



**Module 3: Planning, Design, Appraisal and Implementation**

# **Community financing of infrastructure: Mexico, Zambia & Egypt**

**Session: 3.3**

**Part 2 – Case Study**

**Presentation: 3.3b**

# 1. Introduction

## Learning objectives

By the end of the session participants will be able to:

- ③ Describe the key features of social and community funds
- ③ Critique the experiences from Mexico, Zambia and Egypt and how these may relate to other countries
- ③ Analyse the opportunities and constraints of social and community funds

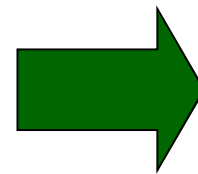
# Session Overview

- © Key features of social and community funds
- © Financing rural infrastructure in Mexico
- © Social Recovery Project (SRP) in Zambia
- © Egypt social fund for development

## 2. Key features of social and community funds

- ⊙ Mechanism for channelling funds to local authorities, NGOs and communities, allowing for cross-sectoral choice
- ⊙ Principally finance social and economic infrastructure

- ⊙ Demand driven
- ⊙ Require matching funds



**Sustainability**

- ⊙ Found in 14 sub-Saharan Africa countries
- ⊙ Often multi-donor financed

# Selection criteria for social funds (in general)

- ◎ Benefit to poor
- ◎ Capable implementing agency
- ◎ Technically sound and simple
- ◎ Maintenance costs met
- ◎ Consistency with national and sectoral priorities
- ◎ Use of labour based techniques
- ◎ Beneficiary involvement
- ◎ Matching funds

# For community roads and paths social funds also consider...

- ⦿ Network considerations
- ⦿ Potential traffic and transport services
- ⦿ Dead end or through road
- ⦿ Length of the road or path
- ⦿ Assessment of least cost, minimum intervention

### 3. Financing rural infrastructure in Mexico

#### Pre 1990

- ⊙ State and federal projects poorly selected and designed
- ⊙ Implemented with inadequate supervision
- ⊙ No commitment to ongoing operations and maintenance



Poor performance

# Municipal fund program

- © Introduced in 1990
- © Local authorities (*municipios*) receive annual fund for communities
- © Community committees (*comites de Solidaridad*) propose projects and manage their execution
- © Communities provide min. of 20% of costs (usually labour and materials)

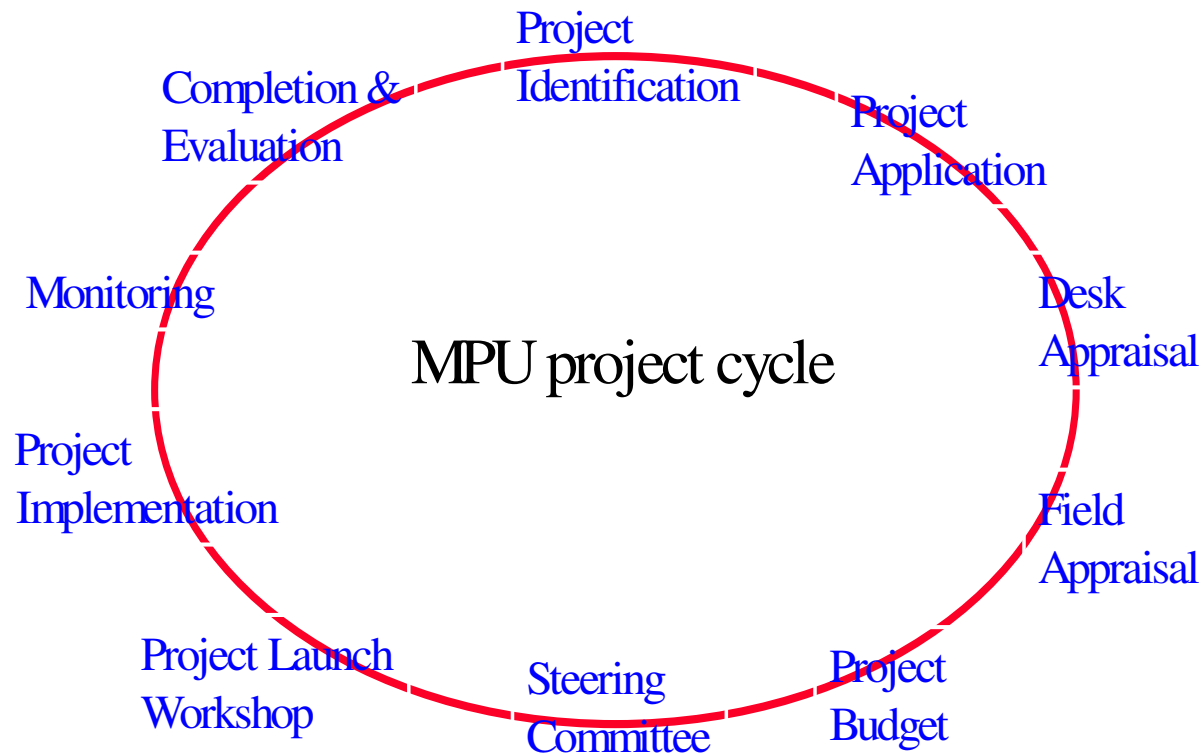
# Outcomes

- ③ Municipal fund projects often cost **1/2** to **2/3** as much as similar state or federal projects
- ③ Financed about 75,000 projects
- ③ Average project = US\$11,000
- ③ US\$32.5 million to Mexico's four poorest states

Improved service delivery by decentralizing government authority to independent sub-national governments

## 4. Social Recovery Project (SRP) in Zambia

- ③ Seeks to **boost standard of living** of vulnerable and marginalised groups through improved and well-maintained transport infrastructure
- ③ Bring more of **road network** under regular maintenance (esp. community roads)
- ③ **Funded** by World Bank and EU



### Key points:

- Community and local councillors apply for funding
- Field appraisals establish priorities of all community members
- Technical support
- Regular reviews

# SRP selection criteria

- ◎ Road should lead somewhere
- ◎ Road should reduce travel time
- ◎ Road should improve public transport possibilities
- ◎ Technical requirements should be simple
- ◎ Labour-based mode of execution
- ◎ Evidence of sustainability (through maintenance committee or existing maintained structure)

# Outcomes

- ◎ One of the most successful donor funded projects in Zambia
- ◎ Promotes ownership of community roads
- ◎ Improves physical assets of rural poor
- ◎ Contributes to poverty reduction

## 5. Egypt social fund for development

### Social fund for development (SFD)

- © To mitigate effects of Egypt's structural adjustment program
- © Financed by Government of Egypt, World Bank, European Union, Arab Funds, and other donors

# SFD Objectives

## Build institutional capacity

- governmental and non-governmental
- to develop new social programs and upgrade existing ones

## Provide employment opportunities

- for new graduates, unemployed youth, workers displaced by restructuring, female headed households

# Selection criteria

- ③ Generate income
- ③ Women's participation
- ③ Offer credit for low income groups
- ③ Training opportunities
- ③ Strengthen NGO capacity
- ③ Channel social services, namely health and education, to low income groups
- ③ Emerge from local communities

# Activities

- ③ Financial contributions made as either
  - **loans** for income generating activities (repayable)
  - **grants** to finance rural and urban infrastructure projects
- ③ 5 separate core programs
  - public works
  - community development
  - small enterprise development
  - human resources development
  - institutional development

# Outputs

- © The Public Works Program using labour-based technology has:
  - constructed 410 kilometres of rural road
  - refurbished of 18 health clinics and 15 schools

## Thinking about community infrastructure financing



### Group Discussion

- A. How could social and community funds like the ones described be applied in the participants home countries?*
- B. What particular opportunities and constraints would such funds face?*