

The Role of Non-Governmental Organizations in the Improvement of Livelihood in South Sudan

A case study of BRAC Microfinance Program in Central Equatoria State, Juba



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By

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DEDICATION

I dedicate this thesis to my lovely wife and mother; Mrs. Eunice Akita and Mrs. Loice Gire.

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ABBREVIATIONS AND ACRONYMS

AED	Academy for Education Development
AIDS	Acquired Immunodeficiency Syndrome
ANLA	Annual Needs Livelihoods Assessment
BOSS	Bank of South Sudan
BRAC	Bangladesh Rural Advancement Committee
CBO	Community Based-Organization
CHV	Community Health Volunteer
CHW	Community Health Worker
CPA	Comprehensive Peace Agreement
EVI	Economic Vulnerability Index
FAO	Food and Agricultural Organization of the United Nations
GEMSS	Generating Economic Development through microfinance in South Sudan
GOSS	Government of South Sudan
GNI	Gross National Index
HIV	Human Immunodeficiency Virus
HAI	Human asset Index
IDP	Internally Displaced Persons
IOM	International Office for Migration
LDC	Landlocked Developing Country
MDTF	Multi-Donor Trust Fund
MFI	Microfinance Institution
NSCSE	New Sudan Center for Statistics and Evaluation
SRF	Sudan Recovery Fund
SSMDF	Southern Sudan Microfinance Development Fund
UNCDF	United Nations Capital Development

USAID	United States Agency for International Development
UNDP	United Nations Development Program
VO	Village Organization
UNHCR	United Nations High Commissioner for Refugees
UN-OCHA	United Nations Office for the Coordination of Humanitarian Affairs
UN-OHRLLS	United Nations Office of High Representative for Least and the Small Islands
UNMISS	United Nations Mission in South Sudan

1 ha = 2.5 acres

1 acre = 0.404686 ha

ABSTRACT

South Sudan is faced with many challenges related to its newfound statehood. Large numbers of internally displaced (IDPs) and refugees are returning to their former homes putting significant strain on both households and community resources. The Government of South Sudan is incapable to meet the needs of the population. Several International Non-Governmental Organizations are carrying out interventions programs to meet the needs of the people. A Bangladesh Non-Governmental Organization abbreviated as BRAC is one of them. It is carrying out microfinance among other programs to alleviate poverty and helping poor South Sudanese women to realize their potential. Though such programs have generated much enthusiasm and excitement among the communities, little is known about its contribution towards improvement of the livelihoods of the participating households' members. This study was undertaken to document the impact of such programs on households' livelihood security, the activities the participating members were engaged in and the constraints they face. It draws attention to the role of BRAC in supporting vulnerable households and the extent to which program members benefited from such programs. It also explores the obstacles BRAC and similar Organizations face in implementing their programs. This is to recommend how other livelihood intervening Organizations could build upon rather undermine existing livelihoods and what actions to take to promote the development of current microfinance institutions as well as encouraging the establishment of new local and foreign actors.

The research was conducted in Central Equatoria State, Juba County in three locations where some of BRAC branch offices were positioned. This study targeted technical staff who are in key positions for decision making processes of BRAC microfinance program and 30 rural women who are beneficiaries of BRAC microfinance program. Structured/semi-structured questionnaires, key informal one to one interviews and personal observation were used to collect the data. The data was presented in the form of bar charts, pie chart and tables. Sustainable livelihood framework was the tool adapted to understand the impact of the microfinance program on the livelihoods of the participating members.

In the study it was found out that most respondents' households (93%) have many dependants (11 members each) who were depriving the households of better livelihoods. About 70% of the respondents were married and 30% composed of divorced, separated, widowed and single women who were struggling to survive. Almost all respondents' age ranged from 20-50 years. Only 2% of the respondents went beyond O-level. All have access to land, and participate in petty trade. All respondents faced difficulties in terms of market and taxes. Only three microfinance institutions are operating in South Sudan and they face many challenges in terms of regulations among others. In order for livelihoods to be sustainable in South Sudan this research recommend the design of livelihood interventions appropriate to local circumstances so that they can build rather than undermine existing livelihood strategies. Implementation of micro-credit programs that target start-up businesses as well as existing business and include a business training components to compensate low literacy rates and poor numeracy skills should be another strategy. Microfinance institutions should be regulated and both immediate priorities for quick and long terms impacts should be addressed.

CHAPTER ONE

1.0 Background and context

South Sudan officially the Republic of South Sudan, is a landlocked country in East Africa. Its capital and largest city is Juba. South Sudan is bordered by Ethiopia to the east, Kenya to the southeast; Uganda to the south; the Democratic Republic of Congo to the southwest; the Central African Republic to the west; and Sudan to the north. South Sudan includes the vast swamp region of the Sudd formed by the White Nile, locally people called the Bahr al Jebel. The country has an estimated population of nearly 10 million people and it covers an area of 640.000 square kilometers. Physiographically, South Sudan is predominated by expansive flood plains and Sudd wetland, associated with the River Nile. The Gross National Income per capita is estimated to be less than \$ 90 US per year (NSCSE, 2004).



Figure 1: Map of South Sudan

What is now South Sudan was part of the British and Egyptian Condominium of the Anglo-Egyptian Sudan and became part of the Republic of Sudan when independence was achieved in 1976. Following the first Sudanese Civil War, the Southern Sudan Autonomous Region was formed in 1972 and lasted until 1983. A second Sudanese Civil War soon developed and ended with the Comprehensive Peace Agreement of 2005. Later that year, southern autonomy was restored when an Autonomous Government of Southern Sudan was formed. South Sudan

became an independent state on 9 July 2011. On 14 July 2011, South Sudan became a United Nations member state. It joined the African Union on 28 July 2011.

Agriculture is the main source of livelihood and there is tremendous potential to expand to a commercial scale. Sorghum is the main cereal in South Sudan; other crops include maize, cassava, groundnuts and sesame. South Sudan also has a large population of livestock especially in the floodplains and the semi-arid pastoral areas and fish production is also a major source of livelihood.

After two decades of conflicts, severe disruption of livelihoods and famine, the signing of the Comprehensive Peace Agreement (CPA) in 2005 ended a war that killed an estimated 2 million people and displaced some 4 million more. The majority of the population was displaced to other regions of north Sudan; more than 400,000 sought refuge in neighboring countries with the largest number of refugees to Uganda. The peace agreement triggered wide socio-economic changes as the displaced persons and refugees started returning from north Sudan and neighboring countries, with an estimated total of 1.4 million returnees (IOM 2008) While many in the region view the return of the displaced persons and refugees as an encouraging sign of peace, reintegration of these new citizens into societal fabric and creating sustainable sources of income through which they can rebuild their own lives and contribute to the development of the new nation remain a challenge, given the already limited services including competition for scarce resources and employment. According to the UN Office of the High Representative for the Least Developing Countries, Landlocked Developing Countries and the Small Island Developing States (UN-OHRLLS) 2009 triennial review, three criteria for identification of LDCs include:

- A low-income criterion, based on a three-year average estimate of the gross national income (GNI) per capita (under \$ 905 for inclusion, above \$ 1,086 for graduation);
- A human capital status criterion, involving a composite Human Assets (HAI) based on indicator of (a) nutrition: percentage of population undernourished; (b) health: mortality rate of children aged five years and under; (C) education: the gross secondary school enrollment ratio; and (d) adult literacy rate; and
- An economic vulnerability criterion, involving a composite Vulnerability Index (EVI) based on indicators of: (a) population size; (b) remoteness; (c) merchandise export concentration; (d) share of agricultural, forestry and fisheries in gross domestic product; (e) homelessness owing to natural disasters; (f) instability of agricultural production; and (g) instability of exports of goods and services.

Based upon the above criteria, Sudan ranks 29 out of 33 LDCs within Africa. Within this context, South Sudan is still one of the poorest regions in the world. More than 90 percent of the population lives on less than \$ 1 per day, it has one of the highest maternal mortality rates in the world and one of the lowest routine immunization rates. More than 90 percent of women cannot read or write; only 25 percent of the population ever uses a health facility, and less than 50 percent of all children attend schools (Ibid). For more details see appendix 2 below.

1.1 Problem statement

South Sudan is faced with many challenges related to its newfound statehood. Large numbers of internally displaced (IDPs) and refugees are returning to their former homes. The large influx of these returnees over a short period of time, in a concentrated area, is putting significant strain on both households and community resources. Most returnees are arriving with only what they can carry, and attempting to integrate into communities which they have not been to in years, thus posing serious humanitarian needs including food, water, shelter, and health. The Government of South Sudan has limited capacity to deliver basic services to meet the needs of the population. Many International Non-Governmental Organizations are working round the clock to meet the needs of the people. A Bangladesh Non-Governmental Organization abbreviated as BRAC is one of them. It is delivering services such as Microfinance, Education, Health and Agriculture. Microfinance is at the heart of BRACs integrated approach to alleviating poverty and helping poor South Sudanese women realize their potential. However, little is known about the impact of this intervention. This study, therefore, aims to assess the role of BRAC microfinance program in alleviating poverty among the rural poor South Sudanese women.

1.2 Research objectives

1. To assess the role of BRAC in the improvement of livelihoods of vulnerable households in Central Equatoria State, Juba.
2. To define the extent of BRAC`s benefits to participating program members.

1.3 Research questions:

- 1- What is the role of BRAC in supporting vulnerable households to improve their livelihoods?
 - How does BRAC carry out its microfinance program?
 - How does this support help improve their livelihood?
 - Who are the stakeholders and what are their roles?
- 2- To what extend do program members benefit from BRAC`s intervention?
 - What was their situation before BRAC intervention?
 - What livelihood activities do the vulnerable households engage in?
 - How do the vulnerable households reduce dependency on BRAC?

CHAPTER TWO

2.0 Research methodology

This section draws attention to how the data was collected and analyzed, reasons for the appropriateness of the choice of method in order to answer the two main research questions and fulfill the objectives of the study. The research is both descriptive and analytical in nature and was conducted empirically. Primary data was collected from key persons and the target community households through interviews, survey and personal observation. Secondary data was through desk study.

2.1 Planning

The first stage of this research started with preparation and clarifying the proposal with course coordinator, research supervisor and fellow colleagues.

2.2 The study area

The study was conducted in Central Equatoria, Juba County in three locations where some of BRAC branch offices were positioned. These three locations are Munuki Payam about 10 kilometers from Juba, Kator Payam about 15 kilometers from Juba and Gabat Payam about 13 kilometers. The choice of these locations was because BRAC members in these places are more active and BRAC microfinance programs were first implemented.

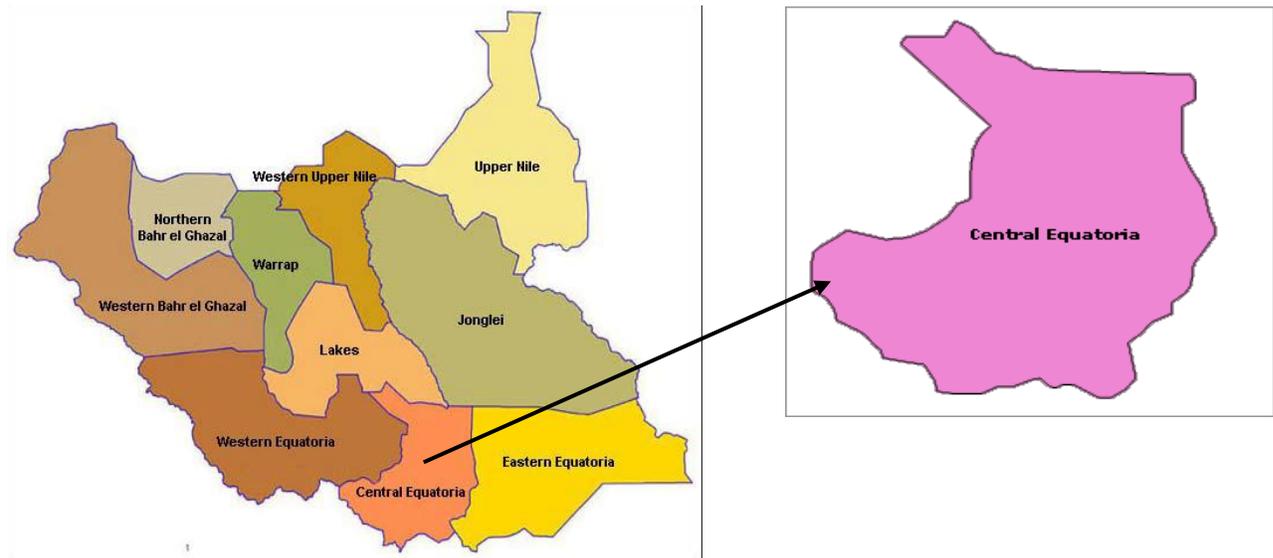


Figure 2: Maps of South Sudan and Central Equatoria State

Source: Gurtong Peace Project 2007

Central Equatoria is one of the ten states of South Sudan. With an area of 22,956 square kilometers and an estimated population of 1,103,592, it is the smallest South Sudanese state. It was formerly named Bahr al Jabal after a tributary of the White Nile that flows through the state. It was renamed Central Equatoria in the first Interim Legislative Assembly on 1 April 2005 under the government of Southern Sudan. Central Equatoria seceded from Sudan as part of the Republic of South Sudan on 9 July 2011. The state borders Western Equatoria State to the

West, Lakes and Jonglei to the North, Eastern Equatoria to the East and shares international borders with Uganda and the Democratic Republic of Congo to the South. The borders create opportunities for cross-border trade which has been significant in provision of food and non-food items to the state. Its state capital of Juba is also the national capital of South Sudan.

2.3 Data collection

Data for literature was through desk study and primary data which was collected from the field.

2.3.1 Desk study

Data for literature review was collected through desk study from materials like PhD theses, journal books, and internet sites. Also publications and reports (FAO, IOM, UNDP, UNHCR, UNMIS and other humanitarian actors) about Southern Sudan was used.

2.3.2 Field work

Two methods were used to collect data from the field. These were survey and case study. Semi-structured questionnaires, key informal interviews and observations were the tools used. Purposive data was collected from the beneficiaries of BRAC microfinance households and key decision making persons in BRAC microfinance program.

2.3.2.1 Survey

The survey was carried out on target community households (local beneficiaries) in the project areas. All those interviewed were program members. Self-administered structured/semi-structured questionnaires were used to collect data. The best person asked in each household was the person who was the direct beneficiary (the person whose name was on the project list of the beneficiaries) to find out the impact of BRAC microfinance program in terms of livelihood improvement. Because the researcher did not know the beneficiaries households, one BRAC staff was assigned to accompany him. The survey was to enable collection of data that gives a picture on how BRAC microfinance improves the livelihood of the beneficiaries and difficulties faced by the beneficiaries. All 30 respondents interviewed were women; 10 in each location.

2.3.2.2 Case study (Key informant interviews)

The second part of the data collection process involved one case study in which (6) key informants were interviewed using a topic list of questions. The key informants were all staff of BRAC. They included 3 branch managers, 1 Financial Analyst, 1 Program Manager and 1 Area Manager. The selection of these key informants was based on the assumption that they had a central role in BRAC microfinance implementation process and were key decision makers. They also had a lot of useful information on how the beneficiaries of microfinance were progressing.

They were asked on information on the how the microfinance program was implemented, the number of impacted households, criteria used for selecting the beneficiaries, supporting and hindering factors, who were their stakeholders and what were their roles.

2.4 Data analysis and presentation

The data obtained from this study were both numerical and qualitative in nature. Some of the numerical data was analyzed using excel computer software in order to have frequencies to establish the pattern of the findings. Summarizing the findings was by means of bar charts and

pie charts. Some numerical data was presented in form of tables. Sustainable livelihood framework was used as a tool to analyzed and understand the livelihood of the beneficiaries.

Qualitative data that was obtained was in a form of statements of the respondents or key informants. This was incorporated in the findings of the study.

2.5 Limitations of the study

The study was confined on assessing the role of BRAC in addressing livelihood issues by providing microfinance services, however, other functions and programs of this NGO are not covered.

Analysis in this study was based on information collected during the period of July – August 2011. Any change or development in the beneficiaries` status or the NGO (BRAC) role in improving livelihood does not necessarily represent the findings of this study.

The study was conducted during cultivation season; so some respondents were in a hurry or in the field when sharing information making it impossible for an in-depth analysis of the entire livelihood situation of the community impacted.

CHAPTER THREE

3.0 Literature review

3.1 Introduction

This study adapts the sustainable livelihood approach as the point of departure for analyzing livelihoods. A livelihood comprises the capabilities, assets and activities needed for a means of living - and is sustainable when it can cope with and recover from shocks and stresses, maintain or enhance its capabilities and assets and provide sustainable opportunities for the next generation. The sustainable livelihoods approach considers vulnerabilities as the main factor that shapes how people make their living.

The level of vulnerability of an individual or community is determined by how weak or strong their livelihoods are, what occupational activities they are engaged in, the range of assets they have access to for pursuing their livelihood strategies and the strength and support of the social networks and institutions that they are part of or which have influence over them.

The key factor that influences the choice and strengths of the livelihoods that people pursue is the range of resources or assets that people are able to access and use. Certain components or assets are required to make a living. These assets can conveniently be divided into 5 main groups for ease of analysis.

- Financial - sources of income, assets which can be traded or sold, savings, financial services, etc. These are objects, resources or activities that can generate cash. A person sells their labor for cash; a person runs a small business to generate cash, sells his/her labor, etc
- Natural - soil, water, forest, environmental assets, etc. These are natural resources such as the land used to produce crops or grazing, the river which provides fish and the forest which provides wild food, timber, fuel and other useful products for consumption or sale.
- Physical - houses, schools, clinics, roads, ploughs producer goods accessible by community, etc. These are the physical structures such as buildings, including shops and markets and include the tools used in making a living such as ploughs, blacksmith's tools etc
- Human - health, skills, education, knowledge, confidence etc. These are the qualities which help one make a living such as knowledge; knowing how to do things, the ability to work due to good health, and confidence, a sense of self worth, or motivation.
- Social - family links, groups, support networks, leadership, influences over political decisions, conflict, etc. People are more resilient, able to withstand threats to their livelihoods when there is group cohesion. The family structure, support from groups (women's groups, churches etc), a sense of belonging and leaders who actively promote the well-being of their constituents all contribute to the resilience of a community.

Broadly speaking, if people have access to a broader range of assets or resources, they have more choices and are able to adapt more easily to changing circumstances. The quality and

security of these resources is also important - for example the fertility and security of tenure of land and financial resources that keep their value.

The sustainable livelihoods framework describes the different aspects of peoples' vulnerability while pointing to the social, political and economic structures and processes which influence vulnerability.

Other factors affect people's ability to pursue a sustainable choice of livelihood. Policies, institutions and legislation operating at various levels from local to international, can either support or hinder people in making a living. Institutions such as schools, health services, or agricultural extension agencies, can significantly enhance people's human assets if they are functioning properly. The existence of an "enabling environment" is an important element contributing to the sustainability and resilience of the livelihoods of the poor. But poor people usually have least influence over policies or access to institutions; they lack a voice in decision making.

People have to cope with hazards and stresses, such as earthquakes, erratic rainfall, diminishing resources, pressure on the land, epidemics such as HIV/AIDS, chaotic markets, increasing food prices, inflation, and national and international competition. The uncertainties and risks created by hazards and stresses influence how people manage and use their available resources, and the choices people make.

Sustainable livelihoods framework

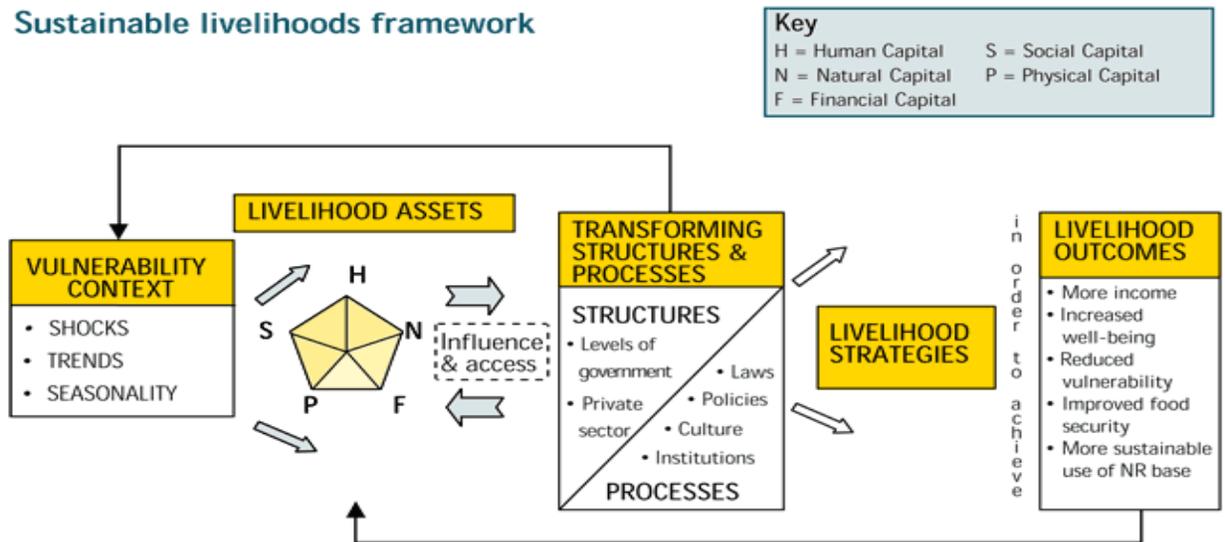


Figure 3: Sustainable livelihoods framework

Source: DFID 2000

3.1.1 Livelihood

The concept of “livelihood” though relatively new, has been extensively discussed among academicians and development practitioners. According to Frankenberger and McCaston (1998), the concept has developed through the evolution of concepts and issues related to household food and nutritional security. However, the initial idea behind this owes much to the work of Robert Chambers who described livelihood as comprising of the capabilities, assets and activities required for a means of living as well as the interaction between assets and transforming processes and structures in the context that individuals find themselves in (Corney, 1998). Building on the work of Chambers and others from the Institute of Development Study Appendix 1: Impact Questionnaire of the University of Sussex, Scoones (1998) came up with a definition of livelihood that tied it more explicitly to the notion of sustainability. Following a review of prevailing definitions of the concept, Frank Ellis proposed the following definition of livelihood:

“A livelihood comprises the assets (natural, physical human, financial and social capital), the activities, and access to these (mediated by institutions and social relations) that together determine the living gained by the individual or household” (Ellis, 2000: 10).

From these and other definitions there is a harmony that livelihood is about the ways and means of “making a living” and that, essentially, livelihoods revolve around resources, institutions that influence access to resources, activities, and the way the resources are used.

The concept, however, also contains a process aspect that is not always made clear in the livelihood definitions. As Niehof (2004) argues, many livelihood definitions do not distinguish between the dimensions of process activities, assets and resources, and outcomes. She, therefore, proposes the need to distinguish between the concepts of livelihood (material means whereby one lives) from that of livelihood generation (the processes determined by various activities that people undertake to provide for their needs) and livelihood outcomes. Thus, the concept of livelihood entails what people have or can claim, what they can do given that, the decisions and choices(with regard to the management and use of the resources and assets) they make given existing opportunities or constraints and what they achieve in the process. Such a holistic approach to livelihood needs to go beyond looking at material well-being and also should include non-material aspects of well-being (de Haan and Zoomers, 2005; Long, 1997). Also Wallman (1984) observes, a livelihood is equally a matter of the ownership and circulation of information, the management of social relationships, affirmation of personal significance and group identity, and the tasks associated with meeting these obligations are as crucial to livelihoods as bread and shelter.

3.1.2 Household:

A household refers to a person or group of persons who together and/ or eat together and/ or jointly cultivate a common piece of land and/ or pool resources from multiple sources and/ or are answerable to the same head and/ or depend on each other, all done with the overall objective of securing livelihood. This includes members of the household that may not be physically present sometimes, particularly the household head, but who are found to play a significant role in decision making as well as supply the bulk of the cash and other necessities. Members that

have permanently migrated are not included but any regular income or support that they provide to the household is included as part of the household's resources.

The household is often used as a unit of analysis in livelihood research. Niehof (2004) refers to it as a locus of livelihood generation. While Clay and Schwartzweller (1991) says households are one of the basic units of human social organizations and largely represent the arena of everyday life for a vast majority of the world's people. The household is a primary place where individuals confront and reproduce societal norms, values, power and privileges. Therefore, the day-to-day organization and management of activities within households is important for the social reproduction of any given society.

Despite their universal occurrence, it is noteworthy that households vary in form and function (Netting et al, 1984), as well as overtime and across cultural and societal geography (Guyer and Peter, 1987). The African farm household has been described as "a diversified and multi-faceted economic entity that pursues numerous agricultural and non-agricultural enterprises. It's operates within elaborate networks of credit, insurance, and contracts" (Doss, 1999: 27). African farm households mesh strongly with networks of family and kin, making boundaries very fluid. Indeed, various studies have shown that household boundaries vary globally in relation to social and economic difference (Rudie, 1995).

Nevertheless, the concept of "household" is problematic and has received much criticism. The range of cross cultural diversity of household forms, has led some anthropologists to challenge the validity of the "household" concept. Households are seen as shifting and flexible structures. Their boundaries are difficult to distinguish, having a multiplicity of family and household composition and social relations based on marriage and kinship, and they present a variety of conjugal and residential arrangements (Evans, 1991). Anthropologists have also questioned the conflation of families and households, arguing that while most households may be family based, households may also possess non-family members through adoption, or hiring domestic servants (cf. Pennartz and Niehof, 1999). Anthropologists further point to the danger of neglecting intra-household organization. Therefore, the notion that familial ties necessarily imply purely voluntary and altruistic interactions is rejected, pointing to the contractual nature of some households relations (Roberts, 1989).

Feminists have also criticized the economic household model (Kabeer, 1991). Many have argued that for the need to problematize "the household" and cease treating it as a black box for which some combine utility function is assumed under the altruistic leadership of the household head. In addition, they argue that households are not homogeneous entities and there is need to take into account gender inequalities that exist, but are usually glossed over.

Furthermore, livelihoods and well-being are increasingly conceptualized as partly the outcome of negotiation and bargaining between individuals with unequal power within household; households are sites of conflict as well as cooperation (Moser, 1993; Sen, 1990). Therefore, keeping the lid on the black box has the danger of neglecting gender-based and/ or age-related intra-household inequalities. In addition, attention has been drawn to the importance of external networks of relationships in intra-household decision making and the general well-being of

household and their members. As Guyer and Peters (1987) argue, the household is in fact both an outcome and channel of broader social process.

Defining household membership in a context of much (labor) migration is another issue. As Netting and Wilk (1984) argue, “household” denotes common residence and economic cooperation for production, consumption and reproduction, but due to social transformations, household members now may also include those physically absent. Consequently, important members of households could be those who are not in residence but supply such households with necessary cash remittances and other key household necessities and services.

In spite of the validity of the critique of “the household”, the empirical significance of household relationships in the daily management of resources, and as the routine context of people’s lives suggests that the concept has a certain “truth, despite its shifting guises” (Kabeer, 1994: 14), which provides a rationale for retaining it.

In all societies, most people live in households of one kind or another. Evidence shows this cohabitation involves, to some degree, a common understanding between the household members on the roles and responsibilities of different individuals as well as the guiding use and management of resources. This does not imply that resources are always pooled or that benefits and power are equally shared. Indeed, within the household a variety of interests, conflicts and alliances are subsumed. Moreover, gender and intra-household differentiation factors influence decision-making, power, access and use of resources, to the disadvantage of some members. However, the key point here is still to take the household rather than the individuals as a unit of analysis.

3.1.3 Vulnerability

Vulnerability in general is defined as the inability to cope with stress or adversity. But Blaikie et al, (1994: 9), defined vulnerability as “the characteristic of a person or a group in terms of their capacity to anticipate, cope with, resist or recover from the impacts of natural hazard. According to Cardona (2004), *Vulnerability* may be defined as an internal risk factor of the subject or system that is exposed to a hazard, corresponding to its intrinsic predisposition to be affected, or to be susceptible to damage. It, therefore, represents the physical, economic, political or social susceptibility or predisposition of a community to damage in the case of a destabilizing phenomenon of natural or anthropogenic origin. Devereux (2001) defines vulnerability as exposure to a threat in combination with susceptibility or sensitivity to an event or change, the concept also focuses on the inability to cope with the effects produced by that particular event or change.

While the concept of vulnerability is often used as a synonym for poverty, the two are not the same (Moser, 1998). However, due to resource constraints the poor are among the most vulnerable (Dietz, 2000), but there are also rich households that may be vulnerable. As Chambers (1989:1) notes vulnerability is “not lack of want (poverty) per se, but defenselessness, insecurity, and exposure to risks, shocks and stress.”

A distinction between physical vulnerability and social vulnerability is usually drawn (Brons et al., 2007; Chambers, 1990; Watts and Bohle, 1993), where the former refers to exposure to

stress and crises resulting from physical hazards, and the latter refers to the capacity of individuals and communities to respond to physical impacts. Factors and process such as crop and animal pest and disease outbreak, unreliable weather or markets, diminishing social support networks and poor road infrastructure, can be said to constitute the biophysical environment.

Vulnerability is a dynamic concept that involves a sequence of responses that occur after a given shock is experienced (Glewwe and Hall, 1998). The concept has two dimensions: susceptibility and sensitivity. According to Davis (1993), susceptibility refers to “bouncebackability” or the ease and rapidity by which a community or household returns to normal state after a crises, while sensitivity refers to the magnitude of a system`s response to an external event or the intensity with which shocks are experienced. “Bouncebackability” is dependent on the household or individual`s capacity to deal with the crises. Winchester (1992) relates the level of vulnerability to household characteristics (like household size, age of household members, household assets base, and nature of support networks engaged in) and community characteristics (that is, the socio-political factors). Therefore, households resource base status, existing social support networks, prevailing socio-economic and political environment as well as government and private institutional support are important determinant of the capacity to effectively respond to a given crises and, consequently, the ability to bounce back.

The degree of vulnerability to different hazards and consequences, and thus the level of resilience or sensitivity, will vary for different individuals and among households depending on level of exposure to different risks and the capacity to respond. Farmers in different localities experience different vulnerabilities to varying degrees. The impact of climatic variability, for example, may particularly affect in drought-prone areas. However, farmers in areas that are not drought-prone experience a crop disease outbreak, and then the impact of the drought that would normally be inconsequential becomes significant.

Further, as Dolan (2002) notes, gender identities also shape the options and rights individual possess. Previous research has identified social characteristics such as gender, age, wealth status and education to be associated with vulnerability (Cutter, 1996). The fact that households are composed of individuals with varying degrees of agency, endowments, rights and power implies both differential susceptibility and sensitivity. As Sen (2002) argues, vulnerability is gendered because of gender hierarchies in the development process that result in differential ways in which women experience marginalization and discrimination compared to men. Further, he sees social vulnerability as originating from exclusion because of a breakdown in social ties and, among other things, the lack of protection against hardship created by divorce, desertion, widowhood or old age (World Bank).

3.1.3 Assets and resources

A person`s assets, such as land, are not merely means with which he or she makes a living: they also give meaning to that person`s world. Assets are not simply resources that people use in building livelihoods: they are assets that give them the capability to be and act. Assets should not be understood as things that allow survival, adaptation and poverty alleviation: they are also

the basis of the agent's power to act and to reproduce, challenge or exchange the rules that govern the control, use and transformation of resources (Bebbington, 1999: 2022).

In most livelihood literature, the term "asset" is used interchangeably with capital and resource. Largely, livelihood analysis focuses on the asset status of households basing on the belief that people require a range of assets to achieve a desirable out comes. Households and individuals are considered to possess assets which they seek to nurture and combine in ways that will ensure survival. A clear understanding of the configuration of the assets available to people, therefore, is an important step to livelihood analysis, in that it is an indicator of people's capacity to generate a viable living – both now and in the future – (see Corbett, 1988) as well as their potential resilience to shocks and stresses in the environment. Assets are the inputs to the livelihood system. They form the building blocks upon which individual are able to undertake production, engage in labor markets and participate in reciprocal exchanges with other individuals (Ellis, 2000). Assets may be described as tangible or intangible, materials or non material stocks of value or claims that can be mobilized and utilized directly, or indirectly, or indirectly, to generate a livelihood (Chambers and Conway, 1992; Ellis, 2000; Swift, 1989). They include such things as land, crops, seed, labor knowledge, experience, skills, cattle, money, jewelry, food stocks, social relationships, and so on. According to Niehof and Price (2001), the terms "asset and resource" are contextualized in situational terms, and assets can be converted into resources when the asset lose their static nature of being kept without use. For example, when kept for its value, livestock is an asset. However, when livestock is used in production activities, say plowing, or it is sold and the money used to hire agricultural labor, it becomes a resource. Therefore, assets may be seen as a form of saving or insurance that may be mobilized whenever the need arises to be sold or converted directly for consumption. Given the pivotal role of assets in livelihood generation, the way individuals and households balance their assets or resource acquisition and use is likely to have implications for livelihood and long-term security.

While there are different asset classifications, the most common is where assets are classified into five capitals: human, natural, physical, financial, and social (see Carney, 1999; Scoones, 1998), and sometimes represented as a pentagon as presented in DFID's Sustainable Livelihood Framework. First and foremost, these categories are not mutually exclusive; some assets may belong to more than one category. One could argue, for example, that an element like livestock seen as financial capital by Kollmair (2002) could be categorized under physical capital. While land as a productive resource, for instance, is categorized under natural capital, it is equally a cultural and political resource. Another problem associated with the above categorization is that there are assets that do not fit in any of the five categories. Bebbington (1999), for example, has included "cultural capital" as a sixth capital. While in the livelihood framework, culture may be subsumed under social capital, the concept of social capital does not fully take into consideration all aspects of culture. For example, Gudeman (1986) argues that the process of livelihood construction must be regarded as culturally modeled implying that culture plays an important role in shaping people's choices, and livelihood options. Therefore, submerging culture under social capital looks at culture as a resource and fails to take into consideration other aspects of culture (religion, norms, stigma, status) that define the cultural context and have structural effects (Brons et al., 2007; Muller, unpublished).

Time is another variable that does not fit in any of the five “capital” categories. As Engberg (1990: 17) notes: “it cannot be accumulated or increased but the way it is used can be altered and organized.” Assets are always in a state of constant change through use and ageing. For example, taking human capital education levels, skills and experience definitely change with time. While one’s knowledge and experience may increase with age, yet the amount of labor output decreases. Another example is social capital, which with time may also grow or diminish.

Another type of time is seasonal time, which influences agricultural activities. There will be times of peak labor activity when availability of household labor is most crucial and this will have a bearing on the way labor and other assets are allocated across different activities. Time use is also gendered. The gender division of labor also means that different individuals in the household will have different amounts of time at their disposal, which too may have implications regarding the extent of involvement in different productive activities. Moreover, cultural norms and values as well as gender notions change with time. Time, is an integral part of livelihood generation and the economic, social political and historical context for livelihood strategies needs to be given a temporal perspective (Ali, 2005). Having another dimension of the pentagon to cater for the time element may therefore improve asset analysis.

Secondly, the way the five capitals are presented gives an impression that assets are one – dimensional. This leads to a failure to capture other dimensions associated with asset such as its status or quality, its location, or its substitutability. For example, two households may have the same acreage of land holding. But if one household is on marginal land and the other household is on fertile land, the second household will be better endowed with natural capital. Furthermore, in sub-Saharan Africa, a household may own small pieces of land in different locations. One piece of land is likely to be more usable and have higher value (if it were to be used as collateral). In such circumstances it may be misleading to take the total land acreage of such a household if, for example; only half of the land is accessible and can be used for production.

Furthermore, the pentagon fails to highlight the multifunctional nature of assets. Empirical reality shows that different households vary in their asset base and that people attached different importance and meanings to different points in time. Land, for example, is an important productive resource in most rural areas. It is also an important cultural and political asset. While livestock like cattle may be an important household resource, it may hold different meanings for different household members. For the male household it may be status symbol, for the male child a potential resource to be accessed for paying bride wealth and as part of his inheritance, while for the women and girls the livestock will be a source of milk for everybody else in the household. It is noteworthy that asset endowment may sometimes be a liability.

3.1.4 Livelihood Strategies

Depending on the assets that people have, they engage in livelihood activities and develop strategies that best provide them with desired livelihood outcomes. Deciding on what assets to utilize, when and how, constitutes a household’s livelihood strategy. Different authors identify various strategies. Scoones (1998) categorizes strategies into agricultural intensification and extensification; livelihood diversification that includes both paid employment and rural

enterprises; and migration for income generation and remittances. Carney (1998) lists livelihood categories as natural-resource based, non-natural resource based, and migration. Ellis(2000) categorizes them into natural resource based strategies and non-natural resource based strategies(including remittances and other transfers). Various livelihoods activities are carried out in different livelihood strategies. These are converted into production and reproduction activities. Production activities are those that produce goods and services that contribute to income, such as growing crops, raising livestock, earning wages, making things, trade, provide services and various activities that members of the household engage in. In some cases, there are one or two dominant activities, such as farming, fishing, or craftwork, but many households are involved in multiple production activities without one dominating activity. Reproduction activities, sometimes called household maintenance activities, are those activities that are not tradable but are nevertheless essential for the well-being of household members and the reproduction of the condition through which a family survives. They include activities such as childcare, cooking, cleaning, caring for the sick, fetching water and collecting firewood.

3.1.4. Livelihood Diversification

There is an increasing recognition that most families base their livelihoods around a wide range of activities that seek to maximize the use of resources and assets accessible to them. The literature on livelihood diversification is characterized by many terms and definitions. This study adopts the definition given by Ellis (2000: 15), who sees diversification as “the process by which rural households construct an increasingly diverse portfolio of activities and assets in order to survive and to improve their standard of living”. Livelihood diversification activities are generally classified on the basis of their roles as means for coping, adaptation and accumulation. Differences have been observed between poor households that are struggling to survive and better-off households that are diversifying to accumulate. Thus causes and motivation of diversification vary across families and for the same family with time (Niehof 2004; Ellis 1998).

Rural families diversify into on-farm, off-farm, non-agricultural activities. On-farm diversification involves production of more than one crop, or production of different varieties of the same crop. Off-farm activities mostly include informal employment in agricultural activities in the local area or outside the area. Non-agricultural activities on the other hand are defined here as any work that does not directly involve plant or animal production. They include participation in trade, service provisioning, craftwork, or transfer payment in the form of state pension. A study conducted in Africa by the DARE program (De-Agrarianisation and Rural Employment) reports that stringent economic measures undertaken during the SAP implementation have contributed to a surge in non-agricultural income sources over the past 15 years. This is because as subsidies were removed from agriculture, education and health, the daily cash requirements increased while returns from farming becomes less. It is estimated that about 40 percent of African rural household’s income on average is derived from non-farm sources (Reardon 1997; Ellis 1998). Remarkably high levels of 55-80 percent were reported in DARE survey results Bryceson (1999).

3.1.5 Livelihood Outcomes

Livelihood outcomes are the achievements and benefits that households anticipate to obtain through the implementation of specific activities and strategies. These outcomes can also be

interpreted as the aspirations of the household. Potential outcomes include conventional indicators such as more income; improve food security, reduced vulnerability and more sustainable use of the natural resources (DFID 2001). Outcomes may also include strengthened asset base and improvement in the well-being aspects such as health. Outcomes are not necessarily the end point, as they feed back into the future asset base and the vulnerability status of the household. According to Niehof (2004: 325), "livelihood generation proceeds in cyclical mode, which may take the form of either an upward or downward spiral".

3.1.6 The Institutional Environment

So far we have focused on livelihood resources and assets, whose combined use allow households to pursue various strategies and realize different outcomes, But resources and assets are only important to livelihoods if they can be accessed and support livelihoods in a sustainable manner. For the households there are endogenous and exogenous factors that influence access to assets and their use in the pursuit of viable livelihoods. Endogenous factors include social relations of norms and structures, which are part of the household. Exogenous factors consist of economic trends policies, institutions, organizations and shocks. Institutions may be both formal and informal, ranging from tenure regimes to labor sharing systems, to market networks or credit arrangements. An understanding of institutions and organizations is important as they mediate access to livelihood resources and assets and in turn affect the composition of livelihood portfolios and strategies. Institutions that are considered in this study include credit institutions only.

3.2 NGOs and their role in development

3.2.1 Definitions, types and roles of Non-Governmental Organizations

Optimal development requires the harnessing of a country's assets, its capital, human and natural resources to meet demand from its population as comprehensively as possible. The public and private sectors, by themselves, are imperfect. They cannot or are unwilling to meet all demands. Many argue (Elliott 1987, Fernandez 1987, Garilao 1987) that the voluntary sector may be better placed to articulate the needs of the poor people, to provide services and development in remote areas, to encourage the changes in attitudes and practices necessary to curtail discrimination, to identify and redress threats to the environment, and to nurture the productive capacity of the most vulnerable groups such as the disabled or the landless populations.

The Growth of NGOs

A striking upsurge is under way around the globe in organizing voluntary activity and the creation of private, nonprofit or non-governmental organizations. People are forming associations, foundations and similar institutions to deliver human services, promote grassroots economic development, prevent environmental degradation, protect civil rights and pursue a thousand other objectives formerly unattended or left by the state. The scope and scale of this phenomenon is immense.

Salamon (1994) argues that pressures to expand the voluntary sector seem to be coming from at least three different sources: from "below" in the form of spontaneous grassroots energies;

from the "outside" through the actions of various public and private institutions; and from "above" in the form of governmental policies.

There have been a variety of outside pressures: from the church, Western private voluntary organizations and official aid agencies. Emphasis has shifted from their traditional humanitarian relief to a new focus on "empowerment."

Official aid agencies have supplemented and, to a considerable degree, subsidized these private initiatives. Since the mid-1960s, foreign assistance programs have placed increasing emphasis on involving the Third World poor in development activities. In the last one and a half decade, development actors have adopted "participatory development" as its strategy.

Finally, pressures to form nonprofit organizations have come from above, from official governmental policy circles. Most visibly, the conservative governments of Ronald Reagan and Margaret Thatcher made support for the voluntary sector a central part of their strategies to reduce government social spending. In the Third World and former Soviet bloc such governmental pressures have also figured. From Thailand to the Philippines, governments have sponsored farmer's cooperatives and other private organizations. Egyptian and Pakistani five-year plans have stressed the participation of nongovernmental organizations as a way to ensure popular participation in development.

Further, Salamon argues that four crises and two revolutionary changes have converged both to diminish the hold of the state and to open the way for the increase in organized voluntary action.

The first of the impulses is the perceived crisis of the modern welfare state revealed after reducing of global economic growth in the 1970s. Accompanying this crisis has been a crisis of development since the oil shock of the 1970s and the recession of the 1980s, which dramatically changed the outlook for developing countries. One result has been a new-found interest in "assisted self-reliance" or "participatory development," an aid strategy that stresses the engagement of grassroots energies and enthusiasms through a variety of nongovernmental organizations.

A global environmental crisis has also stimulated greater private initiative. The continuing poverty of developing countries has led the poor to degrade their immediate surroundings in order to survive. Citizens have grown increasingly frustrated with government and eager to organize their own initiatives. Finally, a fourth crisis, Solomon is referring to that of socialism - has also contributed to the rise of the third sector. It caused a search for new ways to satisfy unmet social and economic needs. While this search helped lead to the formation of market-oriented cooperative enterprises, it also stimulated extensive experimentation with a host of nongovernmental organizations offering services and vehicles for self-expression outside the reaches of an increasingly discredited state.

Generations of NGOs

A number of observers have pointed to a gradual shift in the activities of development NGOs, from a welfare orientation to a more development approach. Korten (1987) refers to three generations of strategic orientations in the developing community: relief and welfare, local self-reliance, and sustainable systems of development (Table 1).

Many of the large international NGOs such as CARE, Save the Children, and Catholic relief Services began as charitable relief organizations, to deliver welfare services to the poor throughout the world. Relief efforts remain an essential and appropriate response to emergency situations that demand immediate and effective response. But as a development strategy, relief and welfare approaches offer just a temporary alleviation of the symptoms. The shift is inevitable.

Various factors have been cited as contributors to this shift. One is recognition of the inadequacy of trying to deal with symptoms while the underlying problems remain untouched. It reflects the constant challenge to voluntary organizations to re-examine their strategies in a rapidly changing environment.

Projects of the second generation organizations, which according to Korten are Northern NGOs, aim to increase local capacity to meet needs and to control the resources necessary for sustainable development. They do a critical analysis of structural causes of underdevelopment and the interrelationships between North and South. Policy advocacy, where it is carried out, consists no longer of lobbying for additional aid but for the removal of barriers to Third World development at national and international levels.

Characteristics	First		
	Relief and Welfare	Second	Third
Defining Features		Small-scale, self-reliant local development	Sustainable systems development
Problem Definition	Shortages of goods and services	Local inertia	Institutional and policy constraints
Time Frame	Immediate	Project life	Indefinite long-term
Spatial Scope	Individual or family	Neighborhood or village	Region or nation
Chief Actors	NGO	NGO + beneficiary organizations	All public and private institutions that define the relevant system
Development Education	Starving Children	Community self-help initiatives	Failures in interdependent systems
Management Orientation	Logistics Management	Project management	Strategic management

Table 1: Three Generations of NGO development program strategies

Source: <http://www.nigeriavillagesquare.com/articles/samuel-uwhejevwe-togbolo/the-role-of-non-governmental-organizations-ngos-in-development.html>

NGO definitions

In its broadest sense, the term "nongovernmental organization" refers to organizations (i) not based on government; and (ii) not created to earn profit.

The terminology of an NGO varies itself: for example, in the United States they may be called "private voluntary organizations," and most African NGOs prefer to be called "voluntary development organizations."

It is impossible to give one unique definition for an NGO. However, a few have been assembled below for consideration as under:

Definitions of an NGO

World Bank definition of an NGO:

The diversity of NGOs strains any simple definition. They include many groups and institutions that are entirely or largely independent of government and that have primarily humanitarian or cooperative rather than commercial objectives. They are private agencies in industrial countries that support international development; indigenous groups organized regionally or nationally; and member-groups in villages. NGOs include charitable and religious associations that mobilize private funds for development, distribute food and family planning services and promote community organization. They also include independent cooperatives, community associations, water-user societies, women's groups and pastoral associations. Citizen Groups that raise awareness and influence policy are also NGOs."

An NGO is	<p>A non-profit making, voluntary, service-oriented/development oriented organization, either for the benefit of members (a grassroots organization) or of other members of the population (an agency).</p> <ul style="list-style-type: none">• It is an organization of private individuals who believe in certain basic social principles and who structure their activities to bring about development to communities that they are servicing.• Social development organization assisting in empowerment of people.• An organization or group of people working independent of any external control with specific objectives and aims to fulfill tasks that are oriented to bring about desirable change in a given community or area or situation.• An organization not affiliated to political parties, generally engaged in working for aid, development and welfare of the community.• Organization committed to the root causes of the problems trying to better the quality of life especially for the poor, the oppressed, the marginalized in urban and rural areas.• Organizations established by and for the community without or with little intervention from the government; they are not only a charity organization, but work on socio-economic-cultural activities.• An organization that is flexible and democratic in its organization and attempts to serve the people without profit for itself.
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Source:<http://www.nigeriavillagesquare.com/articles/samuel-uwhejevwe-togbolo/the-role-of-non-governmental-organizations-ngos-in-development.html>

Typologies of NGOs

A number of people have sought to categorize NGOs into different types. Some typologies distinguish them according to the focus of their work for instance whether it is primarily service- or welfare-oriented or whether it is more concerned with providing education and development activities to enhance the ability of the poorest groups to secure resources. Such organizations are also classified according to the level at which they operate, whether they collaborate with self-help organizations (i.e. community-based organizations), whether they are federations of such organizations or whether they are themselves a self-help organization. They can also be classified according to the approach they undertake, whether they operate projects directly or focus on tasks such as advocacy and networking.

Source:<http://www.nigeriavillagesquare.com/articles/samuel-uwhejevwe-togbolo/the-role-of-non-governmental-organizations-ngos-in-development.html>

1. *Relief and Welfare Agencies*: such as missionary societies.
2. *Technical innovation organizations*: organizations that operate their own projects to pioneer new or improved approaches to problems, generally within a specific field.
3. *Public Service contractors*: NGOs mostly funded by Northern governments that work closely with Southern governments and official aid agencies. These are contracted to implement components of official programs because of advantages of size and flexibility.
4. *Popular development agencies*: both Northern and Southern NGOs that concentrate on self-help, social development and grassroots democracy.
5. *Grassroots development organizations*: Southern locally-based development NGOs whose members are poor or oppressed themselves, and who attempt to shape a popular development process (these often receive funding from Development Agencies).
6. *Advocacy groups and networks*: organizations without field projects that exist primarily for education and lobbying.

Typology of NGOs

a) NGO types by orientation:

- *Charitable Orientation* often involves a top-down paternalistic effort with little participation by the "beneficiaries". It includes NGOs with activities directed toward meeting the needs of the poor -distribution of food, clothing or medicine; provision of housing, transport, schools etc. Such NGOs may also undertake relief activities during a natural or man-made disaster.
- *Service Orientation* includes NGOs with activities such as the provision of health, family planning or education services in which the program is designed by the NGO and people are expected to participate in its implementation and in receiving the service.
- *Participatory Orientation* is characterized by self-help projects where local people are involved particularly in the implementation of a project by contributing cash, tools, land, materials, labor etc. In the classical community development project, participation begins with the need definition and continues into the planning and implementation stages. Cooperatives often have a participatory orientation.
- *Empowering Orientation* is where the aim is to help poor people develop a clearer understanding of the social, political and economic factors affecting their lives, and to

strengthen their awareness of their own potential power to control their lives. Sometimes, these groups develop spontaneously around a problem or an issue, at other times outside workers from NGOs plays a facilitating role in their development. In any case, there is maximum involvement of the people with NGOs acting as facilitators.

Source:<http://www.nigeriavillagesquare.com/articles/samuel-uwhejevwe-togbolo/the-role-of-non-governmental-organizations-ngos-in-development.html>

NGO types by level of operation:

- *Community-based Organizations (CBOs)* arise out of people`s own initiatives. These can include sports clubs, women`s organizations, neighborhood organizations, religious or educational organizations. There are a large variety of these, some supported by NGOs, national or international NGOs, or bilateral or international agencies, and others independent of outside help. Some are devoted to rising the consciousness of the urban poor or helping them to understand their rights in gaining access to needed services while others are involved in providing such services.
- *Citywide Organizations* include organizations such as chambers of commerce and industry, coalitions of business, ethnic or educational groups and associations of community organizations. Some exist for other purposes, and become involved in helping the poor as one of many activities, while others are created for the specific purpose of helping the poor.
- *National NGOs* include organizations such as the Red Cross, professional organizations etc. Some of these have state and city branches and assist local NGOs.

International NGOs range from secular agencies such as Redda Bama and Save the Children organizations, OXFAM, CARE, Ford and Rockefeller Foundations to religiously motivated groups. Their activities vary from mainly funding local NGOs, institutions and projects, to implementing the projects themselves.

3.2.2. Roles of NGOs

Among the wide variety of roles that NGOs play, Cousins identified six important roles:

Roles of NGOs

1. *Development and Operation of Infrastructure:* Community-based organizations and cooperatives can acquire, subdivide and develop land, construct housing, provide infrastructure and operate and maintain infrastructure such as wells or public toilets and solid waste collection services. They can also develop building material supply centers and other community-based economic enterprises. In many cases, they will need technical assistance or advice from governmental agencies or higher-level NGOs.
2. *Supporting Innovation, Demonstration and Pilot Projects:* NGO have the advantage of selecting particular places for innovative projects and specify in advance the length of time which they will be supporting the project - overcoming some of the shortcomings that governments face in this respect. NGOs can also be pilots for larger government projects by virtue of their ability to act more quickly than the government bureaucracy.

3. *Facilitating Communication:* NGOs use interpersonal methods of communication, and study the right entry points whereby they gain the trust of the community they seek to benefit. They would also have a good idea of the feasibility of the projects they take up. The significance of this role to the government is that NGOs can communicate to the policy-making levels of government, information about the lives, capabilities, attitudes and cultural characteristics of people at the local level.

NGOs can facilitate communication upward from people to the government and downward from the government to the people. Communication upward involves informing government about what local people are thinking, doing and feeling while communication downward involves informing local people about what the government is planning and doing. NGOs are also in a unique position to share information horizontally, networking between other organizations doing similar work.

4. *Technical Assistance and Training:* Training institutions and NGOs can develop a technical assistance and training capacity and use this to assist both CBOs and governments.

5. *Research, Monitoring and Evaluation:* Innovative activities need to be carefully documented and shared - effective participatory monitoring would permit the sharing of results with the people themselves as well as with the project staff.

6. *Advocacy for and with the Poor:* In some cases, NGOs become spokespersons or ombudsmen for the poor and attempt to influence government policies and programs on their behalf. This may be done through a variety of means ranging from demonstration and pilot projects to participation in public forums and the formulation of government policy and plans, to publicizing research results and case studies of the poor. Thus NGOs play roles from advocates for the poor to implementers of government programs; from agitators and critics to partners and advisors; from sponsors of pilot projects to mediators.

Source: <http://www.nigeriavillagesquare.com/articles/samuel-uwhejevwe-togbolo/the-role-of-non-governmental-organizations-ngos-in-development.html>

Role of NGO: self-reflection

NGOs nationally and internationally indeed have a crucial role in helping and encouraging governments into taking the actions to which they have given endorsement in international fora. Increasingly, NGOs are able to push around even the largest governments. NGOs are now essentially important actors before, during, and increasingly after, governmental decision-making sessions.

As mentioned by Uwhejevwe NGOs are facing a challenge to organize themselves to work in more global and strategic ways in the future. They must build outwards from concrete innovations at grassroots level to connect with the forces that influence patterns of poverty, prejudice and violence: exclusionary economics, discriminatory politics, selfish and violent personal behavior, and the capture of the world of knowledge and ideas by elites. In a sense this is what NGOs are already doing, by integrating micro and macro-level action in their project and advocacy activities. "Moving from development as delivery to development as leverage is the fundamental change that characterizes this shift, and it has major implications for the ways in which NGOs organize themselves, raise and spend their resources, and relate to others."

In the dynamic environment, NGOs need to find methods of working together through strategic partnerships that link local and global processes together. By sinking roots into their own societies and making connections with others inside and outside civil society, NGOs can generate more potential to influence things where it really matters because of the multiple effects that come from activating a concerned society to work for change in a wider range of settings.

The small size and limited financial resources of most NGOs make them unlikely challengers of economic and political systems sustained by the interests of local government and businesses. However, the environment, peace, human rights, consumer rights and women`s movements provide convincing examples of the power of voluntary action to change society. This seeming paradox can be explained by the fact that the power of voluntary action arises not from the size and resources of individual voluntary organizations, but rather from the ability of the voluntary sector to coalesce the actions of hundreds, thousands, or even millions of citizens through vast and constantly evolving networks that commonly lack identifiable structures, embrace many chaotic and conflicting tendencies, and yet act as if in concert to create new political and institutional realities. These networks are able to encircle, infiltrate, and even co-opt the resources of opposing bureaucracies. They reach across sectors to intellectuals, press, community organizations. Once organized, they can, through electronic communications, rapidly mobilize significant political forces on a global scale.

3.3 Bangladesh experience in microfinance

3.3.1 The beginnings

Microfinance in Bangladesh was pioneered by Muhammed Yunus, winner of Nobel Peace Prize in 2006. He set up a project testing the idea of lending small amounts of money to the poor. The project showed that the poor are very well able to pay back their loans. In 1983, Yunus created a special bank for this purpose in Bangladesh, called Grameen Bank (which means “village bank”).

Grameen Bank was revolutionary: it represented a shift in thinking, challenging the belief that loans cannot be made without collateral. The bank empowered its borrowers to lift themselves out of poverty removing the institutional barriers that normally prevent poor people from accessing financial services. The bank showed that the poor are entrepreneurs: they repay their loans with interest, using money earn through their own productive work.

One important innovation underlying the success of Grameen Bank is the use of positive social pressure to create trust and loyalty. The bank provides loans to groups of borrowers.” No one who borrows from Grameen Bank stands alone” (Yunus 2007: 57). Preferably, these groups of borrowers are self-formed by neighbors and friends who meet regularly. These small social networks are embedded in a larger group: a centre where ten or twelve groups come together for weekly meetings. This “community oriented dynamic” is perceived as one of the cornerstone of Grameen`s success and has been promoted among commercial banks.

Other new techniques also explain the success of microfinance vis-à-vis traditional banking.

- **Regular repayments and savings:** Building on techniques used by traditional grassroots saving groups, Grameen introduced the idea of regular repayments and

savings. Borrowers within a group have to repay their loans regularly; they have to repay completely before others can apply for a loan. That creates social pressure within the group and the centre to encourage borrowers to remain faithful to their commitments. This has contributed to the high repayment rates of Grameen bank; in 2006 this has almost 99% (Yunus 2007:51). Yunus says this success is partly because the bank looked at the behavior of people it lends money to. This “people –oriented approach” is illustrated by the preference to give credit to women instead of men; unlike men, women tend not to spend the money on themselves but on their families.

- **Non-financial services:** Finance alone cannot reduce poverty. Grameen offers multiple services such as information technology, scholarships, health and welfare. It also promotes strong social agenda: every borrower of the bank must commit to this, and is expected to take responsibility for issues such as family planning, education, and hygiene and community development.

Despite its success, Grameen Bank also faced difficulties and limitations. Like any business, it has to adapt overtime to serve its customers and their needs more effectively. For example, the bank had to match its services better to its clients` needs. It introduced a wide variety of loan types, as well as pension funds, loan insurance and other financial services. It also had to increase the amount of savings deposits to improve its capital structure and create a reserve. This would enable the bank to become fully self-sufficient.

3.3.2 Worldwide expansion of microfinance

From the pioneering work of Grameen Bank in Bangladesh, microfinance started to conquer the world, albeit slowly. As late as 1997, microcredit reached only 7.6 million families, 5 million of whom were in Bangladesh alone. But in the last decade the “microfinance revolution “has come into full swing. In 2006 as many as 100 million families were reached worldwide, most of them in South Asia (Yunus 2007).

Microfinance programmes have especially benefited women, enabling them to grow their businesses, empowering them and giving them a voice in decision making (Gonzalez and Rosenberg 2006; Fisher and Sriram 2002). Most microfinance borrowers are from urban areas. They are predominantly self-employed entrepreneurs: shopkeepers, street vendors, artisans and small-service providers such as car mechanics. In rural areas, microfinance reaches clients that are mostly engaged in off-farm activities such as food processing and trade.

So far only few microfinance institutions successfully serve farmers, though there are notable exceptions. For example, in 2007, Grameen Bank provided a large number of loans to farmers to invest in milk cows and paddy cultivation.

3.3.2.1 Services offered by microfinance institutions

Microfinance industry offers different types of financial products (International Year of Microcredit 2005; De Klerk 2008).

- **Microcredit** means making small loans to low-income entrepreneurs so they can develop small businesses. Microcredit has helped large numbers of poor people to

overcome problems due to irregular and undependable income, and to smooth their cash flow.

- **Micro-savings** are deposits services that allow people to save small amounts of money for future use, often without minimum balance requirements. The conventional way of dealing with emergency and expenses is to sell valuable assets such as livestock and equipment. If farm families have access to savings facilities, they can put aside part of their earnings to meet future expenses, so avoid going to debt or having to sell their assets.
- **Micro-insurance** includes life insurance for entrepreneurs and their employees and, on a small scale, crop insurance. It is a system by which people and businesses make payments to share risks.

However, though microfinance has been truly revolutionary in proving that the poor are bankable, and also in allowing poor people to signal their creditworthiness. Microfinance is not a panacea. Here are some of its limitations:

- **High cost:** Microfinance remains a costly service. Unlike conventional banks, microfinance organizations deal with very large numbers of small loans and savings. Handling this type of business is more expensive than dealing with small numbers of large loans.
- **High interest rates:** At up to 36% a year, interest rates charged by microfinance institutions are higher than the rates charged by commercial banks (but generally lower than those charged by money lenders). These rates are high because of the high cost involved in microfinance operations: they need to cover the cost of the money, compensate for loan defaults and transaction costs (Kiva 2009).
- **Small amounts only:** Microfinance institutions lend small amounts of money. Experience has shown that it is better for new clients to start with small loans – generally between \$35 and \$ 800 (Yollin 2007). Such amount can enable a borrower to make small investments in a store or to produce handicraft, but are generally not big enough to allow these businesses to grow to an efficient scale.
- **Short-term loans:** Most microfinance programmes provide short-term loans only. They require their clients to repay relatively quickly – often within 3 – 4 months – and in monthly installments. This approach is well adapted to activities where an investment pays off immediately, but is less suited to activities where the turnover of capital is slower, as in farming.
- **Little flexibility in loan conditions:** Generally financial services provided by microfinance institutions do not address any special needs that borrowers might have, and they do not respond to changing conditions.

To effectively handle these concerns and to ensure the future sustainability of microcredit, most countries have begun adopting regulatory frameworks for MFIs.

Each country has its own history of the emergence of microfinance, but all have some common factors that triggered rapid expansion of the sector within a very short span of time. The terminology “microfinance” itself may have country specific definition, but one thing is common

in every country, that is its focus is on economically deprived populations. The growth and potentiality of microcredit have already caught the attention of policy makers and social activists and it is now widely considered one of the important tools for poverty alleviation.

A basic question in this context relates to whether banking sector rules and regulations are appropriate for microfinance institutions. In many countries, the major initiatives in this regard are being taken by the central banks. Nonetheless, debates and controversies have arisen about the role of central banks in this regard. The doubts about a direct role of central banks in microfinance regulation are based on their inability to understand the nature of the microfinance sector, which is not a purely financial sector. In some countries central banks are not willing to participate at all, while in others they have participated rather strongly. However, none of the central banks has imposed banking sector rules and regulation directly on the microfinance sector. Some have customized banking regulations for application to microfinance, others starting from a clean slate have created wholly new regulations. A number of countries are still in the preliminary stages of considering microfinance regulation.

CHAPTER FOUR

This chapter gives a brief overview of BRAC; how it evolves, what it does, whom it works with and when it started its operations in South Sudan.

4.0 Background

BRAC is a development organization dedicated to alleviating poverty by empowering the poor to bring about change in their lives. It started in Bangladesh in 1972, and over the course of its evolution has established itself as a pioneer in recognizing and tackling the many different realities of poverty.

BRAC Organogram

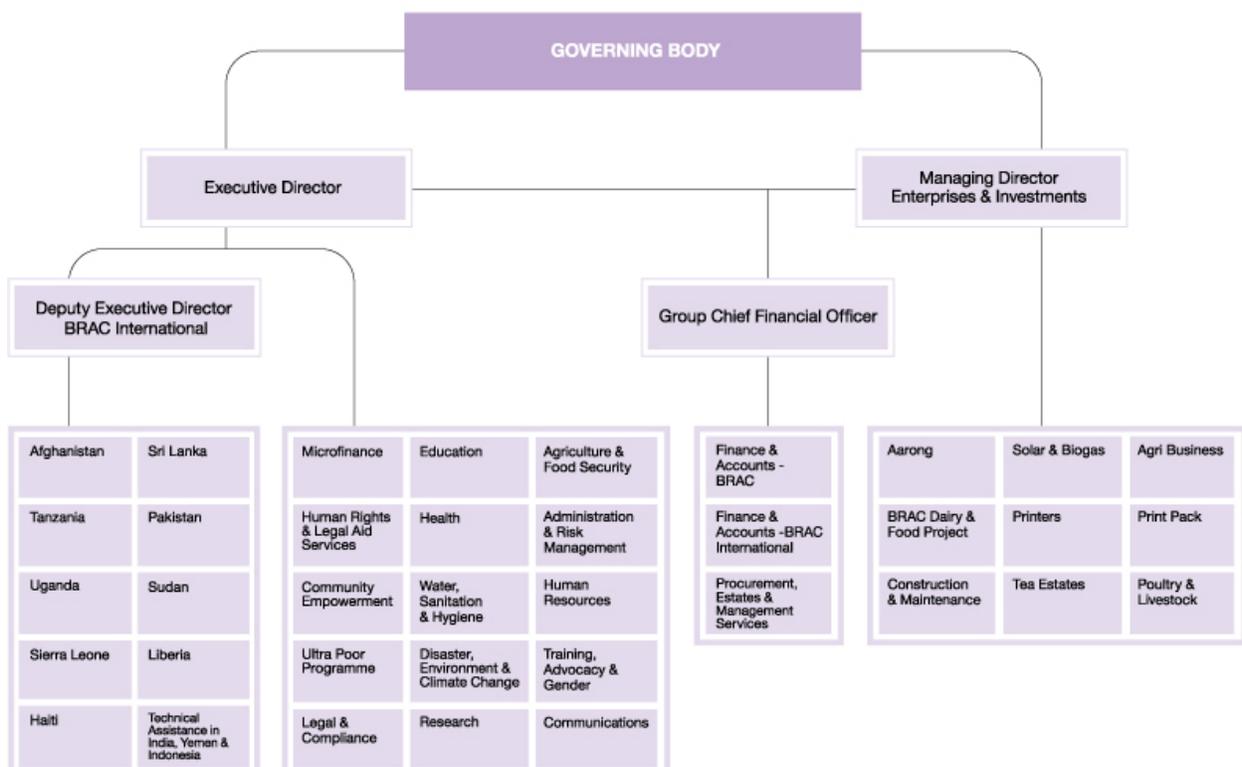


Figure 4: BRAC organogram

Source: www.brac.net

Its priorities focus on women. It works with poor, who are the worse affected by poverty. But if empowered with the right tool, they can play a crucial role in bringing about changes within their families and their communities.

Organizing the poor is at the heart of its work. Its Village Organizations(VOs) each with 30-40 women act as flat forms for poor women to come together, access services such as microfinance, exchange information and raise awareness on social, legal and other issues

affecting their daily lives. As a group, these women who as individuals have little or no voice in decision-making within their homes or their communities are able to speak out and influence change.

In 2007, **BRAC** started operations in South Sudan. The microfinance program, which consisted primarily of returning war refugees, had formed 220 Village Organizations (VOs) with over 8,400 members.



Source: Field study 2011

4.1 Programs in South Sudan

4.1.1 Microfinance

Women's groups: Community partnerships and institution building are essential for poor people if they are to change their economic, social and political conditions. BRAC delivers microfinance and other programs through organizing groups of poor women who come together to improve their socioeconomic status. BRAC microfinance office conduct area surveys and consults with community leaders and local elders to select the 25-30 members of each group. The group is then sub-sub-divided into smaller groups of five, each with their own elected leader. The members of the small group take responsibility to solve peer repayment problems.

New borrower group meet four times before any loan disbursement takes place. After that, they meet weekly to discuss credit decisions with their dedicated BRAC officer and make their loan repayments. BRAC provides training and technical assistance to its members and others in the community, empowering them to earn more income from existing activities and start new ones.

Microloans: At the core of the program are microloans, which are exclusively for women participating in the group process. Borrowers range in age from 20-50 with little or no education.

BRAC lends to women who are not served by other microfinance institutions. Borrowers typically operate businesses that provide products or services to their local communities. Women with seasonal businesses such as farming related activities may also be eligible for shorter term loans.

Sudan recovery fund: Microfinance is not the only way to promote financial development. The United Nations Development Program Sudan Recovery Fund for South Sudan (SRF-SS) aims to facilitate a transition from humanitarian aid to recovery assistance. In late 2010, The SRF-SS awarded BRAC the responsibility to implement its small grants fund of \$ 2.5 million to as many as 70 national NGOs and community-based organizations in all 10 states. BRAC has screened these groups, supported their capacity building and directed implementation of agriculture, education, water, and other initiatives. The objective of the projects – 47% for agriculture – is to make quick returns for the community.

4.1.2 Education

BRAC also has Education Program. The goal of Education Program is to educate children who have dropped out of school or never enrolled so they can enter the formal government school system. Its education program follows the government curriculum of the four-year primary cycle. It admits 30-35 pupils per school and employs one teacher to provide a four-year school cycle. Once pupils reach grade 4, they can be mainstreamed into public schools at the grade 5 level. All learning materials are provided free of charge. Teachers are recruited locally.

4.1.3 Health

Reproductive health care: One of BRAC`s primary concerns is to improve reproductive health care awareness and service utilization. To fulfill this objective, Community Health Volunteers (CHVs) identify pregnant women during home visits and inform the Community Health Worker (CHW). The CHWs perform antenatal checkups in the homes, raising awareness of pregnancy care and pre-natal danger signs.

Malaria control: During household visits, the CHV identifies suspected cases of malaria and refers the patients to the nearest government health center. She follows up to determine test results and see if the patients are taking their anti-malarial medication.

TB Control: CHVs implement a well-tested, community-based approach for increasing and sustaining TB case detection and treatment.

During household visits, CHVs ask simple questions related to suspected TB cases (based on symptoms). When a suspected TB victim is identified, the CHV motivates that person to be tested at a nearby government facility.

Family planning: During regular household visits, the CHV mobilizes and motivates women to use modern methods of contraception. She provides clients with birth control pills.

Community health initiatives: BRAC takes a multi-prolonged approach to community health education. It offers community health forums on issues such as malaria, TB and HIV prevention, maternal health, family planning and sanitation.

Basic curative services: CHVs are trained to diagnose and treat some basic ailments such as diarrhea, dysentery, common cold, anemia, ringworm, scabies etc. They refer individuals with suspected conditions to local public health facilities.

4.1.4 Agriculture

Collective demonstration farms: BRAC established four collective demonstration farms, each on 10 acres of land. Twenty local female farmers were selected from the community to work on each demonstration plot. They are split into two groups each and come every day to work on the farm. All the produce from the farm goes to the farmer`s cooperative.



Source: Field study 2011

CHAPTER FIVE

5.0 Findings and discussions

This chapter presents the findings of the study undertaken. It also presents discussions of the main findings that were obtained through individual respondents and key informants and documents reviews. The study involved 30 women since BRAC gives micro credit services to women only. This preference of giving credit to women instead of men is based on the assumption that unlike men, women tend to spend the money not on themselves but on their families.

5.1 Household demographics of the study area

5.1.1 Household size

Earlier findings of ANLA (2010-2011) indicate that the average household size in Central Equatoria State was 7.5 members. Of these, 83% were residents, 14% were IDPs and 2% were returnees. 46% of the households were female-headed. 20% of the households host IDP and /or returnee. This is a departure from the findings of this study. In the study carried out it was found that out of 30 households interviewed, 28 households (93%) had an average family size of eleven 11 members and only two 2 households had less than 5 members each. This increase could be attributed to the influx of IDPs and returnees during the Referendum and the Independence of South Sudan. According to UNOCHA between October-December 2010, 78,000 people returned to South Sudan with Central Equatoria having the highest proportion of returnees (more than 10% of the resident population). In general influx of people into host areas has implications of access to basic social facilities, security and community coping capacities in terms of additional income, essential food and non-food items.

The study further revealed that the household with more members of over five had more household members who were dependants and thus could not contribute significantly to household income. Family characteristics like household size determine the level of vulnerability as stated by Winchester (1992). More dependents deprive a household of a better livelihood. This could be made worse if the household is a female-headed further depleting household's resources, hence leaving the household in more precarious conditions. Given the area's agrarian history, this calls for livelihood diversification into non-agricultural activities such as rural enterprises as put by Scoones (1998).

5.1.2 Marital status of household

Marital status HH	Number of respondents	Percent
Married	21	70
Separated	3	10
Widowed	4	13
Single	2	7
Total	30	100

Table 2: Marital status HH

Source: Field study 2011

The study showed more of the respondents who received microcredit were married women (70%), 10% said they had separated from their spouses, 13% were widowed with 7% saying they were single mothers who had never been married (Table 2 above). Two categories of households exist here; those struggling to survive (single parents) and the better-off (the married). The single headed households as compared to the married were the most vulnerable. They were socially vulnerable as result of insecurities related to their social status because of lack of protection, sudden destitution and stigma of widowhood, hardships created by divorce and desertion. Their family structures were broken. Their households lack some aspects of social assets - the support and protection from family links that enable them to be more resilient to any hazard or stress. If crises strike they could not easily bounce back to their normal state. They need support of existing social networks, prevailing socio-economic and political environment as well as government and private institutions so that their capacity to effectively respond to any given crises and, consequently, the ability to bounce back is strengthened. Equally important for the better – off households, they need support so that they can diversify to accumulate assets to improve their standard of living.

5.1.3 Age category of household

Age category HH	Number of respondents	Percent
20 – 30	8	27
31 – 40	14	47
41 – 50	7	23
51 - 60	1	3
Total	30	100

Table 3: Age category HH

Source: Field study 2011

Most respondents (Table 3) interviewed were of age category of 20 – 50 years old; the most productive age category. This is consistent with one to one discussion with BRAC microfinance program manager who noted that borrowers range in age from 20-50 with little or no education. Age of a person determines the experience on has, the productive assets accumulated, social networks established for survival, energy etc; all being important in livelihood security. They have the ability to pursue a sustainable choice of livelihood. The existence of an “enabling environment” can significantly enhance their human assets contributing to the sustainability and resilience of their livelihoods.

5.1.4 Level of education

Level of education contributes to having different livelihood options including engaging in off-farm activities. In the study carried out only 7% completed University, 33% O – Levels, 37% ended in Elementary and 23% never stepped in class (Figure 5) implying that their livelihood options were limited. Many reasons could be attributed to explain this low literacy rate. Extreme poverty forces many rural families to marry their daughters young in order to received cows or other form of dowry payment. Girls are traditionally responsible for household chores and care of younger siblings, making it difficult to attend school. Generally boys are better able to raise

their own school fees through labor, trade and other means. Few female teachers exist to serve as mentors and role models. Parents express concerns about sending their children to schools that are dominated by boys and male teachers, worried that their daughters' safety might be compromised. However, under customary law, women are valued and respected as mothers and important daughters because they bring wealth to the family upon marriage.

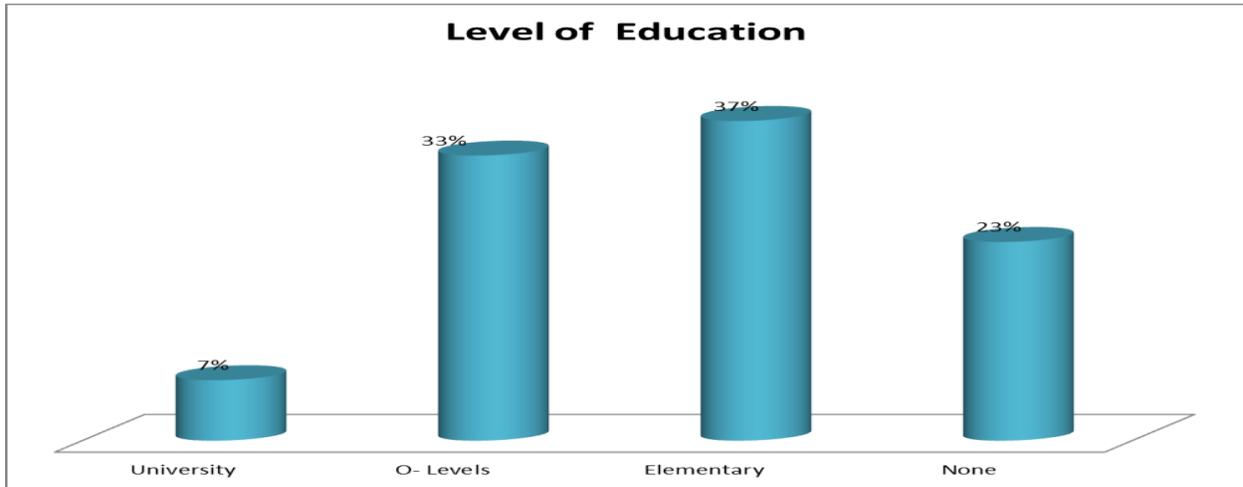


Figure 5: Level of education

Source: Field study 2011

A great number of studies have established the significance of education, both formal academic and workplace skills, for improving livelihood prospects. It links poverty to low level of education. Therefore, education is crucial to all households.

5.1.5 Type of house

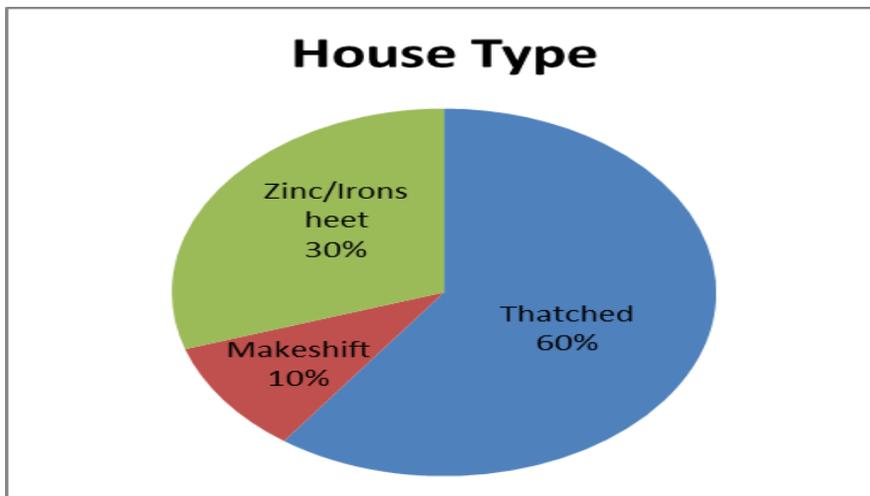


Figure 6: Type of house

Source: Field study 2011.

Figure 6 above shows the type of houses the respondents and their household members were residing in at the time of the study. Of the 30 households interviewed only 30% had proper housing, 60% were living in grass thatched huts and 10% in temporary makeshifts. In general these three categories of households can be classified as rich, moderate and poor. Their level of vulnerability varies to shocks; say for example, natural hazards like floods/ or torrential rains with those in the makeshifts hit the most. It is probable that the category living in makeshifts might be IDPs/or returnees. Their livelihoods security is at stake. They need support of the government and institutions.

5.1.6 Land ownership

Land ownership	Number of respondents	Percent
Inherited	13	43
Purchased	5	17
Renting	4	13
Permission to use	8	27
Total	30	100

Table 4: Land ownership

Source: Field Survey 2011

Information sought on land ownership showed that all respondents had access to land. Since many families produce and procure foodstuffs for both subsistence and trade through a variety of means including farming and herding, access to land is paramount to their livelihood security. As shown in table 4 above, majority (43%) had inherited the land from their parents, 17% had purchased the land, 13% indicated that they were renting the land and 27% had been given permission to use the land by community leaders and local elders. All the respondents revealed that they were using land size between 0.5 to 2 hectares. In South Sudanese context, by law, women have the right to own land, building and other property; however, by custom many women do not enjoy equal rights to land and property ownership.

5.1.7 Main source of income

The study revealed that only one (1) out of the 30 respondents had formal employment. However, all the respondents were involved in petty trade of one kind or another (Pictures and table 5 below).



Source: Field study 2011

Source of income	Number of respondents	Percent
Retailing - Grocery	2	7
Bar/Drink Shop	4	13
Food Vending	4	13
Beer Brewing	3	10
Charcoal Selling	4	13
Fruits and Vegetables	6	20
Secondhand Clothes	4	13
Tailoring	2	7
Formal Employment	1	3
Total	30	100

Table 5: Main source of income

Source: Field study 2011

It is therefore worth mentioning that the findings of this study provide further proof that most families base their livelihoods around a wide range of activities that seek to maximize the use of resources and assets accessible to them. Ellis (2000:15) supported this argument when he defined diversification as the process by which rural households construct an increasingly diverse portfolio of activities and assets in order to survive and improve their standard of living. This fact was further supported by Davis et al (2007) who said that although agriculture is a key part of rural livelihood strategies in most parts of the developing world, most rural households do not rely exclusively on agricultural activities but instead have diversified income generating strategies.

5.1.8 Income contribution from petty trade

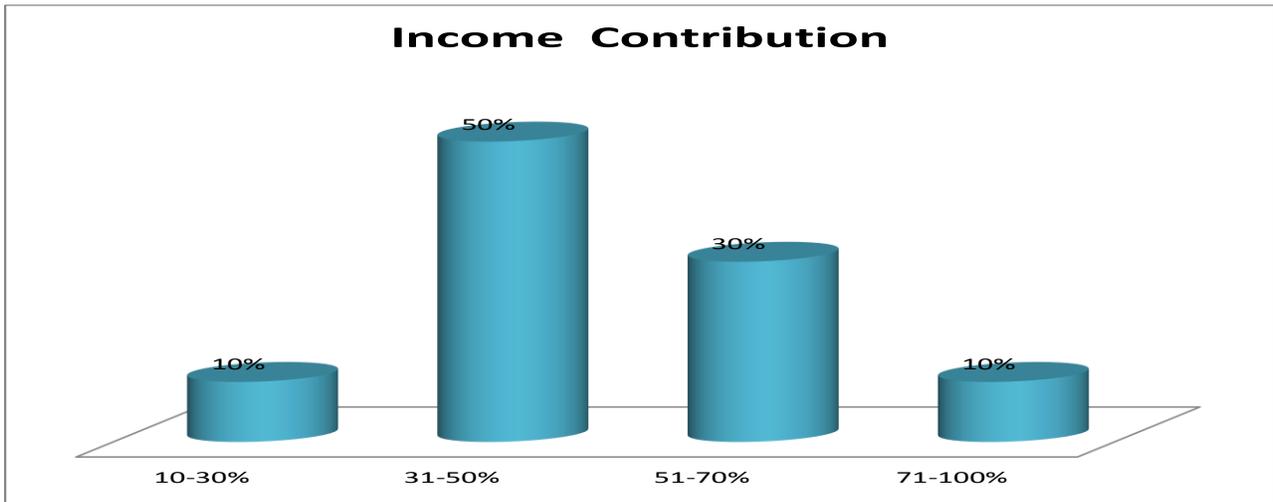


Figure 7: Income contributions from petty trade

Source: Field study 2011

Different responses were got from the respondents in terms of how much the petty trade had contributed to their households' income. 10 % said that it contributed 10-30%, while 50% of the respondent said it was 31-50% and 30% said it was 51-70% and the last category said it was 71-100%. These differences could be due to several factors such as the type of enterprises the respondents undertook, production capacity, seasonality factors such as prices and health of the individuals. Depending on what assets an individual is endowed with he/she can maximize them to obtain the desired outcomes. Those with low rating might not have chosen viable enterprises, as such their micro enterprises were not able to significantly contribute to their households' income.

5.1.9 Non-agricultural activities

To supplement their income and reduce dependency on BRAC, all respondents revealed that they rely on other sources such as sale of natural resources – firewood, charcoal, grass, building poles, wild fruits etc. This was in conformity with the ANLA (2010) findings in Central Equatoria State which indicated that there was still continual reliance on unreliable and unsustainable income sources such as sale of firewood, building poles, grass and charcoal

which has direct consequences on the environment and undermined other non-timber forest resources such as gum acacia and honey, which are potential incomes sources.

5.1.10 Membership in formal/non-formal community associations/organizations

All 30 respondents interviewed revealed to belong to non-formal community associations of one kind or another. These associations were formed in the course of BRAC’s microfinance program for ease of identification and tracking a borrower. As mentioned earlier they also act as platforms for these poor women to come together, access services such as microfinance, exchange information and raise awareness on social, legal and other issues affecting their daily lives. This is a fine strategy. Group cohesion can enhance their resilience and ability to withstand threats to livelihoods.

5.2 Situation before BRAC intervention

All the respondents in the study revealed that the situation before BRAC’s intervention was bad. The respondents pointed that they only obtained loans from BRAC. The microcredit loans and savings programs that exist only target businesses and those with substantial collateral. This implies that those most in need have limited access to microcredit in South Sudan.

They said they have benefited from the microfinance services from BRAC. The loans they were given were used in start-up businesses and boosting existing ones. The amount of money each of them was receiving was 1500 pounds (\$ 650) as microloans for existing businesses and 300 pounds (\$130) as micro-credit for start-up businesses. The interest rate was 32 %. Borrowers of microloans make repayments once every month and microcredit borrowers repay once a week. Before new members are admitted there are steps to follow that involved paper work. Forms are to be filled and processed. The table below illustrates these steps: For detailed description see appendices: 2, 3, 4, 5 and 6.

Table 6: Steps in becoming a member in BRAC microfinance program

Step	Form Name
1.	Basic information sheet of a prospective borrower
2.	Loan application form
3.	Loan appraisal form
4.	Loan approval form
5.	Promissory note

In the boxes below was what some of the borrowers have said:

Box 5.1

“Before BRAC, I put things I was selling on a table. With my first loan I constructed this small store where I sell my goods,” says Beatrice Kojoki (20). At first Beatrice’s sales were 20 pounds (\$ 8.25) a day; now her daily revenue can reach 180-200 pounds (\$ 79-87.70). She faced a setback in May 2009 when the government demolished squatter settlements around Juba County and she lost her home. “I used some of my loan to build a new house. From this money I was also paying school fees for my son, for eating and for expanding the business. The money has really improved my life”.

Box 5.2

" I built this building for my business, pay tuition fees for my children and I'm constructing my house", said Ajieth Nyanluak Gering, 28, who runs a small restaurant in Gabat Payam, Juba. "I feel really happy because BRAC came to South Sudan so that our women can become self-reliant.

Ajieth began business as a tea –maker, earning 150 pounds (\$ 66) a month. With BRAC loans she began preparing meat, fresh fish and local flat bread called kisra. Now the mother of three pays four workers 300 pounds (\$ 132) a month each and earns a monthly profit of 950 pounds (\$ 475)." I will plan for saving. As the children grow up they'll find everything has been organized by their mother."

Box 5.3

During the war my home was destroyed and my three-year old daughter was killed inside in the bombing. With BRAC we are building a new life. Before I took the loan I had many problems, trying to make money selling sweets in the school. Now I can stay in my shop close to home and take care of my children. I gave thanks to BRAC because my business is growing.

Joyce Jakuru (35) is a microfinance member in Kator Payam, Juba. She received her first BRAC loan in 2007 and opened a small shop. Now she earns a monthly profit of about 1,300

Such statements provide further understanding of the impact of such a program on people's livelihood coping strategies. It is also a proof that the poor/or vulnerable are bankable and creditworthy.

5.3 Challenges facing households' livelihoods

5.3.1 Limited integration of local markets

Most markets in South Sudan are not well integrated as they are most isolated from each other in terms of road infrastructure and commodity exchange. This limits the flow of commodities between different markets, hence, prices move independently of the differences in transaction costs. Increased public investment in infrastructure is required to improve market integration to reduce transport costs and enhance movement of goods and services.

The Lack of established trading networks constrains the expected flow of food commodities from surplus green-belts areas to the traditional deficit areas. This is a hindrance to market development and increased household productivity.

5.5.2 Presence of multiple taxes and non-tariff barriers

Taxes are imposed at check points at Payam, County, and even at town exit points. The need to collect revenue to cover government expenses for social services and other economic development activities is understood, but the current method of collection of arbitrary multiple taxes is a disincentive to trade as it increases transactional costs and reduce competitiveness of

prices of local production. It is, therefore, not surprising for traders to import agricultural commodities from neighboring countries, which are cheaper than locally produced commodities. Multiple taxes are thus serious threats to livelihood security. There is need, therefore, to address the presence of multiple taxes and non-tariff barriers such as roadblocks as this inhibits free trade of commodities.

5.5.3 Shocks

5.5.3. 1 Price increase

Market prices increased during the periods of referendum and independence of South Sudan as a result of decline in food stocks due to increased insecurity along the border areas and high demand from large number of returnees. For example, the closure of main cereal shops operated by traders from Sudan and East Africa increased the risks of doing business. Reduced inflow from East Africa affects especially the catchment areas for Juba County in Central Equatoria State.

5.4 The institutional and regulatory framework/stakeholders

Currently in South Sudan the MFIs are issued a license to operate, but the precise circular ordaining regulations are still pending production by the Central bank of south Sudan (the equivalent of Microfinance Act in Uganda). This delay in setting up a relevant regulatory framework is limiting MFIs` ability to access client deposits (savings), and thus curtail their ability both to service demand as well as access to important source of finance. Further, since savings are a key development tool in their own right, it would be key to facilitate the provision of savings products (e.g. through the introduction/entry of microfinance banks) whilst the development of appropriate regulation is being undertaken.

5.5 The current providers of microfinance

Still a growing sector, there are only three microfinance institutions. These consist of Bangladesh Advancement Committee (BRAC), Sudan Microfinance Initiative (SUMI) - a result of Greenfield investment by USAID and Finance Sudan (FSL) funded by ARC International and Micro Africa Limited.

MFI	Type of company	Branches	Staff	Detail	Coverage of the 10 states of South Sudan
BRAC SS	NGO (Locally incorporated INGO & Licensed by BOSS)	37	150	One of the major MFIs – expanding exponentially since establishment in 2007	All 10 states of South Sudan
Sudan Microfinance Institution (SUMI)	Company Limited by Guarantee & Licensed by BOSS	17	62	One of the major MFIs established in 2003	3 states- Lakes, Western and Central Equatoria
Finance	Company	2	12	Established in 2006	2 states –

Sudan Limited (FSL)	limited Guarantee & Licensed by BOSS				Upper Nile and Central Equatoria
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Table 5.6 Microfinance providers in South Sudan

Source: www.cbtf.southernsudan.org

Presently the MFIs estimated that they cover only 10% of the available clients in the Juba County and less than 2% of the potential market in South Sudan with BRAC as the major provider. BRAC covers all 10 states in South Sudan.

BRAC clients mainly consist of informal vendors that operate without license or registry. Trade and services sectors are the main clients sectors (68%) with only a few loans to agriculture and livestock (15%). Clearly there is much room for expansion both in terms of breath and depth of coverage, long with a more clear set of support for the productive sectors.

5.6 Constraints to the provision of microfinance

BRAC South Sudan faces very high demand for the product it currently offers and the products they could potentially provide. A number of issues have limited its ability to expand and meet demand, as well as discouraging the entry of new actors. Most pressing challenges are:

5.6.1 Scarcity of skilled labor and low staff retention: As with the commercial banks, BRAC have difficulties finding staff with good financial sector skills given the national human resource base in South Sudan. While it provides training to its staff, it has difficulties matching the salary levels of NGOs and International organizations, and consequently struggles to retain its staff.

5.6.2 The recent and recurring market demolitions: BRAC`s clientele often consist of informal vendors that operate without license or registry, often occupying land without the formal title to do so. The recent and recurring destructions of informal markets by the local government entities in Juba have caused severe losses to the micro entrepreneurs, with echoing consequences. Not only has the default rate of BRAC substantially risen due to these demolitions, but the forced relocations of the micro entrepreneurs to the edge of town has also challenged the sustainability of BRAC`s strategies (BRAC to make fixed cost investment in establishing itself next to its client base. If the client base subsequently relocates, it will potentially have to reconsider its strategy and relocate. At times it may not be able to service the same clients any longer, despite having developed a certain threshold of trust and investment with the client).

Further issues that BRAC faces include:

5.6.3 Government institutions lack knowledge of microfinance: As an MFIs, BRAC has noted a general misunderstanding of the institutions about microfinance and facilitation of its development in South Sudan. The drafting of policy at a government level as well as the training of key officials at BOSS, the MCI and the MOFEP, would be recommended

5.6.4 Limited diversification across sectors and productive activities: Due to the low availability of trainings and sector specific skills transfer in South Sudan, lending is concentrated in the services and trade sectors. If further support were provided to micro entrepreneurs to diversify their businesses into other productive activities, BRAC would be able to service a greater clientele, and diversify their risks and their portfolios

5.6.5 Lack of security and transport facilities in non-urban areas: In certain rural areas businesses expansion is limited due to the lack of security and lack of transport. The provision of these would enlarge BRAC`s client base in rural areas.

5.6.6 High cost of operation in South Sudan: The comparatively higher cost structure in South Sudan (compared to other countries in the region) curbs the speed at which BRAC can reach sustainability (with comparatively similar interest rate and fees). Certain states in particular have higher cost of operation and establishment (given low infrastructure levels), relative to the market size. Thus this ratio has guided the eventual geographical expansion of the BRAC.

5.7 Current support to the microfinance sector

Organizations	Funders	Strategy	Future available funds	Loan terms
SSMDF(Implemented by FSMF)	CBOs, MDTF, GOSS	Provision of loans, technical assistance grants to: (1) Start-up MFIs, (2) MFIs scaling towards sustainability, (3) Well established and sustainable MFIs.	More than \$ million 2009/10 (additional \$1 million already allocated)	3 year loan with a 1-2 yrs grace period
USAID, GEMSS (Implemented by AED)	USAID	Operational support and loan capital grant. Capacity building of MFIs, and business development service providers (to enable these to support the MFI sector), as well as support to the South Sudan Microfinance Forum	\$ 6 million in 2009/10	Grants only
UNCDF	UNCDF	(1) Global fund providing funding to internationally recognized MFIs, (2) sector support program under formulation with GOSS and UNDP,(30 Capacity building og GOSS policy-makers	\$4.5 million already allocated, further \$ 3.5 million possible available	5 years, including 2 year grace period
UNDP	UNDP	To (1) enhance linkages between microfinance and vocational/business skills capacity development in South Sudan and, (2) support the establishment of Accumulating Savings and Credit Associations (ASCAs) in areas in areas with no operating MF-providers.	\$ 300, 000 available in 2009 (a further \$ 700,00 possibly available)	Grants only
SRF	UNDP	Allocating funds for quick recovery impact, peace dividends, and the empowerment of communities affected by conflict and poverty. Award are allocated per state (\$ 500,000 – 1,000,000 per state) – a window of opportunity for MFIs providing		Grants only

		services in particularly volatile and underserved states.		
Oxfam Navib, Triple Jump	Dutch Government, private donor	Provision of loans, seeds capital and technical assistance grants to (1) start-up MFIs, (2) MFIs scaling towards sustainability, (3) well established and sustainable MFIs.	More than Euros 500,000 available in 2009/10 (additional 600,000 already allocated)	4 year grace period at 5% interest rate per annum
DED and Stromme Foundation	DED	Support to the South Sudan Microfinance Forum and the Microfinance Association of South Sudan.		Grants only

Table 5.7 Organizations providing funds and support to the microfinance sector

Source: <http://www.cbtf-southernsudan.org>

CHAPTER SIX

6.0 Conclusion and Recommendations

This study is going to be shared with three organizations that are core to the improvement of livelihoods of the poor in South Sudan. They include the Ministry of Agriculture and Forestry, FAO Food Security and Livelihood Cluster and BRAC. The recommendations are suggested to guide them in mainstreaming livelihoods interventions in South Sudan.

6.1 Conclusion

The study found that most households have more family members than the earlier findings of ANLA (2011). It also showed that these family members were dependants thus could not contribute to household income, consequently, depriving the households of better livelihoods. This situation can be attributed to the large influx of the IDPs and returnees during the Referendum and Independence of South Sudan. Though (70%) respondents in the households interviewed were married women the remaining percentage (30%) was single parents who were separated, widowed or single.

Most household respondents were of age category 20-50 years. These are the most productive years of an individual. If they are provided with the right kind of support, they can make sustainable livelihoods.

In the study most of the respondents have limited education with some who didn't even stepped into a classroom. This shows that their livelihoods options are limited, thus unlikely to pursue better sources of livelihood.

Given their status it can be rightfully concluded that they need the support of institutions like BRAC to enhance their capacity to cope with any forthcoming crises.

The study further has shown that most households were living in grass thatched houses with some living in galvanized zinc sheet housing and some in makeshifts. The households in makeshifts can be assumed to be IDPs or returnees who have just returned from either northern Sudan/or diaspora during the referendum and independence of South Sudan. All respondent have access to land. Land is a basic asset of rural families because most of their livelihoods depend on it. Government support with enhanced contribution from institutions like BRAC will significantly help them to pursue better livelihoods options.

Although all respondents were using the loans from BRAC to generate income by participating in micro-enterprises/petty trade, they are also engaged in non-agricultural activities such as sale of natural resources – firewood, charcoal, grass, building poles, wild fruits etc. This was in conformity with the ANLA (2010) findings in Central Equatoria State which indicated that there was still continual reliance on unreliable and unsustainable income sources such as sale of firewood, building poles, grass and charcoal which has direct consequences on the environment and undermined other non-timber forest resources such as gum acacia and honey, which are potential incomes sources.

All respondents revealed to belong to non-formal community associations of one kind or another. As mentioned earlier these associations or groups were formed by BRAC. This is a fine strategy. Group cohesion can enhance resilience and ability to withstand threats to livelihoods..

However, there are many challenges facing the households` livelihoods of the respondents. The most important challenges noted are limited integration of markets, presence of many taxes and non-tariff barriers and shocks like rise in commodities prices. This indicates that most markets in South Sudan operate in isolation. There are also too many taxes and non-tariffs imposed on anyone doing business. These limit the extent to which they conduct business or discourage many rural households, consequently, leading to abandoning small scale enterprises.

As yet there are not proper regulations on how MFIs should operate in South Sudan. This limits the operation of the current MFIs. At present, MFIs are simply required to register with the Central Bank of South Sudan. Although microfinance has a huge potential in South Sudan where the majority of the population live below poverty thresholds and have limited access to the banking system, given the large IDPs/returnees it can provide the much needed initial finance to jump start small enterprise for enhanced livelihood opportunities and support to the growing private sector. Current programs have generated much enthusiasm. However, despite the support from a number of support organizations and the presence of a number of MFIs in South Sudan since 2005, the development of the industry has been slow and constrained.

In addition to building the provision of microfinance, as outline above, further steps should be taken to increase the impact of microfinance initiatives. A greater coordination amongst the supporters of microfinance and the capacity building of government institutions – are two examples, which would raise the impact of current initiatives. Similarly, for the success of MFIs outreach to more remote areas and an enhanced focus on security and transport facilities by the government and other relevant agencies would be required.

One key gap that has not as yet been addressed despite repeated calls from several government staff and consultants as well as local NGOs, is that of linkage between financial provision and training across sectors and productive activities. Measures addressing these linkages would raise the impact of microfinance substantially. This is particularly important for the agricultural sector, as while it is a major source of subsistence to the majority of the population in South Sudan; it is not currently addressed by any of the microfinance providers. The development of the appropriate agricultural lending methodologies for this volatile-post conflict environment would be crucial for substantial short run broad-based and peaceful growth of the new nation.

It is also a known fact that microcredit has not been very successful in reaching the extreme poor in a lot of third world countries. This failure can be explained in terms of the interaction of demand and supply factor. This is another challenge for BRAC in South Sudan, given the human resources assets` context the extreme poor may stay away because of their own reservations and fear. For the most part these people are so destitute that they consider themselves not creditworthy. They do not feel that they have enough resources to generate incomes to pay back loan. They, therefore, may `self-select` themselves out of credit programmes membership.

6.2 Recommendations

Based on the research findings, the following recommendations are made to the South Sudan Ministry of Agriculture and Forestry, FAO Food security and livelihoods cluster Unit and BRAC to mainstream livelihoods interventions in South Sudan.

6.2.1 South Sudan Ministry of Agriculture and Forestry

- To begin as soon as possible to establish and manage/supervise an agricultural microfinance and credit banking schemes as these will promote current MFIs as well as encouraging the establishment of new local and foreign actors.
- Promote community-based forestry conservation, management and utilization to ensure sustainable use of natural resources for agricultural and forest production.

6.2.2 FAO Food security and livelihood cluster

- To advise and support NGOs both international and local to design livelihood interventions that are appropriate to local circumstances so that they can build rather than undermine existing livelihoods strategies.

6.2.3 BRAC as a major microfinance provider institution

- Should continue its business training component to compensate low literacy rates and poor numeracy skills given the low women literacy rate in South Sudan.

6.3 Area for further research

One area for further research is one big question that BRAC as a microfinance institution has to look into by its Research and Evaluation Division (RED), based in Kampala-Uganda which is “What structural change it has to adopt in service delivery to reach remote areas in South Sudan?”

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BRAC Microfinance Information

21. How does this support help improve your livelihood? Creates self-employment, Increases agricultural production, Enables me to make wise decisions at household and group level, Others (specify)

22. Apart from BRAC program activities, what other activities do you do in order to be self-sufficient? Agricultural production, Off-farm (specify) _____ Non-farm (specify) _____,

23. What are the challenges that you face in the course of participating in BRAC program?

Credit (relatives, money-lenders, _____)

Checklist for key informants (BRAC staff)

- 24. Information on microfinance program.
- 25. Number of impacted households.
- 26. Stakeholders and their roles.
- 27. Other microfinance institutions available.

- 28. Basis for selecting the program locations.
- 29. Criteria used to select the beneficiaries.
- 30. Supporting and hindering factors.

Appendix 2: Human development indicators for South Sudan.

- 72% adult illiteracy rate
- 90% of the population lives on less than \$ 1/day
-
- 25% of newborns die of preventable diseases before age 5
- One doctor per 100,000 people
- 1.9 % finish primary school; less than 1% of girls finish primary school

Sources:

- 1- *Sudan Open Archive, New Sudan Center for Statistics and Evaluation in association with UNICEF, June 2004. P.3.*
- 2- *United Nations and Partners: Work plan for Sudan 30 November 2004. 2005.*

Appendix 3



BRAC, Southern Sudan

Micro - finance Program

Basic Information Sheet of a prospective Borrower (To be filled up by BM Through visit)

Name of group:
Group Code No:

Name of Member:
Membership No:

SI. No	Particulars	Description
1.	Location and type of business	
2.	Sources of Capital	
3.	1. Inventory on that day 2. Cash in hand on that day	
4.	Fixed Assets of the Business	
5.	Total sales in last seven days	
6.	Net Income in last seven days (Income - Expenditure)	
7.	Demarcation of member's residence (How can her house be identified?)	
8.	Description of the house and the surroundings	
9.	The ongoing activities at the household during BM's visit and what was the member doing at that time?	
10.	Name of any locally well-known personality who knows the member.	

Signature of Member:

Name:

Date:

Signature of Branch Manager

Name:

Date:

Checked by AM:

Signature:

Name:

Date:

Appendix 4



BRAC Southern Sudan
Microfinance Program
Loan Application Form

Name of Branch:..... Name of Area.....
 Name of Group:..... Group code No:.....
Description of Application
 Name..... Occupation:.....
 Membership No:..... Small group No:.....
 Proposed Loan Amount :SP.....
 SP (Inwords).....

Signature of Applicant

Date

Applicant outstanding Loan information

Disbursement Date	Loan Code	Loan Amount	Realized Amount With interest	Total payment up to date	Outstanding	Overdue installment	Irregular Installment Number	Accountant's Signature with full name

Loan security information up to date.....(in words)

Loan No. 1st /2nd/3rd.....

Loan Recommendation:CO (MF)

Signature:.....Name:.....Date:.....

Loan Approval:

SP: SP (in words).....

Loan Recommended:
 Branch Manager:
 Signature:
 Date:

Loan Approved:
 Area Manager:
 Signature:
 Date:

Loan Approved:
 Manager, (MF)
 Signature:
 Date:

Appendix 5



BRAC, Southern Sudan
 Microfinance Program
 Loan Appraisal Form

Name of the group:

Date:

In today's meeting all members of the large group recommended by raising their hands for following member's loan, those are proposed by their small group leaders

S1.	Member's Name	Member ship No.	Small Group No.	Proposed Loan Amount	Signature of loan recommended by small group leader
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					

Approved by
 Chairman/Secretary/ Cashier (any two of them)

1. Signature:

2. Signature of Co:

3. Checked by BM:

Name:

Name of Co:

Signature:

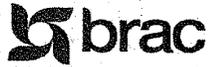
Date:

Date:

Name:

Date:

Appendix 6



BRAC, Southern Sudan
Micofinance Program
Loan Approval Form

Reference:

Branch: Area: Date:

Name of group: Group Code:

Member Ship No.	Name of Applicant	Age	Project's Name	Project Code No.	Loan Amount	Duration	Installment Size
Total							

Recommended:

Signature:

Name:

Designation:

Date:

Approved by:

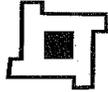
Approved Amount:

Signature:

Name:

Date:

Appendix 7



BRAC Southern Sudan
Promissory Note

To
BRAC Southern Sudan
Nimratalata
Juba, Southern Sudan

I, Father/Husband.....
Boma:.....
Payam:..... County.....
State:..... BRAC Southern Sudan's.....
Group member, I am receiving loan amount of (in words.....
For purpose from
BRAC Brach office dated.....

- 1. I declared that from the date of will repay my whole borrowed money with interest by weekly installment total number of installment will be 20/40 and total amount will have to repay within
2. I will invest the loan money for income generating activities encouraged by BRAC and proposed by me I will not spend this money in any thing else, if I do then will be bound to pay back the loan money with and including expenditure occurred for this loan in any time asked by BRAC. It is clearly understood that, there is no relation between loan repayment and profit/ loss from investing the money.
3. Until full repayment of the loan with interest, my assets, resources incurred from the borrowed money will be held to BRAC, incase of failure of payment BRAC can sue me in court and can sell my permanent or temporary assests/ properties or belonging to realize the borrowed money with interest. In case my inheritances and or any body on my behalf, if their claims will be automatically rejected by the court.

I under stood the above condition clearly and received the full amount of loan amount and I put my signature below with out any pressure from any body.

Date:.....
Signature of Borrower

Witness:
1. Signature: 2. Signature: 3. Signature:
Name: Name: Name:
Father/Husband: Father/Husband: Father/Husband:
Address: Address: Address:

Nimratalata, Juba, Southern Sudan.