

## **Livelihood Project for the Poor in Oman**

**Jamal AlMaimani,**

*Universiti Sains Islam Malaysia (USIM), Economics and Muamalat  
Bandar Baru Nilai, 71800 Nilai, Negeri Sembilan, Malaysia*

**Dr. Fuadah Binti Johari**

*Universiti Sains Islam Malaysia (USIM), Economics and Muamalat  
Bandar Baru Nilai, 71800 Nilai, Negeri Sembilan, Malaysia*

Corresponding email: [jmaimani@gmail.com](mailto:jmaimani@gmail.com)

---

**ABSTRACT :** *Livelihood Resource Projects is part of social security support program that is established by the Ministry of Social Development, MSD, in Oman under the name "Mawarid Al-Rizq". This is a targeted program to create essential work for the needy families to become productive on their own. The objective is to make those families depend on their own capabilities and experience in different regions in the country. The program will gradually turn them into self-reliance families who can generate dependently their monthly income (Manpower, 2014). This initiative will make them slowly graduate out of social security benefits that are freely granted to them due to their difficult conditions. This program will help the authorities to combat the begging phenomenon which is harmful and has its negative consequences on the society which appears due to illiteracy, few jobs, bad living conditions and emigrating from one area to another. Furthermore, livelihood projects aim at creating a source of income for the beneficiaries to raise their standard of living. The project will also promote a sense of the importance for this category of people so they can earn their own living and to deepen the thought of self-employment among such social groups in order to create productive families. Finally, this step will have its positive effect on the economy and will enhance the economic development in different regions in the country.*

**Keywords:** *Livelihood Projects, Social Security, Mawarid Al-Rizq, Oman, Ministry of Social Development.*

---

### **I. Introduction**

It is nothing more useful than having people produce for themselves in order to feel independent especially those who are in need for steady monthly income. Allah Says in Surat Adh-Dhariyat, Ayat (22) "And in the heaven is your provision and whatever you are promised" (وفي السماء رزقكم وما توعدون). Such social and economic activity will take full initiative to eliminate negative phenomena and harmful suffering. The Ministry of Social Development (MSD), in Oman, under Mawarid Al-Rizq program has executed such program in order to ensure sustainable development out of its core values in supporting various social groups. It aims to enhance people's capacity and facilitate their participation in public life, seeks to promote the principle of partnership and integrates the work of the needy families' in the society in particular those who are under Social Security support program. (UNICEF, 2011). The aim of MSD is to provide a self-livelihood source of income so these categories of people so they are capable of supporting themselves through entrepreneurship. The Ministry will manage the responsibility to market this program for similar groups in different regions in the country building on the experience and training it achieves in the capital area. This program will help authorities to fight begging and combat social phenomena through anti-begging and vagrancy law. This could be done also through intensifying media awareness and illustrating the harmful effect of such phenomenon.

### **II. Research Problem**

Poor families' dependency on social security benefits is an essential factor and it is considered part of government's commitment towards such important group of citizens. However, the outcome results of such grants and benefits that are received without any active role soon will be consumed and vanished by the beneficiary parties. There are many negative consequences that are associated with such unproductive system of SS benefits. Although receiving SS benefit is a normal human right which cannot be compared to begging or panhandling where the needy reach out their hand to others for free favors and help; however, creating productive group of families among this segment of people is essential in the long run. This statement does not

deny the rights some weak segments of the society who are unable to afford necessities of life and would need continuous financial support such as young orphans and very elder people. The negative consequences that might arise in the case of not having Mawarid Al-Rizq program can be summarized in the following aspects:

- Part of the society will be accustomed to laziness and prefer comfortable lifestyle.
- Incapability of workingand/or holding any kind of responsibility.
- Some people could become unproductive which hampers the normal march of life.
- The children might grow up, most probably, as beggars and will be unwilling to perform decent work in the future.
- Begging phenomenon has other implications beyond what is seen and has its implications on the economy; hence, Islam fights begging and encourages work.

### III. Research Objectives

This paper will explorethe experience of those families who were involved in the program of Mawarid Al-Rizq. Also, it willanalyze the support the beneficiary partiesare getting from the authorities at MSD to enable them to register their projects by turning them into productive dispense. This is an important trend to smoothly integrate this category of people into micro-project sector in the future. These micro-type projects might end up someday as part of SMEs projects in the future. The aim of the program is to make them achieve dependency and participation in the economic development process of the country. The paper will look into the advantages of the Mawarid Al-RizqProject program and the financial support the beneficiaries are getting from MSD and the related parties. “The vast majority of firms around the world are microenterprises. The International Finance Cooperation (IFC) Enterprises Finance Gap Database shows that about three-fourths of formal microenterprises and SMEs in developing countries are microenterprises, defined in this data set as enterprises with 1-4 employees. Even in the developed economies, 59 percent of all microenterprises and SMEs are microenterprises” (WorldBank, 2014).

### IV. Literature Review

Ministry of Social Development in Oman has set clear and concise objectives for Mawarid Al-Rizq program. The objectives are to alleviate poverty and make poor families, who are dependent on SS support, productive through their own projects with some help from MSD.

“The objectives of the project were to:

- Enhance community capacity to adapt to shocks and stresses and harness sustainable livelihood options.
- Demonstrate that local adaptive strategies, when reinforced by appropriate policy and technologies.
- Apply the sustainable livelihoods approach.
- Sensitize policy-makers about the linkages between policies, community adaptive strategies, science and technology and sustainable livelihoods of the poor; and
- Help policy makers redesign policies and the policy-making process to help households and communities achieve sustainable livelihoods” (Agobia, 1999).

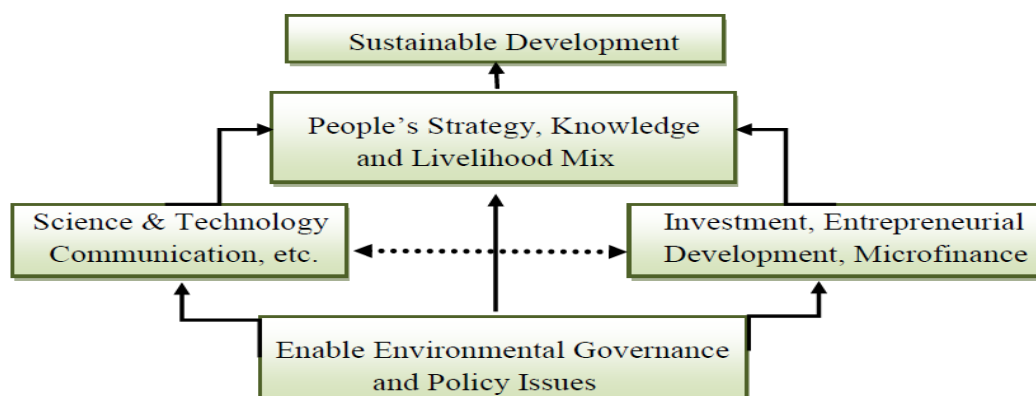


Figure (1) Sustainable Livelihood Approach (Agobia, 1999)

“There can be pressure to show positive outputs and economic impacts early in the project cycle when the realities in the field are less than ideal. Strongly participatory projects take time to show results, especially if a pilot project is to develop and test new methods. Most small enterprises need a multiple-year timeframe to gain

experience and show a profit”(Eckman, 2005).Of course the officials need to follow-up the results in order to direct those families to become productively efficient. Therefore, with such initiative, they have set the required training programs in different regions of the country to help those families to choose the appropriate program that suits their experience and skills.The government would not like to losssuch resources; training and investment without fulfilling their goals.“Despite these investments, very little is known about what has worked, what has not worked and why, as well as how we can develop more effective new programs for both conservation and sustainable livelihoods. The evidence base on the effectiveness of alternative livelihoods projects is scattered, partial and found across multiple institutions and geographies. Studies have used diverse and sometimes scientifically weak methods and metrics resulting in inconclusive evidence” (iied, CIFOR, & ZSL, 2011). The target group can be summarized in the following categories; recipients of social security pension or those who prove their entitlement to this pension,the families that are belonging to the SS programand eligible for pension funds, people with disabilities that are able to manage and run the project andlow-income households. “When asked “what is a livelihood”, few would struggle to answer. “Making a living”, “supporting a family”, or “my job” all describe a livelihood. The term is well recognized as humans inherently develop and implement strategies to ensure their survival”(UNDP, 2012).

“Small and medium enterprises (SMEs) including microenterprises play an important role as a cornerstone in fostering growth, employment and income generation in most economies. Creating a more resilient and diversified economy with more dynamic private sector participation. Enabling innovation and helping transition to a knowledgebase economy, through homegrown champions that can compete internationally. Achieving a more balanced and inclusive growth, by addressing bottom of the income pyramid, which include microenterprises”(GCF, 2015).

## **V. Research Method**

This paper is mainly based on academic research that will shed light on aspects related to development of Mawarid Al-Rizq project. The potential is to utilize such program to support limited income resources families in Omanto achievepositive and economic development through entrepreneurship participation. The study is conceptual in nature and analytical method is used based on the secondary documentations. It is well noticed that the government is keen to make such program work and succeed because it will bring about future active participation for such important segment of people especially in the rural areas. The paper will also point to the important role of such program in the development of SMEs in Oman.

## **VI. Analysis**

Oman is keen to create a culture of entrepreneurship among families of Social Security in order to support such targeted category of beneficiaries through a separate project known as Mawarid Al-Rizq Resources Projects. Not only this but also to establish similar departments at local entities in different regions with the same title and objectives. This is important for establishing and executing income generating projects for those families who are capable of depending on themselves.

The Process for Mawarid Al-Rizq Project can be summarized in the following steps:

- The application for a project is registered at the MSD.
- The beneficiary submits an application for the loan.
- Social and economic feasibility of the project is studied.
- A report is prepared within 30 days.
- The zero-interest loan is granted.
- Beneficiary should attend a training program.
- The applicant can protest the decision to the Minister within 30 days in case rejected.

### **1.5.1 Type of financial support MSD provides for Mawarid Al-Rizq Project**

The evaluation will be based on the type and the size of the project. MSD will facilitate with the concerned authorities to provide financial loan without any interest up to US \$7,800 for individuals and US \$ 13,000 for a project that involves more than one person. The payback period will be extended up to 6 years with one year as a grace period from the entail start of the project. It is interesting to recognize that 65% of the beneficiary parties are women. The sectors that are covered in the program will be commercial (trade) activities by 70% as well as services and productive activities; both will share with the remaining 30%. The conditions that are applied in this regard are the followings: first, thebeneficiaries of the loan for livelihood resources project must have no

another livelihood project that generates similar source of income; however, he/she can apply for an increase of the existing capital. Second, the candidate must be capable and qualified to manage his/her own projects. The idea of the project must be his/her own with some guidance from the authorities. Finally, it is not allowed by to employ expatriates on this project, as this is being a national targeted project part of SS program.

#### **First: Financial Source from Raffd Fund**

In cooperation to enhance and promote SMEs his majesty the Sultan of Oman has given the green light to establish Al Raffd Fund pursuant to Royal Decree 6/2013 in order to enable entrepreneurs to start their own projects and programs. The targeted categories for such loan are; social security beneficiaries, job seekers, rural women, professionals and home manufacturers. This program will incorporate Mawarid Al-Rizq concept. It provides financial program loans as follows under different financial titles:

- Mawredموارد program provides loan of US \$ 26,000 up to 7 years.
- Taseesتأسيس program provides loan estimated to US \$ 52,000 up to 12 years.
- Riyadaريادة (entrepreneur) provides loan at different schemes; US \$ 260,000 through 3 loan categories 2.6-52 k; 53k- 130k; 130k- 182k; 182k- 260k payment period up to 15 years.
- Tazeezتعزير program provides loan of US \$ through 3 loan categories 2.6-52 k; 53k- 130k; 130k- 182k with a payment period up to 12 years.

#### **Second: The Concessions and Exemptions the project provides**

The project of Mawarid Al-Rizq has provided a number of privileges and exemptions on some fees and services in order to help the poor and the needy families to focus on the limited income generated through such productive projects. These exceptions include the followings:

- Partial coverage treatment at some private sector hospitals. (Government's medical services are free for all).
- Service charges connection for power and water supply.
- University scholarships.
- School supplies and stationeries for children.
- Claims for court fees, administration side.
- Personal notebooks for students at college level.
- Rehabilitation services for disabilities.
- Exemption from the extraction of the identity card, passport fees, health card fees, fees for residential land, fees for land property, legal fees, building permits fees and birth and marriage certificate fees.

#### **1.5.2 Empowerment of rural women**

The projects aim to empower the women (65.5% of women in the rural areas work in agriculture and animal husbandry) in the rural areas and eliminate the factors that hinder them from depending on themselves specially those who have families and dependents. This includes women who are having limited income and depending on small size of cultivated lands, with traditional equipment and limited resources. They focus on projects related to environment such as agriculture, animal husbandry, fishery sector and handcraft projects. In the case of production projects, they focus on craftsmanship and in the case of service projects this include hairstyling, tailoring and typing. In some cases, these sectors would be the only income generating sectors for many of those women. In the commercial projects this will comprise income from selling and buying items such as fish, grocery, clothing and accessories. Fishing, on the other hand, is a more promising sector for many due the availability of fish and the support they receive from the government; however, due to high risk and hardship, only men explore opportunities in this promising sector.

Through an independent research by MSD expert it was found that the pension guarantees do not meet the needs of 93% of the SS families. This study covered 178 families in different regions in Oman in 2012 which concluded that the highest proportion of social security is targeted towards the elderly. The total cases for elderly has reached 40% out of 32,356 cases, followed by disability category by 31% and the divorced category came in the third place by 11%. The surprising fact confirmed that 89% of social security families do not know that the MSD provides assistance a livelihood projects under the name Mawarid Al-Rizq. The total number of livelihood projects that have been carried out by the Ministry during the period from 2004 till 2012 has reached

(568) projects with total amount of US \$ 4.4 million in cost. This means that in 2012 the growth rate of cases has witnessed and increases by 81.6%.

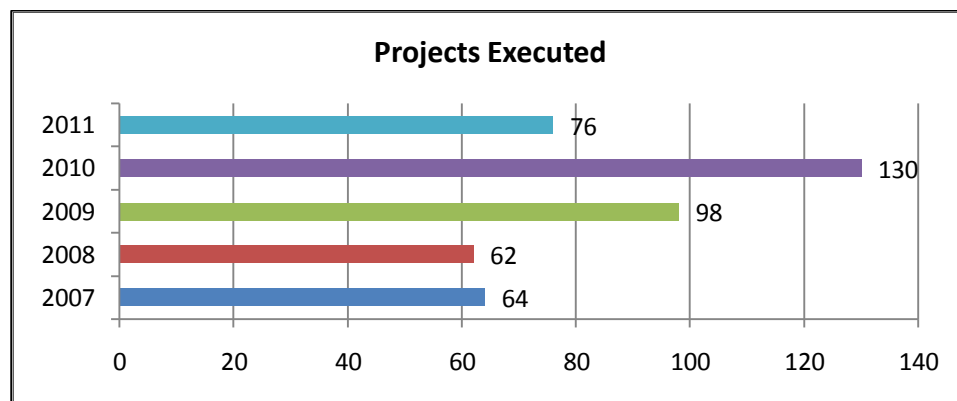


Figure (2) Projects Executed by Mawarid Al-Rizq (numbers)

### 1.5.3 Comparison between Mawarid Al-Rizq projects and SMEs projects

SMEs comprise 90% of the total registered companies in Oman; nevertheless, there are many challenges that face this type of companies. We can summarize some of these obstacles and compare them with **Mawarid Al-Rizq projects**, as follows:

- In the case of SMEs projects there are many government bodies that are in-charge of coordination in the areas of policy designing and implementation. However, In the case of Mawarid Al-Rizq Project the facilitation and approvals are much easy and simple due to the limitations of such program.
- The Business development programs are controlled and managed by governmental institutions for SMEs which involve complicated evaluation process and loans approvals. Such process takes long time and requirements due to its size and budget but in the case of Mawarid Al-Rizq Projects it is processed in much faster away, almost 30 days' time.
- The private sector role is absent for SMEs and contributes less effectively in policy design and monitoring. However, the relationship between the project and beneficiary parties at Mawarid Al-Rizq Project are more direct and well defined.
- At SMEs level regulation and administration environment, as it was revealed by the entrepreneurs, are not business friendly because enterprises registration and licensing procedures are time consuming. The requirements and procedures are cumbersome which involve power in granting clearance and too much of paperwork; on the other hand, at Mawarid Al-Rizq Project the process are less complicated.
- On regulatory level one can identify two main difficulties; the labor regulation and the judicial system. At Mawarid Al-Rizq, on the other hand, nationals only allowed to work and benefit from such services because it is directed for Omani needy families. (Almaimani & Johari, 2015).
- On human resources issue there is lack of availability of qualified and skilled nationals as SMEs are concerned. The qualified are not attracted to such business environment. This is true because many are reluctant to work for the private sector due to differences in payment and other incentives when compared to the public sector. The categories that are selected at Mawarid Al-Rizq Project require simple experience and skills which they develop through some training from the authorities; therefore, the nationals who work on their own projects are keener to make this succeed and develop (UNHCR, 2010).

### 1.5.4 Targeted categories of Mawarid Al-Rizq

The categories that are entitled to receive such support and enhance their living standard through Mawarid Al-Rizq program are those who are getting social security benefits. The program targets also members who are not entitled to get regular salary of social security and the disabled people who are capable to manage and operate projects. The program also can include limited resources families, the ones which research approves their need for help and support. Let us suggest categories which require further investigation to be involved in the program which include the followings:



- Orphans: those young people who have lost their parents and have the opportunity to continue schooling as well as utilize their skills to raise them productive in future. This category can get full support from the government for education as well as SS income and training to develop their future skills.
- Widows: every woman whose husband has died and remained without marriage and has no breadwinner to provide sufficient means of support as well as every woman, over sixty-year-old divorced. This category will be eligible to receive MSD support with more training in order to start a small project.
- Abandoned: every woman her husband leaves her to a place where he cannot be reached. In case she has no home or relatives to stay with, then she can be granted SS support and training to become productive on her own in the future.
- Unmarried girls: those girls who are in excess of 18 years and have never married and do not have sufficient means of support. They should get the opportunity to establish their own project and get the required loan from the authorities.
- Aging: every male or female reached sixty years of age and has no binding breadwinner. Of course this category will be covered by SS but in case they have talent and skill to start any project in this case they should be given the opportunity to do so.
- The prisoner's family: the family's breadwinner who enters a prison for a period exceeding 6 months and does not have adequate resources. In such case the authorities will start providing assistance and some important ideas in order to make them start a small project to gain future income.
- Disabled: eighteen-year-old person who is medical categorized as disabled and do not have a sufficient source of livelihood. In such case if the disability of this category does not hinder them from starting a productive project then they should be encouraged to start a suitable livelihood project as future source of income.

## VII. Conclusion

It is important to emphasize self-reliance aspect among all groups of people in the society because this will make people feel dignity through depending on their personal capabilities to meet their social and economic life. These initiatives prevent the household and individuals from slipping into poverty because these projects will general sufficient support for those families. Mawarid Al-Rizq will increase the economic capability of the households and support self-reliance projects; moreover, all participants will feel happy and secured. All obstacles should be resolved to ensure that those persons in this category are treated equally. The livelihood support should be empowered in order to strengthen the opportunities of those people instead of making them focus just on financial problems. This will make them work hard to sustain such practices and activities. Thus, social and cultural ties will be strongly tight among members of the community. The outcome results will even go beyond this factor where such activities will be counted in the general activities of regional economic development. Risk management for the poor is largely associated with health, safety regulations, social security and low salaries which the government should confront to facilitate. The government should make a comprehensive training program which should consist of short and long term objectives for those who are serious in becoming active in such productive process of Mawarid Al-Rizq function for their own and community benefits. This assistance gradually will lead to self-reliance as a long term productive and sustainable income resource for those families.

## References

- [1.] Agobia, C. A. 1999. *Community Drought Mitigation Project - Final report (050/19284)*. Zimbabwe: International Institute for Sustainable Development.
- [2.] Almainani, J. R., & Johari, F. B. 2015. *Enhancing Active Participation of SMEs and Islamic Banks Towards Economic Diversification in Oman*. Kuwala Lampur: Procedia.
- [3.] Eckman, K. 2005. *Lessons Learned by the WIN Project on Livelihoods Diversification and Enterprise Development*. Quebec: FAO - UN .
- [4.] GCF, G. C. 2015. *Cometitive Governments: SME in KSA*. Riyadh: SEGIA.
- [5.] iied, CIFOR, & ZSL. 2011. *Alternative Livelihood Projects and Conservation*. London: ZSL.
- [6.] Manpower, M. o. 2014. *Guide Book for Entrepreruship in Oman*. Muscat: Ministry of Manpower.
- [7.] UNDP. 2012. *Guidance Note on Recovery :ivelihood*. Japan: UNISDR.
- [8.] UNHCR. 2010. *Livelihood Programming in UNHCR: Operational Guidelines*. Switzerland: UNHCR.
- [9.] UNICEF. 2011. *Oman - Country Programme Document 2012-2015*. New York: UNICEF.
- [10.] WorldBank. 2014. *Global Financial Development Report 2014: Financial Inclusion*. Washington, DC: World Bank.