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# When Helping Really Helps: How to Effectively Help Without Hurting the Poor at the Bottom of the Pyramid in Developing Countries

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When Helping Really Helps: How to Effectively Help Without Hurting the Poor at the  
Bottom of the Pyramid in Developing Countries  
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### **Abstract**

The issue of poverty alleviation at the Bottom of the Pyramid (BOP) in developing nations is a hot topic on the global platform. The staggering numbers of people living below the poverty line, coupled to the detrimental impact of extreme poverty on people in developing countries, creates a moral imperative for people to help the poor at the BOP. In response to the plight of the poor, many efforts have been put in place to help the poor in developing nations. In order to understand poverty at the BOP, in this paper, I provide a historical analysis of colonialism and the global systems (IMF, World Bank, and GATT) and their substantial effect on the poor in developing countries. Then, the efforts to help those at the BOP are categorized into three helping models: the Government Aid Model, the Entrepreneurship Aid Model, and the Grassroots Aid Model, each of which is analyzed. The paper concludes with seven guiding principles that can be used to effectively help without hurting the poor at the BOP when working at the grassroots level.

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## Prologue

The issue of poverty alleviation for those living in developing countries is dear to my heart because I have seen the injurious effects of being poor in both Uganda and Tanzania. I witnessed an HIV positive woman who lost her baby in child birth because the nurse had to attend to five other women in child labor – she had previously lost 2 babies before their first birthdays. I saw hundreds of people waiting in long lines for over half a day in order to access health care services; A desperate husband who had to slowly transport his very ill wife (diagnosed with AIDS) on a bicycle to a hospital that was over 20 miles away, along bumpy roads; women and children who lack access to clean water; girls who would like to go to school but have to stay at home and care for their siblings. Reflecting on these experiences, surely, I cannot sit back as vast global inequalities prevail. I believe that we can have a better world in which all human beings can enjoy the basic necessities of life.

As a native of Uganda, a developing country in East Africa, I have grappled with questions about the issue of poverty alleviation for those living in poor countries, and why those who are not from those nations spearhead it. As a matter of fact, throughout my research process, I noticed that most of the scholarly work on developing nations is written by economists, academicians, philosophers, and many other authors from developed countries. I am not by any means discrediting this work;

however, I strongly believe that effective solutions to poverty alleviation will ultimately come from including the voices of people in developing countries.

I have also wondered why the poor in developing nations only seem to get poorer despite the continuous help from wealthy nations; Not only in terms of dollars but also missionary work, material donations, and various development initiatives, including market based approaches to ending poverty. In fact, it appears that most times, those who have come to help the poor in developing countries have instead ended up hurting those they intended to help.

My inspiration for doing this work comes from the various experiences I have had throughout my college experience at Saint Catherine University in Saint Paul, Minnesota. First of all, at St. Catherine University, our core values of a Liberal Arts education emphasize the importance of ethics and social justice, diversity, and global perspectives. One of the core courses that every student must take is entitled *Global Search for Justice*. Through this course students are challenged to deepen their understanding and concern for social justice both nationally and globally and consequently be inspired to work towards justice issues affecting people throughout the world.

Reflecting on my experience growing up in a developing country, I realize that I did not think about poverty as an issue of crisis and outright injustice. I grew up in the

suburbs of the city, but I frequently visited my parents' home villages during the holidays. The poor in my parents' home village lacked material things such as money, a car, and modern medicine. However, they had a way of life that worked for them. I saw women and children who worked in the shambas (food gardens) to grow their food, and they used local herbs to treat common illnesses (my mother also used local herbs such as fresh *Aloe vera* leaves to treat malaria). Many owned bicycles in their homes and others walked from one place to another. Whenever I visited my parents' village, I played with the children, and fetched water and firewood for home use. My point here is that the indigenous way of life that may be perceived as a crisis by an outsider may not necessarily be the case. It is therefore important to note that although various definitions of poverty exist in the literature, we need to understand the perceptions of the poor regarding their own definition. For instance, poverty may be defined as absolute or relative. Absolute poverty refers to having less than an objectively defined, fixed minimum where as relative is defined as having less than others in society (Hagenaars and de Vos, 1987).

When I joined St. Catherine University for my college education, the experience of sitting in the classroom listening to my peers discuss their perspectives of global justice and helping the poor in developing countries sparked a deep interest within me to tackle poverty and injustice in a global context. In January 2011, I studied abroad in Tanzania, a developing country in East Africa. I decided to do my internship in Ilula, a

rural Swahili-speaking village in Tanzania because I wanted to experience “helping the poor” in a developing country. This study abroad program was in partnership with Shoulder to Shoulder, which is a nonprofit organization that works both in Minnesota and in Tanzania to support and upgrade Lutheran medical facilities in the Iringa Diocese of the Evangelical Lutheran Church in Tanzania. The mission of Shoulder to Shoulder is to improve life and health in rural Tanzania. Together with other partners, Shoulder to Shoulder initiated the Ilula Lutheran Health Center, which is a 70 bed facility that provides health care to the people in Ilula. The organization has also built a nursing school. Each year, since 2002, several Minnesota health professionals have travelled to Ilula for several weeks to provide health services to the people in this area. I travelled with a team of allied health professionals from Minnesota including nurses, physicians, physical and occupational therapists, and medical and public health students. From this trip, I made several observations about helping the poor that I will share later in this paper.

Another reason for doing this work is connected to my serving on the Opus Prize Committee at Saint Catherine University, a distinct honor for me. The Opus Prize is a one million dollar humanitarian award given annually to recognize unsung heroes of any faith tradition from any country in the world who continue to work towards solving today’s global issues of poverty and injustice. Additionally, the Opus prize also includes two prizes of \$100,000 each for the first and second runners up. The role of the



Opus Prize committee is to select at least ten nominees from a pool of over twenty two nominations from all over the world who will then be considered by another committee for the finalist positions. As I go through this process, I cannot help wondering about what will happen in the next ten or even twenty years. Will the poor people in the areas of those who win this prize become free from the cycles of poverty or will they benefit from the resources in the short term but continue living in the shackles of poverty?

Taking the Sales for the Social Impact course in fall 2010 was the turning point for me in forming the framework for this research project. As a student in the course, I worked with a team of students to develop a business plan for selling a Ewing III grinder (manufactured by Compatible Technologies International) to a target market of rural-poor small scale farmers in Uganda. This course posited exciting opportunities for sustainable development in developing countries. However, as we advanced in the course, I realized that good intentions for helping the poor do not always equal positive impact in the communities that we hope to serve as I will discuss later.

Throughout my college experience, I have interacted with peers who care about global justice issues and individuals working in non-profit organizations with zeal to help the poor in developing countries. Therefore, in this paper, I seek to identify both effective and ineffective models of helping the poor in developing countries. I will put forward recommendations for effectively helping the poor based on the analysis of

effective and ineffective models that have been implemented in these countries, as well my observations on the helping process.

## **Introduction**

### **Helping the Poor at the Bottom of the Pyramid (BOP)**

The definition of who comprises the Bottom of the Pyramid (BOP) is an ongoing debate. Does the BOP constitute the people living on \$2 per day or those living on less than \$1 per day? What about the people who make more than \$2 per day but still live in absolute poverty? According to Prahalad (2009), the BOP constitutes the 4 billion poor people who are emerging consumers that represent a significant market for multinational firms and the private sector. On the contrary, Karnani (2006) argues that the number of people at the BOP is grossly overestimated and their average consumption is \$1.25 per day. These authors note that it is difficult to clump people in one category – the income per day for a poor person in South or East Asia is different from that of an individual from Sub Saharan Africa. A study by Hammond et al (2007) stated that those at the BOP of the economic pyramid may constitute the poor in Brazil who earn less than \$3.35 per day, \$2.11 in China, \$1.89 in Ghana, or \$1.56 in India.

For the purpose of this paper, the poor at the BOP is broadly defined as low income people making less than one dollar a day with little or no access to basic

essential services such as food, shelter, health care, water and sanitation. The majority of people at the BOP are dependent on the informal sector for their livelihood (Hammond et al. 2007). They lack access to markets to sell their labor, agricultural produce, and handicrafts. Consequently, their work within the informal and subsistence economy produces a continuous cycle of poverty which leads to lack of economic and social infrastructure, malnutrition, ill health, and lack of education. Efforts by the global community to alleviate this inequity are legion.

The issue of poverty alleviation in developing nations is a hot topic on the global platform. In September of 2000, member states of the United Nations created the Millennium Development Goals (MDGs) and inevitably, *eradicating extreme poverty and hunger* was identified as the first MDG. Poverty is not an easy problem to solve. At the time, BAN Ki-moon, the UN Secretary General said, "Eradicating extreme poverty continues to be one of the main challenges of our time, and is a major concern of the international community. Ending this scourge will require the combined efforts of all, governments, civil society organizations and the private sector, in the context of a stronger and more effective global partnership for development....(United Nations, 2002)."

In response to the plight of the poor, many efforts have been put in place to help those at the BOP in developing nations. There is no doubt that governments, non-profit

organizations, international agencies, donors, religious institutions, individuals, and the private sector want to help. In effect, the staggering numbers of people living below the poverty line, coupled to the detrimental impact of extreme poverty on people in developing countries creates a moral imperative for people to help the poor at the BOP. Efforts to alleviate poverty range from government aid to donations collected in a small community church and sent from a developed country to the poor in a specific developing country. Although there are various models used for helping the poor at the BOP in developing countries, some models are effective while others are not. Therefore, in order to most efficiently use the resources and good intentions of those who want to help, we need to have a framework for understanding helping the poor, and how it can be done effectively.

In order to understand poverty at the BOP, in this paper, I provide a historical analysis of the global systems and their substantial effect on the poor in developing countries. Then, the efforts to help those at the BOP are categorized into three helping models: the Government Aid Model, the Entrepreneurship Aid Model, and the Grassroots Aid Model, each of which is analyzed. The paper concludes with seven guiding principles that can be used to effectively help the poor at the BOP when working at the grassroots level.

## Globalization and Poverty at the Bottom of the Pyramid (BOP)

To us, globalization seems to be a recent concept but it actually got going in the era of colonialism (Ellwood, 2010). Cecil Rhodes, one of the strong advocates for British Colonial Imperialism, succinctly made the case for Colonialism in the 1890s:

We must find new lands from which we can easily obtain raw materials and at the same time exploit the cheap slave labor that is available from the natives of the colonies. The colonies will also provide a dumping ground for the surplus goods produced in our factories (Goldsmith, 1999).

During this era, European nations established their rule across the world. The majority of the territories colonized by the Europeans (and later the Americans) were later referred to as the Third World<sup>1</sup>. In other words, most of these territories constitute the developing world. Regions such as the Americas, New Zealand, and Southern Africa were colonized to establish European settlements. In other areas, especially in Africa and Asia, the colonial interests were deeply rooted in fulfilling Rhode's vision: gaining access to wealth and riches.

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The term Third World was "derived from the French phrase *tiers monde*, the term was first used to suggest parallels between the *tiers monde* (the world of poor countries) and the *tiers état* (the third estate or common people of the French revolutionary era). The First World was the North American/European 'Western bloc' while the Soviet-led 'Eastern bloc' was the Second World. These two groups had most of the economic and military power and faced off in a tense ideological confrontation called the 'Cold War'. Third world countries in Africa, Latin America, Asia and the Pacific had just broken free of colonial rule and were attempting to make their own way rather than become entangled in the tug-of-war between East and West" (Ellwood, 2010, p. 25).

In the 1860s, global trade was booming (Ellwood, 2010). The European powers siphoned raw materials from their new colonies. They obtained “slaves and gold from Africa, fruits, sugar and rum from the Caribbean, coffee, sugar meat, gold and silver from Latin America, and opium, tea, and spices from Asia(Ellwood, 2010).” On the other hand, they brought manufactured goods and settlers into their colonies. Global trade expanded – it constituted the flow of wealth from the colonies in the Third World into Europe and America.

Although some of the wealth was used to invest in the colonies through building infrastructure such as roads, dams, and railways, the transportation networks were constructed to maintain a strong hold of their colonies and to strengthen their rule (Rodney, 1982; Butlin, 2009). In African colonies, the geographical distribution of roads and railways led to the sea in order to facilitate exportation and importation of goods for white settlers. Other roads and railways were built to facilitate movement of troops and make conquests easier.

In recent years, the definition of globalization has broadened to include communication technology, migration, and global trade (Letto-Gillies, 2003). Globalization has increased world interconnection through international trade, and it is central to promoting development and economic growth for developing countries (IMF, 2002). However, the current process of globalization within the global economy is not likely to reduce the inequalities between developed and developing countries (Hirst

and Thompson, 2003). According to Goldsmith (1999) the concept of global development that “has been foisted upon the 'Third World' for the last fifty years is strikingly similar, in both aims and outcomes, to the Imperial colonialism which preceded it. The aim of 'development' is not to improve the lives of Third World citizens, but to ensure a market for Western goods and services, and a source of cheap labor and raw materials for big corporations. Global Development is Imperialism without the need for military conquest.” Research by Anwar Sheikh (2005) also shows that free trade policies at the world market generally favor developed over developing countries and the wealthy over the poor.

In the following discussion, I will focus on the international governing institutions (IMF, World Bank, and the World Trade Organization) - how they came into existence and how their policies affect the lives of those at the BOP to a great degree. At the end of World War II, the governments from the allied nations (Britain, the United States, the Soviet Union, Canada, France, Australia, and New Zealand) decided to establish a new international economic system to run the post war global economy (Peet, 2003). In July of 1944, delegates from 44 allied nations attended a meeting in Bretton Woods, New Hampshire in the United States with the aim of constructing a new structure for international economic relations, and rebuilding the devastated post war global economy. It should be noted, however, that despite attendance from 44 nations, most of the discussions that led to the final resolutions were

dominated by the United States and Britain. These strong allies won the Second World War, and they wanted to chart the path of development for other parts of the world. After the gathering at Bretton Woods, three governing institutions were born to help manage and run the global economy – the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (later known as the World Bank), and the General Agreement on Tariffs and Trade (GATT) - (which later became the World Trade Organization, WTO).

The primary role of the IMF was to “ensure the stability of the international monetary system—the system of exchange rates and international payments that enables countries (and their citizens) to transact with one other (IMF, 2011).”

The World Bank (International Bank for Reconstruction and Development) was founded to address the reconstruction and development of the economies of countries that were deeply devastated by World War II (The World Bank, 2011). Presently, the World Bank has expanded and its core mission is to eradicate world poverty.

Initially, those at the Bretton Woods conference concluded that there was need for an International Trade Organization (Ellwood, 2010). However, due to a lack of consensus, the General Agreement on Tariffs and Trade was instead formed. The GATT was an agreement created with the aim of reducing national trade barriers. After several years of tariff negotiations under the GATT, the World Trade Organization (WTO) was created in 1994. The WTO serves as an international organization that regulates trade



between countries, provides a platform for negotiating trade agreements and resolves disputes between members who are signatories to the WTO agreements.

As a result of the 1944 Bretton Woods gathering, the US dollar was determined to be the only official international currency in which loans were received and paid back by other countries (Eichengreen, 2004). In the mid 1970s, oil producing countries in the developing world were accumulating a lot of wealth (Bello, 2000). The countries came together to form the Organization of Petroleum Exporting Countries (OPEC) – with this entity, they were able to control the supply of oil and maximize profits. In effect, the oil producing nations in the developing world experienced a short term boom in petrodollars. With the large increase in dollar revenue, the governments of OPEC countries deposited most of their petrodollars in commercial banks in developed countries. These banks were interested in making profits on the billions of dollars of deposits made by OPEC countries.

The commercial banks started to look for borrowers, and many loans bearing high interest rates were contracted to the poorest and non-oil producing countries in the developing world (Ellwood, 2010). Worse still, the poor countries in the developing world needed to repay the loans and interest rates in dollars. With the increase in oil prices, the poor countries were forced to take more loans with no mechanism to repay. Often, in many of these countries, the loan money was squandered, and /or stolen by greedy politicians and elites, who eventually re-deposited the money into their private

accounts in western commercial banks. Faced with extremely high interest rates, the governments of poor countries could not repay the loans. They turned to the International Monetary Fund for help which, together with the World Bank, responded by issuing and enforcing the tough conditions commonly known as the “Structural Adjustment Programs (SAPS).”

In the 1980s, the World Bank and the IMF initiated the Structural Adjustment Policy, which forced poor countries to devalue their currencies, shrink their economies, and cut down federal expenditures on basic social services including health care, education and infrastructure on which the poor (particularly women and children) heavily rely (Bello, 2000; Ellwood, 2010). Women in the developing world, who mainly constitute the BOP, (Lele, 1991) were heavily affected by the cutting of government expenditures on social services. In Africa, of the estimated 80-90% of the poor who live in rural areas, women farmers constitute over half of the poor households.

Antrobus (2004) states that the Structural Adjustment Policies heavily burdened poor women because they prioritized economic growth over human development – SAPS dictated the reduction of basic social services and subsidies for the poor while increasing the advantages to the rich by promoting privatization (the sale of public assets), and tax exemptions for exports. I concur that that SAP programs systemically fostered poverty at the BOP in developing countries. The poor countries were promised

new loans in return for their devotion to the Structural Adjustment Programs.

Otherwise, they would be disadvantaged and left out of the global economy.

Figure 1, (from Ellwood, page 56) demonstrates how Structural Adjustment Programs created poverty for governments of selected countries.

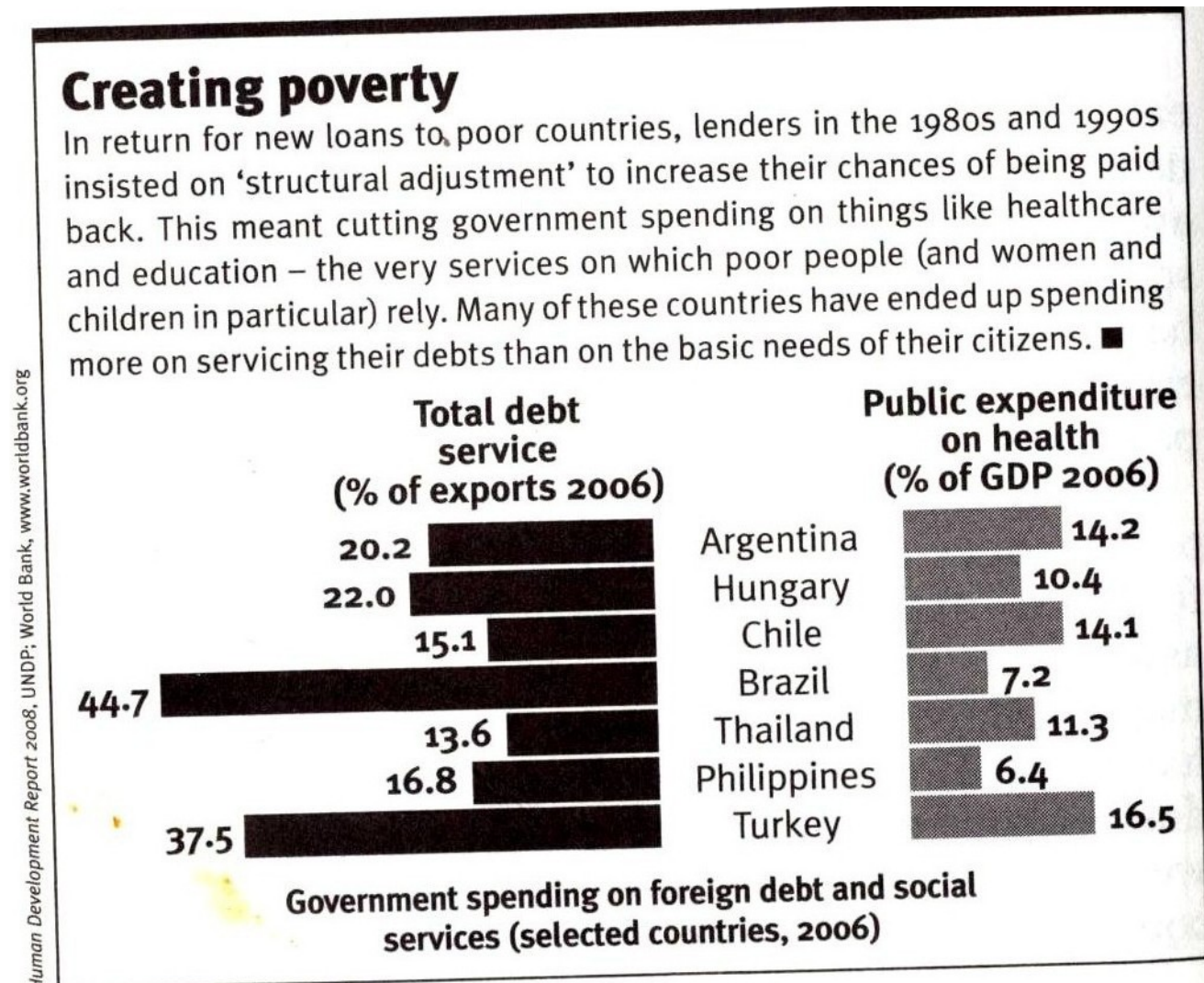


Figure 1: Creating Poverty (Ellwood, 2010)

The Bretton Woods Institutions, particularly, the IMF and the World Bank play a significant role in foreign aid (Svensson, 2000). Giving foreign aid to governments of poor nations is a popular initiative intended to alleviate poverty and

promote economic development within those nations (Erbeznik, 2011). It is based on the notion that developing countries cannot prosper without financial assistance from developed countries.

### **Government Aid Model – Giving Foreign Aid to Governments at the Bottom of the Pyramid (BOP)**

Since World War II, more than two trillion dollars in government aid from developed nations has been invested in development projects in developing nations (Taylor, Taylor, and Taylor 2012). The government aid model of helping constitutes the flow of aid from donor countries and international agencies, to the governments of developing countries. According to the World Health Organization (2012), aid refers to the “international transfer of public funds in the form of loans or grants, either directly from one government to another (bilateral aid), or indirectly through nongovernmental organizations or a multilateral agency (multilateral aid) such as the World Bank or WHO.”

### **Rethinking Development and Foreign Aid – Examining the Global System**

I argue that the developed world needs to rethink its conceptualization of development and helping those at the BOP. The belief that countries at the BOP cannot develop without financial assistance from developed nations is a victimizing approach

that ends up hurting the BOP in the long term. Governments of developing nations have become heavily dependent on aid money (Moyo, 2009). Dependence on aid makes them less likely to have the incentive to create innovative strategies that can pull their countries out of poverty. According to Svensson (2000), governments that are recipients of foreign aid have little incentive to fully improve the welfare of the poor since the disbursement of aid is partly guided by the presence of the needs of the poor. When a big sum of aid money is given for infrastructural development to construct a road, for example, it is not surprising to find that a few years later, the constructed road is full of pot holes due to poor (or lack) of maintenance by the government. In Tanzania, although foreign aid donors spent over \$2 billion in the past twenty years to construct roads, the road network did not improve (Easterly, 2006). In fact, the majority of the newly constructed roads were deteriorating faster than the new ones that were being built leading to decreased access to transport of goods and services for those at the BOP.

I have witnessed the detrimental effects of poor roads on the wellbeing of the rural poor in Tanzania. During my public health internship, I participated in HIV mobile clinics in which we provided care and HIV testing and counseling for the people in the community. I vividly remember an incident of a husband who brought in his very ill wife for HIV testing. She was weak, with swollen legs, and various opportunistic infections (infections that take advantage of a weakened immune system). The woman was diagnosed with AIDS and she needed urgent care that could only be

provided at the main hospital. With only a bicycle as their means of transport, her husband carefully helped her to the bicycle seat and he gently pushed the bicycle to Ilula Lutheran hospital, which was about 20 miles away. He could not ride the bicycle because the roads were bumpy with deep potholes – riding fast would only inflict more pain for his sick wife, and would risk her falling off the seat, since she was very weak.

This illustration shows that the poor at the BOP need good roads, and accessible health care services. However, if aid money cannot be turned into critical services to meet the needs of the poor, then the foreign aid model should be critically analyzed and alternative helping models that most effectively meet the needs of the poor should be put forward.

It has been repeatedly reported that aid from donor countries and international agencies such as the World Bank is not reaching those it intended to help (Winters, 2010). A case in point is Uganda, where an audit report in 2005 revealed gross mismanagement of funds provided by the Global Fund (Kapiriri and Martin, 2006). The Global Fund is an international agency that finances health care programs to fight AIDS, Malaria, and Tuberculosis. Thus far, the Global Fund has invested over US \$22 billion in 150 countries (Global Fund, 2011). According to Kapiriri and Martin (2006), a substantial amount of money from the Global Fund in Uganda was unaccounted for, or inappropriately spent. There was also a lack of adherence to the criteria. Incidents such

as this, where recipient governments are plagued by corruption and misuse of funds, are common in developing nations which receive aid. Corruption and misuse of funds are often mentioned as one of the main reasons why foreign aid is not effective at alleviating poverty and accelerating economic development. (Tarp, 2002)

According to Arieff, Jones, and Weiss (2009), foreign aid to developing countries greatly depends on the global economy. In the least developed countries, particularly in Africa, a global recession greatly affects their economies through various channels: decline in global trade, reduced investments, lower remittances from migrant workers, and cuts in foreign aid. In the presence of a global financial crisis, foreign aid is most likely to decrease. Several developing countries at the BOP depend on foreign aid to balance their budgets and provide basic services to their citizens (Rehman, 2002). Therefore, foreign aid cuts aggravate the living conditions of those who are the poorest at the BOP.

I believe that foreign aid can make many valuable contributions to meet the desperate needs of the poor at the BOP, but it cannot end world poverty or develop those in the developing world. It is highly dependent on the global economy and the agendas of those who give aid: therefore, it is not sustainable in the long run.

Development is an empowering process that involves participation from the helpers and those being helped at the BOP. It goes beyond pumping donations and money into

“development projects” to help the people in the developing world. The first MDG aims to halve poverty by 2015. Although the MDGS are presented as time bound, with well documented goals that will allow for the poorest to progress, I argue that these goals cannot be achieved unless there is change in the policies within the global system. The poorest at the BOP constitute 40% of the world’s population, but they only account for 5% of the global income. On the other hand, the wealthiest comprise 20% of the population but account for 75% of the world income (United Nations, 2009). These alarming statistics are an indication that injustice is highly prevalent in the global system. The poorest countries have a negligible voice in international trade regulatory bodies (Khor, 2000; United Nations, 2009). Worse still, these countries mostly have agro-based economies with their exports, such as cotton and sugar, facing higher export barriers. I contend that the broader geopolitical and economic systems impose the biggest challenges for the development of the poorest countries at the BOP.

I recommend that the governing global institutions (including the IMF, World Bank, and United Nations) which are predominantly financed and influenced by rich countries should not only infuse money into poor economies but also make significant policy changes that are favorable to poor countries. There is an urgent need for substantial changes in the global economy that can reflect the passion that the developed world claims to have in eradicating poverty in developing nations.



An example of a policy change that would be favorable to those at the BOP is the elimination or reduction of farm subsidies to farmers in developed countries. The governments of many developing countries have expressed concerns regarding the extensive use of farm subsidies by developed countries (Pal, 2005). Developed countries such as the United States spend millions of dollars to support domestic farm subsidies. Consequently, these huge subsidies greatly influence commodity prices in the world market. The global prices of agricultural commodities are greatly reduced, and hence poor farmers at the BOP in the developing countries receive low incomes (Mshomba, 2002).

U.S. Agricultural foreign policy primarily focuses on expanding exports at the expense of the poor farmers in developing countries (Ray, Ugarte, & Tiller, 2003). Most developing countries are unable to compete with the U.S. production resources and the subsidized prices of grains. Therefore, poor farmers at the BOP receive prices that do not cover their crop production costs. Considering the power differentials in the trade regulatory bodies, developing countries are forced to sacrifice domestic food security policies in exchange for debt forgiveness and access to the world market. Fully aware of the fact that agriculture forms the economic back bone of most countries in the developing world, why won't developed countries create just policies that allow poor farmers at the BOP to compete at the world market?

From my analysis, it seems that those who generate and apply helping models for the poor tend to forget the enormous influence of the global systems and their fundamental effects on the individual poor at the BOP. The global system may be complex to understand, however, its detrimental impact at the BOP in developing countries trickles down and seriously affects the well being of the individual poor in those countries. For example, when prices of agricultural commodities are lowered in the world market due to allocation of farm subsidies in developed countries, the poor farmers at the BOP cannot earn enough money to cover costs for fertilizers, seeds, credit, labor and other production costs. Many end up incurring debt, and lack access to basic social services including health care, nutrition and education for their families. Without access to basic services, the poor are liable to be less productive and therefore continue living in the cycle of poverty. These consequences are largely due to unfavorable foreign policies, yet the profound damage created by such policies that are enacted in the global system is rarely examined. Instead, more time is spent finding solutions to “fix” the poor people’s problems and “empower” them to carry themselves out of poverty.

We clearly live in a world where the power in the global system is unequally and unfairly distributed. I am deeply perturbed by the fact that those who hold the most power (the rich countries) are the front runners planning for the poorest in the BOP to progress. With the prevailing global policies that mostly favor those in developed

world, are the planners genuinely concerned about the needs of the poor at the BOP?

William Easterly (2007), in his book, *the White Man's Burden*, states that over \$2.3 trillion has been spent by donor agencies to fund government programs to alleviate poverty in the last sixty years, but substantial world poverty still exists. I concur with Easterly who suggests that the *searchers* (those who spend more time at the grassroots level working hand in hand with the poor to identify feasible opportunities to alleviate poverty) are more effective at helping the poor.

### **Grassroots Aid Model**

In the Grassroots Aid Model, the people being helped are actively engaged in the process of building and maintaining development initiatives in their own communities. They develop their own services, and establish their own “efficacy and control” (Taylor, et al 2012). The Grassroots aid model differs from the Government aid efforts in which the outside donors usually start with a needs analysis, develop a plan with specific goals and targets, and then initiate and drive change with a stream of funding. The outsiders assume that they understand the needs of the poor, and they know how to fix them. On the other hand, the Grassroots approach utilizes human capital and the expertise of those at the BOP.

Wangari Maathai's Green Belt Movement is an example of a successful grassroots initiative that has prospered for twenty seven years (The Green Belt

Movement, 2012). Wangari Maathai, a Kenyan environmental and democracy activist, was the first African woman to receive the Nobel peace prize, in 2004. In 1977, she founded the Green Belt Movement by organizing women in rural Kenya to plant trees, stop soil erosion, and deforestation, and to restore their main source of fuel for cooking. The grassroots tree planting initiative also provides employment to the women in rural Kenya. Since its initiation, over forty million trees have been planted and over thirty thousand women have been trained in forestry, food processing and other trades to help them earn an income while preserving their land and natural resources.

The Green Belt Movement is a local initiative that is entirely managed by Kenyans and mostly relies on local capacity, knowledge and expertise (Maathai, 2004). Most of the participants reside in rural areas and majority are women.

Local communities in Kenya (both women and men) have been motivated to organize to prevent further environmental degradation and preserve lands that have been damaged.



**Figure 2:** Members of Green Belt Movement plant trees on an eroding hillside (Green Belt Movement,

In the Grassroots aid model, the helpers directly work with the individual poor in the helping process. I have noticed the widespread use of “empowerment of the poor

to help themselves” as the popular language for groups and individuals engaged in helping the poor at the BOP. However, despite the use of this language, many helping models do not take into account the dynamics of control and power between the helpers and the helped. Therefore, it is important to first understand the true meaning of empowering the poor, which starts with the full participation of the poor in the design, planning, implementation, and evaluation of projects aimed at helping them. Table 3 shows the different participation levels of the poor that have been observed in practice. (Corbett and Fikkert, 2009).

**A Participatory Continuum**

Mode of Participation	Type of Involvement of Local People	Relationship of Outsiders to Local People
<b>Coercion</b>	Local people submit to predetermined plans developed by outsiders.	DOING TO
<b>Compliance</b>	Local people are assigned to tasks, often with incentives, by outsiders; the outsiders decide the agenda and direct the process.	DOING FOR
<b>Consultation</b>	Local people's opinions are asked; outsiders analyze and decide on a course of action.	DOING FOR
<b>Cooperation</b>	Local people work together with outsiders to determine priorities; responsibility remains with outsiders for directing the process.	DOING WITH
<b>Co-Learning</b>	Local people and outsiders share their knowledge to create appropriate goals and plans, to execute those plans, and to evaluate the results.	DOING WITH
<b>Community Initiated</b>	Local people set their own agenda and mobilize to carry it out without outside initiators and facilitators.	RESPONDING TO

**TABLE 6.1**

Adapted from B. de Negri, E. Thomas, A. Ilinigumugabo, I. Muvandi, and G. Lewis, *Empowering Communities: Participatory Techniques for Community-Based Programme Development, Volume 1(2): Trainer's Manual (Participant's Handbook)* (Nairobi, Kenya: Centre for African Family Studies, 1998), 4.

**Table 3:** A continuum of different participation levels of the poor in the helping process (Corbett and Fikkert, 2009).

As shown in table 3, when the poor at the BOP are totally empowered, they are in the community initiated stage where they mobilize and run their own projects, and they have the power to determine the role of outsiders in their programs. I realize that many helping models do not usually reach this stage. However, the community

initiated stage of participation is possible according to demonstrated experiences and existing evidence from literature sources (Hunter, 2011). I urge groups and individuals who are engaged in helping the poor to cultivate the co-operation or co-learning participatory process which ensures that the poor and the outsiders share their expertise to identify priorities, plan, design, implement, and evaluate outcomes. This approach is more effective and more sustainable in the long run.

Regarding sustainability, entrepreneurial-based aid models have been promoted as a key factor for long term and sustainable economic development by fostering growth, creating jobs, alleviating poverty, adapting technology and stimulating innovation (Brixiova, 2010). I believe that entrepreneurship-based aid models that are successful need to integrate a grassroots approach which empowers the poor to reach the community initiated stage of participation. Below is a detailed analysis of the Entrepreneurship aid model.

## **Entrepreneurship Aid Model – Engaging the Market at the Bottom of the Pyramid**

First of all, it should be noted that there are significant differences among countries regarding the type of entrepreneurial activities, including necessity and opportunity entrepreneurship (Baumol, 1990; Acs, Desai & Hessels 2008). In necessity entrepreneurship, an individual becomes an entrepreneur because there is no better

option, whereas in opportunity entrepreneurship an individual makes an active and conscious choice to start a new business based on the perception that an unexploited or underexploited business opportunity exists (Acs, 2006). Google is an example of a business venture within opportunity entrepreneurship. The poor at the BOP who are mostly employed in the informal sector mostly engage in necessity entrepreneurship. They sell surplus food crops or handicrafts in order to provide basic social needs such as food, water, and health care for their families. Research by Temkin (2009) found that individuals, who work in the informal sector such as rural small holder farmers, are vulnerable and insecure. Informal employment is a survival strategy for the poor to care for themselves and their families.

In developing countries, necessity entrepreneurship is most common, while opportunity entrepreneurship mostly prevails in developed countries. Individuals who are more educated are involved in opportunity entrepreneurship while those who are less educated are involved in entrepreneurship out of need. Research conducted by Acs and Varga (2005), has shown that opportunity entrepreneurship has a positive effect on development while necessity entrepreneurship almost has none. It is therefore important for organizations and individuals who intend to help the poor in developing nations to note the importance of opportunity (productive) entrepreneurship as a means for promoting development.



The entrepreneurship aid model posits that poverty alleviation in developing countries can be achieved through analysis of BOP markets and provision of products and services that meet the needs of this population (Prahalad, 2009). Engaging the market at the BOP has become a popular initiative taken up by multinational firms, private sector companies, and some non-profit entities. Private sector companies and multinational firms believe that they can make immense profits and simultaneously eradicate poverty by selling to the market at the BOP. This aid model seems feasible because both parties can benefit. However, the majority of the people at the BOP are employed in the informal economy and lack access to good markets for their crops, handicrafts, and other products (and thus cash). Why is it that wealthier nations do not buy from these individuals rather than sell to them? Karnani (2006) agrees with the approach that the poor at the BOP should be viewed as producers and instead the private sector should buy from them rather than sell to them.

### **Critique of the Entrepreneurship Aid Model**

In my opinion, the market-based approach to eradicating poverty is questionable because the goals and mindset of the private sector are different from those of the communities they hope to help. They aim to reap maximum profits from their business ventures and may not necessarily aim to address the underlying causes of poverty. Alleviating poverty and promoting development within communities at the BOP is a

not a quick fix – it is an ongoing process that requires investment of time, resources, and empowerment of those at the BOP to engage in assisting themselves. Market-based approaches that are actively engaged and genuinely involved in helping the poor at the BOP have been found to be more effective.

A case in point is the Grameen bank, a microcredit initiative founded by Muhammad Yunus, a Bangladeshi economist who received the Nobel peace prize in 2006 (Akula, 2011). Yunus started Grameen bank as a microcredit financing project that issues small loans to the poorest at the BOP without requiring collateral (tangible assets such as a car or house against which to borrow). Yunus recognized that although the poor lacked collateral, their way of life was centered on trust and interdependence (Moyo, 2009). The lending system of microcredit involves the voluntary formation of small groups of five people who are allowed to borrow a small loan that they can use to engage in feasible income generating activities for example paddy husking, lime-making, and manufacturing goods such as pottery, textiles, and garments, and storage, marketing and transport services. Through micro-credit, the average household income increased for those being helped, and many have become self employed. With women constituting ninety percent of the borrowers, they have improved the nutrition of their families, as well as experiencing a reduced dependency on their husbands. The microcredit lending system using the Grameen model is explained below (Grameen Bank, 2011):

A bank unit is set up with a Field Manager and a number of bank workers, covering an area of about 15 to 22 villages. The manager and workers start by visiting villages to familiarize themselves with the local milieu in which they will be operating and identify prospective clientele, as well as explain the purpose, functions, and mode of operation of the bank to the local population. Groups of five prospective borrowers are formed; in the first stage, only two of them are eligible for, and receive, a loan. The group is observed for a month to see if the members are conforming to rules of the bank. Only if the first two borrowers repay the principal plus interest over a period of fifty weeks do other members of the group become eligible themselves for a loan. Because of these restrictions, there is substantial group pressure to keep individual records clear. In this sense, collective responsibility of the group serves as collateral on the loan.

This market-based helping model empowers the poor by enabling them to access credit and on their own; they are able to create economic opportunities that fit with their skills, expertise and knowledge. Additionally, the helpers are genuinely interested and invested in the process of helping the poor in the local villages.

Entrepreneurs seize opportunities for innovation and produce products or services that meet the needs of the target population at the BOP (Prahalad, 2009). However, some of these market-based approaches are unsuccessful because they usually concentrate on selling products or services to BOP consumers without assessing and listening to the needs and perceptions of the poor.

In the Spring of 2010, I was a student in the Sales for Social Impact course in which student teams had the task of developing sustainable business plans for re-launching the Ewing III Grinder in Uganda. The grinder is a product produced by Compatible Technology International (CTI), a non-profit organization based in Saint

Paul, Minnesota, which aims to eradicate poverty and hunger in poor countries by designing and distributing simple, life-changing food and water technologies (CTI, 2008). The Ewing III Grinder is manually driven and it grinds a variety of grains and nuts into flour or paste. Our target market constituted the rural small holder farmers who resided in areas with little or no electricity in Uganda. In our analysis, the Ewing III Grinder would be a much needed upgrade from the mortar and pestle (the local technology) which takes a lot of effort and energy and produces a substantially smaller amount of paste, which is often used for only home consumption. With the grinder as a small business opportunity, the poor farmers in Uganda would decrease food processing time, produce smoother and larger quantities of paste, improve nutrition, and increase household income. As we created our business plan, all this information made sense. However, the rural small holder farmers for whom we were planning may not necessarily be entrepreneurs. It is harmful for market-based helping models that target consumers at the BOP with products and services to assume that the poor are creative entrepreneurs and discerning consumers (Karnani, 2009). This assumption permits corporations, governments, and nonprofits to deny this vulnerable population the protection it needs from exploitation. Hammond et al (2007) states that majority of the poorest people at the BOP face the BOP penalty – “they pay higher prices for goods and services than wealthier consumers, either in cash or the effort expended to acquire them, and they often receive lower quality as well.”

Even though our measurable outcomes for using the grinder made sense, we also needed to provide basic entrepreneurial training for the rural farmers and also assess their needs. Otherwise, our big plans would most likely fail and the poor farmers who purchased grinders (using microcredit) would continue living in the same cycle of poverty without benefiting from the grinder as we had predicted.

An illustration of this point comes from CTI's initial launch of the grinder in the rural districts of Northern and Eastern Uganda in 2002 (DMT Consultants, 2007; AT Uganda Ltd, 2004). When CTI introduced the grinder, women's co-operative groups were enthusiastic about the small business opportunity it promised. Several groups purchased grinders using microcredit lending services. The project appeared to be successful after its launch. However, a few years later, when one of the staff members from CTI returned to the villages, they found that several co-operative groups had not continued using the grinder after CTI left. One of the women's groups had stored the grinder with its hardened and dried paste from the few times it had been used. The group had not been taught how to properly disassemble the grinder and clean it for later use. Other groups did not have access to spare parts while others could not understand the assembly manual since the instructions were in English. This example illustrates that entrepreneurial-based helping models are less likely to succeed if those implementing the projects do not first assess the needs of the community as well as understand the cultural context. Market based initiatives that report success by

counting the number of products sold, for our case, grinders, as an indication of success in alleviating poverty do not provide an accurate assessment of the actual outcomes.

I challenge non-profit organizations in developed countries that engage in helping efforts for the BOP to stop imposing their solutions on poor communities. Unless the poor in those communities embrace and own those projects, I strongly argue that they will not be successful. For the case of CTI, I must give credit to the organization for their commitment and continued dedication to the mission of alleviating poverty and hunger. From the organization's evaluation reports in Uganda and the sustainable business plans written by students in the Sales for Social Impact course, CTI is currently re-launching the grinder project with a new approach. There has been extensive assessment of the needs of rural farmers, and also, CTI is collaboratively working with on-ground organizations to train rural farmers and women's cooperative groups that are interested in utilizing the grinder to improve their household income and nutrition. I was invited to serve on the CTI Africa Committee and I am assisting with the implementation of the grinder project in Uganda.

CTI has collaborated with Village Enterprise, an organization that is working on-the-ground in Soroti district (Eastern Uganda), to equip people living in extreme poverty with resources to create sustainable businesses (Village Enterprise, 2011). Village Enterprise provides entrepreneurial training and mentoring to the poor farmers

who purchase the grinder. After the training, the rural farmers create their own business plans and apply for a start up grant to implement their business proposal. Since the organization is based in a village in Soroti, the farmers will have access to spare parts if needed, mentors who can speak their language and assist them with entrepreneurial training, as well as with the grinder assembly and disassembly process. The entrepreneurial trainers and mentors are local people from the community. This helping model is grassroots based and it ensures that the rural farmers are active participants in creating their own efficacy strategies to ensure sustainability of their small businesses.

### **When Helping Really Helps: The Seven Guiding Principles**

Some of my American peers have expressed interest in teaching English or doing an internship in a developing country. Some who are in the nursing program are interested in treating the sick in poor communities at the BOP after they graduate. I have either observed or worked with NGOs based in the United States that work in rural poor communities in Tanzania, Uganda, Kenya, Haiti, Honduras, and other developing countries. Some of the organizations include Shoulder to Shoulder, Compatible Technology International, and Project Concern International. Having engaged in as well as observed and researched the mechanism of grassroots helping

models, I recommend the following guiding principles for individuals or organizations interested in doing this work at the BOP:

*Be aware of the global view held by the people in the local community, it can heavily influence their ability to break out of the cycle of poverty.*

When people have a mindset that drives their way of life, simply imposing a solution to their poverty problems will not provide sustainable and long term solutions to poverty alleviation. A simple analogy of imposing a solution on others comes from my most recent interaction with my family:

Over the December break in 2011, I visited my family in Uganda. With my public health knowledge that I have learned throughout my college education in the United States, I was quick to request my family to always wear seatbelts in the car in order to reduce the risk of death due to road accidents. However, my mother's response to my request was, "for all this time that you have been gone, we have not worn seatbelts and we have not died in road accidents – what makes you think that we need them now that you are here?" My mother's response has stuck with me since I left home. It has challenged me to wonder if what is done to help the poor really helps. If a well intentioned donor who wants to reduce road accidents that result from not wearing seatbelts donated a car with seat belts to my mother (or others in my home village who may share her perspective), of course she will happily embrace the car, but she would most likely not wear the seatbelt. Many helping models fail to assess the actual underlying factors (such as the global view) that perpetuate poverty at the BOP. In my mother's case, she needed education with vivid examples showing that seat belt use can save her life. Otherwise, donating a car with seatbelts would not change her mind set about seatbelt use.



*Address underlying factors that perpetuate poverty*

If helping models such as market based initiatives are implemented without understanding the underlying causes of poverty, cultural context and way of life of the communities being served, then, they are much more likely to fail. Corbett and Fikkert (2009) give a good example to illustrate this point:

A Christian relief and development agency attempted to improve crop yields for poor farmers in Bolivia's Alto Plano. Although successful in increasing output, the impact on the farmers' incomes was far less than hoped because of the farmers' deep reverence for Pachamama, the mother earth goddess who presides over planting and harvesting. Seeking Pachamama's favor, the farmers purchased llama fetuses, a symbol of life and abundance, to bury in their fields before planting. At the time of harvest, the farmers held a festival to thank the Pachamama. The larger the harvest, the larger the celebration was. In fact, a large percentage of the farmers' income was being sent on the llama fetuses and on the harvest festival, thereby contributing to the farmers' material poverty.

*Before you offer help in a local community, evaluate whether it is relief, rehabilitation or development aid.*

I concur with Corbett and Fikkert (2009) who state that we need to distinguish between relief, rehabilitation, and development aid. Failure to do so often leads to harming those we intend to help. Worse still, poverty alleviation efforts are stalled. Relief refers to the aid given in an emergency situation to provide short-term assistance needed to recover from a natural or man-made disaster. For example, the earthquake that struck Haiti in 2010 was a catastrophic event that led to the death of many people, and destroyed social and economic infrastructure. People were left stranded with no

food, water, shelter, or basic healthcare. Therefore, relief efforts were needed to help the people in Haiti. Relief aid, which is often material in nature, is appropriate in situations where people are helpless because they are unable to assist themselves. Relief aid involves a donor-recipient relationship where the donor gives material donations to the recipient of aid. Rehabilitation refers to aid given to restore people and communities to the living conditions prior to the occurrence of a disaster. This stage involves a dynamic relationship between the victims and the helpers- the victims closely work together with the helpers to restore their lives. Development refers to aid given in the form of an empowering process of ongoing change that addresses the underlying causes of poverty. It goes beyond giving material resources and engages both the helper and the helped in the process of finding lasting solutions to ensure sustainable development.

### *Be cautious of the Savior Mentality*

Before engaging in helping the poor, individuals or groups should take a close look at their own perceptions of those they intend to help. For me, the underlying motivation to participate in helping the poor at the BOP comes from the compassion and the moral imperative that I feel because I want to see a world in which people can enjoy the basic necessities of life. However, sometimes, those of us who have good intentions of helping those at the BOP romanticize the poor by assuming that their way of life needs urgent intervention – in other words, they need to be saved from their

horrific life condition and we need to do something in order to help them. This “savior mentality” is dangerous because it shields those who have it from genuine relationship building and it creates a perception of lived helplessness for those being helped. The poor internalize themselves as victims rather than empowered individuals with the knowledge and expertise to help themselves. The helpers who have this mentality may also end up hurting instead of helping.

During a public presentation, a Minnesotan senior nurse educator shared her experience travelling with nursing students to an impoverished community in Peru. She mentioned that her team of nurses usually prescribes antibiotics for only three days for patients with a Urinary Tract Infection (UTI) because the community has limited resources and her team wants to impact more people with their services. Curing a UTI needs a prescription of antibiotics for at least five days. This nurse assumed that by giving a half dose to the Peruvian patients, they were helping them while using the limited resources they had available. However, she did not realize that she was instead hurting them in the long run because incomplete doses of antibiotics lead to drug resistance and the infection becomes more expensive to treat.

*Start with the assets and not just what is lacking in the community*

Asset mapping is an effective tool for recognizing and utilizing the existing talents and resources in local communities at the BOP (Lionel, 2002). The ability of communities to alleviate poverty and promote long term development is contingent upon their ability to “uncover and build on the strengths of its people, institutions and informal organizations.” Research by Taylor et al (2012) also states that those who are helping the poor need to build on the successes while continuing to improve on what is

working as regards to the resources available in the community. An example is given below to illustrate the effectiveness of asset mapping (Taylor et al, 2012):

In 1998, there was a cholera outbreak in Palin, a local village in Arunachal Pradesh, India. A team of helpers called Future Generations was invited to help the community with stopping the epidemic. Through an asset mapping process, they realized that the women had salt and rice flour in their homes. Instead of going to the hospital to seek for intravenous rehydration or buying oral rehydration salts at the local pharmacies, the team trained the women in making rehydration therapy using the resources in their own homes – rice flour and salt. This intervention was cheaper, and it empowered the women to have control over the health of their families.

*Ensure that the local people are active and full participants in the planning, designing, implementation and evaluation of the projects.*

Successful helping models such as Wangari's Green Belt Movement and CTI's collaboration with Village Enterprise, utilize the people at the BOP as the chief drivers of change in their communities. The people are the number one resource, not money. When people are empowered as full participants in the process, they can teach others, improve existing structures, and expand the momentum of what they want to see in their community.

*Build relationships that can forge trust between you and the local people in the community you intend to help*

Relationships are recognized as a vital component of helping local communities with poverty alleviation using the grassroots approach (Gecan, 2002). Speer and Hughey (1996) state that when the local people in the community build relationships with the helpers, they are more psychologically empowered, and they have higher perceived self and collective efficacy to accomplish tasks. I believe that building relationships starts with knowing your location in the helping process - the helper is often perceived by the helped as a powerful individual. The helper usually has resources such as funding, knowledge, or a skill that they are using to help the poor. The possession of these resources creates a dividing wall that holds the helper as a superior and the helped as an inferior.

While in Ilula, Tanzania, one of the Minnesotan physicians with whom we had travelled (also co-founder of Shoulder to Shoulder), was perplexed after a meeting with the hospital staff. He was trying to figure out the best time of the year to officially open the nursing school since the buildings were now completed. However, whenever he talked in the meeting, all the staff members quickly acknowledged his contributions and said "yes" to all his suggestions. After the meeting, he was frustrated because he was not sure if the "yes" from the staff really meant they agreed with him. When he asked for my opinion about what had transpired, I told him that he needs to realize that he has power and he is perceived as a powerful person by the hospital staff. The nursing school was constructed because of the funding provided by Shoulder to Shoulder, and that makes him superior when it comes to making decisions. The physician did not think of himself as a superior in the meeting, however, those being helped perceived him as such. The hospital staff was probably worried that their opinions may affect funding in the future.

Therefore, it is important to acknowledge the power you have (as the helper) and how it impacts your relationship with those who you intend to help. Building relationships

and trust with the local communities takes time. Nevertheless, when the poor fully and actively contribute to the helping process, the dividing wall is gradually broken because the helper and the helped are both powerful and they are partners working hand in hand to alleviate poverty in the local community.

Individuals, groups and organizations that are engaged in grassroots efforts including market-based initiatives to help the poor at the BOP need to be aware of the seven guiding principles. I understand that Grassroots helping models take different forms; however, I believe that the seven principles provide a key stepping stone to ensuring effective helping models that really help the poor without hurting them.

## **Conclusion**

There is no one right way of helping the poor at the BOP in developing countries. However, it is important to note that our global systems are flawed, and they are more complicated to fix. Due to the defective global system, Government aid from developed countries and international donor agencies usually comes with strings attached or conditional ties (Mourmouras & Rangazas 2009). International assistance (loans and grants) that comes with conditions of public investment alone does not increase welfare of the poor or growth for the recipient governments even if the conditions are fully met. Western donors and agencies direct their aid efforts towards governments that are more democratic, and heavy sanctions are imposed on those countries that are not making

satisfactory progress (Baylies, 1995). The donors aim to transform societies and political systems (Easterly, 2007; Tarp, 2002) – therefore, aid goes to those who are more democratic. Meanwhile, the poorest that are unfortunate to have “non-democratic leaders” are then left out without benefiting from Government aid.

I believe that the grassroots approach is essential to ensuring successful poverty alleviation efforts at the BOP. Individuals, groups, and organizations that use Grassroots aid models search for solutions on ground – they adapt to local conditions, and they understand that poverty is a multidimensional problem due to cultural, social, political, and economic factors. Unlike the Government aid model which focuses on giving aid to governments, the grassroots model works directly with the individual poor by working hand in hand with them, to identify and implement solutions to their problems. “Genuine human progress involves the use of human hands, hearts, and minds to do what we can with what we have, here, today” ( Taylor et al , 2012).

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