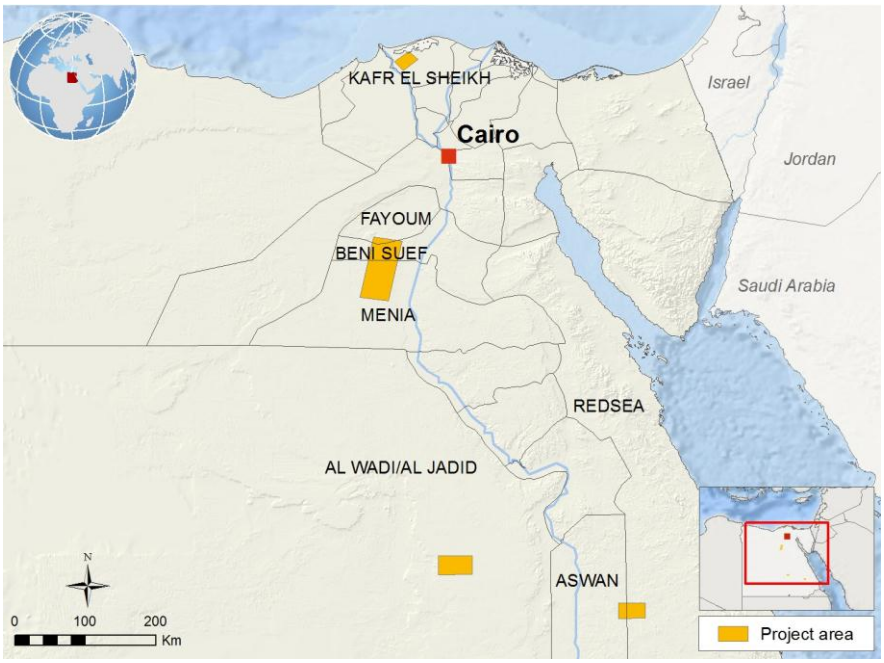
EGYPT

Sustainable Agriculture Investments and Livelihoods Project (SAIL)



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ISSUES

Egypt is located in an arid region and is expected to suffer from the impacts of climate change. Specifically, climate change is leading to increases in the severity and frequency of dry periods and droughts. Egypt is also exposed to various hazards such as dust storms, flooding and, very rarely, snowfall.

One sector that is particularly exposed to climate change is agriculture. Agriculture is key in Egypt because of its contribution to the gross domestic product (13 per cent of GDP), and as a source of employment for Egypt's labour force (approximately 30 per cent). Additionally, industries that are related to agriculture, such as processing and marketing make up a further 20 per cent of Egypt's GDP.

Climate change is not the only challenge affecting the rural people of Egypt. The country has a severe poverty problem. Since 2004 the country has managed to bring down its poverty rate from 40.5 per cent. However, with figures in 2012/13 showing poverty at 26.3 per cent, extreme poverty remains endemic.

Approximately 11.9 per cent of Egypt's population lives in extreme poverty[1]. In addition, many of the vulnerable households which are living on the poverty line are highly susceptible to falling back into poverty. Data also shows that there has been an increase in economic inequality, with the Gini-coefficient rising from 28.7 to 31 between 2005 and 2010.[2] Regional instability is also leading to unemployment, specifically for women and youth, and as a result many Egyptians working in the Middle East region are seen to be returning home.

To exacerbate matters, Egypt has undergone a dramatic political upheaval over the last three years and the Egyptian economy has borne the brunt of the continuing instability.

A major constraint in Egypt's agricultural system is the lack of access to land and water, which can be a crippling problem when rearing crops and livestock. There is little hope for agricultural development while poverty impedes the sustainable use of land and natural resources. Currently there are places designated as 'Old Lands' which are overcrowded, rapidly degrading farm lands. The majority of the agricultural work in Egypt takes place there. The project is looking to develop 'New lands' in collaboration with the Egyptian Government. This will be unpopulated areas which will be rehabilitated and then settled by new farming communities. This will alleviate the stresses currently experienced on the 'Old Lands'. Egypt needs to expand new areas of growth and settlement to attract people from

[1] World Food Programme, The Status of Poverty and Food Security in Egypt: Analysis and Policy Recommendations (2013).

[2] Economic growth, inequality and poverty: social mobility in Egypt between 2005 and 2008, 2009, World Bank, 2010.

IFAD
Investing in rural people

Adaptation for **S**mallholder **A**griculture **P**rogramme

ASAP

Launched in 2012, the Adaptation for Smallholder Agriculture Programme (ASAP) channels climate and environmental finance to enable smallholder farmers who participate in IFAD projects to increase their resilience. Through ASAP, IFAD is systematically integrating climate resilience into the overall IFAD portfolio.

PROJECT SUMMARY

Total cost: US$94.6m

Approved IFAD loan: US$63.2m

IFAD Grant: US$1.4m

ASAP grant: US$5m

Other contributions:
Arab Republic of Egypt: US$15.2m
GEF Grant: US$7.8
Beneficiaries: US$2m

Project period: 9 years (2014-2023)

Executing agency: Ministry of International Cooperation

ASAP beneficiaries: 40,000 Households

Project objective: To contribute to poverty reduction. This has the potential to foster increased food and nutrition security for poor rural women and men.

the overcrowded "old lands " and provide them an opportunity for productive growth and diversification of livelihoods. With the densely populated "old lands" there is a problem with there being too little available space per person. This leads to over farming of the land and can reduce the soil quality substantially.

ACTIONS

The SAIL programme has several components: i) community and livelihood development, ii) agriculture development and diversification, and iii) rural financial services.

The community development activities will focus on the "new lands" that have been settled by smallholder farmers. Community development associations will be strengthened so that they can allow for the inclusion of women and youth. The project will also provide buildings and financing for schools, health clinics, community centres and clean water infrastructure.

This will go a long way to ensuring that the "new lands" are seen as a favourable prospect for current dwellers of unproductive land. The project is also going to help with vocational training and funding job creation for unemployed women and youth.

The project will focus on sustainable agriculture. The SAIL project is designed to diversify rural livelihoods and improve agriculture productivity. The first will lead to reducing the pressure on the scarce land and water resources in the country. The second will be undertaken by enhancing the productivity of the natural resources in an environmentally sustainable manner. This will involve things such as improving poor soil conditions, reducing soil salinity and improving crop production and livestock management practices which will enhance the efficient use of inputs. It will also involve improving the availability of surface water, thus reducing the pressure on ground water resources. Furthermore it will include the introduction of water efficient technologies, thereby reducing water wastage, and a range of energy efficient renewable technologies, thereby promoting the sustainable use of natural resources. The project will be involved in building water and solar energy infrastructures which will assist in the rehabilitation of irrigation, water conveyance and pumping and drainage systems. Not only will the project provide solar water pumps and bio-gas units, amongst other innovative technologies, but it will also provide technical assistance in the selection and installation of these technologies.

Additionally, SAIL will form water user groups which will strengthen the existing farmer cooperatives. Regarding the training and extension services to be provided, SAIL will also build up a workforce from the community which, once trained, will be able to provide ongoing advice, veterinary practices and artificial insemination services for both crops and livestock to their communities.

The project will invest to ensure smallholders are resilient to challenges such as water scarcity, salinity, increasing temperatures, decreased rainfall and other climate change impacts. Access to finance and small grants will be given to farmers, to be used for installation of efficient irrigation facilities, innovative agriculture techniques, post-harvest and renewable energy solutions. To control the effect of waterlogging in northern Egypt, which are expected to exacerbate soil salinization and lead to deterioration of crop quality and productivity, drainage networks will be monitored and cleared to make sure that salinity levels do not increase further. A system for salinity monitoring will also be developed.

The project will also use ASAP grant resources for the installation of weather stations and development of a Dynamic Agriculture Information and Response System (DAIRS). This will help improve long-term forecasting to enhance the capacity to cope with climate related hazards. With fast changing climates, traditional knowledge has fallen short in recent years when it comes to predicting seasons. With new forecasting technologies, farmers can once again take control of their planting and cropping schedules, and it brings the added bonus of forewarning farmers of potential hazards, allowing them to make necessary precautions.

In addition, efforts will be made to promote the preferential adoption of high-return and water conserving crops, such as sugar beet and others that will be tested through demonstration plots. The demonstration plots will be utilized at field schools to help farmers learn about new crops, adaptive cropping techniques (soilless agriculture, sustainable agriculture techniques, rotation, etc.), as well as training on efficient irrigation technologies. These demonstration plots will also serve for promoting practices that will be later scaled up through the SAIL investments.

The project is also going to help form a marketing association by combining several existing agricultural cooperatives. This association will ensure minimum product volumes which will in turn attract the private sector to the farmers. Furthermore, farmers will receive training on how to attract commercial buyers and also advise on how to produce high quality organic products which will enable them to get higher product prices.

The financial services provided by the project will aim to enhance access to capital for smallholder farmers. Financial services will include three different mechanisms: i) credit funds for leveraging financial services, ii) grass-roots credit guarantee mechanism and iii) institutional support for provision of innovative financial services.

EXPECTED IMPACTS

The Project will target around 40,000 rural households, or 280,000 people in the sites which the government has allocated for settlement and rehabilitation. The three main outcomes of the project will be: i) strengthened smallholder institutions; ii) improved agriculture production and marketing; and iii) improved capacity for employment and enterprise development.

SAIL will improve food security and nutrition in the "new lands". It will also reduce poverty by increasing both on and off-farm incomes.

Important health benefits, in particular for women and children will be realised. The provision of safe drinking water will reduce illness and water-borne diseases, especially for children under five. This will create economic benefits of US$551,536 over 20 years.

Nutrition will be enhanced by crop diversification and livestock development. New schools and literacy classes will bring educational benefits in the form of improved literacy and increased job opportunities.

The project will improve sustainable agricultural practices and profitability, and make farmers more resilient to climate change.

The project will improve smallholders' capacity for self-employment and enterprise development. Last but not least, the project will generate rural employment especially for unemployed young people. It will create 424 permanent jobs, with 806,462 labour days over 20 years. This corresponds to US$5.7 million.

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