

# **IS SELF HELP THE BEST HELP?**

COMPARING DONOR FUNDED AND LOCALLY FUNDED  
(SELF HELP) DEVELOPMENT PROJECTS IN VIEW OF  
SUSTAINABLE DEVELOPMENT.  
A COMPARATIVE STUDY FROM UGANDA

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*This Master Thesis is carried out as a part of the education at the University of Agder and is therefore approved as a part of this education. However, this does not imply that the University answers for the methods that are used or the conclusions that are drawn.*

**Master Thesis in Development Management**

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Centre for Development Studies



## Master thesis

### *Is Self Help The Best Help?*

*Comparing donor funded and locally funded (self help) development projects in view of sustainable development. A comparative study from Uganda.*



By

**Carolyn Nyanjura**

The master thesis is carried out as a part of the education at the University of Agder and is therefore approved as such. However, this does not imply that the University answers for the methods that are used or the conclusions that are drawn.

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*Cover photo showing a cash counter provided by a donor and a cash safe box for a self help project*



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## Declaration

I confirm that this is my original work not submitted to any other institution of learning

I confirm that I do not refer to others or in any other way use the work of others without stating it hence I confirm that all references are given in the bibliography.

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Master Student

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## Abstract

Persistent poverty in low developed countries is a concern which has drawn a number of external efforts, the most recent being the Millennium Development Goals (MDGs). The paradox has and still is that while aid has been provided in large quantities, the debt burden and poverty levels in developing countries, especially Sub Saharan Africa, seem to be on the increase and the ability of aid to solve this is highly questioned (Erixon, 2005; Watkins, 1995). This state of affairs propelled this study to investigate the option of development from within-self help. Using a comparative approach to the study, self help projects and donor funded projects were looked at. The purpose was to establish to which degree sources of funding have an impact on the sustainability of development projects, measured as improved and environmentally friendly livelihoods for local people.

Specifically, the study assessed the formation and management of both donor funded and self help projects. It also went ahead to assess how the difference in formation and management of the two categories of projects influences realisation of improved and environmentally friendly livelihoods. This study reports on an investigation of five different cases of both donor funded and self help projects in Jinja district, Uganda. These cases were studied using a qualitative strategy because of interest in an in-depth understanding of people's views about the donor and self help projects. This was achieved through conducting of unstructured interviews, accompanied by focus group discussions (FGDs), participant observation and content analysis of relevant documents.

Principal conclusions from this study include;

Both donors funded and self help projects cannot be guaranteed to result into sustainable development unless it is purposed. With predetermination, donor funded projects are more likely to implement the notion of environmentally friendly livelihoods although not necessarily improved livelihoods for the people.

Self help projects have higher chances of realising improved livelihoods in developing countries compared to donor funded projects, although they are less likely to put the environment into consideration.

Basic skills of managing and running a project are important for the success of both donor and self help projects.

From the findings and analysis, conclusions and recommendations for future practice were made and include:

- Channelling of development aid to capacity building of communities in the area of financial management, attitude change and environmentally friendly practices.
- Using micro loans through organised groups as the strategy for development in the developing countries.
- Making environmentally friendly practices a requirement for any development pursued by any party whether the community or donors.
- Making individual decision about livelihoods a priority if improved livelihoods are to be realised.

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**Abbreviations and Acronyms**

CBO	.....Community Based Organization
CDRN	.....Community Development Resource Network
JIDDECO	.....Jinja Diocesan Development Commission
LC	.....Local Council
NGO	.....Non Government Organization
PFA	.....Prosperity For All
SACCO	.....Savings and Credit Cooperation
ORUDE	.....Organization for Rural Development
MARUSACCO	.....Mafubira Rural Savings and Credit Cooperation
USCU	.....Uganda Savings and Credit Union
USD	.....United States of America Dollar



# CHAPTER ONE

## *1.0 Introduction/Background to study*

Development as a term usually carries different meanings for different actors, but for this research study, development is the “whole range of economic, social and cultural progress which people aspire” (AFRODAD 2005/2006:47). However, the development today should not hamper the development of the future; hence we talk about sustainable development (Brundtland, cited in Adams, 2009:5). There is need to strike a balance between the now and the future, the growth of the economy and the protection of the environment, and not forgetting the overall well being of the people.

For a long time development has been pursued following experiences and practices of the “Western economic history” (Burkey, 1993:27). A lot has been done to change the state of the developing countries, the most prominent being provision of development aid which is the movement of resources, be it financial, material, and labour or expertise from one entity to another (AFRODAD 2005/2006). By nature of its construction, development aid is aimed at alleviating poverty in the long term, which distinguishes it from humanitarian aid or emergency relief aimed at addressing an immediate befallen disaster (Erixon, 2005:7). Since majority of the developing countries are struggling with the causes and effects of poverty, development aid then in this case seems rightly focused.

While much of the development aid comes as financial assistance to the state budget (Moyo 2009), donor funded projects are yet another channel through which development aid gets to the developing countries. Donor funded projects provide the channel for expatriates and other resources and many keep mushrooming day by day, showing the large extent to which development aid is getting to the developing countries. However, while this aid has been provided in large quantities, the debt burden and poverty levels in developing countries, especially Sub Saharan Africa, seem to be on the increase and the ability of aid to solve this is highly questioned (Erixon, 2005; Watkins, 1995).

Donor funded projects even after being in existence for decades are not getting the countries of the developing world to the level of development that is desired and sustainable. Stanley Burkey a former change agent in the developing world puts this a cross more clearly when mentions that;

We have now seen over three decades of so-called development programmes and thousands of development projects...Yet everyone who has any familiarity with the Third World knows that poverty is well and thriving; that the numbers of poor are not only increasing but their poverty is deepening. What is wrong? (Burkey, 1993: xvi)

This study has not focused on discovering what is wrong with donor funded projects, as questioned by Burkey. Instead the study was interested in exploring the possibility of development from within rather than from without, thus the focus of interest was self-help. Is development as a result of self help possible or is it a myth? Are self help projects capable of being more effective than donor funded projects? All this is further explored in this comparative study between self help projects and donor funded projects.

## ***1.2 Problem Statement***

The problem of persistent poverty in the developing countries has continued to surface from time to time. It is now the 21<sup>st</sup> century and a good number of the developing countries are still struggling with problems like a bigger percentage of the population failing to meet basic needs (Moyo, 2009, Erixon, 2005; Watkins, 1995). While different reasons have been given for the underdevelopment, including the political strife in many of the developing countries, yet even where it has been relatively peaceful the biting poverty still exists (Burkey, 1993; Moyo, 2009). It should not be forgotten that even the political strife quite often is a result of poverty, and should be looked at as an affirmation of the underdevelopment rather than the reason for slow development (Moyo, 2009). A lot of resources have been sunk into countries of the developing world and a number of development projects funded by donors from the industrialised world have been established in the developing countries, yet at the end of the day not much can be told of their presence (ODI, 1996; Burkey, 1993).

If as cited from the scholars above, external assistance through donor funded projects has not been very successful in reducing poverty levels, is it not high time that efforts were turned to concentrating on what exists within the developing countries for their own development? Would a change to use of local funds for development make any difference in the state of affairs in the developing countries, or is the solution still donor funded projects? This study set out to investigate the option of self help against donor help, which of the two is most effective in bringing about sustainable development?

## ***1.3 Main research objective, specific objectives and research questions.***

The main objective of the study is to investigate to which degree sources of funding could have an impact on the sustainability of development projects, measured as improved and environmentally friendly livelihood for local people. The study will be based on a comparative approach, investigating the differences between donor funded and self help micro finance projects in view of which of the two results in improved and environmentally friendly livelihoods for poor people. The focus of this study regards the source of funding for the projects.

### **1.3.1 Specific objectives**

- To assess the formation and management of donor funded projects and locally funded projects
- To assess how the difference in formation and management of the two projects influences realisation of improved and environmentally friendly livelihoods

### **1.3.2 Research questions**

1. In what ways is the formation and management of microfinance self help projects different from microfinance donor funded projects?
2. How does the difference in formation and management if any influence the realisation of improved and environmentally friendly livelihoods

3. What are the possibilities and constraints of micro finance self-help projects compared to micro finance donor funded projects in bringing about improved and environmentally friendly livelihoods?

#### ***1.4 Brief presentation of the study area-the cases of study.***

This study was conducted in the Eastern region of Uganda- Jinja district. The district borders the districts of Mukono to the south and Iganga in the north. It is the home of the source of the Nile, a famous historical and tourist attraction. Jinja is dominantly occupied by the Basoga ethnic group, although other groups like the Baganda live there (exist). The district like most of the country is mainly an agricultural district, and the majority of its inhabitants are farmers. This implies that livelihood activities of the people have direct effect on the environment making it a good area to study projects that can bring about improved livelihoods without negatively affecting the environment. The district was also selected because different cases required for study could all be located there making the data collection and analysis easier.

From this district; five case studies have been performed, and they are forming the basis for the analysis. These cases include the Community Based Organization (CBO) Fund which is a case representing a donor funded project; and the Twin family group which is the case representing the self help project in an urban setting. The other cases are the Busedde sub-county Savings and Credit Cooperative (SACCO), which is the government, aided self help project; Busedde SACCO which is the rural self help project; and lastly Mafubira Rural Savings and Credit Cooperative (MARUSACCO), which is a donor aided self help project. Initially, the study was set out to explore a pure self help project and a pure donor funded project. However, as progress was made in data collection, and as analysis was conducted, it was found necessary to look at self help project from a rural area, a government aided self help aided, and a project that had a blend of both donor and self help. As stated by (Bryman 2008:544) a key aspect of grounded theory, the major method of analysis of this study, is the fact that data collection and analysis move back and forth. Data is collected and analysed, then what is obtained from the analysis influences the next data to be collected, and the whole sequence is repetitive until no more new content can be obtained in that area. Consequently, the scope of study was broadened which enriched the findings and analysis.

#### ***1.5 Definition of key terms***

Concepts in development take on different meanings for different stakeholders. For this study, the following working definitions have been employed to guide the exploration of the issue at hand:

##### **Sustainable livelihoods**

In this study, sustainable development is narrowed down to sustainable livelihoods implying improved and environmentally friendly livelihoods for the people. The key terms within this definition are further broken down. According to Krantz, “a livelihood comprises the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks maintain or enhance its capabilities and assets, while not undermining the natural resource base”(Krantz, 2005:1).

### **Self Help Projects**

Self help projects are derived from the self reliant participatory development orientation. In this study, Self help projects are defined as development efforts totally dependent on men and women themselves assisted by those who are willing to live and work among them. (Burkey, 1993: Xii)

### **Donor funded Projects**

Donor funded projects are as a result of a thinking which believed in “development by financing investments” arguing that investment in less developed countries (LDCs) could be stimulated by injections of cash from overseas (Erixon 2005:7). For this study, donor funded projects are defined as development efforts totally dependent on external effort, with communities as participants and NGOs as the channels for assistance. It does not matter who is implementing the project, whether the elites of the developing countries or expatriates. As long as the projects are designed and implemented by this category of people and not an initiative of the local grass root people, then they are donor funded.

## CHAPTER TWO

### 2.0 Literature review and Theoretical findings

This section presents the findings and writings of different authors around the key aspects of this research: sustainable development, in particular sustainable livelihoods, self help projects, and donor funded projects, in particular microfinance projects. Consequently, this section is organized in the mentioned format and ends with a theoretical framework that will guide the collection and analysis of data. Moyo sets a preamble to this discussion. She states that “Africa’s development impasse demands a new level of consciousness, a greater degree of innovation, and a generous dose of honesty about what works and what does not as far as development is concerned” (Moyo, 2009:154). Similarly the literature review below is not to make judgment on which is the best, self help or donor funded projects. Rather it is an exploration for what works and what does not for development in order to guide the data collection process.

#### 2.1 *Sustainable development*

...all too many development professionals ...do not reflect on the possibility that sustainable rural development will only be achieved through the efforts of the rural people themselves working for the benefit of themselves, their families and hopefully their communities. Government and agencies can assist this process but they cannot do it themselves (Burkey S, 1993: xvii).

Viewpoints relating to sustainable development are on the rise, but one is profound, and that is the one from the Brundtland report: “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland cited in Adams, 2009:5). It is living today with one leg in the future, an aspect necessitating practical considerations even though the practicalities are still being questioned, given the growing population and decreasing natural resources. Vitousek *et al* mention that “we are changing the earth more rapidly than we understand it” (Vitousek *et al*, cited in Adams, 2009:17) a phrase which would leave one wondering if sustainable development can ever be a realistic and practical concept. If the rate of change is this high, is there room to stop and think of the present at the same time the future? The answer is yes given certain criteria in place as discussed below.

##### 2.1.1 Sustainable development in practice

Practicalities of sustainable development necessitate a recognition that development, environment and poverty are interrelated, and that projects aimed at improving the well being of people must work at maintaining a harmonious and complementary relationship between these three aspects. To achieve this, Adams (2009:155) mentions that “what is needed is dematerialization, the reduction in the amount of natural resources and energy used to generate wealth.” But this sounds simplistic. How practical can this be in real terms of a development project? How does one tell if a project will achieve the above requirement or simply put will result into sustainable development? Adams has proposed a solution to this under his analysis of sustainability at the project scale. He mentions two aspects to guide in assessing project sustainability; comparing “with and without-project benefits and costs...and

the need to consider the opportunity costs of investments (that is what the same investment would yield if spent on something different” (Adams, 2009:157). In other words what is the benefit of not having a particular project, and what is the cost of not having it. Similarly what is the benefit of having a certain project, and what is the cost of having it? This very criterion is employed in comparison of self help and donor funded projects in relation to sustainable development.

Other criteria that could be adopted to assess sustainability at the project scale include those by the World Bank (1992). They include “...scale of the economy, structure (the mix of goods and services produced), the ability to substitute away from resources that are becoming scarce, the ability to use clean technologies and management practices to reduce damage per unit of input or output, and the efficiency of inputs used per unit of output” (World Bank (1992) cited in Adams (2009:154). From the above, it is evident that the aspect of what is being done and how is done is crucial in assessing the ability of a project to result into sustainable development

### **2.1.2 Improved and environmentally friendly livelihoods (Sustainable livelihoods)**

While sustainable development can mean and involve so many activities, the focus of this study is on improved and environmentally friendly livelihoods. Such livelihoods are at times termed as sustainable livelihoods. According to Knutsson (2006:1), the concept of sustainable livelihoods was introduced by Robert Chambers and Gordon Conway in 1991, after which other development organizations took it up to form the Sustainable Livelihood Approach (SLA) to development. Krantz (2005) adopts Robert Chambers and Gordon Conway’s definition of sustainable livelihoods and writes;

A livelihood comprises the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks maintain or enhance its capabilities and assets, while not undermining the natural resource base. (Krantz, 2005:1)

This definition is what is adopted and guiding this study. Capability is the ability to do something for oneself, and assets are what will enhance the capability. The capability is within the individuals, obtained naturally, through training or any other means. The assets could be obtained solely by the individual (self help) or with external support (donor funding or government aid). Therefore improved livelihoods imply an enhancement in both capabilities and assets.

However, it is not enough to enhance capabilities and assets, the enhancement should be able to result into livelihoods that are environmentally friendly. The livelihoods should be seen to conserve and not destroy the environment.

## **2.2 Self Help Projects**

Derived from a leaflet written by an NGO called Kings Care (nd), “the purpose of self help projects is to help people improve their income so that they are not continually in need of aid”. This explicitly presents self help projects as substitutes to aid although not showing to what degree this is realistic. According to Mur Effing M. (2009), “the concept of self-help is related to self-making and taking charge of one’s destiny” (Mur Effing M, 2009:127). It is individuals working out their personal development instead of relying on others. This implies

key decisions have to be taken by the individuals and not on their behalf by external parties. This is similar to what Stanley Burkey refers to as self reliant participatory development. He says “it is a slow and difficult process, one totally dependent on men and women themselves assisted by those who are willing to live and work among them” (Burkey, 1993: Xii). Burkey does not rule out the aspect of external assistance in self help projects noted from the fact that he acknowledges assistance from those willing to live and work among developing communities.

The challenge is in determining when to give the assistance and how much assistance, not forgetting how to minimize the negative implications the assistance may have. Ellerman (2002) cited in Sawamura (2004) writes regarding the goal of self help that; “the assumed goal is transformation towards autonomous development on the part of the doers, with the doers helping themselves. The problem is how can the helpers supply help that actually furthers rather than overrides or undercuts the goal of the doers helping themselves? ...” (Sawamura N. 2004: 32). The doers in this case are the people belonging to the self help project and the helpers are those providing external assistance. This is termed as “the conflict between help and self reliance” (Sawamura N. 2004: 32).

Although not so explicitly, Moyo (2009) also seems to allude to the aspect of some external assistance being vital for development, where aid if not relied on completely and is just a minimal assistance can turn out to be of more value. In justifying why the Marshall plan, in which aid was given from USA to European countries after the Second World War, could have worked for the European states, she argues that, “for one thing, European countries were not wholly dependent on aid. Despite the ravages of war, Western Europe’s economic recovery was already underway, and its economies had other resources to call upon” (Moyo, 2009:36). Moyo seems to allude to the fact that if a country is already on a footing of growth, then aid would be of benefit. This raises a number of questions regarding the developing countries. Aren’t countries in the developing world already on a footing of growth? Why isn’t a similar change as was noted in West Europe evident in these countries? Has it got something to do with the dynamics of the different contexts or is the problem the way aid is handled?

Davies, (1997) out rightly concurs with the aspect of external assistance even in self help projects. He mentions that “there are many forms of self help...the group provides all or part of the necessary funds or resources” (Davies, 1997:88). In the instance of providing part of the funds or resources, then the other half is obtained from external assistance. The important aspect in this is that the community must have a contribution to make to their development in terms of providing resources and not just be on the receiving end. However, Davies (1997) goes ahead to mention the possibility of the group providing all of the necessary funds or resources. The question is how practical can this be, and this study is interested in establishing whether this is possible and what returns it brings and challenges faced.

### **2.2.1 Limitations/Challenges of Self Help Projects**

Although self reliant participatory development from which self help projects arise may seem the long awaited solution for the third world, it is not without challenges. From Burkey’s experience with working with communities in the developing world, “self help ...is a slow

and difficult process... and is as a result of trial and error” (Burkey, 1993: Xii). The reason for the slow progress can be attributed to the approach with which self help projects are implemented. In reference to the approach of self help projects, Sawamura “states that self-help efforts are more bottom-up and process-oriented” (Sawamura N. 2004:32). Bottom-up approaches involve a longer process of decision making since they are participatory unlike the top-down approaches where decisions are dictated. Is there a possibility of expediting the process of self help and making it more certain rather than trial and error? A question of opportunity costs arises. Should self help be pursued even when it is a slow and difficult process, or should it be disqualified on this basis? By being slow and difficult, is it sustainable and does it result into sustainable development interpreted as improved and environmentally friendly livelihoods? This study is interested in exploring the functionality of self help projects amidst such challenges.

Another key challenge that can paralyze a self help project is the attitude/thoughts of those involved in self help projects. Mur Effing (2009) in his write up on self help acknowledges the influence of attitude/thoughts on personal development. While referring to self help books, he states that; “in this category of self-help books, writers affirm that only by changing their thoughts will people be able to change their lives...”(Mur Effing, 2009:137). Unfortunately, many times those involved in self help projects even after establishing their projects to a level that can keep them growing, still think of or look forward to a time of free handouts to support their projects. As Burkey writes; “... all too many rural people have also come to believe –they have been told so many times-that this government or that agency is going to develop them” (Burkey, S 1993: xvii). Such an attitude and thinking blocks progress since people are waiting for someone else to do what they can possibly handle on their own. It is an attitude of dependence and takes telling people so many times and over and over again that they can do it on their own for dependence to be overcome. Can self help be satisfactory and sustainable enough to be able to overcome such a huddle like dependence? This research sets out to explore such possibilities.

On the other hand, people in the Western world have been made to believe that it is their moral obligation to help those in Africa that are in need (Moyo 2009: xviii). This also poses a challenge to self help projects since they (West) will be compelled to continue collecting resources for Africa. It also then poses a challenge of changing not only the attitude of people in Africa, but also of the people in the West who sacrifice their resources in the name of helping Africa. To change the attitude of those in the West may require more effort than changing the attitude of the people in Africa to move away from dependence. While attempting to fight the dependency attitude of the people in Africa, the giving attitude of the people of the West can put all this to a waste. How is the independence of self help projects maintained in all this?

### ***2.3 Donor funded Projects***

ODI, in a briefing paper, mentions that between 10% and 15% of all aid to developing countries (over \$6 billion) is channeled by or through Non-Governmental Organizations (NGOs)” (ODI 1996:1). The concepts of development and development aid can be traced back as far as the climax of 2<sup>nd</sup> WW. President Truman, the then President of United States of America, made a public speech calling for the need to support other poor nations (Rist 1997:70). His speech emanated from a statement of a civil servant, who recommended help to be rendered to other poor countries in the world rather than Latin America alone (Rist

1997:70). Other scholars believe the idea of aid emanated from an economist called Maynard Keynes as far back as the 1930s (Erixon.2005:7). Keynes believed in “development by financing investments” [and economists who took after him] argued that investment in less developed countries (LDCs) could be stimulated by injections of cash from overseas (Erixon 2005:7).

This is the ideological foundation of donor funded projects in the developing world today. Donor funded projects have continued to be the preferred means of getting development assistance to Africa, and there is justification for this. As Franks *et al* write, “Projects continued to be the favored vehicle for aid funding, partly because the project format facilitated the strict financial control thought necessary for the proper accountability of public funds by donors” (Frank *et al* 2004:2). While it is good to promote accountability, the key question is, do developing countries still need these projects in place to realize development? Moreover, strive for accountability has also not been without problems. It has created issues of dominance of donors over the beneficiaries of aid undermining issues of empowerment and fuelling dependence.

Nevertheless, some scholars still hold it that donor funded projects is what is needed for realization of development in the developing world. This is evident from the ODI brief which mentions that “over the past two decades official donors have increased their funding of NGO development projects” (ODI 1996:1). The projects are still viable with need for change in way of operation and not elimination from the scene. In the study “Good bye to projects”, the authors believe that the tools and skills of running the projects are well known but need to be changed for effectiveness (Franks *et al* 2004:4).

### ***2.3.1 The impact of limited documented evidence on donor funded efforts***

The challenge is in locating more convincing evidence overtime for the need for donor funded projects. While there are many donor funded projects, it has proved challenging to obtain evidence on success of donor projects compared to criticisms about them which makes it seem they have not achieved much. Consequently, this inherent gap creates the impression that this paper has a low opinion of donor funded projects even though it is not the case. There is more accessible literature on failure than success, and this can be explained. Nelson M. (2006) made mention of the same dilemma in his write up on donor sponsored training programs. He says, “unfortunately, neither donors nor developing countries have systematically gathered data at the critical links of the production chain to make such detailed analysis of cost-effectiveness possible” (Nelson M. 2006:1). He makes mention of the same issue further down in his paper and states that “perhaps even more important for evaluating the cost-effectiveness of training programs is the lack of data on how much donors and countries spend on training and what instruments are used” (Nelson M. 2006:3). This makes it explicit that more information would possibly change the opinion that donor funded projects have not achieved much as stated by the proponents of no more development aid to developing countries. What is unfortunate is that neither the donors nor the recipients of aid are very devoted to collecting this information (Nelson M, 2006:1; ODI 1996:1)

According to the ODI briefing paper, “until recently, there has been little evidence with which to judge the contribution NGOs make to development. Very few NGOs, big or small, have a portfolio of representative evaluations of past projects which they place in the public domain” (ODI 1996:1). ODI goes on to present that even with the improvement in

documentation of progress made by NGOs, “there remains a substantial lack of both quantitative and qualitative data on projects, compounded by the fact that some NGOs, especially the smaller ones, still do not place a high priority on gathering and assessing information on impact” (ODI 1996:8). As earlier mentioned, NGOs are known to be the preferred channel for donor aid and this state of affairs helps explain the gap in attributing success to donor effort.

Interestingly, this is not because NGOs do not conduct evaluations, actually almost every end of project has a review or evaluation as a donor requirement. So what is the reason for this kind of occurrence? ODI briefing paper goes on to explain that “where assessments have been carried out, especially using external evaluators, these have commonly focused on ‘problem’ projects, constituting an unrepresentative sample which, understandably, NGOs have not wished to distribute widely” (ODI 1996:1). It is therefore no wonder that it is hard to come by literature listing the successes of NGO projects in realizing development. But could this be the only reason? Have NGO projects contributed to development only that it is not documented?

In achieving their immediate project objectives, “studies conclude that the vast majority of projects assessed do succeed in achieving their narrower and immediate objectives” (ODI 1996:2). At this level, the NGOs are considered successful “yet even successful projects fail to enable people to ‘escape’ from poverty... [and] one should not expect such dramatic results from most NGO projects” (ODI 1996:3). What of success beyond the project objectives? What of impact on development? This has proven a challenging area for most NGOs, and could be the reason why critics of aid have made conclusions that donor aid is of no relevance. As rightly put by the ODI brief “NGO projects have most difficulty in making an impact” (ODI 1996:4). Could this be as a result of the design and management of these NGO projects? While this study does not out rightly set out to establish why NGO projects do not impact development, it was hoped that in the course of studying the option of self help this could be uncovered.

Moyo seems to think that the efforts of ensuring aid gets to Africa are all together a wastage. She questions “could it actually be that the countless development agents and agencies and innumerable man-hours deployed to send money have been for naught – attempting to address a problem that does not exist” (Moyo, 2009:137). The question leaves one pondering and seeking for proof of answer. While Moyo’s contentious statement of “attempting to address a problem that does not exist” needs further exploration, what is certain is that other scholars like Burkey are in agreement with her that the money sent is wastage since it results into less positive effects.

We have now seen over three decades of so-called development programmes and thousands of development projects designed and implemented by hundreds and thousands of local and expatriate, government and nongovernmental consultants, experts, administrators, trainers, volunteers etc. Yet everyone who has any familiarity with the Third World knows that poverty is well and thriving, that the numbers of poor are not only increasing but their poverty is deepening. What is wrong? (Burkey, 1993: xvi).

It does not matter who is implementing the project, whether the elites of the developing countries or expatriates. As long as the projects are designed and implemented by this

category of people and not an initiative of the local grass root people, then they are donor funded. The dilemma is that for long reports are that such projects have not achieved much success in terms of impacting development, yet they still exist as the solution to the development of the third world. Could self help projects make a difference where donor projects have failed or is it all a wild goose chase?

A key characteristic of donor funded projects is that they are top down creating an increased dependence of the local people on external resources (Sawamura 2004, Burkey 1993, Moyo 2009). The projects consequently hamper innovation and work against self help projects since people are blocked from thinking they can do anything for themselves, out of their own initiative and resources. Further, still the projects are often meeting project needs and not the needs of the people for whom they are set. There is a “gap between the perception of the intended beneficiaries and programme planners in regard to their priority needs” (Burkey S 1993: xvi) and this is the genesis of problems for donor funded projects. Even with good intentions for some, the fact that they are not congruent with the local people’s expectations and priority, they have ended up being wastage of resources. Is it possible to do without donor funded projects in developing countries and still expect to achieve sustainable development, or is this a myth? In spite of all the flows, are donor projects more realistic in bringing about sustainable development for the developing world than self help projects? These are some of the questions being explored by this study.

#### **2.4 *Micro finance Projects***

According to CGAP (2003:1), microfinance “means financial services (savings, credit, and payment transfers, insurance) for poor and low-income people”. The finances can be provided by donors hence making them donor micro finance projects, or by the community members making them self help projects. Moyo contends that “the core problem with Africa is not absence of cash, but rather its financial markets are acutely inefficient-borrowers cannot borrow, and lenders do not lend despite the billions washing about” (Moyo 2009:137). Is this true of Africa? So where is this cash hidden or why is it not visible? If this assertion of “borrowers cannot borrow, and lenders do not lend” is true, is this yet not another limitation for self help projects? Where does the financial sustainability for self help projects come from in such a corrupted system? As this study explores self help projects, some of these questions will need to be addressed.

It is stated that “savings are hugely important part of a country’s growth and a country’s financial development. Domestic saving is the most important source of financing and thus boosting growth” (Moyo, 2009:138). How much of this is true? Can growth be explicitly evident in the cases of domestic saving? Wouldn’t foreign saving bring more returns? In Moyo’s opinion “it is this type of innovation, providing micro-loans...that Africa should look to replicate in order to bring its masses into the global fold” (Moyo 2009:140). Her statement compels a study of micro loan provision in Africa to establish how much truth could be in this statement. The discussion below on Savings and Credit Cooperatives is linked to this idea of micro loan provision. The issue is, if it is also already existing in Africa, then why the continued under development?

#### **2.5 *Savings and Credit Cooperatives (SACCOs)***

One of the famous channels for financial development in Africa has been the Savings and Credit Cooperatives commonly abbreviated as SACCOs. CGAP donor brief 25 (2005) describes Savings and Credit Cooperatives as

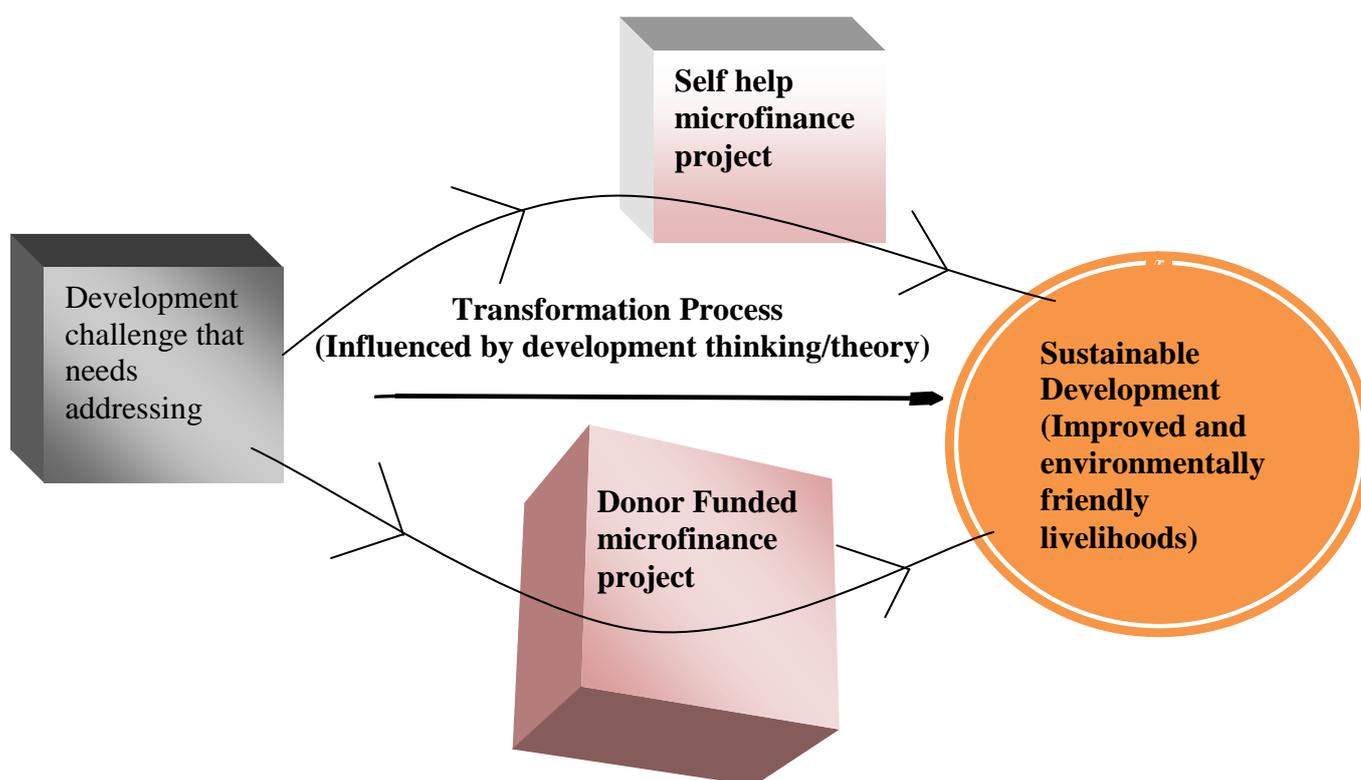
User-owned financial intermediaries... have many names around the world, including credit unions, SACCOs, COOPECs, etc. Members typically share a “common bond” based on a geographic area, employer, community, or other affiliation. Members have equal voting rights, regardless of how many shares they own. Savings and credit are their principal services, although many offer money transfers, payment services, and insurance as well. (CGAP, 2005:1)

SACCOs can either be donor supported, community member’s initiatives, or government supported or a combination. Whatever the case, the functions are usually the same - providing savings and credit opportunities for the members with the difference being in management. What would be the difference between a donor supported SACCO and a community members’ SACCO in regard to realization of sustainable development? Which one would be the best option for developing countries? This study will focus on SACCOs as the cases for study in an attempt to establish which of the two, donor or self help projects, result in more sustainable development, measured as improved and environmentally friendly livelihoods.

## 2.8 Theoretical/Conceptual frame work of the study

Under this section, consideration is made of theory and thinking that influences the way in which development is conducted and how this influences the results. A conceptual framework is presented below to guide the exploration of the issue at hand- investigating the differences between donor funded and self help micro finance projects in view of which of the two results in improved and environmentally friendly livelihoods for poor people.

**Figure 1: Conceptual Frame work for the study**



The starting point and the desired final point of destination for the two types of projects is the same. Both projects aim at addressing a poverty situation in a way that results in sustainable development. The difference lies in the processes in between of implementation and management of projects. Different approaches are employed for the different projects, underpinned by different theories and thinking about development. Among other theoretical underpinnings, donor funded projects for example often employ the top down approach to development, based on the thinking that development should be taken to the people. On the other hand, self help projects employ the approach of bottom up based on the thinking of development from within. These theoretical positions stir and influence the rest of the events that take place in the transformation process from a problem to sustainable development. As a result of the difference at theory level, even the desired outcome does not remain the same for the two projects. It is these differences that were further assessed to be able to make conclusions on which of the two projects results into improved environmentally friendly livelihoods.

## CHAPTER THREE

### **3.0 Methodology:**

The methodology for conducting this research is in tune with the overall objective and the research questions guiding the study. The research is interested in the “being”, “doing” and “relating” of the self help and donor funded projects. People’s narratives, interpretation and understanding about the reality of the self help and donor funded projects are thus key in conducting this research study. Consequently, the study will be conducted along these guidelines:

#### **3.1 Research Strategy**

According to Bryman (2008:698), a research strategy is a “general orientation to the conduct of social research”. Simply put, it is a plan or a layout for searching, collecting, and assessing information. It is the basis for the whole research. A strategy is defined by such aspects as what is considered true /acceptable knowledge (epistemology), and what is considered the basis for reality (ontology) (Bryman 2008). For this study, a qualitative strategy was used and for this strategy, true knowledge is that knowledge obtained out of people’s interpretation, and where the reality is subjective, or created by people.

This is different from the quantitative research strategy that requires researcher detaching oneself from what is being studied. While the quantitative strategy will limit the issue of bias, it will inhibit in-depth understanding of the subject matter (Bryman 2008), yet this is the focus of this study. The desire to study the projects in their natural form, and understand them from the eyes of the beneficiaries out weights the risk of biasness and justifies the selection of the qualitative strategy which then guides other aspects of the methodology.

#### **3.2 Research design**

While the research strategy governs the whole research, the research design, which is also dependent on the research strategy, specifically guides the way in which data is collected and analysed (Bryman 2008). A comparative research design was adopted because of the need to have a direct comparison between two cases. Cases studied fell in the category of self help projects and donor funded projects with a specific interest on motivation for establishment, how they are organised, what resources they exploit, how successful they are, will they be sustainable over time among other issues. The plan was to study a self help project that offers similar services to the services of donor funded project in the same community. The purpose was to ensure there is as much similarity between the cases studied to make meaningful comparison. The design inherently, just like the strategy, influences the methods to be used and below is a look at some of them.

#### **3.3 Research Method**

Bryman (2008; 31) defines a research method as “a technique for collecting data...involv[ing] a specific instrument, such as a self completion questionnaire. The research method is also dependant on the research design selected and the research strategy. This being a qualitative study, methods used were those that could propel respondent opinion sharing. For each method, a research instrument was developed. The research instruments used to collect data

were first tested on a self help project in Wakiso district called “Bwebajja” women’s group. They were reviewed and then later used in Jinja on the different identified projects. The research methods employed included:

### **3.3.1 Unstructured interviews**

Unstructured interviews were the main method of data collection for this study. Interviews were conducted for both staff and beneficiaries of both self help and donor funded projects. The main interest was in what they said, and detail was paid to every word they mentioned. Basing on this, narrative interviews were embedded within the unstructured interviews to enable the interviewees to tell their story of how the projects came into existence, when, why and how they have benefitted. As Bryman (2008) states, a researcher conducting qualitative research needs to be attentive so as not to miss out on anything said, and how it is said. For this reason, all interviews were recorded with the permission of those interviewed and later transcribed. A total of five interviews were conducted for each case studied before theoretical saturation to make a total of 25 interviews.

### **3.3.2 Focus group discussions**

Focus Group Discussions (FGD) were held involving the donor representatives (NGO Program staff), staff of the donor aided self help project, board representatives and beneficiaries of projects. The purpose was to obtain a general view about the formation and management of the project, and one FGD was conducted per case studied to make a total of five. The FGDs were later followed up by individual unstructured interviews with the different participants of the FGD to clarify certain issues. Other planned FGDs could not be organised because of difficulty in getting people together due to long distances coupled by poor transport in rural areas and also different work schedules especially in the urban centre. Instead unstructured interviews were dominantly employed where key informants were accessed at either their homes or business premises.

### **3.3.3 Participant Observation**

Bryman (2008:465) describes participant observation as one in which the researcher stays in a social setting for a prolonged time. He/she is in closer contact with the people and participates in many of the activities the people are involved in. The researcher spent two days at the office of the donor funded project, the donor aided self help project and the government aided self help project to see how activities were carried out. The other purely self help projects did not have full time operational offices and were visited on appointment. Participant observation was used to triangulate the information obtained from the interviews and focus group discussions.

### **3.3.4 Content Analysis**

An analysis of the documents and records of the self help and donor funded projects was done to back up information already obtained using the other methods. Documents looked at included a project proposal and budget for the donor project, an evaluation report for the donor project, constitutions for the different projects, registration documents and financial documents.

### **3.4 *Sampling Procedure***

Since this study was an in depth exploration of self help and donor funded projects, using a qualitative research strategy, for purposes of accomplishing the task of identifying the cases for study in the shortest time possible, non probability sampling was used, and specifically purposive sampling was employed. Bryman (2008:375) describes purposive sampling as the kind where “selection of units (which may be people, organisations, documents, departments etc [is] with direct reference to the research being asked”. Purposive sampling redeemed time since cases were identified straight away, but also enabled better comparison since the case selected for the self help project was intentionally having similarity with that chosen for the donor funded project. However, during collection and analysis of data from these identified projects, theoretical sampling was used. Bryman (2008) describes theoretical sampling as a continuous sampling until the category one is sampling from no longer provides any new data (is saturated). The categories sampled included cases of projects, people for interview and documents for review.

### **3.5 *Data analysis***

For qualitative research, data analysis is not distinct from data collection (Bryman 2008). As the data is collected, analysis is carried out there and then. The method used for analysis in this study was grounded theory. Bryman (2008) describes this method of analysis as “theory that [is] derived from data systematically gathered and analysed through the research process. In this method data collection, analysis and eventual theory stand in close relationship to one another” (Bryman 2008:541). The key aspect about this method of analysis is developing theory out of data. However, Bryman recognises that it is not always so. Grounded theory can end up generating concepts, categories, properties, hypotheses or theories (Bryman 2008:544). This study was questioning whether “self help is the best help” for sustainable development interpreted as improved and environmentally friendly livelihoods. Grounded theory was used to analyse the findings in line with this and concepts have been generated as evidenced in the analysis.

Another key aspect of grounded theory is the fact that data collection and analysis move back and forth. Data is collected and analysed, then what is obtained from the analysis influences the next data to be collected, and the whole sequence is repetitive until no more new content can be obtained in that area. The study initially set out to look at one pure self help project and compare it to one donor funded project. However, as the study progressed, there was need to broaden the scope to look at other kinds of self help projects and their implications for the study. This was done until no more new content could be obtained a situation termed as theoretical saturation (Bryman 2008).

The key guide to using the grounded theory of analysis includes; theoretical sampling, coding, theoretical saturation and constant comparison (Bryman 2008:542). Theoretical sampling as earlier mentioned is a continuous sampling until the category one is sampling from no longer provides any new data (is saturated) (Bryman 2008). The categories sampled included cases of projects to be studied, people to be interviewed and documents reviewed. Because of theoretical sampling five cases instead of the originally planned two were looked at for this study.

Coding is evidenced in this study through the continuum created during analysis. The continuum is a summary of key themes flowing through the findings collected for this study. Donor projects and self help projects are looked at as falling on different sides of the continuum. The continuum is what was used for constant comparison of the donor funded and Self help project.

## **CHAPTER FOUR**

### **4.0 Findings and Analysis**

#### ***4.1 Findings***

Findings of this study are presented on a case by case basis. The cases are presented in the same format influenced by the research questions. The format starts with background information about the project including the problem addressed, management of the project and challenges faced

##### **4.1.1 Case Study 1: A Donor funded project: Community Based Organisation (CBO) Innovation Fund, Akuwa Olukaba Development Group**

The CBOs Innovation Fund was set up in 2006 to demonstrate the central role of CBOs in national development with a view of progressively attracting financing agencies to ‘invest’ in CBOs. The three year project was an attempt to address the problem of difficulty in securing direct technical and financial support for CBOs. Specifically, the objective of the project was to provide technical and financial support to CBOs to encourage developmental innovations for the benefit of their membership and entire local communities (CDRN 2010). This project was designed and developed by a local NGO called Community Development Resource Network (CDRN) based on its previous work experience. Funding was from a donor agency called Cordaid a total of Uganda Shillings 120, 607,999 (USD 60,303.9). CDRN had to account to Cordaid by presenting signatures of CBO leaders showing they had received the money and not details of how it was spent.

##### **Implementation of project**

The implementation of the three-year pilot project was carried out in eastern Uganda, Jinja district. CBOs in this area had to write proposals of what they considered to be innovative projects following a defined format. These proposals were then presented to a technical committee that comprised of three NGOs to evaluate their proposals at their discretion using a criterion known to the committee (CDRN 2010:32)

One of the beneficiary CBOs was Akuwa Olukaba Development Group. This group was identified by another intermediary NGO in Jinja working with CDRN. A grant of 3,867,000 Uganda shilling (USD 1933.5) was given to the group to boost their project of tea leaves packaging. From the project evaluation report, “making available within the communities high quality cheap products was the most significant effect that the project had on the wider community” (CDRN, 2010:39).

##### **Management of the project**

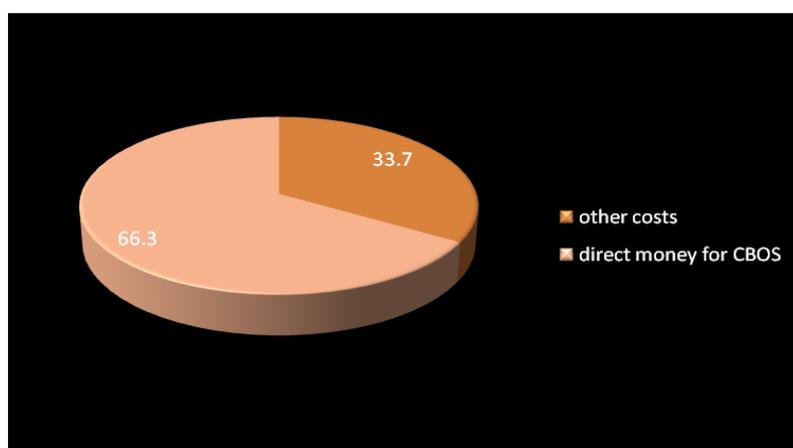
The project was run by a board of directors comprising of CDRN and two intermediary organizations- Organisation for Rural Development (ORUDE) and Jinja Diocese Development Commission (JIDDECO). The board was charged with overseeing the implementation of the project. A Program Manager, from CDRN, was directly charged with running the project to ensure adherence to the scheduling. The Programme Manager was

required to report to the Board who are the final decision makers. Funds were set aside for administrative costs of the project and below is the break down.

**Table 1: Summary of CBO Fund Budget**

Activity	Units	Frequency	Unit cost (Uganda shillings)	Total (Uganda shillings)	Total in Dollars
Technical Committee meeting	1	1	425,000	425,000	212.5
Administration and Methodological support	1	1	4,562,000	4,562,000	2,281
Validation of CBOs and their innovations	1	1	840,000	840,000	420
Meeting with the CBOs	1	1	900,000	900,000	450
Formulating Policies			1,900,000	1,900,000	950
Assess and select CBO proposals	1	1	540,000	540,000	270
Grants to CBOS	20	1	4,000,000	80,000,000	40,000
Follow up support and monitoring	20	2	137,500	5,500,000	2,750
Monitoring and reporting	1	1	6,000,000	6,000,000	3,000
Publication costs	1	4	1,750,000	7,000,000	3,500
Final evaluation	1	20	547,250	10,945,000	5,472.5
Contingency	1	1	1,995,999	1,995,999	997.9
<b>Total</b>			<b>23,597,749</b>	<b>120,607,999</b>	<b>60,303.9</b>

**Figure 2: Percent Proportions of the CBO fund Budget**



## Challenges

As revealed from the minutes of a meeting held on 21<sup>st</sup> February 2008, the project faced both financial and administrative challenges. The money to run the project was not enough and this called for ORUDE, JIDDECO and CDRN to look for more funders. Further still, the committee to manage the project was not formed due to internal challenges CDRN as the initiator of the project was facing. This committee was supposed to upraise the project and monitor the grant which was not being done then and consequently delayed the disbursement of funds.

When the money was disbursed to the beneficiary CBO, the members bought the tea leaves but due to the large quantities compared to what they used to sell before, they have failed to find market. In an interview, one of the members of the CBO said,

*“We would have invested the money elsewhere but the requirement for funding was for us to continue with the tea leaves project because that is what was considered innovative by the appraising committee.” Chairperson of the CBO*

As noted from the project evaluation report, for any innovation to be called successful there ought to be a clear transition program for the project. (CDRN, 2010:41) This often reflects on how the project intends to move forward with or without funding. For this particular CBO there seems to be no clear way forward other than trying to establish market, failure of which would render the support given wastage.

Securing ownership of the project from the CBOs was yet another challenge. While this project was meant to empower the CBOs to stand on their own and secure funding, there was less involvement on the part of the CBOs to compel them to be much concerned about the turn of events. As noted from the project evaluation report:

There was little ownership among the CBOs. Instead they simply viewed the program as a CDRN and ORUDE / JIDDECO program. CBOs and their members saw themselves as recipients of funding support rather than equal actors in a pilot program that was intended to transform the funding terrain in the favour of CBOS. Consequently their energy tended to be concentrated on how well they were doing their individual small projects ...a more visible and active role for the CBOs in shaping what was being done would have added plenty of value (CDRN, 2010:46).

The other challenge is that of sustaining the fund. CDRN has to look out for more donors willing to offer grants to support CBO projects. Without this the efforts will not be sustained.

### **4.1.2 Case study 2: Self help Project in an urban setting: Twin Family group**

The project started in 2007, and is fully registered with a current membership of 50 men and women. The Purpose is to economically empower members and to be together and help one another in times of joy or grief. 90% of the members are former or current employees of government parastatals with skills in accounting and management. It is this skill that is used to run the group with no prior training. The business premises of one of the member's acts as an office and meeting place for the group.

Qualification for membership is based on personality traits. A member shall qualify provided he/she is of good character, sound mind and eighteen years and above (2008 Group Constitution). An aspirant member is required to fill an application form accompanied by a non refundable fee of Uganda shilling 5000 (USD 2.5) and written recommendation by 2 referees of respectable status. On admission, the successful applicant is required to pay a membership fee of Uganda shillings 10,000 (USD 5). Every member is required to save a minimum of Uganda shillings 5000 (USD 2.5) monthly and membership ceases when one dies, voluntarily resigns, is dismissed due to misconduct or fails to meet his or her financial obligation. (2008 Group constitution)

### **Management**

The project is run by a voluntary Executive committee that is elected by secret ballot at the Annual General Meeting (AGM) and holds office for 2 years to a maximum of 4 years. The assembly of members is the main governing body with full powers to address the transactions of the group. Annual General Meeting (AGM) is 1<sup>st</sup> February and executive meet every 2<sup>nd</sup> Sunday of each month.

### **Loan management**

Emergency loans are given to members at the ratio of 1:1 and ordinary loans at the ratio of 1:2. A member may be granted an emergency loan equal to the amount of his or her balance on savings account which shall be subject to repayment in two months. The interest on any loan is 10% deductible at the time the loan is effected. The group has a joint savings account in Post bank Uganda.

The group has also got a special fund account, in case of joy or grief regarding a member's child, wife or husband. In occurrence of such instances, the group donates Uganda Shillings 100,000 (USD 50) to the member and also mobilises physical and material assistance. The group got a loan of Uganda shillings 7 million (USD 3,500) from a government enterprise which was shared among the members each taking 200,000 Uganda shillings (USD 100). Repayment of this loan is on track because each of the members has an income generating project. No major administration costs and no drawn up budget because operations were on a voluntary basis

### **Challenges**

The group has not faced major challenges since the group members are mainly saving and taking less of loans. This is because majority of members still have stable side income and they are still few in number.

#### **4.1.3 Case Study 3: Self help project in a rural setting –Busedde Saving and Credit Cooperation (BUSACCO)**

The SACCO was started after a government mobilisation of all Local Council III Chairmen of Busoga region under the Prosperity For All (PFA) program. The chairmen were required to go back and mobilise the people under their jurisdiction into groups, in order for them to benefit from PFA. This was the foundation for Busedde SACCO started in 2005 and registered in 2006. The objective of starting this SACCO was for saving and loaning to economically empower the members. While the foundation has links to the government, the group has never received any financial or material support from the government or any other donor making them a purely self help project. The chairman's home acts as the office for the SACCO.

## **Membership**

The group started with a membership of 30 people and now has 47 members which is a very slow progress given the 5 years gap between the start of the project and the period of conducting of this research. To become a member one has to pay an entry fee of Uganda shillings 5,000 (USD 2.5) and buy a share or more of Uganda shillings 10,000 (USD5) each, making a total of a minimum of Uganda shillings 15,000 (USD 7.5) per member. For people who want to become members but cannot obtain Uganda shillings 15,000 (USD7.5) at ago, the SACCO loans them this money to enable them register. In case one wishes to stop being a member of the group, a refund for shares and membership fee is not made. Instead the person has to get a replacement who will take his or her place.

## **Management of Busedde SACCO**

The group was given bi laws by the District Cooperative Officer and this has since guided their activities. The group has an executive committee of 11 members including the loan committee and hold monthly meetings to discuss progress and management of the group. The executive committee is made up of are members of the community who have lived there all their time and are well known. The chairman of the SACCO for example has been Local Council Chairman for the past 23 years. General meetings in which all members are involved are held after every 3 months. The executive committee operates on a voluntary basis but have plans in future of obtaining permanent staff to run the SACCO. The Chairperson of this group says satisfaction is in seeing their effort result into an up lifting of their community. In his own words he says “development is a slow progress which we cannot wait for someone else to come and accomplish for us” Mr. Kalulu Peter Chairman Busedde SACCO.

Individual members of the group like the treasure have received free training on savings and credit, book keeping and report writing from an NGO in Uganda called Uganda Change Agent. The organisation seeks donor funding and uses this to build the capacity of individuals in different communities to act as change agents in their locality.

By 31st December 2009, the SACCO had made a profit of Uganda shillings 800,000 (USD 400) for the whole of this mentioned year. Members agreed to plough the profits back into the SACCO to enable it grow. They also agreed that the profits can be given to members who get terminally ill as loans with no interest charged. This is applicable for only members who are saving not just any members. It is also a way of rewarding members who were saving with the SACCO and did not obtain loans. In the instance that the member who was given the loan while sick passed away, it would be counted a service to a member and not a loss. This SACCO has no major administration costs because members serve on a voluntary basis.

## **Loan management**

The group has an account with Post Bank Uganda. However, most of the times the money is with the people in form of loans, and rarely is physical cash available with them. The group has a low capital base and by the time members who borrowed are repaying the money, some others have already put in a loan application and the money is taken immediately.

Members do not have a specified amount of money they are supposed to deposit each month for payment of the loan as long as by the end of the four months they have cleared all the money. However, interest on the loan is brought every month as a rule. This kind of loan management, though convenient for the members, creates a risk of failure to pay especially if

the person with a loan does not apportion well the loan repayment and remains with a bigger percentage for clearance towards the end of the four months.

Another challenge posed by this kind of loan management is the fact that the loan committee does not know at any single time how much money they will have to loan out again and cannot give assurance to those who want to borrow how much they will get. This is because they are not sure how much those making payment will deposit.

Loans are only given to members in business operations like shops and bar owners and not to those involved in farming. Agricultural loans are not given because interest is needed every month which is not possible when one has to wait for the crops to mature before sell.

Interest on loans is at 5% although at the on start it was 10% in abid to accelerate progress of the SACCO. Before a loan is issued, applicants have to first be trained on the difference between a saving and credit. The treasurer mentioned that this is done to ensure people know that the loan is not their money. The loan officer then goes to appraise the business of the applicant to ascertain whether they are viable for a loan.

### **Challenges**

At the start, the management of the group did not pay closer attention to the kind of people they were giving loans and ended up giving money to people who could not pay back.

They followed up the people to try to recover the money and even threatened to hand them over to the police. They were able to recover the money but after a lot of struggle and over a long period of time

Money is at times not enough for people to borrow and this makes those willing to join the group lose confidence in the SACCO. The executive committee managed to obtain a loan of Uganda shillings 2 million (USD 1,000) from another more established SACCO in the area which it lent out to its members to boost their loan base. Attempts have been made to secure money from Microfinance support centre, a government organisation that supports upcoming SACCOs, but the members were told to first increase in number in order to benefit.

People in rural areas have a poor saving culture, posing yet another challenge for the group. This was stated by the treasurer of the group during an interview with him, and he added that this has made mobilisation of members to join the group difficult. This is the explanation for the slow progress in regard to number of people added to the group. As executive committee members, they are training the people on how to save and the benefits of saving since this is the sustainability of the SACCO. They have also placed a condition for members seeking loans- to be given a loan, one must first save. For example in order to get a loan of Uganda Shillings 100,000 (USD 5) one must save Uganda Shillings 20,000 (USD 10) and Uganda Shillings 40,000 (USD 20) to get a loan of Uganda shillings 200,000 (USD 100).

#### **4.1.4 Case study 4: Government aided Savings and Credit Cooperative - Busedde Sub county SACCO**

Busedde Sub county SACCO was formed in February 2007 and registered on 8<sup>th</sup> June 2007. The overall objective of the SACCO is to facilitate access to flexible and convenient credit

and savings facilities to members while ensuring financial sustainability and safe guarding the self reliance of the SACCO. The group is supported by the government of Uganda. Through the government they have obtained a safe box, a file cabinet, 2 calculators, 2 bicycles and monthly payment for staff. The Government monthly pays Uganda shillings 150,000 (USD 75) for the manager, Uganda shillings 100, 000 (USD 50) for the cashier, Uganda shillings 50,000 (USD 25) for the security guard and Uganda shillings 100,000 (USD 50) for the loan officer. Support in form of salary payment will go on up to 2011 after which it is assumed the SACCO should be in position to continue independently.

The SACCO has also been in position to obtain a loan of 10 million with an interest of 9% per annum at reducing balance from a government institution-Microfinance Support Centre. Staff running the SACCO have also received free training in areas of saving mobilisation, book keeping and report writing from a government institution called Uganda Savings and Credit Union (USCU). This skill has been applied in running the SACCO.

**Membership**

The group started with 320 members and now has 610 members. Membership is similar to other SACCOs. Each member is required to register with Uganda shillings 5,000 (2.5\$), buy a savings pass book at Uganda shillings 3,000 (1.5\$), obtain a ledger card at Uganda shillings 1,000 (0.5\$) to make a total of Uganda shillings 19, 000 (9.5\$) with 2 passport photos for full membership.

**Management**

The SACCO has got 9 board members and 3 staff. These were appointed by the community members at a meeting on the basis of them being community members whose parents and background majority members knew. Annual general meetings are held once every year and only one has been held so far in June 2008. Board meetings are held once every month and at each meeting, each board member is given an allowance of Uganda shillings 5,000 (2.5\$) to make a total of Uganda shillings 45,000 (22.5\$) per month. Staff members are each given a daily lunch allowance of Uganda shillings 1,000 (0.5\$) for 6days in a week, to make a combined total of Uganda shillings 96,000 (48\$) in a month. Members who joined earlier are responsible for mobilizing others to join which reduces on the cost of mobilization.

**Table 2: Summary of Administrative Costs Catered for independently by the SACCO**

Item	Cost (Uganda Shillings) each	Total month (Uganda Shillings) per	Total Annum (Uganda Shillings) per	Total Annum (dollars) per
Board meeting for 9 members	5,000	45,000	540,000	270
Daily lunch allowance for 4 staff for 6 days	1,000	96,000	1,152,000	576
Loan committee meetings- 2 times a month for 5members	3,000	30,000	360,000	180

### **Loan management**

Loan applications are handled at a fee of 2000/= (1\$). The application forms have to be filled in and signed by the area Local Council 1 Chairperson before a member can access the loan. The member should also save 30% of the loan amount to be taken, and interest is charged at 5% per month. Loan repayment is on a monthly basis up to a maximum of 6 months loan period (within which to pay). Collateral/security has to be pledged together with two guarantors. The loan officer is charged with appraising businesses of applicants and providing a report to the loan committee to guide their decision on issuing out of loans. The loan committee has 5 members who receive an allowance of Uganda shilling 3,000 (1.5\$) per meeting. Meetings are held twice a month at the beginning and mid month. Loans are not given beyond the 20<sup>th</sup> of each month apart from an emergency loan which can be issued up to the 25<sup>th</sup> day of the month.

The days following the 20<sup>th</sup> are used for loan recovery and SACCO staff go out in the field to make follow up on loan payments. The emergency loan is given to a maximum level of Uganda shillings 200,000 (100\$) and payment does not exceed 2 months at an interest of 10%. Payment of loans is on a monthly basis. The SACCO has agricultural loans as one of the services offered but this is not in implementation because of the high risks associated with it. Agriculture as a source of livelihood is affected by the long time period for maturity of produce and also faces high chances of being affected by natural disasters. The degree of loss is high compared to another kind of business like operating a bar or shop.

### **Challenges**

The main challenge comes from stiff competitors who are well established microfinance organizations like Finance trust, PRIDE, FINCA and banks. They cover wide areas and have good banking facilities. They have a large capital base and various products, hence, meeting the requirements of their customers. Transport facilities and office equipments like computers make their work easier and time saving.

While the SACCO was making evident progress in terms of members joining, this posed a challenge of inadequate capital to meet the needs of members. People are encouraged to join when assured of loans but at times the number of loan applications is higher than the available capital, which leaves the people disgruntled. Striking a balance between the need to have a broader membership and satisfying the needs of that membership is a challenge.

Even with increasing membership, data is still entered and stored manually making it unreliable. The group is yet to obtain modern technology like computers. Manual calculation of interest is too demanding for them to handle, given the increasing numbers.

### **Views of some of the beneficiaries**

In comparison to other banks that some of the SACCO beneficiaries had once belonged to, this SACCO bank was more convenient because of easy accessibility, no deduction of ledger fees on their savings and good reception from the staff of the SACCO. Loan repayment has been made easier for the beneficiaries due to the flexibility in the loan payment period provided by the SACCO. One has up to a maximum period of 6 months to pay, and is asked what is his or her convenient payment period. The SACCO belongs to the community because they set the rules that govern the activities, they elect those who run it and those elected are people from the community who are well known. This ensures the money is secure.

### **What the beneficiaries have used the loans obtained from the SACCO for**

One of the members a business man has got loans four times in this order: Uganda shillings 200,000 (100\$), 200, 000, 500,000 (250\$) and 200,000. He has been able to obtain sugarcane plantations and sustain his bar business. Another beneficiary has been able to start a brick business.

**Figure 3: Beneficiary of Busedde Sub County SACCO**



#### **4.1.5 Case study 5: Donor aided project – Mafubira Rural Savings and Credit Cooperation (MARUSACCO)**

This SACCO was fully registered in July 2009 and was established as a result of a donor funded program run by an NGO called Organisation for Rural Development (ORUDE). The program is titled “Enhancing Rural Savings and Credit Access” and builds the capacity of community groups and associations to access credit and manage their own savings for improved income. ORUDE came into the area and mobilised self help groups to form the SACCO. ORUDE provides the SACCO with training on how to run a savings and credit scheme, pays rent for office space, provides office equipment including desks and computers and pays salary of staff of the SACCO. The monthly salary of the manager is Uganda shillings 246,000 (123\$) and Uganda shillings 96,000 (48\$) for the guard.

Other than saving and credit, ORUDE also empowers the members of the SACCOs in relation to income generating activities- how to start businesses and manage them. This is done through training workshops where meals and transport refund are provided. After training on income generating activities, ORUDE goes ahead to provide those trained with free capital in kind with which to start the business. For example the leaders of each group trained were given chicken for rearing after which they will sell them, keep the profit and put the capital in the SACCO to be given to another member of the group and cycle continues.

### **Membership**

Membership to this SACCO is by group. The SACCO is supposed to have a total of 10 groups, but only 5 are active because other groups are still involved in saving schemes with other banks. Each group is required to pay a membership of Uganda shillings 30,000 (15\$) and each individual member of each group has to own a share which is at Uganda shillings 5,000 (USD 2.5).

### **Management**

The SACCO has got a board of 9 members and 2 staff; the manager and guard who oversee the running of the SACCO. Management is decentralised at the group level. Each group has got its own management and leadership comprising of a chairperson, secretary and treasurer. Groups are required and meet once every week, collect individuals savings which are taken either to the SACCO office or to the joint account in Bank of Africa.

When the savings are taken to the SACCO office they are given a receipt and if taken to the bank they obtain a deposit slip. The leadership of the individual groups is required to make record of group transactions and take them to the SACCO office on a weekly basis to reconcile with the records at the SACCO office. Each individual member of each group has to be involved in compulsory saving of Uganda shillings 3,000 (1.5\$) per month and voluntary saving of any amount at any time.

### **Loan management**

The SACCO office allocates the loans to individuals after they have been seconded or recommended by members of their groups. Interest on loans is 3% per month.

### **Challenge**

The SACCO faces a challenge of mobilising the different groups to be committed. At times some people are called for group meetings but do not appear as they have individual things to attend to. Some groups are yet to be active members because they are already committed to other banks and find it hard to belong to two banks at the same time.

To take independent decisions on how to run the SACCO was still a challenge. One of the Program officers from ORUDE felt that the people had not yet been fully empowered, while one of the leaders of a small group in the SACCO said the members feared to take a decision while the program officer from ORUDE was present. In the (small) group it was no problem making a decision, because it was fully their own project founded and managed by them, but while as a SACCO they had to be conscious of ORUDE's stand point.

## 4.2 Analysis of findings

Analysis of the above cases started right at data collection. That is why a study starting with two cases ended up with a study of five cases. In grounded theory, which is the major method of analysis in this study, data collection and analysis move back and forth. Data is collected and analysed, then what is obtained from the analysis influences the next data to be collected, and the whole sequence is repetitive until no more new content can be obtained in that area (Bryman 2008). From the two initial cases the study moved to five cases until no new content could be obtained in the area. In looking at the donor projects and the self help projects, it was noted that there could be a difference between a self help project in a rural setting and one in an urban setting, which led to a further study. It later also became of interest to consider a self help project aided by government and one aided by a donor. These two are not purely self help projects.

The key guide to using the grounded theory of analysis includes; theoretical sampling, coding, theoretical saturation and constant comparison (Bryman 2008:542). The first three steps of theoretical sampling, coding and theoretical saturation were conducted during data collection. What remains is the presentation of the constant comparison of the multiple cases to generate concepts, categories, properties, hypotheses or theories as is the case in grounded theory analysis (Bryman 2008:544).

From the comparison of the cases, a continuum emerges and this is what is used to respond to the central issues in the research questions. On the scale, the donor funded projects fall more to one side and the self help projects fall more to another. It is the degree of belonging that varies as shown below.

### 4.2.1 Profit versus non-profit

Profit is the making of gain that is above what was invested for the benefit of the owners of the project. The thinking is usually that non-profit organisations like NGOs do not make profit. However, the OC web page shows that this is not the case and makes a clear distinction between profits in profit making organisations and in non-profit organisations. It is written:

Not-for-profit organisations may also generate profits – i.e. make more money than they spend. The difference between for-profits and not-for-profits is in how those profits are handled. While for-profit organisations are free (within the bounds of the law) to keep the money they make, share it, reinvest it in the business, or generally spend it as they see fit, not-for-profit organisations may not distribute surpluses to members – profits must be held and/or invested back into the organisation (Our Community Pty Ltd (nd):1).

Donor funded projects by virtue of their implementers-NGOs fall in the category of non-for-profit. Self-help projects seem to take on a dual identity. At registration they are considered not-for-profit organisations and exempted from tax, yet self-help projects are free to spend the surplus money as they see fit, which is not the case of donor funded projects. This dual identity works to the advantage of the self help projects over the donor funded projects. In the self help projects studied here, members could make a decision to either plough the money back, give it to members in great need, for example in the case of terminal illness, or sit and share the profit. For donor projects, the money they make which is more than they spend

(profit) can be used for institutional development or sent back to the donor depending on the flexibility of the donor.

**Table 3: Difference between donor funded projects and self help projects in regard to profit usage**

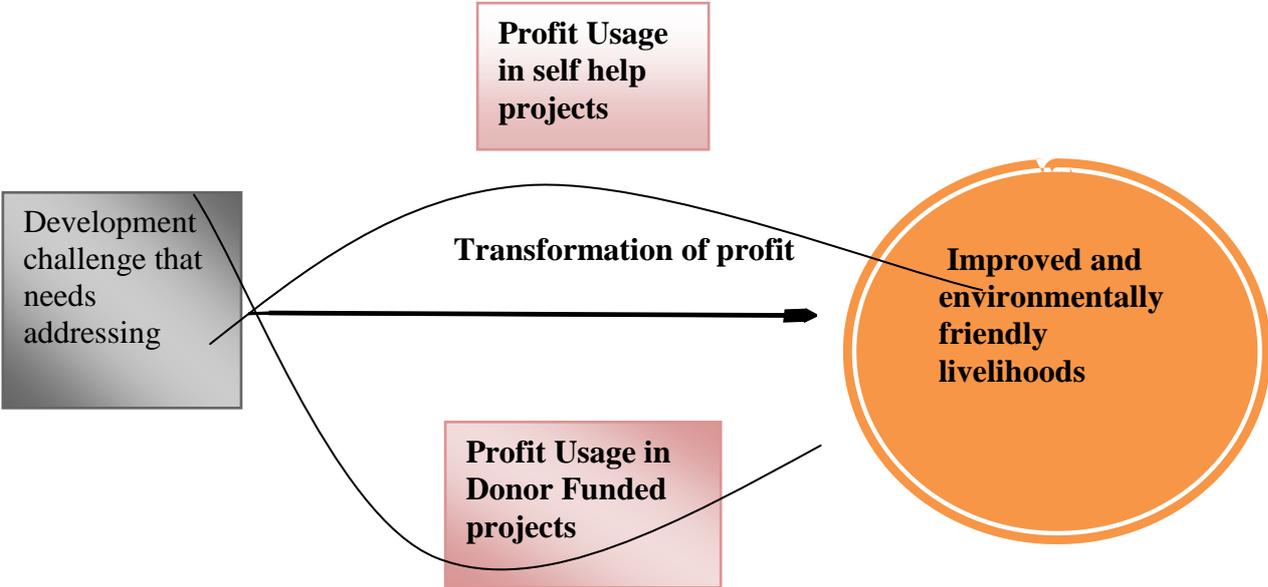
Donor project	Self help project
<b>Usage of profit is determined by the donor flexibility and not beneficiaries of project.</b>	Usage of profit is determined by the beneficiaries of the project.
<b>Usage of profit is for the development of the institution and not directly the individuals in the institution.</b>	Usage of profit can be for institutional benefit or individual member benefit.
<b>Accountability for the usage of profit is a must</b>	No need for accountability for the usage of profit as long as members have agreed on what it should be used for.

The usage of profit in self-help projects is tailored to the immediate and present needs of the members unlike the donor project which is driven by the developed and set objectives for the project duration. If the donor project is three years, everything including the profit will be used within the already developed objectives for those three years unless the donor permits diversion from the set objectives. It is no wonder that the group that received the grant could only think of investing all the millions in tea leaves packaging even when not sure of the market. This group had received more than they could spend (Profit) but the only option was to spend the surplus in more tea leaves packaging even when they had no ability to market it. The beneficiaries of the donor project had other needs they could have addressed but the requirement of the donor was to use the funds for innovative ideas.

Livelihood relates to present living and future survival. According to a definition adopted from the Swedish International Development Cooperation Agency (SIDA) publication, “a livelihood comprises the capabilities, assets (including both material and social resources) and activities required for a means of living A livelihood is sustainable when it can cope with and recover from stresses and shocks, maintain or enhance its capabilities and assets, while not undermining the natural resource base” (Krantz, 2001:5). When a member of a self help project falls terminally ill and the project members chose to support him or her through profits made, it is recognition that the livelihood of this member is affected by the sickness and needs to be boosted to overcome the shock. The option of sharing of the profit among members or reinvesting it in the project is strengthening to the capabilities of the livelihoods. Since such liberty in usage of profit is less likely in donor funded projects, then the contribution to improved livelihoods is less evident.

If the illustration used for the theoretical framework guiding this study is modified as below, the aspect of difference in usage of profit in relation to realisation of improved livelihoods can be more vivid.

**Figure 4: Difference between Donor funded projects and self help projects in regard to profit usage**



The above illustration summarises the impact of the difference in usage of profit for the two projects on improved livelihoods. The starting point is the same, addressing a development challenge. In the course of transformation, profit is made and transformed, but as noted from the connecting line, profits from the donor project do not touch improved livelihoods like it is for the self help project. This is because profits from donor projects could be sent back to the donor or used to build the NGO and not the direct beneficiaries. The aspect of using profit to meet the present need makes it more realistic to achieve improved livelihoods by the self help project compared to the donor project. The flexibility in self help projects is what gives them an upper hand in realisation of improved livelihoods compared to donor project.

**4.2.2 Quick gain versus long term gain**

There is a trend of slow progress in self help projects compared to donor funded projects. Stanley Burkey concurs with this when he mentions that “self help... is a slow and difficult process... and is as a result of trial and error” (Burkey, 1993: Xii). This is usually because the financial base of self help projects is limited compared to donor funded projects. Availability of finances act as an incentive for participation, but also causes the needs of those who chose to participate in the project to be met faster. One of the prominent challenges of self help projects as evidenced from the presented cases was difficulty in mobilising members to become involved, but also not having a financial base strong enough to satisfy the members in case the number of members increased. For donor projects, money is readily available as long as the project has been approved as was in the case presented. In the case of

the self help project, money to sustain the project is dependent on the number of people joining the group and later on interest from loans depending on whether it is a microfinance self help project and on how many members take up loans and of what amount.

**Table 4: Summary of Progress made by donor and self help projects**

<b>Project</b>	<b>Year of establishment of project</b>	<b>Membership at start and relation to start up capital</b>	<b>Membership at time of study and relation to capital excluding interest on loans</b>
<b>CBO Fund(Donor funded project)</b>	2006	Not based on membership but start up capital was 120,607,999 Uganda shillings (60,303.9\$)	Same capital for the duration of the project 120,607,999 Uganda shillings (60,303.9\$)
<b>Twin group (Urban self help project)</b>	2007	10members @15,000 Uganda Shillings 150,000 (75\$) Start up capital	50 members Increase (50-10 =40) 40members @15,000 Uganda Shillings 600,000(300\$) capital increase in 3 years
<b>Busedde Sub county SACCO (Government aided self help project)</b>	2007	320 members @19,000 Uganda Shillings 6,080,000 (3,040\$) start up capital	610 members Increase (610-320= 290) 290 members @19,000 Uganda Shillings 5,510,000 (2755\$) capital increase in 3years
<b>Busedde SACCO (Rural self help project)</b>	2005	30 members @15,000 Uganda Shillings 450,000 (225\$) start up capital	47 members Increase (47-30=17) 17members @15,000 Uganda shillings 225,000 (125.5\$) capital increase in 5years

From the above table, capital increase for the self help projects is restricted to membership, excluding interest on loans. This is because the certainty on how many took loans, and how many times, and of what amount and interest, could not be easily established due to poor record keeping in self help projects as a result of manual data entry methods. From the available data, it is still evident that self help projects have a low capital base and even increasing it takes long compared to donor funded projects. It is most likely that even if the interest on loans was considered, all the self help projects combined cannot have a capital surpassing that of the donor funded project presented here. This is because as presented in the findings, people especially those in rural areas have a poor credit and saving culture.

If this is related to speed of attaining environmentally friendly livelihoods, then donor funded projects have an upper hand in seeing to a faster realisation of this. However, is this quick gain a long term gain? Is it a gain that can be sustained? Donor funded projects are time bound as was the case of the 3 year CBO funded project and rarely exceed 5years. In case of any delay or difficulty during the course of the implementation of the project, the time for realising the impacts is shortened. For example, the evaluation study for this project revealed that “the extent to which participating CBOs could be effective advocates was limited by a number of factors. In the first place the program was short lived ...” (CDRN 210:10).

Self help projects, on the other hand, usually have no specified time limit unless the members choose to dissolve the group. Therefore, they usually endure for a longer period of time than donor funded projects. Of the two self help cases studied, none had specific time period for existence. Compared to donor funded projects, there is more time for self help projects to consolidate their gains.

Taking the cases presented, the donor funded project ended without the beneficiaries being in position to market their produce. There was no more assistance to receive even though they had a lot of stock to sell. This kind of premature ending leaves the people wondering what’s next after the time of bounty has come to an end. A sudden relapse into a time of scarcity causes a lot of struggle and affects livelihood and survival, especially if there was no proper phase out of the donor to adequately cut off the dependency of the beneficiaries on the donor. Unless the people can convert the tea leaves into money, then their livelihood is affected since the money is tied up in the large stock of tea leaves. Desperate times result into desperate measures and it is most likely the people will be forced to sell off the tea leaves at a very cheap price which would be mismanagement of resources. If the production had been according to the capacity to market, then livelihoods would have been more easily sustained. However, the donor support did not consider ability to market.

One cannot however blame the mismanagement on the beneficiaries. This is because they had never handled such large sums of money before, and the design of the project was to test out how CBOs can perform when given large sums of money they have not been having. It is mentioned from the evaluation report of this project that; “several of the groups faced internal wrangles once the money was received while others were unable to get the funding committed because of later disagreements with the way the funds were to be used” (CDRN 210:10).

The above mentioned instance would most likely not occur for self-help projects. This is because self help projects start with what the people can afford (chewing what they can swallow) financially and progress gradually. There is no shock of having too much money at ago and not knowing how to handle it as is the case when donors give money to beneficiaries who have never handled that amount of money. Because the self help project is tailored to the capacity of the members, then management is easier and progress is more assured. While it is a longer way, it is more realistic.

### ***4.2.3 Formal versus informal***

The self-help projects studied had elements of formality, such as committees to run the projects, and by-laws to guide their operations, including being fully registered. But beyond this they were informal. For example, there were no fixed rules on how much a person would pay back for each instalment of loan payment as long as the person was able to pay at the end of the loan period, no existence of an office or office equipment, it was open membership as long as one paid the membership fee and met the personality criteria, liberty on what to use the funds for, and operation on a voluntary basis. On the other hand, the donor projects were more formal right from inception to conclusion, including a written project proposal, management committee, format for proposal writing, selection criteria for viable groups, specification on usage of funds, paid staff, accountability, and conducting of monitoring and evaluation. From the CDRN evaluation report, it is mentioned that;

“The program design itself seems to have conscripted the CBOs into an already designed program rather than give them the opportunity to actively design and shape the program and fully own it. This design flaw resulted into several lost opportunities such as increasing CBO members self confidence, in negotiation and dealing with donors” (CDRN 2010:32)

What does this imply for attainment of improved environmentally friendly livelihoods? With formal procedures, donors are assured of less risks and more successful completion of projects, while self help projects are prone to a higher risk of losses. Donors can dictate that the money given be used for environmentally friendly livelihood activities, while with the flexibility in self-help projects, members are free to engage in any form of livelihood activity even that which could be disastrous to the environment.

However, the flexibility of self help projects is what appeals to the community members, especially those with low levels of education, who happen to be the majority. When living in a developing country, it is evident that most of the poor people are rural people who happen to have low levels of education as well. This category of people, especially the women, is scared off by formalities, for this is synonymous with the elite group to which a good number of the rural community does not belong. However if wide improved livelihoods are to be secured, then the majority group which is the rural illiterate has to be targeted which implies less formalities. Besides, the local community has mechanisms of ensuring that success is achieved with fewer losses without following the donor formalities. One of them as mentioned in the findings is ensuring that the members elected to manage the SACCOs are those who come from the community with a background well known. This is an informal method of accountability.

While the donor approach would most likely protect the environment if it is made conditional that livelihoods to be funded should be those which are environmentally friendly, few people from the rural community can meet the donor formal requirements. This is the very reason why Community Based Organisations (CBO) have for long been eliminated in favour of NGOs when it comes to donor funding. CBOs do not meet the formal criteria and that is why the donor funded project presented had to be managed by NGOs although the direct beneficiaries were CBOs. Essentially the donor funded project presented was “an attempt at influencing the donor terrain so as to increase the funding that they channeled directly to CBOs” (CDRN, 2010:33).

It can therefore be inferred that the scope of target for donor funded projects is limited by the formal requirements of the donors, hence limiting the number of individuals who can benefit from livelihood improvement. On the other hand, self help projects are open to all categories of people in the community, making self help projects have a wider scope of target and hence being in position to enable a bigger number of people achieve improved livelihoods. This gives an upper hand to self help projects over donor funded projects in realization of improved livelihoods although not necessarily environmentally friendly.

#### ***4.2.4 Self interest versus Common interest***

In considering formation and management of self help and donor projects, the issue of an individual versus a community (need) or interest must be emphasised. From the comparison made, self help projects are in the community, formed and managed by community members, but the benefits are for the individual members and not for the wider community as such. What an individual gains out of belonging to the group is the key issue, and this is what attracts others to become members. On the other hand, donor projects are formed and managed by individuals outside the community for the benefit of the identified wider community. From an ODI briefing on the impact of NGOs in development, it was concluded that “NGO projects with the greatest ability to reach down to the poorest are those which cover whole communities” (ODI 1996:3). Is this conclusion necessarily so?

The different ways of operation have varying implications for the realisation of improved and environmentally friendly livelihoods. With the focus being individual gain, as is the case of the self help projects, it is easier to achieve and identify improved livelihoods. In a self help project, once an individual benefits financially, it is ensured that the next time another member in the group will be the one to benefit. This creates room for equal chance of benefiting from a self help project which is not necessarily the case with donor projects.

Donor projects are implemented by NGOs who are the first beneficiary organisations and target other organizations or groups and not necessarily individuals. In the donor cases presented, the CBO fund targeted community groups-Community Based Organisations. The donor aided self help project also formed a SACCO on group basis rather than individual basis. With collective gain it is not easy to determine what each individual has obtained. In the CBO fund donor case presented, money was given to organised groups – CBOs - and not to an individual. It was money to meet the group’s objective and not individual’s objective. Evaluation was based on group and not individual performance. While the group may seem to be performing well, certain individuals may not be enjoying the benefits as required due to group dynamics and power relations at play. As earlier quoted from the CDRN evaluation report; “several of the groups faced internal wrangles once the money was received while others were unable to get the funding committed because of later disagreements with the way the funds were to be used” (CDRN 210:10).

If it was a self help project, each individual would invest the money in accordance to their capability and area of interest, which is a motivating factor that would most likely result into evident improved livelihoods. Monitoring and evaluating progress on individual basis would give a more realistic picture on progress being made in relation to improved livelihoods compared to group evaluation. This is because group evaluation assumes homogeneity yet society is heterogeneous even in regard to livelihood levels. The individual progress has more lasting and convincing impact. It is no wonder mobilisation of new members in self help

groups as mentioned in the findings was done by already existing members, because of the benefits these individual members had realised. Like a Chinese saying, a journey of many miles starts with one step; realisation of improved livelihoods starting with one individual at a time would most likely be more fruitful. This principle of individual target if adapted would also apply for donor funded projects, only that as earlier mentioned, donor funded projects will suite the elite group because of the formalities required eliminating the rural illiterate who are the majority poor.

**4.2.5 Benefit versus cost**

It cannot be disputed that the cost of running a donor funded project is higher than the cost of running a self help project. This rises from the nature of structuring of implementation of the donor projects. If we consider the donor case presented, administration costs for the CBO project to be implemented start right from Cordaid the donor, to the implementing organisation CDRN to the intermediary organisations JIDECCO and ORUDE. Each of these organisations has a share of administration costs to be met before funds get to the targeted beneficiaries. On the other hand, the cases of self help projects were operating on a voluntary basis and those aided self help projects were operating on a minimal administration cost.

**Table 5: Summary of administration costs for different projects studied**

<b>Project</b>	<b>Administration cost per annum</b>
<b>CBO Fund(Donor funded project)</b>	40,607,999 Uganda shillings (20,304\$) for 3years 13,535,999 Uganda shillings per year (6,768\$)
<b>Twin group (Urban self help project)</b>	Operates on voluntary basis
<b>Busedde Sub county SACCO (Government aided self help project)</b>	2, 452,000 Uganda shillings (1,226\$)
<b>Busedde SACCO (Rural self help project)</b>	Operates on Voluntary basis

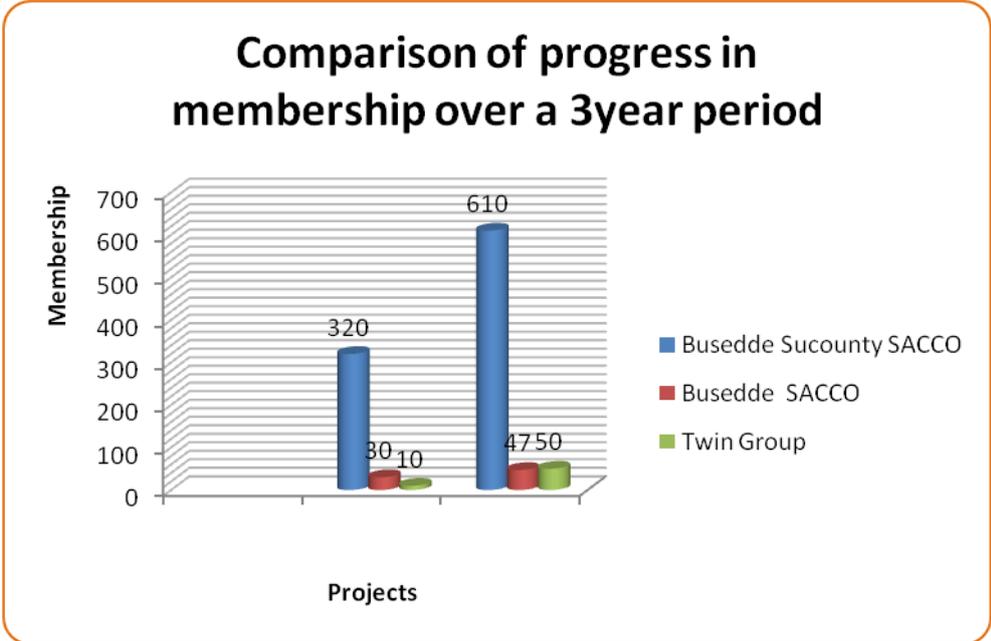
From the above table, an administration cost is defined as any money that is **not** given to the direct beneficiaries and includes salaries and allowances for staff running the project. The donor aided self help project is not included because the detailed budget could not be accessed.

If the same money spent at the different levels of administration of donor projects was availed to the self help projects, it is most likely that it would go directly to the individuals to invest rather than on administration. This is evident from the fact that even in cases where the self help projects obtained loans to boost their financial base; the extra funds were not used for administrative purposes, but were allocated to individual members for investment. Following this premise, self help projects are more cost effective since benefits are higher than running costs which implies more improved livelihoods although one cannot ascertain they are environmentally friendly.

The challenge, as noted, is that pure self help projects do not have that kind of money which donor funded projects have at their disposal. In this case even if their cost is low, the benefit is also low. This is where government aided self help projects and donor aided self help projects outcompete pure self help projects. The donor and government aided self help projects had

support from the donor and government respectively, inform of office equipment and staff salary in addition to what the community members had provided to run the project. This could explain the noted difference in efficiency compared to the purely self help project as evidenced below.

**Figure 5: Progress in Membership from 2007 to 2010**



From the graph, Busedde Subcounty SACCO, which is the government aided SACCO, started with a larger membership and has progressed greatly compared to the other two that are purely self help. This implies that benefit out of the SACCO was increasing since more members were being served. This can be attributed to the effort made by motivated staff due to payment they receive from government and allowances like lunch from the SACCO. For example, it was mentioned in the findings that after every 20<sup>th</sup> day of the month, staff of Busedde Subcounty SACCO are out in the community following up loan payments. With increased speed of repayment due to follow-up, more money is availed to be loaned out to others hence increased benefit. This commitment evidenced through follow-up is hard to sustain without motivation.

On the other hand, in the two projects that are purely self help, the would be staff, which is the executive committee, operate on a voluntary basis. This could cause less motivation and commitment to serve, and hence much slower progress of the whole project.

Still in relation to the graph above, the Twin group, though a purely self help approach, appears to be having better progress and hence more benefit compared to its fellow, the purely self help project- Busedde SACCO. Although both self help projects operate on a low cost budget due to the voluntary service of the excecutive, the Twin group seems to be of more benefit as evidenced from the increase in membership over the three year period. This can be attributed to the difference in location. The Twin group is located in the urban centre while Busedde SACCO is in the rural area. As earlier mentioned in the findings, one of the major challenges of the rural SACCO is the fact the culture of saving is still poor in rural areas. This is not the case with the urban based SACCO which requires its members to make a compulsory saving of 5,000 Uganda shillings (2.5\$) per month. The evident difference

between the rural and urban based SACCO can be explained by the fact that many in rural areas lack a stable source of income, yet as seen in the case of the Twin group, all its members had a source of income. From this it can be inferred that self help projects would thrive best in urban centers where people have a more stable source of income. Urban centers are commercial centers where market is easily obtained for whatever business one chooses to be involved in. In the rural areas this is different. Most people in rural areas lead a life that aims at meeting the most basic needs. This limits the market to goods and services that meet the basic needs. Service providers not meeting basic needs find it hard to thrive in rural areas and opt for the urban centers.

More still, even though self help projects operate at a lower cost compared to donor projects, their benefit is still lowered by other factors than capital. From the findings, it was revealed that a person could not receive a loan from a self help project unless they owned a functional business. If someone was involved in agriculture as a livelihood, their chances of obtaining a loan would be very slim unless it was commercial agriculture. This is attributed to the fact that agriculture as a livelihood has got a lot of risks in terms of delayed maturity of produce and high chances of natural disasters destroying the produce. The donors on the other hand are not threatened by the high risks in agriculture as evidenced from the donor aided self help project implemented by ORUDE. In this project, selected members of the groups are given chicken for rearing to boost their income for saving and investment. The donor organisation is not in a rush to see the investment returns because this money is not to be given back to them and can therefore invest in agriculture which takes long to make returns.

For self help projects not supported by donors, interest in quick returns on investment is priority as this is the basis for reinvestment. The donor aided projects on the other hand already has the money for investment set aside the moment the project is approved. This factor gives donor funded and donor aided projects an upper hand over other self help projects in terms of benefit. However, this is no guarantee that donor projects are more beneficial than self help projects. As earlier mentioned, donor funded projects have a limitation in scope of coverage because they target communities rather than individuals. This has an implication for benefit. As evidenced in the donor aided self help project, only one member of the group was given chicken-the leader. The intention is that after the leaders have sold off the chicken and obtained profit, they would give the capital to someone else in the group to buy more chicken and repeat the cycle until all members have had a chance to rear chicken. Knowing well that chicken take some time to mature, the realization of this benefit for each member of the group is a very long time process. Chicken rearing would not have been the appropriate option unless more than one member in the group if not all members were to be given chicken at the same time. However the choice of chicken rearing was already determined in the project design and this had to be followed up. The problem with donor funded projects is that there is a “gap between the perception of the intended beneficiaries and programme planners in regard to their priority needs” (Burkey S 1993: xvi). In other self help projects, decisions are made by the members and it is more likely that a more practical option would have been sought.

The benefits from donor aided and donor funded projects can be undermined by the power relations between the donors and the beneficiaries. The donor usually has an upper hand in decision making over the beneficiary, causing a skewed relationship of beneficiaries depending on the donor instead of having interdependence between the two parties. Even where the donor was not physically present, the donor presence remained in the form of the Programme Officer from the NGO implementing the project. This affected the degree of autonomy, especially in the area of decision making. Livelihood concerns the lives of

individuals and if individuals cannot freely make decisions about their own lives, then improving and managing their livelihoods is challenging.

## **CHAPTER FIVE**

### **5.0 Conclusion and Recommendations**

This section consolidates the different aspects of the study drawing summaries on different issues and providing suggestions for further engagement. Conclusions are drawn about both donor and self help projects from the cases for this study, and recommendations henceforth derived. The overall basis for the conclusions and recommendations is the literature review, findings and analysis of the study.

#### **5.1 Conclusion**

This study was interested in investigating the possibility of development from within rather than from without, thus the focus of interest was self-help. This could not be achieved without comparison with the prominent avenue for development- donor aid. Questions like; is development as a result of self help possible or is it a myth? And are self help projects capable of being more effective than donor funded projects, laid foundation for the study. The study right from the on start acknowledged that achievement of development that meets today's needs, without compromising the needs of the future is what is required. Consequently the comparison between donor funded and self help projects had to be made in relation to realisation of environmentally friendly livelihoods.

For a while, solutions to underdevelopment in the South have come from the West and Moyo (2009) mentions that hardly any solutions are sought from the South. However, Africa needs to become proactive and look within to find solutions to her underdevelopment. The South needs to own up to its state of affairs and not blame or look up to others. This study is a contribution to the inward looking efforts from within Africa and the conclusions below have been made.

Firstly, from the theoretical findings it can be concluded that thought has been made about self help projects as possible avenues for sustainable development in the developing world. However, not much is available on comparison of self help projects and donor funded projects, so as to determine which one is most effective in realising sustainable development. This study considers that while new interventions are required for development, the best is what should be adapted. This can only be achieved after a comparison of the available interventions hence the trend taken by the study.

It is also prominent from the literature that development aid and donor funded projects in particular have not been very successful in bringing about desired development in the developing countries. This is explained partly by the limited documentation on the achievements of donor funded projects by both donors and recipients of aid (Nelson, 2006:1; ODI 1996:1). Overall, not much has been done in assessing these projects in relation to realisation of sustainable development, although general evaluation of projects has been done. Nevertheless, analysis of the findings reveals that both donor funded and self help projects cannot be guaranteed to result into sustainable development termed as improved environmentally friendly livelihoods, unless it is purposed or predetermined. With

predetermination, donor funded projects are more likely to implement the notion of environmentally friendly livelihoods although not necessarily improved livelihoods. This is attributed to the fact that donors can make environmentally friendly livelihoods a condition for funding which is not the case for self help projects that are more focused on individual accumulation of wealth. However factors like unequal power relations and many formalities among others inhibit donor projects from achieving improved livelihoods.

Self help projects on the other hand have higher chances of realising improved livelihoods in developing countries compared to donor funded projects as seen from the analysis. Facilitating factors for this condition include: flexibility, ownership, cost effectiveness, long term gain among others. The challenge is that a balance is needed between improved livelihoods and being environmentally friendly.

Basic skills of managing and running a project are important for the success of both donor and self help projects. While donor projects employ skilled project officers from NGOs, self help projects either have members who are skilled and willing to volunteer their skills or utilise their unskilled members until opportunities for free training arise. The availability and unavailability of skills affects progress and success of project.

While this study has been conducted in Uganda, the results are not limited to the boundaries of the country from which the study was conducted. Both donor funded and self help projects exist even in other countries and their definitions are similar to what is used in this study as backed up by the literature review. More still, some of the donors operating in Uganda are the same in other countries and therefore their mode of operations is likely to have similar impacts even in contexts outside Uganda. Even operation of self help projects especially Savings and Credit Co operations (SACCO) does not diverge so much from country to country apart from the name used to refer to the service. As noted by CGAP 2005;

User-owned financial intermediaries...have many names around the world, including credit unions, SACCOs, COOPECs, etc. Members typically share a “common bond” based on a geographic area, employer, community, or other affiliation. Members have equal voting rights, regardless of how many shares they own. Savings and credit are their principal services, although many offer money transfers, payment services, and insurance as well. (CGAP, 2005:1)

For this matter, findings for this study can be used to guide development efforts in other contexts outside Uganda.

## **5.2 Recommendations**

Development aid which is different from humanitarian aid should be channelled to capacity building and skills development of community members to set up and manage their own development projects. Movement should be made away from giving communities money to training them to start and be in charge of their own development. The capacity building ranges from aspects of attitude change from dependence to independence, environmentally friendly practices and also other practical skills like book keeping and investment. Sawamura summarizes the importance of capacity building when he states that;

It must be recognized that, even if the African people make efforts...in these countries, self-help efforts do not generate self-reliant attitudes to development and do not bring the country's ownership. With few incentives or results, the people will eventually stop making self-help efforts on their own, creating a situation of aid dependency. For this reason, capacity-building and good governance are becoming more and more essential in Africa. (Sawamura 2004:34)

His statement explicitly draws attention to the need of capacity building for attitude change in the people to be able to sustain self help. In other words self help can be fruitful in regard to development of Africa if it is accompanied by capacity building.

Micro loans should be the strategy taken for development in the developing countries through organised groups. The source of loans should be majorly from community contributions with support from donors at lower interest rates instead of grants. The donors should desist from releasing free funds to communities for this perpetuates dependence instead of creativity and independence and also propels mismanagement of funds that would have been used for development as a result of lack of ownership on the community side.

Environmentally friendly practices should be a requirement for any development pursued by any party whether the community or donors. From the study it was evident that neither donor funded nor self help projects can be guaranteed to include environmentally friendly practices in their activities. Ensuring environmentally friendly practices in all development activities should be adapted as a policy issue enforced by government and law enforcers. Massive sensitisation campaigns on the value of environmentally friendly practices should be carried out. This can be an area for donors to fund. Without such pro-activeness, sustainable development will remain a good idea on paper since from the study it was not evident in any of the cases looked at.

Improvement of livelihoods requires decision making by the individual and not for the individual. Donors and elite communities should desist from imagining for the grass root communities as though they are incapacitated in the mind. The community members may be experiencing poverty but it does not mean they are poor of ideas nor have poor ideas for their own development. Movement should be made away from deciding for their development and/or consulting them for their own development to facilitating them acquire development with maximum contribution from them.

Further research should be conducted to establish how the potential of self help projects bringing about development can be further enhanced. It is not enough to establish that self help projects are more likely to result into improved livelihoods as has been concluded from this study. This is just a beginning of a journey of exploring development from within and not without. There is need for further to exploration on ways in which this can be enhanced which aspect was beyond this study scope but can be a focus for further study.

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# Appendices

## Question Guide

### INTERVIEW SCHEDULE FOR MANAGEMENT TEAM OF PROJECT

#### 1. Background and Management

- Whose idea was this project, who are the people who started it, when and why?
- What knowledge and skills did the people who started the project have?
- What were the major difficulties when starting this project and how were they overcome?
- What are the major difficulties currently faced by this project and how are you addressing them?
- What difficulties do you foresee in the future for this project and how do you plan to address them?
- What do you think enabled your project to kick off at the on start?
- What do you think will make the project more successful in the future?

#### 2. Planning and budgeting

- Is there a plan for implementing the project? If yes who came up with the plan, who implements it and how long is the implementation?
- How is the project plan financed or where is the money for running the project got from?
- What is the current running budget for this project
- Who manages the finances of the project (both for running of the project and those generated by the project?)

#### 3. Training

- What skills and training did those managing the project have before the project start (Project management, finance, savings and credit, book keeping etc)
- What training have they received since the on start of the project?
- Who gives them the training

#### 4. Monitoring and Evaluation

- Is there a plan for measuring progress? If yes, how often is progress measured, how is it measured and who does it?
- In your opinion, is the project achieving what it was set up for?

- How would you describe the progress of the project?

### **Record keeping**

- Are there records about the project and its progress?
- If yes who keeps the records (financial and narrative)?

### **Sustainability of the project and its benefits**

- What is being done to ensure the project benefits continue
- What measures exist to ensure that the project does not run out of finances?

### **Sustainable development/environment impact**

- What is the long term impact of the project on the environment?
- In your view, how does the project and its benefits conserve and protect the environment?
- How does the project and its benefits affect the environment?

### **INTERVIEW SCHEDULE FOR BENEFICIARIES OF THE PROJECTS**

- How long have you been a beneficiary of this project?
- What was your life style before the project started?
- Since you joined the project, what has been the change in your life (workload, income, assets, relations etc)
- In your view, how does the project and its benefits conserve and protect the environment?
- As a beneficiary, what do you think can be done to make this project better?