Independent Office of Evaluation

IFAD

Investing in rural people

Overview

Arab Republic of Egypt

COUNTRY STRATEGY AND PROGRAMME EVALUATION

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July 2017

Currency equivalent

Currency unit = Egyptian Pound (EGP)
1.00 US$= 18.123 EGP (June 2017)

Abbreviations and acronyms

CSPE	country strategy and programme evaluation
COSOP	country strategic opportunities programme
MALR	Ministry of Agriculture and Land Reclamation
M&E	monitoring and evaluation
MWRI	Ministry of Water Resources and Irrigation
NEN	Near East, North Africa and Europe Division (IFAD)

Introduction

Objectives and scope. This is the second country strategy and programme evaluation (CSPE) of operations financed by the International Fund for Agricultural Development (IFAD) in the Arab Republic of Egypt and covers the period from 2005 to 2016. It covers the full range of IFAD support to Egypt, including lending and non-lending activities (knowledge management, partnership-building and policy dialogue), grants, and country programme and strategy management processes. Its objectives are to assess the results and performance of the previous country strategic opportunities programmes (COSOPs) since 2006 and to generate findings and recommendations for the upcoming COSOP, to be prepared in 2018. The CSPE country mission took place in October 2016 and included field visits in eight governorates in Upper, Middle and Lower Egypt.

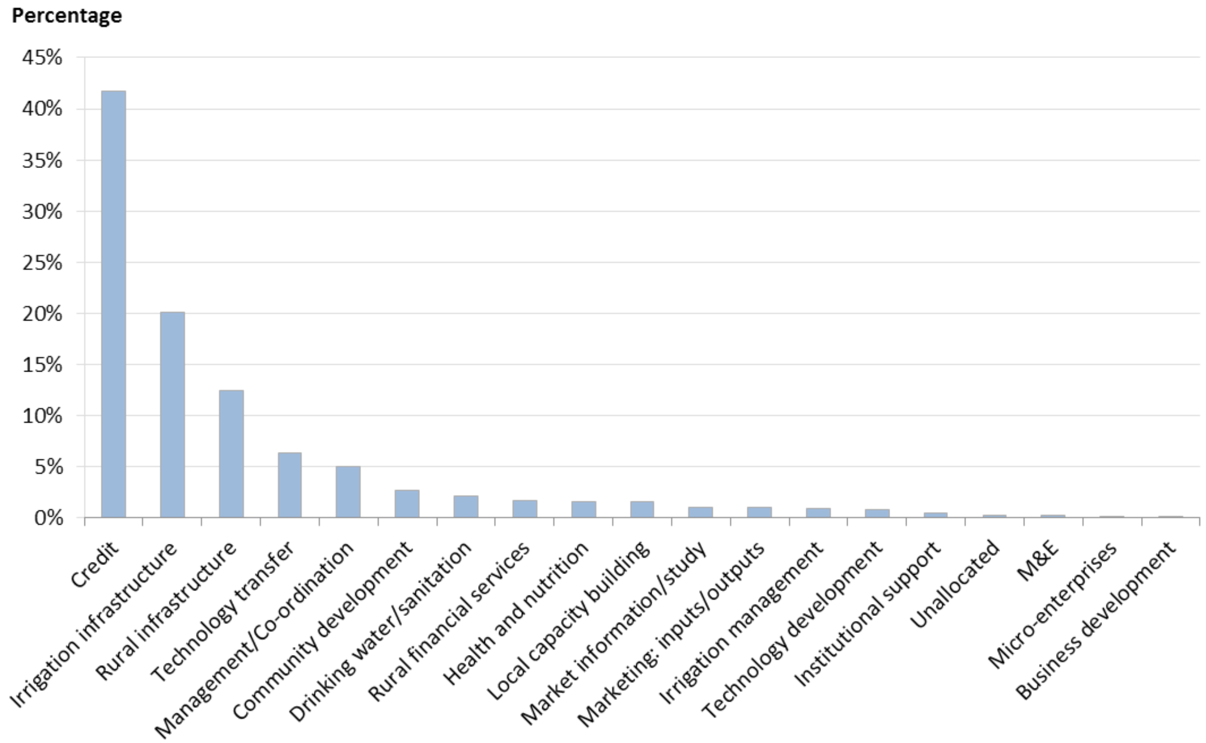
Overview of the IFAD-supported programme. Egypt is the largest borrower in the Near East and North Africa region (15.8 per cent) and the seventh largest overall. IFAD's engagement in Egypt started with a project identification mission in 1979. The programme was brought under the guidance of the first COSOP for Egypt in 2000. IFAD established its country presence in 2005 and the country programme manager has been posted in Cairo since April 2016.

IFAD has committed US$391.9 million in loans to Egypt since 1980 to support agricultural development and reduce rural poverty. The total portfolio cost over the last 12 years (i.e. the period since the last country programme evaluation) amounts to US$602.1 million, of which IFAD contributed US$321.4 million[1] and the Government US$102.4 million (17 per cent of total portfolio costs) through counterpart contributions. External financiers contributed US$51.4 million (8.5 per cent of total portfolio costs), with the World Bank and the Italian Debt Swap as the largest cofinanciers. In addition, domestic cofinanciers and beneficiaries contributed US$126.8 million (21 per cent of total portfolio costs). In total, IFAD has invested in 12 agricultural development programmes and projects, eight of which have been completed and four of which are ongoing.

Support to rural credit absorbed by far the largest share of funding (42 per cent), followed by support to productive and social infrastructure (34 per cent). Technology development and transfer together received 7 per cent of the funding, while community development and local capacity-building made up only 5 per cent (figure).

[1] Average annual disbursements amounted to US$7.5 million (although decreasing to US$5.7 million between 2008 and 2012).

Sub-component funding share of all programmes at approval (2005-2015)



Source: IFAD 2016, Grants and Investment Projects System.

Evaluation findings

Relevance. The IFAD country programme has revolved around two main themes: support for settlement in lands reclaimed from the desert in Lower (northern) Egypt and support for productivity improvement in the old lands in the Nile Valley and Upper Egypt.

The portfolio has addressed relevant issues of rural poverty over the period, in line with Government and IFAD priorities. IFAD's programme has dealt with the big development issues of rural unemployment and scarcity of land and water resources at fairly low levels, focussing on localized solutions, while the key issues at the macro level remained virtually unchanged throughout the CSPE period, as did IFAD's approaches to addressing them.

The portfolio presents a good focus on the governorates where rural poverty and unemployment are most acute. Following the recommendations of the last country programme evaluation, the country programme has shifted its focus to the poorer governorates in Upper Egypt, and since 2006 a larger number of these governorates in Upper Egypt have received project support. However, the amount of funding allocated per governorate since 2007 has been similar or sometimes even lower in Upper Egypt than in Lower Egypt.

The programme had an overall focus on smallholders, the landless, unemployed youth, and women, but projects often did not have specific strategies for targeting these groups, and their participation was not systematically monitored. Smallholders (usually with less than 3 *feddans*)[2] were included as a target group in all the projects. The provision of micro-loans, which did not require collateral, enabled the landless to benefit.

The development of the portfolio is characterized by continuity and building on well-tested approaches. But despite the continuous flow of projects, lessons from both successes and failures were not sufficiently documented and learned. Some shortcomings or mistakes were repeated over the period and some good practices were not adopted in later projects. While the country programme maintained a consistent focus on relevant issues, the approaches to addressing them were at times unrealistic or lacked coherence.

Repeated shortcomings of the project designs included a lack of appropriate consideration to issues of institutional responsibilities and coordination, and insufficient funding for capacity-building. The time taken for project design and start-up was also often lengthy, which undermined partner commitment and ownership. Given the complexity of the country context, IFAD should have invested more in adequate analysis to inform the design and management of the country programme.

Effectiveness. Concentrated delivery of an integrated package of support, including infrastructure, has made projects effective in the new lands. The approach to integrated farming system research and extension and the use of farmer field schools were highly effective. The main achievements of the country programme

[2] A feddan is a unit of area: 1 feddan (fd) = 0.42 hectares.

were the high outreach through agricultural extension, micro-loans and infrastructure and the large number of community organizations that were established or strengthened. In addition, the provision of irrigation and new cropping systems has made a contribution to improved land and water management practices.

Overview of achievements of strategic objectives (COSOP 2006, 2012-2015)

Strategic objective	*Results over review period (2006-2016)*
SO1: The technical skills and organizational capacity of poor rural men and women to take advantage of rural on-farm and off-farm economic opportunities are strengthened	560,000 people (9.6 per cent women) benefited from agricultural extension services, and 124,000 beneficiaries (32 per cent women) from other types of training. 572 water user associations, 143 cooperatives, 53 farmers marketing associations and 95 marketing committees in the portfolio. Three projects (Sohaq Rural Development Project, West Noubaria Rural Development Project [WNRDP] and On-farm Irrigation Development Project in the Oldlands) had community development associations that were wholly or partly responsible for infrastructure.
SO2: Pro-poor sustainable use of natural resources, especially land and water is enhanced	77,487 *feddans* improved through irrigation. Adoption rates for new cropping systems high in the Agricultural Production and Intensification Project (APIP) and East Delta Newlands Agricultural Services Project (EDNASP), and variable in Upper Egypt Rural Development Project (UERDP).
SO3: Access of poor rural farmers to better quality services, such as technology, finance and markets, is improved	560,569 individuals received extension services under APIP, EDNASP and WNRDP. Market access reportedly low under UERDP and Promotion of Rural Incomes through Market Enhancement Project. Social Fund for Development disbursed EGP 267.3 million to 81 community development associations through 50,310 loans (43 per cent women). Principal Bank for Development and Agriculture Credit disbursed EGP 213.1 million through 87,281 loans (29 per cent women). 233 small and medium enterprises have received 2,086 loans worth at least EGP 303.5 million.
COSOP 2006 output: Community-driven mechanisms for planning, implementation and monitoring are established	National Programme for Rural Development methodology used in the Sohaq Rural Development Project increased women's participation, and achieved good coverage with basic infrastructure.

Results could have been better if the main factors limiting project effectiveness had been prevented or resolved upfront, in particular: the time gap between design and implementation; slow start-up and implementation; and complicated institutional arrangements with resulting coordination problems. A common issue was the poor performance of the rural credit components. Credit was a key mechanism for delivering benefits to smallholder farmers and thus pivotal to project performance, but disbursement of funds against credit components was often slow and behind targets. Allocated funds were not always fully disbursed, most often due to external factors such as changes in the regulatory environment, limited absorption capacity at local level or internal management issues at the institutional level.

Insufficient funding for capacity development has led to bottlenecks in the implementation of project activities at the community level and ultimately limited the results of the components, including rural finance, irrigation and marketing. The portfolio supported a range of community-level organizations, but they often remained too weak to be effective. The lack of a coherent and longer-term strategy to building the capacities of community organizations and insufficient allocation of funds to capacity-building have greatly undermined the effectiveness of the portfolio.

Efficiency. Although overall disbursement rates have been constant over the period, disbursements were slow and at times problematic, and projects had to be extended beyond their original closure date to allow more time to disburse.

Management costs differed significantly between the projects. The relatively lean coordination structure based in the Ministry of Agriculture and Land Reclamation (MALR) was efficient, with actual management costs being lower than estimated at design. However, the trade-off was its weaker effectiveness. MALR staff have insufficient time, resources and leverage to engage with other implementing partners in areas that are outside of MALR competencies, such as rural finance or irrigation.

Staffing issues have negatively affected efficiency, in particular through high staffing costs, high turnover of key staff, and over-dependence on government staff. Some projects struggled to keep MALR staff in governorate project coordination units because of delayed salary and bonus payments, and staff in national project coordination units are working part-time on several projects. Projects using a more independent management model had more freedom to hire qualified professional staff from the labour market.

The move towards larger projects did not result in efficiency gains. The recent projects have a larger geographic spread, covering villages in a larger number of governorates and higher management costs. Both have contributed to higher costs per beneficiary.

Poverty impact. IFAD-supported projects have made a positive impact on agricultural productivity, in particular through the improved farming systems in the old lands, and the improved water and land management practices in the new lands. Micro-lending has enhanced productivity and enabled smallholder farmers to procure agricultural inputs and some productive assets, in particular livestock. However, increases in agricultural incomes were not confirmed, partly because of high inflation rates and increasing food prices over the period. Food availability appears to have improved, but there is no evidence that this has led to greater food security.

In the new lands, settlement projects have significantly improved human and social capital. However, with the rather limited role that community-level organizations play and in the absence of an effective agenda to enhance participatory processes, smallholder men and women were not significantly empowered, and the impact on rural institutions has been minor. The rural finance components had only limited outreach to small and medium enterprises, and the contribution of agricultural cooperatives to non-agricultural diversification and job creation to date has been negligible.

Sustainability of the irrigation systems and the improved farming systems is good overall. Irrigation activities promoted in the Eastern Delta were sustained through integrated water resources management that included on-farm drainage improvement, drainage water re-use, and soil and water salinity and environmental monitoring. Drip irrigation in West Noubaria can also be considered as sustainable as it was well received and self-financed by beneficiaries, but drainage that would prevent salinization in the longer term was not included. The improved farming systems in Upper Egypt are being sustained, as evidenced by the high adoption rates and the continued viability of the farmer field schools.

The various community-level organizations established or strengthened by the projects are only partly sustainable. In the new lands the community development associations continue to play a role in the maintenance of social infrastructure, although their financial sustainability may not be assured. The capacities of the water user organizations are often weak, and without a legal status they may not be able to collect water fees to operate and maintain irrigation facilities. A joined-up strategy to establish a clear role and legal status for the water users associations, coordinated between MALR and the Ministry of Water Resources and Irrigation (MWRI), will be key to ensuring their sustainability.

The approach to rural finance is not sustainable because it depends on external funding of programme mechanisms to provide loans, capacity-building or other services. There is no cost-recovery mechanism (e.g. through collection of fees) and costs are not built into the interest rate. Commercial banks are unlikely to function as wholesale lenders given the current loan conditions and the risks associated with lending to the agriculture sector.

Innovation. The early projects included some innovative strategies and practices, such as the creation of specialized research institutions that generated new solutions to be used by the projects, namely in the areas of farming systems and water and soil resources management. The programme also introduced some innovative irrigation approaches and technologies. In the Eastern Delta Region the combined irrigation and drainage interventions were monitored by a dedicated soil, water and environment analysis lab. The use of drainage together with soil and water monitoring is the main reason for the low salinity levels in the oldest reclaimed lands. The most innovative project in the portfolio was the Sohaq Rural Development Project, which introduced a participatory community-driven development approach. This was also the first time that IFAD financed a project directly at governorate level.

Scaling up. In West Noubaria IFAD successfully piloted a community-based approach to settlements in the new lands. The approach highlighted the importance of certain elements, such as investments in both farm and non-farm sectors that provide rural communities with social and productive infrastructure, skills and institutions, that are critical for the viability of the new settlements. The project is now being scaled up in a different and larger geographic area. The Government recognizes the benefits of this approach and has assumed greater ownership for scaling up, as demonstrated by its financial contribution to the project.

Yet innovations introduced by the earlier projects were not consistently scaled up by later generations of projects, nor were they replicated across different types of projects or from new lands to old lands. For example, the successful approach to irrigation and drainage development together with effective environmental monitoring in the Eastern Delta, and the community-driven approach to development in Sohaq, were not replicated.

Gender equality and women's empowerment. Although gender issues were not addressed in a consistent way throughout the portfolio, the programme had some good practices and visible results. For example, the recruitment and training of dedicated staff working on gender or outreach to women are good practices. Some projects used a multi-pronged strategy to address the exclusion of women, for example through literacy training, provision of identification cards, creation of women's groups and other targeted interventions. Women also benefitted from general training and capacity-building. Significant gender results include women's improved access to credit, participation in community decision-making and improved well-being. The programme has improved women's access to rural credit, mainly through the community development association micro-loans, accounting for much of the positive outreach. Some projects also improved women's well-being by facilitating their access to basic rural services and infrastructure (e.g. through the construction of nurseries and health clinics). In addition, improved rural water supply led to time savings and health benefits. To some extent projects also strengthened women's representation in local institutions, such as on community development association boards.

Natural resources management. Efficient use of land and water resources has been a major theme in the portfolio from the outset. In the Eastern Delta, water access and scarcity and water quality were successfully addressed through a comprehensive water management approach that included drainage and re-use of drainage water, with water-quality issues being monitored by a specialized laboratory. Yet environmental sustainability was not always addressed in a coherent way. In West Noubaria the project introduced modern irrigation techniques but did not address the long-term salinization risks. Sanitation and waste treatment has been insufficiently addressed and only in Sohaq did the project implement sanitation and waste-water treatment acilities.

Knowledge management. IFAD's Near East, North Africa and Europe Division (NEN) has a centralized, headquarters-driven approach to knowledge management, which focuses on regional sharing of knowledge. However, there is limited follow-up and ownership within the country to ensure that the available knowledge is effectively documented and used. The IFAD country office itself does not have adequate resources to support knowledge-sharing within the country programme, and there are no project staff specifically dedicated to knowledge management activities. Emphasis has been on natural resources management and agricultural innovation, in line with the focus of the grants programme, and an innovation that received specific attention in the past few years is the raised-bed planting package to conserve water resources. In-country, the focus of knowledge management has been on West Noubaria because of its importance as a government flagship project, although this has meant that opportunities to showcase other good practices in the IFAD portfolio have been overlooked.

Partnership-building. Partnerships with key implementing partners, in particular MALR, have been strong, but few opportunities have opened to engage with new strategic partners at national level. The central project management unit in MALR was efficient and provided a reliable point of entry into the Government. But its capacity was insufficient to convene sector-wide coordination and dialogue. Co-funding partnerships with the World Bank and the Italian Cooperation (Italian Debt Swap) were important in the early period, but were not followed up later. Other forms of partnerships with bilateral donors could have been developed, given the strong complementarities and mutual interest.

Policy engagement took place in a difficult context and under conditions of political instability that had seen, among other things, a high turnover of ministers, particularly in MALR and MWRI. IFAD's policy engagement has been pragmatic, focussing on issues which directly concern lending operations. Policy engagement was mainly through the involvement of decision-makers in supervision and implementation support. The establishment of an IFAD country presence in 2005 created new opportunities for policy engagement,and a major achievement during this period was IFAD's contribution to the preparation of the Sustainable Agriculture Development Strategy towards 2030. IFAD's most active policy engagement was in the rural finance sector and mainly revolved around the search for appropriate partner institutions for on-lending to community development associations and small and medium enterprise beneficiaries.

Grants. Grants targeted areas that were of relevance to the country context, which included climate change and natural resources management, access to markets, rural finance, and knowledge-sharing networks. But they did not create effective linkages that would have enabled uptake of findings through local partnerships or loan operations. There are very few concrete examples where innovations developed with grant support were applied or disseminated in lending operations. Mechanisms for lesson learning and scaling up are weak at country level, and until now there have been few examples where grant-funded innovations have been taken up by the loan portfolio. In addition, loan-component grants were not effectively used for capacity-building and innovation.

IFAD's performance as a partner. IFAD has successfully maintained a high level of engagement in the agriculture sector, even in a changing economic and political environment. Its strategy has built on the close alignment with its main implementing partner (MALR) and on well-tested interventions. This close partnership has served both sides well. MALR values IFAD as its preferred partner in the agriculture sector, and IFAD has seen MALR as the main entry point into the Government, although this has meant less engagement with other ministries. IFAD has been responsive to the government's emerging priorities, although at times this has been at the expense of strategic consistency and coherence. At the same time, IFAD has missed opportunities to move its own agenda forward, for example on participatory community development and gender.

IFAD's country presence has created more opportunities to interact with partners, although this engagement has not been consistent over the period covered. The overall effectiveness of the IFAD country office continues to be severely constrained by understaffing and limited financial resources. Currently, most staff time is spent on implementation and coordination issues, and there is insufficient time left for partnership-building and policy engagement. Participation in donor coordination and meetings of the United Nations Development Assistance Framework has been limited, and the partners who were met during the CSPE mission univocally expressed their expectations for greater IFAD presence and engagement.

Government's performance as a partner. The Government views IFAD as an important development partner in the agriculture sector and therefore played a strong role in the design and implementation of the lending operations. Yet in situations of economic downturns and political changes, the Government struggled to maintain its contributions at satisfactory levels. Its actual contributions have been lower than projected at design in all projects, with the exception of the West Noubaria Rural Development Project, in part because of the high inflation rate and the slow but continuous depreciation of the Egyptian Pound. In addition, disbursement of counterpart funding was often late, sometimes affecting project implementation. The project management units were understaffed and under-capacitated, and while monitoring and evaluation (M&E) systems were functional, they were weak in terms of data quality and consistency, with available data in any case being insufficiently used for decision-making and learning.

MALR has been IFAD's main partner in the preparation and implementation of loan operations. However, due to the frequent changes in MALR leadership, and without an effective mechanism for sector-wide coordination, the commitment was at times not sustained and above all was not sufficient to generate broad-based Government ownership of IFAD-supported operations. The Government's interest in projects was selective and this has limited the ability of the programme to scale up good practices and results.

Country programme strategy. IFAD's strategy was closely aligned with the political priorities of its main partner, MALR. It addressed existing needs and funding gaps, in particular in the new lands, but without a strong vision of how pertinent issues of structural poverty in the old lands could be resolved. IFAD's strategic positioning did not change or improve visibly over the period. Although there was a high degree of continuity in the type of approaches and interventions, the overall strategy was neither consistent nor coherent. There were some marked strategic shifts over the period, most notably the renewed support to new lands settlements. The move towards larger projects covering several regions did not improve efficiency. It comprised the relevance of design and slowed down implementation progress, and the underlying problem of institutional coordination has not been addressed. IFAD's strategy to cover inherently different regions evolved on the ground and was not explicit in the COSOPs. A stronger poverty and institutional analysis would have enabled greater strategic clarity and focus.

Conclusions

The country programme is characterized by a high degree of continuity and focus. Throughout the review period it followed the two main themes: comprehensive infrastructure and services for the new settlements in Lower Egypt; and improved farming systems in the old lands in Middle and Upper Egypt. The portfolio has been aligned with government strategies on agriculture, and its focus on major issues in rural development was continual. The IFAD-supported projects have addressed key poverty issues and achieved some notable impacts, in particular through the improved farming systems in the old lands, and the improved water and land management practices in the new lands.

IFAD's strategy and programme were built on the resilience of the government machinery, which has a steady demand for funding of large interventions in the agriculture sector and has sufficient capacities to absorb significant amounts of funding. IFAD has maintained a close relationship with its main implementing partner, MALR, even throughout situations of instability, and has therefore been able to process a continuous flow of loans for every cycle of IFAD's Performance-based Allocation System.

Overall portfolio performance has been stable over the period. There was a slowdown of disbursements following the 2011 revolution, but this was mainly the result of delays in project effectiveness due to the political changes. Performance did not improve either because problems of programme management, coordination and ownership persisted.

The poverty focus was satisfactory overall, but the programme did not go much beyond a geographic targeting approach. The geographic focus on poverty improved under the 2006 COSOP, with the notable shift of programme support to the poorest governorates in Upper Egypt. Still, the exit from Lower Egypt, recommended by the 2004 country programme evaluation, never materialized and projects approved under the 2012 COSOP continued targeting the relatively poorer communities in Lower Egypt. Although the number of poor governorates targeted is larger in Upper Egypt, the amount of support they each receive is similar or lower compared to those in Lower Egypt because of their limited capacities to absorb funding.

Strategies for targeting poor communities and farmers are not explicit, and most interventions rely either on self-targeting, in the case of loans or training, or on technical targeting criteria, for example in irrigation. The programme did not invest sufficiently in a deeper analysis of poverty, beyond official poverty lines, that would have made it possible to address the specific needs of different groups within the large numbers of the rural poor, such as landless people or marginal farmers in the old lands.

Delivery of concentrated and focused approaches has effectively addressed poverty issues on a smaller scale. The portfolio has generated some positive impacts through concentrated delivery of comprehensive services and infrastructure in the new lands and focussed

technical approaches (research and extension) in the old lands. In the new lands, the infrastructure built or upgraded by the projects has enabled the private sector to generate some economic growth. In the old lands, the creation of a farming systems research unit together with the introduction of farmer field schools has made a contribution to the slow transformation of the agriculture sector. These achievements were possible because of the critical amount of support delivered in a focused way.
For most of the time, the portfolio has followed a logical sequence of generating good practices and "models" first, before rolling them out on a larger scale. Since this important lesson was ignored in the later part of the review period, it is encouraging to see that the most recent Sustainable Agriculture Investments and Livelihoods Project has reverted to delivering an integrated set of interventions through a concentrated approach. Otherwise, there is a risk that the ongoing project portfolio will be spread too thinly across geographic and thematic areas, thus diluting its potential results.

IFAD did not pursue a coherent strategy in key areas that are corporate priorities and where it should have demonstrated comparative strength. Consequently, results are not consistent, for example in natural resources management, community capacity-building and gender.

Natural resources management and climate change were not consistently addressed across the portfolio, although this was a major theme within the country programme. Environmental sustainability was only addressed in the early projects and, most recently, by the Sustainable Agriculture Investments and Livelihoods Project. Issues such as salinization, soil fertility, sanitation and waste treatment were not addressed systematically throughout the portfolio. Yet there are a number of good practices from the earlier projects which could be more systematically scaled up. Several grants focused on climate change, but the practices and results were not integrated into the loan portfolio. This is an area where IFAD could add significant value through a more strategic approach.

Despite IFAD's long-term engagement and support, the results from **community capacity-building** are not satisfactory. The programme followed an opportunistic approach to building community capacities required for the delivery of project services, as fit within a given context. The approach lacked a clear vision on what type of organizations to promote and with what aim. The budgets allocated to capacity-building were also insufficient. Most of the community organizations established or strengthened are still not effective or sustainable, and many of them have been operating without sufficient support through institutional and legal frameworks.

Although it is a priority area for the Government and IFAD, **gender equality** was unevenly addressed throughout the portfolio. Women have participated and benefited, but at a varying scale. They benefited in numbers from infrastructure and micro-loans, but overall the loans they received were small. There were some good practices targeting women through extension and training, but they were not systematically promoted or scaled up.

Rural finance continues to play a pivotal role in the portfolio, and its performance and growth will depend on expanded partnerships. Rural finance has long been a bottleneck for disbursement and outreach. Over the review period, progress has been made in identifying and involving new partners in the rural credit components. With the Social Fund for Development as a strong partner, the performance of the rural credit portfolio has significantly improved. Yet the demand for rural credit remains huge, and with the interest rates for IFAD-financed loans increasing, the programme may not be able to effectively address this demand. The provision of micro-loans through community development associations is not yet sustainable and will require further support and capacity-building. Partnerships with commercial banks are much needed to ensure the sustainable delivery of rural financial services, but given the terms of the commercial loans and the risks associated with lending to the agriculture sector, these may be hard to establish.

The knowledge and experience available within the programme were not adequately captured and used to enable progressive learning. Insufficient record keeping, weak M&E and inconsistent use of lessons learned from previous projects point to clear weaknesses in knowledge management. There has been a sequence of projects following up on earlier projects in the portfolio, and similar interventions and components were supported by different projects over a long period. Yet the opportunity to learn from this long-term engagement was not sufficiently used. There are no longitudinal studies, for example on rural credit provision or access, and results were not systematically documented and lessons from previous projects not properly captured and used for the design of new projects. There was also hardly any exchange of lessons and practices between old lands and new lands.

NEN's strategy to manage knowledge and grants at a regional level is sound, but more attention could have been paid to strengthening government ownership in knowledge management and to more systematically drawing from the wider lessons in the portfolio. For example, the evidence that has been systematically collected through impact studies seems underused and could have been better exploited to inform future operations. The absence of clear responsibilities for knowledge management within the Egypt portfolio is a gap which the programme will have to address to ensure that knowledge is effectively documented and used.

A wider range of partnerships and strengthened coordination of partners will be key to portfolio development and growth. The experience with marketing and on-farm irrigation in the recent projects shows the risks of becoming involved in new thematic areas without a sufficiently strong partnership base and with a weak operational model. A better institutional analysis and a more diversified partnership approach may have pre-empted some of the problems encountered, and this should be part of any future project design.

IFAD's main entry point into the Government has been through the programme management unit at MALR. At national level, few opportunities have presented themselves to engage with new strategic partners. Maintaining this exclusive partnership has been advantageous, because it was reliable and provided a degree of stability throughout the period. The relationship with MWRI remained difficult and there was no direct engagement with the Ministry at national level outside of the On-farm Irrigation Development Project in the Old Lands. Beyond MALR and MWRI, IFAD had little or no engagement with other ministries and public sector institutions, even those with direct relevance to IFAD's priority areas, for example community development or gender. Limited government ownership has been an issue affecting project performance. The increasing complexity of projects would require broader government ownership, starting with the involvement of a wider range of actors right from the design.

There is a clear expectation that a stronger country office will allow increased attention to partnership-building, knowledge management and policy engagement. The country programme manager has only recently been out-posted and his ability to engage in non-lending activities has been limited so far because of insufficient resources and time. Therefore, the IFAD country office has yet to demonstrate its value added through stepping up efforts on non-lending activities. Above all, it is necessary to allocate clear responsibilities and resources to the IFAD country office. However, the IFAD country office's role and influence will continue to be limited as long as it relies on MALR as a single entry point into the Government; its partnerships will remain narrow and partner capacities for programme coordination and technical support will continue to be insufficient.

Finally, the new COSOP will provide the opportunity for repositioning IFAD's strategic role within the broader context of development in Egypt. By the end of this COSOP period, IFAD will have reached a defining moment. The Government has become more demanding in what it expects from increasingly expensive loans, and the scale of the challenges it has to address will require a range of solutions. In this context, IFAD cannot exclusively rely on the replication of well-tested approaches, and to step up its agenda in the country, it must go beyond filling in gaps in programme coordination and technical support. IFAD will need to demonstrate its value-added through enhanced strategic focus, innovation and leverage through a wider range of partnerships and broad-based Government ownership.

Recommendations

The CSPE offers the following five recommendations for the preparation of the upcoming COSOP. For each recommendation, the CSPE also suggests some specific and immediate action to start addressing the issues identified.

Recommendation 1: Sharpen the poverty and geographic focus and refine poverty targeting. IFAD should reduce the geographic coverage of further interventions to fewer governorates within the same region. The interventions should target the poorest governorates and communities, based on relevant poverty indicators, and they should include explicit strategies for targeting different groups of the poor (e.g. marginal farmers, youth, and women). Targeting strategies will have to be based on good poverty analysis and followed up through appropriate monitoring of disaggregated data. New project designs and the upcoming COSOP should therefore include a poverty analysis that justifies the focus on the poorest governorates and communities, together with explicit strategies for targeting marginal farmers, youth and women.

Recommendation 2: Sharpen the thematic focus and improve the feasibility of design. There are good reasons for IFAD to focus on thematic areas where it has demonstrated a comparative advantage (e.g. agricultural research and extension; sustainable management of water and land) and deepen its engagement there, for example by addressing issues of institutional sustainability, equal participation of women and youth, access to land, water and credit. There is also scope to better integrate climate-smart practices into the loan portfolio. The CSPE recommends that IFAD should be more selective with regard to the thematic areas and proactively seek strategic partners to overcome the lack of sufficient implementation experience, in particular related to marketing support and small and medium sized enterprise loans. The upcoming COSOP should include a selective focus on a few thematic areas where IFAD will be able to add value through innovation and change together with identified partners.

Recommendation 3. Establish a structure for effective coordination and technical support within a progressive programmatic approach. The call for fewer and larger projects together with the urgent need to address the overall poor performance and low efficiency justify the need for a programmatic approach. Integrating complementary projects and interventions into a programmatic approach would enable effective links between projects that are currently working in parallel or are following up on other projects. With or without a programmatic approach, there is an urgent need for a sufficiently resourced and capacitated programme coordination unit at central level. The structure will require a degree of autonomy and impartiality to be able to act as go-between for different ministries and implementing partners; it requires a clear line of accountability to the borrower (the Ministry of Investment and International Cooperation (MIIC)) and the main executing partner(s) (MALR); it also needs to be able to bring in professional expertise where gaps exists in project implementation, in particular on M&E, procurement and financial management, gender and rural institutions. As an immediate step, MIIC, MALR and IFAD should establish a working group to prepare a proposal for endorsement by the relevant ministries and IFAD Management.

Recommendation 4. Manage knowledge from loans and grants to support learning and innovation. IFAD should become an honest knowledge broker, supporting systematic learning from success and failure, facilitating learning partnerships that involve partners from loans and grants, and preparing good practices and strategic lessons for policy engagement and scaling up. IFAD should establish clear roles and responsibilities for knowledge management within the country (including ICO, government partners and projects) and at regional level. Based on the NEN regional knowledge management strategy, the country programme should create effective links between grants and loans, M&E, implementing partners (local research institutes), and strategic partners (such as think tanks and development partners). As an immediate step, the NEN knowledge management officer should support the ICO in the preparation of a knowledge management action plan with clear responsibilities and allocated resources.

Recommendation 5. Prepare a strategy for effective capacity-building of community-level institutions, with a perspective on scaling up under the new COSOP. The programme should take stock of the existing institutions and the legal and policy framework with support from a rural institutions specialist. The stock-taking exercise could also involve a joint workshop or conference with other development partners, which would have the added benefit of experience sharing and partnership-building. Based on this analysis, the COSOP would include a strategy for effective capacity-building and policy engagement on rural institutions supported by IFAD. To mitigate the shortcomings in the ongoing projects, some immediate actions should be taken, whereby existing project component grants are better deployed for capacity-building. For the upcoming projects, IFAD must ensure that the design includes a sufficient budget for capacity-building from loans and grants. It must also ensure transparent planning and reporting on the use of project component grants for capacity-building. As an immediate action, IFAD should plan a stock-taking exercise as part of the COSOP preparation process and follow-up on the proper use of project grants for capacity-building.

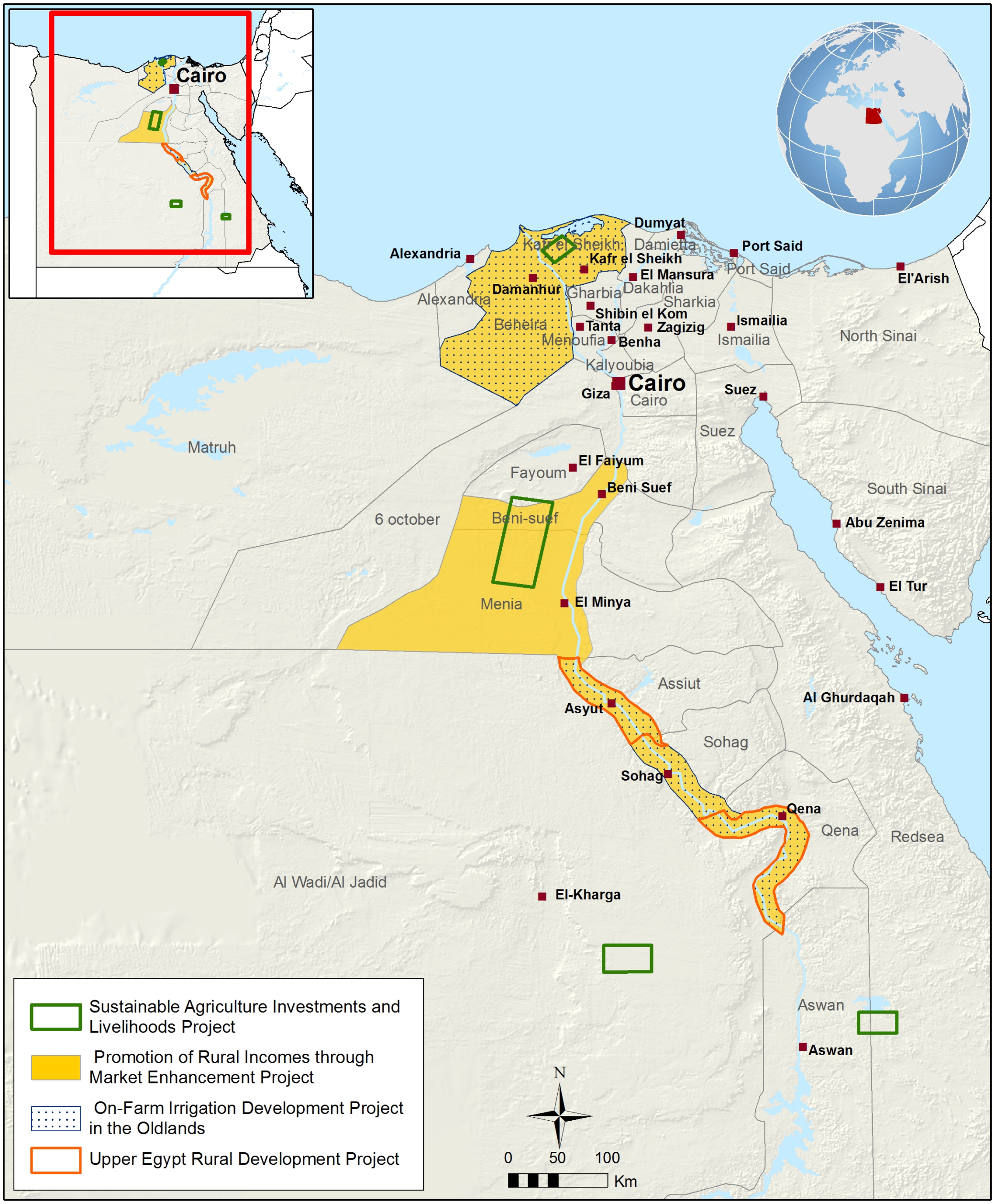
A snapshot of IFAD operations in Egypt since 1980

First IFAD-funded project	1980
Number of approved loans	12
Ongoing projects	4
Total amount of IFAD lending	US$391.9 million
Counterpart funding (Government and beneficiaries	US$317.1 million
Co/parallel financing amount	US$51.4 million
Total portfolio cost	US$747.5 million
Lending terms	Highly concessional (1980-1982; 1994-2001) Intermediate (1984-1993; 2002-2011) Ordinary (since 2011)
Main cofinanciers	Domestic financial institutions, Global Environment Facility, Food and Agriculture Organization of the United Nations, World Bank, Italian Cooperation (Italian Debt Swap).
Country strategic opportunities programmes	2000, 2006 and 2012 (revised 2015)
IFAD country office in Egypt	Country presence since December 2005. Country office approved in 2004 as part of field presence pilot. Host Country Agreement since November 2011. The IFAD country office currently includes three positions: country programme manager, country programme officer and country programme assistant. Country programme manager posted in Cairo since April 2016.
Country programme managers	Abdelhaq Hanafi (2013 – present; out-posted since April 2016); Omer Zafer (2014); Abdelhamid Abdouli (2004-2014)
Main government partners	Ministry of Agriculture and Land Reclamation; Ministry of Investment and International Cooperation; Ministry of Finance; Ministry of Irrigation and Water Resources; Social Fund for Development.

Arab Republic of Egypt

IFAD-funded ongoing operations

Country strategy and programme evaluation



IFAD

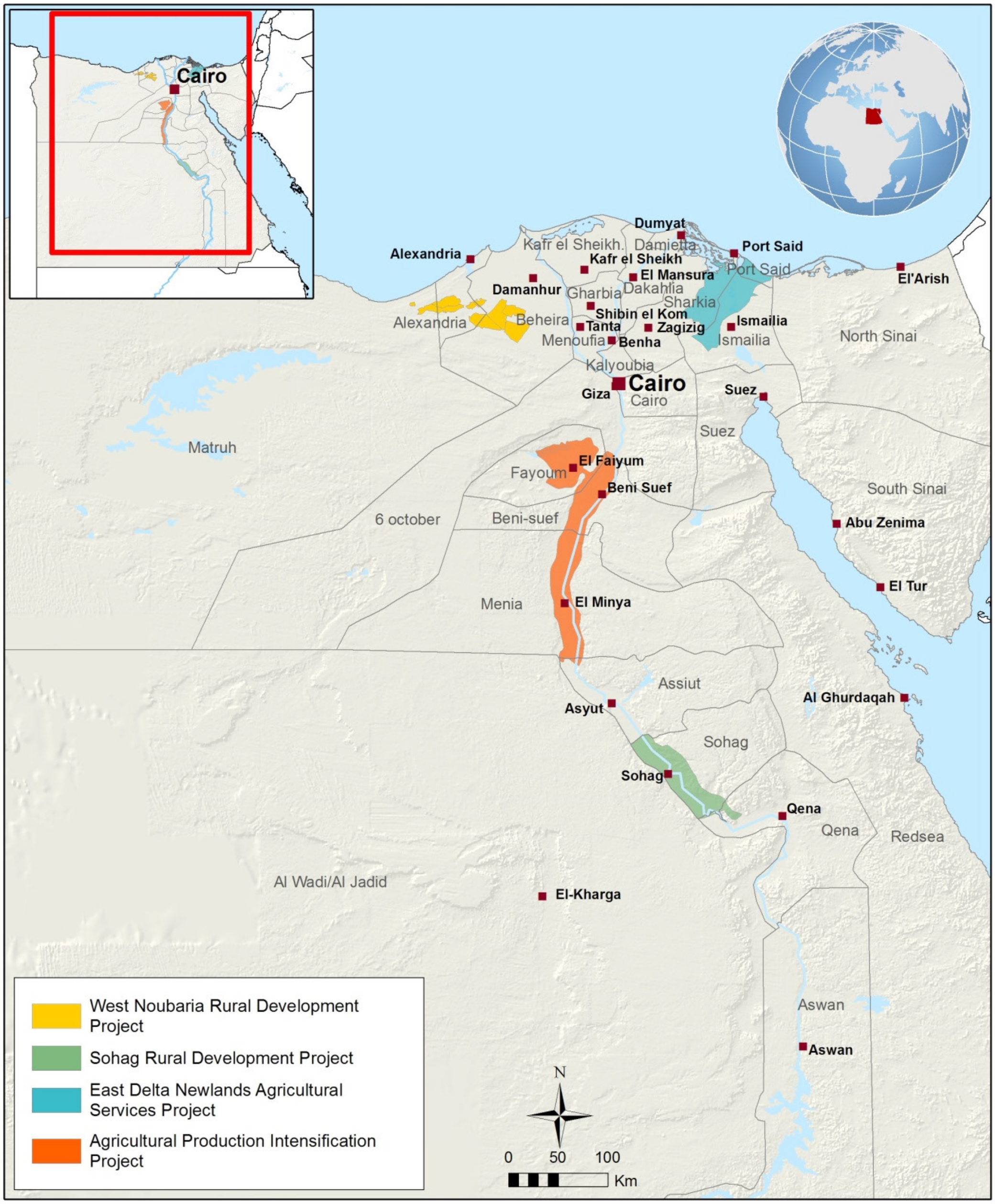
The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 20-05-2016

Arab Republic of Egypt

IFAD-funded closed operations since 2005

Country strategy and programme evaluation



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Map compiled by IFAD | 09-02-2016

Independent Office
of Evaluation

IFAD
Investing in rural people

Independent Office of Evaluation
International Fund for Agricultural Development
Via Paolo di Dono, 44 - 00142 Rome, Italy
Tel: +39 06 54591 - Fax: +39 06 5043463
E-mail: evaluation@ifad.org
www.ifad.org/evaluation
www.twitter.com/IFADeval
www.youtube.com/IFADevaluation