed tukuls. The teachers are from the village who work as volunteers for a small honorarium. The cost of educating a child - to achieve functional literacy, numeracy and life skills - is a fraction of formal school costs.

The NGO experience in making low cost education available is again only a model. If the benefits of the model are to be reaped, large scale replicability needs to be considered. I will argue that some consideration can be given to keeping aside a small proportion of allocated budget to such an initiative. Because the onus is primarily on communities (who will own the process), the burden on the exchequer will be small. However, while the formal school system is being expanded, this model will ensure that a significantly expanded number of children will acquire literacy, numeracy and life skills. Research elsewhere shows that the benefits from such expanded literacy will become manifest in lower fertility rates, improved health, etc..

At the very least, the NFPE model promoted by NGOs needs to be researched seriously so that the decision not to consider its replication is an informed decision.

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6.4 *Others*

I have given only a few examples of innovative NGO activity in Ethiopia that have the potential of making a significant impact on poverty alleviation, if replicated. There are, of course, many other examples in several areas. The point is that the NGO sector must be drawn closer to academia and research and to government and other development actors so that their experience can feed into public policy.

7 CONCLUSION

The lessons that NGOs learn, whether through successful or failed projects, need to be assimilated widely. If these valuable experiences that give insights to possible approaches or solutions remain only with that particular NGO, there is waste in the system. Fora need to be created where NGO experience can be fed into academic research and policy making. These do not exist currently in any structured form. Consequently, creative solutions to the difficult issues of poverty alleviation are buried and lost.

NGO experiments should not be seen as fringe movements. In a country as poor as Ethiopia, the solutions to the problems of poverty will have to be creative. It is time to take NGO activities into the mainstream. Academia should link up with NGOs, using their field areas as research sites, and government, bilaterals and multilaterals should set up formal systems for issues to systematically discussed to examine new paradigms. The policy making process should explicitly include NGOs as partners in development and allow for, at minimum, a close examination of their experience.

An enabling environment for NGO activity is a central need. The indigenous NGO sector, in particular, needs to be stimulated. A wider presence of NGOs - across the country - can help draw views based on different communities and enable policy making that takes into account such perspectives.

Finally, there is an urgent need to examine ways and means by which the majority poor can gain access to credit for capital formation. This can brings tremendous gains to the economy and hasten the pace of development. NGO experience can be examined as a starting point in the design of appropriate instruments and institutions.

Thank you.

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