



IFAD in EGYPT



Egypt is IFAD's largest recipient of financial assistance in the Near East and North Africa and was one of the first countries in the world to receive financing from IFAD. IFAD has committed almost US\$ 207 million in loans to Egypt since 1981 to support agricultural development and reduce rural poverty. About 5 million poor rural people in rural areas of Egypt have already benefited from the collaboration between the government and IFAD.

These funds have supported eight agricultural development projects, with a total value of about US\$ 445 million. Designed by IFAD in collaboration with rural people, the government and other partners, the projects address poverty through promotion of improved incomes and living conditions of small-scale farming communities. They also seek to influence public policy on land tenure and other land settlement systems.

IFAD's first projects in Egypt were guided by a strategy developed in 1979 that supported two of the government's priorities in the agricultural sector: increasing productivity in the "oldlands" (the Nile valley and delta and their desert fringes) and promoting the settlement of smallholders in the "newlands" (desert land located in the north-west coastal area of Egypt). Four of these projects have been completed and four are ongoing.

In addition, two more recent projects are supporting the government's considerable investments in reclaiming large areas of newlands for distribution to poor and disadvantaged people. These projects are providing post-settlement and agricultural support services that are crucial to the establishment of viable farming. Their main features include:

- adaptation of technologies from Egypt's agricultural research efforts in the oldlands to conditions in the newlands
- improvement in water-use efficiency and sustainability of irrigation systems
- increased attention to off-farm enterprises
- support to formal and rural finance institutions, especially those working with farmers of very small holdings in the newlands
- support to marketing and agro-processing

Empowering rural poor people to improve their lives beyond the length of projects is at the heart of IFAD's work.

Reclaiming the land

Egypt's agricultural sector is of major importance to the country's economy. Agriculture employs about 30 per cent of the labour force and accounts for some 17 per cent of gross domestic product.

Agricultural activities are carried out in the Nile valley and delta and their desert fringes – the oldlands – which make up only four per cent of the total land area. Soils in the Nile valley are fertile, the climate allows year-round growth, and irrigation water is available throughout the year. With such favourable conditions, yields in the oldlands are among the highest in the world for several cereal and horticultural crops. Despite this, Egypt remains a food-deficit country.

One of the greatest constraints hindering agricultural growth and self-sufficiency is availability of irrigated land in a country that receives hardly any rainfall. With almost 97 per cent of the population confined to the Nile valley and delta and their desert fringes, it is no surprise that Egyptians have been so concerned with increasing cropped acreage and have been engaged in land reclamation for centuries.

One of the government's long-term strategies is to reclaim large portions of the desert, or newlands. The target set for reclamation up to 2017 is 4.3 million feddan (1.8 million hectares), of which almost 60 per cent would be available and suitable for agriculture. While physical reclamation is relatively straightforward, agricultural services, adequate social infrastructure and credit are essential if farmers transferring to these lands are to prosper. As the newlands were uninhabited before reclamation, the reclamation process must start from nothing. The challenge is indeed great, but with proper administrative structure and support services, it can be met.



ongoing operations

IFAD has four ongoing projects in Egypt – the West Noubaria Rural Development Project, the Sohag Rural Development Project, the East Delta Newlands Agricultural Services Project and the Agricultural Production Intensification Project.

west noubaria rural development project

Total cost: US\$ 54.8 million

IFAD loan: US\$ 18.5 million

Duration: Approved 2002, duration seven years

Direct beneficiaries: 36,000 small-scale farming households

Cofinancing: Italian Debt Swap (IDS) Facility (US\$ 30.13 million) FAO (US\$ 400,000) through a Technical Cooperation Programme

This seven-year project is working with small-scale farming households and unemployed youth who were dispossessed of their statutory tenancies in the oldlands and compensated with 1- or 2-ha holdings of reclaimed newlands. The project is helping them improve their housing and social amenities and adopt desert farming technologies that have been developed through Egypt's agricultural research system. The project supports about 36,000 families by:

- supporting the adoption of better on-farm water management practices
- encouraging the development of small and medium enterprises in agricultural production and marketing
- providing marketing and extension information
- supporting the development of a viable financial system and addressing the immediate need for financing of small and medium enterprises

sohag rural development project

Total cost: US\$ 98.3 million

IFAD loan: US\$ 25.0 million

Duration: Approved 1998, duration five years

Direct beneficiaries: 2.3 million rural people in 350,000 households

Cofinancing: IDA (US\$ 25.0 million)

The goal of this six-year IFAD-initiated project is to support a high-priority rural development effort by the government in Sohag, one of the country's poorest governorates, where 50 per cent of the households are considered poor, and 36 per cent extremely poor. The objectives of the project are to:

- promote sustainable rural development by using participatory approaches
- improve the capacity of communities and local governments to be directly involved in all phases of a range of rural infrastructure subprojects
- improve access to credit, especially for unemployed young people and women

The project will benefit about 75 per cent of the governorate's rural inhabitants (2.3 million people in 350,000 households). Moreover, it represents a landmark initiative in the region. Control over public-sector resources and investments is being fully decentralized to local administrative units at the village level. Villages are identifying and preparing their own village-level infrastructure investments. The experience that IFAD hopes to gain is expected to provide important insights for other countries in the region, where planning and control of public-sector investments often remain largely under the control of central government ministries.

east delta newlands agricultural services project

Total cost: US\$ 91.5 million

IFAD loan: US\$ 17.3 million

Duration: Approved 1996,
duration seven years

Direct beneficiaries: 26,000 resettled families on newly developed lands in the East Delta

Cofinancing: IDA (US\$ 15.0 million)

This seven-year project covers the recently reclaimed desert lands between the Suez Canal and the Nile Delta that are irrigated by the Al Salam Canal. The main objective is to support the settlement and agricultural production of about 26,000 families. This is being achieved through a number of initiatives:

- construction of tertiary irrigation and drainage systems
- provision of safe drinking water to needy communities
- support to credit banks in extending their operations to the area
- establishment of community organizations that can participate in the management of the irrigation system

Through these initiatives, the project aims to increase farmers' incomes as well as provide a basis for development of a viable rural economy in the area.

agricultural production intensification project

Total cost: US\$ 39.2 million

IFAD loan: US\$ 20.2 million

Duration: Approved 1994,
duration seven years

Direct beneficiaries: about 1 million rural households that are landless, have small landholdings, or are headed by women

This seven-year project encompasses the three governorates of Al Minya, Al Fayoum and Beni Suief and is working with almost 1 million rural households that are landless, have small landholdings, or are headed by women. The project is bringing an array of support services – research, extension and credit – to these households, in order to help them rapidly adopt technology that will improve their productivity and intensify land use. This is extremely important, given the limited potential for bringing further land into production.

The project is using a "whole-farm" approach in order to create research and extension activities that address the real needs of the small farmers. It builds on the previous successes of the "travel and visiting" system that was used in two previous IFAD-funded projects, by extending the system to Beni Suief. The extension system has been broadened to include livestock, a relatively neglected area in Egypt. At least 50 per cent of the farmers will need credit to enable them to adopt new crop and livestock technologies. The project's credit component is being set up to accomplish this. By developing new lending methods, the project has already improved access to credit for 50 per cent of the users who were previously barred from the existing credit facility.

completed projects

minya agricultural development project

Total cost: US\$ 47.8 million

IFAD loan: US\$ 25.0 million

Duration: Approved 1982,
completed in 1999

Direct beneficiaries: 115,000 small-scale farm families in the Minya governorate

The project aimed to strengthen the Minya governorate's extension and research services to increase the crop and livestock production of 115,000 small-scale farming households. The project set up 20 chicken-rearing units and distributed vaccinated birds to small-scale poultry producers, especially women. In addition, it established a feed mill and mixing plant and provided support to the Vaccine Production Centre for the production of pathogen-free eggs. The project also supported artificial insemination services for cattle and buffalo, as well as improved animal health services. Credit was granted to small farmers for farm mechanization. The project's "training and visiting" system has been adopted by the government as a model to be followed in other governorates.

newlands agricultural services project

Total cost: US\$ 41.6 million

IFAD loan: US\$ 22.1 million

Duration: Approved 1992, completed 2001

Direct beneficiaries: 35,000 small-scale farm families

This project provided an array of agricultural support services in technology transfer, on-farm water management and credit to assist about 35,000 small-scale farming households (about 170,000 people) who settled in the reclaimed newlands. An extensive training programme, including demonstrations and excursions, enabled the majority of farmers to address the difficult realities of farming and settling in the desert.

The intensity of summer cropping increased from 50 to 90 per cent and winter cropping from 65 to 95 per cent. Through extension advice, training and credit, the cropping pattern also shifted towards high-value crops. Field crops decreased from 69 to 48 per cent, and horticultural crops increased from 31 to 52 per cent. In addition, disposable farm incomes almost quadrupled.

Fayoum Agricultural Development Project

Total cost: US\$ 40.0 million

IFAD loan: US\$ 10.2 million

Duration: Approved 1984, completed in 1993

Direct beneficiaries: 31,000 small-scale farm families in the Fayoum governorate

Cofinancing: KfW (Germany) (US\$ 7.2 million)

The objectives of this project were to provide 31,000 small-scale farm families with the means to increase their income and their standard of living. In order to achieve these objectives, the project focused on five activities: extension and research, irrigation and water management, animal husbandry, farm mechanization, credit and marketing, and technical assistance and training.

During the course of the project, wheat and maize output increased by 124 and 18 per cent respectively, and almost 17,000 buffalo and cattle were purchased through the project's credit facility. Some 19,000 loans were granted, and repayment was satisfactory. Moreover, it was estimated that the average farmer's income increased by about one third. The fact that production and incomes increased demonstrates that the living standard of many of the project participants improved significantly.

west beheira settlement project

Total cost: US\$ 38.0 million

IFAD loan: US\$ 28.0 million

Duration: Approved in 1980, completed in 2000

Direct beneficiaries: 1,700 small-scale farm families who were to resettle on the reclaimed land

This project rehabilitated a state farm and privatized it by distributing small parcels of the land to some 1,700 small-scale farmers, providing technology transfer and credit services to the farming community.

Project results were remarkable. For example, maize yields were three to four times higher than in adjacent areas and among the highest in Egypt. Household income increased fivefold. The project demonstrated, above all, the success of private smallholder ownership in stimulating agricultural productivity and profitability. It was one of the major forces behind Egypt's privatization of 500,000 feddan (210,000 ha) of public agricultural production companies in favour of smallholders. When the project was completed, its beneficiaries agreed, on a voluntary basis, to pay a levy on each feddan of land in order to finance a small unit to manage the irrigation and drainage systems.

Egypt's policy for poverty reduction

The Government of Egypt is committed to reducing poverty through a combination of sustainable economic growth, income redistribution and social development policies. In 1998, it developed a long-term development strategy, Vision 2017, which gives priority to the creation of employment opportunities as the surest way to combat poverty.

For the agricultural sector, the strategy recognizes that Egypt is becoming increasingly integrated into the world economy. It therefore calls for a high rate of agricultural growth, in terms of quality and quantity of yields. The new economic direction in Egypt also foresees a limited role for government in agricultural development, placing heavy reliance on the private sector and market forces. The public-sector investment programme in agriculture will be limited to irrigation superstructure, newland reclamation and settlement, and support to the research system.

Egypt aims to achieve an agricultural growth rate from 4 to 6 per cent. This is to be achieved in four ways:

- exploiting the country's strong potential to reclaim newlands
- increasing the yields of traditional crops
- encouraging the production of high-value horticultural crops
- increasing livestock production, especially through small producers

The policy expects to lead to more jobs, increased exports, and a significant increase in rural incomes and poverty alleviation, as large numbers of low-income farmers become part of the growth process.

IFAD's strategy in Egypt

IFAD supports the Government of Egypt's efforts to improve the social and economic well-being of rural poor people. Its strategy seeks to adapt its operations to establish synergy between IFAD's specificity – which calls for support to poverty alleviation and improved food-security initiatives – and the government's Vision 2017 strategy.

Creating and expanding sustainable employment opportunities in rural areas is a paramount objective of the government. To respond, IFAD is focusing its initiatives on the newlands and similar lands in the north-west coast area. IFAD was the first donor to recognize the special needs of smallholder settlers in the newlands. It has established a strategic niche in the newlands by financing projects that provide the post-settlement and agricultural support services that are crucial to the establishment of viable farming. Its strategy has included pioneering innovative methods of technology generation and transfer, and has involved rural poor people in sustaining project benefits.

In the years to come, IFAD's strategy will continue to provide project support in the newlands to raise agricultural productivity and farm incomes and to optimize returns from the government's significant investments in newland agriculture. Special attention will be paid to improving the access of small farmers to technology, finance and marketing, as well as to promoting participatory processes in the management of resources. The promotion of people's empowerment and participation is behind every IFAD initiative.

IFAD's strategy for rural poverty reduction in the near east and north Africa region

IFAD's strategy for the region covers borrowers from North Africa and the Middle East, and more recent Member States from Central and Eastern Europe, and the Newly Independent States.

The gradual transition of countries in the region from economies that were heavily controlled by the state to more market-oriented economies presents many opportunities and risks for rural poor people. They have more choices about what to produce and how to produce it, better access to markets and services and greater potential for entrepreneurial and creative approaches to generating an income. However, rural poor people are not seen as a "profitable" segment of society, and without a strong political voice they risk being excluded from decision-making and access to services. IFAD's role in the region is to improve rural poor people's access to these new opportunities and minimize the risks that the transformation process may bring.

IFAD's strategic objectives in the region focus on four main areas:

■ Empowerment

Empowering rural poor people enables them to have more say in the decisions and policies that affect their lives and perpetuate their poverty.

■ Income diversification

Diversifying incomes helps rural poor people find ways to make a living to feed their families, send their children to school and improve their standard of living. IFAD's objective is to assist in creating an enabling environment and to support institutions that help poor people diversify their incomes.

■ Gender issues

Despite the important role that women play in the rural sector, significant gender inequalities exist in the region, and there is a need to focus on improving the status of women.

■ Natural resource management

People in the region face severe natural resource constraints. Water scarcity is the most critical problem and needs to be addressed urgently. Sustainable environmental management is closely linked to growth in the agriculture sector and to the reduction of rural poverty.

To achieve its objectives in the region, IFAD's investments support:

- community development and institution building
- promotion of appropriate technologies for marginal and dryland areas
- long-term on-farm investment
- rural infrastructure
- rural financial institutions
- microenterprise development



building a poverty-free world

IFAD is a specialized agency of the United Nations dedicated to combating rural poverty in the most disadvantaged regions of the world.

Through low-interest loans and grants, it develops and finances projects that enable rural poor people to overcome poverty themselves.

There are currently about 200 IFAD-supported poverty eradication projects and programmes underway, worth a total of US\$ 6.5 billion. IFAD has invested about US\$ 3 billion in these activities. Cofinancing has been provided by various partners, including governments, donors and rural poor people. Since starting operations in 1978, IFAD has invested US\$ 8.5 billion in 677 projects in 115 countries and territories around the world. These projects have enabled more than 250 million small farmers, herders, fisherfolk, landless workers, artisans and indigenous peoples to take steps to achieve a better life for themselves and for their families.



Working with partners including rural poor people, governments, non-governmental organizations, financial and development institutions, and the private sector, IFAD tackles poverty not just as a lender, but also as an advocate for rural poor people. One of its priorities is to assist rural poor people to develop and strengthen their own organizations so that they can advance their own interests and dismantle the obstacles that prevent so many, especially women, from creating a better life for themselves. In this way, they are able to participate more fully in determining and directing their own development.



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