Investing in rural people in Egypt

Rural poverty in Egypt

Egypt is the third-most populous country in Africa, with around 100 million people concentrated in a ribbon stretching 1,000 km from north to south along the Nile Valley. An uprising in 2011, followed by political upheaval and social unrest, protested the lack of economic opportunities and political inclusion. Recently, the Government of Egypt adopted some economic liberalization and anti-poverty initiatives. Economic growth recovered to 5.3 per cent in 2018, compared with an average of 4.3 per cent in the three years before, according to the World Bank.

Agriculture is a key sector in the Egyptian economy, providing livelihoods for 57.2 per cent of the population (2018) and directly employing about 30 per cent of the labour force. Though its share of GDP has fallen to about 13.2 per cent, farming is a vital source of exports and foreign exchange. Related industries such as processing, marketing and inputs account for a further 20 per cent of GDP.

However, unemployment reached 11.4 per cent in 2018, with more than three quarters of the jobless aged 15-29. Poverty fell from 40.5 per cent in 2004 to 28 per cent in 2015. But it remains a major challenge, especially in rural Upper Egypt, where poverty rates reach almost 60 per cent.
Attempts to reduce poverty must involve women and youth and reflect the diversity of income sources. In rural households, 42 per cent of average total income comes from non-farm sources, 25 per cent from cultivation and 9 per cent from livestock. The remainder comes from transfers, remittances and rents.

Thus, any attempts to reduce poverty in Egypt must address both farm and off-farm sectors. Most of the poor rural people live in Upper Egypt, amid higher rates of illiteracy and infant mortality, poor access to safe water and sanitation, and a growing number of underweight children. According to the Central Agency for Public Mobilization and Statistics, around 56.8 per cent of rural populations in Upper Egypt are poor. Although most people in the region depend on agriculture, smallholder farming does not offer them sufficient food security and income. Nonetheless, Egypt is on track to achieve most of its Sustainable Development Goals and falls into the medium category of the Human Development Index.

**Eradicating rural poverty in Egypt**

Egypt has committed to reducing poverty through sustainable economic growth, income redistribution and social development. Its main priority is to create more employment opportunities. It has adopted a multi-pronged strategy, which focuses on:

- economic growth to increase incomes and employment
- a more efficient agriculture sector, with an emphasis on improving water and land utilization, incomes and food security
- human development to give poor people a better chance of improvement through education, health care, nutrition and social initiatives
- women’s advancement and closing the gender gap
- safety nets for poor people, especially poor women
- participatory governance.

The Government of Egypt has been providing land to unemployed graduates and households displaced due to land tenure changes. It is also addressing growing poverty and inequality. Its main goals are to promote GDP growth, maintain a broad macro-economic balance and expand the economy’s capacity to absorb labour.

**IFAD’s strategy in Egypt**

Egypt is IFAD’s largest recipient of financial assistance in the Near East and North Africa. It was one of the first countries to receive IFAD financing.

IFAD funding contributes to the reduction of rural poverty and the enhancement of national food security. It supports settlement of land reclaimed from the desert in Lower (northern) Egypt and for productivity improvements in the Old Lands in the Nile valley and Upper Egypt.

In its efforts to help reduce poverty, IFAD seeks to bring about more sustainable use of natural resources, promote climate-smart strategies and leverage opportunities from growing private-sector involvement in agriculture.

Key activities include:

- strengthening the technical skills and organizational capacities of poor rural men and women so they can benefit from rural on- and off-farm economic opportunities
- enhancing sustainable use of natural resources, especially land and water
- improving the access of poor rural farmers to better services, including technology, finance and markets.
In addition to projects and programmes, Egypt has also benefited from a number of regional grants. They have focused on soil and water management; gender balance in public policy development; knowledge-sharing networks; and promotion of microfinance for poor rural people.

In total, IFAD has invested in 14 agricultural development programmes and projects worth US$ 1,112.02 million. They were designed in collaboration with smallholders, the government and other partners to benefit around 7 million people. Nine of the projects have been completed, three are ongoing and one is signed. They aim at improving the incomes and living conditions of small-scale farmers and their communities, and influencing public policy on land tenure and land settlement systems.

**Ongoing operations**

**Promoting Resilience in Desert Environments**

The project is focused on reducing poverty and enhancing food and nutrition security through sustainable and resilient livelihoods in areas affected by climate change. It aims to improve the productive capacities of poor rural households and the fertility of newly reclaimed lands, thereby enhancing nutrition and the socioeconomic status of women and children in particular. The project has two components: climate-resilient livelihoods and integrated, nutrition-sensitive investments.

The first component centres on: water for agriculture and watershed management; roads and infrastructure; livestock and rangeland development; and crop production. The second component supports the promotion of gender equality and women’s empowerment by providing a comprehensive package that includes access to domestic water and sanitation, nutrition-sensitive interventions, and social infrastructures. The project’s activities are concentrated in the Matrouh Governorate and include specific interventions for the coastal area from Dabaa to El Salloum, as well as in the Siwa Oasis and El Moghra in the Al Alamein District.

While the project is expected to directly benefit approximately 36,000 households, or 216,000 individuals, the target group is the entire population of the Governorate, which is estimated at approximately 450,000 people or 60,000 households. The total project costs are US$81.5 million, consisting of: (i) an IFAD loan of US$61.8 million; (ii) an IFAD grant of US$1 million; (iii) a Government of Egypt contribution of US$13.9 million; and (iv) a beneficiaries contribution of US$4.7 million.
Promotion of Rural Incomes through Market Enhancement Project

The project focuses on seven governorates: Qena, Sohag, Assiut, Minia and Bani Seuf in Upper Egypt, and Beheira and Kafr el-Sheikh in Lower Egypt. Its target groups include smallholder households, landless labourers with rudimentary education, unemployed youth, women and households headed by women, and small- and medium-scale entrepreneurs. The project’s goal is to help reduce rural poverty. Specifically, it seeks to increase the incomes of 50,000 rural households by integrating them into agricultural value chains.

The total project costs are US$108.2 million, comprising: (i) an IFAD loan of US$69.9 million; (ii) an IFAD grant of US$1 million; (iii) a Government of Egypt contribution of US$7.5 million; (iv) a beneficiaries contribution of US$17.7 million; and (v) other domestic contributions of US$11.9.

On-farm Irrigation Development Project in the Old Lands

This project aims to increase the efficient use of water resources threatened by climate change, population growth, industrialization, increasing pollution and poor water management. It also seeks to improve the livelihoods of smallholder farmers cultivating an average of 3 feddans (1.26 hectares) of land, landless people, unemployed youth and members of women-headed households. Project investments are expected to generate seasonal and part-time work for more than 21,000 poor rural people in the Upper Egypt governorates of Assiut, Qena and Sohag, and the Lower Egypt governorates of Kafr el-Sheikh and Beheira. Project activities focus on building capacity in water users’ associations, rehabilitating irrigation infrastructure for some 12,000 hectares of land, introducing water management systems, supporting marketing associations and increasing incomes and employment in small businesses and microenterprises.

The total project costs are US$92.1 million, consisting of: (i) an IFAD loan of US$60 million; (ii) an IFAD grant of US$2 million; (iii) a Government of Egypt contribution of US$19.3 million; and (vi) a beneficiaries contribution of US$10.8 million.

Sustainable Agriculture Investments and Livelihoods Project

The project builds on the successful West Noubaria Rural Development project and is implemented in Upper Egypt (Minia, Bani Souef and Aswan) and Lower Egypt (Kafr Sheikh). It targets new settlements with a total population of around 40,000 households or 280,000 people. Activities include developing institutions, rehabilitating infrastructure and working with local communities to improve access to social and productive services. Its overall goal is to reduce poverty and increase food and nutrition security for poor rural women and men. It will do this by building the capacity of smallholders to improve their incomes, increase their profits and diversify their livelihoods.

The total project costs are US$94.6 million, comprising: (i) an IFAD loan of US$63.2 million; (ii) an IFAD grant of US$1.4 million; (iii) an Adaptation for Smallholder Agriculture Programme grant of US$5 million; (iv) a Global Environment Facility grant of US$7.8 million; (v) a Government of Egypt contribution of US$15.2 million; and (vi) a beneficiaries contribution of US$2 million.

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October 2019