

The Role of NGOs in Poverty Alleviation: A Case Study of Karachchi Divisional Secretariat Division in Kilinochchi District

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Introduction

Poverty has been one of the major social and economic issues in many developing countries. Government of many developing countries attempts to overcome poverty by introducing various state funded poverty alleviation programmes. However, NGOs emerged as a better supplement to the state in reducing poverty. Therefore, a large number of NGOs has been operating in developing countries with the aim of reducing poverty. In some developing countries NGOs claim that they could reach the poorest of the poor and succeed in reducing the poverty. In this regard Sri Lankan government as well as local and foreign NGOs has perpetually attempted to address the problems of poverty even before the independence from British colonization. This poverty alleviation program becomes more serious in Kilinochchi district after 1983. There are several studies which examine the role of NGOs in poverty alleviation locally and internationally (Vinayagathan and Pallegedara, 2014; Lawson et al., 2009; De Silva, 2008; Ullah and Routray, 2007; Ahsan, 2005; Tek Nath Dhahal, 2002; Kang Xiaong, 2001; Rodriguez and Smith, 1994). Many of these studies found that NGOs are succeeded in reducing the poverty.

According to the Human Development Index (HDI) of 2015, Sri Lanka had gradually improved in human development reaching 0.757 in 2014

from 0.679 in 2000 while the world average in 2014 is 0.711 and South Asia averaged at 0.607. Even though poverty level of Sri Lanka has been decreased dramatically from 8.9 % to 4.5 % within five years starting from 2010 (Central Bank of Sri Lanka, 2015) still it is not clear the actual situation of poverty in war affected area in the country. However, according to visual observation, socio economic conditions of peoples of Kilinochchi district are very deprived. Further, beside the state funded many poverty alleviation activities NGOs also are working in this area for a long period in order to reduce the poverty level. However, the quantitative assessment of the effectiveness and contribution of NGOs on poverty alleviation activities are not examined so far in the context of Kilinochchi district.

Objective

The main purpose of this study is to examine the impact of NGOs on reducing the poverty in Kilinochchi district.

Methodology

We used both primary and secondary data to analyze in this study. The primary data were collected from two rounds of household survey (2010 and 2015) from beneficiaries, and key informal interviews with officials from NGOs and government organization. We used purposive random sampling method to choose District and the Division. However, percentage random sampling method is used to select the village and the beneficiaries. Accordingly, we selected 6 villages and 75 families (5 % of sample) from one survey where poverty alleviation programs were implemented by 6 NGOs for a long period. In this study we considered household average monthly income (ainc), household average education level (edu), dependency ratio (dpr), labor force participation rate (lfpr), household size (hhs), household total asset (asset), age (age) as explanatory variables whereas household health facilities (health), household head (hhh) and T as dummy variables. In this case, health takes value 1 if the household has proper drinking water and sanitation,

0 otherwise; hhh takes value 1, if the household head is male, 0 otherwise; and T takes value 1 if the year was 2015 (i.e. after the intervention of NGOs in the study area) and 0 otherwise (soon after the resettlement of the study group in 2010). The secondary data was extracted from Central Bank of Sri Lanka, Kilinochchi District Secretariat office.

In order to estimate whether the NGOs activities has improved the living standard of the beneficiaries of the study area, we used Logit model which is given by Equation 1:

$$P_{it} = \Phi(\beta_0 + \beta_j X_{itj} + \beta_j D + \delta T_a + u_{it}) \quad (1)$$

where, dependent variable P_{it} is the probability of household i being under poverty line at time t which is a dummy variable and takes value 1, if the household i is under poverty line at time t , 0 otherwise; $i = 1, 2, \dots, n$; $t = 1, 2$; $j = 1, 2, \dots, 6$; Φ is the function, $X_{itj} = [a_{inc_{it}}, edu_{it}, dpr_{it}, lfpr_{it}, hhs_{it}, asset_{it}]$, $D = [health, hhh]$, T is a dummy variable which is explained above and u_i is the white noise error term.

Next we used fixed effect multiple linear regression model to identify the determinants of income of the beneficiaries of study area which is shown as:

$$a_{inc_{it}} = \alpha_0 + \alpha_1 edu_{it} + \alpha_2 hhs_{it} + \alpha_3 lfpr_{it} + \alpha_4 dpr_{it} + \alpha_5 age_{it} + \alpha_6 asset_{it} + \alpha_7 d_1 + \alpha_8 d_2 + \mu_i + u_{it} \quad (2)$$

where, $i = 1, 2, \dots, n$; $t = 1, 2$. d_1 is health, d_2 is household head and u_{it} is the zero mean white noise error term. Further, we employed hypothesis test to check out whether these variables has resulted a significant improvement in the beneficiaries' income level.

Results and Discussions

As expected, hhs and dpr have significant and negative impact on the beneficiaries income while lfpr has significant and positive impact on it. Further, our dummy variable T has positive and significant impact on the household income which implies that after the NGOs intervention, there is a significant improvement in the income level of the beneficiaries of the study area. Other variables do not have significant impact on it. According to the hypothesis test, lfpr, edu, health and T have statistically significant impact on income level.

Next, we discuss whether the NGOs' activities related to poverty alleviation have decreased poverty level of the beneficiaries. The result of the Logit regression model reveals that ainc, lfpr, hhs and time have a significant and negative impact on poverty level of the study area. First, negative estimated coefficient of household average income indicates that an increase in household average income decreases the probability of the beneficiary household being below the poverty level. Second, a rise in labour force participation rate appears to shrink the poverty level implying households with higher labour force participation rate have lower level of poverty. Third, a rise in household size decreases the poverty level of beneficiary household. Further, coefficient for year 2015 dummy variable is negative and statistically significant which indicate that there is a statistically significant difference of poverty level in 2010 and 2015. That is after the NGOs intervention, the probability of the beneficiary household being below the poverty level has been decreased.

Conclusion

This study attempts to examine the role of NGOs activities in reducing poverty level of Karachchi divisional secretariat at Kilinochchi district of Sri Lanka. Accordingly, the finding of the descriptive and quantitative analysis reveals that NGOs' intervention in the poverty alleviation program resulted in considerable improvement in the living

standard of the people in the study area. That is, the result of the Logit regression model reveals that, household average income (ainc), labor force participation rate (lfpr), household size (hhs) and T seems to be improved after the introduction of the NGOs activities in the study area. Further, Fixed effect model estimation results indicates that, the variables such as household size and dependency ratio (dpr) have significant and negative impact while labor force participation rate has positive and significant impact on the household average income. Moreover, the variable T has significant and positive impact on the income level of the household. Therefore, this study suggests that NGOs should target on income generations, and job creation activities when they implement the projects in a war affected area.

References

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Table 1: Estimated results of fixed effect MLRM

Y	Coefficient.	Std.err	T	P > t
Edu	90.56306	117.6842	0.77	0.443
Hhs	-475.5847*	112.9127	-4.21	0.000
Lfpr	1909.351*	692.0325	2.76	0.007
Dpr	-2568.023*	619.2761	-4.15	0.000
D1	601.5896	376.0907	1.60	0.112
D2	128.7084	357.1895	0.36	0.719
Age	8.538063	11.70695	0.73	0.467
T	1499.221*	296.9635	5.05	0.000
Asset	0.007268	0.058913	0.12	0.902
Cons	2686.614	1035.231	2.60	0.010

Note: *, **, *** represent the variables are significant at 1%, 5% and 10% level of significance respectively

Table 2: Estimated results of Logit Model

Variables	Coefficients	p-value	Ods Ratio
ainc	-0.00576***	0.079	0.9524
edu	3.17710	0.202	23.9771
dpr	-1.37853	0.790	0.25194
lfpr	-12.6910***	0.068	0.3245
hhs	-2.71298***	0.074	0.0663
health	0.82827	0.757	2.28937
hhh	0.93393	0.976	2.54449
asset	0.00067	0.293	1.00067
T	-0.2210**	0.001	0.0564
Cons	-34.527	0.362
Observations : 150	Lr chi 2	113.74	

Note: *, **, *** represent the variables are significant at 1%, 5% and 10% level of significance respectively.