
Comments of the Independent Office of Evaluation of IFAD on the country strategic opportunities programme 2025–2030 for the Arab Republic of Egypt

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Action: The Executive Board is invited to review the comments of the Independent Office of Evaluation of IFAD on the country strategic opportunities programme 2025–2030 for the Arab Republic of Egypt.

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Comments of the Independent Office of Evaluation of IFAD on the country strategic opportunities programme 2025–2030 for the Arab Republic of Egypt

I. General comments

1. The Independent Office of Evaluation of IFAD (IOE) completed its third country strategy and programme evaluation (CSPE) for Egypt in October 2024 and presented the report to the 129th session of the Evaluation Committee in June 2025, where the findings and recommendations were discussed with Committee members and Management. The CSPE assessed the 2017–2023 portfolio, which included five loan-funded projects (On-farm Irrigation Development Project in Oldlands [OFIDO], Promotion of Rural Incomes through Market Enhancement [PRIME] project, Sustainable Agriculture Investments and Livelihoods [SAIL] project, Promoting Resilience in Desert Environments [PRIDE] project, and Sustainable Transformation for Agricultural Resilience in Upper Egypt [STAR] project), with a total cost of US\$646 million, of which US\$330 million was financed by IFAD. It also reviewed 22 grants and non-lending activities, including policy engagement, partnerships and knowledge initiatives. The CSPE provided the primary evaluative evidence base for the formulation of the forthcoming country strategic opportunities programme (COSOP).
2. The evaluation found that overall portfolio relevance was moderately satisfactory. Projects addressed long-standing challenges, including water scarcity, limited access to rural finance and weak market integration. Innovations in climate-smart irrigation, solar energy and biogas were introduced, particularly under SAIL and STAR. Investments also supported the rehabilitation of on-farm irrigation, capacity-building of water users' associations and new financing models linking producers with rural banks, which benefited smallholders in both the "old lands" and the "new lands".
3. Notwithstanding these results, all projects experienced persistent operational bottlenecks, such as slow disbursement, procurement delays and weak monitoring and evaluation (M&E) systems. Baseline data were often missing or delayed, and M&E tended to focus on outputs rather than outcomes. Although two projects now share the same project management unit, the absence of a central programme-level coordination mechanism limited the potential for synergies in areas such as knowledge management and thematic integration.
4. The CSPE noted partial implementation of key recommendations from the 2017 evaluation, which had called for a sharper poverty focus, greater selectivity and a more integrated programmatic approach. Despite targeting rural poverty, project designs lacked specific strategies for marginal farmers, women and youth. Disaggregated data remained limited. Market access components were constrained by weak private sector engagement and limited downstream value chain analysis. Environmental and climate considerations gained some traction yet still required more robust system-wide integration and long-term sustainability mechanisms, particularly for cost recovery in irrigation schemes.
5. The CSPE made five key recommendations to guide the new COSOP. First, it advised integrating natural resources management and climate adaptation across the portfolio. Second, it recommended continued support for irrigation, with stronger sustainability and exit strategies. Third, it called for better market access and value chain development, backed by inclusive rural finance. Fourth, it emphasized the need for more precise targeting of poor households, women and youth, using better data and diagnostics. Finally, it proposed greater investment in

non-lending activities – including policy dialogue and partnerships – supported by a dedicated coordination mechanism.

6. Egypt's new COSOP (2025–2030) aims to cut rural poverty and boost food security by making smallholders and rural enterprises more resilient to climate and economic shocks. It pursues three strategic objectives (SOs): (i) enhance climate resilience and sustainable natural resources management; (ii) improve economic resilience through inclusive value chains; and (iii) advance evidence-based policy engagement. These pillars will guide IFAD's investments and non-lending work in Egypt over the next six years.
7. The new COSOP acknowledges the CSPE recommendations in its lessons learned section and claims to have embedded them in the theory of change and the three strategic objectives. Overall, the COSOP demonstrates a clearer focus on climate resilience, inclusive value chains and evidence-based policy engagement than its 2019 predecessor. Nevertheless, as discussed below, several areas would benefit from sharper operational guidance to ensure that the intent of the CSPE recommendations is fully realized during implementation.

II. Specific comments

8. **Targeting strategy.** The COSOP's blend of geographic, direct and self-targeting, anchored in poverty data and social registry criteria, marks real progress. Closer collaboration with the Ministry of Social Solidarity would sharpen these filters and enable systematic collection of poverty-disaggregated outreach data. The CSPE cautioned that broad geographic coverage can dilute impact, and the COSOP could be more explicit on how it will avoid spreading resources too thinly. The new COSOP no longer explicitly targets landless labourers, despite their relevance. On gender, past projects offered finance and training that were basic and kept women largely outside value chains. The new strategy should clarify how services will be tailored, productive roles expanded and unpaid workloads reduced to ensure genuinely inclusive targeting.
9. **Financial inclusion.** The CSPE concluded that earlier rural finance lines were only loosely linked to project objectives: credit frequently bypassed smallholders and women, and IFAD provided little support to partner banks to develop innovative products or improve client outreach. Monitoring of loan use was limited, so funds were often used for purposes unrelated to programme goals. The draft COSOP reiterates a commitment to inclusive rural finance, but it offers few details on what action will be taken to avoid repeating these shortcomings – specifically, how partner institutions will be chosen, how credit will be coordinated with other components, and how progress will be tracked. Clarifying these operational safeguards – for example, through explicit eligibility criteria for financial partners, product innovation milestones and regular portfolio reviews against targeting benchmarks – would be essential to ensure rural finance contributes measurably to the COSOP's objectives.
10. **Market access and value chain development.** The CSPE found that earlier projects started marketing support late, had limited in-house expertise and struggled to broker durable partnerships with agribusinesses, so gains in market access and value chain development fell short of expectations. The updated COSOP identifies inclusive value chains as a separate strategic objective (SO2) and states a commitment to incorporating comprehensive market analysis into project design. It also calls for extending support to downstream activities, such as processing and aggregation, and aims to attract private investment through agricultural public-private partnerships and contract farming arrangements. The appendices outline options for private sector collaboration, listing agri-fintech, logistics and off-taker companies (such as Mozare3, Khodar, Mahaseel Masr) that could offer bundled services and stable market channels to smallholder farmers. Although these provisions support the CSPE recommendation for earlier engagement with market

actors, the COSOP should clarify the sequencing and monitoring of such partnerships, especially with rural finance providers, to prevent the fragmented approach to implementation seen in past initiatives.

11. **Non-lending activities.** The CSPE highlighted IFAD's mixed results in non-lending activities in Egypt, noting that despite a 2019 COSOP focus on policy dialogue, outcomes were limited. Lessons were not effectively used for higher-level activities or scaling up, and few strategic partnerships were formed. These issues stemmed from underestimated resource requirements, insufficient evidence and lack of strategic direction. The new COSOP makes evidence-based dialogue part of SO3, aiming to focus future efforts on the food pillar of Egypt's Platform for the Nexus of Water, Food and Energy; attract grants such as the one for the Piloting Climate-smart Agriculture for Policy Enhancement (PCAPE) project; and make IFAD a "knowledge convenor" for climate-smart smallholder agriculture. While these are positive steps, the document lacks a detailed, time-bound engagement plan and specific deliverables and resource allocations. IOE thus repeats its recommendation to create a clear roadmap of non-lending activities before COSOP implementation begins.
12. **Programmatic coordination.** The COSOP recognizes the need for stronger integration across projects and notes that a single results framework and joint annual reviews will bring SAIL, STAR, the Climate-Resilient On-Farm Water Management in the Nile Valley (CROWN) project, and future operations under one programmatic umbrella. However, it remains vague on how day-to-day collaboration on M&E, procurement, financial management and mainstreaming themes will be fostered. Making these coordination arrangements more explicit, beyond procedural alignment, would clarify how the country programme intends to translate its programmatic ambition into practical, synergistic delivery.
13. **Risk management and resource mobilization.** The COSOP notes Egypt's debt concerns and suggests using climate and blended finance options, but overlooks three CSPE-identified risks. The Government hesitates to borrow for "soft" investments without clear cost-recovery plans and private sector involvement, and this hesitation is already delaying the STAR loan and complicating CROWN's design. Cost-recovery systems, notably for agricultural water infrastructure, are still lacking, which poses a risk of fiscal opposition to future projects. Efforts to secure grant cofinancing have also underperformed, resulting in funding gaps and slow implementation. The risk matrix should therefore quantify potential shortfalls in cofinancing, spell out benchmarks for private sector leverage, and include contingency plans to ensure that delayed or reduced external resources do not stall delivery or dilute development impact.

III. Final comments

14. The COSOP aligns well with CSPE recommendations and national development goals, particularly in terms of mainstreaming climate-smart practices, strengthening inclusive value chains and enhancing policy engagement. However, several operational elements would benefit from further clarification. These include the collection and monitoring of poverty-disaggregated outreach data; the definition of safeguards for rural finance partnerships; clearer sequencing and oversight of private sector engagement; a structured and resourced plan for non-lending activities; and more explicit arrangements for cross-project coordination. The risk matrix should also better reflect challenges related to cost recovery and cofinancing. IOE remains available for further engagement. IOE acknowledges receipt of the letter from the Government of Egypt confirming its agreement with the CSPE recommendations, while noting that the agreement at completion point (ACP) has not yet been formally signed, and therefore invites the Executive Board to take note of this status.