

CONTRIBUTIONS BY NON GOVERNMENTAL ORGANISATIONS TOWARDS POVERTY ALLEVIATION IN ZIMBABWE

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Abstract

This research empirically examined the contributions which are being made by Non-Governmental Organisations to reduce poverty in Zimbabwe. Annual time-series data was used; certain variables which include Foreign Aid, Unemployment, Inflation and Literacy rate were regressed directly on poverty using E-views 7 software in trying out to come up with the best result on the impact of NGOs in Zimbabwe. Certain relationships were discovered and foreign aid by NGOs had a positive relationship indicating something needs to be done for us as Zimbabweans to fully benefit from the aid. The study revealed that the NGOs who were operating in Zimbabwe have performed reasonably well besides the challenges they were facing in trying to attain their objectives. Food aid is the most contribution done by these NGOs. The study recommended that to make a long term and significant contribution to poverty reduction, NGOs should extend the length of their funding contracts. The study also recommended that the government should attract foreign direct investment in any possible way through ensuring a steady political and economic environment so as for the economy to create job opportunities, therefore, reducing the unemployment rate and reduction in poverty at the end as people will have money in their pockets.

Keywords: non-governmental, poverty, foreign aid, poverty alleviation

I. INTRODUCTION

One of the most fearful culprits in most African countries is poverty and it always remains the major problem of the world but mostly in developing countries around Africa. It was estimated that at least one-seventh of the world population or almost a billion people are living in extreme poverty (World Bank 2001). They are assumed to be struggling every day for survival. These people usually suffer from lack of food, proper health facilities, protected water, shelter and other basics. In an attempt to curb poverty, United Nations (UN) members agreed and signed the

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United Nations Millennium Development Goals (UNMDGs) in the late 90s. The main objective of the MDGs is to eliminate life-threatening poverty which is being noticed around the globe. In achieving their goals, targets were set and that was to reduce poverty by a reasonable margin and this shows us that poverty is one of the biggest challenges of the society and is a concern for everyone.

In an attempt to satisfy the main goal of MDGs it was largely assumed that Non-Governmental Organisations (NGOs) should play crucial roles. The protagonist of NGOs in reducing poverty is not a new view and this led to NGOs involvement in poverty reduction to become mainstream since the post-World War II (Riddle and Robinson 1995), currently, NGOs have been present in emergency and long-term development goals. The sign of NGOs efforts on poverty alleviation is not clear up to now; it is still assumed that NGOs have the established capability to lessen poverty.

BACKGROUND OF THE STUDY

The frequency of poverty in many developing countries especially in Africa has been the germination of local NGOs and the concern of other aid organisations. Issa (2005). Issa further on mentioned that any NGO provides a specific purpose in the country that it operates, to satisfy some of the basic needs of the citizens. It is widely believed that NGOs have been able to save many lives from hunger and other life-threatening diseases like cholera. Regardless of the debates which continue to rock concerning the roles of NGOs, it is unquestionable that their efforts have been able to improve the standard of living through the provision of foodstuffs, infrastructural development, quality accessible medical and educational facilities amongst other necessities, NGO existence has also assisted many African countries to develop programs designed at accomplishing the development goals set under UN.

It is believed that approximately 69% of Zimbabwe's population is estimated to be poor. This poverty level is believed to have risen to this upsetting level during 1992 and 2008 (Central Statistics Office, 2009). Economic Structural Adjustment Programmes (ESAP) was introduced in 1992 and they raised the cost of living, Zimbabwe's poverty situation is observed by the inability of people to meet their day to day basics. The central statistics office also found out that Primary School net attendance for 2015 was 80% but approximately 60% of parents who failed primary enrolment for their kids had financial problems. This shows us that some people in Zimbabwe cannot afford to meet their children's need for primary education.

Zimbabwe is still one of the poorest developing nations which are located in Southern Africa. Poverty in Zimbabwe is mainly caused by a lack of income and assets to attain basic needs like food, shelter, clothing and acceptable levels of health and education. As a result, the government of Zimbabwe recognizes and approves the presence of NGOs, thus allowing them to work in areas around Zimbabwe especially rural areas about their set aims and objectives.

However, the role of NGOs has been without analysis and in some nations, NGOs have been welcomed for their charitable aid and support they render. Some argue that they have been developing a culture of sluggishness and

dependence, rather than self-innovative. As a result, it is vital to have a piece of academic work to examine empirically the influences of NGOs.

STATEMENT OF THE PROBLEM AND OBJECTIVES

Poverty has been a major pandemic that every country has to be concerned about as it is upsetting most Zimbabweans. Zimbabwe has attracted several NGOs and has been coming to offer services and assist in some areas since the late 1980s. Despite several NGOs in Zimbabwe, it remains one of the poorest economies. This is evidenced by lack of proper assets for economic development, poor housing facilities in most areas and untarred roads in rural areas, high unemployment rate together with unconvincing economic growth rates. Poverty and suffering in Zimbabwe are rather high and still wrecking the country. As a result, it is essential to evaluate the charities being made by NGOs in reducing poverty in Zimbabwe through foreign aid.

The key purpose of the study is to weigh the contributions made by NGOs in reducing poverty in Zimbabwe, the study will emphasis on the following objectives,

- ✓ To establish the relationship between foreign aid by NGOs and poverty in Zimbabwe.
- ✓ To find out how contributions made by NGOs alter poverty levels in Zimbabwe

II. THEORETICAL LITERATURE REVIEW

Many theories have tempted to explain individual poverty at a microeconomic level, individual clarifications at micro-level focus on factors which lead to individual poverty, for example, bad health, poor education and other characteristics.

Matt Brueing (2014) mentioned that poverty is sometimes structural in his theory. People are believed to be in poverty because they find themselves in holes in an economic system that delivers them with inadequate income. The theory believed that the only way to reduce poverty is to alter the economic structure to reduce the number of low-income earners in it. This is the case with most Zimbabweans as they are finding themselves unemployed in the so-called economic holes.

Moser et al (1996) also noted that job is often the main source of income for many residents. The poorest families are often those with a large number of young children, only a single wage owner, only older members with no economically active children living at home. They also mentioned that unemployment easily throws households into income poverty. Household employment rate can be used to show the reliance burden for each individual. The household features are assumed to relate the living conditions of a household. These interpretations were distinguished by outside scholars so their findings may not be appropriate to the Zimbabwe study. However, most NGOs who come here in Zimbabwe usually base on these findings so as for them to conclude on the type of assistance needed especially when the study was carried out in Sub-Saharan Africa, they will have more confidence with the findings for future decisions.

Todaro (2003) stresses that deprived communities across the developing world are more likely to be undernourished, less likely to receive medical facilities, clean water, sanitation and other assistances. He then mentioned that the popularity of families headed by females, the inferior earning size of women and their restricted control over their husbands' income all add to this upsetting phenomenon. Besides, decades ago women had less access to education, employment and social security. These facts ensure that women have poor financial resources. This is true with the case of Zimbabwe where we can witness deprived communities such as Epworth being undernourished, having even poor sanitary.

III. EMPIRICAL LITERATURE

Nyamvura and Brown (1999) found out that the contributions of NGOs towards poverty alleviation. They found out that among all NGOs operating in Zimbabwe, Plan International was mainly involved in constructing sewer, electricity, water reticulation and educational sponsorship for 1000 children, stated women's club and provision of book grants for two primary schools, (Nyamvura and Brown 1999). However, their study was focusing on the development issues and did not focus on food assistance furnished by NGOs. This study, therefore, wants to make further research on the development side and also on relief issues in Zimbabwe.

According to Alkire (2002), NGOs are also said to be growing incomparable by other organisations working in the field of human security and providing necessities for the community. For example, in Bangladesh which has one of the largest NGO sectors, two local NGOs work with a client-base of roughly 6 million. Programs in rural and urban development were developed, education and health in all districts of the country. Most children join their schools and employ over 50 000 people. This shows us that in some countries NGOs have made a positive impact on reducing poverty. However, the NGOs were concentrating more on microtask activities done by NGOs in Zimbabwe.

Mosley et al (2004) researched on the contributions towards poverty and economic growth from the view of the implemented policies as the key part in the efficiency of NGOs. Their results were different from the view that redirecting aid towards countries with better policies leads to economic growth and poverty reduction. In their study, they concluded that evidence is missing to support the belief that redirecting aid to countries with good policies will increase the impact on growth or poverty reduction in developing countries (Mosley et al 2004). However, the present study has noted that most the studies were done outside the country so this might not mean NGOs performances are similar to all areas. As such the issue of poverty reduction is incomplete without finding out exactly the impact of NGOs in Zimbabwe.

NGOs CONTRIBUTIONS TO POVERTY ALLEVIATION

It is assumed by most people that it is hard to find evidence that NGOs are close to the poor. There is mounting evidence that in terms of poverty reduction, NGOs perform ineffectively as had been assumed by many agencies.

Evaluating NGO performance in reducing poverty is a tough task. However, it is worth learning from other explanations on NGO performance in alleviating poverty.

Lekorwe (2007) points out that it is also rare for NGOs projects to be self-sufficient although NGOs implement several very resourceful projects. Many of them seem to be unwilling to innovate in certain areas or activities. As a result of these restrictions, the roles of NGOs in alleviating poverty cannot be overstated.

Furthermore, Proshika (2001) mentioned that NGOs offer several services which include the upgrade of equality, legal services, education and training programmes. Proshika goes on to say that NGO fills development gaps where the government is doing less. They supplement the state efforts in providing sustainable growth. Bob-Miller (2005) mentioned that the influence of both local and international NGOs includes altering the societies and lifting the sadness of poverty tormented rural and urban residents. According to Bob-Miller, these include environmental safety, services for women, the elderly and children, vocational skills, technology transfer, sanitation, water development and suppliers of relief items. In the view of Lekorwe (2007), it is through the balancing efforts of NGOs and interest groups that governance can be promoted.

In Zimbabwe, local NGOs assume development work in regions of the country and many have arranged their own regional or provincial offices which they can share everyday occupations, Moyo (2000). The writer goes on to say most local NGOs have achieved nationwide representation, with offices in Zimbabwe's provinces. However, Proshika (2001) criticised the point that most local NGOs play a vigorous part in reducing poverty. He maintained the idea by giving an example of Tanzania where travel is costly; it is international NGOs which have developed a nationwide presence. The study aimed to perceive whether NGOs in Zimbabwe had the same interventions.

IV. METHODOLOGY

Annual time-series data from the year 1985-2014 was used; certain variables which include Foreign Aid, Unemployment, Inflation and Literacy rate were regressed directly on poverty using Eviews 7 software in trying out to come up with the best result on the impact of NGOs in Zimbabwe.

Model Specification

The researchers used the ordinary least squares method to estimate the coefficients of GDPC, UNE, INF, TL, L.RATE and FA to conclude their impact on poverty in Zimbabwe for the period 1985-2014. The researcher adopted the model from Thurow (1967), in his study, he models the causes of poverty in Latin America. The researcher also adopts the model through the idea of Topalova (2010) who regressed the determinants of poverty directly on poverty.

The model is specified as:

$$PVTY = \beta_0 + \beta_1UNE + \beta_2L.RATE + \beta_3FA + \beta_4GDP/C + \beta_5TL + \beta_6INF + \mu$$

Where:

PVTY-poverty in %

GDP/C-gross domestic product per capita in %

UNE-unemployment rate in %

INF-inflation %

FA-foreign %

L.RATE-literacy rate %

TL-trade liberalisation (ratio of imports plus exports)

Bs-parameters

μ -white noise error term

Justification of variables

During this study, the poverty severity index in % was used as an alternate measure of absolute poverty. The index is usually computed from national income, consumption and expenditure surveys in Zimbabwe. It is the square of the poverty gap index (an improvement from the headcount index which measures the depth of poverty by considering how far the poor fail to meet the poverty line). So here the poverty severity index will be the weighted sums of poverty gaps as a proportion of the poverty line.

Gross Domestic Product per Capita (GDP/C)

The variable is recorded at the current market price of goods and services produced within a nation divided by the population to estimate the GDP of each person. GDP per capita is the rough measure of the standards of living of people in an economy. In line with Smith (2011), if GDP per capita is high it may show that the standards of living are also high. As a result, the poor tend to spend additional income on improved nutrition, education for their children and improve their housing conditions therefore people are better-off when GDP per capita is high. Lagged values of increases in income seem to explain higher standards of living.

Inflation

The inflation rate originates from the consumer price index (CPI), that is the % change in the price of a set of goods and services nominated to be illustrative of the consumption pattern of an average family in any country. The Consumer Council of Zimbabwe (2003) stated that there exists a negative connection between CPI and buying power and a positive relationship between the CPI and cost of living. When CPI rises so does the cost of living as the purchasing power drops. CPI measures the poverty datum line in Zimbabwe as prices, quantity and outlets use are the same as those from CPI (Zimstats, 1999). Inflation rate disturbs the minimum need basket which is dependable with the liking of the poor households. In this case, inflation might have a greater effect on poverty.

Unemployment (UNE)

Here in Zimbabwe unemployment rate is explained as the % of persons aged 16 to 65 years who during a reference period are without work and are currently available for work in the economically active population (Zimstats 2011). Unemployment shakes the money wage income of individuals and also disturbs the tax base. It might be a fact that the possible income of the government that was supposed to be reallocated will not be obtainable and the poor remain poor. In this study, a positive relationship between unemployment and poverty was expected.

Foreign Aid (FA)

Foreign aid is a situation which exists when one country voluntarily transfers money to another country and this may take the form of a gift, a grant or loan. The impact of aid on poverty is assessed using mathematical models and we can conclude its effectiveness on poverty. Usually, foreign aid is associated with a decline in poverty as measured by the poverty rate and poverty gap index.

Trade Liberalisation

Trade liberalisation can be dignified as the ratio of imports plus exports to GDP, Sowa (2002) concluded that trade reforms can result in poverty alleviation if it rearranges financial institutions in such a way that makes the poor have admission to credit. He also said that poverty can only be reduced if the economy is threatened by growth. Trade liberalisation touches poverty through its effects on income distribution in the economy. Extreme advantages from trade would come by mixing a developing country with a developed one as their conditions for production vary between them. In this case, it will be so interesting to see how trade liberalisation can affect poverty in an economy.

Literacy rate

Literacy refers to the state of being literate mainly being able to write and read, literacy rate refers to the % of people who can read and write at a particular given time or period. The adult literacy rate measures literacy among persons aged 15 years and above, a high literacy rate may reflect the effective primary education system. It is believed that most students do better in school are more likely to graduate and those who find it difficult to read are likely to drop out of school. Thus most people who focus on their literacy are less likely to live in poverty as they will graduate and go to work, this fact has been so interesting in trying to find out how literacy rate affect poverty in Zimbabwe.

Error term

This is a random (stochastic) variable that has well-defined features. The white noise error term may well indicate all those variables that affect poverty but are not taken into justification.

Diagnostic Tests

Before the regression was done the researchers performed some diagnostic tests. The diagnostic tests that were completed comprise of the unit root test (Augmented Dickey-Fuller), Heteroskedasticity, Autocorrelation Test and Multi-collinearity test.

Data type and source

The researchers used secondary data and this refers to that data which is already collected. Secondary data was used because it is less expensive as compared to primary data which needs huge financial resources for survey undertaking.

Secondary data used for poverty and other variables were taken from the official publication and reports of Zimbabwe National Statistics Agency, World Bank data bank and Penn world tables. Data gathering process did not include travelling much and booking for appointments which consume a lot of time, secondary data is already collected and will usually be cleaned for errors and stored in electronic formats hence the researcher spent time analysing data. However, secondary data might not have been collected for that particular purpose hence certain information might not be enshrined in that source. Another shortcoming is that the data is subject to error of measurement and it might prove difficult to check for accuracy. However, the researchers will lessen these few imperfections by putting the priority on influential sources.

V. RESULTS

Econometric tests need to be conducted for us to conclude that NGOs play a significant role in reducing poverty or worsening poverty. After some economic interpretation, the diagnostic tests are apparent to ensure that the model conforms to the assumption of ordinary least squares regression results are also conducted

Descriptive Statistics

Table 1: Descriptive statistics

	PVTY	FA	GDP	INF	L.RATE	TL	UNE
Mean	19.50667	6.056478	0.466000	2313.591	88.59200	0.618237	18.6300
Median	19.10000	5.147405	2.350000	21.85000	89.00000	0.615836	16.9500
Maximum	38.00000	15.41714	19.20000	66212.30	97.60000	0.900000	33.8000
Minimum	9.300000	2.496073	-34.8000	-7.90000	80.38000	0.294379	4.6000
Std.Dev.	7.013825	2.971001	9.396087	12071.29	5.426864	0.164297	9.71231
Skewness	0.886834	1.291884	-1.52879	5.195701	0.088998	0.096067	0.14911

Kurtosis	3.570861	4.628179	7.976806	28.00904	1.948294	1.910270	1.55072
JarqueBera	4.339728	11.65853	42.64678	916.7916	1.422210	1.530534	2.73668
Probability	0.114193	0.002940	0.000000	0.000000	0.491101	0.465210	0.25452
Sum	585.2000	181.6943	13.98000	69407.73	2657.760	18.54710	558.900
Sumsq.Dev	1426.619	255.9785	2560.307	4.23E+09	854.0749	0.782816	2735.54
observations	30	30	30	30	30	30	30

Source E-views 7 software

The table above shows the descriptive statistics of all variables included in the model. The table gives us the mean, skewness, maximum and minimum, the probabilities and standard deviation all variables. Looking at the table we can observe that inflation has the most variability recorded at a standard deviation of 12071.29 and this indicate less reliability of the variable in explaining changes in poverty. TL has a lower standard deviation recorded at 0.164297 and this shows us that one can rely on TL in explaining changes of poverty. GDP/c is the only variable which is negatively skewed whereas other variables are positively skewed.

Diagnostic tests

Table 2: Unit root tests in levels

Variables	ADF Test statistic	1% critical value	5% critical value	10% critical value	Decision
PVTY	-3.760988	-3.679322	-2.967767	-2.622989	Stationary
UNE	-4.785225	-3.689194	-2.971853	-2.625121	Stationary(1)
INF	-4.998601	-2.656087	-1.964615	-1.622614	Stationary
TL	-3.151667	-3.724070	-2.986225	-2.632604	Stationary(1)
FA	-2.678404	-3.679322	-2.967767	-2.622989	Stationary
L.rate	-7.232593	-3.689194	-2.971853	-2.625121	Stationary(1)

GDP/c	-3.726143	-3.679322	-2.967767	-2.622989	Stationary
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Source: E-views 7 software

Gujarati (2004) mentioned that for a variable to be stationary, the absolute values of ADF should be greater than the ADF critical value. The table above shows us that all variables are stationary at their original level but UNE, TL and L.RATE are stationary at the first difference since they are non-stationary at their original levels.

Multicollinearity test

Table 3: Correlation matrix

	FA	GDP/c	INF	L.RATE	TL	UNE
FA	1.000000	-0.338353	0.228915	0.087689	0.132082	0.190395
GDP/c	-0.338353	1.000000	-0.104067	0.181225	0.273428	-0.360855
INF	0.228915	-0.104067	1.000000	0.086187	0.213066	0.304622
L.RATE	0.087689	0.181225	0.086187	1.000000	0.369790	0.464153
TL	0.132082	0.273428	0.213066	0.369790	1.000000	0.165543
UNE	0.190395	-0.360855	0.304622	0.464153	0.165543	1.000000

Source: E-views 7 software

From the above results, for us to find evidence of rejecting the null hypothesis, the coefficient of determination among all explanatory variables or regressors must be greater than 0.80 to reject the null hypothesis that the estimated model is not suffering from multicollinearity hence we have no evidence of rejecting H_0 .

Heteroskedasticity test

Table 4: Heteroskedasticity test: Breusch -Pagan –Godfrey

Breusch-Pagan-Godfrey Test:			
F-statistic	1.324778	Prob. F(6.23)	0.2862

Obs*R-squared	7.705019	Prob.Chi-Square(6)	0.2605
Scaled explained SS	8.182350	Prob.Chi-Square(6)	0.2250

Source: E-views 7 software

Breusch-Pagan-Godfrey helps us to test for the presence of heteroskedasticity in our model between variables. Using this test you can reject the null hypothesis and conclude that the model is suffering from heteroskedasticity if the p.value of the f-statistic which is 0.2862 is greater than 0.1 so one can conclude that there is no heteroskedasticity. This indicates that there is no relationship between the residuals and the explanatory variables.

Autocorrelation test

In this case, the Durbin Watson statistic can be used to test for autocorrelation. From the regression results, the Durbin Watsons critical value should be roughly near or equal to 2 to accept the null hypothesis and conclude there is no autocorrelation (Gujarati 2004). In this case, the DW statistic from the estimated model is 1.546811 and it is near 2 therefore this will be implying that there is no autocorrelation between the variables.

Table 5: Serial Correlation LM Test

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	1.280379	Prob.F(2.21)	0.2988
Obs*R-squared	3.260622	Prob.chi-square(2)	0.1959

Source: E-views 7 software

In some cases, the Durbin Watson test may fail to provide enough evidence for the presence of autocorrelation, a serial correlation LM test can be employed to test autocorrelation. The test tells us that we must accept the null hypothesis that there is no autocorrelation when the probability value of F.statistic is greater than 0.1. In this model, our p-value of Fcal is 0.2988 so we have no evidence of rejecting the null hypothesis hence we can conclude that the variables are not correlated.

Significance of the whole model

When testing the significance of the whole model our estimated r-squared should be above the standard 0.6 suggesting the model is significant (Gujarati 2004). In this model, our r-squared is 0.61 and this displays that 61% of the variations in the dependent variable poverty are well explained by the explanatory variables. Finally, one can make a conclusion saying the model is properly specified.

VI. REGRESSION ANALYSIS

Ordinary least squares (OLS) method was used with the assistance of the statistical application called E-views 7 to present the estimated regression results below.

Table 6: Econometric Results

Dependent variable: POVERTY

Variable	Coefficient	Std.Error	t-Statistic	Prob.
C	-34.07806	17.34020	-1.965263	0.0616
FA	0.360492	0.342658	1.052048	0.3037
GDP/c	-0.153863	0.127681	-1.205053	0.2404
INF	-0.000239	8.23E-05	-2.903590	0.0080
L.RATE	0.450725	0.216963	2.077423	0.0491
TL	12.30347	6.407961	1.920028	0.0673
UNE	0.240955	0.128964	1.868397	0.0745

R-squared_0.612705

Durbin Watson_1.546811

F-statistic_6.064383

Akaike info criterion_6.217839

Adjusted R-squared_0511672

Prob (F-statistic) _0.000641

VII. RESULTS, INTERPRETATION AND DISCUSSIONS

The significance of this model is also shown by the f.statistic and the better explanation of the explanatory variables was reviewed by the r.squared which is the coefficient of determination. In the model, our F.statistic is 6.064383 and surpasses the required rule of thumb, Gujarati (2004). In the same vein, we can see that our p.value of the f.statistic is less than 0.01 which is similarly indicating the significance of the whole model.

All the variations in the regressand are due to the 61% variations in those six explanatory variables and the remaining 39% is believed to be caused by other stochastic factors. Just after altering for the degree of freedom our adjusted r-squared will be 0.5116672 and is less than our first r-squared. This may be so because of a penalty on adding explanatory variables and this gives us confidence on the explanatory power of the model.

Our regression results show us that all variables except GDP and INF are positively related to poverty. This means that an increase in any one of these except GDP and INF will increase poverty. The significance of the variables is concluded by the t.statistic values. An explanatory variable is believed to be significant if its absolute t-statistic is greater than or approximately near 2 and the results show us that UNE, TL, FA slightly and L.RATE variables are better in explaining variations since their t-statistics are near approaching 2.

This study was mainly aimed at looking at the coefficient of foreign aid (FA) as this was assumed to be the contributions made by NGOs in Zimbabwe. The estimated results have revealed that the coefficient of FA is positive and significant since our t-statistic (1.052048) is near 2 compared to other variables though not that convincing as expected, therefore the relationship is not significant all in all as we can see that our p-value (0.3037) is not convincing as well. These results are suggesting that a unit or dollar increase in foreign aid is doing a little impact on reducing poverty in Zimbabwe. This may be due to high rates of corruption and mismanagement of funds which has reckoned the country in the past years.

Yes, we may be getting enough aid from other countries and different NGOs around the globe to reduce poverty but if we have ineffective management to utilize those resources efficiently the final results will always be against us. That is the only problem why poverty remains a concern for most Zimbabweans due to office misuse by top officials.

The regression results have shown us that the coefficient of TL (12.30647) is positive and also significant as the p.value is 0.0673 and the t-statistic (1.92) is near 2, therefore, we can conclude that the relationship is significant. This shows us that a unit increase in trade liberalization will increase poverty. However, the negative relationship between variables poverty and trade liberalization was expected and the positive relationship was a conclusion between the variables. In this case, basing on the findings there is evidence that trade liberalization for the period 1985 and 2014 led to increased poverty.

Jazairy et al (1992), studied some of the Sub Saharan African countries and they noted an increase in poverty levels in the region from the late 60s to the early 90s in their study. They concluded that structural adjustment programs played a major role in worsening patterns of poverty in the African region. This may be due to lowly macroeconomic management, policy challenges and policy setbacks. (Mc Colluch 2005) states that if trade liberalization is not

completed in a faultless way while taking advantage of complementary policies to guarantee the gains are maximized and losses minimized it can result in poverty as the poor suffer more

This was expected from the results of the unemployment rate (UNE) as it is positively related to poverty as the t-statistic 1.868397 is near 2 and the p-value is less than 0.10 hence it is significant at all levels. This tells us that when UNE increase poverty also increases. This may be due to the loss of tax revenue by the state for the provision of public goods and social services as the government is seen as the father of the nation. Thus, an increase in UNE by any % will increase poverty. This is in line with the findings of Gugerty et al (1997) when they researched on the causes of poverty in Europe and found out that unemployment was a major issue that influences poverty since most of the unemployment were living below the poverty datum line. This is also noted in Zimbabwe as unemployment figures are increasing with poverty (ZIMSTATS 2011).

VIII. SUMMARY

This study was done to assess the contributions made by NGOs in reducing poverty in Zimbabwe. It was done by focusing on the economic indicators of poverty in Zimbabwe, UNICEF, Christian care and FAO are some of the major NGOs which have been operating in Zimbabwe and all had poverty reduction as their goal. We have noted that despite significant assistance from NGOs, extreme poverty and underdevelopment remains a major concern for most Zimbabweans. Time series data was used from the year 1985-2014 in trying to come up with the relationship between poverty and NGOs contributions using E-views 7 software. The findings of the study show that there is a positive relationship between foreign aid by NGOs due to some factors such as corruption and with the case of Zimbabwe it may be difficult for NGOs to reduce poverty alone as some section are not performing well.

IX. CONCLUSIONS

Poverty has been a major concern for most of the sub-Saharan African countries and is at the heart of many researchers. However, according to this study, it shows that more work needs to be done on the effect of NGOs on poverty. Speaking, foreign aid by NGOs seem to have a great influence on poverty. In this study, a positive relationship between the two variables was noted and this reinforces the idea of concentrating more on fiscal issues, encouraging policy reliability together with good governance and other complementary policies which are vital for foreign aid to work efficiently for the advantage of the poor. However, policy decisions should not be aligned on NGOs alone since other variables are significant in explaining poverty. These include unemployment, inflation, trade liberalization, literacy rate and gross domestic product per capita growth.

X. RECOMMENDATIONS

NGOs should try and balance the aid they give to people between food aid, education aid and put more to other development projects. There has also been a duplication of aid mainly food aid were individuals mainly from the rural areas of Zimbabwe are receiving food from different NGOs. When they balance the aid it will be better as other people will get jobs from the development project which will help them fight poverty in the long run rather than having food only and face problems again shortly. Food aid has a problem of making people more dependent as they cannot make changes with the received food but can only consume it.

Furthermore, the government should try not to impose heavy taxes on NGOs as they might divert funds to other productive projects which may be vital in dealing with poverty.

The government should attract foreign direct investment in any possible way through ensuring a steady political and economic environment so as for the economy to create job opportunities, therefore, reducing the unemployment rate and reduction in poverty at the end as people will have money in their pockets.

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