
VI. SRI LANKA *

A. Introduction

The Government of Sri Lanka has introduced several special programmes and strategies for poverty alleviation. However, it is observed that, with decreased Government control resulting from the economic adjustment policies and programmes, there is a need to strengthen institutions in order to ensure maintenance of quality standards of goods and services provided to the rural areas, by the private sector. Capability building of the poor through their community organizations is necessary to prevent the disadvantaged from being exploited by traders and businessmen, operating in the villages. Strengthening of poverty groups can be better handled by NGOs due to their flexibility, closeness to the poor and access to funds and technical assistance from donors and funding NGOs. This study, which is a part of the ESCAP Regional Project on GO-NGO cooperation for poverty alleviation, is an attempt to examine how links between the GOs and NGOs could be further strengthened, to achieve more effective results from poverty alleviation efforts.

1. Objectives

- (a) To develop appropriate policies to strengthen grassroots institutions to alleviate rural poverty under economic reforms and policy adjustments.
- (b) To encourage NGOs to provide the rural poor groups with support through advocacy and assistance
- (c) To facilitate exchange of information among the NGOs and Government policy makers to create an environment in which the two actors can be

more effective and useful partners in poverty alleviation at the grassroots level.

2. Scope and methodology of the study

(a) Scope

Assessment of the present role of NGOs in rural poverty alleviation in Sri Lanka, identification of constraints/problems faced by NGOs in their interventions, identification of further functional areas where NGO interventions are possible for making poverty alleviation more effective, assessment of current facilities and arrangements for GO-NGO cooperation for poverty alleviation and recommendations for a framework for GO-NGO collaboration in poverty alleviation.

(b) Methodology

- (i) Study of relevant literature/secondary data on NGOs and Government interventions/programmes for poverty alleviation.
- (ii) Discussion with relevant Government and NGO officials and with target group members.
- (iii) Case studies on success/failure of grassroots level interventions on poverty alleviation.
- (iv) Analysis of information/data collected in the study to develop a policy framework for GO-NGO collaboration.

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B. Macroeconomic policy framework, magnitude of poverty and Government policies and programmes to alleviate poverty

1. Macroeconomic policy framework

The process of economic liberalization in Sri Lanka commenced in the late 1970s. These include structural adjustment policies, privatization of state-owned enterprises and restructuring of the Government institutions. It also includes far reaching financial reforms in the Government budgetary policies, interest rates, foreign exchange control measures, development of a stock market etc. Reduction of the Government's involvement in production of goods and services and promotion of the private sector as the engine of economic growth, were adopted under the new development strategy. Encouragement of foreign investment through a number of different incentive schemes has resulted in the establishment of several processing zones in the country. Withdrawal or reduction of subsidies both for consumption and production was made as a result of these policies.

2. Magnitude of poverty

In terms of poverty indicators such as life expectancy, mortality rate and literacy, Sri Lanka has maintained a high standard in contrast to economic indicators such as GDP, per capita income and income distribution. High standards of social indicators are result of heavy Government investment in the welfare services such as free education, free health services, and subsidies on essential items such as food, energy, communication and transport over a long period of time. Thus, life expectancy is 69.5 years for males and 74.2 years for females. Literacy rate is 88.6 per cent while the Human Development Index is 0.704 for the year 1995. Per capita income was SL Rs 36,357 (US\$ 709) and the growth rate was 5.5 per cent in 1995. Labour force constituted 48.3 per cent of the population and the unemployment rate was 12 per cent for the same year.

(a) Absolute poverty

According to the estimates, using a poverty line of SL Rs 471.20 per person per month, 22.4 per cent

of the population consisting of 3.8 million are considered to be poor. Using a more generous (20 per cent higher) poverty line of SL Rs 565.44 per person per month, the head count has been estimated at 35.34 per cent and the number of poor are around 6 million.

(b) Relative poverty

The distribution of household incomes in 1986/87 by deciles shows that the lowest decile received only 1.93 per cent while the second lowest decile received 3.13 per cent. Highest decile received 37.40 per cent while the second highest received 14.9 per cent. This shows that more than 50 per cent of the income is received by the two highest deciles indicating a high income disparity. The Gini coefficient has been estimated at 0.32 in 1985/86 and 0.30 in 1990/91.

(c) Government policies for poverty alleviation

From early times, successive governments of Sri Lanka were concerned with alleviating poverty. It was considered that the provision of welfare to the people was a prime duty of the Government. During the periods before and immediately after the independence in 1948, Government policies were directed towards provision of welfare services such as free education, free health services, subsidies on food and services and inputs for agriculture. However, since late 1970s there has been a gradual shift in the policies from welfarism towards capability building of the poor to achieve self-reliance and improvements in their socio-economic conditions.

(d) Recent Government programmes for poverty alleviation

With the shift from welfare services to building capabilities of the poor various poverty alleviation programmes have been introduced by successive Governments. Some of them are as follows.

(i) Integrated Rural Development Programmes (IRDP)

IRDPs have been established in (15) relatively disadvantaged districts, commencing from early 1990s, with foreign financial and technical assistance, initially focusing on the development of infrastructure essential to create employment and increased

production. Gradually, the emphasis has been shifted towards targeting some benefits directly to disadvantaged groups, through a participatory process. There are many instances of NGO collaboration with the IRDP programmes, mainly in the execution of the poverty focussed participatory programmes.

(ii) *Change Agent Programme (CAP)*

Under this programme the Government plays the role of a facilitator. Change Agents selected and trained by the Rural Development Training and Research Institute (a Government institution), encourage disadvantaged rural people, to form themselves into small groups. These groups are aided to identify, understand and analyze their problems, work out the solutions and act upon them. Savings are encouraged and collective purchase of consumer items and inputs are promoted so as to take advantage of the economies of scale. A large number of income generating activities have been promoted among the members. Small groups formed under the CAP have federated at village and divisional levels to form federations, that take an active part in the procurement of inputs and marketing of the produce of the members. The federations get themselves registered as autonomous NGOs of the beneficiaries.

(iii) *Peoples Participatory Programme (PPP)*

Peoples Participatory Programme (PPP), a pilot action research project implemented by the Ministry of Agriculture and assisted by the FAO, during the period 1984-1992, focused on the promotion of participatory small groups of the small farmers who were assisted by well-trained animators to undertake economic, social and other need fulfilling activities. PPP was confined to the rainfed areas of Matale and Kurunegala Districts respectively. Savings were actively encouraged and guarantee-risk-fund based credit was disbursed for income generating activities on group collateral. PPP groups were encouraged to receive line-agency services. The higher level organizations that evolved subsequently established links with the divisional and district administration to solve their pressing problems, and to have access to local Government funds for improvements to village infrastructure.

After the termination of the project, PPP was registered as a NGO that is self managed by the small farmers. The Ministry of Agriculture set up a Small

Farmer Group Development Unit (SFGDU) to pursue exclusively small farmer concerns. The PPP experiences are being used by the SFGDU to train and strengthen the farmer organizations administered by the Department of Agrarian Services. SFGDU also promotes setting up of farmers' companies on a pilot basis, to take advantage of the private sector arrangements resulting from the macroeconomic adjustment measures.

(iv) *Women's Bureau Programmes (WB)*

The Women's Bureau of Sri Lanka was set up under the Ministry of Plan Implementation as a result of the United Nations Women's Decade. It is entrusted with the task of coordinating government and NGO activities in the field of women's development. WB also provides and channels funds to NGO activities in women's development and has encouraged the formation of Women's Organisations (WO) at grassroots level. These WOs are assisted to federate at divisional and district levels.

(v) *Janasaviya Programme (JSP)*

JSP was launched in 1989, as the main poverty alleviation programme of the Government. It focused on the development of target groups of the poor (defined as food stamp holders) by providing a cash grant for consumption and credit for income generating activities. JSP was expected to make use of the bottom up participatory approach in planning and implementation of activities.

(vi) *Samurdhi Programme (Prosperity Movement)*

Samurdhi Programme (SP) is the main poverty alleviation programme of the present Government. Animators selected from among the target families are trained and fielded in their own villages for mobilizing and forming groups, referred to as Samurdhi Balakaya (SB). These SBs identify, plan and implement development projects in their areas. While credit and training are provided for micro-enterprise development under the SP, small group savings have been encouraged for the establishment of Samurdhi Banks. It has also launched an insurance scheme for the beneficiaries providing relief in case of emergencies.

C. Economic reforms and the need for poverty alleviation

Recent macroeconomic policy reforms in Sri Lanka have led to increased investment, especially the investment of foreign funds, resulting in an increase in production and growth in the GDP. However, in the short-run, certain policy measures such as withdrawal of the subsidies for production inputs and consumer goods has caused economic hardships, especially to the poor segments of the society, who do not have the capacity to benefit from the new free market environment. Therefore, in the short run, the poor sectors inevitably suffer, particularly the rural poor who depend on agricultural pursuits for their livelihood.

Therefore, successive Governments have embarked on programmes for getting the benefits to specific poor groups. However, if these programmes are to be really effective, the main issues contributing to rural poverty like the increase in population, inadequate access to resources such as land, capital etc. and inadequacy of infrastructure facilities in the rural areas need to be tackled.

In the past, the main strategy for relieving poverty had been the provision of welfare services and subsidized consumer items through the Government delivery system. Although the subsidies provide relief to the poor in the short run, they are unsustainable and burdensome to the Government. It is imperative that the capability of the rural poor be improved in terms of increased production. Building of self-reliance capacity of the grassroot level institutions of the poor through conscientization and empowerment together with mechanisms for technology transfer, will contribute to sustainability of these production programmes. NGOs have proved to be more effective in the field of social-mobilization based development models that play an important role in poverty alleviation interventions. Cooperation between Government and NGOs will enhance the capabilities of both sectors in reaching the target groups effectively.

D. NGOs operating in Sri Lanka and their role in poverty alleviation

1. NGOs operating in Sri Lanka

There is a large number of foreign and indigenous NGOs operating in Sri Lanka. According

to a survey conducted by the NGO Innovations et Reseaux pour le Development (IRED), there were some 30,000 voluntary organizations conducting community level services operating in the country. Of these, roughly one-fifth are engaged in development activities. Many of these NGOs are very small in terms of resources they mobilize. Only about 300 indigenous NGOs cover several districts and few have nation-wide coverage.

(a) Definition of NGOs

Although there are about 30,000 voluntary organizations operating in Sri Lanka, most of them are small organizations which operate within a village or a community and they are commonly referred to as community based organizations (CBOs) or people's organizations (POs). Those organizations with a wider geographical coverage total about 300 and are considered as NGOs, distinct from the CBO/POs.

(i) Development NGOs

Development NGOs are defined as having the following characteristics.

1. Strong commitment to the ideological position which states that people are the masters of their own destiny and that they alone can transform their environment through their own efforts.
2. Strong commitment to the premise that the transformation of the quality of life cannot be obtained through a system of "hand outs" to the poor by those in control of resources.
3. Commit themselves to the definition of development which states that the poor can improve their quality of life only by organizing themselves to perceive their own problems and to work out a positive response to such problems, by working out the solution themselves.
4. Identification of their role as being that of facilitating the above process by providing support to the poor who engage themselves in the process of development.

(b) Different types of NGOs

NGOs operating in Sri Lanka can be grouped according to the country of origin, functions, priority and the functional areas. There are nearly 54

international NGOs registered with the Ministry of Plan Implementation and Parliamentary Affairs. National NGOs are in most cases founded by charismatic leaders. NGOs are grouped into operational NGOs, umbrella organizations and voluntary resource organizations (VROs).

(c) *Some of the current activities of NGOs aimed at poverty alleviation*

A large number of international and national NGOs are involved in activities aimed at poverty alleviation. The total annual budget of the 293 development NGOs covered by the NGO directory, compiled by IRED, amounts to around SL Rs 400 million. The local annual budget of the 52 international NGOs registered with the Ministry of Plan Implementation amounted to around SL Rs 1,600 million in 1995. Above amounts are for development activities including poverty alleviation. Some of the functional areas of NGO involvement are:

(i) *Social mobilization*

There are many NGOs participating in social mobilization for poverty alleviation, either on their own or by providing training and other facilities to those directly involved.

(ii) *Savings and credit programmes*

Savings and credit programmes, as well as channelling funds for granting credit are popular NGO programmes. These include small group based savings, establishment of revolving credit funds to provide loans for agriculture and microenterprise development.

(iii) *Marketing*

Some NGOs promote development of marketing facilities for rural produce particularly in the agriculture sector. In recent times, few NGOs have promoted farmer companies for this purpose.

(iv) *Institutional strengthening*

Several NGOs, particularly some international NGOs, have been involved in strengthening institutional capacities of smaller NGOs and CBOs

by providing training and equipment.

(v) *Transfer of technology*

Transfer of technology and development of appropriate technology for use in rural areas are undertaken by some NGOs. Intermediate Technology Development Group (ITDG) has been involved in the development of technologies in the field of agro-processing, transport, energy generation and conservation. Some others have popularized alternative sources of energy for the rural sector. Some others operate in the areas of organic farming, integrated pest management and appropriate technology.

(vi) *Skills development*

Many NGOs including international NGOs have been actively involved in development of skills for wage employment as well as for self-employment.

(vii) *Microenterprise development*

Microenterprise development is for generating employment as well as for increasing production. NGOs provide training in entrepreneurship in addition to vocational skills and also arrange for funding of microenterprises for the poor.

(viii) *Networking*

There are some NGOs that have promoted networking of NGOs for improving NGO strength, sharing of information and experience and linking with donors and the Government.

(ix) *Research*

Few NGOs are involved in research pertaining to development related topics and sometimes these studies are made use of in policy recommendations.

2. Role of NGOs in poverty alleviation programmes of the Government

Many NGOs and CBOs participate in the Government poverty alleviation programmes in

different ways. Some such programmes are IRDPs, Samurdhi Movement, Peoples Participatory Programme, Women Bureau Programmes, Change Agent Programme and National Development Trust Fund.

(a) *Integrated Rural Development Programmes*

Many IRDPs, particularly those funded by the bilateral donors, have enlisted the services of NGOs in IRDP activities. In some instances, the involvement of NGOs in the project activities is a condition in the project agreement. NGOs participate in social mobilization, training, implementation of project components such as savings and credit, health, and sanitation, nutrition, women's and children's development, food processing, vocational training, entrepreneurship development, microenterprise development, infrastructure development etc. Information available on NGO involvement in IRDPs in six districts shows that over 90 NGOs have been collaborating with the IRDPs.

(b) *Samurdhi movement (SP)*

Small groups, mobilized under the Samurdhi movement of the Government, have been organized as NGOs and participate in the planning and implementation of development activities. Samurdhi movement also has enlisted the cooperation of larger NGOs in the implementation of the programme, particularly in the field of training.

(c) *Peoples Participatory Programme (PPP)*

PPP of the Ministry of Agriculture collaborated with a number of NGOs to impart training to the animators, channel credit to groups on social collateral, market small farmer produce, train small farmers on health and sanitation. The small farmer groups promoted under the PPP federated at divisional and district levels to form higher level organizations. At the end of the pilot project, a small farmer NGO was formed to continue the activities. This is an instance of a government programme transforming into a NGO programme after the termination of the project.

(d) *Women's Bureau programmes*

Women's Bureau has promoted the formation of women's groups at grassroots level which have later

federated at divisional and district levels to form larger organizations similar to NGOs. They mobilize savings, operate credit funds, arrange for training and skills development and promote microenterprises for employment generation among women.

(e) *Change Agent Programme (CAP)*

CAP programme has promoted the formation of small groups in the mobilized communities. These groups have federated at cluster level, divisional and district level to form NGOs. These organizations have established financial institutions such as Gramashakthi Banks for mobilizing savings and disbursing credit. Some of these organizations have arranged marketing facilities for the small producers. Other NGOs also have been involved in the CAP programme particularly in providing training.

(f) *National Development Trust Fund (NDTF/JTF)*

From the beginning NDTF (then JTF) involved NGOs in the implementation of its activities, as it was a condition in the agreement for assistance from the World Bank. These NGOs were considered as partner organizations for the Credit Programme and Human Resource Development Programme of the NDTF/JTF. Building institutional strength of the partner organizations was a part of the NDTF programme. Some NGO/CBOs which participated as partner organizations have been successful in the implementation of activities entrusted to them. However, there are reports of several failures due, among other things, to inadequate capacity to handle the type/size of the work undertaken.

(g) *Other instances of GO-NGO collaboration*

Apart from NGO involvement in major poverty alleviation programmes of the Government, there are many instances of GO-NGO collaboration.

(i) *Training*

The establishment of a Food Processing Training Unit at the Government's International Centre for Training of Rural Leaders (ICTRL), by the NGO Intermediate Technology Development Group (ITDG), is one such example. The Food Processing Training unit was established as a collaborative project

between the ICTRL and ITDG for training extension workers of the Government as well as those from the NGO sector. This centre has also been involved in the development of appropriate technology for food and agro-processing.

(ii) *Infrastructure development*

Community Water Supply and Sanitation Programme implemented in Ratnapura, Badulla and Matara districts, operates through NGOs. It is a condition in the aid agreement and identification where construction and maintenance of the schemes are undertaken by NGOs.

(h) *Current role of NGOs in local Government activities and provincial councils*

There is little collaboration between local Government institutions and NGOs in activities related to poverty alleviation. However, some NGOs have been involved in the community development activities of the Colombo Municipal Council. There has been cooperation between NGOs and some Provincial Councils in activities related to poverty alleviation. North Western Provincial Council has provided assistance to NGOs for skills development and employment generation. Some NGOs have been involved in work related to the preparation of a development plan for the Central Provincial Council.

(i) *Current facilities for exchange of experience/information among NGOs and GOs*

(i) *Coordination among NGOs*

Growing awareness among NGOs that there is a need for cooperation and collaboration among them has resulted in the establishment of several umbrella organizations. Some umbrella organizations function as national level apex bodies of their autonomous district level affiliates. Other umbrella organizations are coalitions of NGOs or consortia. Some umbrella organizations are open to any NGO wishing to be a member while others restrict membership to NGOs having similar interests.

Umbrella organizations provide fora for NGOs to promote and strengthen communication, cooperation and collaboration while encouraging and

supporting exchange of experiences, information, knowledge and technical assistance. Some have links with similar foreign organizations and with relevant Government departments. The National NGO Council, Central Council for Social Services, Coordinating Secretariat for Plantation Areas, Hill Country Forum for Community Organisations, National NGO Water Supply and Sanitation Decade Services and Sri Lanka Women's Conference are some such umbrella organizations. Some NGO fora operate at national and district levels for coordination and cooperation of NGO activities. However, there is no national level organization representing the development oriented NGOs.

(ii) *Coordination with government organizations (GOs)*

NGOs coordinate with relevant GOs either directly or through their umbrella organizations or fora. Some GOs have regular meetings with NGOs pertaining to their activities while some others meet in the event of a specific need. The Ministry of Plan Implementation and Parliamentary Affairs, deals with NGOs registered with it. The Department of Social Services deals with NGOs registered under the Voluntary Social Services Organisation Act. A National NGO Secretariat has been set up under the Ministry of Social Services to coordinate activities relating to NGOs. However, at present there are several government organizations responsible for registration of NGOs and coordination among these GOs is grossly inadequate. A NGO/donor forum has been established with the UNDP for exchange of views and donor funding issues in relation to NGOs and rehabilitation.

(j) *Achievement of NGOs in poverty alleviation*

NGO performance in the field of poverty alleviation is mixed. Some of the NGOs have proven to be successful in mobilizing communities/target groups to perceive their own problems and working out solutions themselves. These NGOs have tapped the strengths of the poor using appropriate approaches and strategies.

Promotion of savings has resulted in inculcating a savings habit among the poor, which also has contributed to the strength needed for collective activities leading to poverty alleviation. For example, some socially mobilized groups have been able to accumulate sufficient funds to build their own lending

institutions. Mobilization also has resulted in the cost reduction for the target families, both in consumption and production activities. Cost saving in consumption has been through bulk purchase of consumer items. Reduction of the production costs has been via mutual exchange of labour, bulk purchase of inputs and easy access to credit at low interest rates. The time so saved through group action has been utilized by women to engage in small scale production activities. The qualitative achievements of social mobilization has been very impressive. Members have learnt to conduct meetings, manage discussions and arrive at decisions for improving their condition.

Improved awareness of services made available by the Government delivery system has enabled some poor to access these facilities for their betterment. They also have developed their own collective “safety-nets” by establishing various emergency relief programmes and in some cases their own insurance schemes.

Achievements of groups of rural poor mobilized by NGOs and the Government programmes are many. However, achievements of two NGOs that had small beginnings and grew to large and effective organizations are cited as case studies.

(i) *Janashakthi Banku Sangamaya (Janashakthi Banking Society) Hambantota*

Janashakthi Banking Society grew to a 27,000 women-member organization from humble beginnings. It all started as an awareness raising attempt by the chief administrator of the district (the District Secretary) to improve the health of poor mothers in Suriyawewa division in Hambantota district. The initial training on leadership and health concerns was for 124 mothers from 124 villages of the Division. These women, after the training, established 124 women’s societies. Women’s Development Federation is the name of the NGO formed by them. The women societies commenced savings among the members, which were used to provide small loans to members. The societies later grouped themselves into several zones and formed 20 Janashakthi Bank Societies. Development societies of four to twelve villages make up a Janashakthi Bank Society

Basic unit is the group, consisting of five women. Grameen Bank principles are followed in guaranteeing the loans. By 1997, the number of

Women’s Development Societies grew to 460, with a total membership of 27,182 while the number of Janashakthi Bank Societies have grown to 67 with a membership of 26,194.

Total value of shares was SL Rs 13,607,286 in 1997 and savings were SL Rs 6,975,474. Children’s savings amounted to SL Rs 325,1977 and non-member savings was SL Rs 3,862,223. It had SL Rs 999,661 as fixed deposits. Total capital of the Janashakthi Bank added to SL Rs 78,622,507. There was a sum of SL Rs 724,928 in the helpage fund and the library fund. The loan recovery rate of the Janashakthi Bank is reported to be 90.39 per cent. However, it has established a loan insurance fund to meet any write-offs. It also has taken steps to insure housing loans and capital assets by establishing a separate fund.

Janashakthi Bank has received the support of Government officers such as the District Secretary and the Divisional Secretary. It also has received assistance from the National Development Trust Fund (NDTF) as a partner organization for institutional development and as a source of loan fund. Sri Lanka Canada Development Fund (SLCDF) has provided assistance for institutional development.

The women’s federation implements programmes on health improvement and child development, while helping the aged, in addition to its “barefoot librarian” programme.

The success of the Janashakti Bank programme could be attributed to the untiring and committed nurturing by the District Secretary which enhanced collaboration and partnership between this NGO and the GOs.

(ii) *Thrift and Credit Cooperative Societies Movement (TCCS popularly referred to as SANASA)*

The first TCCS came into being in a village of Kandy District in the year 1906. However, it obtained official registration in 1911, after the enactment of Thrift and Credit Cooperative Societies Ordinance. The number grew to 1,469 societies, with a total membership of 65,771 by 1938. The interest in the TCCS faded away with the development of cooperative sales societies in 1942. The revival in 1973, resulted in the growth of primary societies to over 6,000, with a total membership of more than

700,000.

The primary society is at the village level and the next level is the cluster of societies. TCCSs federate into district unions and the National Federation of TCCS is the apex body.

Total savings of SANASA amount to more than SL Rs 1,086 million and it runs a training campus for member societies. The “assurance programme” provides relief to members in case of emergency. Recently, a commercial banking operation was commenced to serve its district unions. TCCS movement has promoted a company known as the Cooperative Producer and Consumer Organisation (referred to as SANIPA) in which TCCS members are the share-holders. It links the producers and consumers and affords the consumers the opportunity to benefit from the concessions made available to the private sector companies. Dedication of the leadership together with timely and proper assistance from donors and foreign NGOs are the main reasons for its success. TCCS movement participated in several Government poverty alleviation programmes such as the IRDPs and the PPP, indicating the potential that exists for collaboration for poverty alleviation.

(k) *Current facilities for exchange of experience/information among NGOs*

At the national level, there is no forum for the exchange of experience/information. However, some degree of information exchange takes place at various seminars, workshops and discussions organized either by the GOs/NGOs on specific topics. Various Government programmes where NGOs collaborate, provide opportunities for the exchange of views.

NGO fora at the district level provide opportunities for GO-NGO discussions. At the Divisional level certain NGOs are involved in the divisional committees where limited exchange of views take place. Umbrella organizations also provide a facility through which NGOs can communicate with the Government.

E. Strengthening GO-NGO collaboration in poverty alleviation

1. Lessons learnt from the study

(a) *Strengths and constraints/weaknesses of NGOs in poverty alleviation*

(i) *Strengths*

Following have been observed as strengths of NGOs in poverty alleviation.

- (a) Flexibility of NGOs that provide the means for quick and timely decision making
- (b) Closeness to communities/target groups that enable NGOs to understand the poor and address issues accordingly. It also helps to perform effective monitoring and follow up.
- (c) Special capabilities of committed and properly oriented staff of the NGOs contribute to effective social mobilization, motivation and participation of the poor.
- (d) Specialization of some NGOs in relevant fields make them the experts on appropriate technology, because they also have an understanding of the absorptive capacity of the poor.
- (e) Easy access to donor support including funding for poverty alleviation.
- (f) Ability to engage field staff to work outside duty hours and on holidays, so that the employees can work with the rural people when the beneficiaries are free in the evenings and on holidays.
- (g) Non-political nature of the NGOs enables better cooperation from different groups and factions in communities/villages.

(ii) *Weaknesses/constraints*

- (a) Reluctance on the part of NGOs to make available, sufficient information to the public and the Government organizations leading to mistrust (transparency problem).
- (b) Lack of sufficient coordination among NGOs involved in poverty alleviation as well as between NGOs and GOs involved in poverty alleviation leading to overlap of activities of NGOs and GOs.
- (c) Absence of adequate arrangements for exchange of experience and information among the NGOs.
- (d) Existence of “dubious NGOs” who claim benefits from donors and Government programmes, tarnishing the name of good NGOs as well, in the eyes of public and GOs. There is no system for dealing with errant/ dubious NGOs.
- (e) Insufficient capacity of smaller NGOs in respect of management skills and project implementation.
- (f) Insufficient opportunities for NGOs to have dialogue with GOs.
- (g) Absence of a code of ethics and/or good policy guidelines acceptable to the NGO community, that enables some NGOs to misuse resources, that lead to credibility problems with the target group and GOs.
- (h) Certain laws/regulations which prevent/ inhibit NGO involvement in activities such as accepting savings deposits.

(iii) *Threats to NGO involvement in poverty alleviation*

- (a) Existence of power groups in certain rural areas that are not in favour of collective attempts, promoted by NGOs, to solve the problems associated with marketing, credit and input supplies.
- (b) Suspicion created in the minds of local politicians concerning NGOs’ attempts to conscientize people, that may in turn lead to political awareness among the poor.
- (c) Fears created in the minds of some bureaucrats that the NGOs are stepping into their domain and

trying to affect their authority, especially through successful NGO assisted poverty alleviation programmes and participatory approaches, that empower the poor.

2. Potential/scope for promotion of further GO-NGO collaboration in poverty alleviation

1. The main responsibility for facilitating GO-NGO cooperation lies with the central Government. However, with the devolution of power to provincial councils and local authorities, these institutions are empowered to establish cooperation with the NGOs.
2. Specialized NGOs have the capacity and the ability to transfer their expertise and knowledge to the GOs involved in poverty alleviation. Such experience and knowledge may be effectively made use of under Samurdhi, IRDPs and such other programmes.
3. The relevant line agencies do not have the needed staff with appropriate orientation and adequate commitment to undertake pilot action concerning “adaptability testing” under small farmer field conditions. However, the NGOs are ideally suited for this purpose due to their flexibility and closeness to the target groups. Such activities need to be entrusted to the NGOs.
4. Some NGOs already conduct research and studies related to rural development issues. The MARGA Institute, among other NGOs, has conducted research in the social and economics spheres. National NGO Action Front has established six committees to study problems in six fields pertaining to development. They also have developed a code of ethics for their member NGOs. It should be possible for the Government organizations to make use of these research studies to develop appropriate policies.
5. Although there is some dialogue between GOs and NGOs on certain matters, there is no institutional arrangement for an ongoing dialogue. However in the past, some NGOs like the Central Council of Social Services have influenced Government policy, such as the appointment of the Social Services Commission in 1946.

F. Conclusions

Recent macroeconomic policy reforms have resulted in aggravating the poverty situation among the disadvantaged groups. Therefore new thinking and special programmes are necessary for poverty alleviation.

Both GOs and NGOs are involved in poverty alleviation activities and cooperation between GOs and NGOs has been developing gradually. There is a lot of potential/scope for further development of cooperation between these two key actors in poverty alleviation.

There are certain constraints/weaknesses which stand in the way of expanding the effectiveness of NGO activities in this field, such as lack of institutional capacity at the grassroots level. There is an urgent need for better cooperation/coordination among NGOs and GOs in poverty alleviation.

Cooperation among GOs and NGOs can contribute considerably towards poverty alleviation. However, action is necessary by all parties concerned: the Government, NGOs and donor community.

G. Recommendations

1. It is important that a high level committee be appointed to study the capability and potential for NGO-GO collaboration, so as to assign appropriate roles to NGOs and GOs for cooperation in poverty alleviation interventions.
2. The NGO sector needs to develop a self-regulatory mechanism based on a code of ethics, to enhance the NGO credibility and smooth functioning of the NGOs. Such a mechanism will contribute to the elimination of “dubious NGOs”.
3. A national level NGO forum needs to be established by the development NGOs in the country to collaborate with the state in formulating Government policy related to poverty alleviation and rural development.
4. A system needs to be designed for NGO participation in decision making at micro-level, to enhance development of cooperation in order to overcome mistrust that may exist in the minds of both sectors.

5. The establishment of a Resource Centre for collection and dissemination of local and foreign information on experiences on GO-NGO cooperation in poverty alleviation is an urgent need.
6. It is necessary to establish a legal framework for NGOs involved in poverty alleviation activities.

1. Action by relevant parties

(a) NGO sector

- (i) To initiate a forum of NGOs involved in poverty alleviation, at the national level.
- (ii) To formulate a code of ethics/guidelines of good practice for NGOs involved in poverty alleviation.
- (iii) To establish a mechanism for ensuring adherence, by the NGOs, to an accepted self regulatory code of ethics.
- (iv) To develop a national body for registration and coordination of NGOs.
- (v) To develop a coordination mechanism for NGOs and GOs.

(b) Government

- (i) To discuss and decide on the role of NGOs in poverty alleviation-related rural development, in a participatory manner.
- (ii) To establish a forum at which NGOs and GOs meet regularly to discuss matters pertaining to poverty alleviation.
- (iii) To strengthen the national NGO secretariat including the production of a national directory of NGOs.
- (iv) To establish a NGO division in the Ministry of Plan Implementation for the registration of NGOs involved in poverty alleviation and to establish a database of such NGOs.
- (v) To appoint a high powered committee to study the NGO involvement in poverty alleviation and to recommend modalities of improved

GO-NGO cooperation.

- (vi) To discuss and introduce necessary legislation/regulations for smooth functioning GO-NGO cooperation in poverty alleviation initiatives/programmes in a participatory manner.

(c) *Donor agencies*

- (i) To assist National NGO Secretariat to produce a National Directory of NGOs involved in poverty alleviation.
- (ii) Assist in the establishment of a national level forum of NGOs involved in poverty

alleviation.

- (iii) Use adherence to the code of ethics/guidelines by NGOs, as one criterion in providing assistance to NGOs for poverty alleviation.
- (iv) Assist in the establishment of a NGO division in the Ministry of Plan Implementation for coordination of development NGOs and in the establishment of a database on such NGOs.
- (v) Assist sensitization of government officials including exposure to successful models of poverty alleviation by NGOs.