

American University in Cairo

AUC Knowledge Fountain

Theses and Dissertations

6-1-2012

Financial and institutional sustainability of development projects: the case of the Green Corridor Project and the case of the High Dam Lake Area Project

Nadine Hisham Fawzy

Follow this and additional works at: <https://fount.aucegypt.edu/etds>

Recommended Citation

APA Citation

Fawzy, N. (2012). *Financial and institutional sustainability of development projects: the case of the Green Corridor Project and the case of the High Dam Lake Area Project* [Master's thesis, the American University in Cairo]. AUC Knowledge Fountain.

<https://fount.aucegypt.edu/etds/1074>

MLA Citation

Fawzy, Nadine Hisham. *Financial and institutional sustainability of development projects: the case of the Green Corridor Project and the case of the High Dam Lake Area Project*. 2012. American University in Cairo, Master's thesis. *AUC Knowledge Fountain*.

<https://fount.aucegypt.edu/etds/1074>

This Thesis is brought to you for free and open access by AUC Knowledge Fountain. It has been accepted for inclusion in Theses and Dissertations by an authorized administrator of AUC Knowledge Fountain. For more information, please contact mark.muehlhaeusler@aucegypt.edu.

The American University in Cairo
School of Humanities and Social Sciences

**Financial and Institutional Sustainability of Development Projects:
The Case of the Green Corridor Project and the Case of the High
Dam Lake Area Project**

A Thesis Submitted to
The Department of Political Science

In fulfillment of the requirements
For the degree of Master of Arts

By **Nadine Hisham Fawzy**

Under the supervision of **Dr. Ibrahim ElNur**

May/2012

The American University in Cairo

**Financial and Institutional Sustainability of Development Projects:
The Case of the Green Corridor Project and the Case of the High
Dam Lake Area Project**

A Thesis Submitted by

Nadine Hisham Fawzy

To the Department of Political Science

May/2012

In partial fulfillment of the requirements for
The degree of Master of Arts

Has been approved by

Dr. Ibrahim El Nur
Thesis Committee Advisor _____
Affiliation _____

Dr. Pandeli Glavanis
Thesis Committee Reader _____
Affiliation _____

Dr. Sharif Elmusa
Thesis Committee Reader _____
Affiliation _____

Dept. Chair Date Dean of HUSS Date

TABLE OF CONTENTS

Chapter I: Introduction	1
I. The Objective of the Study.....	6
II. Research Problems and Hypothesis.....	7
III. Methodology.....	8
Chapter II. Literature Review	13
I. Concepts and Indicators.....	13
<i>Sustainability and Sustainable Development</i>	13
<i>Institutional Sustainability</i>	17
<i>Financial Sustainability</i>	22
II. Challenges Facing Development Projects.....	25
<i>Institutional Challenges</i>	26
<i>Financial Challenges</i>	36
III. Approaches to Sustainable Development.....	37
<i>Endogenous Development</i>	38
<i>Participatory Approaches</i>	39
<i>Integrated Rural Development</i>	41
<i>Rural Sustainable Development</i>	42
IV. The Conceptual Framework: <i>Sustainable Livelihoods Approach</i>	44
V. Conclusion.....	51
Chapter III: Case Studies	52
I. The Green Corridor Project.....	54
<i>Overview</i>	54
<i>Implementation</i>	55
<i>Current Status</i>	58
II. The High Dam Lake Area Project	60
<i>Overview</i>	60
<i>Implementation</i>	62
<i>Current Status</i>	63

III.	Comparative Analysis.....	64
A.	The Institutional Aspect.....	65
	<i>Addressing the Different Levels of Institutional Development</i>	65
	<i>Capacity Development</i>	68
	<i>Trust as a Key Ingredient</i>	69
	<i>Addressing the Social Aspect</i>	71
	<i>Flexibility</i>	72
B.	The Financial Aspect.....	72
	<i>Adequate Funds to Cover Expenditures</i>	73
	<i>Partial Recovery of Project Costs</i>	73
	<i>Attractive Incentives for Participation</i>	74
	<i>Risk Management</i>	75
IV.	Conclusion	76
 Chapter IV: Conclusion of Evidence.....		77
I.	The Literature: Lessons Learnt.....	78
A.	Institutional Pillars.....	80
B.	Financial Pillars.....	83
II.	Conclusion Derived from Case Studies.....	86
III.	Concluding Remarks	89
 References.....		91

ABSTRACT

This study aims to discuss the negative implications of the narrow scope adopted by many donor agencies when addressing sustainability for development projects implemented in developing countries. This has resulted in a very limited impact when it comes to official development assistance (ODA). The study explores the main challenges facing the sustainability of local community development projects in specific; explores attempts to address those challenges; and then presents a more sustainable approach that is based on robust financial and institutional pillars. It argues that the introduction of such pillars creates a new approach to local community development projects that enhance their sustainability. The methodology adopted to prove this hypothesis depended on two case studies for two development projects in Egypt; The Green Corridor Project undertaken by the Italian Development Cooperation Agency, and The High Dam Lake Area Project implemented jointly by the Egyptian Ministry of Agriculture and Land Reclamation and the World Food Program (WFP). Through those case studies, a comparative analysis was conducted to examine how those financial and institutional pillars have affected the sustainability of the former project where they were introduced vis-à-vis the latter where ignoring those aspects prevented this project from becoming sustainable. The study was able to reveal how donor agencies tend to deal with sustainable development as a fixed objective, rather than address its dynamic features. This is what the study introduces through an approach to local community development that sets in place immune structures resembled in robust local community institutions, in addition to enhancing local capacities that enable the community to handle their resources in a manner that allows them to explore various sustainable livelihoods options in pursuit of their own development.

CHAPTER 1

INTRODUCTION

If development were a one-time procedure like a vaccination with life-time effectiveness, there would be no reason to be concerned with sustainability. But development is not such a procedure. Simple infusions of outside resources rarely generate self-sustaining improvements in productivity and life quality.¹

This study's focus rests on international development assistance or –speaking the language of international co-operation would be- official development assistance (ODA); defined by the Organization for Economic Co-operation and Development (OECD) as flows of official financing administered as tax-based contributions of donor government agencies and multilateral institutions -now increasingly being called development partners-, with the promotion of the economic development and welfare of developing countries as the main objective², translated into development projects and programs. The flows are concessional in nature with a grant element of at least 25 percent; and are either in cash, as direct grants and loans, and/or in-kind, as services, commodities, and technical assistance.³

¹ George Honadle and Jerry VanSant, *Implementation for sustainability: Lessons from Integrated Rural Development* (Bloomfield: Kumarian Pr Inc, 1985), 1

² OECD, "OECD Glossary of Statistical Terms." Last modified August 28, 2003. Accessed March 4, 2011. <http://stats.oecd.org/glossary/detail.asp?ID=6043>.

³ OECD, "OECD Fact Sheet: Is it ODA?", Last modified November 2008. Accessed March 2, 2012. <http://www.oecd.org/dataoecd/21/21/34086975.pdf>.

In 1970, the world's rich countries agreed in the UN General Assembly to give 0.7% of their Gross National Income (GNI) as official international development aid annually. Since then, despite billions given each year, both the quantity and quality of aid have proved to be poor.⁴

Success of development projects, funded by foreign aid, is achieved when the continuation of benefit flows to the local community without the continued support of the projects or organizations that stimulated those benefits in the first place. Sustainability resembles a concern for what happens after a project terminates. The threat to sustainability is obvious in the transition from project activity to a more permanent set of actors which requires that they have the resources, knowledge, and desire to continue local action.⁵

However in reality, the impact of development projects is increasingly limited and completely dependent on donors' funds and the implementing agency's continuity to support those projects. In this context of dependency, sustainability of projects tends to be at risk as soon as the donor decides to phase out or even at earlier stages. Project staff in many cases pays little attention to sustainability issues as a result of pressure for immediate delivery of goods and services.⁶ An emphasis on immediate delivery of goals leads to project designs, organizational choices and management practices that block chances for successful handover to the local community. Thus, the transition from starter motor to main engine never takes place.⁷

⁴ Anup Shah, "Foreign Aid for Development Assistance," *Global Issues*, (June 5, 2011) <http://www.globalissues.org/article/35/foreign-aid-development-assistance>, (Accessed March 4, 2012)

⁵ Honadle and VanSant, *Implementation for sustainability*, 75

⁶ Ibid, 8

⁷ Ibid, 75

Sustainability is largely absent from community development thinking. This research refers to a community-development model adopted by many development institutions that relies on temporary projects using outside resources⁸ whose supply cannot be sustained; i.e. development projects that tend to introduce only temporary change in local activity. The result is that serious rethinking of the fundamental pillars of such development strategies is required.

The good intentions of ODA supply can be easily argued against for long, yet it continues to be supplied by most developed countries. Therefore, in an attempt to make the best use of these resources, this research presents a more comprehensive model of sustainability which highlights key aspects of financial and institutional sustainability which are in most development projects not given sufficient attention, i.e. a different, more flexible approach to managing sustainability of development projects.

There is no definition that is universally agreed upon for the term 'project sustainability'. Each organization devises its own definitions to suit its purpose and objectives.⁹ However, when exploring what sustainable development refers to as a term; it quite literally means sustaining development over time. The term has been used in two different, yet interrelated contexts; one concerned with the environment and another referring to the continued effects of development

⁸ Ibid, 2

⁹ Aras, Güler, and David Crowther. "Making Sustainable Development Sustainable." *Management Decision* 47. no. 6 (2009): 979.

assistance-based projects. In both contexts, referring to sustainable development has one common aspect, which addressing a long-term time frame.

In the environmental context, the World Commission on Environment and Development (WCED) described sustainable development as development that meets the needs of the present without compromising future generations' capacity to meet their own needs.¹⁰ As stated by Shortall and Shucksmith, development is not just about increasing society's consumption of goods and services. It also involves empowering communities to manage their relationships with their surrounding environment, as well as other communities.¹¹

On the other hand, in the context of development projects, sustainable development refers to the continuation of benefit flows to the local community without the help of the initiators who stimulated those benefits in the first place. The International Fund for Agricultural Development (IFAD) Strategic Framework 2007-2010 defined the term sustainability as ensuring that the institutions supported through development projects continue and the benefits realized are maintained after the end of the project.¹² The degree of sustainability may be considered as the percentage of project-initiated goods and services and/or activities that are still delivered and/or practised and maintained for almost about five years past the termination of the flow of donor resources, the continuation of local action stimulated by the project, and the generation of

¹⁰ Jennifer A. Elliot, *An Introduction to Sustainable Development* (UK: Routledge Publications, 1999), 7

¹¹ Sally Shortall and Mark Shucksmith, "Integrated Rural Development: Issues Arising from the Scottish Experience," *European Planning Studies*, 6, no. 1 (1998): 75

¹² IFAD, "Sustainability of Rural Development Projects: Best Practices and Lessons Learnt by IFAD in Asia." Last modified May, 2009. Accessed April 10, 2011. <http://www.ifad.org/operations/projects/regions/pi/paper/8.pdf>.

successor services and initiatives as a result of project-built local capacity.¹³ In this context, a clear distinction needs to be made between temporary, project-related outputs and intended long-term benefit flows. Determining the level of sustainability of development projects requires checking against the following set of criteria:

- Will project systems be self-supporting after termination of donor funding or will a permanent subsidy be required?
- Does an administrative capacity that maintains essential systems for the continuation of benefits exist?
- If a local organization is used, to what extent is it capable of maintaining access to sustainable resources?¹⁴

The basic idea stems from the concept of self-reliance which refers to creating an internal autonomous system of mutually reinforcing inter-relationships, which is carried forward by the targeted community/beneficiaries, who continue to mobilize local resources, and where the community members have to play their roles through participating directly or indirectly in decision-making and actions and sharing benefits to develop their local society without the influx of costly and disturbing outside resources.¹⁵

¹³ Honadle and VanSant, *Implementation for Sustainability*, 2

¹⁴ *Ibid.*, 109-110

¹⁵ Manfred Leupolt, "Integrated Rural Development: Key Elements Of An Integrated Rural Development Strategy," *Sociologia Ruralis*, 17, no.1 (1977): 8

I. The Objective of the Study

This study argues that many development agencies do not understand the implications and dimensions of sustainability as a concept.¹⁶ Sustainability is not automatically a byproduct of development projects; it must receive serious attention from project inception through termination.¹⁷ The key message is that many donors need to abandon their obsession with the need for a tightly defined, quantifiable product, or output, and rather move toward a greater concentration on the learning process and capacity development. Thus, rather than looking for physical outputs, a shift of donors' focus is needed towards the process of assisting people to enhance their capacities to become empowered to undertake their own development.¹⁸

And based on this rationale, a number of principles and approaches could be incorporated in project design –and carried through implementation- to achieve more sustainable results. Accordingly, this study aims to examine the effect of the introduction of institutional and financial sustainability pillars to the design and implementation of development projects on their actual long-term continuity, i.e. sustainability.¹⁹

¹⁶ Aras and Crowther. "Making Sustainable Development Sustainable," 975

¹⁷ Honadle and VanSant, *Implementation for Sustainability*, 109

¹⁸ Anil Hira, and Trevor W. Parfitt, *Development Projects for a New Millennium*. (Westport, CT: Praeger, 2004), 118

¹⁹ *Ibid.*, 103

II. Research Problem and Hypothesis

Over the past 40 years, Egypt has received, and continues to receive, much international development assistance from many development agencies. In this context, many development projects in Egypt have dealt with sustainability as an automatic byproduct. Accordingly, this study aims to explore the reasons behind the temporary nature of many development projects; and thus why many of them hardly have sustainable impact.

The research attempts to answer the following questions:

- ◆ What are the factors that tend to undermine the sustainability of many development projects in Egypt from project design to implementation and project termination?
- ◆ How can the problematic temporary model adopted by many international development institutions in development projects be rendered more sustainable?

This study refers to a model adopted by many development institutions that relies on temporary projects using outside resources²⁰ whose supply cannot be sustained. Thus, the study explores the bottlenecks to sustainability and argues that a number of financial and institutional aspects could be considered; and thus incorporated in project design –and carried through implementation- to achieve more sustainable results. This approach, which can be considered the closest to a comprehensive model to sustainability, is based on broad definitions –mentioned in Chapter II- of institutional and financial principles that depend on adopting a learning-process; community

²⁰ Honadle and VanSant, *Implementation for Sustainability*, 2

driven approaches; the introduction of incentives that are not donor-paid for a temporary period of time; establishment and operationalization of local institutions that ensure continuation of activities; and establishment of networks.

In this context, the study intends to prove that there are good practices in terms of financial and institutional sustainability pillars which must receive serious attention from project inception through termination for a more sustainable impact. Accordingly, this study's hypothesis is:

“The incorporation of financial and institutional sustainability pillars in project design could allow development projects to become more sustainable.”

III. Methodology

This thesis' methodology adopts a qualitative approach based on a comparative analysis through case studies, drawing attention to the differences between the approaches of two development projects implemented in the agricultural sector in Egypt. The case studies were chosen for analysis to assess the validity of the paper's argument.

Primary data comprise material gathered from interviews with projects' major stakeholders. The choice of semi-structured rather than structured interviews was employed because it offers sufficient flexibility to approach different respondents differently while still covering the same areas of data collection. The interviews were recorded to secure an accurate account of the conversations.

Other field work was conducted as needed to identify gaps or confirm findings. Accordingly, field observation allowed me to observe phenomena of interest in the environment studied to draw information -related to the physical setting and environment within which the project activities took place- which was not obtainable from other methods.²¹

In addition, analysis of documentary sources took place for each project, including project documents, periodical progress reports and evaluation reports to cross-validate information gathered from interviews and observation. Existing impact evaluations were used to guide analysis, and which were undertaken by the Centre for Project Evaluation and Macroeconomic Analysis (PEMA).²² Such triangulation was important to supplement, as well as to compensate for, the limitations of each method. Books and academic articles were used as well -as secondary sources of information.

The paper's methodology for analysis will assess the inputs, as outlined by project documents for financial and institutional sustainability, vis-à-vis their actual contribution to the overall sustainable development of the target local community, to check against the validity of the

²¹ Justin Mog, "Struggling with Sustainability? A Comparative Framework for Evaluating Sustainable Development Programs." *World Development*, 32, no. 12 (2004): 1604

http://www.geo.mtu.edu/~asmayer/rural_sustain/intro_2010/further_readings/mog_2004.pdf (Accessed April 10, 2011)

²² In January 2003, Egypt's Minister of International Co-operation launched the Centre for Project Evaluation and Macroeconomic Analysis to assess the impact of international development assistance projects and programs received by Egypt. The Centre's mandate is to carry out impact evaluation to assess the outcome and sustainability of actual benefits derived from foreign assistance after it has ended.

proposed hypothesis. Use of multiple qualitative techniques for the case studies' research therefore supported the validity and reliability of findings.²³

Case studies were chosen since they are concerned with how and why things happen, allowing the investigation of contextual realities and the differences between what was planned and what actually occurred. Case study is not intended as a study of the entire case, but rather to focus on a particular issue.

Case studies have been criticized for their lack of scientific rigor and reliability; and that they do not address the issues of generalizability. However, there are some strengths of case study which this thesis relied on; where they enable the researcher to gain a holistic view of a certain feature under study. They may also allow generalizations as the result of findings using multiple cases can lead to some form of replication.²⁴ Thus, using case studies to prove my hypothesis provided a convenient method of analysis.

Potential constraints could be the inability to control factors for accurate comparison, yet major aspects regarding projects' approach will enable drawing on points of comparison as explained below.

²³ Mog, "Struggling with Sustainability? A Comparative Framework for Evaluating Sustainable Development Programs", 1604

²⁴ Khairul Baharein, "Case Study: A Strategic Research Methodology", *American Journal of Applied Sciences*, 5, no.11 (2008): 1602-1603

Selected case studies are as follows:

1. The Green Corridor Project - funded by the Italian Development Co-operation Agency; and
2. Land Development and Settlement in the High Dam Lake Area Project – co-funded by the World Food Program (WFP) and the Egyptian Ministry of Agriculture and Land Reclamation (MALR).

Those two projects were selected from a pool of development projects because they were both agricultural development projects and aimed to improve the socio-economic conditions of a target local community. Also, both projects have ended by about three years; thus an assessment of the impact was feasible. This provided a base of commonalities against which comparison would be possible. In addition, the different approaches adopted by both projects, particularly in dealing with the institutional and financial sustainability aspects, provided a deviation point upon which measuring the anticipated impact would enable this study to examine its hypothesis.

Comparative analysis was particularly used as a methodology to extract results that either support or disclaim the study's hypothesis because of its capacity to maximize the number of comparisons that can be made across the cases under investigation, in terms of the presence or absence of characteristics of analytical interest.²⁵

²⁵ Marshall, Gordon. "Qualitative Comparative Analysis." Last modified 1998. Accessed March 12, 2012. <http://www.encyclopedia.com/doc/1O88-qualitativecomparatvnylyss.html>.

In Chapter II, the study will present the main concepts and indicators that explain sustainability and sustainable development, institutional sustainability, and financial sustainability. Chapter II then explores the institutional and financial challenges arising from traditional approaches to development, notably the top-down blueprint approach to development projects. It also discusses some of the previous models put forth in pursuit of sustainable development or at least in part as a response to top-down methodologies and their shortcomings; and finally, explores the selected conceptual framework, its pros and cons.

Chapter III showcases two contradicting case studies for two development projects in the agricultural sector in Egypt. The chapter then presents a comparative analysis of the case studies' institutional and financial sustainability aspects.

While Chapter IV includes a compilation of the lessons learnt, from the literature and the case studies, which frame an alternative flexible approach to the sustainability of development projects that is based on institutional and financial sustainability pillars, and finally the conclusion.

CHAPTER II

LITERATURE REVIEW

The literature review discussed in this chapter provides an overview of contemporary academic and practitioners' literature, as well as prevailing debates on the challenges of and attempts to achieve sustainable development, with a special focus on institutional and financial sustainability aspects of agricultural development projects. The chapter presents this literature building on the basic concepts under study, and how they could be measured, as discussed in the section below.

I. Concepts and Indicators

Sustainability and Sustainable Development

Most development projects are carried out with a particular core idea. It could be technology-related, lobbying to modify policies, or may be changing habits, etc. Despite the fact that many projects are tailored to address a specific set of challenges and in a manner that suits this particular local context; yet, many of them fail to realize that sustainable development requires a wide range of ideas that are locally-oriented. This is a prerequisite to enable the targeted stakeholders to meet the variable and evolving economic, ecological and social demands of sustainability.

There is a commonly held assumption that sustainability can be considered synonymous with sustainable development.²⁶ This stems from the fact that ‘Sustainability’ is viewed as concept that is dynamic, indefinite and contested in nature; while ‘Sustainable Development’ is described as an unending process, which cannot be defined by fixed goals or the specific ways of achieving them, but by an approach to creating change through continuous learning and adaptation. Sustainable development is (a) highly dynamic as a result of constantly seeking balance in the face of shifting local and global conditions²⁷; (b) largely indefinite as a result of being context-specific and based on very long-term goals; and (c) highly contested as a result of the various human values, perceptions and competing interests which are part of the key factors affecting the concept.²⁸

Thus, sustainable activity involves evaluating the consequences as a prerequisite to guarantee that decisions made in the present do not restrict the choices available in the future; actions that are rooted in learning; and where the major stakeholders understand and accept the implications. It is worth noting that none of the stakeholders are factors of production; on the contrary, each and every relevant stakeholder tends to be affected directly or indirectly by the result of the activity. Hence, sustainability without a consideration of the distributional impact of the activity is almost impossible.²⁹

²⁶ Aras and Crowther, "Making Sustainable Development Sustainable", 980

²⁷ World Bank, *Sustainable Development in a Dynamic World: Transforming Institutions, Growth, and Quality of Life*, (Washington, DC: World Bank Publications, 2003), 7

²⁸ Mog, "Struggling with Sustainability? A Comparative Framework for Evaluating Sustainable Development Programs", 2139

²⁹ Aras and Crowther, "Making Sustainable Development Sustainable", 980-985

In the context of development projects, many projects involve mobilizing a wide range of resources which could be material, human, financial, institutional, political, or cultural in nature; yet sustainable development projects also involve ensuring that the local community is capable of continuing to mobilize these resources in the future. Some scholars argue that the most useful way to conceptualize sustainable development is as a process of social change that tackles underlying structural problems and is rooted in learning, and continual innovation.³⁰

In this section, process-oriented criteria and outcome-oriented criteria are presented for evaluating the quality of a development project's approach to sustainable development. In this study, they are combined for more comprehensive assessment of the sustainability of development projects. The process-oriented criteria include the following aspects:

1. Character of participation

The type of the participatory approach adopted has to be suitable to the nature of the development project and the context addressed. This involves accounting for a number of concerns such as the local culture, the degree of the local community's control in sharing in decision-making, and their capacity to use appropriate tools to solve their own problems.

2. Success and nature of institution- and capacity-building efforts

This refers to the amount of resources invested in local institutions which have the capacity of managing the local community's development.

³⁰ Mog, "Struggling with Sustainability? A Comparative Framework for Evaluating Sustainable Development Programs", 2140

3. Diversity, multiplicity and adaptability of ideas promoted by the project

This criterion measures the project's capacity to account for existing diverse interests by introducing ideas that appeal to the greatest portion of the targeted community. Moreover, it measures the capacity of the project to tackle adequately the multiple sustainable development challenges through tailor-made solutions adaptable to the conditions of the local context, and its dynamic nature.

4. Understanding and use of local knowledge, skills, initiative and constraints

This stems from the fact that it is the local people who will have to manage the process of change after the project terminates and the donor phases out. Thus, it is crucial to measure the extent to which the project taps into the community's local resources and develops them to be capable of managing this process of change.

5. Recognizing the influence of external conditions, markets and policies.

This refers to the degree of awareness of the project's staff of the influence of external factors shaped at the national, regional or even international levels, on the local community. This entails that projects be designed to empower the targeted community to be resilient in face of such factors.

On the other hand, the outcome-oriented criteria entails the very simple foundation of estimating the degree of success of a development project based on the amount of positive change created,

its capacity to continue, the quality of the project's approach, and the number of elements addressed adequately.³¹

Institutional Sustainability

Institutional sustainability and institutional development are broad and complex concepts. Institutional development can be defined as the process by which individuals, organizations and social systems increase their capacities and performance in relation to resources, goals, and the surrounding environment. Some agencies use “capacity development” interchangeably with institutional development, or as an even broader concept. “Capacity” in this context refers to the ability of individuals, organizations and broader systems to perform their functions effectively, efficiently and in a sustainable manner.

The failure of many development projects can often be attributed to a narrow view of institutional development when defined in terms of individual skills and organizational characteristics. Often missed are important dimensions at the policy levels, or in supporting processes and the frameworks in which they operate. If not all levels and dimensions of institutional development are addressed, the potential of sustainable development might not be realized to its fullest extent. It is important to keep in mind that institutional development consists of, but goes beyond, human resources and organizational development. It also involves change in and transformation of social systems. As illustrated in Figure 1 below, institutional

¹ Ibid., 2141 - 2143

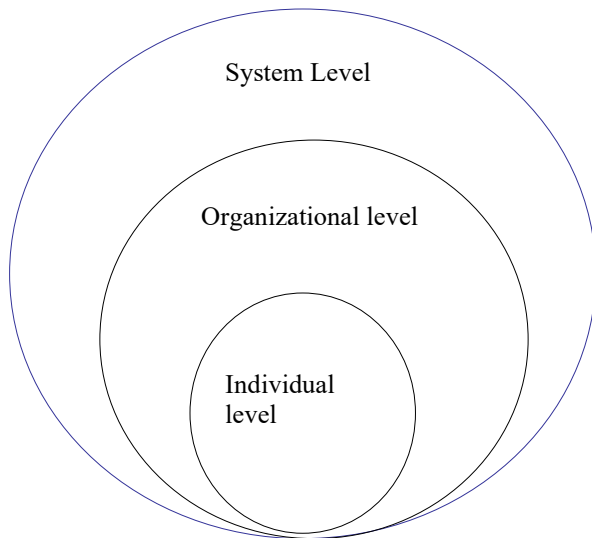
development embraces three levels: individual actors, organizations, and social systems, and consists of a broad range of activities at each of these levels.

It should also be emphasized that the concepts of institution and organization are related, but not identical. Institutions refer mostly to the system level and the norms, values and regulations which guide and constrain the behavior of individuals and organizations in a society, i.e. the rules of the game; while organizations are the actors -or players- within a system. An institution may be made up of many organizations, and ruled by a set of joint formal and informal norms and regulations.

A major dimension of institutional development is at the **individual level**. It is at this level that

we find people and actors, including small networks and groups. In development projects, they would be the various project stakeholders. They are the smallest and often most basic building blocks serving the requirements for any project or organization to function efficiently and effectively.

Figure 1: Levels of institutional development



There are further dimensions of

institutional development that need to be addressed at the **organizational level**, whether the organization is a government, a private sector firm or a community-based organization. These relate to the organization's strategy, management, finances, administration, etc.

The **system level** is the level extending beyond the organization. System-level aspects include overall policies, rules and norms governing the mandates, priorities, modes of operation, etc., within and across the respective sectors or sub-sectors. The system level will encompass the broad political and socio-economic forces. Relevant dimensions in both areas are the legal and political framework, norms and culture, links to external agencies, public participation and legitimacy among other aspects.

It is crucial to address all three levels of institutional development for improving institutional performance. Most development projects have to embrace all levels; and the process of selecting levels of interventions and program components should start from the broad system perspective.

Moving to institutional sustainability, an institution should be deemed sustainable if it has the strength to survive and develop to fulfill its functions on a permanent basis with decreasing levels of external support. According to the Norwegian Agency for Development Co-operation (NORAD), an institution or a long-term project can be considered to be sustainable if it were likely to be able to secure the necessary inputs and support; and to provide, efficiently and effectively, a continuing stream of activities and outcomes that are valued by its stakeholders for

as long as the institution is needed.³² The sustainable institutions referred to in this study are those which contribute directly or indirectly to sustainable development of the target local community. They should be mostly capable of sustaining local participation, management of resources and social capital necessary to maintain performance, networking, partnerships, capacity development, innovation, learning and adaptation, as well as managing policies that deal with external challenges, risks and shocks. In this context, it is important to realize that institutional development is a means to an end. The ultimate aim is not strong institutions as such, but institutions that are able to realize long-term development goals.

Thus, institutional development in the context of development projects would in most cases involve efforts to build local institutions and bolster the capacity of the local target community to manage their own resources.³³ In this regard, priority is given to the establishment of processes that enhance local skills and encourage the institutionalization of local participation.³⁴ A common project strategy is to create a beneficiary-oriented organization such as associations, cooperatives, non-governmental organizations, etc., and to enhance the capacities of those institutions and of individual actors to affect change—i.e., through knowledge and/or technology-transfer, networking and partnership-building, specialized training, and orienting people toward future learning, experimentation, adaptation and innovation.³⁵ The objective is to

³² NORAD, 2000, *Handbook in Assessment of Institutional Sustainability*, Oslo: NORAD, 4-6

³³ Mog, "Struggling with Sustainability? A Comparative Framework for Evaluating Sustainable Development Programs", 2153

³⁴ Honadle and VanSant, *Implementation for Sustainability*, 37

³⁵ Robert Chambers, *Whose Reality Counts? Putting the First Last*, (London: Intermediate Technology Publications, 1997), 235

leave behind functional institutions that will be self-sustaining once the project ends. These could be people's or private-sector organizations or governmental institutions.³⁶

In particular, local organizations can facilitate collective action by helping people make decisions and by providing a communication channel with the external environment. Often local organizations are valuable as channels of information with regard to the local community's needs. Moreover, because they share the local context with the target community, local organizations have an important role to play in planning and implementing project activities. And as vehicles for distributing benefits, they can support project equity objectives.³⁷

Accordingly, successful local institutions act as vehicles for access, inclusiveness,³⁸ knowledge sharing, practising economies of scale, reducing risks to a minimum, adapting project activities to local conditions, mobilizing local resources, achieving greater political and economic independence for local people who maintain greater control over local resources and deal directly with relevant policies, coordinating local actions³⁹, and helping local community groups network with other institutions and markets for increased benefits.⁴⁰

³⁶ IFAD, "Sustainability of Rural Development Projects: Best Practices and Lessons Learnt by IFAD in Asia." Last modified May, 2009. Accessed April 10, 2011. <http://www.ifad.org/operations/projects/regions/pi/paper/8.pdf>.

³⁷ Honadle and VanSant, *Implementation for Sustainability*, 50

³⁸ Leupolt, "Integrated Rural Development: Key Elements Of An Integrated Rural Development Strategy," 20-23

³⁹ Honadle and VanSant, *Implementation for Sustainability*, 53

⁴⁰ Mog, "Struggling with Sustainability? A Comparative Framework for Evaluating Sustainable Development Programs", 2154

Financial Sustainability

Financial sustainability in this respect could be defined as the ability to meet regular financial commitments, manage likely developments and encounter financial shocks in a manner that does not lead to significant negative impact on the local community's wellbeing. Accordingly, assessing financial sustainability depends on the capacity to meet financial commitments in the short, medium and long-run; manage unforeseen financial shocks, any adverse changes and general economic conditions; and encounter arising risks.⁴¹

If funds are sufficient during the financing period, but insufficient afterwards to maintain the benefits for the rest of project's planned life, then the project's financial sustainability is at risk.⁴²

Financial sustainability of a project can be measured if we analyze the 'with donor funding' situation vis-à-vis the 'after donor funding ceases to flow' situation. There are four aspects in this regard:

- a) The availability of adequate funds to finance project expenditures after donor funds cease to flow;
- b) The partial cost recovery of project costs from project beneficiaries or other relevant stakeholders, or as revenues from particular economic activities.⁴³ The introduction of

⁴¹ Queensland Government, "Report of the Local Government Reform Commission." Accessed December 20, 2011. <http://www.dip.qld.gov.au/resources/report/commission-recommendation/vol-01/14-financial-stability.pdf>

⁴² Ministry of Finance of the Czech Republic, "Guidelines for Financial and Economic Analysis of Projects." Accessed May 26, 2011. http://www.mfcr.cz/cps/rde/xbcr/mfcr/EcoFin_Guidelines.pdf

user charges to finance project expenditures from project beneficiaries needs to involve important issues including the economic effect of the charges, the degree of revenue generation or cost recovery, and the affordability of charges by different users;⁴⁴

- c) Financial incentives are necessary to ensure participation of all stakeholders in the project; however, there are two types of financial incentives in this regard; one provided directly by the donor in terms of disbursed cash or in-kind donation of financial value, and another in terms of higher returns directly or indirectly due to project activities such as increased income; and
- d) Risk management is another integral component of any project's financial aspects to have insurance mechanisms in place, such as cases where major shocks overwhelm the community and people become unable to repay their loans for example. Livestock and crop insurance provide a good example of risk management in agricultural projects.

Accordingly, the financial sustainability of a project depends on whether or not the concerned institutions are able to pay the financial subsidies that may be needed for the project to survive. Unless these institutions re-generate funds in a sustainable and transparent manner, their continuity into existence is highly doubted. The financial performance of the institution

⁴³ ADB, 1999, *Handbook for the Economic Analysis of Water Supply Projects*, Manila: The ADB, 187

⁴⁴ ADB, 1993, *Guidelines for Economic Analysis of Projects*, Manila: The ADB, 42

managing the project after the donor phases out must also be sufficient to attract capital to the project and the forecasted cash flow must be sufficient to finance the project.⁴⁵

In this context, economic viability of a project depends on its financial viability, i.e., sustainability of the project's financial returns. It is of great significance to account for the economic sustainability of a project. Economic sustainability refers to the project's ability to survive in the wider context.⁴⁶ Even when a project is intended to influence only one particular community, if it hopes to have a sustainable impact, it cannot afford to ignore the broader context in which that community is embedded. In designing interventions, it is unwise to assume that an individual or community is somehow isolated from markets, policies, or other external influences.⁴⁷

The internal and external environments, in which the local community's activities operate, interact to determine the financial sustainability of the target members of that community. The external factors could non-exclusively include the ability or inability to benefit from current national growth, as well as laws and regulations in place; status of available surrounding infrastructure and services; types of industries in the area; and financial shocks, as well as other external risks.

⁴⁵ ADB, *Handbook for the Economic Analysis of Water Supply Projects*, 187-205

⁴⁶ ADB, 1993, *Guidelines for Economic Analysis of Projects*, 7

⁴⁷ Mog, "Struggling with Sustainability? A Comparative Framework for Evaluating Sustainable Development Programs", 2143

On the other hand, internal factors could include the nature of available resources and local community's assets; local community's demographic factors; quality of the organizational resources; continuity or discontinuity, as well as skills, of personnel in organizational structures; capacity to absorb financial shocks with some degree of flexibility and take advantage of opportunities; having the necessary systems in place to operate efficiently, including appropriate technological resources, maintenance...etc.; access to market; existence of local financial measures that sustain risk management; existence of clear definitions of roles and responsibilities for avoidance of institutional conflicts⁴⁸; and degree of linkages with well-established institutions including private sector companies and/or civil society organizations. Unless such factors are taken into account, economic benefits will not be sustained.⁴⁹

II. Challenges Facing Development Projects

Evidence, through the literature and on the ground, points to the existence of numerous challenges which in cases impede the successful implementation of many development projects. These challenges can arise at almost any point of the project cycle from inception to termination and beyond. Most of those challenges could be encountered in the planning and design phase through a robust approach; while others require flexible adaptation of the project to encounter challenges as they arise. Most of the challenges that stand as an impediment to the sustainability of many development projects tend to be either institutional, or financial, or more often both.

⁴⁸ Queensland Government, "Report of the Local Government Reform Commission." Accessed December 20, 2011. <http://www.dip.qld.gov.au/resources/report/commission-recommendation/vol-01/14-financial-stability.pdf>

⁴⁹ ADB, *Guidelines for Economic Analysis of Projects*, p. 40

Institutional Challenges

Many development projects suffered from top-down approaches to development; and were supply-driven in many partner countries⁵⁰. Ideally, local demand for development should be the initiating factor for project activities. In reality, it commonly comes from outside; where the typical project pattern is where a donor agency brings external inputs to a local situation to address welfare and capacity objectives.⁵¹ Knowledge in terms of people's interpretations of their circumstances is a key resource which is usually ignored; thus risking the sustainability of such interventions. Induced local development assumes that outside resources can be used to provide a push to local action and the mobilization of local resources.⁵²

Many development projects hardly engage with and reflect the complexity, diversity and dynamic nature of a local community at the micro level and its institutional formation. The manner in which many donor agencies usually decide to take up a development approach most often clearly reflects their mandates, values, institutional cultures...etc. Many projects have experienced imposing a headquarters-driven approach on country offices and institutionalizing the skills needed to use this specific approach. The idea of working with a local community in itself has been viewed as being too broad to become the unit of analysis since it encompasses the

⁵⁰ Partner Countries as a term refers to developing and under-developed countries to which ODA is being directed. This term became widely used in today's development practice to refer to a shift in approach as these countries became partners in development rather than recipients of aid.

⁵¹ Ibid., 6

⁵² USAID, "Integrated Rural Development: Lessons Learnt", Last modified 2005. Accessed January 2, 2011 http://pdf.usaid.gov/pdf_docs/PNADF432.pdf

nature of relationships experienced by people within and outside a locality. Fears of such complex units of analysis have caused the notion of community development to be replaced by other simpler concepts, such as empowerment, community participation and stakeholder decision-making, resembling particular tools and methodologies, rather than a comprehensive development strategy.⁵³ Gerald Midgley argued that although today's donor agencies are more attuned to ideas about participation and empowerment; when such ideas conflict with technocratic decisions and the desire for particular outcomes, community development can be politically sidelined.⁵⁴ In this context, project staff tends to focus on immediate production targets causing them to ignore what would happen after the project is terminated.⁵⁵

Different studies point out that many problems in project implementation stem from deficient and rigid project design in the first place. Design deficiencies frequently occur due to pressure to implement projects quickly for many reasons, such as short budget cycles. Design work, and even feasibility studies, are often performed within boundaries defined by earlier decisions to proceed in any case. With their field of inquiry limited, designers often fail to observe potential constraints to local response in the project's environment.⁵⁶ A deficient project design can be exemplified by poor diagnosis of problems and over optimism over possible solutions. It is disappointing how many donors have the resources to be of great assistance to many local communities in need; however, it is factors such as time which the donor often lacks. That is

⁵³ Mary Ann Brocklesby, and Eleanor Fisher, "Community Development in Sustainable Livelihoods Approaches – An Introduction," *Community Development Journal*, 38, no. 3 (2003): 189-194

⁵⁴ Gerald Midgley, and Alejandro Ochoa-Arias, *Community Operational Research: OR and Systems Thinking for Community Development*, (New York: Kluwer Academic/Plenum Publishers, 2003), 293

⁵⁵ Honadle and VanSant, *Implementation for Sustainability*, 77

⁵⁶ *Ibid.*, 59

why in many cases, headquarters of many development agencies prefer short-term projects that achieve some of their objectives within the first year, or even few months. They would often rather not get into lengthy deliberations with the community stakeholders.

Another common challenge has always been to design a strategy or program which, though it incorporates the necessary levels of information, is flexible enough to allow for adjustments during the implementation cycle as new arising aspects require.⁵⁷ Overly rigid projects leave little room for community input; cannot effectively incorporate important lessons learnt; and are ill-equipped to support vulnerable households and communities in a dynamic risk environment.⁵⁸ Many development agencies' staff tends to be reluctant to pressure headquarters to change a clearly inappropriate strategy either also due to time constraints, or for fear of alienating its support for this external resource dependent project. Accordingly, it is challenging in this context to study what works and what does not because this may be a relatively lengthy process, and few project designs reflect the necessary patience.⁵⁹

Also, many development projects are faced with difficulties in unlocking local resources; and find it rather easier to provide external ones. Projects need to take into account the agency which maintains control over a central set of resources needed by the local community for their sustainable development.⁶⁰

⁵⁷ USAID, "Integrated Rural Development: Lessons Learnt", Last modified 2005. Accessed January 2, 2011

http://pdf.usaid.gov/pdf_docs/PNADF432.pdf

⁵⁸ IFAD, "Sustainability of Rural Development Projects: Best Practices and Lessons Learnt by IFAD in Asia." Last modified May, 2009. Accessed April 10, 2011. <http://www.ifad.org/operations/projects/regions/pi/paper/8.pdf>.

⁵⁹ Honadle and VanSant, *Implementation for Sustainability*, 60

⁶⁰ Ibid., 90

Furthermore, history provides numerous examples of development projects that failed, in part, because of interventions based upon an assumption of relative homogeneity within the targeted population, their livelihoods and the forces which shape their values and decision-making. To ignore the fact that different people have different interests and motivations is to step over a valuable opportunity to increase the project's impact by appealing to the greatest possible number of people.⁶¹ On the individual level, there is no doubt that there are inevitable conflicts between the requirements and expectations of different stakeholders. It is therefore a common pitfall for development agencies that the expectations of some stakeholders are usually not addressed.

In addition, in many cases, the depersonalization of people through the use of the term 'beneficiaries' provides a mechanism for their treatment as an entity with minimal recognition of personal needs and/or identities. In numerous development projects which have failed to become sustainable, the target community was dealt with either as a factor of production or as a passive recipient of the effects of the project's activities.⁶² Moreover, very often, relevant entities and/or indirect stakeholders are forgotten.⁶³ For example, failing to acquire local government or members of the local popular council's support can lead many successful ideas to fail. This is in addition to the cases where project management fails to consider the degree of influence which

⁶¹ Mog, "Struggling with Sustainability? A Comparative Framework for Evaluating Sustainable Development Programs", 2142

⁶² Aras and Crowther, "Making Sustainable Development Sustainable", 982-985

⁶³ Ministry of Finance of the Czech Republic, "Guidelines for Financial and Economic Analysis of Projects." Accessed May 26, 2011. http://www.mfcr.cz/cps/rde/xbcr/mfcr/EcoFin_Guidelines.pdf

secondary and tertiary stakeholders could have over the shaping of those activities; and the fact that they may be sometimes even more powerful than the primary stakeholders.

On another scale, the chances for success are low for even a carefully designed and well implemented project when it exists in an unfavorable political and economic environment. Not to mention the fact that many of these projects find themselves incapable of coping with political and macroeconomic policies at a global scale.⁶⁴ Furthermore, many development projects are faced with centralized governmental bureaucratic structures, systems and norms which pose barriers to effective local action. While in some other cases, it is the donor's bureaucracy that kills the project. For both, it may be reflected in inflexibility and slow responses to field needs, as well as unpromising prospects and discouraging incentives, particularly for those in the field.⁶⁵

In this context, it is worth mentioning that many partner countries are faced with weak public institutions that are often characterized by limited material and human resources, shifting leadership, high levels of personnel turnover, disabling work environment, as well as resilience towards continuity of previous efforts and the desire to begin new efforts which make sustainable continuity unlikely. This is usually the case as few bureaucracies reward those who successfully persist with others' ideas. Donor project management staff often chooses to bypass bureaucratic country systems through the use of organizational avoidance mechanisms, such as parallel

⁶⁴ Honadle and VanSant, *Implementation for Sustainability*, 80

⁶⁵ *Ibid.*, p. 59

project implementation units (PIUs).⁶⁶ Such units are usually divorced from the host government bureaucracies, since they are established in the first place to bypass existing weak institutions, reduce political interference and bureaucratic red tape to a minimum to get a job done quickly. In most cases, PIUs lack a cohesive implementation strategy; thus in most cases, its staff seem like a group of individuals pulling in opposite directions.⁶⁷ This negatively affects project sustainability as PIUs either phase out at a certain point leaving local institutions, communities or ministries with little improved or no capacity to follow up on projects' operational issues⁶⁸; or create obstacles because of their existence as parallel structures to large –yet in most cases weak- government institutions and/or country systems.

Donors adopted the PIUs strategy as the preferred style of organization. PIUs provided a means to concentrate decision making, bypassing a bureaucracy viewed with suspicion, while achieving high-visibility of results. Thus, a combination of technical and political conditions promoted the PIU strategy in development practice. Attempts to institutionalize the PIU in many cases proved failure. Although PIUs have a strong record in converting resources into goods and services; they have a poor history of ensuring the continuation of sustained benefits beyond the termination of donor financing.

⁶⁶ Ibid.,106-116

According to the OECD, a PIU is parallel when it is created and operates outside existing country institutional and administrative structures and is accountable to the donor agency.

⁶⁷ Ibid., 21

⁶⁸ USAID, "Integrated Rural Development: Lessons Learnt", Last modified 2005. Accessed January 2, 2011 http://pdf.usaid.gov/pdf_docs/PNADF432.pdf

As project implementation reaches its final stages, a common donor strategy is either to merge the PIU with a line ministry, or handover the project activities to such line ministry. In handover to government entities, the inability of national line bodies to assume the recurrent costs of the activities which the donor initiated becomes an apparent threat to project sustainability. Moreover, the national line ministry hardly handles any non-sector specific activities. Field experience with line ministries indicates that they become handicapped in any attempt to deliver some multi-sectoral mix of goods and services. Accordingly, parts of the project are lost, risking the whole project's sustainability.

In reaction to this problem, development strategies shifted to creating community-based organizations (CBOs) with beneficiary members as the inheritors of the PIU functions. Examples of this approach include the establishment of cooperatives or associations especially in agricultural contexts.⁶⁹ However, in cases where projects establish a CBO, a very common organizational mistake tends to be crippling this CBO by forcing it to perform many functions before it can perform one well.⁷⁰ What most donors create is not a sustainable local institution, but rather a process where recurrent costs and inputs are initially assumed by the donor. Thus, what at first appears to be successful is, in fact, little more than a case of camouflaged dependence.⁷¹

⁶⁹ Honadle and VanSant, *Implementation for Sustainability*, 12-18

⁷⁰ Ibid., 56-57

⁷¹ Ibid., 14

Technical assistance (TA) is usually provided by the donor in an attempt to sustain the local community's capacity to continue to carry out project functions. However, this tends to be another handicapped area of many development projects. Stand-alone training and outside consultancy are the most favored types of TA for many donors; and which tend to pose huge obstacles to many projects' sustainability. Training is treated by most development projects as an activity that is separable from project activities and management.⁷² Trainees and trainers are usually not carefully selected; thus, training in many cases becomes irrelevant as trainer's experience and background may not be matched with trainees' local context, qualifications, and/or scope of work for wider practical application. Rather, they become scattered capacity building efforts, often to a large group of stakeholders and in a non-targeted manner to attract a higher number of trainees.⁷³

Stand-alone training has many weaknesses that create poor linkages between training efforts and the project. These include the fact that in many cases, unrelated individuals are trained together because logistical arrangements, such as participant days and full use of the facility, become by default more important than sustainable improvement of practical performance. Also, participants are usually treated as mere recipients of knowledge rather than as possessors of prior job-related knowledge⁷⁴, i.e. for example, the fatal error of considering farmers incapable or

⁷² Aras and Crowther. "Making Sustainable Development Sustainable", 985

⁷³ Robert Chambers, *Ideas for Development*, (London: Earthscan Publications, 2005),159

⁷⁴ Honadle and VanSant, *Implementation for Sustainability*, 42

ignorant which some donors commit⁷⁵ makes the latter lose great chances of enhancing mutual trust with farmers.

Many donors fail to realize that when learning is separated from actions; training does not pay off. A mismatch between organizational or contextual and technical assistance strategies lead to limited capacity development of the target beneficiaries. Thus, trainees can benefit academically from training; yet the disabling work environment or other factors may not allow for the application of what they have learnt.

On the other hand, if project management staff intends to perpetuate their positions, they may resist capacity development activities offered to the local community. Instead, the former is likely to seek training to build their own skills; and then use this to justify retaining key functions where the capacity lies; i.e. in the PIU itself for example. Thus, for project staff to take CBOs seriously there must be incentives for them to do so.

Regarding the issue of foreign consultancy, i.e. resorting to consultants who do not belong to the local community to hire them on a short-term basis, they are usually faced with insufficient time to acquire the needed background information concerning the local context. Also, it tends to be difficult to hold those who provide short-term assistance accountable for their actions and/or recommendations. Wasting TA funds to hire foreign experts who are not affiliated to the local context is a common error. Emphasis becomes focused on an output for an activity -such as the

⁷⁵ Chambers, *Ideas for Development*, 159

number of beneficiaries trained- in a matrix. But the key questions of where to build those skills, and how to ensure that they will be used, is hardly asked.⁷⁶

Furthermore, most donors fail to set a clear project exit strategy.⁷⁷ Project staff in many cases tends to be faced with tight timeframes in phasing out. Thus, as if they are getting rid of the project regardless of the capacities of the new organizations in charge; they hand over project responsibilities to governmental and/or non-governmental entities (and in a few cases, no hand over takes place) which places responsibilities in the hands of those ill-suited to carry them out.

The IFAD's experience on the ground has also demonstrated that few supervision missions and annual reporting events have focused on the sustainability of project activities. Many monitoring missions focus on the fact that commitments were disbursed for the purposes they were designed to be spent on to enable positive reporting to headquarters.⁷⁸ In this context, rushing for project completion in due time to move forward—to a new project for example- ignoring the need for follow-up through evaluation is a fatal error which many donors continue to commit.⁷⁹

⁷⁶ Honadle and VanSant, *Implementation for Sustainability*, 35-50

⁷⁷ Brocklesby and Fisher, "Community Development in Sustainable Livelihoods Approaches – An Introduction," 189

⁷⁸ IFAD, "Sustainability of Rural Development Projects: Best Practices and Lessons Learnt by IFAD in Asia." Last modified May, 2009. Accessed April 10, 2011. <http://www.ifad.org/operations/projects/regions/pi/paper/8.pdf>.

⁷⁹ Chambers, *Ideas for Development*, 159

Financial Challenges

Projects often fail to induce sustainable processes as a result of financial factors. Project planners sometimes design projects as though the availability of donors' funds and host country resources were unlimited. In some development projects, high-cost subsidized goods and services are used without generating the ability to cover the cost of maintaining and/or replacing them. Thus, the possibility that these goods and services will continue to be provided after outside funding ends is reduced or eliminated.⁸⁰ In the cases where donors hand over project activities to the relevant line ministry of the host government; this creates huge financial burdens on the latter's budget. For most partner countries, funds required to continue to operate the project in most cases do not continue to be covered through government budgetary reallocation.⁸¹

In the future, absence of outside funding as a result of the lack of an institutionalized source of capital results in low rates of financial return or insufficient cash flows which render income-producing activities unattractive for the local community.⁸² Unless it is obvious to the beneficiaries that their participation in the project would continue to yield financial gains; their sustained participation is hardly possible. Accordingly, during project implementation, many donors mistakably resort to temporary subsidies that work on ensuring that there is only what could be called purchased participation. Such temporary subsidies usually take the form of direct payment of financial incentives to target beneficiaries to adopt particular practices in some cases,

⁸⁰ Honadle and VanSant, *Implementation for Sustainability*, 77

⁸¹ ADB, *Handbook for the Economic Analysis of Water Supply Projects*, 189

⁸² Honadle and VanSant, *Implementation for Sustainability*, 8

or the provision of interest-free loans; all of which tend to build local participation on a fragile and unsustainable base.⁸³ In this context, the introduction of donor-paid direct financial incentives from the donor's funds allows the local community to participate in project activities only as long as the donor pays; a trend which has proved its failure over the years. Moreover, the type of incentive system adopted by the project is not selected based on an assessment of the suitable organizational or contextual incentives or the common local disincentives for adoption of project activities for example; but rather it is the incentive system typically followed by donor headquarters –another major obstacle facing the sustainability of many development projects.

The numerous challenges impeding the sustainability of development projects mentioned have paved the way for new development strategies, approaches and models to arise, as discussed in the next section.

III. Approaches to Sustainable Development

In the late 70s and early 80s, considerable skepticism emerged about the effectiveness of conventional development interventions which deal with sectors of social and economic life in isolation from each other, and/or which assume that socio-economic problems can be solved by standard measures, regardless of the local context's shaping factors. Many reputable development institutions and scholars stepped forward with a number of new approaches to sustainable

⁸³ Ibid., 71

development to replace previously adopted blueprint strategies. In this section, the most relevant approaches are presented, with their key features, pros and cons.

The notion of *Endogenous Development* has been put forward in opposition to traditional understanding of development. Endogenous development is understood as the hypothesis that improvements in the socio-economic well being of disadvantaged areas can best be brought about if it is based on local actors, resources and capacities. Endogenous development of any local community depends on a number of community-specific elements; these are:

- The collective resources of the local community itself including natural, human and cultural resources;
- The existence of a dynamic force such as local initiatives and enterprises;
- The capacity to participate in economic and other development activities; and
- The existence of capacity building efforts for local development in terms of skills, institutions, infrastructure...etc.⁸⁴

This approach differs from previous sectoral development approaches and discusses development activity within a territorial framework where it becomes based on the specific context of that territory. Local resources as key inputs are reoriented to maximize the returns of this community's economic and other development-related activities. The context-specific needs,

⁸⁴ Nemes, Gusztav. Hungarian Academy of Sciences, Institute of Economics, "Integrated Rural Development - The Concept and its Operation." Last modified August 2005. Accessed January 16, 2011. http://www.policy.hu/nemes/publikaciok/muhelytaulmany2005_6.pdf.

capacities and perspectives of the local people are the main active ingredients of their own socioeconomic development; i.e. they participate in and are responsible for their own development.⁸⁵ The main mechanism that this approach introduced for managing development is based on partnerships, whether between public and/or private entities, within the community⁸⁶ who group their resources in order to achieve a collectively agreed upon development objective. However, a main critique to Endogenous Development was that it presented a social theory that is not very successful in providing practical tools for implementation. For example, it has ignored discussing the institutional tools through which internal and/or external networks could be established; and how they could operate for the benefit of the local community.⁸⁷ In addition, this approach did not show how to deal effectively in face of conflicting interests and considered that development is a well-defined objective which could be met with local consensus.

On the other hand, in order to counter hierarchical errors of top-down development strategies, practitioners started resorting to *participatory approaches* with the objective of making decision-making flow from the bottom up. Participation in this context was seen as a methodology for enhancing sustainability. The rationale is that participatory approaches allow project stakeholders to feel a sense of ownership for the project; making them more likely to continue to undertake its activities and in turn sustain it after the donor agency phases out. The primary

⁸⁵ Chris Ray, "Towards a Theory of the Dialectic of Rural Development", *Sociologia Ruralis*, 27, no. 3 (1997), 345

⁸⁶ Chris Ray, "Endogenous Socio-economic Development and Trustful Relationships: Partnerships, Social Capital and Individual Agency - The Dialectic of Local Development: The Case of the EU LEADER 1 Rural Development Programme", Centre for Rural Economy (CRE), Working Paper no. 45 (2000), University of Newcastle.

⁸⁷ Philip Lowe, Jonathan Murdoch, and Neil Ward, *Network in rural development: beyond endogenous and exogenous approaches* in: Van der Ploeg, J. D. and van Dijk, G. (Eds.) (1995) *Beyond modernization: the impact of endogenous rural development*, (Assen: Van Gorcum, 1995), chap. 5.

vision was to allow participants to develop their own capacities; gain control over their resources and relevant institutions; and undertake initiatives to help improve their lives.

Through this approach, it is argued that participatory approaches to development should entail the following elements: first, stakeholders should play a key role in the project planning phase; secondly, be fully involved in project implementation; thirdly, share project outcomes and/or benefits; and finally, take part in project evaluation. Accordingly, participatory approaches refer to involving project stakeholders in almost all stages of the project from inception to termination in order to sustain it effectively.

However, debate around participation revealed that there were two schools to this approach. The first views participation as an end in itself, i.e. the key to empowering people. On the other hand, the second school was the deviation of the primary objective of this approach; where some donor agencies have employed this approach as a means to mobilize project stakeholders to achieve the supply-driven project objectives. In that case, empowerment does not become part of the anticipated results of the project. Thus, this second school created a top-down version of participatory approaches; and proved failure when it came to maintaining project sustainability.⁸⁸

In addition to this, some donors failed to realize that the sense of ownership was not enough to maintain stakeholders' participation; unless there was material benefit in return for their participation, they would not continue to do so. Another general drawback to some poor

⁸⁸ Hira and Parfitt, *Development Projects for a New Millennium*, 103-107

applications of participatory approaches can be exemplified in cases where it has provided access for powerful local actors to dominate local decision-making.⁸⁹ This was particularly the case in projects which targeted communities with large populations, thus inclusiveness of all community segments became very difficult.

Focusing on agricultural communities, *integrated rural development (IRD)* was presented to replace previous approaches which were characterized by the lack of interconnectedness between its various components, and which disregarded the importance of the relationship between the stakeholders and the project. The logic behind IRD lies in the complementary relationship between economic and social change; where development of the social aspect of a community cannot proceed beyond a certain point without parallel or prior progress on the economic front. In this context, IRD can be defined as a number of interconnected and mutually enforcing, agricultural and non-agricultural, activities oriented towards a defined objective that entails achieving improvements in the rural system as a whole. This approach is regarded as an overall policy that sets a framework for planning and implementation of development projects, aiming to increase agricultural productivity; ensure fairer distribution of income; guarantee people's equitable access to quality services and infrastructure; thus leading to overall improvement of living conditions and social integration. Accordingly, IRD gives greater attention to the mobilization of local natural and human resources, as well as the link between access to such resources, overall increase in output and the equitable distribution of income; in addition to strengthening the interconnectedness between agricultural and non-agricultural sectors.

⁸⁹ Philip Lowe and others, "Participation in Rural Development: A Review of European Experience" (CRE, University of Newcastle, 1998), 36

IRD was a good replacement to the one-size-fits-all approach imposed by many donor agencies. There are no blueprints which could be universally applied for the design and the implementation of IRD programs; but rather each partner country tailor-makes the programs which match its particular development conditions, requirements, priority areas, availability of resources, existing political, economic and social systems...etc.

However, IRD in most cases puts forth a political program rather than a technical approach to development. Thus, the key challenge lies in the capacity to translate each and every part of such multidimensional political commitment into concrete actions on the ground.⁹⁰ For example, the complexity of such programs requires inputs from various public and private institutions which should be accompanied by a high level of coordination among them. Weak public entities which exist in many partner countries are characterized by uncoordinated actions; thus impeding the effective implementation of such programs. Another major challenge is the high budgetary costs since this approach requires huge resources to cover all its aspects; i.e. no components could be curtailed in order to become as comprehensive as anticipated from it.⁹¹

In 1988, Robert Chambers wrote about *rural sustainable development* in face of the aforementioned challenges to sustainable development projects, as well as the critiques that were

⁹⁰ Leupolt, "Integrated Rural Development: Key Elements Of An Integrated Rural Development Strategy", 9-16

⁹¹ Apostolides, Costas. The International Centre for Advanced Mediterranean Agronomic Studies (CIHEAM), "The Role of an Integrated Approach to Rural Development." Last modified 2002. Accessed March 10, 2012. <http://ressources.ciheam.org/om/pdf/c28/CI020514.pdf>.

presented to other approaches to sustainable development. Chambers has mainly identified five major pre-requisites for sustainable development. These are a) adopting an adaptable learning approach to respond flexibly to the different needs of the different local contexts; b) setting people's priorities first by allowing the local people to identify those priorities since they have the most reliable knowledge of what works and what does not in their particular context, and in order to maintain their ownership for the project; c) securing rights and gains is crucial since evidence points to limited innovation in cases where restricted rights were granted; d) sustainability through self-help ensures genuine commitment, particularly to a project which the members of the local community participate in voluntarily; and lastly, e) self-caliber, commitment and continuity of the staff working on a project is a key element for the effective implementation of a sustainable project.⁹² Chambers' literature was presented in focus on rural communities; however, it could be viewed that these five foundations have provided the basis to other rural and urban approaches to sustainable development, on top of which is the ***Sustainable Livelihoods Approach*** (SLA). Building on the discussed approaches, there is massive importance of the *local* dimension which has to be prioritized when considering an approach to sustainable development. Upon assessing the various approaches, the study preferred the SLA as the most convenient choice for the conceptual framework; and the most likely to provide a concrete answer to this study's hypothesis as discussed in the next section below.

⁹² Robert Chambers, "Sustainable Livelihoods, Environment and Development: Putting Poor Rural People First", (Research Paper, Institute of Development Studies, 1988), 20-25

IV. The Conceptual Framework: *The Sustainable Livelihoods Approach*

The Millennium Development Goals diverted the development community's attention away from sustainable livelihoods (SL); to become more dominated by quantitative health and education indicators. Accordingly, agriculture and the rural economy, which were strongly associated with SL, fell further behind in donor spending priorities.⁹³

Livelihood thinking dates back to the work of Robert Chambers in the mid-1980s upon realizing that conventional development concepts did not yield the desired effects. Chambers developed the idea of SL –as mentioned above- with the intention to enhance the efficiency of development co-operation.⁹⁴

In 1987, the World Commission on Environment and Development (WCED) used the term ‘sustainable livelihoods’ in discussions on resource ownership, basic needs, and rural livelihood security. The 1992 UN Conference on Environment and Development located sustainable livelihoods as a means of linking socio-economic and environmental concerns. This was the driving force which slightly shifted international concern with environmental issues towards a focus on people and their livelihood activities; and placing these concerns within a policy framework for sustainable development. By the late 1990s, the idea of sustainable livelihoods had consolidated and materialized into a number of very similar approaches which were

⁹³ Jane Clark, and Diana Carney, “Sustainable Livelihoods Approaches -What have we learnt?” (Paper presented at ESRC Research Seminar to review of DFID’s experience with Sustainable Livelihoods, Swindon, October 2008), 2

⁹⁴ Stefan Gamper and Michael Kollmair, *The Sustainable Livelihoods Approach* (Zurich: Development Study Group, University of Zurich, 2002), 3

implemented by a number of intergovernmental organizations such as the United Nations Development Program (UNDP), the Food and Agriculture Organization (FAO), IFAD, and the WFP; bilateral donors where the British Department for International Development (DFID) played a prominent role in spearheading donor use of the SLA; as well as non-governmental organizations including CARE International and Oxfam; and research institutes, mainly the Institute of Development Studies (IDS) in Sussex, and the Overseas Development Institute (ODI) in London.

The SLA presented an attractive operational tool to many donor agencies and other institutions as mentioned above to assist work on poverty reduction through an asset-vulnerability lens. It provided a wider scope in dealing with poverty versus the formerly limited approaches adopted which were mainly based on income, consumption and employment.⁹⁵

According to Chambers and Conway, "a livelihood comprises the capabilities, assets and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base." (Chambers and Conway 1992).⁹⁶ This shifts the focus from development through community actions and mobilization to a much broader perspective linked to the community's multidimensional network of

⁹⁵ Brocklesby and Fisher, "Community Development in Sustainable Livelihoods Approaches – An Introduction," 185

⁹⁶ Robert Chambers and G.R. Conway, *Sustainable Rural Livelihoods: Practical Concepts for the 21st Century* (Sussex: Brighton Institute of Development Studies (IDS), University of Sussex, 1992), 9

relationships.⁹⁷ Accordingly, the SLA was proposed as a comprehensive conceptual framework for this study. In the coming paragraphs, an explanation of the key elements and core concepts of the SLA will be provided, followed by a brief analysis of the pros and cons, and how this study will overcome the latter.

The SL framework places people, particularly poor rural people, at the centre of a web of inter-related influences that affect how these people create a livelihood for themselves and their households. Closest to the people at the centre of the framework are the resources and *livelihood assets* that they have access to and use.⁹⁸ People have a number of *capital assets*, which they draw upon to make their livelihoods: these include *social capital* such as social networks and circles of trust, *natural capital* including the natural resource base, *financial capital* such as savings, income and access to credit, *physical capital* which covers means of transport, shelter, water, energy and communications and *human capital* comprising the skills, knowledge, labour including their work capacity, health and education. These five capital assets are put together to form an ‘*asset pentagon*’, which is used to assess people’s overall asset base.⁹⁹ The extent of their access to these assets is strongly influenced by their *vulnerability context*, which takes account of economic, political and technological trends, shocks such as epidemics or natural disasters, as well as seasonality including prices, production and employment opportunities. Access is also influenced by the prevailing social, economic and political environment which is

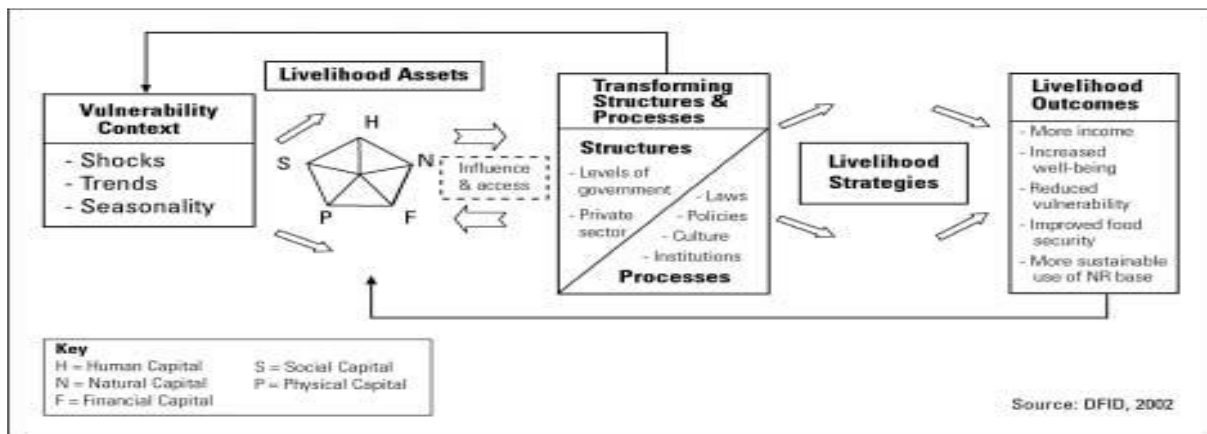
⁹⁷ Brocklesby and Fisher, "Community Development in Sustainable Livelihoods Approaches – An Introduction," 190

⁹⁸ IFAD, "The Sustainable Livelihoods Approach." Accessed December 20, 2011.
<http://www.ifad.org/sla/index.htm>.

⁹⁹ Brocklesby and Fisher, "Community Development in Sustainable Livelihoods Approaches – An Introduction," 187

framed by institutional structures and processes that are comprised of governmental and non-governmental bodies, a number of laws, policies, etc., which in turn affect the ways in which people combine and use their assets to achieve their goals. These are their *livelihood strategies* which if carefully chosen with the right mix of the above mentioned aspects could best achieve the desired *livelihood outcomes*, mainly reflected in increased well-being and reduced vulnerability.¹⁰⁰ Figure 2 below demonstrates how the different factors could interact in pursuit of sustainable livelihoods.

Figure 2: The SL Framework



Livelihood resources may be combined innovatively, often in complex ways, to create more sustainable livelihoods in a particular area. Equally, through the creation of local economic linkages and the recirculation of knowledge, skills and resources, livelihood intensity may be increased in an area. Thus, investigating the multiplier effects -both positive and negative- of

¹⁰⁰ IFAD, "The Sustainable Livelihoods Approach." Accessed December 20, 2011. <http://www.ifad.org/sla/index.htm>.

particular options is an important issue in assessing sustainable livelihood outcomes. It requires the active participation of all different relevant stakeholders in the processes of defining desired objectives, analyzing linkages and trade-offs, identifying options and choices and, ultimately, deciding what to do¹⁰¹, i.e. the most suitable livelihood strategy to the context at hand.

The core concepts of the SLA could thus be summarized as follows:

- **People-centered:** People, rather than the resources they use, are the priority concern in the livelihoods approach. Sustainable development will only be achieved if development agents work with people in congruency with their current livelihood strategies, social environment and capabilities to adapt.
- **Holistic:** A holistic view is needed for understanding the stakeholders' livelihoods as a whole, to identify the most pressing constraints faced by people and impeding their access to their assets.
- **Dynamic:** Just as people's livelihoods and the institutions that shape them are highly dynamic, so is the approach in order to learn from changes and help mitigating negative impacts, while supporting positive effects.¹⁰²

¹⁰¹ Chambers and Conway, *Sustainable Rural Livelihoods*, 10-15

¹⁰² Gamper and Kollmair, *The Sustainable Livelihoods Approach*, 3-4

- **Building on strengths:** The SLA builds on people's perceived strengths and opportunities, rather than focusing on their problems and needs; in a manner that thus supports existing livelihood strategies.¹⁰³
- **Macro-micro links:** Development activity tends to focus at either the macro or the micro level, whereas the SLA tries to bridge this gap in stressing the links between the two levels. The approach examines the influence of macro level policies and institutions on livelihood options, just as it does with the micro level.
- **Sustainability:** A livelihood can be classified as sustainable, when it is resilient in face of external shocks and stresses; when it is not dependent upon external support; and when it is able to maintain the long-term productivity while not undermining the livelihood options of others.¹⁰⁴
- **Encourage broad partnerships:** SLA counts on broad partnerships drawing on both the public and private sectors.

This study has carefully selected the SLA as a conceptual framework of its comparative advantage vis-à-vis other approaches to sustainable development. These pros could be presented as follows:

¹⁰³ IFAD, "The Sustainable Livelihoods Approach." Accessed December 20, 2011.
<http://www.ifad.org/sla/index.htm>.

¹⁰⁴ Gamper and Kollmair, *The Sustainable Livelihoods Approach*, 3-4

1. It is used to identify the main constraints and opportunities faced by a group of people; supporting them not only to address such constraints, but also to take advantage of existing opportunities¹⁰⁵;
2. Its flexible design and openness to changes makes it adaptable to be applied to diverse local settings;
3. It could serve as an analytical tool to understand the way a socially constructed environment works;
4. It can be used to sharpen the focus of monitoring and evaluation systems of development projects and programs ¹⁰⁶;
5. It analyzes micro-level interactions with a boarder macro-level context.¹⁰⁷ Thus, it helps in understanding not only the nature of poverty, but also the links between the different aspects of people's livelihoods in complex dynamic contexts¹⁰⁸; and
6. Although the SLA does not necessarily reduce the complexity and challenging nature of the targeted context, yet it addresses the local community's capacity to manage this context in pursuit of sustainable development.¹⁰⁹

However, the SLA still has a number of constraints which can be summarized as follows:

¹⁰⁵ IFAD, "The Sustainable Livelihoods Approach." Accessed December 20, 2011.
<http://www.ifad.org/sla/index.htm>.

¹⁰⁶ Gamper and Kollmair, *The Sustainable Livelihoods Approach*, 10

¹⁰⁷ Brocklesby and Fisher, "Community Development in Sustainable Livelihoods Approaches – An Introduction," 192

¹⁰⁸ DFID Jane Clark, and Diana Carney, "Sustainable Livelihoods Approaches -What have we learnt?" (Paper presented at ESRC Research Seminar to review of DFID's experience with Sustainable Livelihoods, Swindon, October 2008), 5

¹⁰⁹ Brocklesby and Fisher, "Community Development in Sustainable Livelihoods Approaches – An Introduction," 192

1. Such differentiated livelihood analysis requires enormous financial, time, human and other resources often lacking in many development projects on the ground; and
2. The claim to be holistic leads to a consideration of a wide range of aspects, which inevitably delivers a flood of information hardly possible to cope with. The decision about what to consider as priority may lead to a normative dilemma.¹¹⁰

This study intends to overcome these constraints by basing analysis on existing documentation, and mostly impact evaluations, as well as some field work needed for verification. Thus, an enormous amount of resources will not be needed. In addition, although the approach is holistic in nature; yet the study's analysis aims to be more focused on the role and impact of mainly institutional and financial pillars on the sustainability of development projects.

V. Conclusion

In light of the numerous challenges which were encountered over the years by many donors while implementing development projects in partner countries, many development agencies and scholars attempted to provide new approaches to achieve sustainable development.

In order to complement the literature presented and prove the validity of the study's hypothesis, two case studies were selected, as mentioned in Chapter I, to provide practical evidence of how sustainable development works, and when it does not, round the factors shaping it through a SL lens. These case studies are comparatively analyzed in the upcoming chapter, Chapter III.

¹¹⁰ Gamper and Kollmair, *The Sustainable Livelihoods Approach*, 10

CHAPTER III

CASE STUDIES

Through this chapter, the main aim is to examine how sustainability works on the ground. This chapter assesses the impact of deploying institutional and financial sustainability pillars in development projects, versus the impact of ignoring those aspects, on the sustainability and continuity of those projects. This is conducted by examining two projects in the agricultural sector as case studies. Case studies were employed as a method of analysis since they add strength to the knowledge presented and bring the research to a point where the theoretical meets the practical side of the issue under study, presenting what has worked and what has not.

The two case studies chosen to assess their sustainability pillars, with a special focus on institutional and financial aspects, to assist in proving this study's hypothesis are:

1. The Green Corridor Project - funded by the Italian Development Co-operation Agency;
and
2. Land Development and Settlement in the High Dam Lake Area Project – co-funded by the World Food Program (WFP) and the Egyptian Ministry of Agriculture and Land Reclamation (MALR).

Those two projects were selected carefully from a pool of development projects¹¹¹ due to a number of determining factors that framed the study's selection rationale. Both address the

¹¹¹ PEMA Library for Impact Evaluations of Development Projects

agricultural sector, and aim to improve the socio-economic conditions of a target local community. Both projects had ended by over three years; thus an assessment of the impact to determine the sustainability of both projects was feasible. These factors provided a base of commonalities against which comparison was made possible. On the other hand, the different approaches adopted by both projects, particularly in dealing with the institutional and financial sustainability aspects, provided a divergence point upon which measuring the anticipated impact has enabled this study to test its hypothesis.

The first case study, The Green Corridor Project, implemented jointly by the MALR and the Italian Development Co-operation, and funded by the latter, aimed to improve the socio-economic situation of inhabitants in West Nubaria area through production of exportable crops. The implementation of this project has particularly pinpointed the most common institutional and financial mistakes of development projects which have negatively affected the outcomes of this project. Whereas the second case study, Land Development and Settlement in the High Dam Lake Area Project, implemented jointly and co-funded by the MALR and the WFP, aimed to empower vulnerable families by making them settle in the High Dam Lake Area, and improve their socioeconomic status. This project provided the study with a positive example demonstrating the good institutional and financial practices of sustainable development projects which this study aims to prove.

I. The Green Corridor Project

Overview

This project is part of a bigger framework of co-operation between Egypt and Italy to increase the competitiveness of increased Egyptian exports. The Green Corridor project's main objectives are to increase Egypt's exports of botanical crops to be exported to European markets through Italy; while also improving the socio-economic situation of inhabitants in West Nubaria area through the production of exportable crops. West Nubaria seemed to be a promising location which is also close to the ports needed for maritime exportation to Italy. Egypt was to export various agricultural crops to Italy during Italian out-of-season periods, depending on Italian market demand. Accordingly, one of the project's key expected outputs was to export 3000 tons of packed products to Italy.

There were three main stakeholders; West Nubaria small-scale farmers who were already settled in this area, Egyptian exporters and Italian importers. A number of activities were planned; where Egyptian exporting companies were chosen, and workshops were conducted to create links between them and Italian importers on one hand; and with West Nubaria farmers on the other hand. The exporting price for each of the three types of fruits and vegetables chosen for cultivation; namely, potatoes, grapes and artichokes, was set; and Italian experts were brought in to provide the farmers with the needed training, agricultural advice and technical assistance to increase their awareness of the quality standards which are compatible with European markets. In order to attract farmers' voluntary participation in the project and encourage Egyptian

exportation, a financial incentive scheme for farmers and Egyptian exporters per each exported container.

Other project activities focused on logistical arrangements, including planning to refurbish an old cooling and packing station for reuse by the project; and organizing for maritime transportation. Moreover, it was agreed that the United Nations Industrial Development Organization (UNIDO) would implement a traceability system for the project; whereby each exported product receives a code to track production and exportation processes, in addition to installing its needed hardware and software.

Implementation

However, when it came to actual implementation, the Green Corridor project began by facing bureaucratic obstacles on the Egyptian government's side, causing it to start a season late. This led the project to miss a season; and the end result was cultivating 2300 – 2400 tons of agricultural exports, instead of the actual target of 3000 tonnes.

The farmers' experience with potatoes proved to be successful. For technical agricultural reasons, the demonstration effect proved effective with the farmers, making it easy to learn the technical tips that yield improved products. Moreover, commitment was mutual, both on most of the farmers' side and the exporter's side. They produced the expected quantity and with the required quality; while the Egyptian exporter was committed to pay the agreed upon price despite the fact that it was higher than the prevailing market price for potatoes at that time. In addition, the

exporter provided a bonus to the farmers as he gained good revenues. Most of the farmers asserted that “the company was committed to pay an export price that is higher than the prevailing market price, and the company was up to its commitments”.¹¹² Against this background, the number of farmers working on potatoes jumped from 28 farmers as the project started, reaching about 400 by its end. According to the project's manager, Dr. Ismail Faramawy, from the Italian Co-operation, links in this regard have continued sustainably beyond the project's framework.

On the other hand, the cultivation of grapes and artichokes was faced with failure experiences. With regard to grapes cultivation, although the project had originally set a target of 600 tonnes of exported grapes, yet the Italian importer reduced the amount to 300 tonnes instead. However, by the time 120 tonnes were ready for exportation; the Egyptian exporting company took a sample of the crop and found that it did not match the required European standards. Despite the Italian consultants' monitoring of the cultivation process; yet according to Dr. Faramawy, project management faced difficulties in convincing many of the farmers to follow some technical instructions which would have allowed them to produce better yields. For example, many of the farmers could not understand the fact that cutting a particular part of the grape crop at an early stage would allow it to become heavier in weight at a later stage of cultivation. For the farmers the logic was simple; cutting a part of the crop is equivalent to losing a part of the crop. Accordingly, the farmers were left no choice but to sell the grapes in the local markets with huge losses. Upon visiting one of the grape farms, some farmers confirmed that their experience with

¹¹² Focus Group Discussion with Small Holders, Tiba District, West Nubaria, 2 April 2008.

the grapes exporting company was disappointing. They asserted that the farm owner intends to stop cultivating grapes as they are not profitable. It was confirmed that their main dependence was on the local trader; losing the export market, even though the latter seemed more promising at first.¹¹³

As for the artichokes, despite the fact that farmers, as first-time artichoke growers, received some training on its cultivation, yet the amount of exportable yields was less than targeted. Thus, the Italian importer also did not deliver on his commitments and only took a portion of the agreed upon amount of artichokes, causing farmers severe losses as well. Most artichokes farmers who were interviewed agreed that investing in artichokes cultivation was a failure.¹¹⁴

With regard to the chosen cooling and packing station, it was found in an unsuitable condition to function properly; thus needed large amounts of funds to be refurbished. Despite the fact that the Italian Co-operation designed its renovation plan; yet it was faced with a bureaucratic challenge since this station was government-owned. Any cooling and packing station needs to be running 24 hours to undertake the needed procedures once the crop is harvested to avoid losses. However, the government's working hours and incapacity to hire employees on a shifts-basis for this station prevented it from becoming operational. This led exporters to use their own private packing stations.

¹¹³ Focus Group Discussion with Small Holders, El Entelak District, West Nubaria, 15 March 2008.

¹¹⁴ Ibid.

Against this background, UNIDO refused to create the agreed upon traceability system in the absence of a fully functioning packing station where the system was to be installed. Accordingly, the project management contracted a private company which undertook implementation of the system; installed it in the company's premises -since the packing station where it was to be installed lacked the needed equipment-; and provided training to two staff members of the Italian Co-operation on updating the system. The company confirmed receiving data on exported crops from the Italian Co-operation project staff for about six months; but then, towards the end of the project, no more data was received.

With regard to maritime transportation, a major challenge was faced due to the lack of direct and regular shipping lines between Egyptian and Italian ports, causing ships to make several stops along the trip, thus running the risk of affecting the quality of crops by the time they reach Italian ports. This was the case with part of the exported grapes production which faced partial rotting. On another note, farmers confirmed that they did not receive the financial incentives which the project had promised at the beginning. This, adding to the other challenging outcomes mentioned above, negatively affected the results of this project.¹¹⁵

Current Status

Upon inquiring regarding the project's current status to enable the study to assess the impact, Dr. Faramawy asserted that links between the farmers and the Italian exporters is probably continuing with regard to potatoes. However, with regard to artichokes and grapes, he

¹¹⁵ PEMA, *Green Corridor Project*, Project Evaluation Report No. 24, (Cairo: AUC Press, 2008), 1-9

emphasized that links ended with the end of the project. This issue was met with uncertainty on the Italian Co-operation's side regarding whether farmers now sell to the local markets, or found other links, or went back to pre-project status.

Despite the many bureaucratic challenges faced by this project, it seemed to have jumped into the implementation phase before planning and negotiations with the Egyptian Government were finalized, causing it to face the numerous obstacles which impeded its sustainable implementation.

However, this project's design also failed to consider institutional and financial sustainability pillars, among other factors. Dr. Faramawy affirmed establishing an agricultural cooperative for institutional sustainability purposes was not a proposed option during project design. Moreover, the use of unbinding contracts between the various stakeholders allowed for violations that have caused many farmers severe financial losses; and prevented the Italian Co-operation from overcoming the pervasive culture of distrust.¹¹⁶

In conclusion, the project aimed to establish the needed links that enable the farmers to improve their sources of income; however, the project had not considered how those links would be maintained beyond the project's framework. The Green Corridor Project has set an example that allows a clear distinction between this case and the second chosen case study as will be entailed

¹¹⁶ El Faramawy, Ali. "Green Corridor Project." June 22, 2011.

in the following section and analyzed in a comparative analysis in an upcoming section in this Chapter.

II. The Land Development and Settlement in the High Dam Lake Area Project

Overview

This project was carried out by a special unit in the MALR¹¹⁷, in co-operation with the WFP, with the objective of creating an empowered community by helping 4600 vulnerable families settle in the High Dam Lake Area; find job opportunities; develop the area's agricultural base; thus allow those families to improve their socioeconomic status.

This project started off by foreshore settlement and cultivation as a strategy given that land plots are closer to Lake Nasser to serve as a source of irrigation. However, as time passed by, the project management realized that permanent settlement was almost impossible, and seasonal cultivation was practiced instead. This was due to the devastating effects, which tide occurring in Lake Nasser resulted in, by washing away the people's homes, cultivated lands...etc. in certain seasons, and waters recede in other seasons causing drought. This led the special MALR unit to amend the adopted approach to situate the agricultural community in an area that is safe from floods.

¹¹⁷ The MALR Special Unit is partially funded by the WFP, but functions as a part of the MALR.

The High Dam Lake Area project selected the families based on vulnerability criteria and provided those selected settlers with a number of physical assets. Each settler received an agricultural land plot of five feddans with a certificate entitling them the right to use the land, a house connected to basic services where each settler pays only half the cost of the house in installments, food assistance to fill the food gap until lands became productive, public schools that provide free education, a medical unit and transportation services.

The project established two main institutions; namely an agricultural cooperative and a community development association. The settlers are all members of both structures where they pay monthly nominal fees, while most of the staff members hired, mainly extension officers, social workers, and female rural leaders, are also from the community itself. They were provided the appropriate training to conduct their respective activities and tasks in a sustainable manner.

The agricultural cooperative provides various agricultural services, including the provision of needed agricultural equipment and inputs, revolving loans to be used for income-generating activities, as well as irrigation services, and marketing of crops. The project also established a demonstration farm and a green house to assist extension officers demonstrate best practices to farmers and provide on-farm training facilities. On the other hand, the community development association undertakes cultural and medical awareness campaigns; has a nursery for children; and provides demand-driven capacity building activities, especially to enhance income-generating skills, as well as loans for projects by female settlers, such as animal husbandry activities among others.

Implementation

In assessing the actual outcomes of this project, according to the evaluation, settlers assured that "five feddans are adequate to provide each family with a suitable source of income". They also commented that the houses were well designed to expand flexibly.¹¹⁸

The rights to use the land was an issue which many settlers were not very much in favor of; however, the project management was able to convince many of them that this is to avoid fragmentation of land, particularly when inherited by heirs. Yet, the project management amended regulations governing this issue through negotiations with Aswan Governorate to meet local demand by enabling settlers to receive a legal ownership document of the house after four years if they prove serious willingness to settle, and another document with a long term right of use for the land so that settlers guarantee their rights and their children's rights to the land.

Regarding food assistance, settlers asserted that it helped them in initial project stages and confirmed that it was declining; and that "the rest of the needs are bought from the local markets, complemented by some of the cultivated crops"¹¹⁹. Previously, bread was transported to them daily from a neighboring village, yet the project established a wheat grinding mill for them that enabled the local community to open a bakery and become self-sufficient.

¹¹⁸ Focus Group Discussion with Settlers, Bashayer El Khier, Aswan Governorate, 8 October 2008.

¹¹⁹ Focus Group Discussion with Settlers, Bashayer El Khier, Aswan Governorate, 10 October 2008.

Evidence suggested that the settlers once selected upon a vulnerability criteria turned into an empowered community. Capacity development was among the project's objectives in order to empower this local community. In this context, on-the-job training was provided to the cooperative's and association's staff member on the specific tasks they will be carrying out. Others were trained on maintenance functions, marketing, and fund-raising. Illiteracy classes were held for both genders, where the tutors were from the literate settlers themselves on a voluntary basis.¹²⁰

Current Status

Beyond termination of project funding, the institutions established by the project managed to maintain links with the MALR special unit, Aswan Governorate and other institutions, so as to ensure that the community's challenges get resolved in a sustainable manner. According to the project's Ex-manager, Dr. Suzanne Attallah, they managed to convince the Spanish Development Co-operation Agency to install solar energy networks in the village to supply electricity after midnight; as their diesel generators operated only from sunset until midnight. Negotiations in this regard with the Government had revealed that the cost of supplying electricity to such a remote village was not available. However, a compromise was reached in another matter instead; as talks with Aswan governorate resulted in the installation of potable water networks to encounter challenges of the previously employed containers which produced polluted water.¹²¹

¹²⁰ PEMA, *Land Development and Settlement in the High Dam Lake Area*, Project Evaluation Report No. 27, (Cairo: AUC Press, 2008), 1-15

¹²¹ Kamel, Suzanne. "Land Development and Settlement in the High Dam Lake Area Project." August 10, 2011.

In conclusion, this project provided the basic living conditions for vulnerable families, provided initial funds where needed, and empowered the members of this community to sustain initiated benefits and continue to improve their living conditions beyond the framework of the project.

In order to test the concepts and practices explored in Chapters I and II on the ground, it was crucial to examine them through those two projects to view the impact beyond projects' supply of donor funding. However, in order to extract the evidence from those projects required to prove whether the incorporation of financial and institutional sustainability pillars allow development projects to become more sustainable or not, a comparative analysis was needed as discussed in the section below.

III. Comparative Analysis

Comparative analysis was particularly used as a methodology to extract results that either support or disclaim the study's hypothesis because of its capacity to maximize the number of comparisons that can be made across the cases under investigation, in terms of the presence or absence of characteristics of analytical interest.¹²² Through this section, the Green Corridor project and the High Dam Lake Area project will be compared with regard to certain aspects which entail the basic components of institutional and financial sustainability of development projects.

¹²² Marshall, Gordon, ed. *A Dictionary of Sociology*. 1998. s.v. "Qualitative Comparative Analysis." <http://www.encyclopedia.com/doc/1O88-qualitativecomparatvnylss.html> (accessed March 12, 2012).

As previously mentioned, commonalities shared between both projects included addressing the agricultural sector; aiming to improving the socio-economic status of the beneficiaries; and finally, both had ended by over three years, thus an assessment of the impact was feasible.

On the other hand, the different approaches adopted by both projects, particularly in dealing with the institutional and financial sustainability pillars, provided a divergence point upon which measuring the anticipated impact has enabled this study to test its hypothesis based on a number of aspects as discussed in the section below.

A. The Institutional Aspect

Addressing the different levels of institutional development

This aspect examines whether or not each of the two selected projects has addressed institutional sustainability at all of its three levels, individual, organizational and system levels.

On the individual level, the findings suggested that there was a particular dissimilarity between both projects in terms of approaching the local community. The Green Corridor project committed an error by deciding to deal with free beneficiaries in a non-targeted manner, instead of targeting a particular segment or number of members of the community based on logical criteria that serves to achieve the project's objectives. Accordingly, the project turned into a provider of seasonal jobs for free lancers since beneficiaries keep changing. This definitely provides no sustainable benefit for anyone, since there is no particular group that the project targeted in the first place.

On the other hand, the High Dam Lake Area project set specific criteria upon which it selected the most vulnerable families in Aswan. In addition, 4600 was selected as the number of families capable of creating a manageable local community under this project's umbrella.

On the organizational level, the first entity which any donor-funded development project encounters is the line ministry. In both projects, this entity was represented by the MALR; however, both projects were faced with different experiences in this regard.

The planning phase and the stakeholders' negotiations that follow are of great importance to any project. Most development projects tend to be full of tiny details which if not given sufficient attention and preparation, could end up making the whole project fail in terms of sustainability. A clear example was put forward by the Green Corridor project which had unfortunately jumped from the planning phase to implementation at an early stage. This was clear starting from the initiation of the project which was not correctly planned in terms of timing; as unsettled bureaucratic obstacles delayed the project, thus forcing it to start a season late followed with multiple negative consequences. Negotiations with the MALR had not been finalized with regard to some logistical arrangements such as the feasibility of having 24 hours running packing station. This was also the case with regard to negotiations with UNIDO; where the latter refused to install the agreed upon traceability system as a result of the failure to renovate the packing station.

On the other hand, the High Dam Lake Area project was carried out by MALR's special unit; thus what was feasible for that governmental unit was done based on the ministry's mobilized

funds and assistance of the WFP. It was evident that government ownership of that project had allowed it to be managed in a sustainable way since it was partially the responsibility of the government from the start to the end.

On the system level, both projects thought about creating networks that link beneficiaries to others in a manner that allows them to increase their source of income. For example, the Green Corridor project aimed to link the small-scale farmers of West Nubaria with Egyptian exporting companies and Italian importers; while the High Dam Lake Area project linked the farmers eventually with local markets and other agribusinesses such as HIENZ Company.

However, the Green Corridor project had not thought about how those links could be sustained; and that is the reason why as soon as the institution in charge of those networks, i.e. the Italian Co-operation, phased out, those links faded with time. On the other hand, the High Dam Lake Area project helped the local community set in place an Agricultural Cooperative, rooted in the local community itself, which was responsible for maintaining those links and pursuing other opportunities to market for farmers' agricultural products through expanding their business networks.

The institutions established by the High Dam Lake Area project empowered the local community and forced the MALR to maintain its links with the project to seek the former's support where needed. This also enabled the High Dam Lake Area project to gain a formal institutional status where it lobbies for the targeted local communities interests, as was exemplified in the

negotiations with the government and with other donors to seek innovative solutions where possible –as was the case with installing solar energy plants in collaboration with the Spanish Development Co-operation Agency. On the contrary, as the interview with the Italian Co-operation revealed, the Green Corridor project management had not thought of the option of establishing a cooperative that carries out the responsibilities of the project in the future.¹²³ Furthermore, the Green Corridor project did not account for the effect which external risks such as fluctuating market prices could have on the project.

Capacity development

As discussed in Chapter II, success of agricultural projects in many cases tends to be associated with the demonstration effect on farmers. In the High Dam Lake Area project, a demonstration farm and a green house were established to be used by the agricultural cooperative to provide on-farm training which is more effective compared to bringing a package of good quality products to demonstrate to the farmers –as was the case with the Green Corridor project. The task of the Green Corridor project was more challenging since it sought to train farmers to follow European standards. Accordingly, this target could hardly be achieved if foreign experts were contracted to provide local farmers with instructions, and just expect the latter to follow the orders; trusting that they will reap the good quality products which they were shown in the package. This is the reason behind the failure of convincing farmers to follow experts' agricultural instructions in order to cultivate grapes and artichokes that follow European standards. Experience of many development projects proved that the outcome tends to be more successful when the cultivation

¹²³ El Faramawy, Ali. "Green Corridor Project." June 22, 2011.

process is fully carried out in front of the trained farmers. Furthermore, it is worth noting that the Italian Co-operation provided supply-driven training using foreign consultants; rather than setting in place an institution that is responsible for providing demand-driven capacity development in the future.

Also, in the Green Corridor project, training provided for managing the traceability system was given to Italian Co-operation staff members. The Italian Co-operation failed to consider who will send the data to the system after project termination; accordingly, data flow ceased as the donor phased out.

In this regard, capacity development needs to be considered as an ongoing process, rather than a onetime ad hoc training, in order to fulfill the developmental objective sought. Accordingly, it is evident that the High Dam Lake Area project carefully planned how this could be carried out in a sustainable manner, handing over capacity development activities to a local institution such as the agricultural cooperative to carry out regular demand-driven on-farm training. The local staff members responsible for operating the cooperative and the community development association have full-time jobs which they carry out to generate revenues that keep the cooperative running for the benefit of the local community to which they belong.

Trust as a key ingredient

Trust is the cornerstone of any successful development project; which should be established and maintained for the sustainability of the networks on which any development project stands.

As emphasized by Chambers, securing rights and gains is crucial for any development project to become sustainable¹²⁴; and also as a fundamental aspect for ensuring trust is in place for the project's continuity.

The High Dam Lake Area project gave great attention to the issue of maintaining trust with the local community. The fact that the staff members of the cooperative and the association were members of the local community is a very important aspect in terms of ensuring their ownership of managing their resources. In addition, securing their rights to the land and house was met by a positive response on the project management's side which was able to issue them formal documents to prove their entitlement to those assets while considering the sustainability of the project's benefits.

However, the lack of trust in the Green Corridor project among all of its stakeholders was a key feature which characterized the insecure relationships among the various stakeholders. The absence of an institution, which lobbies for the farmers' rights, as well as the absence of binding contracts prevented all sides from committing to the established agreements. These aspects were important to guarantee each stakeholder's rights and gains through the process; however, the Italian Co-operation failed to consider risks such as changing market prices which were appealing for the exporters and importers to break their promises.

¹²⁴ Chambers, "Sustainable Livelihoods, Environment and Development: Putting Poor Rural People First," 20-25

Addressing the social aspect

Evidence suggested that the Green Corridor project failed to capture the fact that improving the socio-economic situation of people is not just concerned with the provision of income. It is rather about the provision of a sustainable source of income along with community-related facilities that allow for sustainable development of their lives.

The Green Corridor project did not consider the issue of settling as a key factor of sustainability. The project accordingly posed a livelihoods approach which was temporary in nature. Unlike the High Dam Lake Area project, the concept of seasonal cultivation was refused as soon as it proved its failure in creating a sustainable community. It was viewed that this type of cultivation was against the concepts of sustainable improvement of the standards of living. Moreover, food assistance was planned to be provided by the WFP in a declining manner; i.e. reducing food assistance as farmers' lands become productive and income levels improve gradually. The rationale behind this activity was to avoid settlers' dependency on food assistance. As pointed by Dr. Suzanne Attallah, the periodical assessment of families' needs with regard to WFP food assistance, provided the project management with an insight of the gradual self-sufficiency of the local community and as an indicator that socioeconomic conditions were improving.¹²⁵

The High Dam Lake Area project also established another key institution which is a Local Community Development Association that manages settlers' social aspects, including education, medical awareness, childcare, and training on other income-generating activities especially for

¹²⁵ Kamel, Suzanne. "Land Development and Settlement in the High Dam Lake Area Project." August 10, 2011.

women. One of the main drawbacks in planning the Green Corridor project was that it ignored addressing the social aspects related to the farmers at all, and dealt with beneficiaries outside the framework of community as a concept.

Flexibility

A positive aspect in both projects was the flexibility to amend project activities as circumstances required to overcome arising challenges. The High Dam Lake Area project replaced the failure foreshore cultivation model which led to merely seasonal cultivation to another more sustainable model that established a comprehensive community that is protected from flooding risks. It also changed the management of assets to secure the farmers more legal rights to those assets. However, it is worth noting that the hasty feature of the Green Corridor project was the factor which led many of its components to be faced with obstacles, forcing the project management to seek replacements. For example, the Italian Co-operation resorted to a private packing station, a private company to replace UNIDO to install the needed traceability system, switching maritime lines...etc.

B. The Financial Aspect

This aspect could be measured if we analyze the 'with donor funding' situation vis-à-vis the 'after donor funding ceases to flow' situation according to the four aspects previously discussed in Chapter II.

Adequate funds to cover expenditures

The High Dam Lake Area project provided the needed capital to be used by the agricultural cooperative and community development association for provision of revolving loans to settlers, encouraging numerous income generating activities. Making use of the idea of revolving funds is financially sustainable in itself. The project management provided those local institutions' staff members with the needed training on how to revolve those funds and generate profit beyond ceasing of external funding. A training of trainers was also provided to allow the staff to train the applicants for loans to submit reliable feasibility studies.

On the other hand, the Green Corridor project provided inputs and technical assistance to the West Nubaria farmers, and phased out before considering how they could cover farming expenditures after project termination.

Partial recovery of project costs

The High Dam Lake Area project only had considered carefully the importance of this aspect in contributing to financing project expenditures and expanding activities beyond the project's scope to serve the purposes of the community development. This took the form of nominal membership fees for the agricultural cooperative and the community development association. According to Dr. Suzanne, the affordability of the charges by the farmers, the fees' capacity to recover some expenditure costs, and other economic factors were examined through a participatory assessment carried out by the local staff of both institutions.

Attractive incentives for participation

The Green Corridor project had planned a financial incentive scheme for the West Nubaria farmers, which is a common approach many donors used to attract beneficiaries to the project, or to replace the money which could have been earned during the time spent in training for example. However, over the years, this type of incentives proved its failure since beneficiaries tend to participate for as long as the money is being provided. Evidence clearly indicated that this type of direct financial incentives is not development-oriented in nature; this has been classified by some development practitioners as mere charity¹²⁶ that has never helped a homeless person, for example, buy a house or develop beyond the status he/she is in. In addition to this, a planning error in terms of budgeting has prevented the Italian project management from providing farmers with their promised incentives. The direct consequence of which was that farmers partially lost trust in the project management.

With regard to the High Dam Lake Area project, the incentive to continue to participate not needed be financial since the project's consideration for developing almost all the aspects of farmers' lives, including the provision of assets, facilities, services...etc. The project selected the most vulnerable families which would have no option but to participate in an attempt to improve their socioeconomic situation. Furthermore, the project management had planned to assist the established local institutions to provide incentives to attract the farmers to become members of the cooperative and the association, such as providing discounted agricultural inputs.

¹²⁶ Honadle and VanSant, *Implementation for Sustainability*, 71

Risk management

The Green Corridor project had a developmental goal seeking success through a business strategy. However, the project planners failed to realize that in order to succeed in achieving the development-related aspect, the business aspect had to succeed fairly to bring good returns that ensure the sustainable engagement of the farmers. Findings have indicated that other than the potatoes' production, none of the other crops cultivated by the Green Corridor project brought good revenues. This is because Italian importers refused to pay the originally agreed prices.

The absence of legally binding contracts between the farmers, Egyptian exporters and Italian importers, as well as the fluctuating market prices which were not accounted for, were both factors that led to the project's failure. In this manner, the business strategy could not have succeeded since no mechanism was employed to ensure the needed business commitment against risks. This project included financial gains and losses; while the project ignored the impact of this aspect on business-oriented stakeholders, i.e. such as the exporters and importers, who were left to follow the strategy that is more financially rewarding to them. The project management depended on the concept of mutual benefit which unfortunately was not enough to make this project succeed in face of external risks.

Contracts institutionalize agreements as was the case with the contract entitling each farmer the right to use the land in the High Dam Lake Area project, as well as sharing a Hienz Co. contract –through the agricultural cooperative- which has a legally binding business nature.

IV. Conclusion

It was evident that the Green Corridor project had a promising potential to become successful. However, failure to conclude the planning phase successfully had numerous negative consequences that followed. Like Domino pieces, all fall apart as the first piece dropped down. Unfortunately, this project did not think beyond the provision of donor funding; thus sustainability was hardly considered. This project had adopted a spoon-feeding approach which would have never succeeded in providing sustainable development of the farming community. In addition, West Nubaria farmers had some local agricultural knowledge and the capacity to work. The Italian Co-operation did not work on developing their asset-base; it just created networks which it kept all its threads in its hands and imposed one livelihood strategy, giving the farmers no options to develop further.

On the contrary, the High Dam Lake Area project depended on a self-help approach where it targeted vulnerable families; provided them with the lacking assets; thought of how to guarantee they maintain those assets; set in place robust local institutions; guided them to the various livelihoods strategies they have including various income generating activities; and provided them with affordable risk management mechanisms to sustain those livelihoods.

Through this chapter, the key findings were presented and analyzed to highlight how both projects have handled the sustainability aspects under study. In Chapter IV, all key lessons studied in this thesis, through the literature as well as case studies, will be grouped to prove whether the proposed hypothesis is valid or not, and how.

CHAPTER IV

CONCLUSION OF EVIDENCE

This study is based on a sufficient amount of evidence that shows how numerous challenges, particularly in terms of financial and institutional sustainability, tend to be faced by development projects that aim to apply fixed blueprint approaches. Unfortunately, a considerable share of aid did not generate the sustainable anticipated positive effects that reach beneficiaries at grass roots level. This is mainly because what has not worked over the years is the distribution of the benefits through the trickledown effect. A profit-seeking market economy is not conducive to inclusiveness; and in the absence of appropriate institutional structures, a growing portion of the people tend to be left outside the streams of development.¹²⁷

As previously discussed, sustainability is a dynamic concept in nature; and thus, sustainable development must be seen as an unending process which cannot be defined by fixed goals to be achieved through specific actions. It rather entails a change oriented approach that depends on continuous learning and adaptation.¹²⁸

Through being exposed to other numerous experiences of development projects, particularly in Egypt, evidence suggests that the success of some development projects to induce sustainable positive change can be attributed to a wide range of tailor-made approaches to development.

¹²⁷ Leupolt, "Integrated Rural Development: Key Elements Of An Integrated Rural Development Strategy," 12

¹²⁸ Mog, "Struggling with Sustainability? A Comparative Framework for Evaluating Sustainable Development Programs.", 2139-2140

However, the common logic was clear; the ability to sustain success mainly depends on how the local assets and structures are strengthened; dealing with each local context as a different one.¹²⁹ On the contrary, many donor agencies have failed to sustain their projects because to them development was a target in a matrix with a deadline to be met.

Serious rethinking of the fundamental aspects of current development projects is required. Building on this, and on the numerous challenges impeding the sustainability of development projects presented in the previous chapters, this thesis aims to prove that another model can provide more sustainable outcomes vis-à-vis the one-size-fits-all agricultural model of extension and technology transfer.¹³⁰ This alternative model clearly focuses on building the needed institutional structures and setting in place the basic financial pillars that enable a targeted local community to pursue its own sustainable development.

Through the presented case studies, experience of other development projects and the relevant literature, a number of lessons learnt have been compiled in this section to assist in proving whether this study's hypothesis is valid or not, and how.

I. The Literature: Lessons Learnt

¹²⁹ Honadle and VanSant, *Implementation for Sustainability*, 43

¹³⁰ Mog, "Struggling with Sustainability? A Comparative Framework for Evaluating Sustainable Development Programs.", 2145

Imposed donors' headquarters-based development approaches and strategies, as well as the strict commitment to achieve targets in a logical framework in a short timeline, tend to kill the staff's capacity to innovate in a manner that best suits the targeted local community. It is often through innovation that mistakes are made. As Chambers argues, mistakes should be acknowledged and studied as opportunities to learn for future implementation.¹³¹ In my opinion, this is valid, yet not exactly accurate; they should be studied as opportunities for change *now*, rather than in the future. The success of many development projects rested on the project management's ability to meet local demand through ongoing adjustment rather than assuming that the initially planned logic of the project would automatically induce the desired results.¹³²

Evidence suggests that unless the targeted group share one local context, i.e. a specific community or area, that allows them to have some common characteristics, it is unlikely that they would be interested to pursue common development objectives.¹³³ In this regard, the size of the target group handled per project, or per project's phase, needs to be controllable in order for a project to achieve successful and sustainable results. This is crucial in order to ensure that it becomes responsive to the people's needs and is representative of their views regarding the desired livelihoods strategies to be pursued. Only at the area level is it possible to arrive at operationally feasible community development projects, derived from a thorough analysis of the

¹³¹ Hira and Parfitt, *Development Projects for a New Millennium*, 119

¹³² Honadle and VanSant, *Implementation for Sustainability*, 69

¹³³ IFAD, "Sustainability of Rural Development Projects: Best Practices and Lessons Learnt by IFAD in Asia." Last modified May, 2009. Accessed April 10, 2011. <http://www.ifad.org/operations/projects/regions/pi/paper/8.pdf>.

area's resource potential and the functioning inter-relationships. In addition, in this context, the mobilization and motivation of people is more likely to be achieved at the area and local level.¹³⁴

However, even when a project is intended to influence only one particular community, if it hopes to have a sustainable impact, it cannot afford to ignore the broader context in which that community is embedded.¹³⁵ In designing interventions, it is unwise to assume that an individual or community is somehow isolated from markets, policies, or other external influences economic, demographic, political, social, cultural, and environmental—which operate at national, regional, or even global scales. Thus, influences of various factors induced at the system level need to be also assessed thoroughly.¹³⁶

Moreover, in designing sustainable interventions, if costly techniques introduced by a project cannot be maintained in the future, or are not affordable to the community members, then these techniques will ultimately fail to generate the positive impacts desired by the project. For example, the introduction of affordable and simple risk management techniques could produce more sustainable effects over other more reliable, yet costly, techniques.¹³⁷

A. Institutional Pillars

¹³⁴ Leupolt, "Integrated Rural Development: Key Elements Of An Integrated Rural Development Strategy," 23

¹³⁵ Klaus W.Deininger, *Land Policies for Growth and Poverty Reduction*, (Washington, DC: World Bank Publications, 2003), 155

¹³⁶ Mog, J. "Struggling with Sustainability? A Comparative Framework for Evaluating Sustainable Development Programs.", 2143

¹³⁷ IFAD, "Sustainability of Rural Development Projects: Best Practices and Lessons Learnt by IFAD in Asia." Last modified May, 2009. Accessed April 10, 2011. <http://www.ifad.org/operations/projects/regions/pi/paper/8.pdf>.

No matter how large, well-funded, or well staffed a development project may be, ultimately, it is the local people and their institutions that will have to be responsible for the process of change within their own community beyond donor's assistance. It is, therefore, vital that projects be designed to effectively tap into their livelihood assets and constraints through concerted efforts to assess them before and during a project as they evolve. Such efforts will have a direct and powerful influence on ensuring the project's relevance, effectiveness, local acceptability, ability to take corrective action and, thus, overall success. In order to maintain this process of development over the long-run, this requires in practical terms building and strengthening institutions—such as civil society organizations, cooperatives, government entities, schools, universities, and research institutions—as well as the capacities of those institutions and individual actors to affect change—i.e., through basic education and extension, technology-transfer, networking and partnership-building, specialized training that makes the people's knowledge and skills the basis for training, and orienting people toward future learning, experimentation, adaptation and innovation.¹³⁸ Accordingly, some development practitioners have gone as far as partially evaluating a project's contribution to sustainable development on the basis of the success achieved in institution- and capacity building.

Local institutions should be thought of as mechanisms to increase the community members' resilience to external shocks and risks. In addition, they work on linking the local community with the external environment, making use of its strengths and accounting for its weaknesses, in order to maximize and maintain the benefits from its interaction with the external environment.

¹³⁸ Chambers, *Whose Reality Counts? Putting the First Last*, 157

Furthermore, these local institutions tend to increase the local community's room for input for improved livelihoods. In this context, sustainable development projects, in the agricultural sector for example, are likely to be based on helping farmers decide on the livelihoods strategies, which are feasible to them and include tools they can sustain to reduce risks, increase their resilience, and improve their living conditions.¹³⁹ These local institutions are expected to serve as communication channels during implementation and then become the inheritors of the project's functions as the donor phases out. Moreover, they enhance local participation, and provide beneficiaries a mechanism that they consider to be their own.¹⁴⁰

However, in the interests of sustainability, projects should prioritize strengthening existing institutions over the establishment of new institutions to avoid parallel structures. In addition, this entails viewing community institutions as true partners, rather than as contractors, and involving them at an early stage of project planning and implementation.¹⁴¹

A compendium of the lessons learnt from the literature, as well as exposure to the experiences of numerous development projects, has allowed this study to extract the potential characteristics of almost any local organization that is capable of running sustainably for the benefit of the local community. Often, the most successful local organizations are those which start with a single or two simple functions so that it addresses immediate local concerns, meeting them to generate

¹³⁹ Mog, "Struggling with Sustainability? A Comparative Framework for Evaluating Sustainable Development Programs", 2141-2153

¹⁴⁰ Honadle and VanSant, *Implementation for Sustainability*, 50-51

¹⁴¹ IFAD, "Sustainability of Rural Development Projects: Best Practices and Lessons Learnt by IFAD in Asia." Last modified May, 2009. Accessed April 10, 2011. <http://www.ifad.org/operations/projects/regions/pi/paper/8.pdf>.

local community members' satisfaction. Local organizations need to become effective before expanding its functions. It should also have the capacity to expand through time to carry out multiple functions. The functions should be marketed for transparently -openly and in a visible manner- to ensure the local community's trust and buy-in. Also, the scale of the local organization should be matched with the size of the local population it serves, as well as the resources it manages. In this context, local organizations tend to be more successful when they address the needs of a local community with a limited population. They should be run mostly by members of the local community in a manner that ensures consistency with traditional norms and local conditions; thereby ensuring local acceptance.

In this regard, the project's role shouldn't be based on exploiting the available resource base for the short-term benefit of the local community. Rather, it should focus on building the capacity of either existing or established local organization to generate, budget, and manage resources needed for more sustainable development impacts. Furthermore, the project should set the basis to increase the local institution's capacity to link with other organizations, formally and informally, to maximize its benefit.¹⁴²

However, the institutional sustainability pillars discussed cannot be maintained unless complementary financial pillars are set in place as discussed in the following section.

B. Financial Pillars

¹⁴² Honadle and VanSant, *Implementation for Sustainability*, 53 - 57

Unless it is obvious to the beneficiaries that their participation in the project would yield any financial gains; their continued participation is hardly possible, i.e. the incentive to continue to participate should be considered carefully by project management, and not purchased through direct financial incentives. Temporary subsidies, such as direct payment to farmers to join the project, or even granting interest-free loans, tend to build local participation on a fragile, unsustainable base. This is a particular problem when subsidies are financed by foreign aid. Either these subsidies become a drain on the host government, or they cease by the end of the project's funding. In the first case, local dependency is perpetuated; and in the second, purchased participation stops with the payment.

However, most project designers assume that opportunity for increased income will provide enough incentive for beneficiaries to respond to the goods and services that the project will provide. Although this may prove valid in some projects; however, continuity of such participation cannot be sustained by this simple equation.¹⁴³ Continued participation depends on more broad sustainable gains. The visibility of the financial and non-financial benefit to beneficiaries from participating in the project is a key issue. There has to be a clear indirect financial incentive, such as discounts on agricultural inputs, or direct non-financial incentives, such as free extension services, provided to beneficiaries to encourage them to join the local organization in the initial phase. This has to be taken into account by the project management before asking the local community members for membership fees to an organization which they didn't yet benefit from.

¹⁴³ Ibid., 68-71

The organization may also decide to regulate or set charges so that the full costs of supply are not met by users. For example, it may decide that only the operation and maintenance costs of services need to be met from user charges, but not the capital costs of the organization or particular activities' components. Moreover, membership fees have to be nominal or quite affordable to encourage continued participation of the target local community members.

Preparation of a thorough financial plan by the project management is necessary to ensure there will be adequate funds to finance project expenditures to cover investment and working capital requirements, and to cover operating expenditures.¹⁴⁴ Moreover, technical assistance with regard to financial aspects needs to be given more attention by donors and implementing agencies. They should be focused on promoting various suitable income-generating skills, which provide a convenient variety of local livelihood strategies, along with the provision of capacity development on how to generate funds to sustain local institutions, and activities, in a manner that allows it to continue its functions. Accordingly, for greater financial sustainability, funds provided by the donor should be used to create structures that generate funds in order to sustain benefits. Yet, many development projects risk their own sustainability when they burden local organizations, or governments –handed over project activities-, with costs which they cannot sustain. In this regard, this study emphasizes that costs which cannot be sustained by the targeted local community should not be disbursed in the first place.

¹⁴⁴ ADB, *Guidelines for Economic Analysis of Projects*, 41-42

Another major challenge is often posed by some donors' complex/inflexible reimbursement systems that may penalize good management. The change recommended entails flexible budgeting. Rigid, pre-set budgets, in which specific amounts of funds are tied to particular activities to be implemented within a pre-set time-frame, usually tight in nature, do not allow for undertaking unplanned requirements of participatory projects.¹⁴⁵ The essence of participatory work is that many development activities cannot be preplanned and budgeted because they emerge out of the interactions between development agencies and beneficiaries. For staff to respond adequately to the unexpected requirements of sustainable development projects, the following change in accounting procedures is needed; which is the ability to switch money from one budget heading to another; and the ability to roll unspent balances forward, while closely monitoring this flexibility. The ability to roll unspent balances forward would solve some of the major problems of bureaucratic waste of aid; that is the tendency to relax standards in appraisal of projects toward the end of the financial year. The necessity to spend every last penny allocated for fear that money will otherwise be withdrawn, has led many development agencies to approve costly development projects that they know to be of low value added toward the end of the financial year. Removal of this threat through the ability to roll unspent fund forward would not only provide the greater financial flexibility required by participatory activities, but also eliminate a major source of waste.¹⁴⁶

II. Conclusion Derived from Case Studies

¹⁴⁵ Koopman, Jeanne. FAO, "From Farmer to Planner and Back: Harvesting Best Practices - Key Issues from Ten Case Studies." Last modified 2000. Accessed March 8, 2012. <http://www.fao.org/docrep/X4480E/x4480e05.htm>

¹⁴⁶ Hira and Parfitt, *Development Projects for a New Millennium*, 120

The two case studies present clear examples of how incorporating or neglecting particular financial and institutional pillars affect development projects in terms of sustainability. It is evident that many donors focus on the short-term results which could be successful in any development project for as long as the donor and/or implementing agency supports it financially and institutionally. However, towards project termination, and as the donor submits the final report to its headquarters, the domino parts fall piece after piece. If the development project is not sustainable, then it is actually not helping anybody. The project in this regard becomes merely an experience which the target community undergoes, and then they simply go back to their normal daily lives, or at least with minimal changes.

The findings presented through Chapter III indicate that the empowerment and self-help approach adopted by the High Dam Lake Area project had a significant positive influence on the sustainability of this project. This was supported by the establishment of the needed local structures to sustain -financially and institutionally-, and expand the benefits generated out of a variety of livelihood strategies presented by the project.

Though there could be considerable room for improvement in certain areas of the High Dam Lake Area project, the weight of evidence suggests that this is a successful sustainable development project, insofar as it is having a positive influence on the overall livelihood outcomes. Undoubtedly, the most important factor has been the quality of the approach used by the project.

This project worked on strengthening the local community's livelihood assets; created the necessary transforming structures which guided the people to a variety of suitable livelihood strategies and increased their resilience in face of the surrounding vulnerability context; while guiding them to sustain their livelihood outcomes.

On the other hand, the business strategy adopted by the Green Corridor project was not complemented by the required risk management techniques which are needed to support the farmers in face of the external forces shaped by market prices and other factors. Commitments should have been made formal by a contract negotiated by the relevant stakeholders for a business strategy to work.¹⁴⁷ Even then, the project would have just succeeded to achieve the target anticipated, i.e. exporting 3000 tonnes of Egyptian fruits and vegetables in compliance with European standards. However, beyond the project's framework, and in the absence of an institution that represents the farmers' interests, it is hardly possible for an undefined number of farmers to group themselves under one or even more contracts with Egyptian exporting companies.

Despite the fact that flexibility was demonstrated by both projects –as previously discussed in Chapter III-, yet the flexibility of the Green Corridor project was confined to finding replacements to aspects that have failed, mainly because they were not well planned in the first place. While in the case of the High Dam Lake Area project, flexibility demonstrated indicated

¹⁴⁷ Honadle and VanSant, *Implementation for Sustainability*, 70

learning from practices that did not work effectively towards sustainable solutions to the target community.

The study examined the current status of each project and discovered that only the High Dam Lake Area project continued into existence; and was able to go further into developing the local community's capacity to survive in its surrounding context.¹⁴⁸ On the other hand, the Green Corridor project could not survive beyond the phasing out of the Italian Co-operation, while the West Nubaria farmers were not able to accommodate for its continuity on their own.¹⁴⁹

Against this background, the study successfully proves its hypothesis valid; that the incorporation of financial and institutional sustainability pillars –as discussed in the study- in projects' design can allow development projects to become more sustainable. Although there are other factors that affect development projects' sustainability, either contributing to or inhibiting it; however, sufficient evidence presented in this study point to the strong effect of institutional and financial pillars as key factors in this regard.

III. Concluding Remarks

While planning any development project, there is no problem in either overestimating or underestimating components of the project. The real challenge lies in having an overly rigid project that leaves little room for flexibility to change or hardly allows community input; while another real challenge resides in assuming a mistaken role. Donors and development agencies in

¹⁴⁸ Kamel, Suzanne. "Land Development and Settlement in the High Dam Lake Area Project." August 10, 2011.

¹⁴⁹ El Faramawy, Ali. "Green Corridor Project." June 22, 2011.

general should not be focused on achieving development in the targeted local context. Both, development and the surrounding context, are dynamic in nature. Thus, assuming that the target has been achieved today does not mean that the local community will be safe from risks tomorrow. The correct role which development agencies need to play is to set in place immune structures which are rooted in the local community; and are capable of managing this dynamic context in a sustainable manner for the development of the community.

If aid agencies are to become flexible in project implementation and depend on learning and change, the same must characterize the other stakeholders. So the dilemma doesn't only stop at the donor's role, but such flexibility to change must be met with similar responsiveness from the government's officials and the beneficiaries' side.¹⁵⁰ This study does not intend to set the blame on donor agencies alone to carry the responsibility of many unsustainable development projects. National entities which carry out development projects are as much likely to encounter the same pitfalls that impede the sustainability of many development projects as well.

Rather, this study aims to point to the importance of the quality of the approach of any development project, rather than the development goal which misleads many donors. The answer is simple, "Local action is the key to sustainability" (Honadle et al. 1985).¹⁵¹

¹⁵⁰ Chambers, *Ideas for Development*, 211-212

¹⁵¹ Honadle and VanSant, *Implementation for Sustainability*, 46

REFERENCES

ADB. *Handbook for the Economic Analysis of Water Supply Projects*. Manila: ADB Publications. 1999.

ADB. *Guidelines for Economic Analysis of Projects*. Manila: ADB Publications. 1993.

Ali El Faramawy, (Dr.), interview by Nadine Fawzy, Italian Development co-operation Agency "Green Corridor Project," Podcast Audio, June 22, 2011.

Apostolides, Costas. The International Centre for Advanced Mediterranean Agronomic Studies (CIHEAM), "The Role of an Integrated Approach to Rural Development." Last modified 2002. Accessed March 10, 2012. <http://ressources.ciheam.org/om/pdf/c28/CI020514.pdf>.

Aras, Güler, and David Crowther. "Making Sustainable Development Sustainable." *Management Decision* . 47. no. 6 (2009): 979.

Baharein, Khairul. "Case Study: A Strategic Research Methodology." *American Journal of Applied Sciences*. 5. no.11 (2008)

Brocklesby, Mary Ann, and Eleanor Fisher. "Community development in sustainable livelihoods approaches – an introduction." *Community Development Journal*. 38. no. 3 (2003): 189-194.

Chambers, Robert. *Whose Reality Counts? Putting the First Last*. London: Intermediate Technology, 1997.

Chambers, Robert. *Ideas for Development*. London: Earthscan Publications, 2005.

Chambers, Robert. "Sustainable Livelihoods, Environment and Development: Putting Poor Rural People First." Research Paper. Institute of Development Studies. 1988.

Chambers, Robert and G.R. Conway. *Sustainable Rural Livelihoods: Practical Concepts for the 21st Century*. Sussex: Brighton Institute of Development Studies (IDS). University of Sussex. 1992.

Clark, Jane, and Diana Carney. "Sustainable Livelihoods Approaches -What have we learnt?" Paper presented at ESRC Research Seminar to review of DFID's experience with Sustainable Livelihoods. Swindon. October 2008.

Deininger, Klaus W. *Land Policies for Growth and Poverty Reduction*. Washington, DC: World Bank Publications. 2003.

Focus Group Discussion with Settlers. Bashayer El Khier. Aswan Governorate. 8 October 2008.

Focus Group Discussion with Settlers, Bashayer El Khier, Aswan Governorate, 10 October 2008.

Focus Group Discussion with Small Holders. El Entelak District. West Nubaria. 15 March 2008.

Focus Group Discussion with Small Holders. Tiba District. West Nubaria. 2 April 2008.

Gamper, Stefan and Michael Kollmair. *The Sustainable Livelihoods Approach*. Zurich: Development Study Group. University of Zurich. 2002.

Hira, Anil, and Trevor W. Parfitt. *Development Projects for a New Millennium*. Westport, CT: Praeger, 2004.

Honadle , George , and Jerry VanSant. *Implementation for sustainability: Lessons from Integrated Rural Development*. Bloomfield: Kumarian Pr Inc, 1985.

IFAD, "Sustainability of Rural Development Projects: Best Practices and Lessons Learnt by IFAD in Asia." Last modified May, 2009. Accessed April 10, 2011. <http://www.ifad.org/operations/projects/regions/pi/paper/8.pdf>.

IFAD, "The Sustainable Livelihoods Approach." Accessed December 20, 2011. <http://www.ifad.org/sla/index.htm>.

Koopman, Jeanne. FAO, "From Farmer to Planner and Back: Harvesting Best Practices - Key Issues from Ten Case Studies." Last modified 2000. Accessed March 8, 2012. <http://www.fao.org/docrep/X4480E/x4480e05.htm>

Leupolt, Manfred. "Integrated Rural Development: Key Elements Of An Integrated Rural Development Strategy." *Sociologia Ruralis* . 17. no. 1 (1977): 8.

Lowe, Philip, Jonathan Murdoch, and Neil Ward. *Network in rural development: beyond endogenous and exogenous approaches in: Van der Ploeg, J. D. and van Dijk, G. (Eds.) (1995) Beyond modernization: the impact of endogenous rural development.* Assen: Van Gorcum, 1995.

Lowe, Philip, Christopher Ray, David Wood, Neil Ward and Rachel Woodward. "Participation in Rural Development: A Review of European Experience." CRE. University of Newcastle. 1998.

Marshall, Gordon, ed. *A Dictionary of Sociology*. 1998. s.v. "Qualitative Comparative Analysis." <http://www.encyclopedia.com/doc/1O88-qualitativecomparatvnylyss.html> (accessed March 12, 2012).

Midgley, Gerald, and Alejandro Ochoa-Arias. *Community Operational Research: OR and Systems Thinking for Community Development*. New York: Kluwer Academic/Plenum Publishers, 2003.

Ministry of Finance of the Czech Republic, "Guidelines for Financial and Economic Analysis of Projects." Accessed May 26, 2011. http://www.mfcr.cz/cps/rde/xbcr/mfcr/EcoFin_Guidelines.pdf

Mog, Justin. "Struggling with Sustainability? A Comparative Framework for Evaluating Sustainable Development Programs." *World Development*. 32. no. 12 (2004): 1604. http://www.geo.mtu.edu/~asmayer/rural_sustain/intro_2010/further_readings/mog_2004.pdf (accessed April 10, 2011).

Nemes, Gusztav. Hungarian Academy of Sciences, Institute of Economics, "Integrated Rural Development - The Concept and its Operation." Last modified August 2005. Accessed January 16, 2011. http://www.policy.hu/nemes/publikaciok/muhelytaulmany2005_6.pdf.

NORAD, 2000, *Handbook in Assessment of Institutional Sustainability*, Oslo: NORAD

PEMA. *Green Corridor Project*. Project Evaluation Report No. 24. Cairo: AUC Press. 2008.

PEMA. *Land Development and Settlement in the High Dam Lake Area*. Project Evaluation Report No. 27. Cairo: AUC Press, 2008.

Queensland Government, "Report of the Local Government Reform Commission." Accessed December 20, 2011.

Ray, Chris. "Towards a Theory of the Dialectic of Rural Development." *Sociologia Ruralis* . 27. no. 3 (1997): 345.

Ray, Chris. "Endogenous Socio-economic Development and Trustful Relationships: Partnerships, Social Capital and Individual Agency - The Dialectic of Local Development: The Case of the EU LEADER 1 Rural Development Programme". Centre for Rural Economy. Working Paper no. 45 (2000). University of Newcastle.

Shah, Anup. ", Foreign Aid for Development Assistance." *Global Issues*. (June 5, 2011).

<http://www.globalissues.org/article/35/foreign-aid-development-assistance> (accessed March 4, 2011).

Shortall, Sally, and Mark Shucksmith. "Integrated Rural Development: Issues Arising from the Scottish Experience." *European Planning Studies*. 6. no. 1 (1998): 75.

Suzanne Kamel, (Dr.), interview by Nadine Fawzy, "Land Development and Settlement in the High Dam Lake Area Project," Podcast Audio, August 10, 2011.

USAID, "Integrated Rural Development: Lessons Learnt", Last modified 2005. Accessed January 2, 2011

http://pdf.usaid.gov/pdf_docs/PNADF432.pdf

World Bank. *Sustainable Development in a Dynamic World: Transforming Institutions, Growth, and Quality of Life*. Washington, DC: World Bank Publications. 2003.

<http://www.dip.qld.gov.au/resources/report/commission-recommendation/vol-01/14-financial-stability.pdf>