

# Rural Transport Training Materials

## Module 1:

### Policies and Strategies

## Community financing of infrastructure

Case studies from Mexico, Zambia and  
Egypt

### Session 3.3

### Part 2

Presentation 3.3b



The World Bank



**DFID** Department for  
International  
Development



theIDLgroup 

# 1. Introduction

## Learning objectives

**This session enables participants to:**

- ③ Describe the key features of social and community funds
- ③ Reflect on 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

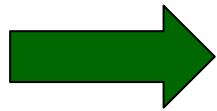
# For community roads and paths social funds also consider...

- ⊙ 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)



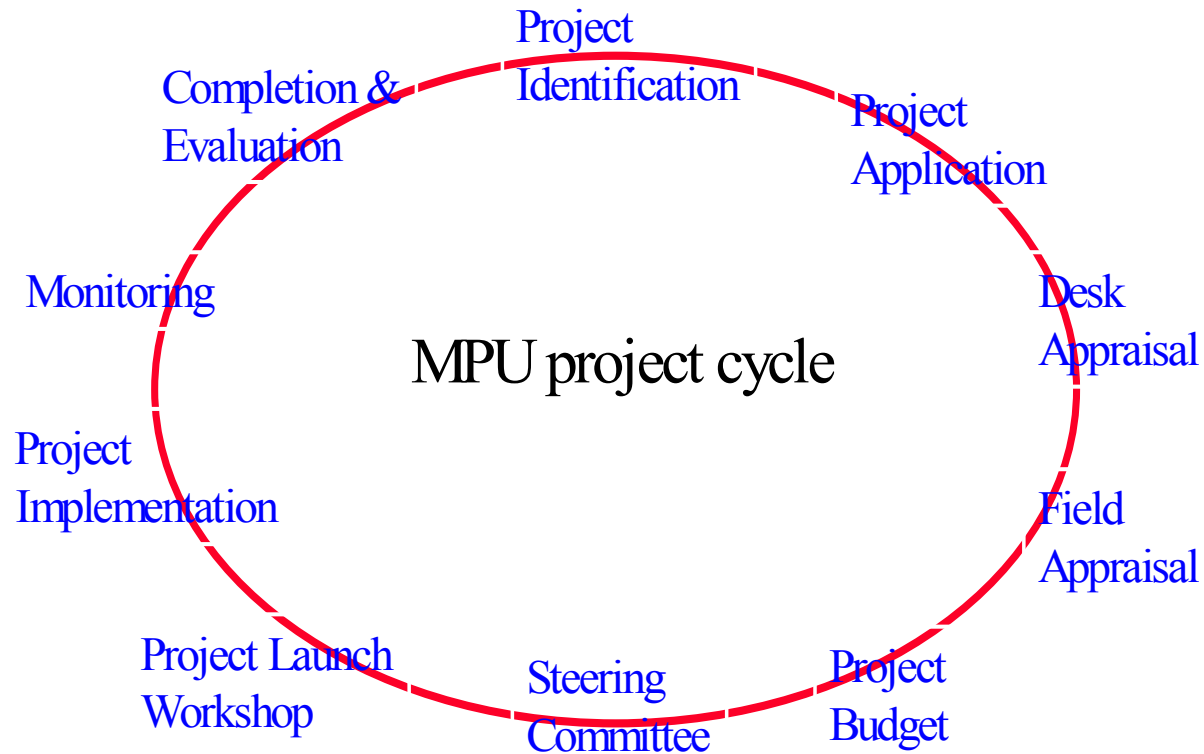
# Outcomes

- © Municipal fund projects often cost **1/2** to **2/3** as much as similar state or federal projects
- © Financed about 75,000 projects
- © Average project = US\$11,000
- © 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

- ◎ Financial contributions made as either
  - **loans** for income generating activities (repayable)
  - **grants** to finance rural and urban infrastructure projects
- ◎ 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?*