

Does NGO aid reach the poor? Field based evidence from Ghana

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Abstract

Mostly relying on cross-country studies and often limited data, research on the allocation of NGO aid remains inconclusive. While some studies (Nunnenkamp *et al* 2008; Dreher *et al* 2007; Nancy & Yontcheva 2006) suggest poverty as a significant determinant of NGO aid, Fruttero and Gauri (2005) notes that NGOs' association with donors influence the allocation of their aid and it appears they do not locate in areas most in need. Empirical evidence on whether NGO aid reach the poor is hugely lacking. The fact that some evidence shows NGO aid go to poor countries does not automatically mean, it reaches the poor people and communities in these countries. Nunnenkamp *et al.* (2008) caution against the view that aid would be better targeted to the needy and deserving if only NGOs had more resources at their disposal. If NGOs are seen and believe to be better placed to reach poor people and poor communities, then it is extremely important to interrogate whether the funds they receive actually get to the intended beneficiaries. Using field base evidence from Ghana, it emerged that NGO aid through projects actually locates in areas and communities where poverty is high but there are difference in the reach of the poor by different categories of NGO projects. Livelihood projects reach the poor more whereas microcredit projects reach them less. The assumption and belief that chunk of NGO project aid actually gets to the ultimate beneficiaries is not supported by the field evidence collected and analyzed. It emerged that just about 30.5 percent of total funds are spent directly on activities that benefit the poor. This means that even though NGOs in Ghana locates a greater proportion of their projects in communities where poverty is relatively high but a smaller proportion of the aid allocated to them actually reaches the poor.

Keywords: NGO Aid, The Poor, Ghana, Field Based Evidence

1. Introduction

It is largely assumed that due to the perceived closeness of non-governmental organizations (NGOs) to the poor, NGO aid reach the poor (see Nunnenkamp *et al* 2008; Dreher *et al* 2007; Nancy & Yontcheva 2006) and is less distorted by strategic interests of donors as in the case of official aid (see Berthélemy 2006; Alesina & Dollar 2000 for research on official aid allocation). Even donor governments appear to share the view that NGOs have an important role to play for aid to reach the poor and render it more effective.

However, little is known about how well targeted NGO aid is, and how much of it is actually spent on the poor. If aid goes to a country, does it automatically means it reaches or benefit the poor in the country? The impression created by NGOs and their apostles that there is one-to-function between aid allocated to NGOs and what actually reach ultimate beneficiaries is misleading if not erroneous (Riddell 2008). It is the argument of this article that a considerable percentage of NGOs aid is spent not directly on the poor, and that not all ultimate beneficiaries of NGO aid are poor. There are also differences in NGOs projects with respect to reaching the poor.

Existing literature on NGOs aid allocation is largely confined to cross country studies and in some cases relies on seriously deficient data when it comes to NGO aid. Nancy and Yontcheva (2006) conclusion that poverty is significant in the allocation of NGO aid and that funding sources do not influence NGO aid allocation is based on project proposals and not actual aid disbursement. Dreher *et al.* (2007) and Nunnenkamp *et al.* (2008) using of detailed Swedish NGO and Swiss NGO aid database respectively concluded that even though recipients needs form significant basis for NGO aid, there is no evidence that poorer countries get more aid. Nunnenkamp *et al.* (2008) caution against the view that aid would be better targeted to the needy and deserving if only NGOs had more resources at their disposal. Fruttero and Gauri (2005) study of NGOs in Bangladesh conclude NGOs do not appear to locate in the neediest communities. Werker and Faisal (2008) note that the nature of international development is that aid giving goes through multiple channels of resource allocation such that the proportion of initial transfers which actually reach the final beneficiary gets drastically reduced.

From these, it is clear that explicit evidence on the reach of the poor by NGO aid remains unanswered. Due to data constraints, it has been particularly difficult to answer the question of what proportion of NGO aid is allocated to the ultimate beneficiaries (the poor) even for most NGOs staff (Riddell 2008). The mere fact that NGO aid goes to poor countries is no guarantee that the aid gets to the poor. If NGOs are seen and believe to be better placed to reach poor people and poor communities, then it is extremely important to interrogate whether the funds they receive actually reach the intended beneficiaries. It is for this reason and the gap in literature that this current research is worth considering.

Using field base evidence from Ghana, it emerged that NGO aid through projects actually locates in areas and communities where poverty is high but there are difference in the reach of the poor by different categories of NGO projects. Livelihood projects records 96.76 percent of its beneficiaries been poor whereas education and health projects record 87.14 percent and 76.93 percent respectively. Microcredit projects record the least coverage/reach of the poor at about 54.57 percent. The extremely poor are less reach by NGO aid through projects. In all cases, the non-poor also benefits from NGO aid. This is more pronounced in microcredit projects. The assumption and belief that chunk of NGO project aid actually gets to the ultimate beneficiaries is not supported by the field evidence collected and analyzed. For gross budgets, a picture is painted as if 72.69 percent of project aid actually reaches the poor. But a careful and detailed look at typical project budget allocation reveals that just about 30.50 percent of project aid actually gets to benefit the target beneficiaries.

The rest of this article is organized into 6 sections. A brief account of the scope and reach of NGOs including “guesstimates” on their numbers is presented in section 2. Section 3 talks about the poor who are supposed to be the target of NGO aid in Ghana. Where they are located and their socio-economic characteristics are all given in this section. Review of relevant literature on NGO aid allocation is presented in section 4. The research method use for investigating the questions under considerations is explained in section 5. A detailed analysis of the research finding covering spatial location of aid through projects, relevant socio-economic characteristics of beneficiaries, and actual aid spending is done in section 6. Section 7 concludes the research by presenting major findings and brief recommendations.

2. The Scope and Reach of Non-Governmental Organizations (NGOs)

Non-governmental organizations (NGOs) have been variedly defined by different people and organizations. NGOs has been seen as “part of civic organization..... formally registered with funding from voluntary contribution....and grants” (Edwards 2000: 7-8). The World Bank sees them as “private organizations undertaking activities to promote the interest of the poor....” (World Bank 1995: 7-9). Common to these definitions is that NGOs are non-profit in nature, involve directly or indirectly in development and humanitarian work for betterment of humankind, and separate from government and private for-profit organizations (Riddell 2008). They are “friends of the poor”, closer to the people and concerned about relieving people from suffering. Over the years, NGOs work has been informed by theories and approaches of poverty reduction and development assistance. Development thinking such as the welfarist, basic needs, right-based, capabilities and its emerging human development has influence the scope and approach of NGO work.

Riddell (2008) notes NGOs acknowledge what he calls “centre-ground view” of poverty reduction. The idea is that poverty and deprivation are intricately linked to lack of power, voice and influence; hence actions targeted at reducing poverty should not only look at direct service delivery projects such as livelihood, WASH, health or education infrastructure among others but should principally look at changing the structures, institutions and systems that cause or perpetuate poverty. This expanded view has also increased the range of NGO work to include advocacy, lobbying, capacity building, sensitization, and monitoring the actions of other agents of development among others. The increased space though sometimes criticized, has meant a tremendous jump in the number of NGOs. As factual and concrete as one would like to be, counting is always difficult, as the issue of statistics (and timely ones at that) is becoming a chronic challenge. It is very difficult to answer the simple question of the number of fully and duly registered NGOs. Given exact data on the number of NGOs in the world is difficult; but, recent data by the Union of International Associations puts this to about 59,383 (UIA 2014) which is seriously an under reporting.

In Ghana, NGOs originated as church assistance by the missionaries with the Ghanaian model of “nnoboa” or self-help system (Bob-Milliar 2005). These Christian Missionaries contributed to the growth of NGOs by establishing schools and clinics in remote areas and in some of the more crowded urban centres (Bridget 1997). Ghana is no different from the current global trend. According to the Department of Social Welfare, the official

government agency charged with overseeing NGOs, there were some 4,463 registered NGOs in Ghana as of 2009, an increase of more 1400 NGOs in a space of five years from 2004 when the number stood at 3000. That's somewhere around one NGO to every 5,600 Ghanaians. This number of registered NGOs is just the tip of the NGO iceberg, meaning the number of all NGOs operating in Ghana has increased phenomenally more than the reported number. The lack of capacity to enforce laws and regulations, weak decentralization, and weak data gathering and management, among others makes it easy for more NGOs to operate in Ghana without the requisite permits and registration. The numbers appear staggering, when you consider that NGOs are not equally distributed and gravitate towards locations that are best served by their goals and objectives. One therefore wonders if all these NGOs are helping or harming Ghana. Kpinpuo and Sanyare (2015) contend that it is not clear whether NGOs in Ghana are actually working to reduce poverty; because in the poorest region of the country (GSS 2014), as at the earlier part of 2015, there were only 46 NGOs in the Upper West Region. In terms of percentages, the poorest region with about 70.7 percent poverty levels had only 1.03 percent of NGOs in the country working there.

Interestingly however, there is little or no resistance of NGO work in Ghana. In fact people and communities welcome them with open arms and trust them to put smiles on the faces of poverty-stricken and almost forgotten groups in society. NGOs play a vital role in the socio-economic development of Ghana. They complement government's efforts in providing services and development interventions for filling the development gaps in the country.

The expanded view of NGOs work, their reach, and little skepticism make it considerably imperative to find out if their work really gets to the poor, where are their resources (aid) spent and what proportion of their funds reach the ultimate beneficiaries. Especially when the three main sources of NGO aid – private donations, donor governments, and private foundations – are of the belief that their support through NGOs gets to the poor. Subsequent sections of this article attempt some answers.

3. Who are the Poor in Ghana?

It is widely believed that NGOs development work has the ability to reach the poor and indeed many NGOs refer to the poor as the beneficiaries of their work (Riddell 2008). Who are the poor? Poverty has many dimensions and is characterized by low income, malnutrition, ill-health, illiteracy and insecurity, among others (UN Report 2009). The poor are those who cannot afford a minimum consumption basket required by an individual to fulfill his or her basic food and non-food needs; lack access to basic assets, services and facilities (such as health, education, portable water, hygienic sanitation, and electricity) relevant for wellbeing. Even though in recent times, the definition of poverty has expanded beyond consumption poverty, it still easily express in income terms for comparative analysis. People living on less than an amount that allows acquisition of minimum quantum of goods and service for decent living are deemed to be poor. Internationally it is perked at \$2 a day for absolute poverty and less than \$1.25 a day for extreme poverty. In 2014 when Ghana last measured hers in a Living Standards Survey during 2012/2013, these were set at 1,314.00 Ghana cedis (about \$1.83 at 2013 exchange rate) and 792.05 Ghana cedis (\$1.10 at 2013 exchange rate) for absolute and extreme poverty respectively (GSS 2014).

By these measures, 24.2 percent (6.4 million people) of the total Ghanaian population in 2012/2013 were poor with about 8.4 percent being extremely poor (GSS 2014). Although the level of extreme poverty is relatively low, it is concentrated in rural savannah, with more than a quarter of the people being extremely poor. Overall, the dynamics of poverty in Ghana indicate that poverty is still very much a rural phenomenon. About 78 percent of those in poverty and 81.82 percent of those in extreme poverty are in rural areas (GSS 2014). In terms of regional distribution, there is also uneven distribution. Whereas seven out of every ten persons in Upper West (70.7 percent) are poor and more than four in every ten (45.1 percent) is extremely poor in this region, only about 5.6 percent and 1.5 percent of the people in Greater Accra are poor and extremely poor respectively. It could be seen from table 1 that, in Ghana, the poor and extremely poor are concentrated in the Upper West, Northern and Upper East Regions (collectively refer to as the three northern regions) which are mostly rural and savannah.

Spatially or geographically, in Ghana, the poor are located in rural settings mainly in savannah areas and highly concentrated in the three northern regions. This description is actually in line with global situation. In sub-Saharan Africa, three fourths of the poor, particularly the extremely and chronic poor, work and live in rural areas, and more than half are expected to do so in 2025 (Binger 2004). The remoteness, but also the lack of

natural, physical, human and social resources, as well as social and political exclusion, are aspects of persistent rural poverty.

Table 1: Regional Poverty Incidence in Ghana

Region	2012/2013	
	Absolute Poverty (%)	Extreme Poverty (%)
Western	20.9	5.5
Central	18.8	6.8
Greater Accra	5.6	1.5
Volta	33.8	9.0
Eastern	21.7	6.0
Ashanti	14.8	2.9
Brong Ahafo	27.9	6.6
Northern Region	50.4	22.8
Upper East	44.4	21.3
Upper West	70.7	45.1
Ghana Average	24.2	8.4

Constructed from 2014 Ghana Statistics Service (GSS) report on poverty profile in Ghana. This table presents incidence of poverty and extreme poverty in the ten regions of Ghana as reported in the Poverty Profile Report of the Sixth Round of Ghana Living Standards Survey conducted in 2012/2013. It is an outlook of the geographical distribution and concentration of poverty in Ghana; showing that poverty is disproportionately concentrated in few areas in the country. By showing the percentage of the population that are poor or extremely poor according to the two poverty lines, one will see that about 70.7 percent of the total population in the Upper West region of Ghana are poor and 45.1 percent in this region are extremely poor.

By economic activity, it is found that the poor are concentrated in the agriculture sector as farmers at 39.2 percent compared to those in non-farm employment (average 10.23 percent). Poverty among the unemployed worsened to about 28.1 percent in 2013 from 20 percent in 2006. Surprisingly male headed households are poorer (25.9 percent) than female headed households (19.1percent) even though over the 7-year period from 2005/2006 to 2012/2013, poverty among male headed households reduced drastically by 9 percentage points compared to 3 percentage points for female headed households (GSS 2014). A trend analysis suggests that the level of poverty reduces as the education level of the household head increases. More than a third of household heads with no education are poor compared with 15.7 percent of those with a basic education and 8 percent of those with a secondary education. Only three percent of households whose heads have tertiary education are poor (GSS 2014). Poverty with respect to access to durable assets still reveals urban areas are better off than rural areas and in rural areas, the landless are the poorest. The poor seldom consult with any health facility when ill either because there is no facility or they cannot afford. In Ghana these are more pronounced in the savannah areas and intensely so in rural savannah.

From the forgoing, it can be seen that, in, Ghana the poor are likely to be in the agriculture sector or unemployed, lives a rural area, landless, has low education level, lives in a male headed household, has low access to portable water, hygiene sanitation, reliable health facility and is located in either of the three northern regions. If the poor are mainly farmers, illiterates or those with low education level, male headed families, in rural areas and concentrated in the three northern regions; it is expected that the beneficiaries of NGO projects in Ghana would be these and that NGO work would be concentrated in these three geographical regions.

4. Current Relevant Literature on NGO aid allocation

Recent in the aid allocation and effectiveness debate, the question of whether NGOs do a better job than official agencies in allocating aid to areas most in need (i.e. reaching the most poorest and deprived countries) raise a lot of controversy and important questions especially when it is known that NGOs get most of their funding from official donors. However, as it is widely proven the allocation of especially bilateral aid is dominated by egoistic theories reflected in donor interest model which twist aid allocation in line with the strategic interest of donors (Berthélemy 2006; Alesina & Dollar 2000). Given NGOs association with official donors for funding, one is worried that this may affect the effectiveness of NGO aid in reducing poverty and promote development in what Rawls called “burdened societies” (Rawls 2003).

Fruttero and Gauri (2005) and Edwards and Hulme (1996) assert that NGOs’ association with donors influence the allocation of their aid and modify their approaches as concern for obtaining donor funding is intense. Fruttero and Gauri (2005) show that, in Bangladesh, NGOs decide to implement their projects in the regions likely to achieve high success (and not the poorest communities) to please the institutional donors that are funding them. For this, Smillie (2000) feared NGOs could become mere implementers of donors’ policies. Koch (2007) presents positive correlation between Dutch NGO aid and Dutch official aid across recipient countries. Koch *et al.* (2007) find Germany organizations to have low targeting of poor countries. At the same time, NGO and official aid are found to be correlated for United States of America and Norway, and argue that this is consistent with the view that NGOs depending on official funding tend to follow the country-wise distribution of official donors.

However, in their study of aid allocation of European NGOs to 78 recipient countries for the period 1990 to 1996, Nancy and Yontcheva (2006) found that poverty is the most significant determinant of NGO aid. That is to say poor countries and regions receive more of NGO aid. They found also that funding sources seem not to exert great influence on NGO aid allocation decisions. As rigorous as their study may seem, the conclusions may be flawed by the fact that, Nancy and Yontcheva (2006) based their study on project proposals and not on actual flows. It is a known fact that not all proposals receive funding. Riddell (2008) notes that basing conclusions on project proposals could not be valid for one to say actual disbursements go to poor countries, let alone conclude that NGO aid reach the poor. Fruttero and Gauri (2005) study of NGO project allocation across Bangladesh show that spatial location of projects is more influence by concern for obtaining donor funding than mere consideration of poverty situation across Bangladeshi province. Their principal-agent model (Fruttero and Gauri 2005) concludes that NGO do not favour locating in the poorest regions or communities.

In spite of the above, it is not entirely a hopeless situation for one to conclude that by virtue of their dependency on official agencies/donors for funds, NGOs are betraying their mandate as “hope of the poor” or becoming less altruistic. It is noted in the literature that some official donors are truly altruistic. Mention can be made of the Scandinavian countries such as Sweden (e.g., Dollar and Levin 2006; Canavire *et al.* 2006). So from a Probit and Tobit analysis of Swedish NGOs, Dreher *et al.* (2007) found that even though Swedish NGOs do not outperform official Swedish aid agency but recipient needs form a significant basis for allocation. The only challenge is that needs seem not be taken into account when deciding the amount of aid to be allocated to a country. However, in the case of Swiss NGOs, Nunnenkamp *et al.* (2008) found that poorer recipient countries get more aid from NGOs as expected.

In all of these, one fundamental question remains. The fact that some evidence shows NGO aid go to poor countries does not automatically mean, it reaches poor people and communities in these countries. Nunnenkamp *et al.* (2008) caution against the view that aid would be better targeted to the needy and deserving if only NGOs had more resources at their disposal. This research article contributes to the literature by using field base evidence of NGOs aid allocation through projects to find out the exact beneficiaries of NGO aid.

5. Research Method

In line with the article’s purpose, case study approach is employed using field based evidence as documented in project reports and sample interview of project beneficiaries. Purposive selection of three NGOs is done based on data availability and the aim to capture what the dynamics of different NGOs would mean for the question under-review. The three NGOs selected are World Vision Ghana - an international NGO and a bigger actor in the Ghanaian non-profit sector; SEND-Ghana – an Ghanaian NGO with subsidiaries in Ghana, Liberia and Togo; and an exclusively national local Ghanaian NGO (CRADA). See *Appendix* for brief information on the three organizations.

Data for the study is collected through the review of annual reports, project reports and budgets, personal interviews and focus group discussion of 250 selected beneficiaries of five projects in Livelihood, Microcredit, WASH, Health, and Education in 10 communities in the Ashanti, Northern and Greater Accra Regions of Ghana. Personal interviews and focus group discussion is employed to elicit data on the socio-economic characteristics of project beneficiaries which is crucial to ascertaining whether the poor are really the beneficiaries of NGOs aid. The five selected projects are chosen as the ones with more direct visible impact on poverty. Access to productive employment, credit/finance, and crucial social services such as water, sanitation, health and education are important for reducing poverty in the developing world as highlighted in the just ended MDGs and now introduce SDGs. These are also areas which receives the greater proportion of aid to NGOs. It is also important to study different projects because projects do not reach the poor equally.

Review of organizations' annual reports and collection of data from NGO Aid Map website (website containing data on major NGO projects in developing countries) is done to ascertain the geographical distribution of NGO projects in Ghana. The data collected is analyzed in relation to regional poverty levels in the country. This helps one to draw a conclusion on whether NGO projects locate in communities where poverty is intense.

By using project financial reports, we able to give a detailed analysis of the exact allocation of NGO funds to specific expenditure items. This exercise gives us the in depth idea about the actual distribution of funds to ascertain exactly what proportion of NGO aid gets to the ultimate beneficiaries who are the poor.

6. Analysis and Discussion of Survey Findings

6.1 Spatial allocation of NGO aid through projects in Ghana

In line with the purpose of this research article, we are interested in finding out if NGO aid through projects gets to the poor. Two data sources are used here to carry out the analysis; firstly from database of NGO Aid (a website that captures NGO projects across the World and reports on in-country statistics of NGO projects) and then from survey and annual reports of three NGOs.

From the NGO Aid website, a total of 118 NGO projects are recorded for Ghana in the sectors of health (83 projects), education (72 projects), economic recovery and development (63 projects), and water and sanitation (60 projects) with funding from external sources. The regional distribution of the 118 projects shows marked disparity to any consideration of regional poverty incidence mentioned in table 1. Table 2 shows four of the poorest region have only 12.71 percent of the projects whereas the four richest regions have 65.25 percent of the reported projects. In fact the poorest region – Upper West- has only two projects.

Table 2: Regional Distribution of NGOs project in Ghana

Region	Number of Projects under Implementation
Western	1
Central	9
Greater Accra	20
Volta	8
Eastern	39
Ashanti	9
Brong Ahafo	6
Northern Region	4
Upper East	1
Upper West	2
Total	118

Source: Constructed from NGO Aid Map 2015.

Though the distribution of 118 NGO projects shows the poorest regions benefited less in terms of number of projects, it is not enough grounds to draw conclusions on whether or not NGO aid reach the poor.

From the three selected NGOs, most of their projects are concentrated in the poorest regions and poor areas of relatively richer regions. SEND-Ghana for instance operates in 57 districts out of this, 66.67 percent (38 districts) of the project districts are in the three poorest regions (Upper West – 11, Northern – 18 and Upper East – 9). On average about 53 percent of projects of all three NGOs surveyed are located in the poorest regions of Ghana.

Even though these are good indications that in Ghana, NGOs locate in poor communities and regions but it is still not enough to conclude that the poor are major beneficiaries of NGO aid. A consideration of socio-economic characteristics of project beneficiaries is a better indicator of the reach of NGO aid. Four features: occupation, income levels, gender of household head, and household head's education status are particularly important as they matter for poverty and proper targeting.

6.2 Socio-Economic Characteristics of NGO Project Beneficiaries

6.2.1 Income Levels of NGOs' Project Beneficiaries

Poverty by income levels is the widely use indicator. In line with this, the survey collected data on the income levels of beneficiaries to help answer the question of if NGO aid through projects reaches the poor. Three categorizations are used: the extremely poor (those living on less than \$1.25 a day), absolute poor (living on less \$2 a day), and the non-poor (living above \$2 a day). These classifications correspond to both international and national poverty lines (GSS 2014).

The survey results as presented in table 3 reveal that all five projects studied mostly reach the poor. However, livelihood, health and education projects have better scores. About 96.76 percent, 87.14 percent and 76.93 percent beneficiaries of livelihood, education and health projects respectively are among the poor. Within the poor, the extremely poor are less reach in all projects except education where they constitute 49.67 percent of beneficiaries. The data show that NGO projects do not exclusively reach the poor; the non-poor are most of the time included especially in microcredit and WASH projects. For WASH projects, outputs produced such as safe water, improved toilet and urinal facilities, and hygiene education, are for community-wide usage. Though, there was better targeting of rural and poor communities, about 35.68 percent of the people within the communities who benefited were not poor by income criterion. By access to services poverty criteria, 93 percent of social amenities intervention in WASH, Health and Education projects targeted poor and deprived communities.

Table 3: Percentage Reach of NGOs Projects to Beneficiaries by Income Levels

Status	Percentages (%) of each beneficiary category reached by the Projects				
	<i>Livelihood</i>	<i>Microcredit</i>	<i>WASH</i>	<i>Health</i>	<i>Education</i>
Extremely Poor	23.80	8.23	29.73	31.00	49.67
Absolute Poor	71.96	46.34	38.59	45.93	37.47
Non-poor	3.24	45.43	31.68	23.07	12.86

Source: Field Survey 2015

One approach which has become a darling of the international community since 1970 is microfinance (Buckley 1997) with the United Nations declaring 2006 as the International Year of Microfinance. It is celebrated as the silver bullet to ending poverty. It is believed to provide effective support for national poverty reduction strategies in achieving the Millennium Development Goals (Haupt 2006) and the United Nations General Assembly resolution 52/192 of 18 December 1997 acknowledges micro-credit programmes as effective tool for freeing people from poverty.

Due to its proclaimed positive effects on alleviating poverty, microfinance through microcredit projects have been embraced and implemented by many NGOs with its pioneering work by the Grameen Bank in Bangladesh and a lot of donor support also goes into NGOs microcredit projects. But is it really reaching the poor? Table 3 above reveals that only 54.57 percent of NGO microcredit project beneficiaries are poor. Those in extreme poverty are further underrepresented as just about 8.23 percent of beneficiaries of NGO microcredit project are

in the extreme poverty bracket. This supports the concern and evidence in the literature that a number of microcredit schemes bypass the poorest people (see Bateman 2010). Microcredit projects contain the highest percent of non-poor beneficiaries at 45.43 percent; higher than even WASH projects by 13.75 percentage points.

The relatively low inclusion of the poor and especially the extremely poor in NGOs microcredit projects in Ghana can be explained by schemes' financial viability concerns and existence of social protection programme {Livelihood Empowerment Against Poverty (LEAP)}– cash transfer scheme} in deprived communities in Ghana. The dilemma of ensuring scheme's financial viability and aim of reaching the poor which jeopardizes its sustainability has affected NGOs microcredit reach of the poor. BRAC in Bangladesh acknowledged this and in 2002 launched two new pilot programmes for the extremely poor (Riddell 2008). Most microcredit schemes in Ghana are organized on a model which encourages savings before credit, automatically causing the exclusion of the extremely poor. High default rates, transaction and operating cost leads some microcredit schemes to charge high interests and demand short repayment periods. Clients who can meet these terms in most cases are not the poor but rather the non-poor. NGOs that are most concern about the poor create special portfolios to cater for the flexible credit needs of the very poor.

However, this portfolio often constitutes a small proportion of the total capital portfolio of the scheme with a large share of the pie going to non-poor clients who can meet the credit demands to make the scheme financially viable and sustainable. Even though in terms of numbers, the poor are a 9.14 percentage points higher than the non-poor. The other reason is that, as development coordination demands, the existence of LEAP which caters for the financial needs of some of the extreme poor through periodic cash transfers reduces the burden for microcredit schemes to reach this group. The findings as discussed in this section highlight the fact that NGOs project reach the poor in general in appreciable proportions but the extremely poor/poorest of the poor are comparatively less included unless targeted especially in microcredit projects.

6.2.2 Occupation of Beneficiaries

Difference in poverty levels among occupations is established in the literature. It is therefore important in the analysis of NGOs aid reach to find out which sectors of the economy are NGOs projects' beneficiaries. The survey of NGO projects reveal that 78.26 percent of beneficiaries of livelihood projects and 45.96 percent of microcredit projects are employed in the on-farm and off-farm agriculture sector. 73 percent beneficiaries of education and health projects are also engaged in this sector. The informal petty trading and service sectors contain 49.80 percent of microcredit project beneficiaries with the remaining 4.24 percent in self-employed and wage employment occupations.

Appropriately, NGO projects in Ghana are targeted to improving rural livelihoods in the agriculture sector where poverty is perverse and on informal economy of the urban area which contains some of the poorest population in urban areas. But as found earlier, there are difference in project reach also by occupation of beneficiaries. Microcredit projects have the least number of beneficiaries in agriculture which is the sector with highest proportion of the poor. About 39.2 percent of those in the agriculture in Ghana are poor compare to 10.23 percent of those in non-agric employment (GSS 2014).

6.2.3 Education Level of Beneficiaries

From section 3, it was found that poverty in Ghana is high among those with no education and that poverty incidence reduces as one move upward the education ladder from basic to tertiary level. Illiterates/uneducated are poorer than those with basic education and those with tertiary education are better off than those with secondary education (GSS 2014). Therefore it is expected that beneficiaries of NGO projects are mainly the uneducated with few percentages of basic and secondary education graduates. People with tertiary education are not expected to be beneficiaries or targets of NGO projects.

The survey revealed that in livelihood improvement projects 43.78 percent of beneficiaries are uneducated, 33.73 percent are graduates of basic education, 22.19 percent have secondary education, and the remaining 0.3 percent been people with tertiary education qualification. In microcredit projects, 23.45 percent of beneficiaries are uneducated, 41.49% literates with basic education level qualification, 32 percent have secondary education with the remaining 3.06 percent been those with tertiary education. About 68 percent beneficiaries of health and education projects are within households with uneducated head.

From the survey analysis, it can be deduced that by education status criteria, the poor are more reached by NGOs aid through projects but still low for the poorest of the poor and in microcredit projects.

6.2.4 Gender of Household Head of Beneficiaries

The gender of household head is one of the important indicators for understanding the living conditions of people and predictor of their vulnerability levels to poverty. Research shows that female headed households are prone to poverty and hardship. In Ghana, however, poverty tends to be higher among male headed households at 25.9 percent compared to 19.1 percent of female headed households (GSS 2014).

With this background, it would be expected that if NGO projects are motivated by poverty considerations rather than other factors, then most of their target beneficiaries in Ghana would be from male headed households. The survey reveals some interesting results. For microcredit, WASH and health projects, an average of 65 percent of the beneficiaries are from female headed households. However, about 55 percent of beneficiaries of Livelihood and education projects are from male headed households.

Why this irony in project coverage on the basis of household head gender as presented above. The irony is perfectly within the expectations of development practice and what experience tells us. Micro-credit has always been gender bias in favour of women and about 70% of beneficiaries or clients of microcredit projects all over the world are women (see Owusu *et al.* 2013). In Ghana, the practice of female heading a household is culturally/socially uncommon, undesirable and economically burdensome. It is not a normal practice, and is mainly occasioned by single parenting, divorce, or death of husband. They tend to be the most vulnerable unless the female head is highly educated and properly employed. This reason coupled with high credit worthiness of women, and the trickling positive effect of women economic emancipation on the entire household and children in particular have occasioned the practice of favouring women in microcredit projects.

On the issue of WASH and Health projects, traditional role in Ghanaian society demands that women are responsible for household chores and childcare. These unpaid household roles consumes a lot of economic hours. Again maternal and child health, nutrition, and HIV/AIDS problems are still a struggle in Ghana and women are the worst affected with MDGs on these not met (UNDP, Ghana MDG Report 2015). So in a situation where the female is the head and breadwinner of the household, the entire household's economic and financial situation is gravely affected causing them to fall into poverty. Ghana Living Standards Survey's available statistics show that poverty reduction among female headed households was 6 percentage points lower than in male headed households within the last 7 years (GSS 2014). It is therefore reasonable and perfectly within their mandate of tackling poverty for NGOs' projects in this sector to target more female headed households than male headed households.

The slight dominance of male headed households as beneficiaries of livelihood and education projects is explained from the survey by two factors: access to and right over economic assets such as land; and negligence of duty by men. By rightly allocating their aid and locating their projects in rural communities where poverty is known to be on the high at 78 percent (GSS 2014), NGOs livelihood projects have targeted the improvement of rural livelihood mainly in the agriculture sector where access to and right over land is highly important and is largely controlled by men thereby benefiting more male headed households. Complementarily, to ensure that women in male headed household who are often deprived of income generating opportunity from the household asset (that is land) have some other avenues to generate income for themselves and especially children, NGO livelihood projects in non-farm income generating activities tend to benefit about 53.78 percent women from the male headed households.

For education projects, again, in the rural communities where poverty is pervasive, 63 percent of the children within male headed households suffer from negligence, and exploitative labour (Field Survey 2015). 57 percent of the men who control the household's income tend to be irresponsible towards the welfare of their children and spend the household's income irresponsibly on fleeting pleasures leading to increase in child poverty, school dropouts, and child labour (Field Survey 2015). In view of these, education projects of NGOs in the form of school supplies, scholarships and sensitization are tended to be skewed towards male headed households.

Judging from the survey figures and the analysis of the data as collected from beneficiaries, it is convincing that NGO projects are well targeted to deal with the varied aspects of household vulnerability to lift deserving cohorts out of poverty and not bluntly looking at the gender of household head. Even though male headed households are poorer than female headed households in Ghana but not all NGO projects favour these

households over female headed ones. The prudence, effectiveness, grassroots knowledge, and innovation in addressing poverty praise of NGOs (Bebbington *et al* 2008; Lewis & Kanji 2009) come into play.

6.3 NGOs Project Aid Allocation

The preceding analyses provide some evidence that NGO projects reach poor people and communities in support of conventional wisdom and existing literature, however, there has not been a definite answer on how much of NGO aid in terms of funds actually go into projects/activities which directly benefit the poor. The belief by some philanthropist and donors, and claims by NGOs that, a very large share of monies allocated to NGOs go to activities that directly benefit the poor needs to be verified for one to conclude that NGO aid unlike official aid actually reach the poor and those genuinely in need. As Riddell (2008) notes this beliefs may be misleading if not erroneous. Two separate data is used in this analysis for better appreciation of the situation. One is from a composite budget giving broad categorization of how NGOs aid is spent whereas the other gives very detailed account of the aid's usage.

From composite NGO budget which is normally what is made public and as presented in table 4, it portrays that 72.69 percent of total aid received is actually spent on the field to the benefit of the poor. However, what is not realized from cursory look at this figure is that, staff remuneration and project running costs are all included in the 72.69 percent. The 25.51 percent indicative administrative cost is general agency cost not related to specific project. When properly accounted for, the actual amount that reaches the poor would be far less than the 72.69 percent.

Table 4: General NGO Project Aid Budget

ITEMS	AMOUNT (GH\$)	PERCENTAGE (%)
Administrative & General	640,953	25.51
Field Expenses	1, 826,217	72.69
Financial	45,180	1.80
TOTAL	2, 512, 349	100

Source: Sampled from the three NGOs Annual Reports; Field Survey 2015.

To get a better appreciation of the situation, a detailed budget of a 5-year multidimensional project with child rights, education, livelihood, and microcredit components is used. This is a \$1.34 million dollar project implemented by one of the NGOs in this research. The disbursement and usage of the project fund is as presented in table 5 below.

Table 5: Detailed Budget Allocation of NGO Sample Project

Expenditure Item	Amount (\$)	Percentage (%)
<u>Remuneration</u>	651,910	48.65
Salary of Project Staff	651,910	48.65
<u>Project Administrative Cost</u>	141,772	10.58
Transportation	65,526	4.89
Printing Fee	39,396	2.94
Field Accommodation	12,998	0.97
Communication	20,904	1.56
Miscellaneous	2,948	0.22
<u>Direct Allocation to Beneficiaries</u>	408,700	30.50
Livelihood Trainings	96,614	7.21
Educational Logistics supply	99,160	7.40
Microcredit support	86,028	6.42
Rescuing and Reintegration	126,898	9.47
<u>Agency-wide Cost</u>	137,618	10.27
General Office expenses	137,618	10.27
TOTAL	1,340,000	100

Source: Field Survey 2015.

Table 5 above shows that if properly accounted for, just about 30.50 percent of total project budget goes directly to benefit the ultimate/targeted beneficiaries. This affirms the assertion that less than 50 percent of NGO aid actually reach or is received by the poor who are targets of NGO projects. If not for access to detailed data, it would have emerged that only 10.27 percent of total funds go into administrative expenses and the remaining 89.73 percent are spent directly to the benefit of intended beneficiaries. In fact, about 69.5 percent of the project is spent on expenditure items outside the direct benefit of target groups. Project running cost and staff salary consumed 59.23 percent of the total funds available. The data as analyzed provide support to Smillie (1995) argument that the thinking of donors and supporters of NGO that development should be cheap and the greatest portion of NGO aid directly reaches the poor is a myth. Donors need to understand that NGOs target of deprived and marginalized people and communities involves huge and important administrative and project running cost for better quality service delivery and impact. Providing little or no budget line for costs such as staff remuneration and administrative expenses does more harm than good to the capacity of NGOs to deliver expected development outcomes. It may force some NGOs to lie about funds' actual usage in financial reports or avoid working in hard to reach and deprived communities where project running and management costs are usually the highest.

7. Concluding Remarks

Concerns are always raised about whose interest NGOs serves: their own, donors or beneficiaries. From the perspective of aid allocation, some researchers argue NGOs serve their own interest by responding to the interest of their donors/funders for sustained funding as a means for remaining in business in what has been called the principal-agent model (Fruttero & Gauri 2005). This notwithstanding, it is argued NGO aid allocation is significantly influenced by development needs of beneficiaries (Dreher *et al.* 2007; Nancy & Yontcheva 2006) and reaches the poor better. They are praised for their effectiveness, grassroots knowledge, and innovation in addressing poverty (Lewis and Kanji 2009; Bebbington *et al.* 2008).

These assertions and the belief that a chunk of NGO aid actually reaches the poor could be misleading. The notion that by reaching poor countries, the poor and marginalized people and communities in these countries are actually the major beneficiaries of NGO aid is little researched. It is for this reason, that the article uses field based evidence in a developing country, Ghana, to provide some information on the validity or otherwise of these broad assumptions and beliefs.

It emerged that NGO projects actually locates in areas and communities where poverty is high but there are difference in the reach of the poor by different categories of NGO projects. Livelihood projects records 96.76 percent of its beneficiaries been poor whereas education and health projects record 87.14 percent and 76.93 percent respectively. Microcredit projects record the least coverage/reach of the poor at about 54.57 percent. Unfortunately, “a darling of the international community since 1970” (Buckley, 1997) and the celebrated silver bullet to ending poverty does not largely reach the poorest of the poor. As a result of financial viability and scheme’s sustainability concerns, only 8.23 percent of NGO microcredit project beneficiaries are extremely poor. In all 5 projects studied, even though the poor are larger beneficiaries, the projects also included some beneficiaries who are not poor. A situation more pronounced in microcredit projects.

The assumption and belief that chunk of NGO project aid actually gets to the ultimate beneficiaries is not supported by the field evidence collected and analyzed. For gross budgets, a picture is painted as if 72.69 percent of project aid actually reaches the poor. But a careful and detailed look at typical project budget allocation reveals that just about 30.50 percent of project aid actually gets to benefit the target beneficiaries. This is in line with Christian Aid’s 2003 assessment of its international development work which suggested less than 30 percent of overall budget ultimately reached the target beneficiaries (Riddell 2008: 279). It is therefore crucial for donors/funders to know that development is not cheap. Given the difficult terrain where NGOs work and the aim of lifting poor-isolated-hard-to-reach people and communities from poverty, there is considerable need of budget line for competent staff retention and excellent administration. Donors/funders need to be ready to acknowledge and support this but NGOs also have to find innovative ways to cut down on project running cost.

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Appendix

Non-governmental Organizations Included in this Research

SEND- Ghana: SEND-Ghana is a registered non-governmental organization operating in Ghana since 1998. It started its operation in the three poorest regions in Ghana; Upper West, Upper East and Northern regions. Currently, the organization works in 57 districts covering 9 out of the 10 regions in Ghana (surprisingly, the organization has no programme/project in the Volta region which the fourth poorest region in Ghana) on Livelihood promotion, Food security, Health, and Microfinance projects. SEND-Ghana has grown into SEND-Africa with operational offices in Liberia and Togo. However, this research concentrated on SEND-Ghana which has its country office in Tamale. SEND-Ghana has a total of 46 staff (30 men and 16 women). www.sendafrica.org

World Vision Ghana: World Vision started working in Ghana in 1979. It currently implements 34 Area Development Programmes (ADPs) but reports on 31 ADPs and 4 projects (WASH, Education, Health, Food Security/Livelihood) in all the 10 administrative regions in Ghana and seven major special projects. The organization has a total of 355 staff. www.wvi.org/ghana

Child Research for Action and Development Agency (CRADA): CRADA is a registered non-governmental organization operating in Ghana since 2000. It is a child rights and research based development agency working in three regions (Ashanti, Brong Ahafo, and Western regions) in Ghana. The organization implements child rights promotion and protection, education, livelihood, and microcredit projects. It has a staff strength of 18 with 12 men and 6 women. www.cradgroup.org