Forward

The articles in the first volume of the *Journal of Civil Society and Social Transformation (JCSST)* apply social science theories and concepts to significant humanitarian, aid, conflict resolution, human rights, environmental and development issues. The contributions offer insights on pragmatic and theoretical questions applied to multi-actor collaborations and decision-making at the core of civil society governance challenges. The arguments demonstrate the diversity and relevance of graduate students’ research at the Maxwell School and in partner schools across Syracuse University. For practitioners and donors, or for civil society, development and NGO scholars, this research offers theories and cases that cut across disciplines: from alternative development, to international political economy, to electoral assistance and democratic governance, to rights-based approaches for development, to project finance, and, to comparative impact assessment for program evaluation.

The Journal’s peer reviewers come from a number of social science disciplines and domains of civil society governance ensuring both analytic rigor and accuracy in reference to transnational civil society governance context and situations. With their guidance, we accepted the collection of articles that appear in this volume, setting the acceptance rate at 22 percent for *JCSST*.

The editorial team’s deepest gratitude goes out to the members of the Editorial Board whose collective knowledge, wisdom, patience and expertise allowed us to glean the best papers out of 27 excellent submissions that were initially retained last summer out of a larger pool for blind review. Congratulations to our six authors, some of whom are recent graduates already putting their research into practice.

We hope you find the articles stimulating and informative.

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The Role of Alternative Development in the “War on Drugs”: The Case of Bolivia

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This paper covers alternative development (AD) programs in Bolivia from the mid-1980s to the present day. Though the War on Drugs is highly complex, this paper argues that in certain situations alternative development programs, despite their imperfections, offer a longer-term solution that should be emphasized and coupled with eradication. The major programs implemented by the U.S., the UN and the EU and their impacts are explained in detail. Recommendations for improvement of alternative development programs include: making programs more participatory, having less stringent conditionality requirements, improving upfront planning about crops and markets, and increasing the number of cooperatives that are able to offer loans to farmers to improve long-term sustainability of programs. The need for government control of an area before AD programs can be effectively implemented and the need to work with the local populations are two of the lessons that can be derived from the Bolivian experience and applied to other locations.

Alternative Development in Bolivia

“Those of us who defend our coca…have grown it for 3,000 years. It’s never harmed us, nobody gets hooked on drugs. We totally reject drug trafficking. But drug trafficking exists because of the demand for drugs. We agree to help fight drug trafficking, but help us to find markets for alternative products”.

-Farmer Leader, Yungas, Bolivia


Introduction

Since 1971, the United States government has conducted a War on Drugs with limited success (International Crisis Group, 2008). The U.S. has primarily focused on controlling the supply of drugs coming from other countries, rather than containing demand at home, despite being the world’s largest consumer of illegal narcotics (ICG, 2008). Measures used to control the supply usually involve a combination of interdiction, eradication, and alternative development. However, until recently, U.S. funds were heavily concentrated on interdiction and eradication efforts.

Yet, in 2004, John Walters, head of the White House’s Office of National Drug Control Policy (ONDCP), estimated that 85% of sprayed coca crops are rapidly replanted (Congressional Research Services, 2005). Many critics have argued that eradication and interdiction only have short-term impacts on the price of drugs, and that these activities are often politically unpopular. This paper will argue that U.S. needs to alter its funding priorities in the War on Drugs. It is time for the U.S. to adopt a new strategy, one that emphasizes alternative development programs as the primary activity when appropriate, while still engaging in eradication and interdiction on a more limited basis.

The Andean countries of Bolivia, Colombia, and Peru have been the chief recipients of counter-drug funding because they are the largest producers of coca and cocaine in the world (United States General Accounting Office, 2002). This paper will assess alternative development programs in Bolivia, implemented by the main donors, the U.S., the EU, and the UN in conjunction with the government of Bolivia.

The first part of the paper sets the context by examining the political and social environment in Bolivia. Next, the paper highlights the major AD initiatives that have been undertaken since the 1980s. Then, it assesses the impact of these programs, in terms of their ability to generate sustainable alternative livelihoods and reduce the cultivation of coca. Problems and potential areas for improvement are consequently addressed, and finally, Bolivia’s experience is used to provide lessons for programs in other Andean and drug producing countries.
Between 2003 and 2007 cultivation steadily increased again between 1998 and 2003 (Thoumi and Navarrete, 2006). The deaths of 33 farmers and 27 police and military personnel organized coca unions against forced eradication, along with forced eradication was stopped because of protests by well-organized coca unions against forced eradication (CRS, 2005). However, in Bolivia, but by 2000 that figure had dropped to 36,000 acres because of forced eradication (CRS, 2005). After President Banzer in 1998. In the mid-1990s, there were approximately 118,000 acres of coca being cultivated in Bolivia, but by 2000 that figure had dropped to 36,000 acres because of forced eradication (CRS, 2005). However, forced eradication was stopped because of protests by well-organized coca unions against forced eradication, along with the deaths of 33 farmers and 27 police and military personnel between 1998 and 2003 (Thoumi and Navarrete, 2006). Between 2003 and 2007 cultivation steadily increased again from 23,200 to 29,500 hectares (Bureau of International Narcotics and Law Enforcement Affairs, 2009).

**Alternative Development in Action**

Alternative development programs are multi-faceted and adapted for rural, poor, and marginalized areas where the governing capacity is often low and small farmers generally rely on coca as their primary source of income (United Nations Office for Drug Control and Crime Prevention, 2001). The overarching objective of these programs is to reduce the amount of coca being cultivated and help communities and individuals become part of the legal economy once again (UNODCP, 2001). Programs are usually implemented in conjunction with eradication, both forced and voluntary. A wide variety of activities are used in AD projects including: income substitution measures, creating peace and rule of law, improving the capabilities of municipalities and producer and community organizations, increasing marketing and production capacity, and helping communities develop in a sustainable manner (UNODCP, 2001).

The U.S., the UN, and the EU have been the most active in funding and implementing AD programs in Bolivia. However, the nature of the funding, the philosophy regarding AD, and the way programs are implemented differ significantly among the donors. One of the main differences is the way AD programs are viewed. The UN and the EU perceive AD and drug control programs as development activities aimed at reducing poverty and improving public health (ICG, 2008). The U.S., on the other hand, views AD programs as security measures designed to reduce the coca crop, or as the International Crisis Group states, “in the U.S. drugs are basically still seen and treated as a law enforcement issue” (ICG, 2008, p.40). This perception has only grown since 9/11, and the U.S. now includes a narco-terrorism evaluation in its National Security assessments (ICG, 2008).

This difference in philosophy is also evident in conditionality requirements placed on individuals and communities involved with AD programs. Conditionality refers to the policy a country or organization has regarding when eradication has to occur before funds are provided (UNODCP, 2001). The U.S. does not fund projects without signing agreements for total eradication and eradication must be completed before funds become available (CRS, 2005). The UN and the EU, on the other hand, are more flexible with conditionality requirements and do not insist upon eradication before assistance (Farthing and Kohl, 2005).
The Programs

United States
The United States has funded and implemented alternative development programs in Bolivia since the early 1980s. The U.S. spent $117 million on AD programs between 1983 and 1998 (United States General Accounting Office, 2002). Most funding has gone towards eradication and interdiction, but funding priorities were slightly altered in 2007 when the Democratic controlled Congress included a 50% increase in AD programs beyond the Bush administration request (ICG, 2008).

The first program the U.S. undertook was the Chapare Regional Development Project (CRDP), implemented between 1983 and 1992. The program cost $22.5 million in total (United States General Accounting Office, 2002). Goals of the program included: promoting economic growth, improving living standards, diversifying the economic base and promoting public and private participation (United States General Accounting Office, 2002). One of the first projects focused on improving infrastructure by building roads to help get products to markets (Lupu, 2004). An alternative crop program was also implemented to induce farmers to switch from coca. Infrastructure projects were supposed to accompany alternative crop programs to improve the production capacity, but many of these projects were never implemented or completed.

The major problem with this project is that the Government of Bolivia lost control of the area to narcotraffickers, so USAID limited its activities to coca substitution. The U.S. General Accounting Office concluded that alternative development assistance was provided for over twenty years, but “little progress was made until the host government gained control of drug-growing areas and project sites” (United States General Accounting Office, 2002, p. 16). It is very difficult to implement programs or organize communities in areas where illegal armed groups exist and are able to threaten citizens (ICG, 2008).

The Cochabamba Regional Development Project, implemented between 1991 and 1997, expanded the focus from crop substitution to “economy substitution” (United States General Accounting Office, 2002, p. 22). The program cost $79.5 million and aimed to increase productivity and employment opportunities (United States General Accounting Office, 2002). This project used incentives to encourage export growth. It also increased production capacity, instituted alternative crop programs, and “facilitated market identification and penetration” (United States General Accounting Office, 2002, p. 23).

The U.S. was also involved with the Bolivian government’s National Directorate for Agricultural Reconversion Cash Compensation Program. This program tried to increase eradication through income substitution measures. Farmers who agreed not to grow coca were given cash payments. The U.S. gave $100 million between 1987 and 1998 to the Bolivian government to implement the program, which many believed failed because the program lacked the capacity to monitor and verify eradication (United States General Accounting Office, 2002).

The fourth major effort the U.S. undertook was the Counternarcotics Consolidation of Alternative Development Efforts Project (CONCADE) between 1998 and 2005 (United States General Accounting Office, 2002,). CONCADE was first implemented in the Chapare region and later expanded to Yungas. It was a more integrated program than past efforts and had marketing support, alternative crop programs, agricultural processing, and community development components (Development Associates Inc., 2004). The five overarching goals of the program were to create a “sustainable farm-level production capacity for licit crops”, generate “commercially sustainable market linkages” for licit products, increase the capacity of alternative development organizations, increase private sector investment, especially in agricultural industries, and facilitate “emergency stabilization support” (Development Associates Inc., 2004, p. 8).

CONCADE promoted alternative crops and crop diversification and, unlike in past programs, potential markets for crops were assessed before crops were introduced. The program also worked to establish links with packing and processing plants, along with supermarkets, and wholesalers so that farmers were able to sell their crops at a reasonable price (Development Associates Inc., 2004). Another element of the program was that USAID built its own producer associations, which went outside of traditional social structures.

United Nations
The United Nations has had two major projects in Bolivia. The first, Agroyungas, began in 1985 in the Yungas region. The goal of the project was to decrease the 8,000 hectares of coca under cultivation (Lupu, 2004). The program tried to reach this goal by signing agreements with 56 communities, even though these communities were slightly better off and tended not to rely on coca as their sole source of income (Lupu, 2004). Under these agreements, communities would promise not to plant more coca, and in return, they received infrastructure projects, agricultural credits, and inputs to
grow a coffee variety new to the region.

The UN’s other major program was the Jatun Sach’a Project, which focused on forestry management in the Cochabamba Tropics beginning in 1994 and was later expanded to Yungas in 2000 (United Nations Office of Drug Control. (2005). Many migrants had moved to Chapare over the past 40 to 50 years, and the rapid increase in the population was having adverse effects on the environment. The goal of the program was to teach the local population how to maintain the fragile ecosystem. The project modeled techniques for using forest resources and the soil in a sustainable manner. Environmental education programs were introduced in educational institutions to make the population more aware of their impact on the environment.

New crops were introduced to persuade farmers to shift away from coca and farmers were encouraged to sell their products in bulk to receive better prices (UNODC, 2005). Producer organizations were trained so that they could offer technical assistance to members and many producers went through the Integrated Farm Management training. Connections were forged with local wood companies so communities could sell the wood they harvested. The project introduced portable sawmills so that participants could turn logs into beams, windows, and a variety of other products and receive better compensation for their work (UNODC, 2005). The program also helped participants form groups to aid one another in continuing the practices after the project was complete.

**European Union**

Bolivia’s Law of Popular Participation requires that 20% of federal revenue go to municipal governments (Farthing and Kohl, 2005). Indigenous and neighborhood organizations were suddenly responsible for fiscal management and for participatory planning after this law passed in 1994 (Farthing and Kohl, 2005). Municipalities were in charge of developing Annual Operating Plans and 5-year Municipal Development Plans (Farthing and Kohl, 2005).

From 1998 through 2005, the EU implemented the Plan de Apoyo a la Estrategia de Desarrollo Alternativo en el Chapare (PRAEDAC) (Farthing and Kohl, 2005). The objectives of this program were to decrease the amount of illicit crops produced by providing other opportunities, building social infrastructure and institutional capacity, increasing environmental awareness, and facilitating the process of land titling. Approximately 30% of program funds or $5.86 million went towards increasing municipal capacity by training municipalities in public administration so that communities could do a better job of planning and managing their resources. Unlike USAID programs, PRAEDAC did not mandate eradication before funding and worked with municipal governments to plan projects, rather than around them. The EU is also funding studies to determine what the legal limit of coca cultivation should be in Bolivia and a study to find other potential legal uses of the coca leaf.

**Impact**

The impact of alternative development programs has varied program to program. More recent programs seem to have had greater success as donors have adopted a more integrated approach, but the sustainability of many of these gains is questionable without continued government support or alternative financing mechanisms. However, measuring success among programs can be difficult because of the different indicators used to evaluate by each donor. Some programs, particularly U.S. funded programs, have focused more heavily on the eradication component, whereas evaluations of UN and EU projects concentrate on development indicators. Since the mid-1990s, alternative development programs have made some significant gains in terms of land titling, licit crop cultivation, producer organization formation, increasing municipality capabilities, increased production and marketing capabilities, and creating new jobs, even as eradication efforts have been mixed.

One of the main gains from these programs has been the increase in the hectares of licit crops under cultivation. Virtually all of the AD programs in Bolivia have had some alternative crop component. The UN’s Jatun Sach’a project generated 4,048 hectares of new crops and CONCADE helped create 110,000 hectares of new licit plantings (UNODC, 2005; Development Associates Inc., 2004). However, CONCADE’s success depended on the type of crops. Banana and pineapple growers were satisfied with prices and wanted to increase their production, whereas the palm hearts and citrus producers were highly dissatisfied with prices and openly discussed giving up on these crops (Development Associates Inc., 2004).

Another gain has taken place in land titling. Four hundred sixty-six thousand hectares of land have been registered in the Tropics of Cochabamba, largely from increased land titling efforts by the government of Bolivia, partly funded through USAID and PRAEDAC. Registration is the first step for farmers to gain formal title to their land, which will encourage them to invest in their land and allow them to have a greater sense of security about their livelihood (Bureau of International Narcotics and Law Enforcement Affairs, 2009). PRAEDAC also reported that 11,607 families have already received titles to their lands.
The number of families receiving alternative development assistance has been steadily increasing. The U.S. aided 2,554 families in 1997, but expanded assistance to a reported 25,290 families in 2004 (United States General Accounting Office, 2002; CRS, 2005).

However, Farthing and Kohl (2005) question these figures and argue that the wide range of figures produced by USAID, the State Department and the Bolivian government make it almost impossible to know the true number of people assisted. Jatun Sach’a project assisted 8,767 families in the Cochabamba Tropics and 1,275 in Yungas (UNODC, 2005). The UN estimates that alternative development projects have only worked with 23% of families in illicit crop areas in the Andean region, so there is clearly room for these programs to expand (UNODC, 2005).

Another positive development as a result of alternative development programs has been strengthening and building the capacity of producer organizations and municipal governments. For example, the Jatun Sach’a project reported that one of the qualitative gains was that “agroforestry producers’ organizations increased their capacities for their own capital investment, commercializing their product and supplying technical assistance to its associates” (UNODC, 2005, p. 39). The Jatun Sach’a program helped organize 155 Producer Associations in the Cochabamba Tropics, 43 Farmer Economic Organizations in Yungas. In addition the program ensured that 64 communities became owners of their forests and had developed Forest Management Plans (UNODC, 2005). It is likely that these organizations would not have formed without the support of the project.

Alternative development programs have also been successful in raising the capacity of municipalities. PRAEDAC offered training to municipalities to help them improve their public administrative capacity (Farthing and Kohl, 2005). However, not all of the gains municipalities and community organizations have made can be attributed to the PRAEDAC program. Bolivia has a long history of community organization, especially among coca growers. PRAEDAC, along with a number of nongovernmental organizations (NGOs) and the municipalities themselves played a role in building capacity. On the other hand, in some instances, USAID has had a negative effect on municipalities. It refused to work with many of the municipalities in Chapare and it formed its own producer associations. Development Associates Inc. noted in their evaluation report that this “works against developing strong, sustainable producer associations, and hence against the ultimate impact of AD activities” (Development Associates Inc., 2004, p. 49).

Eradication is almost always linked to alternative development programs, but eradication efforts have had mixed results over the past decade. From a high of 11,839 hectares eradicated in 2002, eradication has leveled off to approximately 5,000 to 6,000 hectares a year from 2005 to the present (Bureau of International Narcotics and Law Enforcement Affairs, 2009). However, these figures do not differentiate between forced eradication and voluntary eradication that was followed by AD assistance. The net cultivation of coca has been more or less steadily increasing since 2002 from 24,400 hectares to its estimated level of 29,500 hectares in 2008 (Bureau of International Narcotics and Law Enforcement Affairs, 2009). It is difficult to assess the true impact of AD programs on eradication and reducing the cultivation of coca because these are strongly tied to the price of coca, the social relationship of the community, the ability of farmers to transfer coca planting away from their private land into national parks, and the government presence in the region (UNODCP, 2001).

**Areas for Improvement**

Despite developing better integrated programs that have achieved some significant gains, alternative development (AD) programs have substantial room for improvement. In an evaluation of AD programs, including their own, Development Associates Inc. found the three factors that made the shift to licit crops successful were “a profitable alternative, acceptance of AD, and being able to ‘depend’ on AD” (Development Associates Inc., 2004, p. 38). Areas for improvement or change include: conditionality, participation, planning, financing, and sustainability. By making alterations, AD programs have the potential to create sustainable and long lasting improvements in families’ livelihoods and can be a crucial component in the War on Drugs.

The U.S. can greatly improve AD programs by imposing less stringent conditionality requirements. Farmers know how much coca they can produce and how much money they will get for their crop, which is often more than for licit crops (Lupu, 2004). For them, adopting a new crop is a risk (Farthing and Kohl, 2005). Having more flexible conditionality requirements will not only mean that more communities are likely to participate, but it also addresses the reality that farmers are likely to keep some coca as a security measure, in case the new crop fails (Farthing and Kohl, 2005). Plans need to be developed for farmers to transition out of growing coca with enough time for the new crops to develop into a profitable alternative. However, follow-up is essential to make sure that farmers are not cultivating coca past the permitted time.
If eradication is a requirement, coordination needs to be strong between agencies to ensure that alternative development funding is available immediately. In the past, gaps between eradication and providing alternative development funding has been a problem, leaving farmers without a source of income and creating distrust.

Studies have shown that farmers are willing to accept a less profitable alternative, if the change is accompanied by increased security and technical assistance (Lupu, 2004). Donors can encourage and provide assistance to governments to help fight narcotraffickers and remove them from drug-growing regions of the country. Farmers will feel more secure transitioning to the licit economy because they will no longer be under the threat of violence. This is less of a problem in Bolivia, but is a more complicated situation in Colombia and Peru where drug traffickers are also often part of armed insurgency groups.

Running pilot projects is another way to demonstrate to farmers that alternative crops can work. It can enable them to see the project so they feel more secure about giving up coca. Programs also need to provide technical assistance. This will allow farmers to feel comfortable with growing new crops and have greater success with those crops, which means they will be less likely to return to growing coca.

The second factor which has helped make AD programs successful is acceptance of AD activities. Acceptance is gained by giving the local population a voice in the process. Development Associates Inc. reported that “attitudes toward AD activities are clearly influenced by the degree and types of participation and the participatory mechanisms used” (Development Associates Inc., 2004, p. 50). Thus far, the UN and the EU have been much better at including participative measures than the United States.

Currently, most participation by the local population is limited to identifying problems. Beneficiaries are not given a say in which problems should be made a priority or how problems should be solved (Development Associates Inc., 2004). Local populations often do not trust AD activities because of their top-down nature, especially in Chapare, where participatory mechanisms for USAID programs are not well developed. Another problem is that U.S. sponsored producer associations function separately and outside of traditional social structures. This “weakens social legitimacy by isolating association members from the general community context” (Development Associates Inc., 2004, p. 50). The U.S. needs to find ways to incorporate these associations back into the social fabric of the community.

Carlos Hoffman, the Director of Municipal Programming stated that USAID almost never informs municipalities about what projects it is implementing, which makes planning difficult (Farthing and Kohl, 2005). PRAEDAC, on the other hand, contracts with municipalities to implement projects and trains them in public administration. These efforts have resulted in a more positive reception of AD (Farthing and Kohl, 2005). The U.S. needs to build into its plans requirements for meaningful participation at all stages of the process and especially focus on finding ways to incorporate women. Working with the municipality will encourage greater responsibility by the municipality and will ensure that projects are integrated into the municipal development plans (MDPs) that municipalities develop. It will also create a more positive reception of AD and might help decrease some of the political opposition to these programs.

Donors need to be able to convince AD participants that they will be able to count on AD support while they make this transition back to the legal economy. For example, when the UN-sponsored Agroyungas project finished, development centers and infrastructure projects were abandoned and many government technicians left the area (Lupu, 2004). Funders must find a balance between simply abandoning projects when they end, which may cause families to return to growing coca, and creating permanent dependency on projects. This is another reason that funders need to work with local governments and organizations to build their capacities and develop alternative forms of financing.

Currently, many farmers are classified as “small producers”, which disqualifies them from using their land as collateral for a loan, and most have few other means of acquiring a loan (Development Associates Inc., 2004). A number of small cooperatives have formed in Chapare and have had high loan repayment rates. All funders should encourage the formation of these types of organizations and help producer organizations develop that capability. These cooperatives will give farmers access to credit and have the additional benefits of improving the long-term sustainability and potential success of projects. If farmers are aware they can get loans, they may feel more secure about taking the risk to engage in the project.

Donors need to do a better job planning for projects. In many programs, crops were suggested without doing background research on their ability to grow in certain climates or consider if there was a viable market for the crop. Nor did donors conduct assessments to determine whether the infrastructure existed to get crops to market or if the necessary infrastructure could be built in a timely
manner. Project planners need to research the markets for crops and ensure that the crops are appropriate for the area. A positive development in the CONCADE program was the links that were established with processors, wholesalers and supermarkets so farmers had reliable places to sell their crops. Those efforts should be continued and expanded.

Projects need to conduct smaller pilot projects with new crops. Pilot projects allow problems to surface which can then be resolved before asking farmers to give up their livelihoods for a project that could fail. Donors must also develop back-up plans so that if a project does fail, farmers have another option without having to revert back to growing coca, which was an issue in some of the early programs. Another part of the process is working to collect better data and conducting evaluations on the long-term impact of these programs to discern if gains from AD programs are sustainable and significant.

Finally, the U.S. needs to change is its attitude towards alternative development and change its funding priorities. Currently, it views AD as a security program used to eradicate and prevent the cultivation of coca. This is a short-term view that ignores the complexity surrounding the cultivation of coca. Many small farmers grow coca because it is the best option they have, not because they want to be involved with drug trafficking. The U.S. has started and needs to continue to stress alternative development as a priority in the War on Drugs.

The mechanisms that were emphasized in the War on Drugs until 2007, interdiction and eradication, are largely short-term responses that do not address many of the underlying development problems. It is also questionable whether either of them is effective. It is estimated that only 10% of the cocaine that arrived at U.S. transit points was intercepted and traffickers are able to quickly change their methods of transport in response to where the U.S. is putting interdiction resources (ICG, 2008). Many critics argue that eradication has no long-term impact on the price of coca and may stimulate production in other parts of the country or in other countries— the “balloon effect” (Thoumi and Navarrete, 2006). However, eradication may prove beneficial in some contexts. The UNODC found that manual eradication was more effective than aerial spraying and only had a 15% replanting rate on average (ICG, 2008). Manual eradication coupled with comprehensive AD programs could prove to be an effective method of getting people to stop growing coca.

In Bolivia, the government has control over the country, forced eradication is politically unpopular, and the long-term impact of voluntary eradication is questionable. Considering these conditions, the U.S. needs to continue to increase funding for AD activities and make it the primary focus on the War on Drugs within the country. The U.S. should work with the Government of Bolivia and with local communities to develop voluntary eradication plans that will be followed by AD projects that the community has helped select. Funding will still go to eradication, but only if AD funding is provided as well, unless eradication is taking place in a national park.

Lessons for other countries

Both the successes and failures of AD programs in Bolivia can be instructive for other countries that are large drug producers - namely, other Andean countries and Afghanistan. However, it is important to note that countries like Colombia and Afghanistan are more challenging environments in which to implement alternative development programs.

Perhaps the most important lesson that can be drawn from the Bolivian experience is the failure of AD programs and eradication activities in areas the government did not control because it was overrun with narcotraffickers. AD programs were not successful in the 1980s until the government gained back control of certain drug-producing regions from drug traffickers (United States General Accounting Office, 2002). This experience is highly relevant in both Colombia and Afghanistan, where the governments do not control large areas of the country. Aerial eradication is used in Colombia, particularly in regions the government does not have control over. But remembering that the head of the ONDCP’s assessment that 85% of sprayed crops are rapidly replanted (CRS, 2005), we see that aerial eradication is largely ineffective because people either replant or shift to even more remote areas. The Bolivian experience also suggests that it is virtually impossible to implement effective AD programs when the local population lives in fear from narcotraffickers. In Colombia, the threat is even higher since many of these traffickers are also part of armed insurgency groups.

The same goes for Afghanistan where an estimated 52% of the country’s economy is in some way tied to the illegal opium trade (Thoumi and Navarrete, 2006). Eradicating without providing viable alternatives could, in fact, devastate the Afghan economy even more than it is now and create “a major source of social tension” (p. 21) as farmers are left without a livelihood. Because opium is such a substantial part of the economy, it would behoove donors to conduct studies to find other legal uses for opium. In the limited areas the government does control, AD programs should be...
implemented, but past experience suggests that AD programs will have limited success in areas the government does not govern because farmers will not feel secure.

More recent program experience suggests that donors will have more success if they work with local organizations and within community structures (the EU and the UN) than if they try to build their own structures (the U.S.). Communities are more likely to accept and buy into AD when they have a voice in the process and involve local leadership. Attempts to build separate structures can result in negative consequences like being forced out of the area, as USAID experienced in Chapare. This may be a lesson for donors in Afghanistan and Peru, where there are strongly established community and social networks. AD programs need to include the participative mechanisms discussed in previous sections and work with local governments to integrate planning.

The final lesson that can be drawn from the Bolivian experience is the importance of understanding the political context. The U.S. pushed the Bolivian government to forcibly eradicate coca in the late 1990s. Although the program greatly decreased the number of hectares under cultivation, this program caused great political and social instability and helped lead to the ouster of a number of Presidents. It is important to consider the political realities that leaders in other countries are facing and to understand the historical and traditional uses of these crops because that could have a substantial impact on a population’s willingness to eradicate and receive AD funding. Peru has had a tradition of growing and using coca, making eradication difficult. In Colombia and Afghanistan, the leaders might be constrained from taking more vigorous action by their political circumstances. The situation in these countries is also more complex because of the government has to deal with armed insurgency groups that often have ties to the drug trade, which Bolivia did not have to experience.

**Conclusion**

“Despite these sizable efforts, there has been virtually no change in the quantity of cocaine flowing into the country” (ICG, 2008, p. 2). This comment by the International Crisis Group suggests that 30 years of prioritizing eradication and interdiction is not working. This paper is not suggesting that alternative development is the sole answer to the War on Drugs or that it will solve all problems, but alternative development programs, particularly ones that have taken a more integrated approach, have had a number of successes that could be expanded. The U.S. needs to continue the current trend and place a greater emphasis on AD in funding the War on Drugs. The U.S. also needs to start viewing alternative development as a development activity, rather than as a security exercise, and examine the underlying causes of the cultivation of coca. AD has a greater chance of success if the U.S. works with the Government of Bolivia and local municipalities and includes them in a participatory process.

Eradication and interdiction activities should continue to be pursued, but a much greater emphasis needs to be placed on alternative development activities in the Bolivian context. It is important to acknowledge that past experience has shown that AD will not be effective in certain situations and that understanding the context will dictate which combination of activities should be used for each country, region, and at the transnational level as well.

**References**


Leveraging Project Finance for Development: The Chad-Cameroon Oilfield Development and Pipeline Project

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The Chad-Cameroon oilfield development and pipeline project was a major attempt by the international community to leverage an extractive industries project to promote development in a fragile state. The project is notable for its size and ambition, and for the intensive participation of multilateral institutions, multinational corporations, governments, and civil society. The centerpiece of the project was an elaborate revenue management program designed to funnel oil revenues to priority sectors in Chad. However, unanticipated developments, including a deteriorating security situation, gradually eroded the Chadian government's compliance with the program, resulting in disbursement suspensions and renegotiations. The program was prematurely terminated when the government of Chad fully prepaid its remaining financial obligations to the World Bank after just seven years of the project's anticipated 20-30 year lifespan. Once hailed as a newly emergent model for development, the project now offers important lessons stressing the need for greater pragmatism in the future.

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Introduction

Long-term economic growth in the developing world, particularly in emerging Asia and India, is expected to dramatically increase global energy demand over the coming decades. This will place increasing strain on existing hydrocarbon production and refining infrastructure, further inflating prices. As these pressures continue to build, untapped hydrocarbon resources located in fragile states will become increasingly attractive to energy investors.

This trend carries both opportunities and risks. Prudently managed oil revenues could be harnessed to fuel sustainable social and economic development. Some oil-rich states have leveraged their natural resources to accrue massive sovereign wealth funds, which can be tapped to finance long-term social, political, and economic investments. However, many other states have fallen prey to the so-called ‘resource curse’ or ‘paradox of plenty’ (Auty & Mikesell, 1998; Karl, 1997). In these circumstances the presence of oil revenues can contribute to economic instability, social unrest, political corruption, and even violence. As additional oil and gas projects come online in ever more remote and instable regions, the future of the resource-rich developing world approaches a precarious juncture.

Recognizing the high stakes involved, the major proponents of the Chad-Cameroon Oilfield Development and Pipeline Project created a financial structure designed to encourage appropriate fiscal management in Chad. They conceived of an innovative revenue management program that earmarked funds for the government to spend in priority sectors in order to promote development. Other complementary Bank-funded programs addressed capacity-building, the environment, and transparency. It was hoped that by imposing extensive conditionalities on the government of Chad that the project could become a positive catalyst for development, or at least not become a ‘curse’.

The Chad-Cameroon Pipeline Project

At a total cost of around $4 billion, the Chad-Cameroon Pipeline Project represented the largest foreign direct investment in sub-Saharan Africa to date (“Africa oil and gas deal,” 2002). The World Bank originally estimated that Chad would receive at least $2 billion in royalties, tax revenues, and dividends over the project’s lifespan, while Cameroon was expected to receive about $500 million from transit fees, taxes, and dividends (“Overview,” n.d.). However, due to high oil prices actual project-related revenues accruing to the government of Chad dramatically exceeded the original estimates. Chad had already received over $4.3 billion by the close of 2008, more than double what the project was expected to bring in during its entire 20-30 year lifespan (Chad export project, 2008).

Initial consultations for the project began as early as 1993 and financial negotiations began around 1996 (World
After numerous delays, including the replacement of two of the project’s minority sponsors, the financing arrangements were finally closed in June 2001 (“Minor threats,” 2004). The World Bank approved its own participation in the project in June 2000, which encouraged other key participants, such as the US Export-Import Bank (US Ex-Im), to get on board (World Bank Group approves support, 2000).

The general project structure consisted of three main parts: a field production joint venture, a project company for the Chadian portion of the pipeline (TOTCO), and a project company for the Cameroonian section of the pipeline (COTCO). A joint venture between ExxonMobil, Petronas of Malaysia, and Chevron was responsible for developing the oil fields in Chad’s Doba Basin. The consortium fully financed the field production companies and purchased equity shares (and provided quasi-equity) in both TOTCO and COTCO. The government of Chad borrowed funds from the World Bank to purchase equity shares in both pipeline companies, while Cameroon did the same only with respect to COTCO (Project appraisal document, 2000). As conditions for the World Bank loans the governments of Chad and Cameroon were required to implement extensive programs for structural reforms and capacity building, revenue management (for Chad only), and environmental management.

Initial construction activities began in October 2000 and the project was completed nearly a year ahead of schedule in July 2003 (“ExxonMobil subsidiary begins,” 2003). Chad’s first exports were lifted in October of the same year (“Chad-Cameroon: Against all odds,” 2004). The pipeline had an estimated capacity of up to 225,000 to 250,000 barrels per day and in 2005 more than half of Chad’s oil exports were destined for the United States, the government of which accrued to the government of Chad might be misspent, suspecting that oil windfalls would exacerbate already rampant corruption. Throughout the course of the project NGOs remained vigilant in their surveillance in order to enhance transparency and reduce corruption.

While most criticisms of the project were constructive, some of the earlier reactions were reflexive and could be considered unfair. In a July 2001 report, Amsterdam-based Friends of the Earth International declared the project “disastrous” only one month after the financing arrangements were closed (Broken promises, 2001; Williams & Castillo-Bernaus, 2001). As early as 1997 the Environmental Defense Fund (EDF) had already published a report citing numerous environmental, social, and other problems certain to result from the project. The EDF even took issue with the proposed financial structure for the project, inaccurately asserting that “the oil companies and the commercial banks are taking cover behind publicly funded or guaranteed institutions [referring to World Bank and export credit agency participation] in what amounted to an egregious case of ‘corporate welfare’ with costs ‘shouldered by public funds’” (Horta, 1997).

Early Controversies
The project was, and remains, highly controversial. It drew intense criticism from its early stages of conception, mainly from concerned environmental nongovernmental organizations (NGOs) and human rights organizations. These groups ultimately succeeded in pressuring the project participants to implement important programs addressing their concerns.

Large oilfield development and pipeline projects are environmentally disruptive and publicly controversial. Consultations aimed at addressing environmental concerns began as early as 1993. A draft environmental assessment was completed in 1997 and released for public scrutiny (“The Chad-Cameroon development and pipeline project,” n.d.b). Significant changes were made to the initial assessment, including a rerouting of the pipeline, and in 1999 the consortium submitted a 19-volume Environmental Management Plan (EMP), which was made public, subsequently reviewed, and later approved by the World Bank. A multifaceted environmental monitoring mechanism was established, including an independent External Compliance Monitoring Group, an International Advisory Group (with broader “social and economic” responsibilities), substantial NGO participation, EssoChad reporting requirements, and World Bank supervision, inter alia (“The Chad-Cameroon development and pipeline project,” n.d.b). Reaching agreement on the environmental plan was necessary before the World Bank and US Ex-Im could approve their participations in the project.

Addressing the Chadian Context
In 2005 Chad ranked last out of 159 countries included in Transparency International’s 2005 Corruption Perception Index, scoring a 1.7 out of a possible 10 (Transparency International, 2005). The US Department of State’s annual country report on human rights practices in Chad described the government’s record in 2004 as “poor,” documenting 26 pages of “serious human rights abuses” (Country reports, 2004). The president of Chad, Idriss Deby, came to power during a 1990 coup and has been reelected several times in
flawed elections. In late 2000, Deby’s government secretly siphoned $4.5 million of a $25 million signing bonus paid by the consortium to purchase weapons to fight rebels in the northern region of the country, violating agreements with the World Bank and the IMF (Raeburn, 2001, p. 92; Silverstein, 2003). Facing pressure from the World Bank and NGOs, the government later channeled the remainder of the funds through the country’s revenue management program. In May 2004 an element of the state’s security services staged a failed coup. Political problems still persist in the country and the government continues to battle rebels sporadically advancing on the capital. An internationally controversial referendum held in June 2005 eliminated the constitutional two-term limit for the presidency (Supporting human rights and democracy, n.d.) and subsequent government actions effectively terminated the revenue management program.

The project was initially designed to address specific difficulties afflicting the Chadian political and social context. Public administration in Chad was extremely poor, due in part to the 30 years of civil war that followed the country’s independence from France in 1960 ("CIA," 2005). Capacity building programs instituted by the World Bank were intended to bring the country’s administrative capabilities up to speed before the project’s completion, but construction finished a year early and revenues began accruing to the government before adequate capacity could be established (Gary & Reisch, 2005, p. 12; Report, 2005).

Despite a windfall in oil revenues, the Chadian government remained mired in financial difficulties. Rigidities in the Bank’s revenue management program led to cash flow problems, causing the government to accumulate substantial payments arrears (Report, 2005). Chad began new assistance programs with the IMF in 2005, requesting help under the Poverty Reduction and Growth Facility (PRGF) and the enhanced Highly Indebted Poor Countries (HIPC) initiative (Chad: Requests for a three-year arrangement, 2005, p. 41).

For its part, the IMF generally deferred to the World Bank’s handling of the revenue management program. IMF best practices would have dictated a slightly modified program than what the World Bank instituted, which could have introduced tensions. The World Bank has taken the view that Chad is a special case and that emphasis should be placed primarily on poverty reduction, even if this is at the expense of optimal fiscal management. The Fund has taken the more technically correct view that oil-exporting countries ought to adopt particular fiscal policy objectives and seek to avoid certain undesirable macroeconomic consequences, but allowed the World Bank to execute its special programs without opposition (Katz, Bartosch, Malothra, & Cuc, 2004, p. 41). The IMF remains concerned, however, that fiscal arrangements in Chad are not consistent with basic principles of proper oil revenue management (Chad: Requests for a three-year arrangement, 2005; Katz et al., 2004).

Project Structure
World Bank endorsement was critical for attracting other participants to the project and moving the financing arrangements forward (“Africa oil and gas deal,” 2002). Bank participation also brought legitimacy and expertise, which in turn encouraged export credit agencies (ECAs) from the United States and France to join. Private investors were reportedly more comfortable with World Bank and ECA participation secured because these institutions are perceived to enhance the enforceability of contracts (“Pipeline paradigms,” 2003). With the ECAs carrying a significant share of the project’s risks, private investors stepped forward to provide financing. Ultimately, investors showed a high level of interest in the project despite the considerable risks.

Many commentators speculate that the project would have eventually gone forward even without significant World Bank involvement. James Wolfensohn, then president of the World Bank, poignantly commented:

If we withdrew . . . [the project] would have been financed separately by people who didn’t give a damn. So the question was: was it better for us to stay in, to try to monitor the situation and improve it, or just withdraw in the certainty that it would go down the tubes? . . . I get beaten up all the time. If we can pull it off it will be unique, and it will be for the benefit of the people. If we hadn’t gone into it, the project would have been financed elsewhere by people who certainly wouldn’t have done it like this. (Ford, 2004, p. 30)

The World Bank understood the risks and controversies surrounding the project and assumed a pragmatic position. It was probably apparent to most that the World Bank’s capacity building programs would not ramp up in time to safeguard all of Chad’s oil revenues. But economic and political forces much stronger than the World Bank were pushing the project forward regardless of these concerns. “It was not realistic to wait until capacity was fully developed to implement the project,” the World Bank defended on its website, probably in response to criticisms from the NGO community (“Chad-Cameroon development and pipeline project,” n.d.). If one
accepts the inevitability of the project, then the World Bank’s willingness to participate was commendable, especially considering the considerable reputational damage the Bank was willing to put on the line.

The three original project sponsors from the private sector - ExxonMobil (40%), Shell (35%), and Elf (25%) - formed a joint venture with EssoChad as operator. Shell and Elf later dropped out and were replaced by Petronas and Chevron, respectively, with no change in the project’s proposed structure (“Africa oil and gas deal,” 2002). The consortium fully funded the oilfield development portion of the project, and intended to contribute about $576 million and $109 million to the pipeline companies COTCO and TOTCO, respectively. Consortium participation in the pipeline companies was to fund about 85 percent of the cost of the export system. The remainder was to be provided by the governments of Chad and Cameroon.

The International Bank for Reconstruction and Development (IBRD) of the World Bank Group lent Chad $32.5 million and Cameroon $43.5 million to enable them to purchase equity shares in their respective pipeline companies. The European Investment Bank (EIB) lent $15 million to Chad and $26.5 million to Cameroon for the same purpose (Project appraisal document, 2000, Annex 12). The World Bank’s loans were conditional upon Chad and Cameroon implementing a number of domestic programs for which additional loans were made.

The Chad-Cameroon project utilized project finance as a method for mitigating political risk and securing outside participation from commercial banks. Normally, project finance is used as a means for attracting relatively high levels of debt financing, but in the Chad-Cameroon case the technique was employed more for its risk mitigation properties rather than to fulfill any unmet financing requirements (“Chad oil pipeline,” 2001).

World Bank involvement reportedly enabled US Ex-Im and France’s CoFace to participate, which was deemed critical to the project’s moving forward (“Ex-Im backs Chad pipeline,” 2000). One source close to the deal claimed that “The extent of the World Bank Group endorsement was the single crucial factor in banking [the] deal” (“Africa oil and gas deal,” 2002).

The ECAs bore the major financial risks associated with “failure to complete” as a result of political events. Combined, the ECAs offered to guarantee up to $600 million in loans to the two project companies (Project appraisal document, 2000, p. 2). US Ex-Im approved up to a $300 million loan guarantee, which covered only political risks during the pipeline’s construction and comprehensive political and commercial risks after completion (Ex-Im Bank, 2000). US Ex-Im provided 100 percent coverage and CoFace 95 percent (“Chad oil pipeline,” 2001). Ultimately, the total amount of debt financing for the pipeline companies was evidently reduced from $1.4 billion to about $600 million. US Ex-Im and CoFace ended up guaranteeing around $200 million each (IFC, 2001). The guaranteed lenders were ABN Amro North America and Credit Agricola Indosuez. Notably, this was US Ex-Im’s first nonrecourse venture in sub-Saharan Africa (Ex-Im Bank, 2000).

The International Finance Corporation (IFC), the private sector lending arm of the World Bank Group, proposed providing a $100 million ‘A loan’ from its own resources and arranging a $300 million ‘B loan’ for syndication to commercial banks (Project appraisal document, 2000). In the final structure, both loans were about $100 million each (IFC, 2001).

Commercial interest in the three tranches was reportedly strong. A spokesperson stated that the offers were 50 percent oversubscribed (“Chad oil pipeline,” 2001). The IFC syndication is believed to have been priced at between 250 to 300 basis points (bp), the US Ex-Im arrangement between 50bp and 60bp and the CoFace arrangement between 90bp to 100bp, reflecting the different risk levels perceived by investors (“Chad oil pipeline,” 2001).2

The proposed $400 million in project bonds were apparently never issued, probably due to prohibitive costs. According to the World Bank/IFC Project Appraisal Document (2000), in the event that project bonds were not floated, the project sponsors were to contribute additional equity or quasi equity in the amount of the financing gap. The private consortium members, particularly ExxonMobil, are known to have had adequate capital.

Overall, creative financing involving multiple stakeholders succeeded in bringing the risky project to fruition. That the project structure and risk allocation system attracted sufficient private capital is a major accomplishment in itself. Moreover, World Bank participation played a singularly significant role which the private sponsors apparently preferred to ‘going it alone’.

### The Project Revenue Management Program
The Chad-Cameroon project’s revenues and the related royalties, dividends, and taxes could potentially provide the government of Chad with the means for rapidly advancing development. But if revenues are poorly managed, the project could stymie development, shoring up corrupt patronage systems and depleting the country’s exhaustible resources.
during a period of ineffective governance. Indeed, the disturbing governance and human rights records of the Deby regime in Chad underscore some of the project’s downside risks. Safeguards were instituted with the Petroleum Revenue Management Program (PRMP) to help ensure that the project would serve as a vehicle for positive change and not as a catalyst for corruption and waste.

Due to the extreme conditions prevailing in Chad, the PRMP was more intrusive than its predecessors elsewhere. The program earmarked portions of oil revenues for priority poverty reduction activities, mandatory long-term savings, and oversight and monitoring mechanisms (Project appraisal document, 2000, p. 95). Chad’s 1999 Law on Revenue Management implemented the PRMP. It defined the priority sectors for oil revenue allocations as “public health and social affairs, education, infrastructure, rural development, environment and water resources” (Project appraisal document, 2000, Annex 11).

However, the law had several important weaknesses, many of which were publicized in a joint report by two NGOs (Gary & Reisch, 2005). First, the law applied only to certain modes of oil-related revenues, leaving substantial revenue streams outside the revenue management system. Second, the law only applied to oil obtained from three fields - Kome, Miandoum, and Bolobo - in the Doba region, despite significant exploration and development activities outside of that area (“Chad/Cameroon development project: Construction: Oilfields,” n.d.). Third, some observers argued that the law does not earmark enough revenue to the oil-producing region for compensatory purposes. Fourth, the priority sectors were defined too vaguely, leaving excessive room for political manipulation that could undermine the spirit of the PRMP.

Proponents of the PRMP broadly intended to maximize revenue allocations for the priority sectors via a rules-based system, given the government’s capacity constraints. Revenues available for discretionary spending in non-priority sectors were intentionally limited during the earlier stages of the project’s lifespan but were allowed to increase gradually as the government built capacity, increased transparency, and combated corruption.

Three main categories of oil revenues accrued to the government of Chad under the prevailing arrangements: royalties, dividends, and income taxes. Direct revenues - royalty payments from the consortium and dividends from Chad’s equity participation in TOTCO and COTCO - were deposited into an offshore escrow account with Citibank and subjected to the conditions and restrictions of the PRMP. Indirect revenues to Chad included corporate taxes on the consortium and TOTCO. Revenues accruing indirectly were not subject to the provisions of the PRMP (Project appraisal document, 2000).

Ideally, oil revenue management systems are designed to insulate government spending from shocks to oil prices. Under the PRMP, Chad’s overall revenue sensitivity to price shocks varied according to the revenue stream. Royalty payments were moderately sensitive, dividend income was insensitive, and corporate tax revenues were very sensitive (Project appraisal document, 2000). Generally, as oil prices increased, indirect revenues grew faster than direct revenues and an increasing proportion of funds fell outside the purview of the Law on Revenue Management and the PRMP.

High oil prices eroded the efficacy of the revenue management system. The base scenario for the PRMP assumed a Brent benchmark oil price of about $18 per barrel and a Doba price of about $15 per barrel, assuming a $3 per barrel discount for the inferior quality crude (Project appraisal document, 2000). EssoChad, the project operator, reported a Doba price of $38 per barrel and quoted a Brent price of $51 per barrel for the second quarter of 2005, implying a larger $13 per barrel discount at this higher price level (Chad export Project, 2005, p. 72). Even while discounted, the actual effective price for Chad’s Doba crude more than doubled from the $15 per barrel price projected in the base scenario in 2000 (for the life of the project) to $38 per barrel by mid-2005.

Oil production began ahead of schedule, resulting in substantially increased cumulative revenues in the first few years over the baseline assumptions. The original projections predicted that Chad would have accrued around $111 million by the end of 2005. But with earlier production and higher oil prices, Chad had already received $276 million by mid-year 2005, more than double the original estimates (Chad export project, 2005, p. 8; Project appraisal document, 2000, p. 79). Later that year some payments were suspended after the government of Chad revised its revenue management law.

Initially, it was estimated that direct revenues (subject to the PRMP) would constitute 85 percent of Chad’s total oil revenues during the first 10 years of the project’s operation (Project appraisal document, 2000, p. 96). The World Bank projected that a 20 percent upside shock to the base Doba crude price would cause the proportion of revenues governed by the PRMP to shrink to 63 percent (Project appraisal document, 2000, p. 100). The actual magnitude of
the upside price shock to Doba crude from the base scenario was 149 percent in the second quarter of 2005 (Chad export project, 2005, p. 72; Project appraisal document, 2000, p. 100). It is not clear why the projections did not game shock scenarios exceeding 100 percent to the Brent price, as these have been common historically. The Chad-Cameroon project was expected to span about 27 years from 2000 to 2027, generating recurrent revenues for Chad beginning in 2004. The 27-year period running up to the project’s approval in mid-2000 saw frequent and sustained price shocks well over 100 percent.

This is especially troubling considering the negative impact such shocks were thought to have on the situation in Chad with its administrative problems, high levels of corruption, and history of human rights abuses. Indeed, the PRMP was intended to preclude the very scenario that prevailed shortly after the project’s completion: relatively high levels of revenue for Chad in the context of inadequate absorptive capacity. To avoid this situation most of the government’s indirect revenues were intentionally back-loaded, with relatively minor tax revenues from TOTCO beginning to accrue in 2004 (when it was thought that the project would be completed) and the bulk of indirect revenues—from taxing the consortium—not accruing until 2014 (Project appraisal document, 2000, p. 79).

The overall impact of early project completion and higher oil prices was that the government of Chad received more direct and indirect revenues before the establishment of sufficient capacity to manage the funds properly. In the short-term, the increased revenues were held in special accounts, spent on general expenses, or channeled to priority sectors as per the PRMP. However, over time an increased proportion of the revenues escaped the controls of the PRMP, undermining the original intent of the program. The PRMP was ultimately terminated amid controversy in 2008 (World Bank statement, 2008).

**Effectiveness of the PRMP**

The World Bank’s stated development objective in Chad was to increase governmental spending in the priority sectors by at least $40 million per year throughout the period 2005 – 2009 (Project appraisal document, 2000, p. 4). Allocations for the priority sectors were additive on top of regular spending, which constituted about 15 percent of GDP in 2000, the year in which the project was approved. That magnitude presumably would have reflected Chad’s limited absorptive capacity. However, under the design of the PRMP, the first 21 months of the project’s operation brought more than $251 million in revenue to Chad, $201 million of which was allocated to the priority sectors (“Revenues and allocations,” 2005). Despite operating at well below export capacity, actual oil revenues for the priority sectors had initially amounted to roughly $114 million per annum, almost three times the World Bank’s target.

Clear information regarding the balances and operations of Chad’s various accounts under the PRMP are difficult to obtain. However, it appears that the special account held at Banque des États de l’Afrique Centrale (BEAC) operated as the government’s primary fiscal stabilization mechanism. Of the royalties and dividends deposited into the special account at BEAC, 80 percent were deposited into a stabilization account. Disbursements were technically made from this second account, quarterly, according to approved budgetary commitments. The stabilization rule stated that if actual revenues differed from budgeted revenues by up to 20 percent, then the difference was to be credited or debited against the stabilization account. Beyond that the budget was to be revised (Gary & Reisch, 2005, p. 46). This implies that with higher than expected oil revenues the budget should have been revised to accommodate additional spending, otherwise the stabilization account would have ballooned. It appeared that the additional revenues were allocated, and much of them disbursed - mostly in the priority sectors or for general operating expenses (“Revenues and allocations,” 2005).

Two mechanisms were to guard against wasteful spending beyond the government’s absorptive capacity (Chad: Requests for a three-year arrangement, 2005, p. 15). The first mechanism was the oversight committee, the Collège de Contrôle et de Surveillance (College), which had to approve all disbursements under the PRMP. The College approved approximately $38.6 million out of $51.4 million for the priority sectors in 2004, and had approved $62.9 million out of $179.8 million proposed for the third quarter of 2005 (“Revenues and allocations,” 2005). Unspent oil revenues were to be returned to the stabilization account, constituting the second stabilization mechanism.

It is not clear to what extent the excess funds were spent wisely, nor is it apparent exactly where the excess funds were being held. However, that the government was accumulating payments arrears in the presence of excess revenues indicates a lack of cash management flexibility in the PRMP’s earmarking scheme. Wherever the funds were being held, it may be inferred that rigidities in the program were preventing the government from drawing on its excess revenues to meet scheduled payments obligations elsewhere in the budget. The program “exacerbated the fragmentation
of the budget process,” according to the IMF, “creating a parallel budget system, thus hampering the effective allocation of budget resources” (Chad: Requests for a three-year arrangement, 2005, p. 10). The Fund estimated that the cumulative financing gap for 2005 – 2008 was to total $270 million (Chad: Requests for a three-year arrangement, 2005, p. 17).

A further issue was the expenditure procyclicality to oil revenue variability inherent in the structure of the PRMP. The only insulation mechanisms available to prevent the transmission of oil revenue volatility to expenditures were: 1) the College expenditure approval process and 2) the debit or credit of the actual vs. planned revenue differential back against the stabilization fund. The differential could grow widely before the planned budget was to be revised, which required considerable lag, and even then only presumably to accommodate the differential into the budget rather than insulate against it. The structure of the PRMP and its earmarking attributes effectively ensured the presence of at least some expenditure procyclicality to oil revenues.

According to the IMF, the BEAC has its own framework for revenue stabilization and long-term savings that apparently differs from that which was implemented in Chad (Katz et al., 2004, p. 41). The BEAC offers a program where countries pay 50 percent of their excess oil revenue into a stabilization fund, where the benchmark is defined as a five-year average. Countries can also withdrawal up to 50 percent of a shortfall. A country’s net balance in the stabilization fund must remain positive, and deposits into the long-term savings fund cannot exceed 10 percent, but in 2004 no country was utilizing this framework. The BEAC, as a central bank, is obligated to keep a certain percentage of funds as foreign exchange reserves, which must be held in low yield, short-term, liquid assets. The IMF notes additional disincentives for utilization of the BEAC framework. Chad’s revenue management system adhered to similar principles (somewhat) but was not governed under the specific framework provided by the BEAC.

The World Bank reported that on September 30, 2005, the Future Generations Fund (FGF) had a balance of $27.4 million (“Chad-Cameroon pipeline,” n.d.). The theoretical rationale for the fund was to set aside some of Chad’s oil wealth for future spending. Doing so promotes intergenerational equity which helps stabilize government expenditures between Chad’s oil-producing years and the post-exhaustion years thereafter. In this particular case the FGF also served as a special savings fund, accruing deposits while the government’s ability to spend efficiently was weakest, and saving for the future when government programs could presumably be implemented more effectively. Considering the primacy of the latter function in this particular case, however, the Future Generations Fund was underutilized. By January 2006, the FGF had a balance of $36 million. At this time the Chadian government proposed amendments to its revenue management law to weaken the PRMP and eliminate the fund, citing security-related priorities (World Bank suspends disbursements, 2006). The World Bank subsequently suspended further disbursements to Chad until an agreement in mid-2006 that affirmed Chad’s commitment to spending 70 percent of its budget on poverty reduction programs and establishing a general stabilization fund in place of the FGF (World Bank, Government of Chad, 2006).

In a terse statement released in September, 2008, the World Bank announced that it had ended its involvement in the project. The statement noted that:

Over the years, Chad failed to comply with key requirements of [the] agreement. A new agreement was signed in 2006, but once again the government did not allocate adequate resources critical for poverty reduction… Regrettably, it became evident that the arrangements that had underpinned the Bank’s involvement in the Chad/Cameroon pipeline project were not working. (World Bank Statement, 2008)

By year-end 2008, more than 288 million barrels of oil had been exported since production began (Chad export project, 2008, p. 7). Following the onset of oil exports, GDP initially grew rapidly and then tapered off. The IMF estimated that GDP grew at 31 percent in 2004 while per capita GDP grew at more than 60 percent (Chad: Requests for a three-year arrangement, 2005, p. 24). Many health indicators have significantly improved (Chad export project, 2008). However, inflation has been rising (Chad: 2006 article IV consultation, 2006).

Although the oilfield development and pipeline project did provide the Chadian government and other stakeholders with resources that were used to promote development, the government failed to adequately prioritize poverty reduction and savings for the future. Official documents suggest that Chad’s oil revenues have been significantly diverted from the priority sectors to other areas such as territorial administration and security, which were comparatively neglected under the PRMP (World Bank suspends disbursements, 2006).
Financial Disputes

Chad’s oil is mostly sold to refineries owned by the producers themselves, and due to a lack of transparency it is not especially clear what price levels ultimately prevail. A source of great ambiguity and tension has been the transport cost that is deducted from the Doba sale price to arrive at the net price received by the government of Chad. ExxonMobil has been using a transport cost of about $10 per barrel, which Chad has disputed. According to an NGO report, “it is clear that the government has a distinct lack of capacity to monitor production, verify the accuracy of royalty payments on its own or to understand many technical aspects of the oil industry, including calculations of transport costs” (Gary & Reisch, 2005, p. 49). Four factors were supposed to determine transport costs: 1) operations and maintenance for the pipeline; 2) return on investment on the pipeline; 3) commercial debt servicing on the pipeline infrastructure; and 4) a transit fee of $0.41 per barrel for Cameroon (Gary & Reisch, 2005, p. 40).

In a confrontational communiqué the government of Chad attacked the consortium for “swindling, murkiness, and fraud,” among other charges, noting that out of about $900 million in oil sales, Chad only officially received about $40 million in profits (Communiqué, n.d.). That particular claim is misleading, however, because it ignores the structural characteristics of the project’s projected multiyear revenue streams.

Chad has disputed its arrangements with Exxon, the lead sponsor, citing a confidential 1988 concession agreement between the two parties known as the “Convention for Exploration, Production and Transportation of Hydrocarbons.” The Convention is confidential but reportedly stipulates a 12.5 percent royalty (Communiqué, n.d.; Gary & Reisch, 2005, p. 38).

In response to Chad’s accusations, ExxonMobil indicated that “there are dispute resolution mechanisms in the agreements, including arbitration, which may be used to resolve certain impasses” (Gary & Reisch, 2005, p. 49). The issue was ostensibly resolved in May 2004 when a new convention was signed that provided for a 14.5 percent royalty (Gary & Reisch, 2005, p. 39). During a subsequent October 2004 conference in Chad the government backed off its allegations (Gary & Reisch, 2005, p. 49). Subsequent reports indicated that Chad remained unsatisfied with its new terms and attempted to dismiss the new agreement as illegal because it was signed by an inexperienced government negotiator (Gary & Reisch, 2005, p. 39; Katsouris, 2004).

Dissatisfied with its share of project revenues, the government of Chad proposed revisions to its original Law on Petroleum Revenue Management. The changes were to allow the government to increase funding for the military and security forces and double the percentage of revenues available for discretionary spending. The Chadian Prime Minister stated that funds currently earmarked for the FGF would be better spent in the near-term (“Chad proposes revision of oil revenue management system,” n.d.). Some observers contended that “the problems facing the country do not stem from the text of the [original] law but from poor governance, including mismanagement of funds and widespread graft” (“Chad proposes revision,” n.d.). However, the IMF repeatedly indicated that the government’s original Law on Petroleum Revenue Management did have substantial shortcomings and “need[ed] to be reviewed” (Chad: Requests for a three-year arrangement, 2005, pp. 10, 50).

Numerous independent accounts of the government’s lack of absorptive capacity and general inability to effectively spend its current revenues undercut the government’s position at the time, although security threats to the Deby regime were substantiated.

As previously noted, Chad’s decision to amend its oil revenue law eventually resulted in the premature termination of the PRMP. Facing worsening domestic instability, the Chadian government repeatedly insisted that funds being spent on poverty reduction programs were more urgently needed elsewhere and that funds accruing in the Future Generations Fund were better spent in the short-term. These circumstances suggest that the PRMP might have been more effective had it allowed some accommodation for security-related spending. More pragmatic complementary programs designed to enhance territorial administration and security might also have lessened the impetus for Chad to abandon the program. A stricter escrow system combined with a rigorously enforced fiscal rule could have given the World Bank greater leverage over the Chadian government and provided a stronger incentive for Chad to have compiled with the PRMP. However, these modifications would probably have seemed unacceptably intrusive at the time, as even now they would raise serious reservations concerning the appropriate relationships between multilateral institutions, multinational corporations, and sovereign states, particularly as they relate to domestic security issues.

Conclusion: The Chad-Cameroon Model

Financially, the Chad-Cameroon pipeline project has so far proven largely successful. The project’s structure succeeded in allocating risk, return, and control to the various participants in a manner that attracted high levels of private sector interest
Leveraging Project Finance for Development: The Chad-Cameroon Oilfield Development and Pipeline Project

despite the extraordinary risks. While the government of Chad has chosen to take a confrontational attitude toward the project sponsors, its disputes do not appear to jeopardize the commercial viability of the project.

The consortium was cautious and made measured progress over many years to develop a structure that would address their most pressing concerns. They responded to international criticism constructively by inviting World Bank and NGO participation, which also served to bring legitimacy and momentum to the project. World Bank and IMF involvement was instrumental during the early phases in promoting confidence among the other participants. The project may even have helped establish informal precedents that could lead to better environmental and fiscal management systems for similar projects in the future. Financial legal scholars familiar with the project affirm that:

. . . the Chad-Cameroon pipeline has been a milestone project in more ways than one. The use of environmental and revenue management programmes in this region, on this scale and in this level of detail, is unique. Revenue management programmes (in one form or another) may well be here to stay, particularly for major projects in lesser developed jurisdictions. Acceptance of environmental and revenue monitoring is, perhaps, a small price to pay for gaining access to World Bank, EIB and other multilateral support and, ultimately, commercial funding. (Williams & Castillo-Bernaus, 2001, p. 10)

The Operations Evaluations Department of the World Bank concluded an “Evaluation of the World Bank Group’s Activities in the Extractive Industries” in September 2004 (Evaluation, 2004). The report struck a critical tone urging the Bank to be more selective, stressing the primacy of good governance and highlighting important risks to projects in states that lack critical capacities. The Bank’s management released its official response to the review just a few weeks later, endorsing only two of the reports main messages that “extractive industries can contribute to sustainable development” and that “there is a continuing role for the Bank Group in supporting [extractive industries]” (Striking a better balance, 2004). The official response generally reaffirmed the Bank’s commitment to work on strengthening governance and transparency, and included a pledge to integrate the report’s major recommendations into future efforts.

The World Bank’s enthusiasm for the project and the project’s potential to alleviate poverty in Chad clearly overshadowed many technical issues concerning spending efficiency, intergenerational equity and expenditure procyclicality. The IMF has expressed many concerns on technical grounds, but mindful of the unique and challenging circumstances in Chad, largely chose to defer to the Bank and its programs. Due to higher than expected oil prices, the risks so far have been upside, possibly the causal antecedent of the Chadian government’s ultimate noncompliance. But if oil prices fall, revenue procyclicality will have the reverse effect, introducing potentially severe fiscal problems that could have destabilizing political consequences.

The World Bank’s revenue targets for the government of Chad have been exceeded, although “grave weaknesses in public financial management” persist (“Proposed revision,” n.d.). Corruption continues, but by most accounts was somewhat contained through the oversight work of the College, World Bank pressure and NGO surveillance. Unfortunately, since Chad’s oil reserves are a finite resource, its wasted revenues are gone forever.

NGO pressure was remarkably constructive and ultimately important and effective. The relatively high level of transparency surrounding the project, while room for improvement remains, has generally contributed to an atmosphere of productive dialogue between civil society and the project participants. The World Bank and many NGOs played helpful roles providing and disseminating important documents relating to the project. The collaborative work of prominent NGOs set high standards for constructive NGO participation in complex international extractive industries projects. Civil society has found attentive audiences with multilateral institutions and even the oil and gas industry.

A new paradigm for extractive industries projects in less developed countries may be emerging. Referring to a recommendation presented in an NGO report, a prominent industry trade journal noted:

The oil and gas industry should pay special attention to this finding: ‘One of the most fundamental lessons that Chad offers today is the importance of ensuring that minimum conditions of respect for human rights, fiscal transparency, and demonstrated government capacity to implement pro-poor programs are in place prior to promoting investment in the extractive industries.’ That’s a high standard. It would preclude investment in many countries where international oil and gas
companies now work. Most companies probably prefer to think their investments and operations make possible and therefore should precede the stipulated conditions. They prefer to think the wealth created by their operations improves life for poor people in the countries where they work. Indeed, it can and should. Yet it too many places it does not. The Chad experiment is vitally important because it represents an attempt by the oil and gas industry, the World Bank, and governments to improve the record. And it’s a reminder to the industry that meeting a growing world’s energy needs – important as that is – isn’t enough. The real job is to make the world better tomorrow than it was yesterday. (“The oil experiment,” 2005, p. 19)

This changing mindset represents progress. Nevertheless, difficult tensions remain: the world demands rapidly increasing quantities of low-cost hydrocarbon energy, but at the same time it expects complex, time-consuming procedures to be implemented before exploiting the energy resources it so often takes for granted. Without concerted efforts to develop standards, procedures and capacity-building initiatives, many energy projects may come to fruition with little or no safeguards at all. The Chad ‘experiment’ suggests, albeit tenuously, that to be effective such initiatives must accommodate government mandates for the maintenance of domestic security.

Finally, the use of conditionalities, often derided by many activists and academics, seem to hold the key for successfully addressing many of the most difficult and delicate challenges that the oil and gas industry, as well as the energy consuming world, must inevitably confront. Some academics now seek to “encourage reluctant international institutions to pressure and accompany governments in adopting structural and political reforms in return for their support in bringing other investors to the table” (Delescluse, 2004, p. 43). In the future, successful programs will be more pragmatic if their proponents are serious about sustainable poverty reduction. Although it is unfortunate that the government of Chad ultimately chose not to comply with the revenue management program, perhaps the government might be forgiven if, in the heat of the moment, it viewed rebel advances on the capital as a more pressing matter than infrastructure construction. An old saying comes to mind, roughly translated: ‘in order to be obeyed, one must ask for reasonable things.’

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Broken promises: The Chad Cameroon oil and pipeline project; Profit at any cost? (2001). Center for Environment and Development (Cameroon) and Friends of the Earth International (Amsterdam).
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Presidential Press Service of Chad.


ExIm backs Chad pipeline. (2000, July). Oil & Gas Journal.


Endnotes

1. Author’s calculations based on monthly data.
2. A basis point is equal to 1/100th of a percentage point.
4. The discount is a result of the poorer quality of Doba crude, for which limited refining capacity and relatively unfavorable market conditions depress its price.
5. According to a UNDP/World Bank study, the discount deepens as the nominal benchmark price increases (Crude Oil Price Differentials and Differences in Oil Qualities: A Statistical Analysis. (2005). Washington, DC: World Bank and International Finance Corporation.). Industry estimates have placed the Doba discount in the range of $8 to $18 per barrel from Brent benchmark prices (Jury Is Out on Chad’s Cure for the Oil Curse. (2005, February 28). Petroleum Intelligence Weekly.).
6. The report offers a litany of criticisms, including a lack of transparency on the part of the private consortium. Its findings were heavily reported in the international news media and were received with genuine concern and seriousness by prominent oil and gas trade publications.
New Approaches to Evaluation: Comparative Impact Assessment

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The aid process is challenging from an allocation standpoint because donors must choose between many organizations with imperfect information about all of them. This paper explores a possible method for correcting the information asymmetry inherent in allocations through comparative impact assessments. The approach combines methods from impact studies and process evaluations to create a framework for comparing the performance of all organizations simultaneously. Microfinance is chosen as the sector for review, and past impact studies and survey data are used to flesh out the framework for a comparative approach.

Introduction

The field of international development is increasingly represented by disparate camps: those that think well-invested aid can fundamentally transform poor communities (Sachs, 2006) and those that think the practice of development is characterized by ineffective projects that lack accountability to beneficiaries and produce nebulous results (Easterly, 2006; Dichter, 2004). While it is extremely difficult to truly ascertain long-term measures of development programs in the aggregate, there are many documented cases of development projects that have made a real impact on communities (Smith, 2005; Levine, 2005). The critical question for the field is how to sort the effective projects from the seeming surplus of ineffective ones. This question is especially important to donors wishing to wisely invest their resources in effective projects that reach their target populations.

The answer to this problem lies in program evaluation. If there were an evaluation technique that would adequately measure impact and present it in a format comparable to other organizations’ impact, donors could more easily fund the effective development projects, and organizations would have a powerful incentive for adopting best practices. As no such evaluation technique currently exists this paper steps outside the box, seeking to begin a dialogue on this important topic by outlining the framework for what will be referred to as a “comparative impact assessment”.

This paper approaches the topic from the donor’s perspective, which is a macro perspective viewing all development projects within each country together in order to identify the efficient and effective ones. It focuses on the microfinance (MF) sector, as microfinance is currently seen as one of the most promising approaches to development and is one of the few sectors with enough published evaluation material to really understand impact.

As we envision this evaluation measure that cuts across organizations to show effective programs, we must answer the following questions: What type of evaluation measure is best suited for this question? What types, and how much data are needed? What analytical approach can be used for the task? What are the potential pitfalls and confounding variables of this approach? How can we account for donor preferences such as reaching a specific target population (those in extreme poverty), and cost-benefit dimensions such as “per capita” effectiveness?

The rest of the paper will address these questions one by one as the author draws on past studies and outlines a technique that might solve one of the critical questions in the field of development. It challenges practitioners and academics to combine methods of evaluation and analysis and rethink how to address this complex problem. Most importantly, it hopes to begin dialogue on the merits and limitations of this approach.

Past Impact Studies in Microfinance

When constructing a framework for comparative impact assessment it is instructive to understand strengths and limitations of past studies. The field of microfinance provides evaluations that are both expansive in number and diverse in findings: Microfinance brings about an overall reduction in poverty rates (Khandker, 2005; Barnes, 2001; Todd, 2000; Gibbons, 2005). For instance, household expenditure increases with participation (Tsilikounas, 2001), especially in relation to food and clothing (Hossain, 1988). Other studies show increase in business profitability...
Matching clients according to observable characteristics is not sufficient since bias can be introduced through immeasurable differences as well. Selection bias occurs when control groups that are not participating in a program differ from the program participants that self-select into the project. Clients who choose to participate in microfinance programs often have more “entrepreneurial spirit,” lowered aversion to risk, or more social capital than other community members (Aghion & Morduch, 2005). As a result potential clients will likely end up better off than other community members even if they do not borrow money, which makes it difficult to construct a good control group.

Past studies have come up with creative ways to address this problem. Barnes (2001), for example, designed a study for measuring the effects of capital infusion into small enterprises. Her control group consisted of entrepreneurs that had been operating a business for at least six months without the assistance of microfinance and would receive no loans during the period of the study. In this way she eliminates the argument that microfinance borrowers are successful only because they have a business and are entrepreneurial, not because of microfinance. She was able to identify significant trends in poverty reduction for microfinance participants.

Coleman (1999) also used clever design to match the control group to clients. He had potential clients in Thailand sign up for the program a year in advance and used this as a control. In this way the self-selected group had exactly the same characteristics and demeanor as current clients. He also used a second control group of non-participants. He was able to show that the naïve model that compared current clients to non-clients overstated project impact, but unfortunately the better comparison showed no impact. Coleman attributed this to the fact that 63% of clients in the study had access to rural credit through a government program that offered loans four times the size of the microfinance loans. Alexander (2001) recreated Coleman’s methodology in Peru and again found that the naïve comparison overstated impact, but that the adjusted comparison found that MF clients earned $89 more per month than non-clients (that is a change of $1068 over 12 months when the average Peruvian makes $6000 a year).

The most rigorous microfinance evaluation to date is a series of studies performed in Bangladesh by the World Bank economist Khandker. He teamed up with Brown University economist Pitt to conduct “the mother of all household surveys” (Khandker, 1998), which included microfinance participants from three separate programs, a control group of people in the same villages, and a control
group of people in neighboring villages. They used a fixed-effect regression technique and land-holdings as an instrumental variable to estimate program impact, which was sizable by their estimations. NYU economist John Morduch (1998) responded to the study with a strong critique of the model citing concerns with their data and the use of the instrumental variable. Pitt (1999) adjusted the model according to Morduch’s criticisms, and he actually found a slightly larger program effect. Khandker (2005) later augmented the findings through the use of panel data and a simpler model with fewer assumptions. The study found that in addition to improvements in nutrition and education, for every 100 taka lent to a borrower, household expenditure increased by 20 taka per year (Khandker, 2005).

From these past studies we see that the impact of microfinance programs can be captured through evaluation, although great care must be taken in evaluation design. Specifically, (1) it is important to carefully match subject characteristics across the comparison groups, (2) selection bias must be addressed, and (3) panel data is preferable to cross-sectional studies because it greatly simplifies the assumptions necessary for analysis.

Combining Evaluation Approaches: Comparative Impact Assessment

A program can be ineffective because the program design is poor, because a well-designed program is poorly implemented, or in the worst case both. Rigorous impact studies that validate program design are powerful; they can build consensus in a field and inform policy-making about a sector in the long run. But they have major limitations in terms of time and cost requirements. Because of these constraints donors usually use process evaluations that monitor project inputs and outputs instead of impacts. As a result, they do not adequately capture the performance of different organizations across a sector, and thus the information is not useful to donors who would like to identify effective organizations.

There have been attempts to address this shortcoming. Groups like MIT have raised the bar through applying randomized controlled trials (RCTs) to developing projects, and foundations like Gates and Hewlitt are building evaluation capacity in the field of development. But these measures do not address the fundamental problem: donors do not have a reliable evaluation method that compares organizations simultaneously along the same dimension. The next sections fill the gap through an exploration of a comparative impact assessment, a proposed melding of an impact study with project monitoring to create information intended to support donor allocation decisions and spurn organizational learning.

Effect Size and Power Analysis: Limitations of the Analysis

Although program impact can be detected through evaluation methods, there are limitations to the analysis. In order to develop a framework for comparative impact assessment we must be anticipate the level of analysis and ensure there is appropriate statistical power for the comparisons. Knowing plausible effect size allows us to calculate the sample size required to detect the effect, a process called power analysis. The sample size will ultimately determine the limits in the granularity of comparisons made between organizations. The null hypothesis of interest is that clients experience the same change in income no matter which organization they borrow from. The ability to reject the null is the ability to differentiate between organizational performances.

In the statistical literature we see the term “effect size” used in two different ways: as a number from 0 to 1 describing the variance in the dependent variable explained by the model (r-square or eta-square statistics), or as the treatment effect of a program left after other relevant factors have been controlled. The term “effect size” in this paper refers to the latter use.

Although previous studies identify a variety of legitimate dependent variables, this paper limits the analysis to the income variable since it is the most proximal impact of microfinance. Increases in nutrition, education, and health via microfinance are assumedly the result of a rise in income since most microfinance programs do not provide these services directly. Furthermore, income is relatively easy to enumerate as a series of household expenditures, it is a continuous variable appropriate for regression analysis, and it is not culture or context specific. For ease of interpretation household income is represented as daily per capita expenditure (DPCE) since this is the unit that the World Bank uses to define extreme poverty (expenditures of less than $1 a day).

Power analysis requires a range of possible effect sizes, as well as the sampling error of the income variable. In order to obtain this information household survey data was used. The data were collected by FINCA International (2005, 2006), a global microfinance organization. The author accessed the data with permission while working at FINCA. The dataset covers 12 countries over two years as shown in Table 1:
Although the data is from a single organization, the variety of contexts in which it was gathered provides a sample of effect size and income variance broad enough to conduct a power analysis. The analysis is naïve in the sense that it provides the power associated with an unconditional comparison of means (a t-test), whereas regression adds many covariates that may increase or decrease statistical power. Since it is not possible to do power analysis on multiple independent variables simultaneously this naïve analysis at least gives a reference point for the sampling framework necessary for comparative impact analysis. Within the FINCA data the “treatment” is a group of clients that have received loans for at least two years and the “control” is a group of new clients that have been part of the program for less than two months. In Tables 2 and 3 we see that impact varies widely by country:

**Table 1: Countries Represented in the Data Set**

<table>
<thead>
<tr>
<th>Country</th>
<th>Total N</th>
<th>Country</th>
<th>Total N</th>
</tr>
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<tr>
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**Table 2: 2005 FINCA Household Survey Data**

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<th>Country</th>
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<th>N</th>
<th>Total N</th>
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<th>Stan Dev</th>
<th>Difference</th>
<th>Stan Dev</th>
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*** Denotes significance at p<0.05 level  * Denotes significance at p<0.10 level

**Table 3: 2006 FINCA Household Survey Data**

<table>
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</table>

*** Denotes significance at p<0.05 level  * Denotes significance at p<0.10 level
The differences in expenditure between new and current clients range from -$0.05 to $1.07. This range is consistent with mean differences reported in other impact studies. For example, Snodgrass and Sebsted (2002) found that clients from one MFI experienced a mean increase of $0.44 DPCE over a two-year period in India and $0.01 in Peru, and Dunn and Arbuckle (2001) found a change of $0.73 DPCE in Peru over a similar time frame.

For a comparative impact assessment donors would compare the average effect size of several organizations simultaneously. We would expect a range of organizational impact, so the question that we are answering through the power analysis is how big the differences in performance must be before we can detect it. From tables 2 and 3 we determine that the average standard deviation for the income contrast is 2.78, with the minimum being 0.51 and the maximum being 5.97. These are used in the power analysis:

Table 4 would be used by donors interested in data collection policies to support comparative assessment. As evidenced by the power analysis, comparative impact analysis is a data-intensive approach. Donors must decide upon the granularity of comparison necessary for meaningful analysis and design policies to ensure that they can get clean samples for their statistical inferences. Two main approaches will be considered: (1) create a data collection unit that samples each MFI each year, or (2) require each MFI to report statistics from all of their clients. The cost of each approach and reliability of the analysis are the major factors guiding this decision.

Meaningful analysis with a limited sample may be feasible. Say that donors required MFIs to sample 300 clients each year. Assuming average variation in the income variable they would be able to differentiate the performance of the high and low impact organizations given that the range of impact is larger than $0.45. Inevitably there would be a lot of gray in the middle, but from a donor perspective knowing the top and bottom performers might be enough information to inform allocation decisions.

Collecting data on only 300 clients from each organization would at first appear to be more cost-effective, but this approach creates manifold difficulties. Since sample sizes are small data collection would require a highly-trained staff that could ensure consistency. This would require a staff independent of the microfinance institutions, which then creates the need for independent offices and transportation. Data collection would also require coordination between the collection unit and the microfinance field officers in each agency. Panel data would require that data collection officers track down the same clients after for the second round, which would require more coordination with the MF field officers. Field officers would view the exercise as intrusive since it deviates from their normal activities. Clients would also have to be over-sampled to account for attrition, so a final sample of 300 clients would require an initial sample of around 400. And after all that trouble organizations that received poor performance reviews would inevitably argue with the statistics based upon characteristics of the sample.

<table>
<thead>
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<th>Effect Size</th>
<th>Sample Size as a Function of Variance</th>
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<tr>
<td></td>
<td>Min ($\sigma=0.51$)</td>
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* Average effect size in FINCA data

Analysis utilizes power = 0.80

Data Collection for Comparative Impact Studies

As evidenced by the power analysis, comparative impact analysis is a data-intensive approach. Donors must decide upon the granularity of comparison necessary for meaningful analysis and design policies to ensure that they can get clean samples for their statistical inferences. Two main approaches will be considered: (1) create a data collection unit that samples each MFI each year, or (2) require each MFI to report statistics from all of their clients. The cost of each approach and reliability of the analysis are the major factors guiding this decision.

Collecting data on only 300 clients from each organization would at first appear to be more cost-effective, but this approach creates manifold difficulties. Since sample sizes are small data collection would require a highly-trained staff that could ensure consistency. This would require a staff independent of the microfinance institutions, which then creates the need for independent offices and transportation. Data collection would also require coordination between the collection unit and the microfinance field officers in each agency. Panel data would require that data collection officers track down the same clients after for the second round, which would require more coordination with the MF field officers. Field officers would view the exercise as intrusive since it deviates from their normal activities. Clients would also have to be over-sampled to account for attrition, so a final sample of 300 clients would require an initial sample of around 400. And after all that trouble organizations that received poor performance reviews would inevitably argue with the statistics based upon characteristics of the sample.
To put things in perspective, a survey of 143 households in Honduras cost $16,000, and 94 borrowers in Mali cost $12,000 (Alexander, 2001). This means that a sample of 400 households might cost as much as $45,000 (an average of $119 per household). And note that 400 households must be sampled from each microfinance institution. Even if there are minimal cost-savings associated with this approach, the amount of problems inherent in the process would far outweigh the savings.

Alternatively donors could require that ubiquitous data collection become part of standard operating procedures for MFIs that want to be eligible for public funds. The obvious benefit to this approach is that the comparative impact analysis could be calculated directly from the population data making it much more reliable and exact. Microfinance programs have greater potential to develop this capacity than other development programs because loan officers meet with clients on a weekly basis and are already accustomed to standardized paperwork. The most time-consuming aspect of many field studies is locating clients, but if the loan officer is already with the client then asking a set of expenditure variable once a year is not a difficult task. The most convincing argument for this potential is that some microfinance institutions already collect socioeconomic data on all clients and track impact internally (Goldberg, 2005).

In addition, data collection has also been simplified by efforts to develop reliable survey tools for impact analysis. In 1995 the U.S. Agency for International Development (USAID) commissioned the Assessing the Impacts of Microfinance Services (AIMS) Project in order to develop five poverty assessment tools (three qualitative and two quantitative methods). The intention was to providing practitioners with a low-cost way to assess organizational impact and improve performance. The tools have been utilized by many microfinance organizations (Edgecomb & Garber, 1998; Mcknelly, 1998; Alexander, 2001), and have served to bolster evaluation capacity in the field.

Requiring ubiquitous data collection would minimize but not eliminate the need for staff in charge of data collection, but instead of being in the field interviewing clients they would train field officers from other microfinance organizations in using survey tools. The most lethal problem with organizations self-reporting their own survey results is the potential for doctoring data. Data collection staff could also perform survey audits where they would re-sample a small amount of clients to check for consistency. If the sample differed significantly from those reported by the agency then severe penalties would be necessary to dissuade organizations from misrepresenting their data.

One of the main conclusions from previous impact studies is that panel data is superior to cross-sectional methods. Several of the studies (most notably Khandker, 2005; Alexander, 2001) were able to detect significant change in client income over a two-year period, which is a good time-frame because it would allow the program effects to surface but not linger long enough that attrition would threaten the analysis. There are two main kinds of attrition: some clients fail to run profitable businesses and drop out of the programs for this reason, while others grow hugely successful businesses and leave because they need more capital than microfinance banks can offer, no longer want to share group liability, or have reached a stable plateau where their business does not need more credit (Aghion & Morduch, 2005). In general, those that fail do so within the first year and leave the program then, while those that succeed will leave the program after 3-5 years. Thus utilizing two-year panel data would create a situation where the proportion of client attrition would be kept to a minimum, and it would be a tenable assumption that the majority of those that leave the program are due to business failure.

The Analysis: Determining Impact

Knowing the method of analysis beforehand helps make strategic decisions about the design of the evaluation. Aghion and Morduch (2005) propose a clever random effects regression model for impact studies that could be easily adapted to comparative analysis. They describe the approach as a calculation of a difference of differences – the difference in income between time periods and across study groups. This calculation allows for the isolation of program effects from other factors that cause changes in income.

In the model, clients are surveyed as they enter the program (t) and again after the two-year period (t+1). The fixed effects model partitions the factors that influence the income variable into five broad categories represented in Figure 1 below:
In order to build the model the following equation is constructed at time zero:

\[ Y_{ijk} = X_{ijk} \alpha + V_j \beta + M_{ijk} \gamma + C_{ijk} \delta + \epsilon_{ijk} \]  

where \( i \) indexes individuals, \( j \) indexes villages, \( k \) signifies microfinance organizations, and \( t \) indexes time. \( Y_{ijk} \) represents the DPCE income variable. \( X \) is a vector of individual characteristics such as age and education. \( V \) is a vector of fixed village level variables, such as proximity to markets and quality of roads. \( M_{ijk} \) is a dummy variable that represents whether individual \( i \) was a member of microfinance organization \( k \) (note that the equation handles membership in multiple organizations). And \( C_{ijk} \) is the amount of credit that a person \( i \) accesses from MFI \( k \) over the 2-year time period. It is assumed that \( C_{ijk} = 0 \) at \( t=0 \) since the clients will be starting the program.

The study design must be careful to control for the measurable differences in clients that affect income, including education level of the borrower, client location (rural, urban, or peri-urban), and household size. These are included in the \( X \) vector. There are also characteristics that cannot be measured, such as entrepreneurial spirit and social capital, that are not included in the model. At the end of the second year we would construct the second equation:

\[ Y_{ijk(t+1)} = X_{ijk(t+1)} \alpha + V_j \beta + M_{ijk} \gamma + C_{ijk(t+1)} \delta + \epsilon_{ijk(t+1)} \]  

Note that although two years have passed many of the variables, especially village-level variables, have not changed. Thus subtracting the first time period from the second time period removes many of variables from the model, and the equation is now:

\[ \Delta Y_{ijk} = \Delta X_{ijk} \alpha + \Delta C_{ijk} \delta + \epsilon_{ijk} \]  

where \( \Delta \) indicates the difference in variable between time \( t \) and time \( t+I \). Note that the operation eliminates all fixed characteristics of individuals and villages and all unobserved variables, thus controlling for village differences and omitted variable bias. The \( \Delta C \) vector represents the total amount of credit that each individual received from each MFI. The remaining variables, represented in Figure 2, are used to estimate equation (3).
Broad economic changes, such as inflation and economic growth, should be equivalent (on average) for all groups of clients since they are all exposed to the same economic trends. The estimated coefficient vector $\delta$ in equation (3) gives us the impact variable of interest, a representation of the gain in client income over the two-year period not attributable to changes in individual characteristics (more education, additional family members, etc.). The $\delta$ coefficient associated with each MFI is not the pure microfinance impact because it does not separated broad economic changes (secular trends) from microfinance effects, but by subtracting $\delta_A$ from $\delta_B$ we can determine the impact of MFI B beyond that of MFI A. In other words, the simple contrast of $\delta_A$ versus $\delta_B$ allows us to test the hypothesis that organizational performance differs. The secular trend can be removed through the inclusion of a control group that does not receive any microfinance treatment, but this additional step is not necessary to answer the primary question of the analysis.

Calculating Organizational Impact

To make data interpretable there needs to be a common and easy-to-understand impact measure associated with each organization. Unit of analysis is an organization, but all measurement is taken at the individual level, so there needs to be an aggregation measure to translate from one level to the next. The simplest statistic is the average change in income for all clients associated with each microfinance organization over the two-year period. Arguably this statistic should be reported, but it does not account for the explicit donor goal of reaching extremely poor individuals.

The easiest way to construct a measure that favors organizations that lend to poor individuals is to use a standardized deviation from initial income:

$$\text{Average Impact} = \frac{1}{N_j} \left( \frac{Y_{2j} - Y_{1j}}{Y_{1j}} \right)$$

The measure looks at changes in income for each individual $i$ in microfinance institution $j$. The $Y$ variable represents income at time period one and two, so subtracting year-one income from year-two income and dividing by year-one income gives a standardized measure that represents the percentage increase in income over the two years. Dividing by the number of clients samples from each microfinance organization, $N_j$, gives an average percentage change in income over two years. This number is now comparable across organizations of different sizes. The impact measure will generally be bigger for extremely poor clients because small absolute changes represent big relative changes when initial income is near zero.

There is one more important consideration, especially if donors view grants as “investments” with specific returns associated. There must be a cost/benefit component associated with the measure to reflect true returns from resources invested. Although one organization might have a slightly larger impact on clients than another organization, they may spend twice as much in achieving that impact. This difference must be accounted for to make the comparison fair, which can be done by incorporating the MFI budget into the equation:

$$\text{Average Impact} = \frac{\text{Budget}_j}{N_j} \left( \frac{Y_{2j} - Y_{1j}}{Y_{1j}} \right)$$

Attrition rates of clients before the year-two measurement also bias the impact statistic. We can deal with attrition rates in two ways: the easiest approach is to set the impact score for each client that leaves before year 2 to zero, in which case the total impact statistic naturally reflects attrition rates. An alternative approach is to only compare clients that still exist in the data set, but to compare an equal proportion across all organizations sorted by impact measure. This gives MFIs with low attrition rates a slight advantage because they are comparing only their best clients against all clients of the organization with high attrition rates. For example, if MFI-A has an attrition rate of 20% after 2 years...
and MFI-B has a rate of 10% after 2 years, then MFI-B gets to drop the bottom 10% of its clients for the analysis so that both organizations are comparing 8/10 of the cohort against each other.

**Threats to Validity**

A threat to validity is some aspect of the analysis that positively or negatively biases the program effects. The major threats to a comparative impact analysis include: confounding variables; secular trends; client attrition; and selection bias.

**Confounding variables** are any geographical moderators, client traits, or other independent variables that have an effect on the dependent variable but are not controlled through the design of the study. The FINCA data suggested that the location of the client business (rural, urban, or peri-urban settings) has the largest influence on differences in income. It is important to check that organizations have roughly equivalent proportions of clients in each location. Although panel data would remove these effects from program effects, it would be useful to estimate them in order to understand how much the findings would be skewed if the proportions are not equivalent across organizations. Other possible confounding variables include gender, age, and education. These should be included as covariates in the analysis.

**Secular trends** also pose a threat to the validity of the study. A secular trend is an increase or decrease in the level of the dependent variable over time due to a trend that is exogenous to the study. The business cycle and inflation are two examples. In the research design most secular trends are automatically controlled through a comparison of cohorts that begin programs in the same years. The analysis, however, needs to guard against differential trends across a country. For example, if one region has an economy dominated by agriculture and another dominated by commerce then economic trends in these regions are potentially different. When comparing two programs it is important to ensure that one program is not over-sampled from a particular region. If this is the case the regional effects can be estimated and the impact measure adjusted accordingly.

**Client attrition** rates were discussed briefly in the previous section, and it is important to recognize that they will skew results if attrition rates vary by organization. Attrition can be controlled in the analysis by counting each client that leaves before two years as having zero impact, or by comparing equal proportions of clients that remain.

**Selection bias** is one of the largest threats to validity in microfinance impact studies because clients differ substantively from most community members so control groups are difficult to construct. Comparative impact analysis, though, does not suffer from the same problem because clients no longer need to be compared to a group of non-participants. Impact studies are interested in the counterfactual of how program participants would fare if they had not borrow from an MFI, so a comparison group of non-clients is necessary. But the counterfactual in a comparative study is how a client would fare if they had participated in a different microfinance program. The comparison is between program outcomes across organizations, not between groups that participate and groups that do not. All of the subjects in the study have already self-selected into a microfinance program. The design does, however, introduce a new kind of selection bias that can be called a “reputation effects.”

Reputation effects come about when clients have access to many microfinance programs and they must choose one. If MFIs have different reputations then all of the clients with high ability would flock to the organization with the best reputation (just like students with high ability choose Harvard over Boston Community College). Ability would then be correlated with the program effect variable creating an endogeneity problem.

One could argue that reputation effects are not problematic from two perspectives. First, a reputation effect assumes that the best MFIs would have the ability to screen applicants in order to choose the best ones and turn down the rest. In actuality this type of screening would be difficult because credit ratings and other information on potential clients are unavailable in most poor communities. Furthermore, the village banks often choose their own members, not the MFIs. This does not mean that village banks do not screen potential members based upon local knowledge, but it is unclear whether reputation effects would introduce bias in this scenario.

Second, reputations often reflect true program characteristics. The MFI with the best reputation in a region is likely the best MFI in the region (assuming exorbitant sums are not spent on advertising). This means that if a MFI wants to improve their impact measures they must build their reputation in a region so they can attract the top clients. This is not an unhealthy incentive system to have.

Unfortunately, the extent to which reputation effects might bias comparative impact assessment is an empirical question and there is currently no research on the topic. Although there are reasons to believe the bias would not be significant, donors would be wise to explore the issue more.

In general, every evaluation will encounter threats to
the validity of the findings. No evaluation design can control for all possible confounding factors, but it is important to be cognizant of the limitations of each design. In most cases the problem will not completely skew findings, but in some cases they will. Control for the confounding factors when possible, and be cognizant of how they change findings when they cannot be easily addressed through evaluation design.

Use of Comparative Impact Assessments
Early advocates of microfinance predicted that all MFIs would become self-financed and independent of donor support. In reality only a small percentage of institutions will be more than 70% self-sufficient in the long-run, especially if they are working with extremely poor populations (Morduch, 2000). Given this fact, how should donors allocate their resources among the myriad organizations?

Information generated from a comparative impact assessment would give donors powerful insight into the tangible activities of organization. The theory of comparative assessment is that impact information would help donors distinguish between organizations that are effective on the ground and organizations that are only effective at marketing themselves. The information could be used for various creative allocation policies that find ways to reward organizations that consistently perform well and taper funding to organizations that fail to produce any impact. But donors must take care not to become too zealous with incentive systems. Anything that approaches a winner-takes-all scenario would create unhealthy competition among organizations and incentives to alter data from evaluations.

A much better way to think about the use of assessment information is in terms of organizational learning. The biggest gains from the policy could potentially come from increased efficiency across all organizations instead of simply reallocating resources from inefficient to efficient ones. An old adage says that if something does not get measured it does not get done – the statistics generated from the process would provide metrics by which organizations could track their progress on their social mission. One policy option would be for donors to simply publish the impact measures on all the organizations much like Charity Navigator publishes financial information on non-profits. This would create a form of peer pressure since most organizations already have poverty alleviation as an integral part of their mission statements. The information would likely generate interest in best practices and organizational learning without formal financial sticks or carrots. Although potential donors would surely want to know which organizations have appeared in the top or bottom quintile over the past several years as well.

The major downfalls of any new policy initiatives are unintended consequences. What if donors only fund high-impact organizations and others are driven out of the market, reducing competition and worsening services? What if organizations “teach to the test” and only focus on short-term impact since this is all that is measured? All scenarios must be seriously considered before initiating a major policy shift. The difficulty is that the true consequences cannot be understood until the policy is implemented because outcomes are difficult to predict. It would be wise to implement a pilot program in one or two countries in order to understand the limitations of comparative assessment and to work out kinks before implementing the framework elsewhere.

Conclusion
Thus far this paper has walked through the steps necessary to conduct a comparative impact assessment. Insights from previous impact studies and from FINCA data have generated the following recommendations: focus on the income (DPCE) variable; utilize panel data over 2-year period; require ubiquitous data collection instead of selective sampling; use a random effects “difference of differences” model for analysis; utilize an impact measure that favor programs catering to extremely poor individuals and incorporates cost/benefit dimension; and, control for factors that can skew the comparison including confounding variables and reputation effects.

FINCA (2005,2006) household survey data has been used to explore a range of plausible effect sizes, and power analysis has demonstrated that it is possible to collect samples large enough to compare broad differences in program impacts. The analysis does suggest severe limitations in granular comparisons between organizations, but in general the initial data suggests that comparative assessment would allow donors to do a general sort programs by impact. Power would be greatly increased by a requirement that microfinance institutions collect socioeconomic data on all borrowers, which is not an unrealistic approach because some organizations are already doing this.

Embracing a comparative impact assessment framework would be no trivial task for the donor community. It would inevitably require tremendous coordination between donor agencies and microfinance institutions. There is also the chance that collection strategies fail and the comparative assessments do not yield useful information. Any new endeavor carries this kind of uncertainty, so the real question is whether the possible benefits are worth the risk. In this case
a policy like comparative impact assessment is admittedly aggressive – it would require new sector protocols and a steep investment in evaluation capacity. But if successful the approach could pay for itself through increased efficiency of project implementation and reduction of funds going to ineffective organizations. More so, the approach has the potential to fundamentally improve the way that donors make allocation decisions. It is a topic that warrants more exploration, especially in an environment where the effectiveness of development projects is being questioned and donors are requiring evidence of success.

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BIG Hopes, BIG Questions: Namibia’s Basic Income Grant

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Abstract
Namibia is currently piloting a unique poverty alleviation measure: a cash grant of US$14 to all citizens, given without a means test. Funders believe this grant will provide enough income security for the poor to gain access to education, entrepreneurial opportunities, and health care. Initial findings show a 25% reduction in underweight children, a fivefold increase in visits to the local healthcare clinic, and 12% drop in unemployment. While serious questions remain about the validity and scalability of the pilot, this paper argues that unconditional cash grants may provide a path out of poverty specifically in countries with high per capita incomes and great income inequality. In such contexts, the bigger question regarding programs like Basic Income Grant (BIG) may be of a political nature given tradeoffs between universality and operational efficiency of more targeted initiatives. The case deserves close scrutiny as Namibia’s BIG may well be on its way to becoming the world’s first unconditional cash transfer program.

Introduction
Poverty alleviation is a top goal on the development community’s priority list as noted in the Millennium Development Goals (2008). The first goal is to “Eradicate Extreme Poverty and Hunger”, cutting in half by 2015 the proportion of people living on less than $1/day (United Nations, 2008). Although considerable progress towards this goal has been made in Asia, there has been far less progress in sub-Saharan Africa. A wide variety of approaches have been pursued to reduce poverty, including microfinance, food-for-work, governance reform, and integration of developing countries into the global value chain.

Namibia, one of many countries in Africa which suffer from extreme poverty, is currently piloting a unique approach to this problem in the form of the Basic Income Grant (BIG). The BIG is an unconditional cash transfer to every Namibian below 60 years of age, when old-age pension payments begin. If successfully implemented, the BIG would be the first nationwide unconditional cash transfer in the world. This paper will explore the rationale behind the BIG, describe the current and historical situation in Namibia which led to the BIG pilot project, and then examine the preliminary evaluations from the BIG program evaluations.

Income Support Schemes
Most developed countries have some form of social safety net for those whose low levels of income place them in danger of extreme poverty. Typically, these systems take the form of in-kind transfers such as food aid or housing, or they are direct cash transfers. For example, both the United Kingdom and United States have public housing programs for those with extremely low incomes. The U.S. uses food stamps to supplement the dietary needs of its poorest citizens. Many lower-middle income countries are beginning to develop similar safety nets. South Africa, for example, has embarked upon an ambitious scheme to build houses for poor citizens (Case and Deaton, 1998) and Brazil’s Bolsa Familia provides conditional cash transfers to poor families with children (Handa and Davis, 2006). All of these programs are means-tested, usually on the basis of income or on income and a combination of other factors.

The Basic Income Grant (BIG) coalition in Namibia is piloting a ground-breaking cash transfer system. If successful, Namibia’s BIG would be the first national-level unconditional cash transfer program in the world. Radical though the idea may seem, it has ideological antecedents stretching back several hundred years and finds proponents on both sides of the political spectrum (Haarman and Haarman, 2005). This section will define Basic Income, examine its lengthy academic and short practical history, and address the issues involved in setting up such a program.

Basic Income (BI) as defined by Van Parijs (2004) is “an income paid by a political community to all its members on an individual basis, without means test or work requirement” (p. 7). By definition, this income must not be means-tested, although it need not be sufficient to ensure access to basic resources. Furthermore, while BI is not means-tested, arguments can be made for excluding certain members of society, such as prisoners or children (at the very least, so that the grant for children be given to their parents instead).

BI schemes can be classified according to their
sufficiency and their conditionality, as depicted in Figure 1. A full BI would be both unconditional and sufficient for a person to fulfill all basic needs, whereas a partial or transitional BI would be unconditional yet insufficient for all basic needs. Social dividends distribute the wealth of a community amongst all its members; one current example is the Alaska Permanent Fund, which distributes profits from oil revenues to all Alaska citizens (“Alaska permanent fund dividend division FAQs”, n.d.). A Participation Income is conditional upon performance of socially useful activities but not necessarily on employment. Examples include the conditional cash transfer programs in Brazil and Mexico which require families to send their children to school and to visit clinics for preventive health care services. A comprehensive Negative Income Tax (NIT), which would provide an income grant via the tax system to low-income individuals, has been proposed but never enacted (Fitzpatrick, 1999).

Figure 1: Basic Income Schemes (adapted from Fitzpatrick, 1999, p. 36)

Arguments for and against the BI are numerous. The main arguments for the BI are that it would increase personal liberty, promote social justice, and reduce the administrative costs of income redistribution. The BI could increase personal liberty by giving individuals choice over how much they want to work. The BI promotes social justice because it aids the poor more than the rich and because it promotes the idea that there is a bare minimum standard of living to which all citizens are entitled. The BI would reduce the administrative costs of income redistribution over a heavily conditional system such as the tax code or verification of low-income status. Finally, a BI would remove the ‘welfare trap’ which discourages welfare recipients from working because they would lose their welfare benefits.

Objections to the BI are that it discourages work, it is fiscally unsustainable, and it is politically unfeasible. Because a BI represents ‘something for nothing’, recipients would be discouraged from working which would hurt the economy at the macro level. Another objection is that a sufficient BI would be too expensive to be feasible. While a partial BI might help the poorest citizens, it would be a very inefficient way of targeting the needy. Finally, the BI is politically infeasible because there is no natural political coalition to support the BI and because there is psychological objection to a benefit provided without any means-test whatsoever (Fitzpatrick, 1999, p. 48-69). Some of these objections, but not all, will be answered in the case of Namibia’s BI pilot and proposal.

The first published proposal for a basic income scheme came from Thomas Paine, one of America’s founding fathers. In an essay titled Agrarian Justice published in 1796, Paine argued for the creation of a National Fund out of which every man and woman would receive $15 on reaching the age of 21, and those over 50 would receive an annual pension of $10 (Paine, 1796). Over the ensuing 200+ years,
a variety of policy makers and academics have proposed variations of Basic Income. As welfare states grew during the 20th century, some of these proposals came from the political right, seeing Basic Income as a better alternative than the welfare state. For example, in the 1950s economist Milton Friedman proposed a NTI, in which individuals below a certain income threshold receive money from the government, while individuals above that threshold pay money to the government. This proposal received national attention in the United States in the late 1960s from policy makers, and Richard Nixon unsuccessfully attempted to introduce an NIT (Fitzpatrick, 1999, pp. 88-92). More recently, libertarian Charles Murray (2007) proposed a Guaranteed Income grant of $10,000 per year in exchange for scrapping all other elements of the welfare state.

Several forms of BI have been tried in various national and sub-national governments. Brazil and Mexico have both developed widespread and popular conditional cash transfer schemes in which a cash transfer is made to poor families, conditional on either their children’s attendance at school, participation in preventative health care, or both. The programs have shown improvements in school attendance, preventative checkups, and poverty alleviation as indicated by food availability and nutritional status (Handa and Davis, 2006). These programs have significant conditionality but provide a cash transfer which may be sufficiently large to lift recipients out of poverty.

Another partial BI program has been in existence in Alaska, at the sub-national level, since 1982. The Alaska Permanent Fund (APF) disburse to each Alaskan citizen a share of the wealth earned from oil extraction. The amount of the dividend varies each year due to a variety of factors. In 1982, this dividend was worth $1,000 per person, rising to $1,654 in 2007 and $3,269 in 2008 (“Alaska permanent fund dividend division FAQs”, n.d.). While the dividend is clearly not enough to live on, it has raised the personal incomes of Alaskans 2-3% on average and has also driven up consumption and employment (Fitzpatrick, 1999, p. 147-149). Funding for the APF is clearly reliant on Alaska’s unique natural resource base.

Perhaps the most relevant BI scheme currently in operation is the popular South African pension scheme. This program has measurable results and may influence Namibian policy because of the two countries’ similarities in terms of history of apartheid, geography, and economics. The South African pension is available to all women over 60 years of age and all men over 65, subject to a means test for poverty. Measurable results of the program include a wide array of poverty-alleviation effects, including a notable effect on children. Because most South African black families live in multi-generational households, the pension scheme improves children’s access to education and food (Case and Deaton, 1998). Politically, there may be pressure in Namibia to copy and improve upon its’ neighbor’s successful program, and the Basic Income Grant Coalition (BIG Coalition) in Namibia has relied upon research from South Africa (Schubert and Slater, 2006). The program in Alaska is unconditional but insufficient, while the South African and Latin American programs all have conditions attached. However, there is one country which is currently considering an unconditional Basic Income scheme at a national level. Proposed by a government tax commission, Namibia’s Basic Income Grant (BIG) has support from a wide coalition including labor unions, leading politicians, and church groups. These groups have formed a coalition and are currently running a pilot project to study the effects of such a grant. The next section will examine why the Namibian context may be particularly ripe for Basic Income.

Namibian Context

Although conditional cash transfers have become popular in Latin America, they may not be appropriate for Africa. Schubert and Slater (2006) note that “contextual differences between Africa and Latin America...may well make the introduction of CCTs in Africa inappropriate” (Schubert and Slater, p. 571). Namibia’s context may make it particularly ripe for an unconditional transfer instead of a conditional transfer. In particular, the economy, history, efficient infrastructure, low population and significant income inequality make BI an appealing option.

Namibia’s economy is quite strong relative to most sub-Saharan nations. It is classified by the World Bank as a Lower Middle Income (LMI) country, though at the high end of the LMI range. Since independence, Namibia’s Gross National Income (GNI) has grown remarkably, from $2.43bn in 1990 to $6.97bn in 2008; GNI per capita over the same period grew from US$1,580 to US$3,360 using the Atlas method for smoothing exchange rates (World Bank, 2009). If growth continues, it will not be long until Namibia will be an Upper Middle Income Country.

Namibia’s recent history, in particular its occupation by South Africa, has resulted in unequal distribution of land but also a well-developed infrastructure. Originally populated by the San people, Bantu-speaking tribes migrated into the country around 1500 A.D. Germany took possession of Namibia in 1890, but held it for only 25 years until the South
African Army defeated the Germans during World War I. From 1915-1990, Namibia was a colonial possession of South Africa, subject to apartheid laws. During the period of South African rule, apartheid resulted in a strict division between white and black areas, and many blacks in the south were driven from their traditional grazing lands. South Africa greatly expanded the road network, building a paved road that ran from the South African border to Angola, and another road running from the capital Windhoek to the coast. In 1990, after a long-running low-level war with rebels in the north, Namibia was granted independence (BIG Coalition, 2008, 2009; Case and Deaton, 1998). Twice the size of California, yet with only 2.1 million people, Namibia is the second-least populated nation on earth. It is composed of large areas of desert, scrubland, and semi-arid grasslands. Only 1% of the land is arable, yet over 50% of the population is involved in agriculture (“Central Intelligence Agency world factbook: Namibia”, n.d.). However, agriculture accounts for only 10% of the GDP. Thus, a large percentage of the population is engaged in work that pays little, resulting high levels of income inequality (United Nations Development Programme, 2007).

Despite Namibia’s has relatively high GNI per capita, income is distributed more inequitably than in any other country on the planet. Namibia’s per capita GNI is $3,360 yet 34.9% of the population lives on less than $1 per day and 55.8% live on less than $2 per day (UNDP, 2007). This Headcount Index is a crude indicator of poverty, as it does not distinguish between Namibians living on $.10/day and $.99/day. Nonetheless, the measure still indicates that the majority of Namibians do not share the country’s income (UNDP, 2007). Using a mathematical model of income distribution, Haarman and Haarman (2005) estimate that at least 10% of the population live on less than $.20/day, as seen in Figure 2.

Figure 2

![Current income distribution and inequality](image)
Further evidence of Namibia’s inequality is found by examining Gini coefficients. Of the 126 nations for which the UNDP has calculated Gini coefficients, Namibia’s is the highest at 74.3. The mean Gini coefficient of all 126 nations is 40.8 with a standard deviation of 10.0. Only four nations are more than two standard deviations from the mean: Namibia, Lesotho, Sierra Leone and the Central African Republic. Of these, only Namibia is more than three standard deviations from the mean (UNDP, 2007).

It is also instructive to examine a scatterplot of Gini coefficients and GNI per capita for the 126 countries in the UNDP dataset (Figure 3).

**Figure 3 (UNDP data, 2009)**

In general, high Gini coefficients seem to be negatively correlated with GNI per capita ($r = -0.41$), according to UNDP data. However, a quick glance at the scatterplot reveals Namibia to be the stark outlier, with a Gini far above that of all other nations. If income inequality is negatively correlated with GNI per capita growth then why is Namibia’s inequality so stubbornly high?

A variety of reasons exist for the persistent inequality. The most frequently cited is the effect of colonialism and apartheid, which concentrated wealth in the hands of whites. Whites, mostly Afrikaners but also German and English speakers, make up only 5% of the population yet control a disproportionate amount of wealth and capital. However, Karamata (2006) claims that social stratification in Namibia has increased since the independence. He notes increases in the Gini coefficient from 67 in 1998, to 70 in 2000, and finally to 74.3 in 2007. Namibia’s inequality has been increasing since independence. Why this is happening is not yet clear.

One proposed solution to this problem is the Basic Income Grant, or BIG. The basic proposal grew out of a report from the Namibian Tax commission in 2002. It envisioned a monthly grant of N$85 (US$10.50) made to every Namibian regardless of their income. The grant would be paid for by an increase in the value added tax (VAT) or income taxes (Haarman and Haarman, 2005).

The BIG grant provides individuals with enough of...
a safety net to enable them to develop skills and to take entrepreneurial risks, knowing that they can fall back on the BIG if necessary.

From the original proposal in 2002, a variety of groups have coalesced into the BIG Coalition. This coalition includes the Council of Churches of Namibia, the National Union of Namibian Workers, the Namibian NGO Forum, and the Namibia Network of AIDS Service Organizations, along with a research affiliation with the Labour Resource and Research Institute. Leading politicians in Namibia such as Hage Geingob, former Prime Minister and current majority party vice president, publicly support BIG.

Doubts remain about both the funding and the effectiveness of the program. In 2006, the BIG coalition attempted to gain support from the IMF, but the international body advised the government that the grant would cost 5.5% of GDP and be unaffordable (Isaacs, 2006). The BIG Coalition disputed these figures, pointing to their own figures which estimated a net cost ranging from 2.2% to 3.8%, depending on whether BIG was financed principally via a VAT or income taxes. A VAT-funded BIG would have lower administrative costs, but would also lessen the redistributive effect, albeit perhaps less than in the developed world because many of Namibia’s poorest citizens currently shop in the informal sector. While the funding issue remains a question, the BIG coalition raised money privately to fund a pilot project to test the BIG’s effectiveness. The pilot began in January 2008, and the next section discusses the results from the first year of the Namibia’s BIG experiment.

The BIG Pilot in Otjivero
The BIG Coalition chose Otjivero, a poor settlement 100km east of the capital city Windhoek, for the pilot. According to project documentation, the settlement was chosen for its “manageable size, accessibility, and poverty situation. [Also,] Otjivero was known for its bad reputation amongst the local farmers as a hot-bed of criminality” (BIG Coalition, 2008, pp. 15-16). The settlement is on government-owned land, and citizens began to live there in 1992, mostly as a result of being laid off from farm work. Although the settlement has access to a free improved water supply, it suffers in other respects from high rates of tuberculosis and HIV/AIDS, poverty, and malnutrition. There is also an ongoing conflict with surrounding commercial farmers over issues of illegal hunting and trespassing (BIG Coalition 2008).

Residents in Otjivero were registered in a single day in July of 2007. Every resident registered on that day received N$100 (~US$12.50) per month for two years. Residents who moved into Otjivero after that date were not eligible for the grant. For children under 21, the cash transfer was provided to their primary caregiver. In total, 930 residents began receiving the grant in January 2008. Originally the grants were disbursed in cash by a truck fitted with a cash dispenser and thumbprint identification. Starting in July of 2008, the grant was disbursed via postal bank accounts (BIG Coalition, 2008).

Researchers planned an extensive, albeit somewhat flawed, evaluation of the project. A brief description of the methodology is necessary to lay the groundwork for the reported results. Researchers established a baseline survey of the settlement in November 2007, based on a random sample of 50 out of 200 households and a total of 398 individuals. The evaluation is conducting panel surveys every six months during the pilot period, following the same households and individuals. Finally, qualitative data in the form of interviews with key informants (such the school principal and police chief) and case studies are being collected so that more information about causal mechanisms can be determined (BIG Coalition, 2008). Three obvious problems present themselves: the lack of a control group, the selection of a settlement which is not representative of the population, and the assumption that results from a small settlement will be generalizable and scalable at the macro level. At the time of this paper, reports from the first two panel surveys have been published.

Survey Results
According to researchers, the BIG has reduced malnutrition, poverty, and crime, while increasing income levels, employment, health, education, and migration to the settlement. While the reported results are impressive, the authors rarely report statistical significance and there is a question of whether the sample sizes are large enough to merit such large claims.

The research uses two measures to assess nutrition. The first comes from a survey response to the question of how often a household reported food shortages. In the baseline study, 69% of households reported shortages either daily or weekly. Six months into the pilot, only 14% of households reported shortages with that frequency. The second method to gauge malnutrition is World Health Organization’s weight-for-age measure. By this metric, 42% of children in the study were malnourished in November 2007; after 10 months of the BIG, only 10% were malnourished. These are promising figures, but the small sample size calls their accuracy into question. Only 36 children were weighed in both the baseline and the six-month survey, and the 12-month survey does not report a sample size. More data regarding
sample size and attrition would be useful. Furthermore, it is possible that seasonal rains and above-average rainfall in 2008 may be influencing the rate of malnutrition (BIG Coalition, 2008; BIG Coalition 2009).

The data from the BIG study shows gains in both employment and income. During the study the unemployment rate dropped from steadily from 60% in November of 2007 to 52% in July of 2008 to 45% in November of 2008. The drop in unemployment rates could reflect increased employment or reduction in the number of job seekers, lowering the size of the labor force. However, the survey data shows per capita income gains during the BIG trial which outstrip the grant itself. Exclusive of the BIG grant, average monthly per capita income grew, in constant 2001 dollars, from US$10.51 in November 2007 to US$10.87 in July 2008 to US$12.09 in November of 2008 – a gain of 14.9% (BIG Coalition, 2009; Bank of Namibia, n.d.). The preponderance of the income gains was the result of self-employment, mostly in the form of retailing, brick-making, and clothing manufacture. These results are particularly interesting because critics of social welfare programs argue that welfare discourages people from working. In contrast, the BIG suggests that a social safety net allows entrepreneurs the chance to create new enterprises and that there is a multiplier effect on productivity from a cash transfer program like BIG. In practical terms, a reasonable explanation is that a small grant like the BIG may allow those living in extreme poverty to obtain enough food, shelter, clothing and medicine so that they can more effectively participate in the labor force.

Poverty levels also dropped markedly. The Republic of Namibia’s Bureau of Statistics established several poverty lines for Namibia in 2003. The lowest of these, the food poverty line, indicates the amount of money necessary to purchase 2,100 kcal of food per day. This poverty line is equivalent to US$19/month in Namibia in 2008. Judged according to this level, poverty decreased from 76% in November 2007 to 42% in July 2008 and then to 37% in November 2008. However, the study notes that these figures are substantially altered by migration into the settlement; when migration is controlled for, the November 2008 poverty rate drops to 16% (BIG Coalition 2009).

There were reductions in crime rates and increased school attendance and use of health care, but the data used to support these claims is less convincing. Crime rates dropped overall by 37%, but on extraordinarily small numbers: 85 crimes were reported to the local police station in 2007, and 54 in 2008. Education claims are supported by noting that the local primary school achieved a 90% payment of school fees in 2008 without any comparison data, and by showing that the number of children not attending school dropped 42% from November 2007 to November 2008. However, the 42% drop is the drop from 12 students to just 7. Anecdotal data on visits to the health clinic combined with an analysis of health clinic income is used to show an increase in access to health care (BIG Coalition, 2008; BIG Coalition, 2009).

Unsurprisingly, the BIG grant had a substantial impact on migration. Altogether, Otjivero experienced a net 11% population gain in the sampled households during 2008. It seems likely that poverty-stricken families sent children to live with relatives in Otjivero, as residents there were now comparatively better off because of the BIG. As a result of this immigration, the average per capita grant amount fell considerably because there were more inhabitants in each household. The per capita amount dropped from US$11.13 in January 2008 to US$8.38 in November 2008, a drop of 24.7%. While the migration is not surprising, it can alter the results of the study considerably.

Overall, the trends in the first two sets of panel data regarding malnutrition, income, and poverty indicate that the BIG has a positive effect on quality of life in the community. The data, in its current form, may be sufficient to satisfy policy makers and the Namibian public. To establish and measure the magnitude of BIG’s effects, researchers should present a full explanation of the data including sample sizes and t-stats for each conclusion.

**Evaluation of the BIG Pilot Project**

The BIG Coalition concludes that the pilot project “has had a positive impact on all eight goals and shows how its introduction on a national level could help the country meet its commitments” (2008, p. 95). The results of the study, even accounting for inaccuracy in measurement, do show a positive impact. However, there are certain threats to the internal and external validity of the study which may mitigate the impacts of a BIG or suggest ways the proposal might be improved.

There are three significant challenges to the internal validity of the study. The first is attrition. For example, while Otjivero experienced a net population gain of 11%, it actually experienced a 27% in-migration and a 16% out-migration. Because of the out-migration, some individuals have been lost to the study, and there is an indication that the main reason people left was unemployment. Another challenge, as previously mentioned, is the small sample sizes which make estimating the causal effect imprecise. Finally, there is a clear and documented Hawthorne effect. The
study notes that the community in Otjivero “felt that they had been entrusted with the project and wanted it to have the best possible impact on the lives of individuals and the wider community” (BIG Coalition, 2008). Because of this sense of responsibility, Otjivero elected its own BIG committee to ensure the success of the project. Because of concerns about alcoholism, the committee included the owners of local bars, who agreed to close their stores on the days the BIG was disbursed. From a community participation perspective, the committee’s work is laudable. From a research perspective, however, the committee’s actions challenge the internal validity of the study (Stock and Watson, 2007).

Furthermore, there are four potential challenges to the external validity of the study, raising significant questions about BIG’s applicability throughout the country. The first challenge is that the Otjivero community is a non-representative sample of the Namibian population. The poverty rates in Otjivero were much higher than the national average. While over 86% of the people Otjivero fell below the US$1 a day poverty line, only 34.9% of Namibians fall below US$1 per day. It is quite clear from the research that BIG has a strong impact on the desperately poor. However, the impact that BIG would have upon other groups is unknown.

A solution like BIG may not be possible for countries dissimilar to Namibia. Namibia’s high GDP and strong infrastructure, combined with high inequality and low population, suggest that a small grant could have a meaningful impact on a substantial portion of the population without bankrupting the economy. A low income country, or one that does not have Namibia’s marked income inequality, may not be able to use a solution like the BIG.

Another concern is the effect that BIG might have on immigration patterns in southern Africa. Migration from South Africa and Botswana would likely pose little threat. Both of these countries have higher standards of living and per capita incomes than Namibia. Substantial expanses of arid and/or desert land separate major population centers in each country, and South Africa has a pension scheme which is similar in some respects to the BIG. However, migration from Angola and from Zimbabwe (via Zambia) is a more likely possibility. Angola is far poorer than Namibia, and because southern Angolans and northern Namibian are from the same cultural and linguistic group, cross-migration is already common. Personal discussions between the author and medical practitioners at a hospital approximately 12 miles from the Angolan border revealed that Angolans were already crossing the border to receive medical care at state-run hospitals. In one case, the Physical Therapy Director of Outapi District Hospital related the difficulties that he had in dismissing a disabled Angolan patient because she required cross-border transport to return home (A. Duttine, personal communication, March 15, 2007). Zimbabwean immigration is less likely if the political condition in the country improves, but the Zimbabwean currency continues its hyperinflation, more and more Zimbabweans have been seeking refuge in neighboring countries. A BIG might induce them to choose Namibia over South Africa, which would drive up the cost estimates of the BIG.

One final concern regards general equilibrium effects. If BIG were instituted nationally, would it change price levels or drive up the Consumer Price Index? The effects of such a change are unclear, although if the money is simply redistributed from richer Namibians to poorer ones via the tax system, the total amount of money in the economy would not change in the short run. Spending patterns could change significantly, however, which might have long run effects.

Outside of research considerations, however, there may be considerable political reasons to argue against BIG. A common complaint of social welfare systems is that the wealthy are funding the laziness of the less fortunate. BIG cleverly skirts this issue by proposing a grant which is given equally to all members of society. Furthermore, by funding the BIG through a VAT, conservatives may be unable to complain about progressivity in the tax system. In many societies, a grant of this size would be completely insufficient. However, because of Namibia’s extreme income disparity, the BIG grant would be enough to lift a significant proportion of the population above the US$1 poverty line, particularly if the multiplier effects seen in the study hold true.

One question that the BIG Coalition needs to address is why they feel so strongly that a BIG should be universal, rather than merely targeted to the very poor. Currently, the estimated cost of a BIG in the amount of US$12.50 per person per month is approximately 3.3% of GDP. However, only 35% of the population lives below the US$1 a day poverty line. If the grant were targeted merely to this group, the costs of a BIG could be reduced by 65%. Even allowing for slightly higher administrative costs, a targeted BIG seems much more likely to help the neediest for a lower cost. That cost, however, must be balanced against political necessity. Perhaps the only way to pass such a sweeping social welfare net is to do it under the guise of an unconditional grant. That consideration, of course, is one that the BIG study is not designed to answer.
BIG Hopes, BIG Questions: Namibia’s Basic Income Grant

Conclusions
Namibia’s Basic Income Grant is a radical solution to extreme poverty. BIG’s plan is to give everyone money, no questions asked. Theoretically, the program is a form of Basic Income support which is partially sufficient and unconditional, in comparison to many other countries which have much more conditional programs. An initial pilot project in a desperately poor settlement shows promising results. Malnutrition and crime dropped substantially in the first year while employment, income, school attendance and health care access all rose. It seems clear that a small cash transfer can substantially aid the very poor, but the effect of the transfer on wealthier groups has not been examined. The study has several possible flaws, including a well-documented Hawthorne effect.

The bigger question regarding BIG may be political. Based on the examples from Latin America, a targeted program would be a more efficient and fiscally sustainable. However, political and cultural considerations may lead policy makers to support the BIG in its current form. BIG is seen as a tool for income redistribution and poverty alleviation, and it builds upon a somewhat similar program from South Africa. While many low-income countries will not be able to implement such a scheme, countries with high per capital income and drastic income inequality could follow Namibia’s example. As a result, Namibia’s BIG initiative deserves careful scrutiny as it may become the world’s first unconditional cash transfer program.

References


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**Endnotes**

1 The Gini coefficient is a measure of statistical dispersion commonly used as a measure of inequality of income or wealth.

2 Constant 2001 dollar calculations based upon nominal incomes reported by the BIG coalition (2009) and Bank of Namibia consumer price index for goods and services, then converted from Namibian dollars to US dollars at the exchange rate on July 1, 2008, the midpoint of the period studied.

3 A careful reader will note that the grant amount is actually US$12.50. The per capita grant amount is slightly less because those over 60 in the household do not receive the grant.

4 This threat to validity relates to a form of reactivity whereby subjects improve an aspect of their behavior being measured simply in response to the fact that they are being studied and not in response to any particular program effect. Since there was no control group for the study, this can be particularly vexing in the case of the BIG evaluation results.
Collaboration for rights: ActionAid India and Dalit Rights CSO Partnerships

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This paper examines collaborations between social movement organizations and transnational non-governmental organizations (TNGOs), within the framework of rights based approaches (RBA) to development. It develops the case of ActionAid India to examine its collaborations with Dalit rights civil society organizations (CSOs) in Tamil Nadu, a South Indian state located on the Eastern coast of the country. The collaborations are explored within the context of three distinct and interconnected political layers. First, at the community level, by exploring issues of power and politics within one partnership, the Panchami land rights campaign led by ActionAid and Dalit women land rights CSOs in Tamil Nadu; second, in the context of Dalit rights in India to discuss some of the challenges that arise in the practice of RBA as a tool for development; lastly, at the intersection of local and transnational layers to assess RBA collaborations between TNGOs and local social movement CSOs. Using literature from Dalit rights case studies, narratives, and academic/practitioner debates on RBA development, the paper presents strategies, challenges, and makes recommendations on increasing effectiveness of collaborative rights based development.

Introduction

The focus of this paper is the exploration of issues and challenges that lie within the collaborations between ActionAid India and Dalit rights CSOs in Tamil Nadu, a state located in the South East region of India. Relying on secondary data and literature on issues related to RBA for development and Dalit rights in India, the paper traces the process of one specific partnership called the Panchami land rights campaign, led by ActionAid India and Dalit Land Rights Federation or Dravida Munnetra Kazthagam (DMK) in Tamil Nadu (TN). The case critically examines the political, social and symbolic impacts of the partnership in the context of the historical, political, cultural and transnational struggles for Dalit rights in TN.

Cornwall and Nyamu-Musembi (2004) posit three broad perspectives that make up the value in a rights based approach to development: normative, pragmatic and ethical. The normative justification, she argues, is that rights put values and politics at the very heart of development practice. For some, the rights based approach is grounded in the human rights framework, making it distinctive within development approaches with its promise of politicization of development practice. Others see the rights based framework defined in contrast to needs based approaches. Instead of purely providing service delivery to particular groups, the rights based approach calls for the equal distribution of resources and aims to mobilize people to assert their rights (Johnson and Forsyth, 2002). Distinct from purely charity based normative platforms for action, the human rights framework is motivated by ethical, legal and political rights. The biggest added value that RBA brings to the practice development is that of direct accountability of policy makers and other actors that have an impact on the rights of people (Cornwall and Nyamu-Musembi, 2004). Rather than being solely limited to local or state actors, accountability transcends to include NGOs and transnational corporations whose actions impact human rights of people in any country.

Committed to integrating rights into its programs and mission for fighting poverty, ActionAid defines poor people as those who are “suffering the injustice of the denial of basic human rights that should give them voice and citizenship” (“ActionAid India annual report 2006”, 2006). Rights here are defined as the extent to which previously marginalized groups have become aware of their rights and are able to positively impact public accountability. An organization present in over 40 countries, ActionAid operates at a significantly larger scale than any of the other TNGOs mentioned in this paper. Until the mid-1990s, the organization was known as mainly a London-based organization engaged in child sponsorship in poor regions of the world, programs which supported 70% of its projects. It was mainly a service delivery organization that focused on issues of poverty, particularly among children.

However, somewhere between 1998 and 2003, ActionAid went through a massive organizational transformation towards a renewed focus not only on poverty,
but on “overcoming the injustice and inequality that causes it” (“History”, n.d.). This mission implied fundamental changes within the organization and now ActionAid has relocated its head quarters in Johannesburg, South Africa. It has adopted a progressive governance system for the TNGO world in that the federation is in itself a collaboration of ActionAid entities independently operating across 40 countries working together under the larger umbrella of ActionAid International. ActionAid has been bold about attributing poverty to unequal power relations, seeing it as a violation of rights, and using RBA as a framework to challenge this violation.

ActionAid India is no different. Located in several cities across country, ActionAid India, has adopted the RBA framework within its work in India. As part of its programs on rights, ActionAid India has focused on Dalit and tribal communities in India, mobilizing several landless rural laborers and other vulnerable communities in claiming their right to land, dignity, gender equity, and political participation.

**ActionAid India and the Collaborations for Dalit Rights in Tamil Nadu**

*Dalit* (meaning “oppressed” or “broken”) is not a new word. The word originates from ancient times in India to describe the depressed classes within society. The word literally signifies the state of being underprivileged and deprived of basic rights and refers to people who are suppressed on the ground because of their ascribed ‘lowly’ birth. In 1973, the Dalit Panthers, a political and militant social movement organization, revived this same term and used it to include the Scheduled Tribes, ‘neo-Buddhists’, the working class, the landless and the poor peasants, women. The Dalit Panther Movement of Maharashtra in the 1970s gave currency to the word ‘Dalit’ and gave voice to the struggles and sufferings of the Untouchables. The movement then went on to include Scheduled Tribes, workers, landless laborers, small farmers and other poor people. Eminent personalities played pivotal roles within this movement including Babasaheb Ambedkar, Mahatma Jotirao Phule and Ramaswamy Periyar, who have deeply impacted the Dalit rights movement in Tamil Nadu (Agarwal and Gonsalves, 2005; Gorringe, 2005; Michael, 2007).

Since 2006, ActionAid India has been in several partnerships with Dalit advocacy campaigns and CSOs across India, particularly in the states of Orissa (a state located in North-Eastern region of India), Tamil Nadu and Andhra Pradesh. In Tamil Nadu, ActionAid India has partnered with several Dalit rights organizations to mobilize protests, campaigns and initiatives for rights. An important aspect and framework within these partnerships, is that they are based on the rights based approach (RBA) and collaborative partnership.

Gorringe (2005) discusses the perceptions and role of NGOs as agents of change within Dalit rights social movements in the state. He argues that despite the prevalent perception in the state that NGOs can be material and project driven unlike people movements, in states such as Tamil Nadu, NGOs and social movements work in concert on many issues. This is due to the fact that in the state of Tamil Nadu, the Dalit rights struggles and political entities make an integral part of politics at every level. The publication of well-researched and systematic reports by better equipped NGOs provides the information with which movements can castigate the government.

In December 1999, for example, Thirumavilavan and other Dalit leaders from Tamil Nadu addressed the National Campaign for Dalit Human Rights’ conference at the Madres School of Social Work. He praised the organization for releasing a ‘Black Paper’ on reservations in the state and said that it provided an answer to the question of how movements and institutions could profit from allying together. “You could conduct research on behalf of movements”, (Gorringe, 2005, p.76) he told the panel. Reports generated by NGOs can add an air of objectivity in comparison to the subjective protests of collective movements.

NGOs that partner with collective struggles provide a forum for issue-based debate and interaction. Although many political rights parties accuse NGOs of being profit seeking entities, NGOs have been able to mobilize the unorganized sectors of the employment market, including rickshaw drivers, domestic workers, municipal workers and sewage workers, who have now been unionized.

Traditionally in Tamil Nadu, the relationship between NGOs and social movement CSOs have been reciprocal. While NGOs provide social movement entities greater legitimacy, publicity and institutional networks of support, social movement CSOs provide weight to NGO led campaigns. Rights based NGOs, community based organizations (CBOs) and TNGOs have sponsored attempts to foster unity amongst the diverse and often divisive Dalit movements and political groups. Often they provide intra state, cross national and transnational linkages to Dalit CSOs and people movements that give social movement CSOs access to resources, ideas, strategies and leadership. In many ways, Tamil Nadu has seen unprecedented levels
of Dalit mobilization in comparison to other states in India, such as Bihar, Uttar Pradesh, Gujarat or Orissa, where such a vibrant Dalit political leadership does not exist. Therefore RBA TNGOs such as ActionAid India see their work as being supportive of the ground breaking human rights leadership of social movements CSOs, CBOs and NGOs (Anandhi, 2000).

According to Sandeep Chachra, ActionAid International Coordinator, “The keen awareness of ActionAid staff/leadership, of the contextual (social, political, cultural, class, gender and religious) diversity of power and rights in various spaces, is an essential feature of its collaborations with partner CBOs and social movement CSOs” (S. Chachra, personal communications, Nov 2009). The fact that ActionAid India relies on individual, in-country donors for funding gives it significant autonomy within the ActionAid International federation. This empowers ActionAid India to be highly political and uninhibited by Northern donor tensions and expectations. It also allows ActionAid India to internalize the RBA approach within its staff protocols and collaborative relationships with social movement civil society organizations (SMCSOs) and CBOs in India while challenging state, local and national bodies. One of ActionAid India’s significant campaigns in Tamil Nadu involves the land rights campaign led by Dalit women in the state. The struggle for land rights by Dalits in Tamil Nadu is called the Panchami land rights campaign.

Land, Caste and Gender: The Panchami Land Rights Campaign

The Panchami lands struggle has a long pre-colonial, colonial and post-independence history in Tamil Nadu. In as early as 1876-77, Christian missionaries in the Chengalpattu district
described Methodist churches and worked with Parayar (a Dalit caste) converts forging a land rights campaign that met with stiff resistance from the mirasidars (land owning upper castes). Rev. Andrew, who was one of the leaders within the missionary campaign for Dalit land rights, brought the conditions of the Depressed Classes² of Chengalpattu district to the notice of Samuel Smith, a member of the British Parliament during the time. The colonial understandings of Dalit life and struggles informed the understanding of the British District Collector, Tremeneheere’s report, which was presented to the Madras Board of Revenue. The rising awareness and advocacy around Dalit conditions within the British political sphere made the Madras government eventually seeking solution to the problem of landlessness among the Dalits, leading to the allocation of land to the Depressed classes although the extent of land that was assigned was too small to alter their landlessness in any significant way (Anandhi, 2000).

In the 1990s the Dalit struggle for land and civil rights heightened with the leadership of Ambedkar and Periyar. In a village called Karanai in the southern districts of the state, the Panchami land struggle would erupt again, this time, met with state and police violence. Organized by the Joint Social Action Movement, the reactionary police violence led to the deaths of two youth, Ezhumalai and Thomas. The aftermath of these massacres led the AIADMK (the sister political wing of the DMK) to launch a political campaign whereby small margins of the Panchami land was allocated to Dalit communities in Uloor and Karanai (Anandhi, 2000).

Even today, nearly 80 percent of Tamil Dalits (Dalits in the state of Tamil Nadu) in the employment market work in the agrarian sector and 64 percent are agricultural laborers. Only over 14 percent of Dalits cultivate their own land, but most are either landless or marginal landholders. Of the operational holdings owned by Schedules Caste Dalits, 95.8% were classified as marginal or small. Therefore, many landless rural Dalits lived in thatched mud huts with little space, rarely any electricity or access to water. Access to food is a big issue amongst rural Dalits due to high insecurity associated with their labor. As part of its focus on Dalit rights in Tamil Nadu, ActionAid’s has partnered with the DMK or the Dalit Land Rights Federation since it is one of two prominent Dalit political parties in Tamil Nadu (Michael, 2007).

The ActionAid India’s 2008 annual report states that the partnership took inspiration from the already rich history of Dalit rights struggle in the state and therefore partnered with several social movement civil society organizations, NGOs and political groups in the region. ActionAid is unique amongst other TNGOs in the way in which it distinguishes its partnerships based on whether they are SMCSOs, CBOs or NGOs (“ActionAid India annual report 2008”, 2008). This distinction is clear in the specific objectives and tailored mission of partnerships for rights with each entity. In Tamil Nadu, ActionAid India is partnered with the DMK. In 2008, DMK led a Panchami land rights campaign across the state. The campaign was a success and a total of 10,000 applications were submitted. Since then, ActionAid partner organizations have launched a nation-wide campaign. This has been initiated in 12 states and there has been significant response from Dalit women now actively participating in the campaign.
Dalit Politics and Identity: Issues Inside a Partnership with the DMK

The DMK or the Dravida Munnetra Kazhagam wrested power from the Congress Party in 1967 and has held office since then. In recent decades, the DMK continues to occupy a significant political space with K. Karunanidhi as its leader. The land rights campaign was spearheaded by this political party and its past leaders including B. R. Ambedkar and Periyar. The party has a long history of activism, leadership and grass roots presence in Tamil Nadu. Nonetheless, over the years it has become one of the most controlling and controversial political parties within Tamil Nadu’s Dalit political struggle. Many social movement leaders such as Thirumavlavan, leaders of the Dalit Panther Party (DPI) see the DMK political party and its leaders as being hegemonic traitors of the Dalit rights movement (Gorringle, 2005). According to Thirumavlavan, the leadership of Karunanidhi has betrayed the values of the historical Dalit struggle for justice.

For example, in the Enjar village located the southern districts of Tamil Nadu, a Thevar (‘upper’ caste) attack on Pallar (‘lower’ caste) communities took place in early 1997. The incident led to massive protests led by the DPI and other Dalit human rights groups which led to police violence on social protestors. Thirumavlavan (2003) states in his book Talisman: Extreme emotions of Dalit liberation that the DMK under the leadership of Karunanidhi have become passive bystanders of state led violence and oppression in name of maintaining political alliances and power. The leadership of Karunanidhi is also criticized by DPI leaders and other radical Dalit leaders in the state for its alliances with the BJP and other Hindu right wing political entities that have historically upheld and promoted caste based oppression. In the Melayulavalu district of the state, protests led by Pallars in response to the Enjar incident, led to further violent clashes and assassination attempts, targeting Dalit leaders such as Thirumavlavan and Firebrand Murugesan. These incidents were often sidelined or ignored by the DMK, making its legitimacy within the Dalit rights community, questionable.

In Tamil Nadu, the Dalit struggle and its ties to many political parties, social movements and people organizations, is a highly contested space with complex issues of history, socio-economic class, gender and cultural politics. To many Dalit activists in the DPI, the DMK or the Dalit Land rights Federation represents the hegemonic politics that has silently condoned police brutality and state-led repression of resistance in the name of maintaining political alliances in the Parliament and Legislative Assembly. On one hand, state, legal and political bodies have been instrumental in the violent suppression of Dalit social protests and communities. On the other hand, hegemonic political parties such as the DMK and the AIADMK are the only means of political participation for people’s movements and political campaigns in the state. Thereby, radical political parties such as DPI, who agitate against state and police perpetuated caste oppression, find themselves in politically alliances with them based on the mutual benefit of electoral power (Shah, 2002). The role of ActionAid India in partnering with the DMK can therefore have multiple consequences. Although it is advantageous from a political and strategic standpoint to partner with a historically powerful Dalit party, nonetheless the tainted and arguably corrupted nature of DMK’s legitimacy and leadership can threaten the values and ideals that lie beneath such a partnership.

Rights based TNGOs like Action Aid often address Dalits as if it constituted a homogeneous community. In fact, Dalits do not constitute a uniform community in India. Issues of caste, class, gender and religion play significant roles within Dalit social movements and often landless, migrant Dalit women and Dalit laborers who belong to lower castes within such struggles, face multiple layers of caste, class and gendered marginalization.

Gender, Caste, Land and Rights

A quote from Guruswamy Gurumal, Madurai, Tamil Nadu illustrates this claim:

I am a twenty six year old Dalit agricultural laborer. I earn Rs. 20 (US $0.50) a day for a full day’s work. In December 1997, the police raided my village… the superintendent of police (SP) called me a pallachi, which is a caste name for a prostitute. He then opened his pant zip […] They brought me to the police station naked. Fifty three of them had been arrested. One of them took off his lungi (wrap around cloth) and gave it to me to cover myself. I begged the police officers at the jail to help me. I even told them I was pregnant. They mocked me for making such bold statements to the police the day before. I spent twenty five days in jail. I miscarried my baby after ten days. Nothing has happened to the officers who did this to me . . . (Amnesty International, 2000).

The issue of gendered caste based violence is one that was heavily discussed in Amnesty International’s 2000 report on caste-based oppression in India. The extent to
which Dalit women are attacked, raped, maimed, humiliated and targeted by state and legal bodies is staggering even in states like Tamil Nadu where there are several powerful Dalit leaders. Therefore most land rights agitations led by both DMK and ActionAid India involve the leadership and participation of Dalit women leaders, who have played a tremendous role in the galvanization of the land rights question. In the highly male-dominated space of Dalit social movement CSOs and political leadership, Dalit women are often sidelined in leadership and recognition for their achievements in the struggle. The leadership of women within the movement bring critical questions of gender based violence, discrimination and humiliation.

According to Rao (2003), the question of Dalit women agitation is one that has just begun to gain regional, national and transnational attention, although the history of feminist discourse within the Dalit rights struggle is quite old. She discusses the Self Respect Movement in Tamil Nadu led by Periyar. The Self Respect Movement began in the 1800s providing an alternative political, cultural and radical space for Dalit women to lead, define and question their public and private spheres. This movement forms an integral part of the rich milieu of historical feminist discourse within the Dalit rights struggle in Tamil Nadu. Therefore it is important to contextualize the long history of feminist discourse and movements that have thrived in the state within the practice of RBA for women’s rights. The history of discourse and the consequent flux within feminist visions with changing socio-economic factors are also important considerations to consider within the practice of collaborations based on the RBA framework.

This is particularly important given the multiple layers of violence and socio-economic oppression that Dalit women experience throughout their lives. Kapadia (2002) states that Dalit women laborers are always paid lesser wages for seasonal labor, wages which most Dalit families rely on for subsistence. Bringing the issue of gender to the forefront for land rights only addresses a minute part of a system that keeps Dalit women and families under the shackles of poverty. Caste based oppression is a systemic oppression through the organizational, economic, socio-cultural and spiritual constructions of caste hegemony that landed upper castes maintain and defend.

The first issue RBA tries to address is failed land reforms. In its report on casteism in Tamil Nadu, Amnesty International (2000) discussed the impact of failing land reform policies on the Dalit rights struggle. On one hand, political gains have been achieved by Dalit rights movements in securing land rights for Dalit laborers. On the other hand, most of the arable and high market value lands still belong to landed upper caste individuals in the state, who have strategically put their holdings in the name of multiple relatives to circumvent legal limits on land ownership. Many upper caste individuals also have land assets in the form of public building sites such as temples, trusts, corporations and local businesses. This land includes the historical Panchami lands, which are now part of a complex web of public and private trusts, dispersed across landed caste family members and their networks. This makes it close to impossible to return significant portions of the arable, high market value lands to landless Dalits.

The second significant issue in the practice of RBA based collaboration for Dalit rights, is that of legal, economical and political awareness. The presence of agitation and movements do not necessarily signify increased awareness of legal, political and economic rights amongst Dalit women, men and youth that participate in them. The powerful Dalit women narratives featured in Karin Kapadia’s (1995) Siva and her sisters, sheds light on the impact of this lack of awareness. Statistically most Dalit women laborers rely on seasonal and temporary labor for subsistence. When land claims are made and economic policies are changed by the state to ameliorate caste based exclusion, backlash occurs in multiple structural realms. Most banking and revenue agencies are led or staffed by upper caste individuals (mostly men) or by urban, educated elite. Therefore many Dalit women and families are often swindled out of their wealth, land and even trapped into further debt by falsification of revenue documents or financial transaction terms. Along those lines, Agarwal and Gonsalves (2005) discuss the myriad ways by which the lack of awareness and legal rights amongst Dalits forms a significant aspect of caste based injustice.

According to Agarwal (2001), despite legal provisions under the Scheduled Caste and Scheduled Tribe (SC/ST) Atrocities Act, local police frequently circumvent legal protection laws protecting Dalit communities by falsifying First Investigation Reports (FIR) within civil suits, delaying court trial procedures and torturing atrocity victims and witnesses. Despite the presence of state sanctioned legal provisions to file civil suits against dominant castes, in the event of caste based violence, the act of right assertion through the use of civil rights mechanisms has led to the increase in counter cases against Dalit victims of atrocities. Therefore the assertion of rights through legal measures leads to the systemic use of the same mechanisms to perpetuate
violence and oppression. The purpose of this section is to highlight the fact that the awareness of legal mechanisms for the assertion of rights and its use by Dalits involve extreme risks due to the systemic nature of upper caste backlash. The following narrative clearly depicts this form of oppression:

Amarthaiah was murdered four years ago by local dominant caste landlords over a quarrel. His mother, wife and local Dalit organizations demanded that the case be registered under the SC/ST Act, the accused be arrested and the case investigated by the CBCID. It took four years for the CBCID to visit the village for an inquiry and when Amarthaiah’s brother was called to give witness to the crime, he was murdered by the same dominant castes, who had killed his brother. (Sakshi, 2003)

Dalit women face systemic forms of oppression by which landed upper castes maintain economic and physical control over their lives. This includes the use of sexual harassment and rape by landlords and the police, barring access to employment and basic resources and denying spiritual freedom. Caste based oppression therefore permeates all levels of her existence - subsistence to spiritual. Here, political, social and cultural spaces are constructed and sustained to maintain caste based segregation and exclusion. Therefore in the event of RBA facilitated agitations led by Dalit activists, issues of backlash become an important issue to consider.

RBA in law and justice are now integral part of the shift in the developmental assistance within developing nations. Many development agencies such as the Canadian International Development Agency (CIDA) and the UK Department for International Development (DFID) and the United Nations Development Programme (UNDP) mention human rights as values they promote through legal and justice reform. In this view legal reform is seen as not only a means to transform the legal system but to also achieve structural changes. Since the legal system as seen above in TN is used as tools for assertion of rights and the oppression of Dalits, it is crucial that legal justice become an integral part of rights based work. Who defines, enforces legal protocol and the use of language to assert or repress rights is a vital aspect of rights struggles across the globe.

The failings of legal reform and the continued presence of violence, backlash and systemic oppression, despite the presence of national and local laws that address this issue, reveals that capacity building of legal institutions or reform movements is not adequate. The development of informal and formal processes and mechanisms for justice led by, and accessible to Dalits and marginalized communities, is critical as an alternative to state, local and national entities of justice. It is crucial that power be given to informal institutions for human rights monitoring and campaigns such that formal legal institutions and agencies can be held accountable to the citizens they serve.

RBA Led Development within National and Trans-national Human Rights Struggles

In September 2009, Operation Green Hunt was announced by Andhra Pradesh Chief Minister Chidambaram. The operation involved a state led military operation in the forest areas of Chhattisgarh to target Maoist rebels. The history of state attacks on Dalit and Adivasi communities in the state in the guise of a Maoist campaign is well known amongst Dalit leaders and social movement CSOs in India. This operation is now postponed to the next year but it symbolizes the ongoing battle that Dalit social movement CSOs and individuals face in their struggle for rights (Ali, 2009).

South Indian states such as Tamil Nadu and Andhra Pradesh have a long history social movements and CSOs for Dalit rights unlike other parts of India such as Orissa, Bihar, Rajasthan, Gujarat and Uttaranchal. Even in states such as Maharashtra where there is a legacy of Dalit political leadership and agitation, incidents of state, local, upper caste militia led violence are prevalent. Getting local and regional bodies of power and governance to adhere and commit to civil rights and responsibilities is one of the most challenging aspects of RBA development practice. National policies to ameliorate caste oppression such as legislative reservations, educational quotas, legal reform and compensation are only part of the solution. Like afore mentioned, caste based oppression manifests in highly complex structural forms that thrive within the very institutions of governance, law, employment and education that seek to address caste oppression.

Therefore it becomes essential that local, state and national bodies be held accountable and that organizations such as the Dalit Human Rights Network or the Dalit Human Rights Law Network be supported in their monitoring of state entities and raising awareness of violations in basic human rights. The National Dalit Human Rights Commission is a national body that has strived toward human rights in India for decades. It is crucial that national and regional political representatives, organizations and institutions be held accountable to the various laws and norms that the Indian
Collaboration for rights: ActionAid India and Dalit Rights CSO Partnerships

constituion guarantees around the rights of women, Dalits, Adivasis and other historically marginalized communities. Despite the presence of laws, narratives and case studies reveal the strategic means by which violation cases are ignored and right bearers suffer the consequences of asserting their legal right to justice. For example, under Indian civil rights law, human rights organizations cannot address any cases that have been filed more than a year after the violation. Since right organizations are the last alternative for people after regional and national legal institutions have been approached, this clause takes away capacity from human rights organizations to act upon these cases. It is crucial that RBA based development partnerships keep these realities in mind and strive for vertical and horizontal accountability toward vulnerable communities.

Another issue of importance is the role of faith – both its role within violence targeted toward Dalit Christians in India and the historic role of faith-based organizations (FBOs) within the struggle for Dalit rights. In states across India, including Tamil Nadu, Orissa, Kerala and Gujarat, there have been several murders committed by extremist Hindu militant groups toward Dalit Christian communities. The role of Christianity and Christian FBOs within the Dalit rights struggles is pivotal since its history is both pre-colonial and colonial. The role of FBOs working with Dalit and vulnerable communities in creating alternative spaces for resistance, spirituality and voice is a phenomenon of importance to rights struggles globally and is one that ActionAid India should take into account for future collaborations (Gorringle, 2005).

At the transnational level, Dalit rights movements have had a long history of linkages to spaces of protest in the Global North and South. In the late 1990s the Dalit movement received significant international advocacy support through human rights campaigns led by Amnesty International and other human rights organizations. These campaigns provided spaces for information sharing and symbolic activism to address Dalit oppression. In 1999, a well-known report published by Amnesty International (2000) entitled ‘Broken people: Caste violence against India’s “Untouchables”,’ became a landmark report that gave the movement a transnational voice. Dalit struggles for justice were also important aspects of the United Nations World Conference Against Racism (WCAR) held in Durban, South Africa and the World Social Forum in 2004. As part of its international campaign for collaborative RBA practice, ActionAid India has launched an advocacy campaign at the UN using India’s signatory status within the International Covenant for Economic Social and Cultural Rights to highlight the status of socially excluded communities in India. This campaign was the result of collaborative efforts which involved partner organizations, CBOs, community leaders and victim/survivors of human violations in India. Such collaborative efforts to integrate rights language and understandings into a platform for promoting awareness of rights violations in India serves as an example for other organizations, national or international, that are working within the RBA framework.

RBA based collaborations should support national and local organizations that work with rights violations, communities and individuals first hand in their effort to galvanize their voices globally. By providing an international platform for leaders and activists within the movement--and not just NGO professionals and staff, to voice dissent against oppression based on their identity as Dalits, Adivasis, religious, ethnic, ability or sexual minorities, is pivotal to any collaborative RBA based development policy. Such transnational spaces that connect local and regional leaders to the transnational sphere of human rights struggles can also challenge and inform efforts at the international level to address human rights injustices.

Another important issue within the transnational presence of RBA based development practice is that of accountability – both within the development community and throughout collaborations on the ground. Various organizations within the development community, TNGOs such as PLAN and CARE, have varying emphasis and conceptualizations of RBA based on organizational structure, value and mission. Prakash and Gugerty (2008) in their discussion of advocacy NGOs argue that the latter act much like firms in a perfectly competitive market (for funds, differentiation, legitimacy and ideas), in their advocacy strategies, structure and information flows (p. 12). Just as Bob (2001) argues that certain social movements gain precedence over others due to better domestic and international access to political, economic and social networks, advocacy TNGOs and other development organizations alike, follow similar patterns of uneven and often contentious competition.

While ActionAid India as an organization has a deeply integrative and community centered approach to RBA reflected in its collaborative and horizontal approach to program conceptions, implementation and evaluation, PLAN International has a much more vertical, direct approach of unilaterally designing rights based programs and strategies into its work with communities. Both organizations have a child-centered approach but very different structural and
organizational methods the same framework of RBA.

Whether there is a coherent community of ‘advocacy’ within the development community is a good question. To what extent are various development organizations engaged in dialogue and debate over issues of accountability or effectiveness of advocacy work? Is there a cohesive space for dialogue among TNGOs, international organizations and FBOs about responsibilities and ethical frameworks for how institutions, people and agents legitimize and implement RBA advocacy? Are the World Bank and other bilateral and multilateral agencies realistically being held accountable by their partner CSOs and social movement organizations? It could be argued that the space of rights based development is often uneven and contentious, with the term rights being one that continues to engender much difference - in conception and practice.

The dialogue about accountability according to Oestreich (2007) should extend beyond that of retrospective evaluation and analysis to that of prescriptive and even moral analysis of what accountability ought to be. Systemic mechanisms of accountability in collaborations between intergovernmental organizations and local CSOs in RBA development practice are of pivotal importance. He argues that accountability goes beyond stakeholder rights to ethical dimensions, and that a rich debate and elaboration is needed in rights based practice.

But there are limited frameworks for rights based collaboration, within partnerships. Much of the collaborations that take place between advocacy CBOs, NGOs or social movement organizations and TNGOs, still take place in the context of resource scarcity or political opportunism. The values that surround many such collaborations continue to be limited in nature. Having common goals and a common sense of resource scarcity are good preludes to collaboration but form very contractual and often stark power-imbalances within such collaborations when put into practice (Hudson, 2002). Collaborations need to extend beyond resource needs or contractual principle-agent relationships.

Collaboration must engage institutions, people and leaders in a collaborative exchange of ideas and practice and this should be reflected in relationships and communication strategies. This is particularly important in the realm of RBA practice since cross-organizational, cross-cultural and cross-practitioner learning can serve to shape theoretical conceptualizations on what rights mean and signify in complex socio-economic, cultural and gendered contexts. The presence of an equal relationship within such collaborations is essential since it can be transformative for advocacy NGOs and TNGOs within the development community. Only through collaborations based on equal power and voice can efforts toward justice be critically examined to understand gaps within RBA development practice.

**Conclusion**

In its alliances with social movement civil society, RBA centered TNGOs have the unique opportunity to re-create and challenge power imbalances that lie within North/South, donor/recipient and principle/agent partnerships. They can strive to be effective facilitators between transnational advocacy networks and activists, leaders, movements and individuals who struggle for rights on the ground. Within the otherwise contentious and divisive politics of social movement CSOs and peoples campaigns, RBA based development has the potential to create spaces for mobilization pluralism (Gorringe, 2005), that can cut across social movement politics and facilitate a critical consciousness, where rights are debated, defended and fought for.

Although RBA might take development, humanitarian and conflict resolution actors into new domains of accountability, we should be reminded that state legal, economic and political entities retain primacy in rights discourse. Therefore one of the most pivotal roles for collaborations between TNGOs and social movement or human rights CSOs is that of holding state, local, regional and national bodies accountable to marginalized communities such as the Dalits. This is in addition to working with governments with wavering commitments which continue to challenge the realizations of rights. According to Olivia Ball (2005), a foremost lesson in RBA practice is that of political tact and strategy in assessing the actors involved and power relationships contextual to a rights issue. ActionAid Brazil’s tactical use of the country’s media to educate, embarrass and influence public opinions highlight the usefulness of strategic media liaison for the modern rights based TNGO (“ActionAidBrasil”, n.d.).

The issue of long term sustainability within development practice also becomes pivotal in collaborations based on RBA. TNGOs will have to move away from the short term cycle of focusing on project based funding, budget planning, reporting and accommodate the structural changes within recruitment, funding guidelines and feedback loops within such collaborations. It is therefore important to look within the organizational practice and culture of rights work and critically examine whether power struggles based on gender, class, caste, religion or sexuality lie within organizations.
that practice rights based advocacy.

Several ethical questions that still charge the human rights debate will continue to be explored as collaborations persist in striving for justice. How can governments and legal institutions be effectively held accountable to marginalized communities without becoming targets of violence for asserting their rights? Can TNGOs be accountable to communities that assert their rights to environmental resources or socio-political rights at the cost of national policies for economic growth? What can be ethical guidelines for defending the rights of communities or individuals that are themselves rights abusers? These questions form a miniscule part of an ongoing dialogue that lies between rights and development practice – a dialogue that must always continue.

References


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Endnotes

1. Periyar Erode Venkata Ramasamy (Tamil: பெரியார், Kannada: ಪೆರಿಯಾರ್), also known as Ramaswami, EVR, Thanthai Periyar, or Periyar, was a Dravidian social activist, who founded the Self-Respect Movement and Dravidar Kazhagam. (http://en.wikipedia.org/wiki/E._V._Ramasami_Naicker).

2. Thirumavlavan is the leader of the Dalit Panther Party (DPI) in Tamil Nadu.

3. The term reservations signify the larger issue of political and local representation of Dalits within educational, political and local institutions of governance across India. The reservation and the quota system were established by the Indian government in the post-colonial period in response to Dalit campaigns for rights in the 60s and 70s, as a means of ensuring political, social and economic equality. Today, many Dalit rights leaders and organizations argue that the reservation system has failed in that - it has not addressed deeper structural, cultural and socio-economic inequalities of power faced by Dalits in India, it is used as a weapon by caste-Hindu leaders to perpetuate caste-oppression and resist campaigns and struggles led by Dalit activists and finally, it has created highly exclusionary and uneven spaces within the Dalit rights movement and leadership leading to a highly contentious struggle for power and legitimacy within the Dalit movement.

4. Chengalpattu district is located in the South-Western districts of Tamil Nadu.

5. Depressed Class is a colonial term that was used to describe Dalit communities.

6. The Self Respect Movement was founded in 1925 by Periyar E. V. Ramaswamy (also known as Periyar) in Tamil Nadu, India. The movement has the aim of achieving a society where backward castes have equal human rights, and encouraging backward castes to have self-respect in the context of a caste based society that considered them to be a lower end of the hierarchy.

7. Crime Branch Criminal Investigation Department.

8. An umbrella term for a heterogeneous set of ethnic and tribal groups believed to be the aboriginal population of India.
The Role of Global Civil Society in Restoring Citizens’ Trust in Democratic Elections

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Elections and electoral assistance have come close to meeting the criteria for a “global public goods challenge,” the consequences of which affect both the developed and developing worlds. This paper argues that by seeing elections not as the end result but rather a periodical reevaluation of effectiveness, NGOs can better develop programs that measure long-term effectiveness. Based on both the literature and examples of a handful of NGOs, this essay describes the nature and scope of the problem with elections and election assistance. It then looks at the ways in which transnational civil society could contribute to addressing and solving this challenge. It concluded that transnational non-governmental organizations (NGOs) could have a greater impact on this global public goods challenge by: educating stakeholders on the relationship between elections and democracy; linking electoral assistance to election observation; taking sides to uphold international electoral standards yet steering clear of partisanship; engaging national and local civil societies in long-term campaign and coverage monitoring; empowering local poll-watchers; and, using their leverage to take action against election fraud and candidate prosecution.

Introduction

In the Philippines, despite competitive elections over the past decade and a half, several features of the political system tarnish the quality of freedom, including rising concerns about the integrity of electoral institutions, civilian killings, and military unrest. (Walker & Kelly, 2007, p. 7)

In Colombia, President Alvaro Uribe’s 2006 reelection victory, which followed a constitutional change in 2005 allowing him to run for a second term, was approved by international observers as free and fair. However, later in 2006 information emerged that seemed to provide proof of long-rumored links between paramilitaries and government officials. (Walker & Kelly, 2007, p. 8)

The model of pursuing economic growth while eroding the independence of critical institutions has been adopted by three oil-rich states in the former Soviet Union: Azerbaijan, Kazakhstan, and Russia. (Walker & Goehring, 2008, p. 32)

Philippines, Colombia, Azerbaijan, Kazakhstan, and Russia are hardly exceptions: According to the 2009 Freedom in the World Survey (Freedom House, 2009), an alarming number of nations that otherwise meet the criteria of electoral democracies has been strengthening state control over their civil societies, media, and judiciary (Puddington, 2009). Political and civil unrests followed “free and fair” elections in Kenya in December 2007, in Bangladesh in December 2008, and in Moldova in April 2009, to name a few. As a consequence, citizens of those nations grow more distrustful not only of state officials and institutions but also of the power of elections and the benefits of democracy in general.

Within two decades having turned from a stepping stone toward national development into a questionable indicator of democratization, the democratic electoral systems and processes have become a focus of controversy among members of the international development community. This paper seeks to demonstrate that the controversy around elections has come close to meeting the criteria for an actual challenge of global public goods—similar to such challenges as ethnic and territorial conflicts or human trafficking. While the costs of the challenge with elections are seemingly immaterial—especially in comparison with the price tag of conflict resolution or human trafficking prevention—its explicit and implicit consequences affect both developing and developed societies around the world.

Based on the literature and examples of a handful of NGOs, this paper describes the nature and scope of the problem with elections and election assistance. It then looks at the ways in which transnational civil society could contribute to addressing and solving this challenge.
What Makes Elections a Global Public Goods Challenge?

Elections in the Context of Democracy, Governance and Human Rights

Elections assistance is a relatively recent area of international development. It emerged in the 1980s as one of the three core components—in addition to civil society and rule-of-law—within the broader developmental field that is usually referred to as democracy promotion or democracy building (Bjornlund, 2004; Carothers, 2002, 2004; Chand, 1997; Elklit & Svensson, 1997; Hart, 2007). As a result of the fall of several Southern European and Latin American military dictatorships in the mid 1970s and 1980s, the U.S. and British foreign policy communities saw a growing need for assistance with establishing democratic systems and processes in those post-authoritarian nations. Following the collapse of most Eastern European and Soviet communist regimes in the late 1980s and early 1990s, the entire donor community embraced democracy promotion as a separate field of international development.

Since the early 1990s, it has become customary—in particular, among the Western governments—to view the post-authoritarian nations as being in transition toward democracy (Carothers, 2002, 2006, 2009). Correspondingly, in the mid 1990s, the World Bank and International Monetary Fund (IMF)—both previously reluctant to impose non-economic conditions—introduced political and institutional prerequisites such as having a democratically elected government in place for a nation to receive aid (Chhotray & Hulme, 2007). To reflect these trends, a more comprehensive label has recently been adopted to describe international, multilateral and bilateral programs that deal with political parties, civil societies, elections, and governments—i.e., democracy and governance (e.g., United Nations Development Program/UNDP, 2009; European Commission, 2008; United States Agency for International Development/USAID, 2009).

Within this broader context of democracy and governance, elections assistance is featured rather prominently due to the role that electoral systems and processes play in determining whether and to what extent a society is democratic. For instance, the UNDP sees the development of electoral systems and processes as a way to uphold the cornerstone of democracy (UNDP, 2009). The European Instrument for Democracy and Human Rights (EIDHR) asserts that poverty, conflict and terrorism cannot be eliminated without enhancing the reliability and transparency of democratic electoral processes (European Commission, 2009). USAID regards free and fair elections indispensable to democracy (USAID, 2009).

Normative and Practical Outcomes of Elections

In an attempt to explain why elections are important for democracy, scholars look at the concept of elections from both normative and practical perspectives.

Normatively, free and fair elections are: (1) a principle of democracy—i.e., there is no democracy without free and fair elections (Carothers, 2002; Elklit & Svensson, 1997; van Beuningen, 2007); and (2) a factor conducive to democracy—i.e., elections have a democratizing effect (Howard & Roessler, 2006; Mozaffar & Schedler, 2002; Teorell & Hadenius, 2008). On the other hand, elections are not sufficient for democracy to exist (Carothers, 2002; Elklit & Svensson, 1997; Harcourt, 2007; van Beuningen, 2007). Moreover, elections do not miraculously democratize societies (Teorell & Hadenius, 2008).

From the developmental practice’s perspective, free and fair elections are: (1) a goal of democratic transition (Hart, 2006); (2) a catalysts to greater democracy (Bjornlund, 2004); (3) a measure of democratization in transitional nations (Elklit & Svensson, 1997; Machangana, 2007; van Beuningen, 2007); (4) an opportunity to broaden citizen participation in public life (Bjornlund, 2004); (5) a peace-building factor (Chand, 1997; Hart, 2006; Schwedler, 2007; Van Beuningen, 2007); and (6) a condition for getting additional developmental assistance—not only in the areas of democracy and governance aid, but also in the areas of economic and social life (Carothers, 2002, 2006).

In other words, while scholarly literature tends to be cautiously optimistic vis-à-vis the normative implications of elections for democracy, it recognizes the role of elections for the international development industry as a whole. Nevertheless, the current state of affairs in the areas of democracy and governance in general—and in the elections assistance in particular—is increasingly characterized as going through a crisis (Carothers, 2002, 2006; Schedler, 2002).

Crisis in the Areas of Democracy Promotion and Election Assistance

Indeed, the democratization enthusiasm of the late 1990s has faded away. Less than ten years into the new century, both the international donor community and the nations in transition are having reservations about democracy and democracy promotion. Specifically, the worth of electoral programs is questioned (Carothers, 2002, 2006; Schedler, 2002). Van Beuningen (2007) observed:
Free elections are essential but not sufficient for the makeup and well-functioning of democracy. In order to avoid perversion, respect for human rights... and for the rule of law is indispensable, as are effective institutions and checks and balances. (p. 52)

The Secretary General of the International Institute for Democracy and Electoral Assistance (International IDEA), a Stockholm, Sweden-based intergovernmental organization, summarized, “Globally we see democracy today being challenged in various ways, and in new ways” (Helgesen, 2008). Among those new challenges Helgesen (2008) mentioned: (1) doubts that democracy is good for development; (2) perceptions that democracy promotion is a cover-up for regime change; (3) doubts that democracy is good for conflict resolution; and (4) distrust of political parties and parliaments.

In a number of countries not long ago considered to be in transition toward democracy (e.g., Bolivia, Malawi), undemocratic regimes have seized power through democratic elections (Carothers, 2006, 2009; Puddington, 2009; Walker & Goehringer; 2008; Walker & Kelly, 2007). In addition, some of those regimes (e.g., Russia) have profited from high oil and gas prices to consolidate their influence both at home and abroad (Carothers, 2006; Walker & Goehringer, 2008). Although election fraud and intimidation of opposition are common, most international observers conclude that by and large the elections that take place in those countries are free and fair (Golder, 2005; Howard & Roessler, 2006; Puddington, 2009).

Also, in many nations the transition toward democracy and free market has not produced the expected economic improvements (e.g., Ukraine), whereas some non-democratic states (e.g., China) have been able to achieve great economic successes (Puddington, 2009). Moreover, internal and international conflicts have erupted in a number of newly established democracies (e.g., Serbia and Kosovo).

Furthermore, some of the major democracy promotion donor countries (e.g., USA and UK) have embraced interventionist foreign policies in Iraq and elsewhere. Therefore, their support of democracy promotion programs have been increasingly perceived as hypocritical: “Washington’s use of the term ‘democracy promotion’ has come to be seen overseas not as the expression of a principled American aspiration but as a code word for ‘regime change’” (Carothers, 2006, p. 6). Additionally, some donor organizations have tended to overrate the importance of elections in promoting democracy. Carothers (2002) summarized the problem with electoral assistance:

Democracy promoters have not been guilty—as critics often charge—of believing that elections equal democracy... Nevertheless, they have tended to hold very high expectations for what the establishment of regular, genuine elections will do for democratization. (p. 7)

Electoral Assistance’s Landscape

Major Actors

Several levels of actors provide electoral assistance: from bilateral developmental organizations (e.g., USAID, Deutsche Gesellschaft für Technische Zusammenarbeit/ GTZ, UK Department for International Development/ DIFD) to bilateral political organizations (e.g., National Endowment for Democracy/NED, the German Stiftungen, the Westminster Foundation), and from regional intergovernmental organizations (e.g., Organization for Security and Co-operation in Europe/OSCE, the Organization of American States, the Organization of African Unity) to international multilateral organizations (e.g., UNDP, International IDEA). In addition, a number of foundations and NGOs list electoral assistance among the development services they provide worldwide (e.g., the Carter Center, the International Foundation for Electoral Systems/IFES) or in specific regions (e.g., the Asia Foundation, the African-American Institute).1

Among the latter category of actors—i.e., nonprofit nongovernmental organizations—U.S.-based groups seem to predominate (Bjornlund, 2004; Carothers, 2004). A handful of those NGOs make the headlines of international news media more often than not: IFES, the International Republican Institute (IRI), the National Democratic Institute (NDI), the Asia Foundation, and the Carter Center.

NGOs that make up this “vanguard group” (Bjornlund, 2004) receive funds from a variety of donors, including U.S. and non-U.S. bilateral organizations (e.g., USAID, NED, DFID, AusAID, Canadian International Development Agency/CIDA), Japan International Cooperation Agency/ JICA), as well as multilateral organizations (e.g., European Union, the Organization for Security and Co-operation in Europe/OSCE, UNDP, the World Bank, the Asian Development Bank/ADB) and private sources (e.g., Bill and Melinda Gates Foundation, Open Society Institute).2
Frequently, these NGOs enter into alliances among themselves (e.g., IFES, IRI and NDI in the Consortium of Electoral and Political Processes Strengthening/CEPPS) or with other organizations (e.g., IFES with UNDP, International IDEA and others in the Electoral Knowledge Network/ACE) in order to implement electoral assistance programs.

Electoral Assistance’s Phases and Activities

Typically, support to the election systems and processes in a country involve the efforts of a few or several donor organizations—depending on the country size and its political situation. Generally, at least two development agencies (e.g., a bilateral such as USAID, and an international such as UNDP) focus on a comprehensive, long-term assistance that includes three major phases: (1) pre-election; (2) the election day; and (3) post-election (Bjornlund, 2004; Carothers, 2004; Hart, 2006). Several other donor organizations come into play around the election day only, by funding short-term election observation missions (Bjornlund, 2004; Chand, 1997).

The objectives of the long-term assistance differ from those of the election observation missions. The long-term assistance seeks to (1) strengthen the political prerequisites for elections; (2) solidify an independent media; (3) establish and develop a legal and institutional electoral infrastructure that assures free and fair access to all eligible voters; (4) monitor the elections to decrease the probability of widespread fraud; and (5) strengthen the democratization process and promote the reconciliation between the parties (Hart, 2006).

The objectives of the short-term observation are limited to visiting polling stations and reporting on the observed irregularities during balloting and counting (Chand, 1997). Occasionally, the terms monitoring and observation are used interchangeably. However, the monitoring process is somewhat more engaged and long-term whereas the observation process is rather passive and short-term (Bjornlund, 2004). Monitoring begins a year before and ends months after the election and involves quite a few actors (e.g., political parties, media, governments, etc.), whereas the election-day observation usually focuses on voters and polling station workers only.

Pre-Election Activities

During the pre-election phase, the implementing NGOs or coalitions of NGOs assist with (a) the development/amendment of the electoral law; (b) institutional-building activities for/with the national election commission; (c) monitoring of the candidate registration and other administrative processes; (d) surveying the political climate, candidates’ campaigns, and media coverage; (e) mobilizing/training local poll watchers; and (f) facilitating public education and get-out-the-vote campaigns.

Typically, two or three different implementers would be responsible each for one type of pre-election activities (e.g., legislative, administrative and political). For instance, the CEPPS NGOs would divide the responsibilities among them with IFES taking the lead in the administrative process, and NDI and IRI handling the legislative and political processes.

Transnational NGO Example: According to its website, IFES (2009a) seeks to bring transparency to elections by involving local civil societies in the process (e.g., providing observer training, facilitating negotiations with national election commissions, etc.) and by incorporating anti-fraud mechanisms (e.g., developing political finance instruments, providing transparent ballot boxes, etc.). In September 2003, IFES (2009b) launched the EVER project, which helps civil society organizations (CSOs) in a given country develop a toolkit to effectively monitor and prevent election violence in conjunction with election management bodies and security forces. The EVER project also tracks incidents of electoral violence in a global journal to which CSOs contribute source material (IFES, 2009b).

Election Day Activities

Right before the election, several teams of international observers arrive. It is not unusual to have dignitaries among international observers (e.g., parliamentarians, government officials, etc.). As mentioned earlier, their responsibilities are limited to visiting poll stations on the election day, observing/monitoring the process, and issuing initial assessments and final reports (Carothers, 2004; Chand, 1997).

Referring to the expansion of election observation activities in the 1980s and 1990s, Chand (1997) described five observer functions: (1) the presence of observers improves the credibility of the election process by deterring fraud; (2) observers provide technical assistance to improve electoral process; (3) observers can mediate disputes; (4) observers help open up the electoral process by bringing problems into the open and pressuring for their ratification; and (5) outside organization involved in monitoring are usually part of a wider peace-building strategy (pp. 546-547).

The NGOs implementing the pre-election assistance occasionally bring in their own international observation teams but, by and large, they provide support to local teams of poll watchers (Bjornlund, 2004; Carothers, 2004). With
reference to how transnational NGOs utilize their elections assistance resources, Chand (1997) observed, “The crucial role of NGOs in international election monitoring has contributed to greater pluralism in global civil society, and produced a web of largely cooperative ties based on niche specialization between IGOs and NGOs” (p. 559).

Transnational NGO Examples: According to its website, the Asia Foundation (2009) views elections as opportunities through which broader democratization objectives, including strengthening of civil society, can be advanced. Therefore, the organization focuses on training domestic monitors and facilitating regional observers rather than bringing international teams.

The Carter Center (2009a) doesn’t send its representatives unless invited by a country’s election authorities and welcomed by the major political parties to ensure it can play a meaningful, nonpartisan role. Long before election day, observers are expected to analyze election laws, assess voter education and registration, and evaluate fairness in campaigns. The Carter Center also believes that the presence of impartial observers when votes are cast can deter fraud. Before, during, and after an election, the Center’s findings are reported to the international community through public statements.

Post-election Activities
During the final, post-election stage, development NGOs assist the election commissions and civil society organizations with the processes of vote tabulation, claim adjudication, and results assessment.

Transnational NGO Example: Following the contentious presidential elections in December 2007, IFES (2009c) continued its work with the Election Commission of Kenya (ECK) under a grant provided by the Open Society Institute’s East Africa Initiative. A number of specific recommendations for the ECK itself, as well as the country’s legislature, were issued by the NGO and subsequently adopted by the Kenyan government.

Achievements and Setbacks of Electoral Assistance
The outcomes of electoral assistance and observation are said to have both positive and negative aspects. “[E]lection monitoring, both domestic and international, can contribute to democratization but can also be counterproductive,” argued Bjornlund (2004, p. 14).

Carothers (2004) praises election programs for: (1) helping draw attention to and publicize electoral fraud; (2) occasionally preventing fraud albeit it is hard to prove; (3) working closely with domestic groups to detect manipulations of voter registration, strategic ballot tempering and distortions in vote tabulation; (4) encouraging citizens to vote and the opposition to run for office; (5) improving the standards of election administration; and (6) training domestic poll watchers.

Bjornlund (2004) emphasizes the following positives outcomes of electoral assistance: (1) improved public confidence in politically uncertain environments; (2) fairer election rules; (3) better campaign practices; (4) better informed public; (5) moral support to democratic activists; (6) increased transparency, which in turn deters fraud and helps reduce irregularities in the election administration.

Among the negative aspects of electoral assistance Carothers (2004) mentions: (1) the ineffectiveness of outside monitors and observers in detecting fraud beyond the blatant ballot-stuffing; (2) the inevitable limitations of observing—i.e., by definition, observers are not allowed to intervene; (3) implementers cannot force political factions to cooperate; (4) implementers can’t guarantee that the international community will back up their findings of election fraud; (5) the proliferation of amateurish groups and unprofessional observers; (6) disproportionate attention to election day itself while fraud occurs before and after; (7) monitoring reports praise the authorities for order during the election and avoid criticizing biased media coverage or unequal resources; (8) reports focus on technical conditions rather than political problems (e.g., don’t recognize that sometimes elections legitimize the power of undemocratic leaders); (9) the standard of “free and fair” elections is a “sound bite;” (10) observation missions find it difficult to criticize governments (e.g., OSCE can’t criticize its member states); (11) some implementers are partisan; and (12) some donors and implementers underemphasize the role of domestic monitors.

Bjornlund (2004) adds the following negatives outcomes: (1) “too much is expected of elections and election monitoring,” (p. 12); (2) “too much emphasis on election mechanics and election day itself” (p. 13); (3) observation missions are often superficial; (3) monitoring missions often have objectives other than democratization (e.g. national interests of sponsoring countries); and (4) international monitors attract more attention and funds than domestic. Bjornlund (2004) concluded: “A focus on form rather than substance and a failure to adhere to universal standards encourage Potemkin village democracies, as authoritarian governments pretend to hold real elections to please donors or others in the international community” (p. 14).

The double-edged-sword effect of elections assistance
in authoritarian states is also discussed in van Beuningen (2007) and Howard & Roessler (2006). Van Beuningen stressed:

Non-democratic governments might feel that pro-democracy activities in their countries undermine their hold on power, and the fact that these activities are sponsored by external agents may provide them with sufficient argumentation for repressive measures, adducing threats to national sovereignty and stability (p. 55).

Although in the recent years many authoritarian regimes hold regular, competitive elections between a government and an opposition, “the incumbent leader or party typically resorts to coercion, intimidation, and fraud to attempt to ensure electoral victory,” argue Howard & Roessler (2006, p. 365). Nevertheless, Howard & Roessler found that such elections occasionally result in a liberalizing electoral outcome, which often leads to considerably less authoritarian new governments.

On the other hand, Van Beuningen observed, pro-democracy activists in those countries and their western sponsors sometimes do not “clearly separate their goal from more immediate and profane partisan objectives, thus providing substance to the autocrats’ claim of illegitimate political meddling” (2007, p. 55). By western sponsors Van Beuningen meant not only donor organizations but also transnational NGOs implementing electoral assistance. At times, their explicit or implicit partisanship undermines their good intentions of promoting democracy.

NGOs’ Efforts to Address the Problems with Electoral Assistance

NGOs seem to understand that a democratic election alone does not change the political culture of a society overnight. Asia Foundation (2009), Carter Center (2009a) and IFES (2009a), for example, stress the importance of long-term efforts to build an inclusive democratic society, promote respect for human rights and laws, and encourage full citizen participation in government.

While recognizing the shortcomings of their current elections work, NGOs are not ready to give up their electoral efforts. For example, the Carter Center’s (2009a) elections program is rooted in a deep conviction that more governments than ever recognize democratic elections as essential to establishing their legitimate authority. Soudriette (2008) of IFES believes that electoral assistance is necessary in particular in those countries where electoral chaos not only triggers internal conflicts and violates basic freedoms of their citizens but also threatens regional peace and stability.

As the election observation component has been criticized the most, NGOs are joining efforts with multilateral and bilateral organizations to adopt a set of fundamental principles that would guide election observation. At a meeting at the United Nations in October 2005, 22 intergovernmental and nongovernmental organizations endorsed the Declaration of Principles for International Election Observation and pledged to further the goals of harmonization and cooperation in the field of election observation (United Nations, 2005). Since its initial signing, an additional 10 organizations have endorsed the Declaration.

Echoing development and political science scholars, NGOs themselves engage in scholarly research to analyze and improve their electoral assistance. For instance, a recipient of the William and Kathy Hybl Democracies Study Fellowship used the IFES’s funding to critically assess the current rating of countries based on a set of common democratic principles and develop an alternative, multivariable index that measures the quality of elections and countries’ democratic progress (IFES, 2009d). Similarly, the Carter Center (2009b) is working on developing a single set of criteria for assessing democratic elections based on public international law.

The Role of Transnational Civil Society

The sources reviewed in this paper not only confirm that elections is indeed an actual “global goods challenge” affecting both the developed and developing worlds, but also suggest that transnational civil society—and specifically, transnational NGOs—could play a greater role in tackling this challenge.

Electoral Assistance Community

As donor and recipient communities increasingly question the effectiveness of electoral assistance, some transnational NGOs join forces with bilateral and multilateral organizations in an attempt to disperse doubts (e.g., the above mentioned collaborations between IFES and UNDP). NGOs and other concerned organizations advocate for a long-term commitment on the part of the implementers to address electoral assistance problems in a holistic manner that involves not only recipient governments but also the civil societies of recipient countries.

Yet, evidence seems to show that most of the efforts to improve electoral assistance are carried out by a handful of
U.S.-based transnational NGOs (e.g., Asia Foundation, Carter Center, IFES, IRI, and NDI). Whether the quality of their electoral assistance is praised (Bjorlund, 2004; Carothers, 2004, 2009; van Beuningen, 2007) or criticized as partisan and meddling (Carothers, 2004, 2009; Van Beuningen, 2007), theirs are almost de rigueur names in debates about elections and democracy promotion. Most of these transnational NGOs are members or partners international networks and initiatives that bring together those concerned with the state of affairs in electoral assistance (e.g., the ACE Electoral Knowledge Network or the Global Initiative Enfranchise People with Disabilities).

It seems virtually impossible to identify the plethora of other NGOs frequently criticized as a whole for their failure to understand the importance of electoral assistance and lack of commitment towards supporting democracy in recipient countries. Although scholars and development practitioners disapprove of those “shortsighted” types of NGOs, they usually abstain from naming names (Bjorlund, 2004; Carothers, 2004).

Thus, it appears that the community of electoral assistance NGOs is, in fact, not so large. Its core NGOs, therefore, could begin addressing the problems with elections by reaching out to the lesser-known transnational NGOs and encouraging their participation in the electoral assistance initiatives such as, for example, the ACE Electoral Knowledge Network or the Global Initiative Enfranchise People with Disabilities. Once included in the electoral assistance community, smaller NGOs would have an opportunity to understand the challenges this community faces and either improve the quality of their assistance or be deprived of donor funds. The inclusion of weak NGOs may precipitate their subsequent exclusion. As simplistic as this method sounds, apparently it has worked in other development areas.

Tackling the Global Elections Challenge

The literature (e.g., Carothers, 2009; Chhotray & Hulme, 2007; van Beuningen, 2007) and the analyzed NGO cases demonstrate that the global elections challenge consists of two components: (1) political—i.e., the problems with elections both in democratic and in authoritarian states; and (2) developmental —i.e., the problems with elections assistance. The elections assistance NGO community, with or without its less-experienced actors, could play a role in addressing both.

Some Political Solutions

Possible political solutions to the elections challenge include education and attitude change regarding the relationship between elections and democracy. While elections do not equal democracy, they are indispensable for democracy—that is, for all citizens to have access to power and enjoy rights and freedoms.

Although the suspicions of cooptation by Western governments are almost inevitable, the transnational NGOs seeking to promote democratic ideals and support universal rights would have to expand their reach to those communities that feel disenchanted with election outcomes. Unlike some governments and donor organizations, principled NGOs can under certain conditions “uphold international standards rather than advance bilateral policy interests” (Carothers, 2004, p.95). Moreover, in some situations, certain NGOs can take sides, show their support to local democrats, and avoid faking impartiality that is said to breed cynicism (Bjornlund, 2004).

In other cases, influential transnational NGOs would want to demonstrate their impartiality. The latter, along with their host-nation counterparts, could concentrate on tailoring election education to the political and cultural environments of recipient countries. Regardless of sources of funding, transnational NGOs should to engage the entire political spectrum--from undemocratic to democratic political parties and politically-active civil society groups. By steering clear of partisanship, NGOs could establish credibility and, ultimately, enhance effectiveness of their programs.

Some Developmental Solutions

Possible developmental solutions involve changes and improvements both inside and outside of transnational NGOs. Donors and NGOs involved in electoral assistance and elections observation would have to design more comprehensive programs in which elections are not the end but rather the means to a periodical reevaluation of effectiveness.

Although some NGOs’ strengths are in electoral systems and processes only, their activities would have to be incorporated into the overall assistance process, focusing on equality and justice, governance, and capacity building. The before- and after-election-day efforts would have to be stepped up, in particular work on election law, media coverage, campaign financing, and adjudication of complaints. Moreover, the current initiative to link electoral assistance with elections observation (International IDEA, 2009) would have to be pursued more aggressively to achieve continuity and avoid overlapping.

In addition, transnational NGOs would have to improve their cooperation with national and local NGOs,
media and political parties. The empowerment of national and local civil societies to monitor election campaigns and their coverage would improve assessment of the pre- and post-election environments while deterring gross and subtle election fraud that is best detected with local monitors and observers.

Some transnational NGOs could also take a more active position vis-à-vis elections fraud. On the one hand, they could plead the case of opposition parties and candidates before international organizations that have leverage with governments and could persuade or compel governments to recognize or correct fraud. On the other hand, transnational NGOs—not obstructed by diplomatic protocol—could go beyond mere observation and focus on strategies to prevent fraud, shame authorities involved in or overlooking fraud, and publicize the cases of fraud or candidate persecution internationally.

Finally, transnational NGOs could do a better job self-regulating in the field of electoral assistance. Adhering to a set of international standards would prevent NGOs from engaging in “electoral tourism” (Carothers, 2004) and raise prospects of providing meaningful assistance.

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Endnotes

1. From the late 1990s to 2006, the author participated in several international election observation missions and campaign-related assignments with a number of the NGOs and intergovernmental organizations listed.


3. Information about the ACE Electoral Knowledge Network and its partner NGOs can be found at http://aceproject.org/about-en/organisations/partners/default.

4. Information about the Global Initiative to Enfranchise People with Disabilities is available at http://www.electionaccess.org/.
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