

# Contributions and Constraints of NGO-Led Income Generation Activities (IGAs): The Case of SOS Children's Village Ethiopia, in Woldia City

Muluneh Demissie Sisay

Woldia University, Sociology Department, Woldia Ethiopia

DOI: <https://dx.doi.org/10.47772/IJRISS.2025.910000319>

Received: 14 October 2025; Accepted: 22 October 2025; Published: 11 November 2025

## ABSTRACT

This study examined how SOS Children's Village Ethiopia's family-focused "credit-plus" income-generating activity (IGA) model contributes to household wellbeing in Woldia City and identified contextual constraints limiting its sustainability. Using a qualitative approach across three kebeles in North Wollo (Amhara Region), data were collected through 10 in-depth interviews with IGA clients, 6 key-informant interviews with project staff, and focus group discussions with cooperative and individual participants. The findings revealed that the SOS program improved access to revolving funds through savings-and-credit associations, enhanced entrepreneurial and technical skills via training and coaching, and promoted women's economic empowerment by strengthening decision-making power, confidence, and income control. The study also confirmed positive outcomes such as improved saving culture, asset accumulation, and children's wellbeing. However, several challenges constrained program impact, including limited motivation among some clients, high opportunity costs causing training dropouts, small loan ceilings restricting business growth, workspace shortages, bureaucratic delays, and weak market access. Conflicts within cooperatives and enforcement risks further undermined progress. The study concludes that credit-plus IGAs yield tangible livelihood and empowerment gains when complemented by secure production spaces, responsive governance, market linkages, and progressive financing. Strengthened cooperative governance and flexible, time-sensitive training are recommended to enhance sustainability.

**Keywords:** NGOs; income-generating activities; livelihoods; women's empowerment; savings groups; qualitative research; Ethiopia; Woldia City.

## BACKGROUND OF THE STUDY

Non-governmental organizations (NGOs) have expanded globally over the past half-century in response to persistent social and economic vulnerabilities that states have struggled to resolve alone. Early scholarship attributes this growth to the need for agile, community-rooted actors who can reach populations beyond the adequate coverage of public systems (De Waal, 1997). In Ethiopia, the contemporary NGO sector is relatively young, with modern forms emerging only in the last four decades (Desalegn, 2008). Historically, however, Ethiopians have organized mutual aid through enduring self-help institutions, now often formalized as community-based organizations, which prefigured many of the functions that NGOs perform today (Van, 1998). Moreover, the earliest NGO-like activities in Ethiopia can be linked to the urbanization and economic shifts of the 1930s, which gave rise to new civic organizations alongside state structures (World Bank, 2000; Islam & Sultana, 2005).

From a functional standpoint, NGOs are often credited with comparative advantages over governments. They can deliver services at lower cost to hard-to-reach groups, respond rapidly and flexibly to changing needs, and leverage deep familiarity with local social dynamics (Suharko, 2007; Riddell & Robinson, 1995, as cited in Daina, 2012). Furthermore, NGOs often expand access to critical services, such as health, education, and livelihoods, particularly where state provision is limited or uneven. In addition, their experience with small-scale, participatory projects positions them to co-produce development outcomes with communities, not merely for them.

Ethiopia's civil society landscape grew markedly in the latter half of the twentieth century. Charities and societies began to proliferate in the 1950s and 1960s and expanded significantly after the devastating 1974 drought, when humanitarian and development assistance surged (SCI, 2016). Over the past two decades, the number and scope of civil society organizations (CSOs) have increased significantly as they have mobilized international funding to support national development priorities. Besides this expansion, the sector's composition diversified to include both international NGOs and national entities with localized reach. Nevertheless, despite visible contributions, many NGOs face structural constraints that threaten program continuity. Funding streams are often short-term and earmarked, making it challenging to sustain longer trajectories of Change or invest in institutional capacity (CSO Sustainability Index, 2011). Furthermore, a heavy dependence on external donors can lead organizations to prioritize resource acquisition over mission-driven programming (Hailegebriel, 2014).

Poverty and livelihood insecurity provide the immediate context for NGO engagement in Ethiopia. Like many low- and middle-income countries, Ethiopia continues to face challenges related to limited employment opportunities, income volatility, and spatial disparities in access to essential services. Wolday (2004) notes that insufficient finance is a binding constraint on household production and productivity; formal financial services remain out of reach for many, pushing vulnerable families toward informal lenders and ad-hoc coping strategies. Additionally, urban and peri-urban households frequently cite high unemployment, weak market linkages, and limited safety nets as barriers to economic mobility (NDA, 2013). These structural gaps make income-generating activities (IGAs) an attractive intervention domain for NGOs seeking to pair immediate relief with pathways to self-reliance.

Within this space, NGOs deploy a range of livelihood tools, including start-up training, coaching, savings groups, microloans, market linkage support, and asset transfers. Furthermore, the literature suggests that "credit-plus" models, finance combined with skills and mentoring, tend to outperform finance-only approaches in terms of income gains and resilience (Srinivas, 2015). Yet the IGA field is not without controversy. According to Srinivas (2013), NGOs that pursue domestic fundraising or commercially oriented ventures can blur boundaries between charity and enterprise, potentially distorting markets or diluting mission focus. In addition, evidence from Ethiopia suggests that many organizations face challenges in launching and sustaining IGAs due to financing gaps, limited technical capacity, regulatory hurdles, and infrastructure deficits (Denko, 2012; Dagne, 2013). Even when interventions show promise, such as diversified income and asset accumulation, as documented in specific programs (Desta, 2013), questions linger about their scale, durability, and cost-effectiveness (Getachew, 2017).

Woldia City hosts a mix of low-income households facing employment instability, thin capital markets, and constrained access to formal financial services. Against this backdrop, SOS Children's Village Ethiopia has implemented IGA programming designed not only for individual earners but for entire families, seeking to stabilize household economies and improve child wellbeing. The present study emerged from practitioner observation during a government-NGO forum in Woldia, where SOS's approach, grounded in savings-led finance, enterprise coaching, and market facilitation, appeared to address precisely the bottlenecks local families reported: start-up capital, business skills, and predictable market access. Moreover, discussions with clients and frontline staff highlighted cross-cutting constraints, land and workspace scarcity, inconsistent stakeholder responsiveness, and Training dropout due to daily wage pressures that warranted systematic examination.

Despite a growing literature on Ethiopian NGOs and livelihoods, several gaps persist. Prior studies often aggregate findings at the national level or focus on Addis Ababa, which limits the external validity for secondary cities such as Woldia (Srinivas, 2013; Hailegebriel, 2014; Dagne, 2013). In addition, relatively few analyses disaggregate the IGA value chain, from savings mobilization to enterprise performance, while simultaneously accounting for institutional constraints and local governance interfaces. Furthermore, while organizations like the Women's Association of Tigray (WAT) demonstrate the potential of multifaceted poverty reduction strategies (Mebrhatom, 2012), there remains limited qualitative evidence on how family-focused IGA models affect women's decision-making power, saving habits, and children's risk profiles in smaller urban centers.

Taken together, these considerations justify a focused, qualitative assessment of SOS Children's Village Ethiopia's IGA program in Woldia City. The study situates SOS's contributions within Ethiopia's broader NGO trajectory and tests how a credit-plus, family-oriented model operates under real-world constraints. In addition,

it examines the interplay between program design and the enabling (or limiting) environments of finance, markets, land, and local administration to derive practice-relevant lessons. Furthermore, by foregrounding the perspectives of both clients and implementers, the research aims to illuminate both the pathways through which IGAs translate into empowerment and the friction points that dilute their impact. Ultimately, the study contributes to closing methodological and knowledge gaps on NGO-led livelihoods in secondary urban contexts, offering evidence to inform program refinement and local policy coordination.

This research, therefore, would contribute to the existing scarce literature by assessing and evaluating the contribution and challenges of SOS in creating income for vulnerable families.

## **MATERIALS AND METHODS**

The study was conducted in the Amhara Region, specifically in the Northern Wollo Administration Zone, within Woldia town. Woldia, the capital of North Wollo, is located 521 km north of Addis Ababa and 360 km south of Bahirdar, the capital of the Amhara Region. (WCAMO, 2009). This study area was selected based on the researcher's personal experience and familiarity with that place. The intended study employed qualitative approaches to attain its objectives. The researcher primarily used the qualitative method in this study because data related to the contribution of SOS can be collected by considering the views and opinions of the organization's clients, staff members currently working in the IGA department, and various stakeholders. Thus, views of clients regarding the organization's contribution, challenges faced by the organization and its clients in the IGA program, as well as the organization's success, can be collected adequately through a qualitative approach.

The study area selected for this assessment is SOS Children's Village Ethiopia, located in Woldia Town, Kebele 01, 02, and 03. The study targets are vulnerable families who are engaged in income-generating activities provided by SOS. The site is selected purposefully because the organization is established and works with highly vulnerable families and children who have resulted from a lack of income and various problems. The researcher conducted ten interviews. An unstructured interview guide was developed to collect qualitative data. In the data collection process, during interview sessions, clients, stakeholders, key informants, and staff would be interviewed. Different types of interview guides were prepared for clients, key informants, for staff members and for stakeholders. All tools would be prepared in English and it will be translated into Amharic before the interview. The researcher conducted ten in-depth interviews with clients who were involved in various business activities.

All interviews would be conducted at the office of the organization, arranged by key informants. Besides, A total of six key informants would be interviewed. The informants are the project coordinator, project officer and staff of SOS woldia program office. The significant issues for Discussion include the organization's contribution to the IGA program, the challenges faced by the organization, and the contributions of different stakeholders. Furthermore, focus group discussion sessions would be held with clients of the organization, including individual business owners. All the data from interviews and FGDs would be collected in Amharic using handwritten notes and partly voice recordings. After the completion of the data collection, field notes will be organized and translated into English. The recorded voices were then transcribed and translated point by point. After transcribing the audio recording and verifying the validity of the data gathered through all techniques, themes related to the research questions selected and the analysis were identified. The findings would be discussed through thematic analysis by triangulating data from interviews, FGD and observation

## **RESULTS AND DISCUSSION**

This chapter presents the socio-demographic information of the research participants, as well as the findings and Discussion of the study, including the contributions of SOS in creating income, the challenges SOS faces in addressing economic problems, and the challenges clients face in undertaking their business within the IGA program.

## Descriptions of the Study Participants

As clearly indicated in the demographic data, the total number of study participants in this research is 40, comprising individuals from Admas Bashager, Tinfaz, and Debre Gelila kebeles, as well as SOS officers. The researcher attempts to triangulate the data gathered from in-depth interviews with key informants and Focus group discussants. The sex distribution of respondents showed that the majority of study participants are women. The reason for the higher proportion of women in the sample size is due to the nature of the activity, which is mainly run by sex-focused activities, especially emphasizing women. In terms of marital status, a great number of research participants are divorced. This led to a double burden for females in caring for and fulfilling the household economy.

## Contributions of SOS in Creating income for economically vulnerable families

The study confirmed that the organization helps beneficiaries associate themselves with credit and savings associations. When clients join this association, they are expected to save at least birr 50. Members of the association may save as much as they can, even by competing with their friends. These clients can receive loan from this association. The more money each member saves, the larger the amount of loans they can access. Credit and savings associations enable vulnerable individuals to access funds that would otherwise be inaccessible through commercial banking. This kind of intervention to solve the problems of people with low incomes and assist them in improving their family living is very important at both the individual and community levels.

Besides, the key informants pointed out that the organization doesn't make direct investments or provide credit to either individuals or cooperatives. Instead, it assists the credit and savings association under the organization by depositing seed money into their respective account to create a revolving fund for its members. A focus group discussant from 01 Kebele strengthened the above idea as follows:

*"The organization trained me to start a business on urban agriculture, specifically to grow vegetables. Since I do not have enough capital to purchase various materials that support my business, the organization has purchased water tanks and drip irrigation materials on loan. I can say SOS did a lot for me."*

The research participants confirmed that the organization is contributing to both individuals and cooperatives to help them achieve better results. A key informant from Admas Bashager kebele pointed out the contribution of SOS as follows:

*"To start our business, the organization gave us a production area in its own compound. There we started our business. Both the SOS and the kebele officials facilitated our access to shade. To appreciate our activity (achievement), they presented us with a chopping machine. This machine has reduced the time and effort wasted on manual chopping. If this organization does not facilitate for us, it looks impossible to me to run this business."*

## Major Contributions of SOS in creating income for vulnerable Groups

Encouraging new enterprises involves providing advice, technical support, information, and resources to help individuals establish their own businesses, such as sole proprietorships, partnerships, cooperatives, or community enterprises, in various agricultural, industrial, or trading fields. Micro-enterprise financial support is crucial for enabling businesses to start up, as they often cannot access traditional financial institutions (Ghous, 2004). The research participants mentioned as SOS is contributing in various ways in IGA program. Among these, providing different kinds of Training, formulating credit and savings associations, offering technical support in guiding income generation, creating market linkages, and following up on clients' activities are the major ones.

According to the discussants, the significant forms of contributions that the organization has been providing include empowering women economically and physically, creating employment for PLHIV parents and caregivers of orphan and vulnerable children, as well as vulnerable youth. Income generation varies from one organization and project to another. Here, we have chosen to understand IGA as an economic activity pursued



to improve the living conditions of the Project area. This may involve the production of goods or services, including commerce or a combination of both, in both rural and urban areas. Activities will often be group-based, although this is not always the case (Sonderriis and Zapata, 2000).

The following sub section explores the major contribution of SOS in creating income for economically vulnerable families.

### **Economic empowerment**

Empowering women by increasing their income and control over household resources (including their own income), enhancing their knowledge and skills in production and trade, and increasing their participation in household decision-making. As a result, social attitudes and perceptions may change, and women's status in the household and community may be enhanced (Johnson and Rogaly, 1997). The study's findings revealed that the SOS program enhanced women's participation in decision-making and increased their self-confidence. In line with this study, the female research participants narrated that the SOS provides different kinds of Training that enable their business to function. For example, basic business skill training and leadership training help these clients develop the necessary skills and become competent in the business world.

The entire group of research participants maintained that they had taken different kinds of Training, and this Training had changed their knowledge of business. Besides the focus group discussants, it was mentioned that the SOS project coordinators need to arrange a way to generate income for its clients; formulating market linkage for them is essential. However, the organization found that the existing links to market access were not enough, especially for individual business owners. It is better to share experiences from other organizations engaged in a similar activity about market linkage and apply them in this organization. Thus, the informants confirmed that by conducting market assessments, the organization attempts to formulate market linkages to make the cooperatives profitable. Such cooperatives serve as a model for others in income-generating activities and help them become independent. Getachew (2017) mentioned that income-generating activities are the productive uses of an asset for income generation, providing the opportunity for higher incomes, greater dignity, and a strengthened ability to cope with Shocks. One of the key informant interviewees at Tinfaz kebele strengthened the above idea as follows:

*"I first came to this organization because I suffered from a disability and could not take care of my three children. I had no one to look after my family. When I recovered from my illness, the organization gave me Training. I decided to start a small business activity of selling bars of soap. Now I pay birr 1000 monthly an 'equb'. I can afford the monthly house expenses of birr 800 per month. When I compare my life with previous one, now I am independent and economically empowered."*

The following narration from a key informant in Debre Gellila kebele confirmed the positive impacts of SOS on the economic empowerment process of vulnerable groups.

*"Six years ago, my family's income was dependent on my husband. When he fell ill, my family had nothing to eat. I came to this organization seeking help. The organization provided me with Training, and I obtained a loan from my association. Afterward, I began selling charcoal. Besides, I started baking 'enjera' and selling it. Now my capital has grown. I started paying house rent, covering all household expenses, by myself. I have built a house. I now have Birr 50,000 in my bank account, and I expect to receive Birr 60,000 from 'ekub'. I am now self-sufficient, economically well empowered to expand my business."*

The FGD discussant explained that she has benefited from the SOS economic empowerment package like this; *"After being included in this cooperative, we are now independent and we don't seek any help from other individual. Joining the business gave us the chance to improve our living standards. The monthly income we get provided us a stable source of income that allowed us to live better life when compared to previous one and we are now able to feed our families, rent house and bought different house materials."*

In line with these findings, the study conducted by Desta (2017) revealed that the IGA program has had a positive impact on income diversification, asset creation and ownership, and the general well-being of the household.

## Awareness on work

The research participants confirmed that most clients who come to the organization do not have any work experience or Training. Some of them are dependent on their family's income, and others are beggars. To create work awareness, the organization provides Training on various activities related to business operations. Both the key informant interviews and focus group discussions pointed out that there has been a noticeable change in work habits since they received Training from SOS. The following statement by the discussant from Admas Bashager kebele supports this idea as ;

*"I was a beggar. I look in the hands of people for my living. I have no work. It looks impossible to me. Instead of working, I prefer begging, as it is easy to make a living. I came to this organization looking for help. They gave me advice to change my attitude. I had Training and then started a small business. Now I can sustain myself and my family from this business."*

Similarly, the following story of a key informant from Tinfaz kebele may strengthen the above notion:

*"I was dependent on my family's income. I have no job. Going outside and working looks impossible to me. Until I joined this organization, I wasn't convinced to work and help myself. With the Training and advice given to me now I am working and sustaining myself and being exemplary to other individuals like me."*

Accordingly, Training is one of the non-financial services benefits. The trainings were focused on IGA activities, sheep production, and savings. During the focus group discussions, most participants reported that the Training delivered by GOAL was relevant and helpful in ensuring the sustainability of the program.

## Change in saving habit

According to the study conducted by Thomas (2018), Training on IGA, saving, cash box, and registration book, as well as close follow-up and technical support, was provided throughout the program's life. As a result of this approach, the saving culture of the members was enhanced, social bonding among member groups increased, business skills and knowledge improved, and enabled members to engage in income-generating activities (IGAs). In addition to enhancing the savings culture and creating access to loans, this off-farm activity (IGA) significantly contributed to household asset protection, specifically by reducing asset depletion and creating household assets, as confirmed by respondents. As one of the interviewed workers said, the clients should save a minimum of birr 10 per month in a credit and savings association within their client group. Mainly, this helps them borrow four times the money they saved. Additionally, it encourages the client to develop a habit of saving. As he said, since these clients do not have any information about the importance of saving at the beginning. In an interview conducted with research participants on the Change in their saving habits some of them said the following.

*Before I joined this organization, I had saved nothing in my life. With the advice I received from this organization, I started saving birr 50 per month. I found that saving changed my business, and I increased my savings. Additionally, I now have savings through my association. I have saved Birr 15,100 in my account at a commercial bank. After I started saving, I feel more secure.*

In support of the current study, Desta's (2017) findings indicate that the role played by non-government organizations has increased households' income, diversified their sources of income, and improved their savings practices due to the benefits they receive from the project.

## Reduction of Risk to Children

Another study (Aoki et al., 2002, cited in Assefa, 2004) confirmed that a lack of educational opportunity is one of the most powerful determinants of poverty, and unequal access to educational opportunities is strongly correlated with income inequality. The provision of relevant education makes a significant contribution to poverty reduction efforts. The evidence from Assefa's (2004) study revealed that educated farmers are more likely to adopt new technologies and receive higher returns on their land. Even if the SOS project does not have direct access to education, the school attendance shows an increase. It is assumed that the other elements of the

intervention such as health facilities, access to water, and livelihood support, played a significant role in increasing school Attendance or access to education support.

As a key informant, one said *'Women are the primary social capital for one family; therefore, strengthening and creating income for women reduces risk to their children.* In FGD with research participants, they explained their achievement after they engaged in the organization in reducing the risk to children. Some of their voices were as follows:

*"Before coming to this organization, I used to sell firewood. It wasn't easy to take my children to school. They stay at home. It was difficult for me to feed them. Sometimes they don't eat the whole day. Even if they have something to eat, it is only to fill their stomach. I was unable to change their clothes even after two years. Due to a lack of nutrition, they are frequently seeking. However, my children are now attending their school with materials provided by the organization. I can feed them a balanced diet from my backyard agriculture, having gained Training in it. Now they are healthy."*

In line with the above findings, Desta's (2017) study confirmed that Change in household asset position is one of the impact indicators of the project interventions at the household level. Ownership of household assets is also an indicator of improvement in the households' wealth. The assumption is that SOS's project services increase households' income, and they may have the capacity to purchase household assets.

### **The challenges SOS faces in addressing the economic problems of the vulnerable families**

The findings have shown different challenges to the organization in undertaking the IGA. Most clients who come to the organization are seeking help. To change their motivation for work and attitude, it is necessary to provide guidance to the clients. Changing their attitude is one challenge to the organization. What makes this challenging for the organization is that when people seek help, they often don't want to hear about other things. For example, if the client's need was related to a basic need, specifically food, it was difficult to suggest work because the need had to be fulfilled first. After that provision, the following steps of IGA, such as advising, changing awareness on work and saving, Training, and other activities, would take the next step. In line with the World's NGOs, most share a common dilemma: a Lack of funds limits the quantity and/or quality of the vital work they do. An unlimited need chasing limited resources is a fundamental fact of economic life in both rich and poor countries (Viravaidya and Hayssen, 2001). The SOS IGA department workers indicated as they have faced multiple challenges in running IGA. Those challenges are discussed below.

### **Challenges Related to Work Motivation of Clients**

IGA department workers explained that the organization is facing challenges related to the lack of work motivation of clients. As previously discussed, most clients who come to the organization are jobless, dependent on a family member's income, or beggars. Most clients assume that the organization has a responsibility to help them throughout their lives. This kind of assumption comes from the thought that, while the donors of the organization were foreigners and the organization didn't face financial problems. For this reason, some clients are not willing to work. Changing the client's attitude is a significant challenge for the organization.

The study confirmed that clients coming to the SOS office face various problems, including health-related and economic hardships. After they recover from their problems, the IGA department facilitates their joining one of the credit and savings associations within the organization. Joining the association helps clients save money and access capital to run a business, often in the form of a loan. However, these clients do not want to save their money since they have no habit of saving. Thus, the organization is facing challenges related to changing its habit of saving.

### **Challenges Related to Different Stakeholders**

According to Batti (2014), the uncertain continuity of donor funding forces an NGO to operate from project to project, making it challenging to design and expand project activities to improve the quality of services. However, the common mistake that local NGO's make is to become overdependent on a single source of

funding. When that source reduces or dries up, the organization struggles to generate new funding, often by the time it is too late, resulting in compromised or terminated programs. Therefore, the task facing NGO" s currently and in the future is and will be to explore additional mechanisms to boost financial stability without sacrificing the mission of their organizations.

Government policies and political climate increase bureaucratic red tape for NGO" s mobilizing resources externally. Where there is political instability, donors may either withhold funds or reduce or enforce stringent measures. In the current study, Staff members of the IGA department and key informants explained the challenges that the organization faces in relation to different stakeholders. Participants in the study, including staff members from the IGA department, mentioned that government administrative units at both woreda and kebele levels are the ones that affect the effectiveness of IGA. SOS officials at Worldia town pointed out that there is a problem in responding to the organization's requests on time. A member of the project reflected his view as follows:

*"Most of the time, I went to the kebeles for the purpose of requesting them to help us in IGA program. Our problem is not resolved on time, and it undergoes a lengthy process. Because the staff in the kebeles are changing their positions, our problem is not being solved on time. The case that those workers are handling is transferred to a new employee. The new workers again began to see our case. The problem for our stakeholders in the kebeles is that the previous employee doesn't inform the new worker who replaced their position about what they have started. This becomes difficult for us in solving the problem of production and the place of our clients"*

Similarly, the Key informant explicated that the other challenges are related to a lack of land for IGAs due to the woreda's unresponsiveness on time. The following explanation by the informant could be an additional element that elaborates on the challenges SOS faces in addressing the economic problems of the vulnerable families:

*"The organization does not have enough places of its own, and when the organization asks the subcity, they are not responsive. For example, the organization has planned to engage its clients in animal husbandry. This plan was unsuccessful because the sub-city gave them a place far away from the living place of clients which was difficult for these clients to move to this place and come to their residence area, and also it was difficult for the clients to work at such a distance."*

### **Challenges Related to Lack of Land**

The data collected from IGA workers showed that a lack of land to build a working place for clients engaged in the program hinders the SOS project intervention in the area. Additionally, the organization lacks sufficient opportunities for clients to engage in various income-generating activities. For example, in the IGA program, there is only one cooperative that is working in urban agriculture. There was a plan to engage clients in animal husbandry, but it was not successful due to its distance from the clients' residences.

### **Drop Out From Training**

The findings of this study also showed that there is a problem of dropping out of the Training in search of their daily subsistence. For this reason, the trainers arrange the program of Training by half-day for the Training and half-day for their work. Even though the trainers make the Training a half-day, the problem of dropping out from the Training still exists. Because clients did not gain money by participating in the training. One of the study participants from Tinfaz kebele explained his views on the rationales dropping out from trainings in such manner:

*"Before engagement in IGA, most of the trainees were daily laborers. As we know, daily laborers search for and obtain daily work in the morning. If the Training is taking place in the afternoon, the trainees may not be able to attend because they may already have work that they have begun. Besides, the training place is far from their residence."*

It is thus possible to understand from the above statement that, even though Training given to clients on the IGA aims to improve their knowledge and skills and help them change their lives, there is a problem of dropout from Training by the clients, which makes the activity of IGA ineffective. Since some clients do not have a source of



income, they cannot wait a long time for the Training in search of their daily food for themselves and their families.

### **The challenges of clients in undertaking their business in IGA program**

The findings point out that both personal and administrative systems are the main challenges that clients have faced in shifting the technical and financial assistance they received from SOS for a better life. The research participants, particularly the clients, pointed out the following as major challenges they faced in undertaking their business through the IGA program.

#### **Lack of Capital**

The focus group discussants explored that after they started their business, they faced a lack of capital for expanding their market in terms of both quantity and quality. They identified that borrowing from their associations takes a long time to save. They are expected to save one-fourth of the loan they will receive from their association. For this reason, most clients are facing a problem related to capital. The following case from a focus group discussant in Admas Bashager Kebele may support this idea:

*'I have been saving money in my credit and savings association. The IGA department workers told me that I can take a loan from my association four times, but it takes a long time to save.' In addition to this, the challenge as follows. The mechanism of saving and borrowing is good. But it is not easy to access a large loan in a short period of time.'*

#### **Production Place**

The study participants who are engaged in cooperative business activate mention as they are facing problems related to the quality of their production place. In the IGA program, most clients engaged in various businesses, either in groups or individually, are facing the problem of production. Besides, key informants pointed out that during the rainy season, their production is exposed to damage. One member informant said *'Our production place has to be renewed. The woreda has told us but they are not willing to renew the house for us rather, they have told us that we have to leave the place because they are planning to give the place to another person.'* Furthermore, the members of the cooperative business revealed that the production place is not a conducive area for producing products. In the other scenario, one research participant from 01 kebele mentioned the challenges she has faced as follows;

*"I am living in kebele house. I used to prepare 'tella' (local drink). Due of to lack of sewerage system I stop making it. Now I have begun another income-generating activity, i.e., preparing food and 'derek enjera' (local food), but the problem still exists. I am facing a problem with the production place, specifically the kitchen. Since renting a house for a production place costs money, I don't have the capacity to rent one. In a single home, I live, produce, and sell."*

#### **Market Place**

The study identified the various challenges that clients faced when undertaking their businesses. Most clients are engaged in a pit trade on the roadside, which is part of the informal sector. Such people are facing difficulty to smoothly running out their businesses because it is illegal to do business on roadsides, they are exposed to police harassments; police take away their materials. The informants also mentioned that they are experiencing a problem with a bad smell in the area where they sell their materials. The place has brought them for health problems. Some of them are planning to change their current business and shift to other activities, such as animal husbandry, restaurants, or coffee making, but a capital constraint is hindering them.

#### **Disagreement among members of the cooperative**

The study confirmed that disagreements and conflicts have occurred among cooperative members. The respondents reported that there are members who do not come on time. There is a problem of punctuality and inconsistency in attendance at workplaces. A female research participant revealed the challenge by saying, *'Oh!*

*Some individuals are selfish. Members of the cooperative who are too busy with their different programs want to be dependent on others who are working. As we gain the profit equally, we have to share the responsibility of working equally.' Moreover, clients engaged in the IGA program explained the challenge as follows: Sometimes our group faces disagreements resulting from misunderstandings among members. In my opinion, no one wants to take a rest. So if our aim is to work, all of us should do it. Otherwise, it will be challenging to work together.*

*According to the findings of SOT (2011), Income-Generating Activities can stem from various reasons, including weaknesses in project design, failures in implementation, and the beneficiary's inability to fully utilize the asset, as well as changes in the external environment. Common problems include Low prices received from product sales, marketing issues, and beneficiaries not reinvesting in assets. However, many problems encountered are not inevitable and can be avoided if careful planning and analysis are done before the design and/or implementation.*

## DISCUSSION

This study's findings broadly align with, yet also nuance, long-standing claims about the comparative advantage of NGOs and the effectiveness of "credit-plus" livelihood models in low-income urban settings. First, our evidence that SOS Children's Village Ethiopia expanded access to finance through savings-and-credit associations, coupled with practical skills Training and coaching, is consistent with Suharko's (2007) and Riddel & Robinson's (1995, cited in Daina, 2012) arguments that NGOs reach hard-to-serve groups with flexible, low-cost services. Clients in Woldia described first-time access to revolving funds and business know-how that enabled enterprise start-up, contributions that mirror the small-scale, participatory strengths highlighted in the literature. At the same time, the Woldia case tempers universal claims by showing how gains hinge on enabling conditions, secure workspace, responsive local administration, and market access, which are not guaranteed by NGO delivery alone.

The study corroborates the literature that favors "credit-plus" over finance-only approaches. Srinivas (2015) argues that pairing capital with skills and mentoring improves income and resilience; our participants traced business viability to the combination of seed capitalization (via associations), Training, and continued coaching. Moreover, the program's choice not to disburse direct individual loans, but to capitalize member-managed funds, appears to mitigate some of the market-distortion risks Srinivas (2013) associates with NGO commercial activities. By strengthening member institutions rather than running parallel credit schemes, SOS arguably stays closer to its mission and reduces the blurring of charity and commerce that can erode legitimacy. Nevertheless, our data also reveal ceilings inherent to savings-led finance: loan sizes tied to deposits constrained enterprise growth, especially for participants with thin saving capacity. This partially contradicts expectations that micro-loans alone unlock scale; instead, the Woldia evidence supports a ladderred finance pathway where starter loans are complemented by larger, performance-based tranches as firms mature.

The women's economic empowerment reported in this study aligns with Johnson and Rogaly's (1997) claim that income control, skills, and participation in decision-making can shift intra-household power. Female participants linked Training and steady earnings to heightened voice over budgeting and investment choices, while focus groups described reduced reliance on external assistance. These narratives align with Islam and Sultana's (2005) perspective on the empowerment potential of NGO programs for vulnerable women. Furthermore, our findings extend this literature by associating women's income gains with indirect child-wellbeing benefits, improved diets, school attendance, and health-seeking, despite the program's limited direct education mandate. This aligns with Assefa's (2004) broader argument that household human capital investments accompany income improvements, although in Woldia, the pathway is mediated through women's earnings and financial confidence rather than school programming per se.

The study also confirms, but also specifies, the well-documented financing gap facing low-income households in Ethiopia. Wolday (2004) notes that lack of institutional finance impedes productivity; participants here described how savings associations filled a void left by banks. Additionally, consistent with NDA (2013), respondents emphasized structural barriers, such as unemployment, weak market linkages, and limited safety nets, that make IGAs attractive yet precarious. Where our findings diverge is in the operational detail: rather than generalized "access to finance," beneficiaries stressed the importance of predictable, serviced production

space and municipal permissions. Thus, the Woldia case suggests that capital alone is insufficient; integrated place-based supports (e.g., serviced workspaces negotiated with kebele/woreda authorities) are critical complements often underemphasized in national-level analyses.

On the sustainability of NGO-led IGAs, our results sit between optimistic impact claims and skepticism in prior studies. Desta (2013) documents income diversification and asset gains, which our participants also reported (e.g., increased savings balances, household durables). However, Getachew (2017) questions the durability of IGA outcomes, and our evidence partially agrees: growth is capped by small loan ceilings; informal vending invites enforcement risks; and dropout from Training, driven by the immediate opportunity cost of lost daily wages, erodes capability formation. These frictions imply that positive short-term livelihood gains can dissipate without structural fixes to finance ladders, market access, and time-sensitive delivery (e.g., half-day Training was not enough to prevent attrition). In other words, our findings reconcile the apparent contradiction by showing that credit-plus models deliver gains, but sustainability hinges on institutional and market complements outside the NGO's direct control.

The constraints identified here align with Ethiopian studies, which point to financial fragility, limited organizational capacity, and regulatory hurdles (Denko, 2012; Dagne, 2013). Participants described delayed or inconsistent responsiveness from kebele/woreda offices in securing land or production space, echoing Batti's (2014) observation that bureaucratic procedures and projectized donor funding complicate program continuity. In addition, the scarcity of suitable sites for urban agriculture or animal husbandry limited diversification, contradicting the assumption that enterprise choice is driven primarily by Training or credit. Rather, as our data suggest, spatial and regulatory constraints often precede and trump capability constraints. This complements, rather than contradicts, Lewis's (2009) caution that complex local governance interfaces mediate NGO outcomes.

on group-based enterprise, the Woldia experience confirms the mixed record reported in the literature. Sonderriis and Zapata (2000) note that IGAs are often group-based but not always optimal. Participants in cooperatives reported timekeeping problems, unequal labor contributions, and interpersonal conflict, aligning with SOT (2011), which highlights frequent implementation failures linked to group dynamics and weak governance. Yet, where cooperatives received targeted support (e.g., equipment, shared infrastructure, basic governance training), they achieved visible productivity gains and role-model status in their neighborhoods. This suggests that cooperative success is conditional and design-dependent: governance training, transparent profit-sharing rules, and performance-linked incentives may be as important as credit or technical skills.

Eighth, our findings shed light on a frequently underexplored barrier: the opportunity cost of capability building. Training dropout, who occurs when participants cannot forego their daily wages, illustrates a classic tension in livelihoods programming that is often treated as a peripheral issue in program design. While Patton (2002) emphasizes adaptive evaluation and utilization-focused design, our evidence suggests operational remedies, such as cash-for-training stipends, evening or modular sessions, and mobile coaching at worksites, which align training schedules with the temporal realities of the urban poor. Without such adjustments, even well-crafted curricula underperform.

Finally, the Woldia case invites several practice and policy implications that cohere with, yet extend, the literature. First, a ladderized finance architecture, beginning with savings-linked micro-loans and progressing to larger, performance-based capital, would address the growth ceiling problem while preserving prudent risk management. Second, municipal compacts that guarantee serviced micro-enterprise spaces (including water, sanitation, storage, and legal vending points) would address the workspace bottleneck, thereby reducing enforcement risks and health hazards. Third, formalized market-linkage mechanisms, framework contracts with anchor buyers, participation in municipal procurement, or aggregator models, would stabilize demand beyond ad-hoc roadside sales. Fourth, cooperative governance support and behavioral nudges for work readiness and saving (e.g., commitment devices, peer accountability in savings groups) would strengthen the "people systems" that make credit-plus models work. Taken together, these adjustments build on the comparative advantages attributed to NGOs while explicitly addressing the structural constraints that the Woldia evidence brings into sharp focus.

## CONCLUSION

This study concludes that NGO-led “credit-plus” livelihood models, such as the SOS Children’s Village Ethiopia IGA program in Woldia City, have made significant contributions to improving the livelihoods and resilience of economically vulnerable families. The findings confirmed that by combining access to revolving funds through savings-and-credit associations with skill-building, technical training, and coaching, the program enhanced participants’ economic capacity, particularly among women, who reported increased income control, decision-making power, and self-confidence. The initiative also promoted positive behavioral changes, including stronger saving habits, improved work motivation, and a shift from dependency to self-reliance, thereby contributing indirectly to better child welfare outcomes.

However, the study also revealed that the effectiveness and sustainability of these gains remain constrained by several interrelated challenges. These include limited access to working capital, lack of appropriate production and market spaces, weak institutional responsiveness from local administrations, training dropout due to opportunity costs, and internal conflicts among cooperative members. The results highlight that financial inputs alone are insufficient; sustainable empowerment requires structural support in the form of timely government collaboration, serviced workspaces, market linkages, and flexible program design that accommodates the realities of low-income participants.

Overall, the study affirms that SOS’s integrated “credit-plus” approach is a promising model for urban poverty reduction and women’s empowerment, but its long-term success depends on coordinated action between NGOs, local authorities, and market actors. Strengthening institutional collaboration, adaptive training mechanisms, and progressive financing structures will be essential to expand impact and ensure that livelihood gains become sustainable over time.

## REFERENCES

1. ACARTSD. (1980). Report of the African Centre for Applied Research and Training in Social Development. Ibadan: African Centre for Applied Research and Training in Social Development.
2. Aliyu, A. (2003). Africa renaissance: Poverty eradication and the role of management. *Magazine of the Nigeria Institute of Management*, 39(1), 5–15.
3. Batti, R. C. (2014). Challenges Facing Local NGOs in Resource Mobilization.
4. Bryman, A. (2012). *Social research methods* (4th ed.). Oxford University Press.
5. Campbell, J. R. (2001). The changing role of NGOs in the provision of relief and rehabilitation assistance: Northern Ethiopia and Eritrea. Overseas Development Institute Working Paper. London: ODI.
6. CRDA (Christian Relief and Development Association). (2006). *NGO establishment and operation in Ethiopia*. Addis Ababa: CRDA.
7. CSO Sustainability Index. (2011). 2011 CSO Sustainability Index for Sub-Saharan Africa.
8. Dagne, H. (2013). *NGO roles and constraints in Ethiopia*.
9. De Waal, A. (1997). *Famine crimes: Politics & the disaster relief industry in Africa*. London: James Currey.
10. Denko, M. (2012). *Financing gaps and NGO capacity in Ethiopia*.
11. Dessalegn, R., Akalewold, B., & Yoseph, E. (2008). *CSOs/NGOs in Ethiopia: Partners in development and good governance*. Addis Ababa:
12. Desta, ... (2013). *Income diversification and asset gains from IGAs in Ethiopia*.
13. Desta, ... (2017). *Impacts of IGA programs on income and savings in Ethiopia*.
14. Economic Commission for Africa (ECA). (1985). *Annual report of the Economic Commission for Africa*. Lagos: ECA.
15. Getachew, (2017). *Durability of IGA outcomes in Ethiopia*.
16. Gidron, B., Quarles van Ufford, P., & Kello, B. (2002). *NGOs dealing with refugee resettlement in Ethiopia (Research for Policy Series 12)*. Amsterdam: Royal Tropical Institute (KIT).
17. Hailegebriel, D. (2014). *Legal and policy environment for CSOs in Ethiopia*.
18. Hyden, G. (2006). *Civil society—What next? Development Dialogue*, 1, 183–201. Uppsala: Dag Hammarskjöld Foundation.



19. Islam, N., & Sultana, N. (2005). Role of NGOs in empowering vulnerable women: A study on ACD. *Asian Affairs*, 27(4), 24–40.
20. Jupp, V. (2006). *The SAGE dictionary of social research methods*. London: SAGE.
21. Kingry, M. J., Tiedje, L. B., & Friedman, L. L. (1990). Focus groups: A research technique for nursing. *Nursing Research*, 39(2), 124–125.
22. Krueger, R. A., & Morgan, D. L. (1998). *The focus group kit* (Vols. 1–6). Thousand Oaks, CA: SAGE.
23. Lewis, D. (2009). Evaluating NGO development interventions. In *International perspectives on voluntary action: Reshaping the third sector*
24. Liebenberg, S. (2000). *Non-governmental organizations as agents of development*. West Hartford, CT: Kumarian Press.
25. Mehra, T. (1997). Micro-financing of NGOs: Collaborative impact on poverty eradication. *Information Management & Review*, 2, 81–91.
26. Ministry of Justice (Ethiopia). (2007). *Database on registered associations*. Addis Ababa: Ministry of Justice.
27. Mohammed, D. (1991). *Social development in Africa: Strategies, policies and programmes after the Lagos Plan*. London: Hans Zell.
28. Muir, A., & Riddell, R. C. (1992). *Evaluating the impact of NGOs in rural poverty alleviation: Zimbabwe country study* (ODI Working Paper No. 52). London: ODI.
29. National Development Agency (NDA). (2013). *Civil society participation in income-generating activities in South Africa: Research report*. Johannesburg: Human Sciences Research Council & NDA.
30. Parahoo, K. (2006). *Nursing research: Principles, process and issues* (2nd ed.). London: Palgrave Macmillan.
31. Patton, M. Q. (2002). *Qualitative research & evaluation methods* (3rd ed.). Thousand Oaks, CA: SAGE.
32. Riddell, R., & Robinson, M. (1992). *The impact of NGO poverty alleviation projects: Results of case study evaluations*. London: Overseas Development Institute.
33. Save the Children International (SCI). (2016). *Civil society landscape in Ethiopia* (overview).
34. Sonderriis, N., & Zapata, V. (2000). *Defining and supporting income-generating activities*.
35. SOT. (2011). *Common problems in income-generating activities: Lessons for programme design*.
36. Spring, A., & Groelsema, R. (2004). *Enhancing civil society organizations and women's participation in Ethiopia: A program design for civil society and women's empowerment*. Addis Ababa: USAID/Ethiopia.
37. Srinivas, S. (2013). *NGO commercial activities and market distortion*.
38. Srinivas, S. (2015). *Credit-plus approaches and livelihood resilience*.
39. Suharko, C. (2007). *The role of NGOs in rural poverty reduction: The case of Indonesia and India* (Master's thesis). Nagoya University, Japan.
40. Takure, S. M. (2009). *An analysis of the history of state–NGO relations and the implications on organisational performance*. Master's thesis, University of Bologna.
41. ThomasT,(2018). *Training and saving culture effects in IGAs*. Todaro, M. P. (1977). *Economics for a developing world*. London: Longman.
42. van Niekerk, L., & van Niekerk, D. (2009). Participatory action research: Addressing social vulnerability of rural women through income-generating activities. *Journal of Disaster Risk Studies*, 2(2), 127–144.
43. Van, ... (1998). *Traditional mutual aid and community-based organizations in Ethiopia*.
44. Viravaidya, M., & Hayssen, J. (2001). *Strategies to strengthen NGO financing*.
45. WANGO (World Association of NGOs). (2010). *What are non-governmental organizations (NGOs)?* In *NGO Handbook*. New York: WANGO.
46. Welman, C., Kruger, F., & Mitchell, B. (2005). *Research methodology*. Cape Town: Oxford University Press Southern Africa.
47. Wolday, A. (2004). *The development microfinance industry in Ethiopia: Current status and prospects for growth*. Addis Ababa: Association of Ethiopian Microfinance Institutions (AEMFI).
48. World Bank. (2000). [Title of Ethiopia/CSO report used]. Washington, DC: World Bank.
49. WCAMO (Woldia City Administration Mayor's Office). (2009). [Local profile/statistical abstract]. Woldia: WCAMO.
50. Nyathi, D. (2012). *An evaluation of poverty alleviation strategies implemented by NGOs in Zimbabwe: A case of Binga Rural District*.