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SOHAG RURAL DEVELOPMENT PROJECT IN EGYPT

by

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Sohag Rural Development Project

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1- GENERAL CONTEXT (LIVELIHOOD CONTEXT)

The primary project objective :

Support the sustainable development of Sohag rural villages through the participatory approach initiated by the National Program for Integrated Rural Development (Shrouk).

The Project aims to:

- (i) Improve income and quality of life among the rural communities;**
- (ii) Improve equitable access to credit for rural poor, unemployed women**
- (iii) Enhance capacity of local communities and local government at the village level to prepare, implement and manage rural infrastructure projects and services.**
- (iv) Subsidiary objective of the project is to conserve natural resources and improve environmental management.**

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1- GENERAL CONTEXT (LIVELIHOOD CONTEXT)

- ❑ Sohag is one of the poorest governorates in Egypt.**
- ❑ At that time of project preparation, its population of 3 million was 77% rural, had about 209,000 farming and 150,000 landless households on only 320,000 feddans of fertile land, suffering from poor drainage. Livestock, wheat, sorghum, berseem and cotton were the main products.**
- ❑ Despite efforts by the government and NGOs, 70% of the adult population was illiterate (84% of women), 30% of villages had no potable water supply systems nor health facilities and 90 percent no sanitation.**

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1- GENERAL CONTEXT (LIVELIHOOD CONTEXT)

- ❑ In order to tackle poverty on as broad a front as possible, the Government of Egypt created, in 1994 the National Program for Integrated Rural Development (SHROUK) under the Ministry of Local Administration. Its long term objective was to decentralize planning and implementation of rural development to local communities, using village structures as the base.
- ❑ At the Sohag Rural Development Project (SRDP) appraisal in 1997, SHROUK pilot programs had already started throughout the country, including in Sohag. Key features of the approach included commitments by local communities to share in the costs of infrastructure development, collaboration at local level between ministerial representatives, popularly elected local councils and members of SHROUK (government, NGOs and local volunteers) in agreeing on priorities.

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2- ASSETS OF STAKEHOLDERS (LIVELIHOOD ASSETS)

Main Beneficiaries of the project:

The project identified several beneficiary and “affected groups”:

- ✓ The population of Sohag Governorate Villages
- ✓ Rural poor
- ✓ Unemployed youth and women.
- ✓ Village Rural Development Committees
- ✓ Village Rural Development Delegates
- ✓ Community Development Associations and other local NGO's
- ✓ Local Popular Councils, Village Executive Councils, and District Executive Councils
- ✓ Rural and Governorate Rural Development Councils.

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2- ASSETS OF STAKEHOLDERS (LIVELIHOOD ASSETS)

□ Limited natural resource base:

- Sohag is characterized by a physical resource base that is severely limited, less than optimal use of land and water resources, insufficient sanitary infrastructure and severely polluted water canals. This has negative effects on the health of broad segments of the population especially the ultra- poor who are vulnerable to unclean water. Limited funding and a lack of awareness for these problems among population is common.

□ Gap between credit availability and needs.

- There is a gap between the financial requirements of individuals and groups in villages and deployable funds available in banks and other financial institutions.
- The main thrust of the Government of Egypt policy on rural finance has been to increase the availability of financial resources in rural areas through the network of district branches of the Bank for Development and Agricultural Credit (BDAC) which has a network of

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2- ASSETS OF STAKEHOLDERS (LIVELIHOOD ASSETS)

□ Gap between credit availability and needs.

- In addition, the Government has established the Local Development Fund (LDF) which is delivering credit through the local administration structure on a smaller scale. UNICEF and bilateral aid have supported Government's efforts to experiment with innovative credit delivery mechanisms for the rural poor.
- The project's strategy on rural finance built on lessons learnt from successful experiences for ex.: (i) in rural credit with the on-going, Bank-supported, Agricultural Modernization Project with the Principal Bank for Development and Agricultural Credit (PBDAC); (ii) in community-based micro-credit with the Family Development Fund (FDF) initiated by UNICEF in Dar El Salam District in Sohag;
- Innovative approaches to reach the ultra-poor would be made mainstream in the Sohag BDAC and the LDF in Sohag.

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2- ASSETS OF STAKEHOLDERS (LIVELIHOOD ASSETS)

The Project Funding:

- The total project costs were tentatively estimated at US\$147 million over a seven-year implementation period.
- The project financed by:
 - (a) International Development Association (IDA) credit: US\$25 million
 - (b) International Fund for Agricultural Development (IFAD) loan: US\$25 million;
 - (c) Cash/In kind contribution from families in benefiting villages: US\$39 million;
 - (d) Government contribution: US\$58 million.

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2- ASSETS OF STAKEHOLDERS (LIVELIHOOD ASSETS)

The Project Implementing Partners:

- Ministry of Local Administration (MLA)
- Ministry of Agriculture and Land Reclamation (MALR)
- The Organization for Reconstruction & Development of Egyptian Villages (ORDEV), inside Ministry of Agriculture , taking the lead.
- Sohag Governorate
- USAID
- UNICEF
- National and local NGOs.

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3- LIVELIHOOD STRATEGY AND OUTCOME)

The Project Strategy:

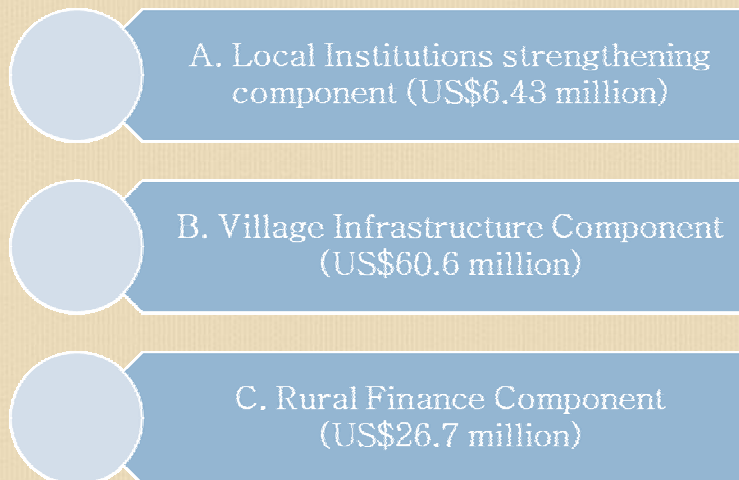


- **The project strategy would be to support community-based and private management of public local services and infrastructure.**
- **The project would support on-going efforts of the Sohag Governorate to improve Operation and Maintenance of rural infrastructure, in helping local communities develop cost recovery mechanisms for O&M, such as users groups. The project will make a special effort to address shortcomings in O&M for on-going SHROUK projects**

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3- LIVELIHOOD STRATEGY AND OUTCOME)

The project comprised of three main components:



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3- LIVELIHOOD STRATEGY AND OUTCOME)

3-1-PROJECT COMPONENTS

A. Local Institutions strengthening component

- (i) Strengthening of the SHROUK's Sohag Governorate Program through the establishment of a Technical Assistance Secretariat (TAS) under the General Secretary of the Governorate;
- (ii) Governorate and the Districts to assist Village Local Administrative Units (LAUs) in complementing and rehabilitating physical infrastructure through training and awareness campaigns in issues such as the environment, health, literacy, obtaining ID cards, etc.; and promotion of regional workshops on micro-finance and micro-credit, involving Banks, Local Development Fund (LDF), community organizations, donors and Local Administrative Units
- (iii) Other line ministries in Sohag, to enable them to interact better with the village participatory process. The project would finance training and technical assistance (TA) to develop institutional capacity and interagency coordination.

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3- LIVELIHOOD STRATEGY AND OUTCOME)

3-1-PROJECT COMPONENTS

B. Village Infrastructure Component

***** Support Village Priority Development Plans identified, prepared and co-financed by the Sohag villages via the SHROUK participatory process, with the support of the LAUs and line ministries technical services. In particular, the project would co-finance:***

- (i) Economic and municipal infrastructure (village water supply systems, wastewater and sanitation systems, small irrigation and drainage systems, rural roads, canal covering in village streets, veterinary units (VUs), slaughterhouses, environmental projects, etc.);
- (ii) Social infrastructure and services (health centers, classrooms, literacy centers, youth centers, women's clubs, etc.);
- (iii) Operation & Maintenance plans for village infrastructure. The project's financial contribution would be based on matching grants with up-front village participation of at least 10% (land, labor or cash) and maximum subproject size of US\$500,000.

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3- LIVELIHOOD STRATEGY AND OUTCOME

3-1-PROJECT COMPONENTS

B. Village Infrastructure Component

NGOs and private companies would be contracted to:

- (a) Create local maintenance committees where they did not exist.
- (b) Provide training in maintenance of physical facilities based on manuals to be developed jointly with Organization for the Reconstruction and Development of the Egyptian Village (ORDEV) and Line Ministries with participation of local communities;
- (c) Train local committees in fund raising techniques, fund administration, management, and supervision.

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3- LIVELIHOOD STRATEGY AND OUTCOME

3-1-PROJECT COMPONENTS

C. Rural Finance Component

Help to improve standards of living of the rural poor by:

- (a) Promoting increased economic activities.
- (b) Institutional building of Local Development Fund (LDF).
- (c) Open access to credit for women and ultra-poor via 2 components:
 - (i) **On-farm Technology Improvement and Rural-Based Investment** for providing long term resources through a line of credit to increase agricultural productivity and rural income and institutional support to the Sohag Bank for Development and Agricultural Credit (BDAC) which would complement ongoing Principal Bank for Development and Agricultural Credit (PBDAC) efforts to address financial and managerial problems;

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3- LIVELIHOOD STRATEGY AND OUTCOME

3-1-PROJECT COMPONENTS

C. Rural Finance Component

Help to improve standards of living of the rural poor by:

(c) Open access to credit for women and ultra-poor via 2 components:

(ii) Micro-Credit for Income Generation through Sohag BDAC and Local Development Fund (LDF) to develop market- oriented credit delivery for income-generating activities by the rural poor with special emphasis on women, in a competitive and financially sustainable manner.

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3- LIVELIHOOD STRATEGY AND OUTCOME

3-2-PROJECT IMPLEMENTATION

The implementation process of the project included the following steps:

- (i) Orientation and Assessment through meetings convened at the Village level;
- (ii) Popular Participation through meetings held with focus groups of blocks of 10-15 households representing all affiliated villages and hamlets;
- (iii) Planning through a meeting of the SHROUK Village Committee that decides on priorities and feasibility studies prepared by the concerned line ministries or consultants.

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3- LIVELIHOOD STRATEGY AND OUTCOME

3-2-PROJECT IMPLEMENTATION

The implementation process of the project :

- (iv) Village Priority Development Plan (VPDP) is submitted to the SHROUK Governorate Committee (SGC) chaired by the Governor. VPDPs are sent to the Organization for Reconstruction & Development of the Egyptian Village (ORDEV) for funding. At the national level, a SHROUK Inter-ministerial Committee has the supreme authority for the SHROUK program.
- (v) Once the Village Plan is approved and resources allocated on a matching grant basis, Sohag Village Council decides on implementation mechanisms: through a line ministry, a local NGO or private contractor;
- (vi) Monitoring and Evaluation is done by the villages and (ORDEV).

3- LIVELIHOOD STRATEGY AND OUTCOME

3-3- Outcomes achieved: Impact on the beneficiaries:

A. Local Institutions strengthening component

Training was the most important activity where the project had some impact on institutional capacity building, with both line ministries and LAUs. This was reflected in:

- (i) Enhancement of the quality of design of different sub-project works (VUs, social centers, post offices, etc.) and notably, the improved quality of construction and adoption of modern features for the first time in Sohag;
- (ii) On the job training and transfer of experience concerning field monitoring, supervision and reporting. Staff is now assumed more able to coordinate different sources of local funding, which has been a long-standing problem.

3- LIVELIHOOD STRATEGY AND OUTCOME

3-3- Outcomes achieved: Impact on the beneficiaries:

A. Local Institutions strengthening component

- ✓ Improving the access and quality of public infrastructure services in the rural areas through enhanced participation structures and mechanisms at the local level. Although the implementation resources remained in the hands of the local government rather than the local communities; the communities participated in decision making on funds utilization and priority setting in an unprecedented way in Sohag Governorate.
- ✓ Women participation in decision making was enhanced.
- ✓ The project further intensified outreach to poor and marginalized by working directly with five Community Development Associations (CDA's) and trained and built the capacities of 10 CDA's in total.

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3- LIVELIHOOD STRATEGY AND OUTCOME

3-3- Outcomes achieved: Impact on the beneficiaries:

B- Improve Income and Quality of Life of Rural Community

****Quality of life has been clearly improved through the provision of basic public services and structures.**

In total, 438 infrastructure sub-projects were completed. The sub-projects cover 10 sectors and are located throughout the entire Governorate, in Sohag's eleven "Markaz" and benefit around 650 villages - around 2 million persons. The percentage of infrastructure and services benefiting isolated hamlets reached 84% exceeding the targeted percentage in the beginning of the project (75%)

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3- LIVELIHOOD STRATEGY AND OUTCOME

3-3- Outcomes achieved: Impact on the beneficiaries:

B- Improve Income and Quality of Life of Rural Community

**** However In terms of income, rural credit failed to induce on-farm technology improvements and rural-based investments which would in turn have helped diversify rural activities and would have provided key services for the sustainable intensification of agricultural production.**

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4- SUCCESS STORIES

❖ **Sohag Rural Development Project was a pioneering project.**

It was the first project in Egypt to go sub-national and directly finance a Governorate. It was also one of the first projects in the World Bank's MENA portfolio to adopt participatory and gender inclusive methodologies modeled on the SHROUK system. The project was also significant for the Egyptian setting in that it instituted participatory frameworks with large infrastructure works projects, moving beyond small scale pilots. These features were important and innovative precursors and predated to the decentralization agenda – an ongoing priority for the Government of Egypt (GoE) and one which at the time of project preparation was expected to accelerate faster than it did.

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4- SUCCESS STORIES

- ✓ Although the implementation resources remained in the hands of the local government rather than the local communities; *the communities participated in decision making on funds utilization and priority setting in an unprecedented way in Sohag Governorate.* Moreover; women participation in decision making was enhanced.
- ✓ *Gender aspects in the project – particularly with respect to the inclusion of women were satisfactory and the project made concerted efforts to increase female participation.* By the end of the project around 33% of the SHROUK committees' members were women as were 27% of general board members of the participating NGOs. For micro-credit around 53% of the loans from LDF were for females and 33 percent from BDAC.

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4- SUCCESS STORIES

- ✓ *The project had a positive environmental and social impact,* largely through the reduced exposure to water-borne health hazards as a result of the construction of water supply and Sanitation projects, as well as irrigation canal coverings.

Other social benefits have come from the improved access (and time saving) to social facilities, such as social/youth centers, schools and clinics. Environmental and health awareness training was also given under the project but the synergy that was expected with UK-DFID financed Support to Environmental Assessment and Management project (SEAM) in the Governorate did not occur.

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5- Recommendations

- The project had good impact on institutional capacity building, with both line ministries and LAUs through training. There is a need to *stress more on the building capacity in the Governorate to design, manage and implement future rural development projects.*
- In highly complex projects; there is a need to *ensure clear and concrete synergies between different components of the project.*
- *Increased attention to Youth:*

Few concerted efforts were made to target youth in the project and the inadequate monitoring and evaluation of the credit component did not permit for a systematic analysis of the percentage of young people benefiting from loans under both BDAC and LDF. LDF did however make some efforts toward the end of the project implementation period and for example between November 2007 and April 2008, 75 percent of loans were for youth under the age of 25.

5- Recommendations

- ✓ *Sustainability issues represented a challenge.*

The lack of Operation and Maintenance (O&M) arrangements affected the sustainability of new infrastructure. Some of the infrastructure financed by the project also show significant sustainability risks. It is mainly the case of roads and social centers which have no adequate resources either from the Government or from their own generated resources to cover their O&M costs.

In future projects it would be important to work out at the outset the project details of how to ensure its sustainability (i.e. appointment of counterparts, provision of incentives, etc.).