Investing in rural people

Executive Board

Arab Republic of Egypt
Country strategic opportunities programme 2025–2030

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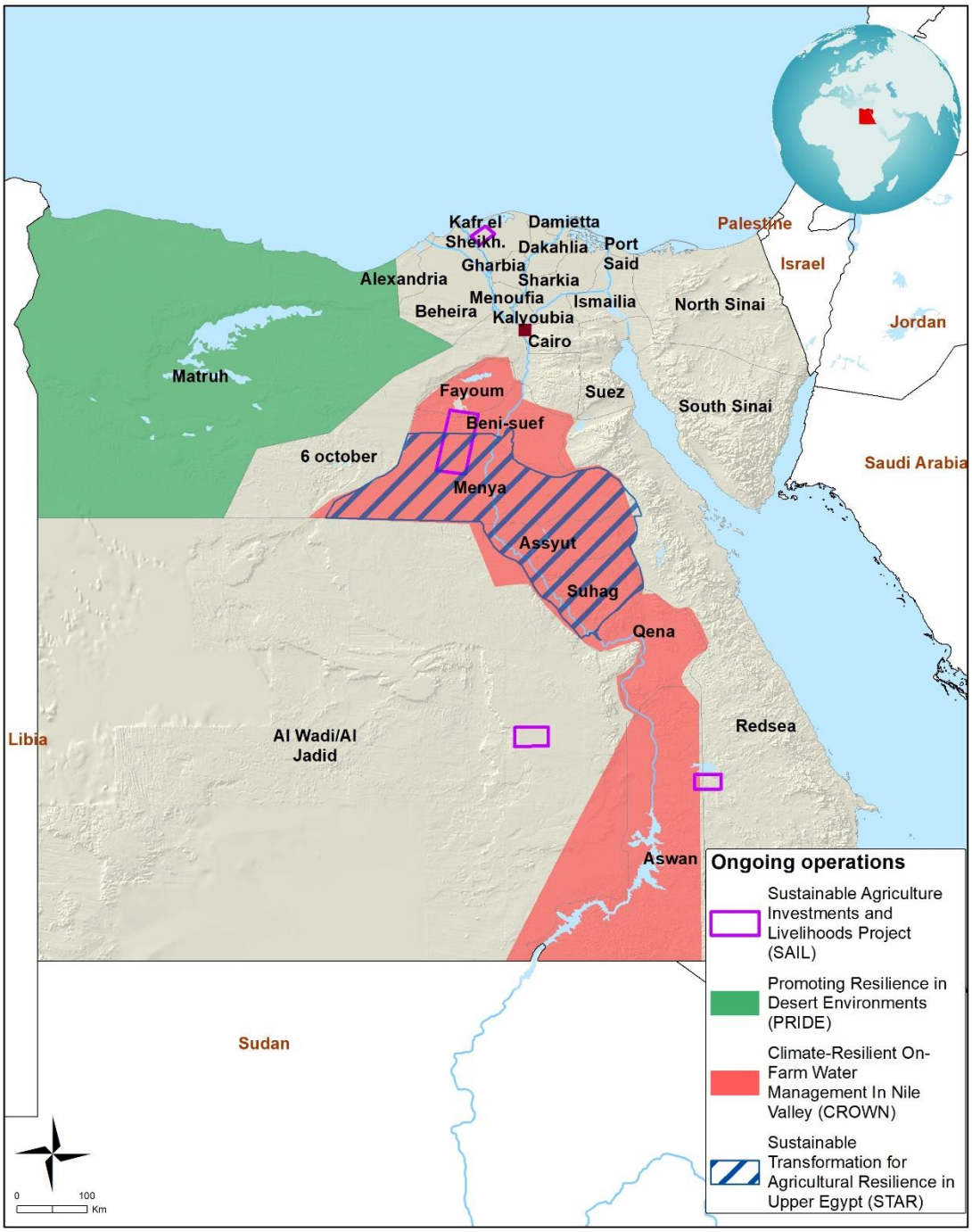
Map of IFAD-funded operations in the country

Egypt COSOP 2025 - 2030



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IFAD *Map compiled by IFAD* | 10-03-2025

Executive summary

1. Rural poverty has been increasing due to accelerating climate change, the COVID-19 pandemic, and rising input prices and cost-of-living expenses driven by geopolitical tensions in Gaza and Europe. Egypt's rural sector stands at a critical juncture, characterized by intersecting economic precarity, especially for smallholder farmers, who constitute 18.5 per cent of the national workforce and operate 95 per cent of agricultural landholdings. Fragmented land tenure systems, water scarcity, weak and non-inclusive value chains, and climate-induced yield losses perpetuate cycles of vulnerability.

2. However, there are signs that pathways out of rural poverty are possible. The Egyptian economy showed resilience, thanks to a timely, prudent response to COVID-19. The Government achieved macroeconomic stabilization, boosted public investments, improved competitiveness and sustained growth, notably through the National Programme for Structural Reforms and Infrastructure Investments. Government initiatives like the Hayah Karima (Decent Life) initiative aim to enhance social inclusion and reduce poverty in Egypt's most deprived rural areas.

3. IFAD and the Government of Egypt have partnered for more than four decades, with more than US$1 billion invested. The partnership has been elevated with the selection of IFAD to lead the food pillar of Egypt's Nexus of Water, Food and Energy (NWFE) Programme, aiming at accelerating national plans on climate and mobilizing climate finance and private investments to support Egypt's green transition. The recently approved Climate-Resilient On-Farm Water Management in the Nile Valley project is the first manifestation of both partners' commitment to deliver on this effort.

4. IFAD's country strategy for the next six years (2025–2030) will seek to confront the various challenges facing rural poor people, while also seizing emerging opportunities to support poverty alleviation. The overall goal of this country strategic opportunities programme is thus to reduce rural poverty and improve food security by strengthening smallholder farmers' and rural entrepreneurs' resilience to economic and climate shocks through efficient land and water management, inclusive access to finance and markets, and sustainable production, thereby contributing to resilient and inclusive food systems. This goal will be achieved through three strategic objectives (SOs):

    - SO1: Enhance climate resilience and sustainable natural resources management;
    - SO2: Improve economic resilience through inclusive value chains; and
    - SO3: Advance evidence-based policy engagement.

5. The goal and objectives are aligned with the strategies and programmes of the Government of Egypt, including the Sustainable Development Strategy – Egypt's Vision 2030, the Sustainable Agricultural Development Strategy Towards 2030, the National Climate Change Strategy (NCCS) 2050 and Egypt's NWFE Programme. They are also aligned with IFAD commitments related to food systems transformation pathways, private sector engagement, inclusive targeting, sustainable natural resources management and improved climate resilience.

Arab Republic of Egypt
Country strategic opportunities programme 2025–2030

I. Country context

A. Socioeconomic setting

1. Egypt is a lower-middle-income country (LMIC) with a GDP per capita of US$3,512.6 in 2023.[1] Recent economic reforms have been hampered in part by several external crises, including the COVID-19 pandemic and the geopolitical tensions in Gaza and Europe, which have disrupted global supply chains. These crises have led to increases in prices, particularly the price of wheat, of which Egypt is one of the world's major importers. In 2023, the war in Gaza and disruptions to Suez Canal operations reduced both transit and tourist revenues.

2. **A large population** and increased urbanization are putting pressure on Egypt's resources, especially water. Of the 110 million population, it is estimated that 95 per cent are living along the Nile or in its delta. The water from the Nile is thus essential for sustaining life in Egypt. Agriculture, which is heavily reliant on water from the Nile, is exposed to changes in demand and supply.

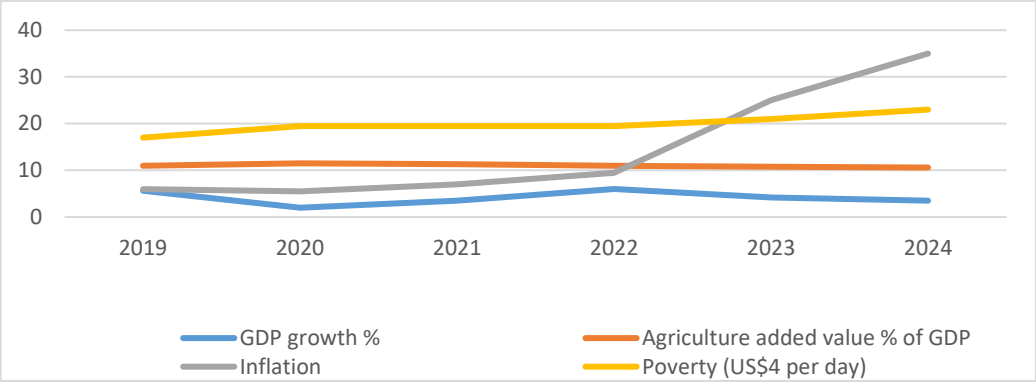
3. **Poverty** in Egypt has been rising due to global and regional economic pressures. High inflation has hindered the Government's poverty reduction efforts. Rural areas face significantly higher multidimensional poverty (Multidimensional Poverty Index: 0.103 versus 0.042 in urban areas), with 28 per cent of rural residents classified as poor, compared with 11.9 per cent in urban areas. Upper and Middle Egypt are especially vulnerable. Rural women and youth face challenges in accessing productive resources and opportunities.

4. **Food and nutrition security** remain key objectives. In 2023, Egypt ranked 57th out of 125 on the Global Hunger Index, reflecting a moderate hunger level, with 14 per cent of the population food insecure. Challenges persist around food affordability, quality, waste and safety. Malnutrition and obesity are widespread, with an associated rise in non-communicable disease rates. Population growth, projected to reach 150 million by 2050, may worsen food insecurity. Accessibility and affordability of food remain challenges for the rural poor, especially in Upper Egypt.

5. **Climate change** is exacerbating the water challenges that Egypt faces. Under business-as-usual projections, Egypt is more likely to face water availability issues by 2033.[2] Climate models predict that Egypt's temperatures may rise by 2.1° C to as much as 5.7° C by 2080 under high-emission scenarios.[3] Additionally, the Nile Delta (home to more than 60 per cent of agricultural production) is vulnerable to sea-level rise.

[1] World Bank. n.d. GDP per capita (current US$) - Egypt, Arab Rep. | Data.
[2] World Bank. 2022. *Country Climate and Development Report, Egypt.*
[3] Government of Egypt. 2024. *Egypt's First Biennial Transparency Report.* Available from: https://unfccc.int/documents/645200.

Figure 1
Key macroeconomic indicators during the previous country strategic opportunities programme (COSOP) (2019–2024)



Source: World Bank (2025).

Table 1
Country indicators

Indicator	*Data*	*Year of reference and source of data*
Gross national income (GNI) per capita	US$3 840	2023, World Bank
Real GDP growth	3.8%	2023, World Bank
Total debt service	30.4%	2023, World Bank
Debt to GDP ratio	84.5%	2025, International Monetary Fund (IMF)
Inflation rate	33.9%	2023, World Bank
Total population	105 914 499	2024, Egyptian Central Agency for Public Mobilization and Statistics (CAPMAS)
Female population	51 472 499	2024, CAPMAS
Youth population	26 962 660	2024, CAPMAS
Unemployment rate	6.4%	2024, CAPMAS
Fragility index	82.8	2024, Fragile States Index
Index for Risk Management (InfoRM)	4.6	2024, European Commission Disaster Risk Management Knowledge Centre

B. Transition scenario

6. Egypt, classified as an LMIC for over two decades, has been advancing its reforms with tangible results. In 2023, its GNI per capita reached US$3,840, reflecting steady progress. The economy benefits significantly from remittances (56 per cent) and foreign direct investment (16 per cent), complemented by strong partnerships with multilateral banks and IMF programmes that support fiscal and structural reforms. The Government's strategy focuses on rural development, climate resilience, financial inclusion, State-owned enterprise reform and a knowledge-based economy. However, global trade tensions, regional instability and declining official development assistance hinder progress, making it unlikely that Egypt will achieve upper-middle-income status in the near future. IFAD's support is crucial to promoting rural transformation, addressing structural barriers and protecting vulnerable rural populations in this uncertain economic landscape.

C. Food system, agricultural and rural sector priorities

7. Agriculture has been one of the largest contributors to GDP, accounting for 14 per cent, second only to real estate. Agriculture is crucial to food security and to the economy, accounting for approximately 19 per cent of total employment. The food system in Egypt is complex and influenced by several factors, including agriculture, economics, environmental conditions and cultural practices. Limited access to modern technology and inadequate infrastructure is affecting the sector's overall productivity and sustainability.

Challenges and opportunities

8. Agricultural land is highly fragmented, with nearly 80 per cent of farmers cultivating less than 2 hectares and 50 per cent farming under 0.4 hectares.[4] This limits economies of scale, reduces technical efficiency and contributes to stagnant incomes. Smallholders are largely excluded from formal commercial value chains.[5] Limited access to agricultural services, weak market structures and value chains are areas needing further improvement.

9. Agricultural finance, especially for smallholder farmers, is facing challenges. There is a need to develop de-risking mechanisms such as agricultural insurance and credit guarantees, in addition to tailored financial products that consider the seasonality of the agricultural production.

10. Women and youth remain concentrated in lower-paying, less-skilled segments of the agriculture sector, with restricted opportunities for market access.

11. These challenges are exacerbated by climate change, reduced water supply and increased evaporation rates impacting agricultural water resources. Rising desertification is affecting marginal areas like the Western and Eastern Deserts, Sinai and oases. Crop and livestock productivity could decline, compromising food security, with estimates predicting an 11 to 51 per cent drop in national food production. The Nile Delta coast is particularly vulnerable to saltwater intrusion, which poses a significant risk of loss of fertile land.

12. Key opportunities for transforming the agricultural sector include government support to tackle water availability issues, incentivizing farmers to adopt more efficient irrigation practices; greater involvement of the private sector and expansion of the export market for agricultural crops, including medicinal and aromatic plants; and the leveraging of the existing ecosystem for digital agriculture and smart technologies.

Government policy and institutional framework

13. Egypt's Vision 2030 emphasizes rural development as a central pillar of the country's broader strategy for sustainable growth. It prioritizes economic participation and entrepreneurship among women and youth, recognizing their potential to drive rural transformation. The strategy promotes the development of agriculture and rural industries, with a focus on job creation and sustainable resource management. To address institutional and policy limitations, key ministries such as the Ministry of Agriculture and Land Reclamation (MALR) and the Ministry of Water Resources and Irrigation (MWRI) are working to strengthen governance and enhance financial and technical capacities, aiming to close implementation gaps and improve service delivery in rural areas.

14. In line with these efforts, the Government launched the NWFE Programme in 2022 to address interlinked climate and sustainability challenges. The programme aims to accelerate national plans on climate. It provides opportunities for mobilizing climate finance and private investments to support Egypt's green transition, reflecting the interlinkages and complementarity between climate action and development efforts. Egypt also participates in the United Nations Food Systems Summit Dialogues and has identified five national pathways to transform its food systems. In March 2025, the Government of Egypt and several United Nations agencies signed an agreement for a joint programme focused on enhancing sustainable and resilient food and nutrition systems to accelerate progress towards the Sustainable Development Goals.

15. At the sector level, the Sustainable Agricultural Development Strategy Towards 2030 (SADS 2030) recognizes the role of smallholder farmers in achieving its

[4] Abdalla, Ahmed, Till Stellmacher, and Mathias Becker. 2023. Trends and Prospects of Change in Wheat Self-Sufficiency in Egypt. *Agriculture*, 13(1): 7. https://doi.org/10.3390/agriculture13010007.

[5] Only 12 per cent of farmers in Upper Egypt have direct links to formal buyers, relying on intermediaries who capture up to 70 per cent of the profits. See Adaptation Fund, 2020.

goals. The strategy emphasizes supporting and empowering smallholders to adopt sustainable agricultural practices and improve their livelihoods, through access to better inputs, irrigation, farmers' organizations, and market and value chain integration.

16. The climate-related priorities in SADS 2030 align with the National Climate Change Strategy 2050, with a focus on rehabilitating agricultural and drainage systems, reusing treated wastewater and drainage water, modernizing irrigation, managing natural resources in a sustainable manner and promoting climate-resilient crops.

II. IFAD engagement: lessons learned

A. Results achieved during the previous COSOP

17. The previous COSOP aimed to contribute to the sustainable improvement of rural incomes and resilient livelihoods in Egypt. Despite reasonable delivery against targets, the IFAD portfolio reached 258,809 persons with supported services against a target of 410,575. This shortfall is attributed to an adverse external economic context (as discussed earlier).

18. The 2024 COSOP completion report found that IFAD had delivered moderately satisfactory results in improving the livelihoods of rural people, resulting in higher productivity, increased formal market access, and empowerment of women and communities. These are achievements that this COSOP will leverage.

19. However, progress on financial inclusion was moderately unsatisfactory, due to the limited reach of participating financial institutions (PFIs) and lack of synchronization with other project activities. This COSOP will aim to ensure better coordination across components and better PFI monitoring and targeting mechanisms.

20. Progress on the second objective of the previous COSOP – development of enhanced policies that support inclusive and sustainable rural transformation is fostered – was also moderately unsatisfactory, particularly in terms of promoting water- and land-efficient policies amid climate-induced degradation, and in promoting women- and youth-inclusive policies. These findings were echoed in the 2025 country strategy and programme evaluation. Policy engagement requires rigorous monitoring and evaluation (M&E) and impact assessments to understand what works and what changes are required.

B. Lessons from the previous COSOP

21. The COSOP completion report and the country strategy and programme evaluation yielded the following lessons, which have been used to inform the present COSOP.

22. **Incorporation of natural resources management and adaptation to climate change into future strategic priorities.** This COSOP has made these aspects core to both the strategic objectives and the underlying theory of change.

23. **Stronger integration across projects and between project components**. Interventions will benefit from alignment of investment components at the central level of government aimed at improving the organizational and business capacities of community-based organizations (CBOs), expanding access to rural finance, and supporting climate-smart agriculture, contract farming and access to profitable markets.

24. **Fostering financial inclusion** in rural areas requires innovation to expand services delivery in a cost-effective manner. Ensuring proximity to beneficiaries, understanding their diverse needs and capacities (especially for women and youth), competitively selecting PFIs and promoting innovative financial products, such as credit guarantees, digital banking and agent banking, have the potential to enhance accessibility and sustainability.

25. **Explicit and actionable poverty targeting strategies** will improve outreach to the poorest smallholder farmers, maximize impact, optimize the use of scarce resources and support scalability.

26. **Partnership-building for better inclusion of youth and women**. Effective partnerships with national bodies, international development partners and grassroots organizations with strong capability in empowering youth and women, formed in the initial stages and maintained throughout implementation, will enhance responsiveness to the needs of these groups.

27. **The sustainability of interventions aimed at addressing water use efficiency** warrants greater emphasis on operational and maintenance arrangements, and cost recovery pathways.

28. **Clear and actionable non-lending operations** are necessary to increase the impact and influence of IFAD investments through multiple grants, including the Piloting Climate-Smart Agriculture for Policy Enhancement grant under the Climate-Resilient On-Farm Water Management in the Nile Valley (CROWN) project, and the Green Climate Fund (GCF) grant expected in the framework of the scaling up phase of the CROWN project.

29. **Innovative irrigation models** utilizing solar-powered systems for drip irrigation have demonstrated the effectiveness of national-level practices using clean energy, thereby reducing diesel costs. However, additional training on the operation and maintenance of solar photovoltaic units is needed.

30. **Farmer field schools**, as part of IFAD projects, are an effective method for demonstrating and disseminating agricultural technologies and practices to farmers in a participatory and effective manner and facilitating women's and youth's participation and decision-making.

31. IFAD should focus on **crop consolidation** (including medicinal and aromatic plants, staple crops and horticultural crops), supported by incentives, finance and contractual farming.

III. Strategy for transformational country programmes

A. COSOP theory of change

32. Rural smallholders and entrepreneurs face major challenges, including water scarcity, outdated irrigation systems and climate change impacts such as heatwaves and erratic rainfall. Poor resource management, weak governance and limited infrastructure maintenance further reduce efficiency. Water user associations (WUAs) struggle with sustainability and capacity for collective action. Additionally, land fragmentation, weak extension services and limited access to finance, technology and post-harvest facilities lower productivity. Smallholders often lack the scale and capacity for market-oriented farming. Underdeveloped value chains limit private investment, market access and job creation, especially for youth and women, perpetuating rural poverty and limiting agricultural transformation.

33. The development challenges addressed in this COSOP centre around poverty and food insecurity, which are being exacerbated by climate change, socioeconomic constraints faced by smallholder farmers and rural entrepreneurs, and barriers that hinder the full participation of rural women and youth.

34. The theory of change of this COSOP assumes that by adopting climate adaptive production practices and efficient and sustainable land and water management, and by providing inclusive access to finance and markets for smallholder farmers and micro- and small-scale entrepreneurs, including women and youth, IFAD's interventions will improve rural communities' resilience to economic and climate shocks, thereby enhancing food and nutrition security. These efforts will help to build resilient and sustainable food systems. The expected changes also assume

sustained political and macroeconomic stability, the adoption of climate-smart agriculture, active agribusiness collaboration, strong market incentives for climate resilience and a continued enabling policy environment for financial inclusion.

35. **First pathway: Enhancing climate resilience for rural smallholders and entrepreneurs.** If investments are made in climate-resilient natural resources management and infrastructure; if improved water use efficiency and soil conservation are adopted by smallholders, leveraging innovative digital solutions; and if CBOs, including WUAs, are strengthened and made more inclusive, then water saving, efficiency and governance will improve, leading to sustainable water management and more equitable water resource distribution. Furthermore, the adoption of climate-smart technologies, renewable energy solutions and nature-positive farming practices will lead to increased production, reducing smallholders' vulnerability to climate shocks.

36. **Second pathway: Enhancing the economic resilience of rural smallholders and entrepreneurs.** Adopting innovative farming techniques, improving access to services, expanding post-harvest infrastructure and designing tailored financial products can increase agricultural productivity and value addition while minimizing production losses. Strengthening market-oriented value chains through private sector engagement, collective action, digital solutions and incentives, along with improved CBOs and extension services, will boost smallholders' competitiveness. The aim of these efforts is to raise rural incomes, support farmers' integration into high-value markets and promote sustainable food systems, ultimately contributing to improved nutrition, food security and long-term economic stability.

37. **Third pathway: Advancing evidence-based policies and scaling up best practices.** If field experiences are leveraged, targeted thematic studies are produced, and field-validated, climate-smart, market-driven and socially inclusive agricultural and rural finance models are disseminated, and if these lessons are showcased through the NWFE Programme and multi-stakeholder platforms with a view to institutionalizing best practices within national programmes, this will facilitate stronger engagement for evidence-based pro-poor policy, fostering a more inclusive policy and regulatory environment.

38. **Fourth pathway: Strengthening the empowerment of women and youth is vital for sustainable rural transformation.** Targeted interventions that reduce barriers to access to agricultural assets, services, land, employment and markets – combined with capacity-building in digital skills and entrepreneurship – will enable women and youth to pursue income-generating opportunities in areas such as post-harvest processing and agribusiness. Increased participation in cooperatives and producers' organizations will boost household income and enhance sustainability. Young entrepreneurs will benefit from innovative financial tools and digital solutions, enabling them to invest in agribusiness and actively contribute to the rural economy's growth.

B. Overall goal and strategic objectives

39. **Goal:** To reduce rural poverty and enhance food and nutrition security by strengthening smallholder farmers' and rural entrepreneurs' resilience to economic and climate shocks through efficient land and water management, inclusive access to finance and markets, and sustainable production, contributing to resilient and inclusive food systems.

40. **Strategic objective (SO1): Enhance climate resilience and sustainable natural resources management.** Improve the adaptive capacity of rural smallholder farmers and entrepreneurs, women and youth by promoting sustainable natural resources management and fostering climate-resilient livelihoods.

41. Associated outcomes:

    1.1 Enhanced water use efficiency and sustainable water management through strengthened CBOs, including WUAs.

    1.2 Greater adoption of innovative, climate-smart crops and agricultural practices, approaches that promote biodiversity and soil conservation, nature-based solutions, and environment-friendly inputs and technologies, thereby contributing to the transition towards sustainable production systems.

42. IFAD will prioritize investment in subsectors such as irrigation and soil management in climate-vulnerable areas, which will generate environmental, economic and social returns, attracting private and public investments. However, infrastructure must be in place to support market integration and ensure economic viability. A core adaptability platform will be created under SO1 for small-scale farmers, enabling them to transition into higher-value market opportunities as outlined in SO2.

43. **SO2: Improve economic resilience through inclusive value chains.** Strengthen the economic resilience, increase the incomes and improve the food security of rural smallholder farmers and entrepreneurs, with a particular emphasis on women and youth, by boosting agricultural productivity and expanding value addition and profitability for better integration into the agrifood value chains.

44. Associated outcomes:

    2.1 Higher productivity, profitability and improved nutrition outcomes through the adoption of innovative farming technologies, crop consolidation strategies, agribusiness innovations and better nutrition knowledge.

    2.2 Expanded access to tailored and innovative financial products, such as the Bab Rizq programme,[6] and increased private sector investments in value chains.

    2.3 Improved access to post-harvest infrastructure and processing equipment, strengthened farmers' organizations and more robust market-driven alliances that empower smallholders and enhance their competitiveness.

45. This objective will promote higher incomes by deepening rural financial inclusion through improved access to financial services and markets, strengthening CBOs and enabling smallholders to capture value within agrifood value chains. A pro-poor, gender-inclusive approach will use tailored financial instruments, digital tools, group lending and policy support to empower marginalized farmers.

46. **SO3: Advance evidence-based policy engagement.** Strengthen engagement for pro-poor policy by leveraging field experiences and amplifying lessons learned and evidence through the NWFE Programme and other programmes, in collaboration with core stakeholders.

47. Associated outcomes:

    3.1 Greater adoption and scaling up of evidence-based and field-validated, climate-smart, market-driven and socially inclusive agricultural and rural finance models within national programmes and policies.

48. Efforts under this objective will aim to elevate policy dialogue to a higher level, leveraging IFAD's privileged position within the NWFE Programme to provide policy-relevant evidence drawn from on-the-ground implementation, ensuring that successful and impactful approaches can inform policy dialogue and promote more

[6] The "**Bab Rizq**" programme is a microfinance initiative by the Agricultural Bank of Egypt targeting rural areas. The programme primarily supports rural women, small traders, artisans, and street vendors, to promote small-scale income-generating activities and improve livelihoods without complex guarantees.

inclusive national policy and regulatory frameworks. More details on key policy areas are included in section IV(B) below.

49. **Sustainability** will be achieved through a holistic approach, integrating smallholders into value chains and strengthening institutional capacity. Key priorities include value chain financing, financial inclusion and supportive policies. Investing in rural finance and innovation will expand inclusive financial services, enhance the resilience of smallholder famers, especially women and youth, and improve market integration. Tailored financial products, improved infrastructure and greater private sector engagement will reduce losses and boost food security. Sustainability will be reinforced through strong linkages between PFIs and beneficiaries, revolving credit lines and CBO support. Further areas of focus will include renewable energy, water management, digital solutions and policy reform. Community engagement and institutional capacity-building will be essential for long-term impact.

50. The **scaling up strategy** will focus on promoting innovations that help smallholders transition from poverty to self-reliance by integrating them into profitable markets through improved water efficiency, soil management and value chain integration. At the project level, CROWN incorporates a clear scaling up strategy, with an expanded financial envelope and broader outreach. Strategically, the scaling up management plan leverages IFAD's leadership in the food pillar of the NWFE Programme to share knowledge and monitor progress through platforms such as the Development Partners Group. Risk management, innovation promotion and sustainability are embedded within the project's scaling up strategy, ensuring effective implementation and long-term impact for smallholders through market integration and capacity-building.

Mainstreaming

51. **Climate and environment** will be a high priority under both SO1 and SO2, guiding and refining interventions through strategic selection of geographic target areas. IFAD has extensive experience in sustainable soil management, promoting efficient irrigation systems, and enhancing the diversity and resilience of agricultural crops.

52. **Gender.** IFAD will prioritize the socioeconomic empowerment of rural women through the development of detailed and actionable targeting and gender-sensitive strategies for all strategic objectives. Women's empowerment will be promoted through enhanced access to assets, digital technologies and tailored financial products; strengthened participation in agricultural value chains through financial, technical and business skills development; increased leadership in rural organizations and decision-making processes; and reduced workload and time poverty. The focus will be on value chains with lower entry barriers for women and the development of tailored financial products and services. Alternative livelihoods options will also be promoted (e.g. food production and processing linked to the tourism sector).

53. **Youth** inclusion and employment will be a high priority, with interventions focused on establishing strong relationships within the broader farming community to create self- and wage-employment opportunities and increase agency across the rural/peri-urban continuum. Information and communications technologies for development (ICT4D) solutions will empower youth to innovate and engage in entrepreneurship. Mobile apps and e-extension services will attract youth to agripreneurship by improving efficiency and market access. These tools can help to develop both technical skills and business acumen, fostering entrepreneurial success.

54. **Nutrition.** IFAD will continue promoting the development of nutrition-sensitive value chains and the uptake of good agricultural practices that have the potential to increase the availability of nutritious food while improving rural households' incomes. Interventions will also incorporate nutrition education, which, in synergy

with women's economic empowerment initiatives, is expected to improve households' nutrition and health outcomes, especially in poorer communities.

Table 2
COSOP strategic objectives

Key development priority (strategic objective)	*Supporting institutions*	*Policy reform challenges*	*Proposed interventions (lending, non-lending)*
SO1: Enhance climate resilience and sustainable natural resources management	MWRI MALR	Implementation of existing policy regimes, including on irrigation and environmental laws	Capacity development, technical assistance, advisory services, mentoring, irrigation, soil management, and crop choice and consolidation.
SO2: Improve economic resilience through inclusive value chains	MALR MWRI MOSS	Financial regulation, conducive rural economic policies	Access to advice and finance, value chain development, capacity development
SO3: Advance evidence-based policy engagement	MOPEDIC MALR MWRI MOSS MOE	Climate-smart interventions, pro-poor rural finance policies	Policy dialogue, joint learning events, knowledge co-creation and dissemination; South-South and Triangular Cooperation (SSTC)

MOPEDIC: Ministry of Planning, Economic Development and International Cooperation; MALR: Ministry of Agriculture and Land Reclamation; MOSS: Ministry of Social Solidarity; MWRI: Ministry of Water Resources and Irrigation: MOE: Ministry of State for the Environment.

C. Target group and targeting strategy

Target group

55. IFAD's interventions will have national coverage with a focus on remote rural areas and communities characterized by higher poverty and food insecurity levels, vulnerability to climate change and water scarcity, and limited access to agricultural and social services and infrastructure (mainly in Middle and Upper Egypt). The main target group will consist of poor smallholders and small-scale rural entrepreneurs that are currently or potentially economically active. Special attention will be given to targeting and empowering rural women and youth by addressing their specific challenges and tailoring services and products to their needs (e.g. financial products that overcome women's and youth's lack of collateral and credit history; digital solutions in support of youth-led agripreneurship). Indicatively, about 390,000 households, comprising about 879,000 people, are currently being reached through the ongoing projects (see appendix I for more details).

Targeting strategy

56. A combination of measures will be used to ensure effective targeting, including geographic, direct and self-targeting. Compared to the previous COSOP, more detailed eligibility criteria (based on poverty levels, household size, etc.), aligned with government social protection initiatives, will be applied and monitored to ensure relevant beneficiary selection and avoid elite capture. Gender and youth targeting will be strengthened by adopting tailored and empowering measures that address women's and youth's limited asset ownership and access to livelihoods and skills development opportunities. Gender and youth targeting will also be supported through the adoption of participatory and community-based approaches (e.g. farmer field schools) that facilitate outreach by creating dedicated spaces for women and youth, promoting community dialogue and addressing barriers to equal opportunities. When relevant, IFAD projects will also target vulnerabilities of specific groups, such as women-headed households, persons living with disabilities and communities with distinct cultural identities.

IV. IFAD interventions

A. Financing instruments

57. In addition to the Fund's investment envelope covering the periods of the Thirteenth and Fourteen Replenishments of IFAD's Resources (IFAD13 and IFAD14), IFAD and the Government of Egypt will actively explore opportunities to mobilize climate finance concessional loans and grants to support innovative solutions that will enhance resilience and sustainability in the agricultural sector. The Government will provide counterpart funding for effective implementation and scalability of these initiatives.

B. Country-level policy engagement

58. IFAD's policy engagement in Egypt will advance the COSOP strategic objectives by leveraging the Fund's leadership of the food pillar under the NWFE Programme. IFAD is actively operationalizing this initiative in coordination with government entities, other United Nations agencies, the private sector and development partners. Efforts focus on fostering evidence-based policy dialogue around climate-smart, resilient agriculture. These are backed by strengthened institutional capacities for analytical work and targeted data generation to address investment gaps and support structural reforms that reduce rural poverty and inequality.

59. Policy engagement will be further strengthened through the mobilization of diverse grant resources, including support from the Green Climate Fund (GCF), the China International Development Cooperation Agency (CIDCA), and strategic partnerships with development actors such as the German Agency for International Cooperation (GIZ), the Agence Française de Développement (AFD) and the Spanish Agency for International Development Cooperation. A notable example is the US$1 million IFAD grant managed by a CGIAR international agricultural research centre to implement Piloting Climate-Smart Agriculture for Policy Enhancement under CROWN. Key policy areas addressed include sustainable natural resources management, promotion of inclusive CBOs, adoption of renewable energy and climate-smart technologies, expansion of rural finance and insurance, agribusiness innovation, post-harvest loss reduction, food waste minimization, and the development of nutritious, market-oriented value chains through private sector partnerships and digital solutions.

C. Institution-building

60. IFAD will collaborate with institutions and CBOs to ensure inclusive rural development. The focus will be on strengthening CBOs and PFIs (selected on a competitive basis in synergy with development partners, capitalizing on lessons learned). This effort aims to enhance productivity and increase access to finance and markets, and ensure more effective management of irrigation water resources and infrastructure. IFAD will emphasize the active participation of women and youth in these organizations.

D. Innovation

61. The new COSOP introduces innovative solutions to drive sustainable agriculture and rural development under Egypt's NWFE Programme. As the lead for food pillar of the NWFE Programme, IFAD will forge strategic partnerships and mobilize finance for large-scale, climate-resilient investments aligned with national priorities. Key innovations will include modern irrigation systems, solar-powered pumps, crop consolidation and conservation agriculture. Digital tools (such as the Internet of Things, remote sensing and early warning systems) will support decision-making, while agritech-fintech partnerships will expand financial access. Policy areas to be addressed will include resource-efficient technologies, inclusive CBOs, renewable energy, post-harvest loss reduction and nutrition-sensitive value chains. All interventions will be piloted to ensure relevance and measurable impact.

E. Knowledge management

62. IFAD will continue strengthening knowledge generation, sharing and application to refine strategies relating to food, water and climate. Efforts will focus on promoting climate-smart agricultural practices through training, workshops and case studies that will enhance productivity and resilience. Knowledge-driven ecosystems will empower farmers, help to build agricultural resilience and improve food security. Knowledge management and communication will be jointly led by IFAD, the Government, project teams and service providers. Knowledge products will also inform policy dialogue under SO3, providing evidence to support informed decision-making and guide effective policy and programme design.

F. Information and communications technologies for development

63. With near universal internet access, Egypt has high potential to scale up the use of digital technologies for agriculture. IFAD investments will support the Government's vision to use digital technologies to improve agricultural productivity, crop consolidation, water management, access to finance and markets, and climate change adaptation through tailored activities aligned with SO1 and SO2 of the COSOP.

G. Strategic partnerships and South-South and Triangular Cooperation

Government and civil society

64. IFAD and the Government will work together on the implementation of the COSOP. Government entities involved in the implementation include the Ministry of Agriculture and Land Reclamation and its executing and affiliated agencies, the Ministry of Water Resources and Irrigation, and other relevant entities. The Ministry of Planning, Economic Development and International Cooperation will be responsible for overall coordination. These entities will be involved in primary agricultural production, irrigation, social mobilization, environmental protection, local planning and gender equality.

65. Community development associations will deliver social services, microfinance services and technical support, with a focus on empowerment of women and youth. Partnerships with NGOs will enhance target groups' technical and business capacities. Other key CBOs, including farmers' organizations, marketing associations and WUAs, will support collective action alongside IFAD and the Government.

Development partners

66. IFAD will deepen its collaboration with other United Nations agencies to support rural livelihoods and food systems. Joint financing with climate cofinanciers will enable scaled up impact through integrated approaches to climate, gender and youth, including under CROWN. Cofinancing opportunities will be pursued with partners such as GCF, the Adaptation Fund and bilateral donors for climate and rural development grants.

Private sector

67. The private sector is a key partner in delivering infrastructure, goods and services for IFAD interventions. Partnerships with aggregators and food processors will be expanded to boost economic outcomes. As cofinanciers, private actors will help IFAD target groups access jobs, markets, finance and technology. Support to farmers and their associations will strengthen value chains, while collaboration with PFIs will ensure tailored financial services.

South-South and Triangular Cooperation

68. Egypt's SSTC strategy, which is aligned with IFAD's SSTC strategy for 2022–2027, promotes knowledge exchange, policy engagement and regional cooperation, with

a focus on climate-smart agriculture, water conservation, rural finance and agri-fintech. Under the leadership of the Ministry of Agriculture and Land Reclamation, Egypt aims to serve as a regional SSTC hub for Africa and the Middle East, leveraging Chinese expertise. The strategy supports peer learning with other IFAD-supported countries and advances regional policy dialogues on food systems transformation and climate adaptation. It also enables the dissemination of best practices through the NWFE Programme to mobilize resources and strengthen climate resilience across the region. The strategy covers climate-smart agriculture, water-saving technologies, cooperative development, inclusive value chains, agribusiness and export promotion, and integrates digital learning and artificial intelligence tools to enhance resilience, market access and decision-making for farmers, especially women and youth.

V. COSOP implementation

A. Investment volume and sources

69. The COSOP will cover the IFAD13 and IFAD14 cycles, with potential IFAD financing of approximately US$64 million per cycle. This will include US$10 million in financing from the Borrowed Resource Access Mechanism (BRAM) and US$54.25 million financing from the performance-based allocation system (PBAS) (including US$1.6 million in core climate top-up financing), which will be provided on ordinary terms and have a maturity period of up to 35 years, including a grace period of up to 10 years. The IFAD13 and IFAD14 financing amounts will be determined in accordance with internal procedures and will be subject to subsequent Executive Board approval. The IFAD country team is also pursuing potential additional financing from bilateral agencies (AFD, CIDCA, GIZ and others) and one non-sovereign operation for IFAD13.

Table 3
IFAD financing and cofinancing of ongoing and planned projects[a]
(Millions of United States dollars)

		Cofinancing			
Project	*IFAD financing*	*Source*	*Domestic*	*International*	*Cofinancing ratio*
Ongoing					
SAIL	69.60	PBAS	17.25	7.81	0.36
PRIDE	62.87	PBAS	18.72	-	0.30
STAR	64.53	PBAS	82.31	122.78	3.17
CROWN	50.35 13.00	PBAS BRAM	43.42	-	0.69
Planned					
IFAD13	54.25 10.00	PBAS BRAM	TBD	TBD[b]	TBD
IFAD14	54.25 10.00	PBAS BRAM	TBD	TBD	TBD
Total	**388.85**				

SAIL: Sustainable Agriculture Investments and Livelihoods Project; PRIDE: Promoting Resilience in Desert Environments Project; STAR: Sustainable Transformation for Agricultural Resilience in Upper Egypt Programme.

[a] The proposed IFAD financing will be determined subject to internal procedures and subsequent Executive Board approval.

[b] Adaptation Fund: US$10 million for innovative rural technologies; and GCF: US$50 million for CROWN+ in Aswan Governorate.

B. Resources for additional activities

70. The country team will seek to mobilize cofinancing resources from the climate financing funds such as the GCF, the Global Environment Facility (GEF) and the Adaptation Fund. The potential resources that may be available during the COSOP period include US$50 million from the GCF, US$20 million from the Adaptation

Fund, and the GEF System for Transparent Allocation of Resources allocation for Egypt for the GEF-9 replenishment period (2026–2030).

C. Transparency

71. The country programme will maintain the high standards of financial management, auditing and reporting established by the Government and IFAD to ensure transparency.

D. Country programme management

72. The country team will manage the programme, and the regional team will provide financial, legal and procurement support. IFAD's participation in the Development Partners Group and the United Nations country team, which enables intensified engagement with development partners, will be vital for both programme lending and non-lending activities.

E. Monitoring and evaluation

73. The country programme M&E system will be built around the Results Management Framework (RMF). The outcome, output and impact-level indicators of the RMF will be incorporated into the logical frameworks of newly designed projects, while ongoing projects will continue to report on previous COSOP indicators and targets, as applicable, ensuring aggregation of results and coherent reporting. Specific attention will be devoted to monitoring outreach data (disaggregated by gender, age and other variables) and information that can be used to track the effectiveness of the poverty targeting strategies. Project management units (PMUs) will be responsible for regularly updating project results to support COSOP annual reviews, completion reports and evaluations. Surveys will assess the outcomes and impact of projects and facilitate reporting on the RMF's outcome and impact-level indicators. PMUs will integrate project indicators and reporting into the Ministry of Planning, Economic Development and International Cooperation's management information system for tracking official development assistance.

VI. Target group engagement

74. Beneficiaries will be actively engaged in planning and implementing activities using appropriate approaches for community mobilization. They will be consulted on the prioritization of all types of investments, but particularly infrastructure investments, to ensure alignment with local needs. To enhance transparency, a robust communication strategy will be put in place to inform potential beneficiaries about project activities and participation criteria. Grievance redress mechanisms will be established and managed by PMUs to ensure accountability.

VII. Risk management

75. The country programme will manage risks by encouraging open interaction between project stakeholders, development partners and government stakeholders. This will include public disclosure of supervision, midterm and completion reports, with financial, physical and outreach data and external audit reports. A key challenge is Egypt's current debt distress, which may constrain access to IFAD financing. To mitigate this, the programme will explore flexible financing terms in coordination with national authorities.

Results management framework

Country strategy alignment	Related UNSDCF/SDG outcomes	IFAD's SOs	Key COSOP results			
			Overall goals and Strategic objectives	**Investments and non-financial activities for the COSOP period**	***Impact/Outcome indicators***	*Outreach/Output indicators*
The National Agenda for Sustainable Development **Egypt's Updated Vision 2030**[1] ***Strategic goal 1:*** Improve Egyptians' Quality of Life and Raise their Living Standards *General goals:* - Poverty eradication - Food security **Updated SADS 2030 7** ***Strategic objective 1:*** Achieve food security and improved nutrition (to address undernourishment, food insecurity, achieve sustainable agriculture productivity growth, sustainable agriculture growth), focusing on	SDG 1 (poverty) SDG 2 (zero hunger), UNSDCF Strategic Priority 3: Sustainable natural resource management for food security and climate resilience. Outcome 3: By 2027, enhanced climate resilience and efficiency of natural resource management for all people in a sustainable environment	***IFAD Strategic Goal:*** Poor rural people overcome poverty and achieve food security through remunerative, sustainable and resilient livelihoods	***Goal:*** *To reduce rural poverty and improve food security by strengthening smallholder farmers' and rural entrepreneurs' resilience to economic and climate shocks through efficient land and water management, inclusive access to finance & markets, sustainable production, contributing to resilient and inclusive food systems.*	Investment activities/mainstreaming Themes - Ongoing: PRIDE - Ongoing: SAIL - Ongoing: STAR - Indicative: CROWN (core) - Indicative: CROWN (expanded) - Food security, climate adaptation and mitigation, gender, youth, nutrition. Non-financial activities - KM - Capacity-building - Partnerships - Private sector - NWFE platform (CROWN as a model to inform the food pillar of NWFE, beyond 2030) - SSTC - regional partnerships on climate change, land fragmentation and water scarcity. Leveraging regional grants to foster peer-to-peer learning. Cooperation with MALR, MWRI, MOPEDIC and farmers' organizations.	***Impact indicators*** - Households experiencing economic mobility[2] (proxied by asset indicators i.e. household, durable, productive, and livestock, natural[3]) - Reduction in the prevalence of food insecurity (FIES) - - Households reporting an increase in resilience measured through the ability to recover from shocks (economic and climate related)	CI1. Persons receiving services promoted or supported by the project (disaggregated by gender and youth) *Total persons- 879 000CROWN (core) target – 302,000 persons, of which 49% female, 23% young.* - *CROWN (expanded) target – 302,000 persons, of which 49% female, 22% young.* - *PRIDE target – 35000 persons, of which 48% female, 45% young* - *STAR target – 240,000 persons, of which 45% female, 41% young* CI1.a Corresponding number of households reached (number of households) - *Total households – 390 000CROWN (core) target – 90,000 HHs* - *CROWN (expanded) target –90,000 HHs* - *PRIDE target – 18,000 HHs* - *STAR target – 192 000HHs*

[7] Egypt 2030 Updated Sustainable Agriculture Development Strategy, December 2020.

Country strategy alignment	Related UNSDCF/SDG outcomes	IFAD's SOs	Key COSOP results			
decreasing the imports of agriculture products.				- Evidence driven policy dialogue on e.g. water use efficiency effective irrigation methodologies, modelling of climate smart agricultural practices, PPP models, piloting innovative financial products.		

Country strategy alignment	Related UNSDCF/SDG outcomes	IFAD's SOs	Key COSOP results			
Updated SADS 2030 ***Strategic objective 2:*** Enhance sustainable agriculture (focus: sustainable management of natural resources). **Updated SADS 2030** ***Strategic objective 4:*** Adapt to climate change and mitigate its impacts. **Egypt's Updated Vision 2030** **Strategic goal 3:** Integrated and Sustainable Environmental System *General goals:* - Facing climate change Challenges - Sustainability of Natural Resources - Preserving Biodiversity and Ensuring the Sustainability of Ecological System	SDG 6 (availability and sustainable management of water and sanitation) SDG 7 (Affordable and clean energy) SDG 13 (climate action) and SDG 15 (life on land). UNSDCF Strategic Priority 3: Sustainable natural resource management for food security and climate resilience. Outcome 3: By 2027, enhanced climate resilience and efficiency of natural resource management for all people in a sustainable environment	SO3: Strengthen the environmental sustainability and climate resilience of poor rural people's economic activities.	*SO-1 (climate resilience):* Improve the adaptive capacity of rural smallholder farmers' and entrepreneurs', particularly women and youth, by promoting sustainable natural resource management and fostering climate resilient livelihoods.	Outcome 1.1: Improved water-use efficiency, biodiversity, soil conservation, and integrated water resource management through infrastructure that increase climate-resilience and strengthened CBOs, including WUAs.	CI 1.2.3: Households reporting reduced water shortage vis-à-vis production needs *99 096 Households (Number) –* On average 20% Increase in the renewable energy consumption ratio[4] *-20% increase*	CI 1.1.2: Farmland under water related infrastructure constructed/rehabilitated 44 167 Hectares of Land – CI 3.1.1: Groups supported to sustainably manage natural resources and climate-related risks. - *1,300 Groups supported* Installed capacity of renewable energy technologies to support agricultural productivity and climate resilient agriculture: - *Installed capacity for renewables: 500 KW*
				Outcome 1.2: Higher adoption of climate smart practices, environment-friendly inputs and technologies contributing to sustainable and inclusive value chains.	CI 3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices	CI 3.1.4: Land brought under climate-resilient management. - *41,253 Ha of land (area)*

Country strategy alignment	Related UNSDCF/SDG outcomes	IFAD's SOs	Key COSOP results			
Egypt's Updated Vision 2030 **Strategic goal 5:** Well-Developed Infrastructure. General goals: -Providing basic and adequate services. -Promoting sustainable energy resources and systems -Developing communication and information systems					*190 570 Households (Number) -*	
Updated SADS 2030 **Strategic goal 3:** Eradicate poverty in rural areas, improve income and standards of living (focus: Upper Egypt) **Updated SADS 2030** **Strategic goal 6:** Create job opportunities for employment, especially for youth and women. **Egypt's Vision 2030 update:**	SDG 8 (Decent work and economic growth) UNSDCF Strategic Priority 2: Inclusive, competitive, diversified, environmentally sustainable and knowledge economy Outcome 2: By 2027,	SO1: Increase poor rural people's productive capacities.	*SO-2 (economic resilience):* Strengthen the economic resilience, increase the incomes and improve nutrition security of rural smallholder farmers and entrepreneurs (with a special focus on women and youth) by boosting agricultural productivity and profitability for better integration into the agri-food value chains.	Outcome 2.1: Increased productivity, profitability and improved nutrition outcomes through the adoption of innovative farming technologies, crop consolidation strategies, agribusiness innovations and enhanced nutrition knowledge.	Households reporting at least 20% increase in incomes deriving from agriculture-based activities. - *Households (Number) – 163 441.8* CI 1.2.4: Households reporting an increase in production. *Households (Number) – 225 186* CI 1.2.8: Women reporting Minimum Dietary Diversity (MDDW)	1.1.3 Rural producers accessing production inputs and/or technological packages. - *Persons (Number) – 58 292 (20% female, 30% young)* CI 1.1.4: Persons trained in production practices and/or technologies *Persons (Number) – 47 530 (40% female, 40% young)* CI 1.1.8: Households provided with targeted support to improve their nutrition. - Total persons participating

Country strategy alignment	Related UNSDCF/SDG outcomes	IFAD's SOs	Key COSOP results			
Strategic goal 4: Diversified, Knowledge-based, and Competitive Economy General Goals: - Increasing decent employment opportunities - Shift towards financial Inclusion - Supporting Small and Medium-sized Enterprises	enhanced people-centred inclusive and environmentally sustainable economic development driven by productivity growth, industrialization decent jobs, digitalization and integrating the informal economy.				*19 819 Women (number) – 13 272 Households (number)*	- Males (Number) – 49 324 *(45% female, 55% male)* - Households (Number) – 9 640.6
				Outcome 2.2: Improved access to tailored financial products and increased private sector investments in value chains	CI 1.2.5: Households reporting using rural financial services. - *Households (Number) – 114,400* CI 2.2.1: Beneficiaries with new jobs/employment opportunities. - *17 544 (50% women, 40% youth)* *Persons with new jobs/employment opportunities (Number)* - IE. 2.1: Individuals demonstrating an improvement in empowerment 20% total persons 10% Females 10% Males Value of private sector investments in the selected value chains Amount (USD) – 3 million	CI 1.1.5: Persons in rural areas accessing financial services. - *Persons (Number) – 130,000 (30% female, 30% young)* CI 2.1.2: Persons trained in income-generating activities or business management. - *Persons (Number) – 200,000 (40% female, 40% young)* Agri-PPPs established/strengthened in the selected value chains. - *6 Agri-PPPs*
Updated SADS 2030		*SO2: Increase poor rural people's benefits from*		Outcome 2.3: Better access to post-harvest infrastructure, strengthened FOs and market-driven alliances that enhance bargaining power and	CI 2.2.6: Households reporting improved physical access to markets,	CI 2.1.6: Market, processing or storage facilities constructed or rehabilitated. Total number of facilities

Country strategy alignment	Related UNSDCF/SDG outcomes	IFAD's SOs	Key COSOP results			
Strategic goal 5: Increase the competitiveness of agricultural products in local and international markets (functioning and inclusive value chains - increase exports).		*market participation*		competitiveness of rural smallholder farmers and entrepreneurs	processing and storage facilities. - *130 850 Households (Number) –* CI 2.2.3: Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities - *75 POs -*	Number – 77 - Market facilities constructed/rehabilitated (Number) - 47 - Processing facilities constructed/rehabilitated (Number) – 15 - Storage facilities constructed/rehabilitated (Number) - 15 CI 2.1.3: Rural producers' organizations supported - *Rural POs supported (number) – 3 950*
			SO-3 (policy engagement) Strengthen engagement for pro-poor policy by leveraging on-field experiences and showcase lessons learnt and evidence through the NWFE and other platforms, in collaboration with core stakeholders.	Outcome 3.1: Increased adoption and scaling of evidence-based and field-validated climate-smart, market-driven and socially inclusive agricultural and rural finance models within national programs and policies. This will also include targeted thematic studies and tested innovative models and practices.	Policy 3: Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment Number - 1	Policy 1: Policy-relevant knowledge products completed Knowledge Products (Number) – 5 on efficient irrigation, modelling of climate smart and climate adaptive agricultural practices, public-private partnerships, rural finance published. 1 KM strategy developed at country level. 1 Partnership on developing digital systems for agriculture and improving youth engagement. 1 NWFE platform - knowledge sharing on climate adaptation and mitigation as well as pathways to improved food security. 2 policy dialogues / joint learning events on e.g. efficient irrigation, climate adaptation, inclusive financial access, public-private

Country strategy alignment	Related UNSDCF/SDG outcomes	IFAD's SOs	Key COSOP results			
						partnerships, CA, and regulatory implications for smallholders.

[1] The National Agenda for Sustainable Development Egypt's Updated Vision 2030, published in 2023.
[2] Economic mobility is defined as the changes in economic status from one time period or generation to another (Fields and Ok 1999) and for the purpose of the project is proxied by assets indicator. Economic mobility measures welfare gains of farmers across the entire welfare distribution.
[3] Natural assets include farmland, water, etc.
[4] This indicator represents the proportion of total energy consumption that comes from renewable sources such as wind, solar, hydroelectric, biomass, and geothermal energy. The formula to calculate the renewable energy share is: (Renewable Energy Share = Renewable Energy Consumption/Total Energy Consumption) ×100%.

Key files

Key file 1: Rural Poverty and agricultural sector issues

Priority Areas	Affected Group	Major Issues	Actions Needed
Food security and nutrition	Whole Country with rural areas disproportionately affected	• Poor infant and maternal nutrition, suboptimal feeding practices, and unhealthy diets are key contributors of malnutrition in the country • Egypt is also experiencing a nutrition transition, with high obesity rates—in 2019, nearly 40% of adults (50% of women, 30% of men) were obese. Non-communicable diseases (NCDs) now account for 86% of all deaths in the country • As a net importer of staple foods, Egypt is vulnerable to global price fluctuations. The Government has recently put in place measures to address imports. • Food waste is also a major issue. FAO estimates that 50% of vegetables and fruit, 40% of fish, and 30% of milk and wheat are lost annually	• Nutrition education • diversifying wheat import sources, increasing local production • Improve knowledge, technologies and infrastructure to prevent food loss along agricultural value chains
Access to inputs	Smallholder farmers, FOs, MAs, ACs	• Volatile prices of agricultural inputs and the limited availability of good quality inputs have affected the ability of smallholder farmers to realize good productivity and meet quality requirements. These challenges in turn affect the farmers' revenue and income.	• Promote linkages with suppliers of good quality inputs. • Collaborate with the Agricultural Research Center and ensure provision of new/improved varieties of crops.
Access to output markets for produce	Smallholder farmers, FOs, MAs, ACs	• Smallholder farmers have limited access to markets and the private sector. They rely largely on intermediaries to market their products.	• Promoting the role of FOs, MAs and ACs in supporting the small-scale farmers in marketing their products. • Raising the capacities of FOs, MAs and ACs on marketing and negotiation skills as well as the contractual arrangements. • Providing technical support to the smallholder farmers to improve the quality of their products to ensure better marketing opportunities. • Promoting land and crop consolidation to allow smallholder farmers to cultivate and market their crops collectively.

Priority Areas	Affected Group	Major Issues	Actions Needed
Climate resilient irrigation infrastructure	Rural population, WUAs	• Old irrigation schemes due to wear and tear • Low water-use efficiency due to inefficient irrigation methods such as flood irrigation • non-renewable energy sources used e.g. diesel generators • Limited availability and poor allocation and distribution of water resources, leading to conflicts among water users.	• Promotion of rehabilitation of existing canals to deliver continuous flow and sufficient water pressure for efficient on-farm irrigation • Investments in modern cost-efficient irrigation and drainage facilities (e.g. use of sprinkler and drip irrigation technologies) to address water losses • Consolidate WUAs to drive user-based management of irrigation schemes water consumption • Investments in renewable energy and the integration of water lifting control systems to optimize energy use and replace the use of unsustainable diesel or similar fuels in irrigation systems
Climate change adaptation	Smallholder farmers	• Expected increase of mean temperatures and increase of heat extremes, inconsistent fluctuation of precipitation, increased of frequency and intensity of extreme weather events, and sea level rise. • Uncertainties for the predicted Egypt's share of Nile river due to variations in results of GCMs • Decrease the productivity of some crops and livestock, potential increase of desertification rates, negative impacts on marginal agricultural areas, and negative impact in food security (a decline between 11% and 51% in national food production is expected).	• Promotion of rehabilitation of existing canals to deliver continuous flow and sufficient water pressure for efficient on-farm irrigation • Investments in modern cost-efficient irrigation and drainage facilities (e.g. use of sprinkler and drip irrigation technologies) to address water losses • Consolidate water user organizations to drive user-based management of irrigation schemes water consumption • Invest in developing of climate-resilient crops as short maturing crops, heat/drought tolerant crops, and salt-tolerant crops • Promotion of climate-smart agricultural practices as mainstreaming solar energy in agricultural value-chain, and building the capacity of the farmers to adopt climate-resilient crops. • Investing in enhancing early warning systems and increasing its outreach to smallholders, and increase the capacity of smallholders to implement the needed actions
Sustainable resources management	Smallholder farmers	• Agricultural sector is facing water availability issues coupled with challenges related to water quality and increased salinity • Soil is facing pollution resulting from extensive use of fertilisers and pesticides due to intensification to meet growing demand; utilising of drainage water and partially treated sewage water leading to increased soil salinity. Soil is also facing soil waterlogging and salinization due to water mismanagement, low drainage efficiency, and the dominance of the flood irrigation	• Promotion of rehabilitation of existing canals to deliver continuous flow and sufficient water pressure for efficient on-farm irrigation • Investments in modern cost-efficient irrigation and drainage facilities (e.g. use of sprinkler and drip irrigation technologies) to address water losses • Consolidate water user organizations to drive user-based management of irrigation schemes water consumption

Priority Areas	Affected Group	Major Issues	Actions Needed
		system leading to deterioration of land productivity. • Agricultural waste represents the biggest waste share representing 45% from the total waste produced in Egypt[8]	• Promoting of good agricultural practices as soil conservation practices, integrated pest management, nature-based solutions, and environment-friendly inputs and technologies contributing to improved natural resource management.
Inclusive Access to financial services	Rural population incl. smallholders, MSMEs and CDAs Women and youth	• Absence of deposit-taking rural MFIs (only 2 of the MFIs take deposits). • Lack of collaterals prevent women and youth to access credit from PFIs • High interest rates applied by MFIs prevent access from vulnerable farmers and disadvantaged groups	• Create market incentive for MFIs to establish deposit-taking business line. • Thorough assessment and understanding of financial service demand and supply in target areas • Tailored support to integrate women and youth in the financial system (financial literacy, dedicated matching grant programs, etc.) • Strengthen the role of MSMEs and CDAs
Equality and socio-economic empowerment	Women and youth	• High unemployment rates among rural women and youth • Limited skills development opportunities attuned to market needs and capacities of smallholders and small-scale farmers • Women's limited access to assets (e.g. land and property) and participation and leadership in rural organizations • Service providers and institutions (PFIs, extension, business development) lack products tailored to the needs and productive roles of female and younger farmers	• Enhance capacity building and skills development opportunities tailored to rural women's and youth's roles, interests and capacities, and based on solid market analysis • Foster the adoption of participatory and community-based learning approaches (FFS), which can facilitate women's, youth's and other vulnerable groups' participation • Technical assistance to PFIs to develop pro-poor, women- and youth-sensitive products and services (financial, extension and business development) • Support the establishment and strengthening of women-only or youth-based rural organizations
Digital Literacy	Smallholder farmers and small-scale entrepreneurs	Despite access to internet and large number of digital tools, farmer lack digital skills for large scale adoption	• Build capacity of smallholder farmers especially women and youth through their associations. Support last mile reach of agri-fintech companies offering bundled solutions including agro-advisory, access to inputs, markets and financial services through tried and tested partnership models

[8] Ministry of Environment (2020). State of the Environment Report 2020. Retrieved from https://www.eeaa.gov.eg/Reports/1062/Details

Key file 2: Target group identification. Priority issues and potential response

Typology	Poverty Levels and Causes	Coping Actions	Priority Needs	COSOP Response
Smallholder farmers	• High incidence of poverty and food insecurity • High vulnerability to climate impacts and environmental degradation • Limited landholding (typically less than 5 feddan in new land) • Insufficient access to irrigation water and techniques • Limited access to productive inputs, technologies, services, finance, and markets • Limited skills and capacities to diversify production and/or invest in high-value crops and climate-resilient practices	• Subsistence farming and/or reliance on single product • Reduced food consumption and expenditures for education and health at difficult times • Seasonal or permanent migration to urban areas • Reliance on informal credit system and community support • Dependence on government social protection programs	• Uptake of modern irrigation techniques and climate-resilience agricultural practices • Participation in WUAs to improve local water distribution and management of water schemes • Crop consolidation strategies • Diversification of crops and sources of livelihoods • Participation in FOs and MAs to gain improved access to services and markets • Access to tailored financial products	• Sustainable land management initiatives • Support the modernization of irrigation systems and water management • Dissemination of climate-smart practices and environment-friendly inputs and technologies • Strengthening of community-based, including FOs and WUAs • Improved access to tailored financial products
Micro- and small-scale rural producers	• High incidence of poverty and food insecurity • Low levels of productivity and profitability • Limited financial literacy • Limited access to skills and business development services • Weak market linkages • Limited knowledge and use of digital and innovative technologies • Limited access to rural finance	• Reliance on informal credit sources and community-based finance • Informal employment and entrepreneurship • Participation in government social protection programs	• Improved participation in FOs and MAs • Technical assistance on production, marketing and processing • Uptake of good and environmental-friendly agricultural practises and technologies • Access to aggregation and markets for their produce	• Adoption of innovative productive technologies and agribusiness innovations • Improved access to tailored financial products • Increased private sector investments in value chains • Better access to post-harvest infrastructure • Strengthened FOs and market-driven alliances
Poor rural women and youth	• Higher level of poverty, food insecurity and unemployment • Women's limited mobility, time and access to economic opportunities.	• Youth's seasonal or permanent migration to urban areas • Reliance on social protection programs • Women's involvement in specific, more socially acceptable	• Access to tailored financial products, designed to respond women's and youth's specific needs • Participation and leadership in inclusive FOs	• Access to profitable income-generating activities and diverse livelihood options • Access to tailored financial products and services • Adoption of actionable and monitorable targeting strategies,

Typology	Poverty Levels and Causes	Coping Actions	Priority Needs	COSOP Response
	• Limited ownership of assets further limits women's and youth's access to credit and finance • Women's lower level of literacy and financial literacy • Mismatch between youth's skills and market demands • Under-representation in FOs	economic activities (e.g. livestock and tasks that can be performed in the homestead) • Involvement in family businesses as unpaid contributors •	• Access to innovative and digital technologies, including labour- and timesaving. • Access to water infrastructure that can reduce women's work burden • Access to dedicated training, skills development and employment opportunities	complemented by gender and youth action plans • Implementation of empowerment measures and awareness campaigns • Leadership training and support for women and youth
Commercially oriented farmers	• Small and medium-sized farmers (average 5 feddans). • Limited linkages to profitable markets and dependence on "middlemen" • Limited access to affordable credit • High input costs • Lack of enabling environment for business growth, including market and transport infrastructure • Limited access to mechanization, digital solutions, and infrastructure for processing and value addition • Over-extraction of groundwater and inefficient irrigation and soil management practices	• Participation in agricultural cooperatives to access collective funding, bulk purchasing, and better loan conditions • Private-sector partnerships or contract farming arrangements	• Enhanced market and value chain integration through digital solutions, improved price transparency, and direct linkages to agribusiness and exporters • Adequate infrastructure to reduce food loss and waste • Uptake of environmentally friendly and climate-resilient technologies, particularly for water management	• Improved access to affordable finance • Increased private sector investments in value chains • Better access to post-harvest infrastructure • Strengthened FOs and market-driven alliances
CBOs (FOs, ACs, MAs, CDAs & WUAs)	• Weak institutional capacities and poor administrative and financial management skills • Limited members engagement • Membership criteria in the ACs do not consider women's and youth's specific constraints (e.g. lack of land ownership) • Limited value addition, post-harvest facilities, and weak linkages	• Providing informal training • Seeking external funding from NGOs, donors, and development programs	• Technical assistance and capacity development, including on inclusive governance • Increased partnerships with private sector actors and integration in value chains	• Reinforcement of CBOs • Pro-poor policy engagement to create a more enabling environment • Improving financial management capacities and exploring diversified revenue models for sustainability

Typology	Poverty Levels and Causes	Coping Actions	Priority Needs	COSOP Response
	with private sector and export market • Limited technical expertise and resources to support farmers in adopting sustainable and climate-smart agricultural practices			

Key file 3: Organization matrix (strength, weaknesses, opportunities and threats analysis)

	Strengths	Weaknesses	Opportunities	Threats
Key Ministries				
Ministry of Agriculture and Land Reclamation (MALR)	• Characterized by a comprehensive department structure. • Strong presence throughout the country and extensive field presence. • Various in-house experts. • Coordinates all interventions in the agricultural sector. • Considerable experience in working with IFAD financed projects.	• Budget constraints and limited staff incentives and operational support. • Slow delivery due to staff capacity and time limitations • Extension staff and operational capacity to deliver services at village level requires additional budget to cover the expanding agriculture lands through continuous land reclamation and capacity building activities. • More systematic coordination with MWRI is essential.	• Synergies with national and other donor-funded • programmes • Stronger policy commitment to on-farm irrigation improvement, and water use efficiency.	• Volatile prices of agriculture inputs and instability of market conditions for agricultural commodities. • The reluctance of farmers to change traditional farming techniques. • Climate change and rising soil salinity • Limited water resources, rising water availability issues and inefficient allocation and distribution of irrigation water resources.
Ministry of Water Resources and Irrigation (MWRI)	• Highly qualified technical staff. • Willingness to experiment with innovative schemes for improved and efficient water management. • Experience with participatory irrigation management and formation of WUOs.	• Budget constraints limited integration of responsibilities and coordination with other stakeholders at the district level. • Limited incentives for the field level extension staff • Under-utilized capacity to reinforce the role of WUAs in the management of water resources infrastructure.	• High level policy commitment to modernize the irrigation sector and ensure a more integrated water resource management approach. • Water law focuses on developing effective management and distribution of water resources and systems and on promoting the role of WUAs and the private sector. • O: Strong support from development partners to the irrigation water improvement programmes and to the institutional reform in the water sector.	• Limited water resources and rising water availability issues and climate change challenges. • Limited private sector engagement in the irrigation sector projects.
Ministry of Social Solidarity (MoSS)	• Good outreach to the poor households throughout the country.	• Limited coordination of efforts with the private sector and civil society.		• Lengthy legal and regulatory procedures for NGOs/CDAs.

	Strengths	Weaknesses	Opportunities	Threats
	• Reliable database for the poor households covered by the social safety net. • Database available for the registered NGOs/CDAs.			
Ministry of Environment	• Strong policy commitment and political will for improving environmental conditions and climate change adaptation. • Potential capacity to coordinate with the different ministries and authorities on cross-cutting environmental matters.	• Limited enforcement of environmental policies and regulations. • Limited budget and capacities and high reliance on donor support for technical and financial assistance. • Limited coordination between concerned ministries and stakeholders on environmental and climate change matters. • Limited organizational capacity of the Ministry's affiliated agency, the Egyptian Environmental Affairs Agency (EEAA), at the regional and local levels.	• Strong global commitment and support initiatives for combating climate change and enhancing environmental conditions.	•
Ministry of Local Development	• Strong focus on rural development beyond agriculture production. • Presence at district level.	• Limited presence at village level. • Limited capacity at district level, affecting implementation.	• Work toward rural-transformation promotion of off-farm opportunities	
National Council of Women	• Strong focus and commitment on women's socio-economic empowerment • Presence at governorate level • Field/community experience on gender awareness and women's economic inclusion	• Limited human and financial capacity affecting outreach and implementation	• High level policy commitment on women's empowerment and inclusion of vulnerable categories (e.g. women-headed	
Key Institutions and Programmes				

	Strengths	Weaknesses	Opportunities	Threats
Agricultural Bank of Egypt (ABE)	• Extensive network of branches and village banks. • Mandate to provide financial services to rural areas and to work with farmers and rural businesses. • Extended experience in rural businesses.	• Limited orientation of staff to deal with microfinance clients. • Limited adaptation of lending terms to poor rural borrowers. • Overburdening small-scale farmers with compounded loan interests. • Inadequate system for credit monitoring and follow-up.		• Small-scale farmers face difficulty in meeting ABE's collateral requirements.
Agriculture Development Program (ADP)	• Mandate and commitment to provide dedicated financial services to the agriculture sector. • Experience in providing both individual and collective loans directly or through Agricultural Cooperatives and selected associations.	• Limited staff and operational capacities. • Procedural delays and cumbersome processes to borrowers.		• Low commercial bank appetite to provide funds to the small-scale farmers. • Small-scale farmers may face difficulty in meeting the collateral requirements.
Agricultural Research Center (ARC)	• Principal role for conducting applied agriculture research. • Willingness to promote new innovative practices and new crop varieties for increasing productivity and reducing water consumption. • Strong in-house expertise.	• More funds are needed to finance conducting researchs"		
Contract Farming Center	• Growing role in supporting integration and collaboration between all contracting parties in the agricultural sector. • Strong commitment to develop a contract farming system to support small-scale farmers and provide market linkages between FOs/MAs and the private sector.	• More capacity building is needed to support the role of the center, particularly in working with the private sector.	• Policy commitment toward crop and land consolidation, thus creating opportunities for small-scale farmers to collectively market their agricultural products.	•

	Strengths	Weaknesses	Opportunities	Threats
MSMEDA	• Elaborate organizational structure and clear administrative regulations to manage its work. • Established network and offices in all governorates with qualified staff. • Long history in managing portfolios funded by international funding agencies, including IFAD. • Familiarity and partnership with local level organizations, NGOS and CDAs and with commercial banks.	• More coordination is needed for integrating the lending activities with the projects value chains and other components (capacity building). • Need for enhanced coordination between the Agency and other project stakeholders. • Need for a clear strategy for provision to rural areas and its approach to lending to poor households. • Variable performance in IFAD financed projects.	• Various partners/agencies support MSMEDA (national banks, leasing companies, NGOs, ministries and international agencies).	• Microfinance law affects the implementation of financial activities due to the difficulties encountered by NGOs/CDAs in obtaining new licenses.
Community- based Organizations				
CDAs	• Good mechanism for multipurpose activities at the community level and for provision of social sector services in new communities. • Good outreach to poor rural households, particularly women, through social and charitable activities. • Possess a reasonable degree of flexibility and are close to members of community. • Capacity to revolve funds. • Good mechanism of support to rural communities in several IFAD financed projects. • Further potential for serving as a vehicle for the empowerment of the poorest and most vulnerable.	• A large percentage of the CDAs have limited organizational capacities. • Generally dominated by few active members. • Limited capacity to raise funds through their own sources and enterprises. Hence, reliance on external assistance for technical and managerial skill development (from MoSS, other NGOs, and external funds). • Provide limited loan options and at a high interest rate. • Limited geographic outreach as their coverage is usually limited to a village/neighborhood. • Require technical support and capacity development.		• Lengthy legal and regulatory procedures for NGOs/CDAs.

	Strengths	Weaknesses	Opportunities	Threats
		• Sustainability depends upon their financing from donors and partially by Government.		
FOs/MAs	• Can play a key role in linking their farmers with private sector companies and traders. • Can support the small-scale farmers in realizing economies of scale, reducing transactions cost and enhancing their bargaining power. • Usually commodity specific and focused.	• A large percentage of FOs/MAs have poor organizational and technical capacities. • Limited financial resources and access to finance. • Limited capacity to secure market linkages on their own as they often depend on external funding/assistance to enable them to do so.	• Contract Farming Center can support FOs/MAs in enhancing their market linkages and contractual arrangements.	• Small-scale farmers have limited commercial viability and competitive capacities, which undermine the FOs/MAs' abilities to connect to high-end/export markets. • Limited marketing facilities and weak linkages between farmers and value chains. • Contractual relationship between the private sector and FOs/MAs is not a win-win approach. • Unstable macroeconomic conditions, market price fluctuations and rising agriculture input prices.
ACs	• Exist across the country and all farmers are required to register with the cooperatives. • Capacity to distribute agricultural inputs to their members. • Available mechanism for organizing and providing support to the smallholder farmers. • Can be used to channel financial services to small farmers. • Can be used to organize farmers for extension services and training.	• Limited organizational capacities and not market oriented. • Large percentage of the ACs have limited capacity to develop market links. • Need to build effective and trust relationships with farmers. • Limited participation of women in the cooperatives.	• Amendments introduced by presidential decree No. 204/2014 give agricultural cooperatives the possibility of establishing profit seeking projects.	

	Strengths	Weaknesses	Opportunities	Threats
WUOs/WUAs	• Play a principal role in promoting the collective approach among water users sharing the same canals/irrigation systems. • Capacity to facilitate more efficient management of water resources and contribute to the operation and maintenance and cost recovery of water infrastructure.	• A large percentage of WUOs are not functioning as intended due to the limited access to finance and poor institutionalization. • Even though WUAs are legally recognized, they are not well embedded within the local administration framework. • Limited capacities to set fees, collect the necessary funds for operation and maintenance or to open a bank account. •	• Higher policy commitment to collaboration between the ministries concerned on irrigation improvement.	• the need for a better coordination between the concerned ministries that affect the development of WUOs Lack of proper handover of the common infrastructure and communication of roles and responsibilities affect the effective operation and maintenance of the improved irrigation system. • Rising water shortage, allocation and distribution of water at farm level, leading to conflicts among the water users.

Key File 4: Strategic partnerships potential

Partnering objective	Partner	Nature of project or justification for partnering	Project/Programme Coverage	Status	Expected results from the partnership
Co-financing	Ministry of Environment	A. The MoE is the national designated authority for the climate funds.	B. 50 million potential grant for adaption activities in Wadi El-Noqra area from GCF and potential 10 million from AF	Potential	Mobilising of climate finance as co-financing for IFAD interventions
Complementary activities and Experience sharing	World Bank	C. Climate Resilient Agri-Food Transformation Project (CRAFT)	D. The project is a geographically complementary project to IFAD's current projects which is still under design phase. This project has many similar features to IFAD interventions in terms of focus rehabilitating irrigation infrastructure, providing financial support to farmers for the adoption of climate-smart agriculture technologies, resilient cropping practices and improved input management, and the provision of business development services and developing producer organizations. However, CRAFT is introducing thematically complementary products such as meteorological early warning systems and multi-hazard operational response plans.	Waiting for project design, acceptance from Egypt, and kick-off	IFAD's interventions can capitalise from CRAFT's activities. Coordination with the project will allow for exchanging lessons learnt that might help IFAD implementing its ongoing/future activities
Experience sharing	WFP	E. WFP is working with smallholder farmers on activities very similar to IFAD ongoing activities.	F.	Ongoing	Coordination with WFP will allow for exchanging lessons learnt that might help IFAD implementing its ongoing/future activities

Transition projections

1. Egypt has been classified as a lower-middle-income country (LMIC) by the World Bank[9] and has consistently remained in this category for the past two decades. This persistence reflects ongoing economic challenges, including inflation, currency devaluation, and the impact of structural reforms, despite significant government efforts. In 2023, Egypt's Gross National Income (GNI) per capita stood at USD 3,840, indicating a general upward trend over the years, with some fluctuations in specific periods[10].

Financing Development

2. According to the OECD Transition Finance toolkit[11], the current composition of the country's financing mix is made of 56% from remittances, 16% foreign direct investment (FDI) and 11% tax revenue. The remaining financing comprises 9% Official Development Assistance (ODA) and 9% Other Official Flows (OOF). As indicated by the OECD Transition Finance toolkit, 72% of the total financing comes from the private sector (PS), and only 28% from public institutions. Official Development Finance (ODF) allocated to Egypt's agriculture, forestry, and fishing sectors rose from US$ 20 million in 2018 to US$ 32.5 million in 2022. In this context, foreign investment remains a major driver, bolstered by Saudi Arabia's $5 billion commitment and funding through the Ras El Hekma Development Agreement with the UA.

3. As LMIC, Egypt has access to different types of financing from Multilateral Development Banks (MDBs), generally to ordinary lending terms. For IFAD 13 cycle, Egypt's original allocation is US$ 52.6 million (PBAS), US$ 0.8 million (Additional Climate Contributions, ACC), and a tentative US $10 million (BRAM) envelope, all on ordinary terms.

In addition to IFAD and other IFIs and MDBs funding, Egypt has received multiple financing packages from the International Monetary Fund (IMF), including:

- Extended Fund Facility (EFF): Long-term financing for structural reforms

- Stand-By Arrangements (SBA): Short-term balance of payments support

- Resilience and Sustainability Facility (RSF): For climate and economic resilience

4. The IMF plays a key role for the country, with an initial $1.2 billion under its Extended Fund Facility to finance the implementation of economic structural reforms targeting achieving macroeconomic stability as described below.

Fiscal and Debt Management:

5. The government of Egypt embarked on a comprehensive fiscal and debt management strategy to enhance economic stability, ensure sustainable growth, and expand fiscal space for critical sectors such as agriculture. Some of targets include:

- Debt Reduction: Targeting a public debt-to-GDP ratio below 80% by 2027, down from 95.7% in June 2023.

- Primary Surplus and Budget Deficit: Aiming for a primary surplus of 3.5% of GDP and a budget deficit of 7.3% in 2024/25, which should support the recent downward inflation trends (which remains very high, with CPI at remains high at 26.3% year-on-year as of October 2024[12].).

[9] https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups
[10] GNI per capita, Atlas method (current US$) - Egypt, Arab Rep.
[11] OECD Transition Finance (Tableau dashboard), figures as of end of 2023.
[12] https://www.oecd.org/en/publications/oecd-economic-outlook-volume-2024-issue-2_839ef1cf-en/egypt_47c3f16b-en.html?utm_source=chatgpt.com

- Revenue Enhancement: Increasing total revenues to 15.4% of GDP through tax administration improvements and structural reforms.

6. Considering this, and working closely with the IMF, the Debt Sustainability Analysis (DSA) for Egypt has started showing some signs of improvement. By the end of the fiscal year 2023/2024 (which concluded on June 30, 2024), Egypt's overall debt declined to 89% of its Gross Domestic Product (GDP), a decrease from 95.7% at the end of the previous fiscal year. Reflecting these fiscal improvements, Fitch Ratings upgraded Egypt's credit rating from B- to B on November 2024. This upgrade was supported by economic and financial reforms linked to tax reforms, private and foreign investments, tighter monetary conditions, and a more durable flexible exchange rate policy.

7. Despite these improvements, Egypt remains vulnerable to significant endogenous and exogenous shocks. The ND-GAIN Index[13] summarizes a country's vulnerability to climate change and other global challenges in combination with its readiness to improve resilience. The 2023 ND-GAIN index ranked Egypt 105/187. While the country was ranked 78 in terms of vulnerability, it was ranked 127 in terms of readiness confirming that a lot is still yet to be done toward better adaptation to climate -and other- shocks.

Sustainable and Inclusive Development

8. Egypt’s transition strategy emphasizes four key areas of development:

- Rural Development and Climate Resilience**:** Strengthening sustainable water management, renewable energy, and climate-smart agriculture.
- Financial Inclusion**:** Deploying technology-driven solutions to expand financial services in rural areas.
- State-Owned Enterprise (SOE) Reform**:** Reducing state control, privatizing assets, and enhancing governance for efficiency and transparency.
- Knowledge Economy**:** Tripling R&D spending to 3% of GDP and targeting a top-50 rank in the Global Innovation Index.

Forward looking outlook and implications for IFAD's engagement

9. Looking ahead, Egypt’s economic trajectory remains at a critical juncture. While recent fiscal reforms and international support packages have stabilized short-term indicators, vulnerabilities persist, particularly in the context of climate change risks and external financing needs. Despite the government’s ambition to reduce public debt and boost private sector-led growth, Egypt is unlikely to shift to upper-middle-income country (UMIC) status in the immediate future unless it sustains higher GDP growth rates and further improves per capita income. Current projections suggest a gradual but slow rise in GNI per capita, with continued exposure to external shocks potentially delaying any reclassification by the World Bank.

10. In terms of development finance, Official Development Assistance (ODA) is expected to decline over the medium term, consistent with global trends and Egypt’s middle-income status, making access to concessional resources more competitive. However, strong bilateral relationships (e.g., with Gulf countries) and Egypt’s pivotal role in regional stability could help maintain external inflows, albeit increasingly tied to reform performance and investment opportunities rather than traditional aid.

[13] https://gain-new.crc.nd.edu/country/egypt

11. For IFAD, this evolving context underscores the need to tailor future engagements:

- **Lending terms** may progressively shift toward more hardened conditions if Egypt's income status and creditworthiness improve.
- **PBAS allocations** could face downward pressure, requiring a stronger focus on blending IFAD financing with private sector investment and other sources of climate finance.
- The **agriculture sector**, while structurally important, may face reduced public funding prioritization compared to other high-growth sectors unless clearly tied to employment, food security, and climate resilience goals.

Transition Scenarios

	Baseline (Moderate Reform Progress)	**stagnation/vulnerability to external shocks**	**High Growth** (Accelerated Reform)	**Full Economic Transformation** (Global Competitiveness)
GDP (%)	5-6	2-3	6.5-7	7-8
Debt-to-GDP (%)	85 (by 2027)	>95 (by 2027)	<80 (by 2027)	75% (by 2029/2030)
Inflation (YoY %)	9-10 (by 2026)	>20 (by 2027)	7-8 (by 2025)	5-6
FDI (US$, by 2030)	60 billion	<40 billion	80 billion (65% PS)	>100 billion (70% PS)
Renewable energy (%)	35	<25	42	>50

Rural Sector Policy Assessment

Introduction:

12. Egypt's Sustainable Development Strategy (SDS), known as Egypt Vision 2030, aspires to create a modern, open, democratic, productive, and content society. This strategy emphasizes comprehensive sustainable development and balanced regional growth, reflecting economic, social, and environmental dimensions. These ambitious goals are backed up by prominent initiatives like "Decent Life" (Hayah Kareema) initiative, which was launched to develop the poorest rural villages. With an allocation of over EGP 500 billion, targeting over 4,500 villages inhabitants. In addition, to the New Delta Wastewater treatment aims at enhancing rural livelihoods and agricultural productivity. While the economic pillar addresses agriculture and water management, the emphasis is on agro-industrialization rather than direct poverty alleviation for smallholder farmers, landless workers, and other marginalized rural populations. The 2009 SADS towards 2030 explicitly targets rural poverty reduction, aiming to modernize Egyptian agriculture based on achieving food security and improving the livelihoods of rural inhabitants. However, its impact within the broader Vision 2030 framework appears limited. The latest revision of Vision 2030 extends its scope beyond agriculture to include food security, education, healthcare, and small business development.

13. The following sections critically assess Egypt's rural policies, focusing on frameworks for rural development, legal structures governing rural organizations, and the representation and influence of rural communities**.**

Policies and Framework for Rural Development and Rural Poverty Alleviation

14. The 2009 SADS towards 2030 explicitly targets rural poverty reduction, aiming to modernize Egyptian agriculture based on achieving food security and improving the livelihoods of rural inhabitants. The latest revision of Vision 2030 extends its scope beyond agriculture to include food security, education, healthcare, and small business development.

Legal Frameworks for and Autonomy of Rural People's Organizations

15. The legal environment governing rural organizations in Egypt presents a complex mix of formal recognition and restrictive regulations. The 2009 SADS acknowledged the role of voluntary farmers' associations and called for policies to enhance their development, particularly in agricultural marketing. However, there is room for more operational support to improve the implementation of these policies.
16. WUAs are legally recognized under the SADS and the Water Resources and Irrigation Law (Law No. 147 of 2021). This law aims to establish effective water administration, distribution, irrigation, and drainage systems, including the establishment of WUAs.

17. These associations are granted independent legal status but function under ministerial oversight, which limits their autonomy. Although the law aims to foster collaboration between users and the government, it does not guarantee meaningful self-governance.

18. Local governance structures in rural areas formally exist but operate with minimal autonomy. Egypt's administrative system includes governorates, cities, districts, and villages, each with Local Popular Councils (LPCs) and Local Executive Councils (LECs). However, real decision-making authority remains concentrated at the central government level. While the Vision 2030 Strategy acknowledges the importance of local governance, it is unclear whether village-level organizations will receive the necessary authority and resources to function independently. However, it worth noting that the GoE is already addressing this issue through Upper Egypt Local Development Program in collaboration with the World Bank.

Representation and Influence of Rural Organizations and Rural People

19. The legal framework governing civil society in Egypt has undergone significant evolution over the past two decades, reflecting the government's efforts to enhance oversight, accountability, and alignment with national priorities. The progression from Law 84 of 2002 to Law 70 of 2017, and most recently to Law 149 of 2019, has introduced clearer regulatory requirements for civil society organizations. Law 149 establishes a unified registration system for all entities engaged in civil work, aimed at ensuring transparency and coordination with state institutions. While the law sets financial penalties for non-compliance—ranging from 100,000 to 1 million Egyptian Pounds (approximately $6,000–$60,000)—its intent is to promote responsible civic engagement and protect public interest, while continuing to support development-oriented organizations operating within the legal framework.

20. The registration process for CBOs and rural associations is bureaucratically complex, requiring extensive documentation, personal data of founders, and proof of property ownership. Although local government offices process registrations, decision-making authority remains centralized overarching control, limiting these organizations' ability to advocate or policy changes effectively.

21. Women and marginalized rural populations face challenges in political representation. While the Egyptian government has made efforts to improve gender representation in some policy areas, rural women remain underrepresented in local governance and decision-making bodies. The nature of governance and the legal framework further challenge participation by rural communities in national policy discussions.

Access to and Use of Rural Financial Services

22. The Egyptian government has implemented several initiatives to enhance financial inclusion in rural areas. The Agricultural Bank of Egypt offers microloans starting at EGP 500, targeting agricultural enterprises such as poultry and livestock farming. This initiative aims to provide rural entrepreneurs with accessible financial resources o support their ventures.

23. Additionally, the "Tahweesha" initiative focuses on enhancing financial inclusion for rural women by organizing formal savings groups. Launched in 2021, this program seeks to empower women economically by providing them with structured financial services and opportunities for savings and investment.

Investment Climate for Rural Business

24. While there are targeted initiatives to promote entrepreneurship among specific demographics, such as women, there is a lack of comprehensive national programs specifically aimed at fostering rural entrepreneurship. The absence of a dedicated policy framework hinders the systematic development of rural businesses, limiting the potential growth of small and medium-sized enterprises (SMEs) in these areas.

Access to Agricultural Input and Produce Markets

25. The Egyptian government provides support to agricultural input markets, notably through subsidies for nitrogenous fertilizers. This assistance aims to reduce production costs for farmers, thereby enhancing their profitability. The Agricultural Bank of Egypt plays a pivotal role by offering loans for various agricultural activities and facilitating the procurement of inputs like fertilizers.
26. However, there is a need for formal seed access policy, which could impede farmers' access to high-quality seeds. Moreover, while licensing laws exist for food vendors, enforcement challenges persist, potentially affecting the reliability and value provided by produce markets to smallholders.

Access to Water

27. The Ministry of Water Resources and Irrigation (MWRI) oversees water management in Egypt, including the regulation of both surface and groundwater resources (Law No. 147 of 2021). The Protection of the Nile from Pollution Law of 1982 entrusts MWRI with the responsibility of issuing wastewater discharge licenses to polluters, aiming to safeguard water quality.

28. Despite these regulatory frameworks, challenges such as water availability issues and pollution persist, affecting rural communities' access to clean water.

SECAP background study

Introduction

1. This Social, Environmental, and Climate Assessment Procedures (SECAP) Background Study complements IFAD's Country Strategic Opportunities Program (COSOP) for Egypt. It ensures that social, environmental, and climate issues are considered during the project cycle and summarizes the development context with regards to IFAD's mainstreaming themes (gender, youth, nutrition, people with disabilities, climate and environment). Specific recommendations are made on how to ensure that IFAD's future interventions adhere to its SECAP guidelines.
2. This study examines climate change mitigation and adaptation measures, ensuring alignment with Egypt's national development policies, climate strategies, and environmental action plans. In line with IFAD's targeting and mainstreaming commitments, it also assesses the socio-economic challenges faced by rural communities, particularly those dependent on agriculture, identifying key drivers of marginalization that need to be addressed to promote inclusive and sustainable development.
3. The main objectives of the background study are:
    a. To conduct a comprehensive assessment of current and emerging environmental and social trends that may impact Egypt's progress in promoting agricultural and rural development, poverty reduction, and food security.
    b. To identify strategic opportunities for IFAD to contribute to Egypt's climate adaptation and mitigation goals while advancing rural development and social inclusion, reinforcing the country's efforts to achieve the Sustainable Development Goals (SDGs) and Nationally Determined Contributions (NDCs).
4. This SECAP analysis is based on a comprehensive review of secondary data and sources, including national statistics, IFAD and partner agencies' reports from past and ongoing projects as well as research and thematic studies on Egypt's environmental and social challenges. The study also depends on consultations with different

stakeholders in Egypt, and field visits conducted from 10 to 20 February 2025.The mission met with the Ministry of Agriculture and Land Reclamation (MOALR), Ministry of Planning, Economic Development, and International Cooperation (MoPEDIC), Ministry of Water Resources and Irrigation (MOWRI), Desert Research Centre (DRC), Climate Finance Funds National Designated Authorities, Agricultural Development Program (ADP), and Micro, Small and Medium Enterprises Development Agency (MSMEDA). External development partners were met along with potential co-financiers as Agence Française de Développement Group (AFD), Food and Agricultural Organization (FAO), World Food Program (WFP), United Nations Development Program (UNDP), and Resident Coordinator Office (RCO). The mission consulted Commercial International Bank (CIB), Private sector as Daltex, Entelaaq, DCODE Economic and Social Consulting, and Mahaseel Masr.

Part 1 - Situational analysis and main challenges

1.1. Socio-economic context

5. Egypt has an estimated population of 107 million, 60% of whom are under 30[14]. With a 1.7% annual growth rate, the population is expected to surpass 161 million by 2050[15]. Despite covering 1 million square kilometres and having 27 Governorates, 95% of its population lives in the Nile Valley and Delta.

6. A Lower Middle-Income country, Egypt had a GDP per capita of $3,512.6 in fiscal year 2023[16]. Its economy relies on energy, the Suez Canal, construction, tourism, agriculture, and manufacturing. Some of the challenges facing the economy includes inflation, poverty, and youth unemployment. Agriculture employs 19% of the workforce but faces challenges from water scarcity and inefficient irrigation practices, limited infrastructure for market access, and limited access to rural finance and credit, which all inhibit agricultural productivity and profitability[17]. In recent years, external shocks—including global economic shifts, oil price fluctuations, COVID-19, the Russia-Ukraine war, and ongoing geopolitical tension in MENA region —have impacted tourism, employment, Suez Canal revenues, and gas exports[18].

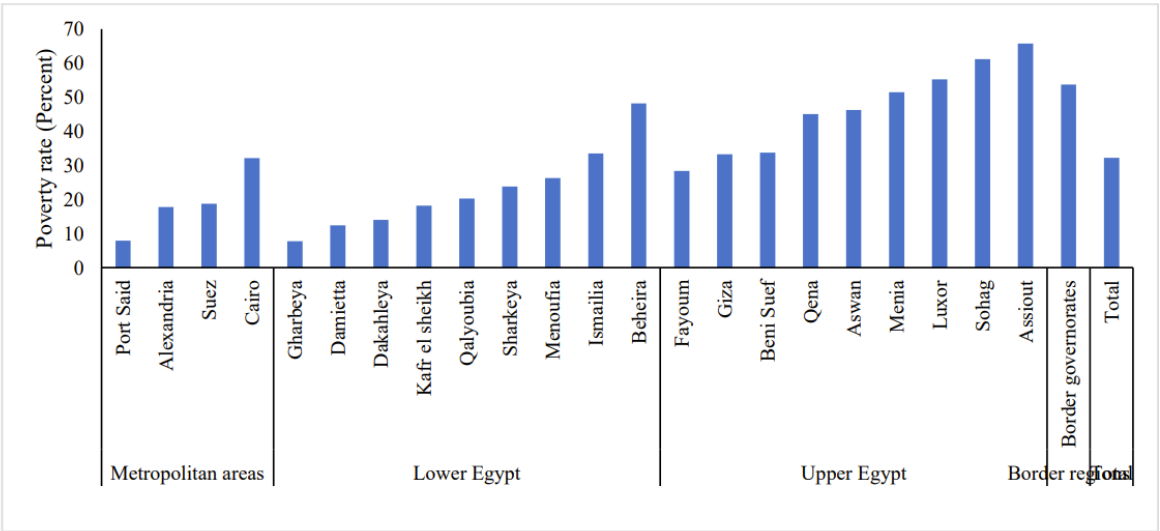
7. **Poverty** has likely risen from the last officially reported national poverty rate of 29.7% in 2019, driven by the increase in inflation over the past two years. By 2024, the lower middle-income international poverty rate ($3.65/day, 2017 PPP) was estimated at 23.5%, up four percentage points from 2022[19]. High inflation continues to hinder poverty reduction, and income inequality remains a concern. Rural areas face significantly higher multidimensional poverty (MPI: 0.103 vs. 0.042 in urban areas), with 28% of rural residents classified as poor, compared to 11.9% in urban areas. The primary contributors to MPI in rural areas are access to services (20.8%), employment (18.2%), housing (15.7%), education (14.3%), social protection (13.6%), food security (11.7%), and health (5.7%). These dimensions underscore the significant challenges faced by rural areas, including access to electricity, water, sanitation, and internet connectivity that need more improvement [20]. Upper Egypt, particularly Assiut and Sohag, experiences poverty rates twice the national average.

8. In recent years, Egypt launched several social protection programs. The national flagship Takaful and Karama (2015) program provides conditional and unconditional cash transfer program to the most vulnerable poor (women, children, elders, and

[14] CAMPAS -Egypt الجهاز المركزي للتعبئة العامة والإحصاء
[15] World Bank databank 2022 and CAPMAS 2021. According to CAPMAS, youth is defined as the population in the age group 18-29.
[16] World Bank Group Data: GDP per capita (current US$) - Egypt, Arab Rep. | Data.
[17] Employment in agriculture (% of total employment) (modeled ILO estimate) - Egypt, Arab Rep. | Data
[18] World Bank Group, International Bank for Reconstruction and Development, International Finance Corporation (2023), Multilateral Investment Guarantee, Agency Country Partnership Framework for Arab Republic of Egypt for the Period 20232027; World Trade Organization (2022), The Crisis in Ukraine, Implications of the War for Global Trade and Development.
[19] https://thedocs.worldbank.org/en/doc/65cf93926fdb3ea23b72f277fc249a72-0500042021/related/mpo-egy.pdf
[20] UNICEF (2022). Multidimensional poverty in Egypt. An in-depth analysis.

persons with disabilities). The presidential initiative Haya Karima, launched in 2019, also aims at improving the quality of life in the poorest rural communities, focusing on infrastructure, social services, and economic development. In February 2024, the government introduced a new set of social mitigation measures, which included raising pensions, minimum wages, and the income tax threshold[21]. At the end of 2024, the Government also launched a new initiative – Bedaya – aimed at serving as platform for initiatives on human capital development, including support to education, women's empowerment, youth employment, health care and nutrition. For the fiscal year 2025/2026, the government put human development at its top priorities, allocating 700 Billion ECGP to health, education, scientific research and other services relevant to tackling multidimensional poverty.

Figure 1. Poverty rates by governorates, 2017–18



Source: Source: World Bank, based on data from the 2017 HIECS

Note: Estimates are based on the national poverty measurement methodology

9. **Gender equality**: Egypt has made important commitments to gender equality, including ratifying the Convention on the Elimination of All Forms of Violence against Women (CEDAW) and introducing legal reforms to advance women's rights. Women's political participation has improved thanks to a constitutional amendment reserving 25% of parliamentary seats. As of February 2024, 27.7% of seats in parliament were held by women. Progress has also been made in family law, yet challenges remain in ensuring women's access to justice, protection from violence, and equal economic opportunities[22]. In 2024, the country ranked 135th out of 146 in the Global Gender Gap Index[23]. Despite legal reforms, disparities remain in education and health outcomes, especially for poor, rural women. In Upper Egypt, female illiteracy reaches 38.8%, with even higher rates in some areas[24].

10. The proportion of women making up the labour force has decreased in recent years. In 2016, women made up 24.2% of the labour force, whereas in 2024, they made up only 17,6 percent. In 2023, women's unemployment rate (18.4%) remained significantly higher than men's (5.0%), especially among youth and urban women[25]. It is important to notice that the majority of women (57%) are employed in agriculture,

[21] World Bank. Poverty and Equity Brief, Middle East & North Africa, Arab Republic of Egypt (2024) Search | World Bank.
[22] Country Fact Sheet | UN Women Data Hub.
[23] World Economic Forum (2023). The Global Gender Gap Index.
[24] Country gender assessment of the agriculture and rural sector – Egypt
[25] ILO. Rapid Situational Analysis of the employment – environment- gender equality nexus: Identifying just transition policies with a focus on Women's Entrepreneurship Development in Egypt (2024) RAS EN WEB File.pdf

however, in agricultural value chains, women tend to be concentrated in lower-paying, less specialized roles, where they face precarious working[26].

11. Land ownership remains a major barrier, with only 2 percent of Egyptian women owning land (as of 2021)[27]. Many factors prevent women from inheriting land, and many lack awareness of their legal rights. Several initiatives (coordinated, for example, by the National Council of Women) are being implemented to sensitize households and communities about women's rights to land and assets. The gender gap in land ownership limits women's economic opportunities, access to modern farming tools, rural finance as well as membership in cooperatives and WUAs, which typically depends on land ownership. Women's limited participation in rural organizations further limits their access to productive resources, training, and markets.

12. A lot of efforts are still needed in order for rural financial institutions to fully recognize women as economic agents, and ensure that credit schemes do not exclude them due to their land ownership requirements[28]. Microfinance institutions apply high interest rates, making it difficult for rural women, particularly those with low-income and small income-generating activities, to access and sustain financing. All these disparities increase rural women's exposure to climate risks and capacity to cope with climate change. They also reduce the uptake of adaptation and mitigation measures promoted by development programmes.

13. **Youth.** Despite the efforts put in place in recent years, youth (15–29 years old) continuous to face challenges to access decent employment opportunities, particularly in rural areas and in the agricultural sector. As of 2021, 29% of youth (15–24 years old) were neither in education, training, nor employment, and youth unemployment reached 19.1% in 2023, with a much higher rate for women (38%). Educated youth struggle the most (those with secondary or higher education are three times more likely to be unemployed), mainly due to a mismatch between market needs and youth skills and limited job availability that meets aspirations and financial expectations[19].

14. The agri-food system plays a crucial role in providing livelihood opportunities for Egyptian youth. Among young people, the cohort aged 15–24 tends to be more actively engaged in farming compared to young adults (25–34) and adults (35–64), highlighting the significance of agriculture as an entry point for employment in rural areas[29]. Enhancing access to resources, services and finance through tailored approaches and solutions is key to support rural youth's engagement in sustainable agricultural practices and ability to cope with the impacts of climate change that disproportionately affect them[30].

15. **Other vulnerable population groups.** Communities like the Nubians in the south and the Bedouins in the Sinai Peninsula and Eastern Desert have distinct cultural identities, traditions, and livelihoods systems, shaped by their interaction with the environment and natural resources, especially land[31]. Living in remote areas, both communities face challenges in their access to education, economic opportunities, infrastructure, and social services. These challenges are further compounded by the impact of climate change on the natural resources on which they are dependent for their livelihoods.

16. Egypt also serves as both a destination and transit hub for refugees, migrants, and asylum seekers across the region. As of June 2024, the country hosted approximately 672,000 refugees from 62 nationalities, with Sudanese and Syrians being the

[26] Country gender assessment of the agriculture and rural sector – Egypt.
[27] Country gender assessment of the agriculture and rural sector – Egypt
[28] Country gender assessment of the agriculture and rural sector – Egypt.
[29] Unlocking Egypt's Potential for Poverty Reduction and Inclusive Growth. Egypt Systematic Country Diagnostic – Update October 2021.
[30] UNICEF, Country Office Annual Report 2023 RAM3 COAR.rdl
[31] Cultural Survival, 2023 Homepage | Cultural Survival.

largest groups. Around 40% are children, including unaccompanied minors at risk[32]. Public education is currently available to Sudanese, South Sudanese, Yemeni and Syrian refugees on equal footing to Egyptians and UNHCR is working with the government to mainstream other refugee nationalities as well[33]. Despite these efforts, challenges persist in ensuring refugees' and migrants' access to adequate healthcare, education, and housing[34].

17. Persons with disabilities: Egypt's constitution and legal framework recognize the rights of persons with disabilities aiming to enhance accessibility and promote inclusivity. Children with disabilities are prioritized in service provision. However, employment disparities remain significant. According to a 2018 UNESCWA report, only 7.4% of women with disabilities were employed, compared to 18.5% of those without disabilities. Men with disabilities also face lower employment rates (33.7%) than men without disabilities (66.5%). A 2022 CAPMAS survey found that 3.4% of children and youth (0–24 years) have a disability, with 1.6% experiencing severe limitations. Access to special needs education is uneven, with urban areas having significantly more specialized schools and classes (4,107) than rural areas (1,023). This disparity disproportionately affects vulnerable children in rural communities, where disability prevalence tends to be higher[35].

18. Nutrition: The Government of Egypt is strengthening its commitment to improving nutrition through national strategies targeting food security, maternal and child health, and school feeding programs. These efforts aim to reduce malnutrition and promote healthier, more resilient communities across the country. Despite of these efforts, malnutrition is still an issue in Egypt. The 2021 Family Health Survey found that stunting among children under 5 declined from 21% in 2014 to 13% in 2021 but remains at 16% in Upper Egypt. Anaemia among children rose from 27% to 43% with disparities by gender and region. Among women of reproductive age, anaemia stood at 28%, while only 40% of infants under 6 months were exclusively breastfed. Poor infant and maternal nutrition, suboptimal feeding practices, and unhealthy diets are key contributors of malnutrition in the country[36]. Egypt is also experiencing a nutrition transition, with high obesity rates—in 2019, nearly 40% of adults (50% of women, 30% of men) were obese. Non-communicable diseases (NCDs) now account for 86% of all deaths in the country[37].

19. Sustainable food systems. In 2022, Egypt ranked 77th of 113 countries on the Global Food Security Index and 13th of 15 in MENA, with challenges in access to inputs, producer prices, and early warning systems. As an importer of staple foods, Egypt is vulnerable to global price fluctuations. The Government has recently put in place measures to address import dependency by diversifying wheat import sources, increasing local production through agricultural land reclamation and banning the export of wheat and wheat products. However, climate change, water availability issues, and farmland fragmentation threaten agricultural productivity. Food waste is also a major issue. FAO estimates that 50% of vegetables and fruit, 40% of fish, and 30% of milk and wheat are lost annually[38]. The Government has identified access to safe and nutritious food for all people, sustainable and healthy consumption patterns, nature-positive food production at scale, equitable livelihoods and value distribution,

[32] UNHCR, Fact Sheet (June 2024).
[33] Education - UNHCR Egypt
[34] Situation Analysis of children and adolescents in Egypt 2024.
[35] Situation Analysis of children and adolescents in Egypt 2024 https://www.unicef.org/egypt/media/12431/file/SitAn%20of%20Children%20and%20Adolescents%20in%20Egypt%202024_Eng.pdf.pdf
[36] Central Agency for public mobilization and statistics (CAPMAS) (2022): Egypt Family Health Survey2021: Cairo-CAPMAS-December 2022.
[37] Ministry of Health and Population, The National Health Strategy of Egypt (2024-2030).
[38] Food and Agriculture Organization of the United Nations. 2022. A new partnership between FAO and the Egyptian Food Bank to reduce food waste./

and resilience in the face of vulnerabilities, shocks and stress as the top priorities in transforming national food systems and rendering them more effective.

1.2 Environment and climate context, trends and implications

20. **Water**: The Nile River contributes 55.5 billion cubic meters (BCM) of water annually, representing about 69% of Egypt's total available water resources, which amount to approximately 81.63 BCM, including reused water which represents 21.95 BCM. Egypt's annual share of the Nile, which is currently 55.5 billion m^3, is regulated by several agreements. The remaining water resources in Egypt come from desalination (0.4%), rainfall (1.6%), groundwater (3%), and recycling of agricultural wastewater drainage and shallow groundwater (26%). Egypt is estimated to utilise 81.06 billion m^3 of water annually (including evaporation loss). Agriculture is the major consumer with 76.7% of total water use, followed by domestic consumption (14.2%), industrial sector (6.7%), and evaporation loss (3.1%). Wastewater treatment is one of the non-traditional water sources that help closing the gap between the demand and the supply of fresh water[39].

21. Egypt's water resources are facing challenges, as the growth of industrial, agricultural, and tourism activities which increases the overall pollution of water bodies; population growth which affects the capita share coupled with changes in production and consumption patterns which is estimated to reduce the share of fresh water per capita to from 590 m^3/year in 2018 to 394 m^3/year by 2050[2]; and the rapidly increasing population demand for water for urbanisation, development, and dams construction in upstream countries as the Grand Ethiopian Renaissance Dam (GERD) which increases the stress on the Nile basin[40]. Untreated agricultural wastewater (13.51 billion m^3/year) is dumped in the Nile River making it a significant source of Nile river pollution. The issue of water salinity also remains a concern for Egypt resulting from using of untreated agricultural wastewater in irrigation. The average salinity of the recycled agricultural wastewater in the delta is 1147 ppm leading to increased salinity of the water[41].

22. **Land**: In 2023, almost 18% of Egypt's workforce works in agricultural activities, accounting for 11.56% of the country's GDP[42]. Egyptian agricultural land can be divided into two categories: "Old-land," which includes the Nile Valley and Nile Delta lands that have been heavily farmed and irrigated since ancient times and make up around 80% of the cultivated area; and "New-land," which includes lands that have been reclaimed relatively recently or are currently being reclaimed and make up around 20% of the cultivated area. In 2021–2022, the total cultivated land in Egypt amounted for 9.6 million feddans (1 feddan = 0.42 ha). Since 2001, the New-land area nearly doubled from 1.54 to 3.6 million feddans, whereas the old-land area decreased from 6.40 to 6.05 million feddans[43]. Cultivated lands in Upper and middle Egypt represents 29% of the total agricultural land in Egypt[44]. Different conditions of availability, soil, and climatic conditions led to having two main annual cropping seasons, namely, winter and summer cultivation seasons. In some cases, farmers tend to cultivate a third crop during the period between summer and winter, termed "Nili" season, which may extend for about two months. It is important to note that

[39] Ministry of Environment (2021). State of the Environment Report 2021. Retrieved from https://www.eeaa.gov.eg/Reports/1141/Details
[40] UNESCO, MDG Fund, GoE (2012). Towards a Climate Change Adaptation Strategy for the Water Sector in Egypt. Retrieved from https://www.eeaa.gov.eg/Uploads/Project/Files/20221123101946525.pdf
[41] Ministry of Environment (2021). State of the Environment Report 2021. Retrieved from https://www.eeaa.gov.eg/Reports/1141/Details
[42] World Development Indicators (2025). World Bank Group Databank. Retrieved from https://databank.worldbank.org/source/world-development-indicators#
[43] CAPMAS (2024). Annual Statistical Book. Retrieved from https://www.capmas.gov.eg/
[44] Ministry of Environment (2020). State of the Environment Report 2020. Retrieved from https://www.eeaa.gov.eg/Reports/1062/Details

fruit trees are the most important perennial crops, while maize, rice, cotton and sugarcane (summer crops), and alfalfa, wheat, barley, green bean, clover, and sugar beet (winter crops) are the main field crops cultivated in Egypt[45].

23. The encroachment of urban development and infrastructure on Egypt's agricultural land is one of the primary issues. Between 2005 and 2019, 700,000 feddans of Egypt's agricultural land were lost. The illegal land violations on agricultural land represented around 12.86% of lost land while the remaining land was lost due to legal urban expansion and public services. Following the 2011 revolution, the rate of agricultural land loss because of violation soared, however, efforts to prevent violations on agricultural land were intensified through stricter laws—most notably amendments to Law 53 of 1966, increasing fines, and empowering enforcement authorities. These measures aim to preserve arable land and support national food security. Another main issue facing land resources in Egypt is the fragmentation of property and agricultural tenure brought on by Egypt's steady population growth and the associated rise in different crops cultivated. This issue prevents the country from taking advantage of the large production availability and results in ineffective management of these holdings. The average agricultural holding area in Egypt is estimated to be 2.2 feddans. Another issue for land resources in Egypt is soil pollution resulting from extensive use of fertilisers and pesticides due to intensification to meet growing demand; utilising of drainage water and partially treated sewage water due to increased demand for water leading to increased soil salinity. Egypt is also facing soil waterlogging and salinization due to water mismanagement, low drainage efficiency, and the dominance of the flood irrigation system leading to deterioration of land productivity[46].

24. Organic agriculture in Egypt increased from 0.1% to 2.8% of total agricultural land between 2000 and 2016. Behera and Fayoum are the top two governorates with 28.3% and 25.7% of their lands cultivated as organic agriculture area respectively. Although there is a big potential for promoting organic agriculture in Egypt, several challenges are facing farmers who are willing to move towards organic agriculture including water availability issues, weak extension services, land fragmentation, and high cost of initial investment[47].

25. **Biodiversity**: Egypt is home to an extensive diversity of terrestrial habitats, fauna, flora and microorganisms due to its very varied eco-zones. The country is home to a wide range of habitats with microclimates that host many plant and animal species and communities representing both tropical and Mediterranean environments[48].

26. **Waste**: Egypt faces challenges in waste management including population increase, changes in production and consumption patterns, lack of society's awareness, and lack of financial and institutional capacities. The collection efficiency in Egypt reached 62% in 2018. It is worth mentioning that agricultural waste has the biggest waste share with 40-45 million tonnes/year representing 45% from the total waste produced in Egypt[49].

27. **Climate Change Hazards**:

- **Increase in Temperature**: Egypt has a hot desert climate except for small stretches of the northern coastal area which has hot semi-arid climate. Climate

[45] GEF, UNDP, MoE (2016). Egypt Third National Communication Plan. Retrieved from https://unfccc.int/sites/default/files/resource/TNC%20report.pdf
[46] Ministry of Environment (2020). State of the Environment Report 2020. Retrieved from https://www.eeaa.gov.eg/Reports/1062/Details
[47] CIHEAM-IAMM (2019). The Organic Agriculture in Egypt. ENPARD South Support Project II. EU Funded Project. Retrieved from https://www.seve.gr/wp-content/uploads/2019/05/organic-agriculture-in-Egypt.pdf
[48] Ministry of Environment (2020). State of the Environment Report 2020. Retrieved from https://www.eeaa.gov.eg/Reports/1062/Details
[49] Ministry of Environment (2020). State of the Environment Report 2020. Retrieved from https://www.eeaa.gov.eg/Reports/1062/Details

change is expected to increase mean temperatures and heat extremes in this already dry, arid environment. Average temperature has been gradually increasing in Egypt since 1991. Temperatures in Egypt have already increased over the past decades (0.53°C per decade over the last 30 years as shown in Figure 1). Figure 2 shows that projections based on reference period 1995-2014 predict a continuation of the trend and that the increase depends on the climate scenario Temperatures may rise by 2.1°C to 5.7°C by the 2080s under high-emission scenarios[50].

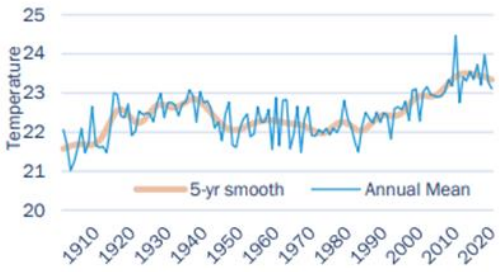


Figure 1: Observed Temperatures for Egypt[12]

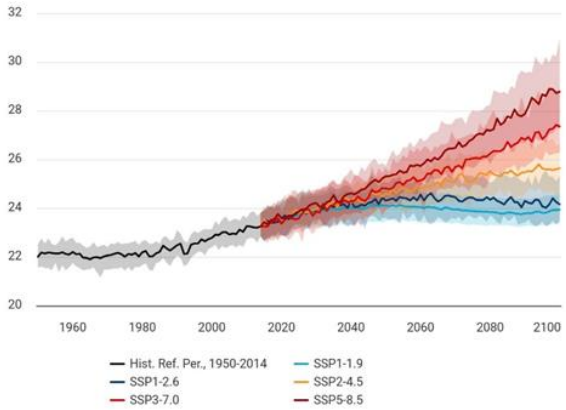


Figure 2: Projected average mean temperature[13]

- **Precipitation**: Egypt receives fewer than eighty mm of precipitation annually in most areas. Most rain falls along the coast, but even the wettest area, around Alexandria, receives only about 200 mm of precipitation per year. Projections predict an inconsistent fluctuation for all the climate scenarios with insignificant changes overall[51].
- **Extreme weather events**: Climate extremes include dust storms, heat waves, localized flash floods and, very rarely, unaccustomed snowfall in the north[52]. Projections indicate that the frequency and intensity of extreme weather events especially flooding, and heat waves will be increased. Heat waves are expected to increase in their severity, frequency, and duration, with an average of 40 additional days of extremely hot days per year projected by mid-century[53].
- **Sea level rise (SLR):** The coastline of Egypt comprises over 3500 km of tide affected coast, with a vulnerable Mediterranean coast of 550 km. There is a very wide variation in coastal characteristics and types and extent of coast-related activities. Predicted SLR for low emission scenario in west delta, middle delta, and east delta is 28 cm, 35 cm, and 72.5 cm respectively in 2100; while the predicted SLR for high emission scenario in west delta, middle delta, and east delta is 72 cm, 79 cm, and 144 cm respectively in 210054. Socially, SLR threatens to displace large numbers of residents, especially in low-lying areas. Projections indicate that by 2030, approximately 45 million Egyptians could be seriously affected by sea level rise. By 2060, the population residing in Low Elevation Coastal Zones (LECZ) is expected to reach 63.5 million—an increase of 249% over 60 years. The Northern Delta, as a key LECZ region, is at the center

[50] GoE (2024). Egypt's First Biennial Transparency Report. Retrieved from https://unfccc.int/documents/645200
[51] World Bank Group (2021). Egypt Country. Climate Change Knowledge Portal for Development Practitioners and Policy Makers. Retrieved from https://climateknowledgeportal.worldbank.org/country/egypt/climate-data-projections-general
[52] GEF, UNDP, MoE (2016). Egypt Third National Communication Plan. Retrieved from https://unfccc.int/sites/default/files/resource/TNC%20report.pdf
[53] World Bank Group (2022). Egypt Country Climate and Development Report. Retrieved from https://www.worldbank.org/en/country/egypt/publication/egypt-country-and-climate-development-report
[54] GEF, UNDP, MoE (2016). Egypt Third National Communication Plan. Retrieved from https://unfccc.int/sites/default/files/resource/TNC%20report.pdf

of this demographic and environmental shift. The displacement of communities, combined with the loss of livelihoods and disruption to basic services such as water, sanitation, and health, will have disproportionate effects on low-income and vulnerable populations. This underscores the urgent need for targeted investments in coastal resilience, land use planning, and adaptive infrastructure to mitigate the long-term economic and humanitarian impacts of sea level rise in the Delta[55].

28. **Climate Change Impacts:**

- **Water Resources**: Climate change is expected to raise the temperature resulting in increasing the demand for water in municipal and agriculture uses mainly due to increasing the rate of evaporation. There is significant variation among general circulation models (GCMs) over the future effects of climate change on the Nile flows, specifically whether the Blue Nile, which accounts for over 75% of the Nile flows, will become drier or wetter. Almost two thirds of GCMs predict more precipitation in East Africa, while the remaining GCMs predict reduced precipitation other sources show a change of between -19% to +29% for the Blue Nile, -8% to +10% for the White Nile and -13% to +36% for the Main Nile. These variations add to the existing uncertainties to the expectations for Egypt's share in Nile water. Adaptation in the water sector is a top priority due to such uncertainty and the high reliance on the Nile River[56].
- **Agriculture**: The projected rise in temperature and change of its seasonal pattern is expected to affect the productivity of some crops and livestock, potential increase of desertification rates, and impacts on marginal agricultural areas (Western and Eastern Deserts, Sinai, Oases, and others). Additionally, extreme weather events would have an impact on the country's food security. Different estimates predict a decline between 11% and 51% in national food production due to climate change. Strategic crops as wheat and maize are expected to decline 11-12% and 40-47% respectively under a 1.5°C increase scenario. The price of these crops will also most likely increase accordingly. It is worth mentioning that upper Egypt has the most vulnerable areas to heat waves. In addition, there is clear evidence that climate change is already altering the distribution, incidence and intensity of plant pests and diseases which is expected to increase additional required sprays by 2-4 additional sprays at the coming decades of the 2025-2100 period. Severe epidemics of tomato late blight emerged in the last few years. Severities of current cultivars of wheat to leaf rust caused by *Pucciniatriticina* and stripe rust disease caused by *Pucciniastriiformis* are expected to increase due to increasing temperature. Subsequently, this will result in higher costs related to inspection, treatment and compliance with the obligations of the importing trading partners in addition to more frequent trade disputes under World Trade Organisation (WTO) that are costly to resolve[57]. The marginal and border areas of Egypt are among the areas most affected by climate change due to the inconsistent fluctuation of precipitation as these areas depend mainly on rain to carry out economic activities as pastures and scattered crops, as well as collecting water for drinking purposes and grazing goats and sheep[58].
- **Coastal Zone**: The Nile delta coast is considered the most vulnerable due to submerging risk under worst SLR scenario leading to significant loss of fertile

[55] https://unfccc.int/documents/645200
[56] MoWRI, UNESCO, MDG Achievement Fund (2013). Proposed Climate Change Adaptation Strategy for the Ministry of Water Resources & Irrigation in Egypt. Retrieved from https://www.eeaa.gov.eg/Uploads/Project/Files/20221123101650781.pdf
[57] GEF, UNDP, MoE (2016). Egypt Third National Communication Plan. Retrieved from https://unfccc.int/sites/default/files/resource/TNC%20report.pdf
[58] MOIC (2023). NWFE Egypt's Nexus of Water, Food, and Energy From Pledges to Implementation. Progress Report No. 1. Retrieved from https://mmd-moic.s3.eu-west-1.amazonaws.com/files/English%20Spread%20-%20NWFE%20Report%202023.pdf

lands whether protection measures are considered or not is foreseen. Seawater intrusion due to SLR coupled with reduced recharge rates and increase in evaporation will mean less water available for irrigation and lower soil quality[59]. SLR is expected to have negative economic impacts due to damage of ports, coastal tourism facilities and infrastructure. Additionally, SLR threatens displacement of 45 million Egyptian by 2030. The communities displacement, coupled with loss of livelihoods and disruption to basic services, is expected to have unequal impacts on low-income and vulnerable populations[60]. On other note, SLR will potentially lead to loss of fertile land with or without protection measures. Predicted land loss in 2060 in the delta under high emission scenario is 178 km^2 if protection measures are considered, and 1923.8 km^2 if protection measures are not considered[61].

- **Livestock**: Due to increase in temperature, and the lack of animals to dissipate the heat determines that animals are expected to suffer from heat stress during, at least, part of the year. Heat stress has a variety of detrimental effects on livestock, with significant effects on milk production and reproduction in dairy cows. Extreme heat waves may particularly affect beef and dairy cattle. However, higher minimum temperatures might reduce the frequency and severity of cold-stress events conditions that foster high lamb mortality. On other hand, climate change can also indirectly affect animal performance due to alterations in the quantity and quality of their feed resources[62].

29. The agriculture sector in Egypt is the third biggest sector in terms of Greenhouse Gas (GHG) emissions with 11% of the total in 2022[63]. Despite this, the GoE does not have mitigation targets for the agriculture sector. However, Egypt prioritises the following for climate change adaptation in agricultural and water resources sector in its national updated Nationally Determined Contributions (NDCs), strategy to combat desertification; and the national biodiversity strategy and action plan: i) lining of irrigation canals and rehabilitation of drainage systems complemented by upgrading water quality and sanitation; ii) construction of infrastructure to protect against flash floods and catchments for rainwater harvesting; iii) expansion in the reuse of agricultural drainage and treated wastewater; iv) use of modern surface irrigation techniques; v) changing cropping patterns to more tolerant crop species; vi) soil maintenance, soil improvement, and protection of land from degradation; vii) preserving and expanding the biodiversity of strategic crops and livestock varieties and introduce new traits enhancing climate change adaptation; vii) protection of livestock, poultry, and fish and the development of prevention and immunization programs; viii) introducing new techniques for producing non-traditional animal fodder of higher nutritional value; ix) review of new and existing land use policies and agricultural expansion programs to consider possibilities of land degradation in affected areas resulting from the Mediterranean Sea level rise; x) building an effective institutional system for crisis and disaster management for agricultural areas, and establishment of an early warning systems; xi) support small farmers in adapting to climate change through the multi-stakeholder engagement approach, capacity building in the resource management of their land, and promote use of traditional knowledge and nature-based solutions; xii) adoption of ecologically sustainable agricultural management practices; xiii) and rehabilitation, conservation and sustainable use of range resources and sustainable grazing.

[59] GoE (2023). EGYPT'S UPDATED NATIONALLY DETERMINED CONTRIBUTIONS. Retrieved from https://unfccc.int/documents/630376
[60] GoE (2024). Egypt's First Biennial Transparency Report. Retrieved from https://unfccc.int/documents/645200
[61] GEF, UNDP, MoE (2016). Egypt Third National Communication Plan. Retrieved from https://unfccc.int/sites/default/files/resource/TNC%20report.pdf
[62] GEF, UNDP, MoE (2016). Egypt Third National Communication Plan. Retrieved from https://unfccc.int/sites/default/files/resource/TNC%20report.pdf
[63] GoE (2024). Egypt's First Biennial Transparency Report. Retrieved from https://unfccc.int/documents/645200

Part 2. Institutions and legal framework

2.1 Institutions

30. The **Ministry of Agriculture and Land Reclamation (MoALR):** Responsible for land reclamation, agriculture, fisheries, and livestock. In addition to providing agricultural services, MoALR regulates and supervises public and private entities involved in the production and processing of agricultural products. It also oversees irrigation and water management at farm level and other on-farm improvements.

31. The **Ministry of Water Resources and Irrigation (MoWRI):** Responsible for water resources regulation and distribution. Water supply, irrigation, and drainage systems are managed by MoWRI. Irrigation improvements are also handled by the ministry.

32. **The Ministry of Planning, Economic Development & International Cooperation** (**MoPEDIC**) leads efforts to achieve sustainable development in Egypt by formulating policies, monitoring government performance, and managing public investments. It collaborates with the private sector and civil society, aiming to create a competitive, knowledge-based economy. The Ministry develops sustainable development plans aligned with Egypt's strategic vision, raises public awareness about development priorities, and coordinates the implementation of Egypt Vision 2030 with stakeholders. It also strengthens statistical capabilities to assess performance and project progress[64]. Furthermore, the ministry is responsible for Green Village Initiative and adopting Green and Smart Projects Initiative where 60% of public investment in 2026-2027 is planned to be green project.

33. **Agricultural Development Program (ADP)** provides direct bank financing for irrigation and agricultural activities. Commercial International Bank (CIB) is the agent bank for ADP.

34. **Micro, Small and Medium Enterprises Development Agency (MSMEDA)** is the national entity with responsibility for micro, small and medium enterprises (MSMEs) and entrepreneurship development in Egypt. It aims to support the government efforts to implement community development programs and labour-intensive projects, create jobs, provide a more enabling environment for micro and small enterprises, and promote entrepreneurship, which will in turn improve citizens' living standards and reduce poverty rates.

35. **International Agriculture Research Center (IARC)** is one of the largest research organizations in the Middle East dedicated to research and development of agricultural sciences. IARC is affiliated with MoALR and is the principal organization responsible for technology generation and transfer for agriculture growth and development. It focuses its research on the development of new varieties, improved agronomic practices, livestock development and better food processing techniques.

36. **Desert Research Center (DRC)** is affiliated to MoALR and is responsible for exploring and studying the natural resources in the Egyptian desert and developing plans to invest these resources to achieve sustainable development.

37. **National Water Research Centre (NWRC)** is affiliated to MoWRI and processes knowledge and expertise in water resources. NWRC is dedicated to conduct applied research at the highest water policy-making level. NWRC is mandated to provide innovative solutions and communicate them to the end users. Among the water resources topics tackled by NWRC is irrigation and drainage, coastal protection and lake/shore environment, and water socioeconomics.

38. **Ministry of Environment (MoE)** with its executive agency, Egyptian Environment Environmental Affairs (EEAA), is responsible for defining environmental and climate

[64] Ministry of Planning, Economic Development & International Cooperation, Home

policies. It monitors pollution levels and sets environmental standards that can improve the quality of the environment. This is carried out with a focus on pollution reduction, solid waste management, conservation of natural resources and combating climate change. EEAA is the focal point for Global Environment Fund (GEF) and Green Climate Fund (GCF).

39. **Water User Associations (WUA) Union** is elected from the different WUAs. It is newly established, and the roles of this union is not defined till now. It is expected that an executive regulation will be issued soon defining the roles and responsibilities of this union. The union is expected to increase the capacity of the existing WUAs and establish new WUAs.

40. **The Ministry of Social Solidarity** is responsible for social protection, integrated care and economic empowerment to eligible citizen without discrimination and seeks to develop its services throughout the various parts of the Republic and calls for coordination of efforts with the private sectors and the media to invest in joint work for the development of citizens and society[65].

41. The **National Council for Women (NCW)** was established as an independent national mechanism under the auspices of the President of the Republic to propose general policies for society and its constitutional institutions for the advancement of women, activating their role and empowering them socially, culturally, economically and politically, and proposing legislation and policies in support of their rights[66].

42. The **Ministry for Youth and Sports** focuses on empowering young people by promoting policies for employment and entrepreneurship. It supports youth-led initiatives, provides training and resources through youth centres, and fosters leadership and life skills. The ministry also encourages innovation and entrepreneurship, preparing youth for challenges in the labour market and beyond

43. The **National Council for Disability Affairs** (NCDA) aims to promote, develop and protect the rights and dignity of persons with disabilities, which are constitutionally mandated and raise awareness of them[67].

2.2 Policy and Framework

44. The national regulations relevant to environment and climate change in Egypt are as follows:

- Environmental Protection **Law No. 4/1994 (amended by Laws No. 9/2009 and No. 105/2015)** which integrates environmental considerations into national policies, including Environmental Impact Assessments and pollution control. It mandates resource and biodiversity protection, supported by executive regulation No. 338 of 1995 and its subsequent amendments.
- **Prime Ministerial Decree No. 1912/2015**: Established the National Council for Climate Change to coordinate policies across ministries.
- **Presidential Decree No. 566/2016**: Obligates ministries to comply with the Paris Agreement, emphasizing national adaptation and mitigation strategies.
- **Waste Management Law No. 202/2020**: Provides a framework for waste management including agricultural waste
- **PM Decree No. 1129/2019**: Climate change units establishment in relevant ministries/authorities including MoALR and MoWRI.

[65] Ministry of Social Solidarity, Ministry of Social Solidarity Ministry of Social Solidarity
[66] National Council of Women (NCW), Egypt, www.ncw.gov.eg
[67] The National Council for Persons with Disabilities-SIS

- **Ministerial Decrees No. 415 and No. 34/2023**: Established the measurement, reporting, and verification (MRV) working group and the Environmental and Climate Investment Unit, supporting national transparency efforts and investment in environmental projects.
- Egypt also developed the **Agriculture Law No. 53 of 1966 (Amended by Law No. 116 of 1983)** which Manages irrigation, crop rotation, and pest control, with amendments addressing climate-related risks like water scarcity and soil degradation.
- **Water Resources Law No. 147 of 2021** which Governs the management of Egypt's water resources, addressing the allocation, protection, and sustainable use of water. Given Egypt's dependence on the Nile River, this law is crucial for adaptation strategies related to water security and drought management.
- **Law No. 93 of 1962 (Wastewater Discharge) and its Executive Regulations No. 44 of 2000** which regulates wastewater treatment and discharge, crucial for water quality protection and preventing resource depletion.
- **Law No. 48 of 1982 (Protection of the Nile River and Waterways)** which Provides rules for protecting the Nile River and coastal environment from pollution

45. Egypt developed its climate change strategy for 2050 issued in 2022 which sets targets for both mitigation and adaptation.

46. For the water sector, Egypt developed a national Strategy for Development and Management of Water Resources 2050 issued in 2016 which focuses on sustainable water management through integrated approaches. The four main pillars of the strategy aim to develop resources, rationalize usage, improve water quality, and create an enabling environment for integrated water management; and a national water resource plan 2017-2037 issued in 2017 which emphasizes sustainable water use considering socio-economic and environmental factors. It includes strategies to reduce water demand, optimize supply, and control pollution, while also developing new water sources like groundwater and desalination.

47. For the agriculture sector, Egypt developed the SADS 2030 issued in 2009 and updated in 2022 which aims to conserve and improve existing agricultural resources and the best and sustainable use for these resources; increase the growth in agricultural sector by 4.5% annually; achieve higher food security specially for strategic crops; support increasing competitiveness of agricultural products in local and international markets; create job opportunities for youth and women in the agricultural sector and other relevant activities; and increase livelihood of farmers and decrease poverty levels in rural areas. This goals will be achieved by 10 national programs which are: sustainable use of agricultural resources; development of crops and orchards; development of livestock, poultry, and fisheries; improve marketing and processing, promote rural financing, and increase competitiveness; area development and improve the economic and social conditions; digitalisation and improve information and communication technology; improve enabling environment and reform of institutions and agricultural policies; support agricultural research, technology transfer and extension service; and establish/improve the strategic framework for climate change risks and adaptation in agricultural sector.

48. **Egypt's Country Platform for NWFE Programme**: The Egyptian government launched an ambitious plan to address the core challenges around the nexus of water, food and energy (NWFE, meaning fulfilling pledges in Arabic) in 2022, with the aim of accelerating the national climate priorities while also providing opportunities for mobilizing climate finance and private investments to support Egypt's green transition. The NWFE is reflecting the interlinkages and complementarity between climate action and development efforts and is an innovative and ambitious programme that is part of Egypt's promise to deliver on its first National Climate Change Strategy 2050, launched ahead of the UN's COP27. IFAD is supporting the government by leading the Food Pillar of NWFE by coordinating developing Egypt's strategic vision

for the agricultural sector. The government identified a list of priority projects under the Food pillar which are as follows: Adaptation of Crop Production in the Nile Valley and Delta; Adaptation of the Northern Delta Affected by Sea Level Rise; Enhancing Resilience in Vulnerable Areas; Modernizing Irrigation System in Old Agricultural Lands; and Establishing an Early Warning System. The government collaborated with the different development partners, line ministries, and relevant technical authorities to build-linkages and develop projects responding to Egypt's priority projects in food and water pillars. Two projects were planned to be developed which are CROWN under IFAD and CRAFT projects under World Bank. The CROWN project is designed, negotiated and currently under ratification which responds to Modernizing Irrigation System in Old Agricultural Lands under food pillar and Improving Agricultural Climate Resilience by Modernizing Agricultural Practices under water pillar priority projects. The CRAFT project is still under design and negotiation which responds to Adaptation of Crop Production in the Nile Valley and Delta and Establish an Early Warning System priority projects both under food pillar. The government mapped the European Investment Bank (EIB) and the European Union (EU) as partners for developing a project for the Adaptation the Northern Delta Affected by Sea Level Rise project; and the Islamic Development Bank (IsDB) for developing a project under the Enhancing Resilience in Vulnerable Areas priority project[68]; The IsDB has already finalized the preparation of a detailed concept note while the EU and EIB are currently preparing the required study for the project

49. Egypt ratified the United Nations Framework Convention on Climate Change (UNFCCC) in December 1994, and ratified Paris agreement in June 2017. Egypt entered into force the Convention on Biological Diversity (CBD) in September 1994 and entered into force the United Nations Convention to Combat Desertification (UNCCD) in December 1996. Egypt submitted its first and updated National Determined Contributions (NDCs) in November 2015 and June 2023 respectively. Egypt developed a national action program to combat desertification in June 2005. Egypt developed a national biodiversity strategy and action plan in January 2016. The national relevant priorities for the NDC, biodiversity plan, and program to combat desertification is mentioned above in section 1.2.

50. Regarding economic development and social inclusion, the most relevant policies and strategies include:

- **The Egypt Vision 2030** is a long-term strategic plan aiming to achieve sustainable development across economic, social, and environmental dimensions. It focuses on inclusive growth and regional development through justice, social inclusion, and political participation. The updated 2018 version prioritizes women and youth economic participation and entrepreneurship. MoPEDIC works to raise awareness of the country's progress in achieving these goals[69].
- **The National Strategy for the Empowerment of Egyptian Women** aims to enhance women's status through a comprehensive approach, supporting their roles at various life stages while balancing family duties. Aligned with Egypt's Vision 2030 and the UN's SDGs, it focuses on four pillars: (i) political empowerment, (ii) economic empowerment, (iii) social empowerment, and (iv) protection from violence. The strategy seeks societal and legal changes, promotes men's involvement in women's empowerment, and ensures marginalized women's rights. Key partners include legislative, judicial, executive authorities, and civil society organizations[70].

[68] MOIC (2023). NWFE Egypt's Nexus of Water, Food, and Energy From Pledges to Implementation. Progress Report No. 1. Retrieved from https://mmd-moic.s3.eu-west-1.amazonaws.com/files/English%20Spread%20-%20NWFE%20Report%202023.pdf

[69] Egypt's Sustainable Development Strategy (Egypt's Vision 2030)

[70] National Strategy for the Empowerment of Egyptian Women 2030. | UNEP Law and Environment Assistance Platform

- **National Youth Strategy.** The Ministry of Youth and Sports, in cooperation with UNFPA, developed Egypt's National Youth Strategy (2022–2027) in alignment with the UN Youth Strategy 2030. The Egyptian government aims to ensure that by 2027, 13 million young people (46% of Egypt's youth) will be enrolled in continuing education, trained, employed in decent jobs, or engaged in leadership, entrepreneurship, and community participation. The strategy is built on three main pillars: Education; Training & Skilling; Participation.
- **National Strategy for the Rights of Persons with Disabilities.** Egypt's National Strategy for the Rights of Persons with Disabilities (NSRPD) was developed to promote the inclusion, empowerment, and rights of persons with disabilities in alignment with Egypt's Vision 2030 and international commitments, including the UN Convention on the Rights of Persons with Disabilities. The strategy focuses on ensuring equal opportunities and accessibility in key areas, with four main pillars: (i) Education & Skills Development; (ii) Employment & Economic Empowerment; (iii) Social Protection & Health; (iv) Participation & Accessibility. The government aims to enhance legal protections, improve service delivery, and foster social inclusion to ensure persons with disabilities can fully participate in society.
- **Egypt's broader Financial Inclusion Strategy (2022–2025).** This strategy, led by the Central Bank of Egypt (CBE), aims to enhance financial access for underserved groups, including smallholder farmers, women, and youth. It promotes digital financial services, microfinance, value chain financing, and partnerships with financial institutions to strengthen rural economies. The strategy also aligns with Egypt Vision 2030, emphasizing financial literacy, innovation, and regulatory reforms to support inclusive and sustainable rural development.

2.2 Programmes and partnerships

51. The table below briefly analyses ongoing programmes of the government and other development partners.

Development Partner	Intervention
World Bank	**Climate Resilient Agri-Food Transformation Project (CRAFT)** This project is a geographically complementary project to IFAD's current projects which is still under design phase. This project has many similar feature to IFAD interventions in terms of focus rehabilitating irrigation infrastructure, providing financial support to farmers for the adoption of climate-smart agriculture technologies, resilient cropping practices and improved input management, and the provision of business development services and developing producer organizations. However, CRAFT is introducing thematically complementary products such as meteorological early warning systems and multi-hazard operational response plans, which IFAD's interventions can capitalise from. Regular meeting will ensure cross-fertilisation between CRAFT and ongoing/future IFAD interventions.
UNIDO	UNIDO has several projects which can complement or directly support IFAD projects supporting access to finance for energy efficiency, solar energy and capacity development for green finance.
	Inclusive Green Growth in Egypt" (IGGE) project phase I The project provides technical assistance to support the creation and growth of start-ups and MSMEs operating in waste management and valorisation, sustainable agriculture and food

	production and sustainable energy in the Beni Suef, Luxor and Qena governorates which ends in 2025
USAID	**Feed the Future Egypt Rural Agribusiness Strengthening programme** This program aims at helping farmers in Upper Egypt and the Delta becoming more self-reliant and grow marketable crops that meet international standards for export. However, it is worth noting that in the time of writing, all USAID activities are halted and may not resume.
GIZ	**Agricultural Innovation Project (AIP)** This project aims at increasing the income of smallholder farmers in Upper Egypt, particularly in the governorates of Minya and Beni Suef, with an additional focus on the inclusion of women. GIZ plans to finance part of CRAFT in lower Egypt. There may also provide parallel financing to IFAD projects and close collaboration is already established.
FAO	**Modernisation of Irrigation Techniques to Improve the Livelihoods of Smallholder Farmers in Upper Egypt** The project aims at Improving the livelihoods of vulnerable rural people of the Upper Egypt region by increasing agricultural production and increased entrepreneurial opportunities through the transformation to collective modern smart irrigation techniques, dissemination of collective farming systems practices and creation of community led agribusiness. IFAD projects can build collaboration of this project as it is operating in the same context of IFAD projects
	Promoting Climate Smart Agriculture and Agricultural Biodiversity for Enhancing the Adaptive Capacity of Vulnerable Rural Communities The project aims to help poor and vulnerable rural populations in Minya Egypt's Old and New Lands adapt to climate change by implementing nature-based and climate-resilient techniques. It ensures that no one dependent on agriculture for their livelihood is left behind, including landless, unemployed, underemployed, or seasonal rural women and youth.
UNDP	**Enhancing Climate Change Adaptation in North Coast and Nile Delta in Egypt** UNDP is supporting the MoWRI in enhancing the adaptive capacity of the Nile delta against SLR through shore protection works. Part of this project is community development activities through a mix of loans and grants. The activities that were implemented included: solar pumping systems, azolla plantation, salt-tolerant plantation, and greenhouses establishment. IFAD can build on this project and support the local farmers with loans to implement these activities.
	UNDP has wealth of knowledge in implementing of solar energy projects through its **Egypt PV** system. Through this project UNDP implemented PV systems in different sectors including agricultural sector and its value chains. IFAD can work with UNDP in developing new PV systems in the agricultural system and help in developing a national policy/strategy to mainstream PV systems in agricultural sector and its value chains.
	UNDP is currently investigating the technology of utilising desalinated water in agriculture. If this technology is validated by

	MoWRI, IFAD and UNDP can work together in developing new systems that can benefit the smallholders in coastal areas.
WFP	WFP is working with MoALR to help smallholder farmers with capacity-strengthening support to consolidate agricultural activities to maximize production and economies of scale. The consolidated land plots are cultivated with highly productive varieties of heat-tolerant crops of wheat, sorghum, maize, and sugarcane, contributing to a 40 percent increase in productivity and reducing agricultural costs by 20 percent due to increased economies of scale. WFP is supporting enhancing agricultural infrastructure and promoting communal ownership, newly established water users' associations managing irrigation schedules, canal lining and solar-powered pumps are aimed at reducing water usage and costs. Moreover, WFP is supporting women by offering loans to promote alternative livelihood opportunities given cultural norms that limit their engagement in on-farm activities. Veterinary services, training and technical assistance on animal nutrition are provided by local partners to ensure sustainable animal production. The revolving in-kind loans are managed by participating CDAs helped diversify rural households' source of income. WFP's interventions have many similar features to IFAD's interventions in terms of focus on rehabilitating irrigation infrastructure, providing financial support to farmers for the adoption of climate-smart agriculture technologies, resilient cropping practices, and the capacity increase of rural organizations. Regular meetings will ensure cross-fertilisation between WFP and IFAD ongoing/future interventions.

Part 3 - Strategic recommendations

3.1 Lessons learnt

52. The previous COSOP completion review found that the integration of the different projects' components supporting production, post-harvest processing, marketing, and rural finance services is not consistent. Smallholder producers, rural women, youth, and CBOs still face limited access to rural finance. The projects implemented/under implementation could have been more successful if the investment components were implemented together, enhancing the organizational and business capacities of these groups, and connecting commercially active CBOs to PFIs.

53. The OFIDO project showed the inability and reluctance of many farmers in the 'old lands' to pay for drip irrigation systems. Egypt does not have water pricing; thus, farmers do not benefit directly from saving water. The benefit of modern irrigation must come from increased farm productivity, which includes improved cultivation methods and more efficient irrigation, as well as decreased production costs mainly related to the overuse of fertilisers and pesticides.

54. The OFIDO and SAIL projects showed that the implementation of continuous flow to the branch canals has not yet materialised. Future interventions must address this trust issue by implementing a combination of (i) demonstration plots, (ii) close collaboration between the MoWRI and MoALR extension staff, and (iii) providing backup water sources for supplementary water supply.

55. A key element of the support to on-farm irrigation was the formation of WUAs. In projects such as OFIDO and SAIL the introduction of a participatory approach to managing irrigation infrastructure included setting up WUAs at the mesqa level to enable sustainable use of water resources at the farm level. New interventions will need to establish new WUAs and strengthen the management, financial and technical capacities of the existing ones for more efficient and equitable water use. IFAD can

work with the newly established WUAs union which is responsible for managing all WUAs.

56. SAIL's innovative irrigation models demonstrate effective national-level practices by using clean energy, reducing diesel costs, and operating only during the day. However, additional training on the operation and maintenance of solar PV units is needed.

57. SAIL project has demonstrated that FFS could be an effective method for disseminating/demonstrating new agricultural technologies and practices to farmers in a participatory and effective manner. FFS beneficiaries showed improved crop yields in their fields, improved agricultural technical ability, and fostered great collaboration among farmer groups. High adoption rates and greater participation of women were also noted when FFS were used to promote climate smart agricultural (CSA) technologies/practices.

58. SAIL project has demonstrated that unlike expert led FFSs, the participatory FFSs are an effective method for demonstrating and imparting new agricultural technologies and practices to farmers. The participatory FFS model relies on the exchange of knowledge between farmers to utilise local best practices and lessons learned.

59. While land consolidation can theoretically improve resource efficiency due to high land fragmentation, it is not suitable for smallholder farmers as it doesn't align with their survival strategies. Instead, the focus should be on crop consolidation, supported by incentives like subsidized inputs, rural finance, and contractual farming to encourage smallholder participation in consolidated production systems.

60. PRIME and especially SAIL supported farmers marketing associations are showing very promising results in terms of market connections. On the other hand, IFAD's rural finance initiatives did not always succeed in reaching out to their intended target groups, particularly poorer small-scale farmers and women. The 2024 Country Strategy and programme evaluation highlighted significant challenges in supporting financial institutions in creating innovative loan and rural finance products, attuned to the needs of IFAD's main target groups.

61. An important lesson from the COSOP evaluation is the need to strengthen poverty targeting to ensure that project resources reach the most vulnerable groups and avoid that support is directed to relatively better-off farmers, enterprises, and well-established farmer associations. To enhance targeting effectiveness, it is essential to establish clear poverty-focused eligibility criteria and closely monitor their application while delivering pro-poor services and technologies. While OFIDO, PRIME, and SAIL operated across different regions, there were opportunities to refine how poverty differences—both between and within regions and governorates—were addressed.

62. The COSOP Evaluation also outlined an overall lack of comprehensive and articulated gender strategies that address not only women's practical needs but also unequal gender roles, power dynamics, and discriminatory sociocultural norms.

63. Additional lessons from IFAD-supported projects in Egypt emphasize the importance of grant schemes specifically designed for women. These grants, whether for individuals or groups, proved essential to facilitate women's access to productive resources, skills development, and investment in their livelihoods. For example, the women's grant programme under SAIL was one of the project's most successful components, as it enabled women to launch or expand income-generating activities, fostering financial independence.

64. Integrated support packages designed to promote social inclusion and improve nutrition were generally effective and well received by communities, especially in new lands, Bedouin areas, and old lands. SAIL and PRIDE contributed to advancing broader social objectives through the investment in different types of social infra-

structure (schools, youth centres, water cisterns and latrines). PRIDE placed additional emphasis on nutrition, emphasizing its nexus with women's empowerment, with sign. On the other hand, although all projects made investments in training and capacity-building, evidence showing human and social empowerment as well as behaviour changes remain limited.

3.2 Strategic orientation

65. The IFAD COSOP for Egypt demonstrates a strong alignment with government priorities and national strategies, particularly in relation to IFAD's mainstreaming areas. This alignment ensures that IFAD's interventions contribute effectively to Egypt's development goals while addressing critical areas of rural development.

66. The COSOP aligns closely with the United Nations Sustainable Development Cooperation Framework (UNSDCF) for Egypt, particularly in inclusive, competitive, diversified, environmentally sustainable and knowledge economy and sustainable natural resource management for food security and climate resilience priority areas. IFAD's focus on rural livelihoods, sustainable natural resource management, and climate change adaptation contributes directly to these priority areas, supporting Egypt's progress towards achieving the Sustainable Development Goals (SDGs).

67. IFAD's COSOP is designed to support Egypt's environmental and climate change strategies through a comprehensive approach. The COSOP aligns with Egypt's NDCs under the Paris Agreement. As mentioned above, Egypt has no mitigation targets for the agricultural. However, Egypt focuses heavily on adaption of the water and agricultural sectors. IFAD can support the GoE in different priorities as better water management through lining of irrigation canals and rehabilitation of drainage systems, and use of modern surface irrigation techniques. Furthermore, IFAD can support in changing of cropping patterns to more tolerant crop species and establishment of an early warning systems. The COSOP is also aligned with the National Biodiversity Strategy and Action Plan[71] through adoption of ecologically sustainable agricultural management practices.

68. The COSOP aligns closely with Egypt's agricultural and water development strategies. It prioritizes sustainable water management and rationalising water consumption. Furthermore, the COSOP enhances agricultural productivity through the adoption of improved technologies and practices.

69. The COSOP also demonstrates strong alignment with Egypt's national women's empowerment strategy and commitments to gender equality. By promoting women's participation in agricultural value chains, supporting their access to finance and productive resources, and encouraging their leadership in rural organizations and decision-making processes, IFAD's interventions will directly contribute to the country's gender equality objectives. Women's empowerment is crucial for achieving inclusive rural development and ensuring that the benefits of economic growth reach all segments of society.

70. To mainstream youth, the COSOP will support Egypt's national youth strategy through interventions that improve livelihood opportunities and decent employment for rural youth through vocational training and skills development, support entrepreneurship in agriculture and related sectors, and the use of digital technologies. These efforts are vital for stemming rural-urban migration and ensuring the sustainability and inclusiveness of the agricultural sector.

71. The COSOP will also contribute to national nutrition goals through the promotion of dietary diversity, the support to nutrition-sensitive value chains, the adoption of nutrition-sensitive practices, and the integration of nutrition education in rural development programs. These interventions align with Egypt's nutrition and food security

[71] Egypt has a biodiversity strategy and action plan issued in 2016. During the preparation, the MoE confirmed that a new strategy is being drafted. It was requested to view disclosable version of this new strategy. However, it was not submitted to the COSOP team.

commitment and play a crucial role in improving food security and health outcomes in rural areas.

72. By aligning closely with these national strategies and priorities, the IFAD´s new COSOP will ensure that its interventions are well-integrated into Egypt's overall development framework. This alignment will enhance the effectiveness and sustainability of IFAD's projects, contributing to long-term rural development, poverty reduction, enhanced resilience and social inclusion in the country.

3.3 Strategic actions and targeting

73. The COSOP aims to increase adaptive capacity and support rural transformation. To achieve that, it will adopt a holistic approach that addresses key mainstreaming areas: gender, youth, vulnerable communities, nutrition, environment, and climate. The COSOP will aim to catalyse sustainable change and create lasting opportunities for rural communities.

74. IFAD's new COSOP will offer Egypt a strategic partnership to accelerate the implementation of its climate adaptation goals in the agricultural and water sectors. IFAD will focus on integrating sustainable natural resources management and climate change adaptation in the food systems with focus on the risks of natural resource degradation, water availability issues and climate change. This can be done through i) efficient and sustainable water use infra-structure, ii) capacity building of farmers on best practices for sustainable natural resources management including modern irrigation practices, climate-smart agricultural practices, and good agricultural practices, iii) mainstream solar energy in different value chains; iv) enhance the already established Early Warning Systems (EWS) for climate change hazards for the strategic crops; v) mainstream nature based solutions in IFAD's interventions in water and agriculture sectors as agricultural waste recycling into fodder/compost; raised bed systems; and reduced/no tillage practices; vi) promote biodiversity conservation through raising the capacity of smallholders on ecologically sustainable agricultural management practices

75. The sustainability of the water infra-structure will need to be strengthened through strengthening/establishing WUAs. IFAD will focus on building the capacity of the WUAs with emphasis on the sustainability of the water infrastructure for the operation and maintenance which can be done through: i) increased capacity building for water users' associations and promoting on-farm water use behaviour changes and farmer engagement in water management, ii) capacity building of WUAs on the efficient water utilisation and risks of overexploit of ground/surface water, iii) providing famers with finance to acquire adequate inputs and knowledge to improve soil quality and markets access, and iv) developing replicable models for local MOALR/MOWRI coordination to incentivize farmers and agencies. Projects and supervision missions should regularly assess the quality of progress in developing water users' associations and groups, not merely monitor their numbers.

76. Egypt is eligible for receiving funds from Global Environment Fund (GEF), Adaptation Fund (AF), and Green Climate Fund (GCF), where the Ministry of Environment is the focal point for the 3 funds. GEF 9 allocation will start in 2026, and Egypt is prioritising nature-based solutions, circular economy, blue economy, private sector engagement, and the making bankable projects in GEF 9. Egypt is eligible for a 10 million project and a 5 million innovation project from AF. However, the NDA will follow-up with the Desert Research Center to check whether they are able to proceed in the application process for the 10 million project or it will withdraw. Furthermore, the NDA will check with FAO as it showed its interest in innovation project with no progress. IFAD is currently working with the GCF NDA, MoWRI, and MoALR on a 50 million USD project with potential for very concessional loans based on formal request received from the line ministries.

77. Under this COSOP, IFAD will also aim to **enhance the country programme's marketing and value chain interventions while addressing the financial needs of value chain actors**. This will require: (i) grounding project design in thorough market analysis and small-scale producer constraints, clearly identifying commodities and products with lower entry barriers for women and youth (ii) strengthening downstream segments (processing, aggregation, and marketing), and (iii) engaging with the private sector to leverage market-driven investments.

78. Another key area of comparative advantage for IFAD will be **supporting producer organizations' efficiency and sustainability through capacity building and service provision**. IFAD will continue to support the establishment and strengthening of rural organizations that can support smallholders and small-scale entrepreneurs, including by facilitating connection with the private sector. Promoting good and inclusive governance is also key to support the market integration of the poorer and more vulnerable target groups.

79. Given the focus on rural finance, interventions should be more systematically guided by a **thorough assessment and understanding of financial service demand and supply in target areas**. IFAD's inclusive rural finance policy emphasizes understanding the diverse financial needs of beneficiaries beyond credit, a lesson reinforced by the SAIL project. Priority should be given to assessing the financial context of specific groups, such as women and youth, considering household income, assets, and repayment capacity. Local economic and agricultural challenges, including those in new lands and those linked to climate change, must also be factored in. As seen in many projects, individuals outside the formal financial system require support through financial literacy training, technical assistance, and grants access before they can effectively by integrated in the financial system. Similarly, it is crucial to have a comprehensive understanding of the willingness and capacity of financial institutions to meet the demand for inclusive rural finance.

80. Actions on rural finance also need to be supported by **policy engagement activities with a broader range of government institutions to advocate on pro-poor and women-sensitive rural financial services**, building on the challenges and lesson learned encountered in the disbursement of IFAD-funded project credit lines.

81. This COSOP should also prioritize the **development of detailed, actionable and monitorable targeting strategies and approaches** to reach to different target groups, based on a thorough poverty and vulnerability analysis, and aligned with the needs and capacities of the intended beneficiaries, acknowledging for differences due to gender, age, disability and residency status.

82. Targeting strategies should be complemented by **actionable gender and youth strategies** that address not only women's and youth's' practical needs (e.g. through trainings or provision of inputs), but also unequal gender and age-based roles, power dynamics, and the discriminatory sociocultural norms underlying them. Programs should more systematically include initiatives that amplify women's and youth's voices, enhance collective action, and (particularly in the case of women) ease their workload, in line with the IFAD's Gender Policy. This can include literacy campaigns, assistance in obtaining ID cards, forming and registering groups, providing childcare services, and leadership training as well as continued investment in social infrastructure.

83. Programs under this COSOP **should continue supporting the transformation of sustainable food systems by expanding nutrition-focused interventions and promoting nutrition-sensitive value chains**. These efforts can enhance food security by increasing the availability of nutritious food while also improving rural household incomes. Investing in nutrition education will be essential, particularly in poorer communities, with a strong focus on women's education and empowerment, given their significant impact on children's health and nutrition.

84. Projects and programs under this COSOP should ensure that **specialists in gender, youth, nutrition, and environmental management are recruited into project implementation units (PMUs) at a very early stage**. This early inclusion will enable their meaningful contribution to draft the project implementation manual (PIM) and refine the targeting, gender and youth strategies. Such an approach will enhance project efficiency by integrating social and environmental sustainability considerations into investment decisions, including budget planning.

85. The private sector will be critical partners and "co-financiers" to allow IFAD target groups to access jobs, markets, finance, technologies, and services. However, the capacity of the private sector entities on social, environmental and climate risk management varies depending on the size and the sector of the entity. Accordingly, an environmental and social due diligence (ESDD) will be done against IFAD's SECAP requirement to identify the environmental, social, and governance gaps for each entity before partnering with it. Based on the results of this ESDD, capacity building of this entity can be done; and adjustments need to be done by the entity to comply with IFAD SECAP requirements. IFAD partnership with private sector entities is conditional with complying IFAD SECAP requirements.

Monitoring

86. Monitoring systems with specific indicators for social and environmental conditions will need to be set up at program level under the COSOP. Monitoring systems should also aim to be more results- than process-oriented, enabling IFAD to effectively capture results on climate adaptation and mitigation as well as social inclusion.

87. Each program should allocate a dedicated M&E budget to ensure effective tracking of progress. A participatory approach is essential, involving local leaders and representatives from key target groups to foster inclusive dialogue on critical issues such as targeting, climate and environmental concerns, social inclusion, gender inequality, disability, youth, poverty, and nutrition. Insights from these discussions should be integrated into project management to enhance performance.

88. Additionally, a Geographic Information System (GIS) database should be established to consolidate social, environmental, and climate data, serving as a foundation for baseline assessments and ongoing impact evaluations. SECAP will guide qualitative studies to deepen understanding of activity effectiveness and address constraints related to social and environmental challenges.

89. To the extent possible and whenever feasible, Geographic Information Systems (GIS) will be used to consolidate social, environmental, and climate data, serving as a foundation for baseline assessments and ongoing impact evaluations.

90. SECAP will guide qualitative studies to deepen understanding of activity effectiveness and address constraints related to social and environmental challenges.

Arab Republic of Egypt

Country Strategy and Programme Evaluation

Agreement at Completion Point

Introduction

1. This agreement at completion point (ACP) outlines the recommendations which were accepted by IFAD and the Government of Egypt, along with the agreed follow-up actions. The implementation of the recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions, which is presented to the IFAD Executive Board on an annual basis by the IFAD's Management.

Recommendations and follow-up actions

2. **Recommendation 1. Incorporate natural resource management and adaptation to climate change into the upcoming strategic priorities and addressing them in a holistic manner.** The country programme's engagement in terms of natural resource management and climate change adaptation should be well-informed, integrated and based on a holistic approach to agricultural food systems transformation, with full attention to the risks of natural resource degradation, water insecurity and climate change. The ambition should be to catalyse system-level changes that go beyond project boundaries, which is also important to attract more climate finance. For that purpose: (i) the role of natural resource management and climate change experts and advisors in project coordination units needs to be strengthened; (ii) support and guidance should be also sought from IFAD's regional and country natural resource and climate experts,, where appropriate; and (iii) related milestones and outcomes should be tracked to facilitate adaptive learning. Additionally, innovative solutions to generate environmental benefits and climate change resilience, alongside smallholder income gains, are key for practical applications and require engaging specialised national service providers in this field, while seeking partnerships with other key stakeholders when necessary, including with governmental research centres (such as the Agricultural Research Centre and Desert Research Centre). This should be done in accordance with Egypt's Country Platform for the Nexus of Water, Food and Energy (NWFE) Programme and other environmental and climate-related strategies.

Accepted

Proposed follow-up actions

Strengthen project management units by embedding natural resource management (NRM) and climate change specialists, supported by IFAD's experts, while developing a climate-responsive project framework aligned with national strategies and initiatives like NWFE Programme.

Responsibility and timeframe:

IFAD and the Ma LR/ MWRI and MoPEDIC *embedding in new COSOP (2025 – 2030) and projects during their design, and in on-going projects when the project budget permits.*

3. **Recommendation 2. Given Egypt's escalating challenges of water insecurity , investments in interventions that address water use efficiency should continue to be a priority, but with more emphasis on sustainability (operation and maintenance arrangements and cost recovery pathways).** In addition to enhancing the irrigation water delivery system, this should be achieved by continued investments in: (i) increased capacity building for water users' associations (WUAs) and promoting on-farm water use efficiency and farmer engagement in water management; (ii) facilitate farmers' access to finance to acquire adequate equipment, inputs

and knowledge to improve water use and soil quality, reduce post-harvest losses, and enhance markets access; (iii) developing replicable models for local MALR/ MWRI coordination to incentivize farmers and agencies to adopt best practices coordination to incentivize farmers and agencies. Projects and supervision missions should regularly assess the quality of progress in developing water users' associations and groups, delve into deeper analysis beyond monitoring their numbers. To enhance sustainability , greater focus is needed on cost reductions and recovery as well as private sector engagement in agricultural water infrastructure.

Accepted

Proposed follow-up actions:

Develop a sustainable water use and management model by fostering coordination

between MALR and MWRI , strengthening water users' associations for improved governance and cost recovery, and integrating financial support mechanisms for farmers to access credit for water-efficient technologies and value addition processing equipments.

Promote private sector participation through public-private partnerships (PPPs) in irrigation infrastructure and ensure regular assessment of project progress, focusing on adoption rates, maintenance effectiveness, and farmer engagement in water management (Sustainable Transformation for Agricultural Resilience: STAR).

Responsibility and timeframe: *MALR and MWRI during the implementation of the up-coming Climate Resilience On-Farm Water Management in the Nile Valley (CROWN) in 2025-2032.*

4. **Recommendation 3. Sharpen the country programme's marketing and value chain interventions while catering to the unique financial needs of value chain participants.** To achieve this, it is important to: (i) ensure that the entire project cycle is based on sound analysis of commodity markets and the constraints faced by small-scale producers focus on developing downstream segments, such as processing and marketing stages, and integrate products and process upgrading at the production level when possible; (ii) pursue regular collaboration with development partners with strong value chain expertise to leverage mutual experiences; (iii) rely more on markets and private initiative for economically-driven investments. Moreover, more attention should be given to ensuring the institutional sustainability of producers' organisations (cooperatives, marketing associations, water users associations, etc.) by building the required business and management capacities and by fostering good governance structures. Finally, the country programme needs to move beyond the traditional financing of small-scale producers and offer financial products and services that are tailored to the varied needs of the different actors (MSMEs) along the value chain, through the development of partnerships with other relevant organizations and service providers, which will also contribute to strengthening the capacities of projects management.

Accepted

Proposed follow-up actions

Promote Value Chain Financing and Market Linkages Platform by developing tailored financial products for value chain actors, strengthening producer organizations for long-term sustainability, and facilitating market access through contract farming, producer's organisations, and digital marketplaces. Enhance value chain analysis to ensure demand-driven investments and engage the private sector through targeted incentives for processing, marketing, and value-added activities.

Responsibility and timeframe:

MALR: ADP and Centre for Contract Farming; MSMEDA; IFAD in collaboration with other MDBs and bilateral partners (2025-2030).

5. **Recommendation 4. Develop explicit strategies and guidelines for the targeting approaches to be employed by the programme.** The coming COSOP should include clear strategic orientations and new project designs should include explicit strategies and guidelines to reach different target groups, including indicators and targets to be monitored, based on a thorough poverty and vulnerability analysis. Interventions and approaches should be aligned with the needs and capacities of priority target groups, including the poorest and people in vulnerable areas , more efforts need to go into reaching out to youth. This calls for: (i) more support to young farmers in getting access to land and financial resources; (ii) increasing their participation in profitable value chains and contract farming; and (iii) capacity building and financial support to women for income generating activities. The country programme's geographical focus should remain on Upper and Middle Egypt, where most of the poor live and IFAD can continue building on its comparative advantage

Accepted

Proposed follow-up actions

Develop a Targeting Framework by setting clear guidelines and measurable indicators in the upcoming COSOP, ensuring outreach to priority groups through poverty-disaggregated data collection. Enhance youth inclusion by improving access to land, finance, and training for engagement in value chains and contract farming. Maintain a geographical focus essentially on Upper and Middle Egypt, leveraging IFAD's strengths, and engage key stakeholders to refine interventions that address the specific needs of populations in vulnerable areas.

Responsibility and timeframe: *IFAD in collaboration with the GoE at COSOP (2025 – 2030) and project design and implementation.*

6. **Recommendation 5. Emphasize the strategic value of non-lending operations in the next COSOP and create a clear and actionable plan for these operations to enhance IFAD's influence and impact.** Many lessons can be learned from the Egypt country programme, for example on agricultural water infrastructure development and rural finance. These should be documented and packaged in a way that they can contribute to strengthening partnerships or influencing policies. The project management units has a crucial role in managing knowledge, summarizing such lessons, communicating them and engaging in policy dialogue. It needs adequate human and financial resources to fulfil these tasks. Strategic alliances need to be pursued to bring in technical expertise (for example in value chain development) and innovations, mobilise additional resources (for example from bilateral) for the private sector or climate funds, (especially given the government's emphasis on enhancing private sector participation) and work together towards policy reforms. Therefore, a coherent action plan for Knowledge management (KM), partnership building, and policy engagement should be developed, that is realistic in terms of available resources, and clear in the assignment of roles and responsibilities, especially between the IFAD country office and project management units/projects ~~and on their interactions~~. It should be implemented with clear targets to track over time.

Accepted

Proposed follow-up actions

Develop a Knowledge Management, Partnerships, and Policy Engagement Action Plan within the next COSOP, outlining specific priorities for non-lending operations. Document and share

lessons learned to inform policy dialogue and partnerships, while strengthening the project management units with adequate resources for KM and stakeholder engagement.

Responsibility and timeframe: *IFAD at COSOP design (2025) and the subsequent project designs.*

Signed on date	Signed in Rome, on date
For the Government of Egypt	For the International Fund for Agricultural Development (IFAD), Associate Vice-President – DCO
XXXXXtitleXXXXX	
XXXXXXX	Donal BROWN

COSOP preparation process

1. The COSOP 2025-30 was prepared under the joint supervision of the Country Director for Egypt based in IFAD's Multi-country Office in Cairo, Egypt and the government of Egypt, represented by MOPEDIC and MALR, in discussion with MWRI. A twelve member COSOP design mission undertook the preparation of the COSOP. The list is attached at Appendix 1. The COSOP formulation process was highly participatory involving a wide range of in-country stakeholders including government partners, development partners, private sector, CSOs and representatives of Farmers' organisations and farmers.

2. Preparatory and remote consultations: The government and IFAD started preparing for the new COSOP while simultaneously doing both the completion of the previous COSOP. This COSOP's field mission was staged in mid-February 2025. The team composition is given in table 1 below The COSOP mission met with many stakeholders. The list is in table 2. Individual meetings were used to discuss the overall strategic orientation of the country programme, the key strategic objectives and outcomes and their links with the country priorities and strategies.

Table 1. Core COSOP formulation team

Name	Position
Dr. Mohamed Abdelgadir	Mission Leader, NEN
Ms. Valentina Franchi	Gender Global Specialist, ECG
Dr. Nadhem Mtimet	Project Technical Lead, PMI
Mr. Walid Nasr	Environment and Climate Regional Lead, ECG
Mr. Peter Christensen	Team Leader, Consultant
Mr. Aziz Al-Athwari	Senior Regional Financial Management Officer, FMD
Mr. Nazih Azaiez	SPO, NEN
Ms. Zeinab Awad	Country Program Coordinator, NEN
Ms. Lilit Saryan	M&E consultant
Ms. Esha Singh	ICT4D global technical specialist - PMI
Ms. Marie Edward	Country Technical Analyst - PMI
Ms. Amira Mekheimar	Country Programme Analyst, NEN
Mr. Walid Ali	Environment and Climate Consultant, ECG
Ms. Grace Murungi	Global Technical Specialist - Rural Infrastructure & Renewable Energy
Mr. Abdelrhman Ramadan Rawash	Field visits driver

Table 2. List of persons met

Name	**Position**	**Organisation**
Dr. Hany Darwish	Director for land improvement agency and National Director for SAIL and STAR	Ministry of Agriculture and Land Reclamation,

Name	Position	Organisation
Dr. Magdy Allam	GEF Coordinator in SAIL project	Ministry of Agriculture and Land Reclamation
Dr. Abeer Abou El Magd	Extension and Training land improvement agency	Ministry of Agriculture and Land Reclamation
Dr. Amira ElShater	Contracting Farming Center head	Agriculture Research Center
Mohamed ElKersh	Smart Farmers' Cards and Agriculture Digital Transformation	Ministry of Agriculture and Land Reclamation
Mohamed Fahim	Early warning systems	Ministry of Agriculture and Land Reclamation
Hamdy Azzam	Director	Agriculture Development Program
Kamel Sallam	Head of CIB development finance	CIB
Mohamed Abou Kouta	Director of finance	MSMEDA
Mohamed Yacoub	Head	FAO Egypt
Fatmael Zahraa Abouzeidahmed	Natural Resource Specialist	FAO Egypt
Walid Hakiki	Irrigation specialist	MWRI
Hala Ramadan	Irrigation specialist	MWRI
Vidal De La Blance	Country Director	AFD
Elsa Greiss	Sustainable finance and agriculture	AFD
Dr. Naiem Moselhy	Project Director	Pride
Eng. Mahmoud ElAmir	PRIDE Executive Director	Pride
Naglaa Ahmed	Social development manager	Sekem
Mr. Gomaa Anwar	PRIDE M&E Manager	PRIDE
Jean Pierre Demargerie	Country director	WFP
Rosallen Fanelli	Country officer	WFP
Safa Ashoub,	Climate officer	WFP
Naglaa Atef	Partnership officer	WFP
Samar Abdallah	Executive Assistant	UNDP
Reham Youssef	Head of Policy and Partnerships	UNDP
Dr Mohamed Bayoumi	Director of Climate Change and Energy Programs	UNDP
Radwa El Amir	Business Development Director	Mahaseel
Sherihan Bekhiet	Head of Government Affairs and Public Policy Advocacy	Dcode
Ms. Doaa Orabi	Manager – International Finance Institutions	MoPEDIC
Eng. Mostafa El Sayad	Deputy MoALR Minister	MoALR
Dr. Saad Moussa	Head of International Foreign Affairs Sector	MoALR
Dr. Mohamed Ibrahim	Manager - International Foreign Affairs Sector	MoALR
H.E. Minister Alaa Farouk	Minister of Agriculture and Land Reclamation	MoALR
Ms. Elena Panova	Resident UN Coordinator in Egypt	UNRC

Name	Position	Organisation
Ms. Mahitab el Ramal	GCF NDA	MoE
Ms. Hoda El Shawadfy	GEF NDA	MoE
Eng. Tarek	Adaptation Fund NDA	MoE
Ghada Hammouda	Chief Sustainability & Marketing Officer	Qalaa holdings
Omer Manesh	Director	Think tank of entrepreneur-ship in Africa
Hesham El Naggar	CEO	Daltex
Dr. Sami ElGwely	CEO	EIGwely
Ayman Hamza	Co-Founder and CEO	khodar.com

South-South and Triangular Cooperation Strategy

I. Introduction

1. Egypt's South-South and Triangular Cooperation (SSTC) vision for 2025-2030 is strategically aligned with IFAD's SSTC framework for 2022-2027, which will be achieved through two strategic objectives, (SO1) systematically identifying and disseminating knowledge and innovations at the country programme and project level; and (SO2) supporting enhanced policy engagement to build rural poor people's productive capacity, market access and resilience. It will respond to Egypt's goal to deepen and enhance its cooperation with Africa and the Middle East countries focusing on knowledge dissemination, policy engagement, and regional partnerships. This alignment underscores Egypt's commitment to fostering sustainable rural development by leveraging its expertise in climate-smart agriculture, water-saving techniques, livestock management, and rural finance. By integrating SSTC initiatives within its Country Strategic Opportunities Programme (COSOP), implementation efforts will be aligned with all the three objectives of the country programme (1) Strategic objective 1: Climate resilience & sustainable natural resource management. 2) Strategic objective 2: Economic resilience through inclusive value chains, and with specific emphasis on 3) Strategic objective 3: Evidence-based policy engagement.

II. Opportunities for rural development investment promotion and technical exchanges

2. Egypt is seeking an enhanced role in south-south cooperation especially in the agriculture sector as a key mechanism for addressing shared development challenges, particularly in climate change adaptation, rural transformation, food security, rural finance and innovation. IFAD will champion Egypt's aspirations to strengthen regional partnerships with countries facing similar challenges specially in Africa and the Middle East to foster collective action, policy innovation, and technical exchange.

3. As part of the COSOP preparation, opportunities for SSTC were assessed building on the three strategic objectives of the country programme and factored in through the activities of knowledge management and policy engagement. This approach will build on key policy actions, including technical exchange on methodologies for water-saving techniques, climate-smart agriculture, FOs, livestock, rural finance and innovation.

4. Egypt's institutional expertise in these areas, particularly through the MALR, FOs, research institutions, and taking stock of previous lessons from IFAD projects in Egypt; position the country as a key partner for facilitating peer-to-peer learning, knowledge transfer, and technical cooperation.

5. MoALR is implementing South-South Cooperation through The Egyptian International Center for Agriculture (EICA) which provides training and knowledge exchange for peers from different countries, notably African and Middle Eastern countries. In addition, MALR also established "the Luxor Centre for Knowledge Sharing and Innovation, with the support of the World Food Programme (WFP). It aims to facilitate the exchange of knowledge, innovations, and best practices particularly in rural development, food security, youth employment, climate resilience, women empowerment, and digitalization. The Centre is also and antenna to promote South-South cooperation with African and Asian countries.

6. MALR will build on this expertise by emphasizing exchange visits, learning routes, knowledge-sharing forums, and explore collaboration with regional organization such as the Arab Organization for Agricultural Development (AOAD). Egypt will also leverage Arab Forum for rural advisory services (AFRAS), a platform jointly established with FAO, as an SSTC forum, expanding regional and international cooperation.

7. SSTC activities will be factored in new designs scaling-up IFAD CROWN as the leading project for the food pillar for the Nexus of Water Food and Energy (NWFE). Which will also serve as a platform for knowledge exchange for SSTC.

8. CROWN integrates water savings techniques, climate smart agriculture, farmers' organizations and rural finance. IFAD regional grants and donor-supported SSTC activities will help scale up these efforts, creating substantial policy benefits for partner countries striving to replicate these initiatives for adaptation to climate change attracting climate finance and private sector.

9. Egypt has launched its National AI Strategy, focusing on agriculture, healthcare, and education. Collaborating with other Global South nations on AI-driven solutions for food security, and disease monitoring, particularly early warning systems could be supportive of regional cooperation. Egypt played host to the first Global digital public infrastructure summit showcasing its commitment to digitalisation for improved governance and services.

III. SSTC engagement rationale

10. Egypt, through the Ministry of Planning Economic Development and International Cooperation (MoPEDIC), plays a leading role in South-South and Triangular Cooperation (SSTC), fostering knowledge exchange and collaboration. The South-South Development Cooperation Academy, revamped in 2021, serves as a regional hub, showcasing initiatives like the Decent Life Program and Benban Solar Park. From 2021-2022, MoPEDIC hosted key SSTC events, including the Egypt-International Cooperation Forum (ICF). Egypt also promotes climate adaptation and finance, exemplified by the Sharm El-Sheikh Guidebook for Just Financing. With over 60 cooperation committees, Egypt remains committed to sustainable development, resilience, and regional economic integration.

11. MALR will build on The Egyptian International Center for Agriculture (EICA) expertise by expanding exchange visits, learning routes, and knowledge-sharing forums while exploring collaborations with regional organizations such as the Arab Organization for Agricultural Development (AOAD). Additionally, Egypt will leverage the African Rural and Agricultural Services (AFRAS) as an SSTC forum, further strengthening regional and international cooperation.

12. A key initiative under Egypt's SSTC efforts is the Egyptian Joint Venture Model Farms Project, which has been implemented in nine African countries to enhance bilateral relations and joint agricultural cooperation. These model farms are located in:1) Nigeria – 92 ha, 2) Zanzibar – 100 ha, 3) Zambia – 1,750 ha, 4) Mali – 200 ha, 5) Congo – 600 ha, 6) Togo – 160 ha, 7) Eritrea – 200 ha, and 8) Uganda – 500 ha, 9) south Sudan farm This initiative aims to increase crop productivity, market Egyptian agricultural varieties in African markets, transfer advanced agricultural technologies, and disseminate research findings from Egypt's agricultural research centres. Additionally, it focuses on capacity building, training programs, and agricultural innovation, reinforcing sustainable agricultural development across Africa.

13. Egypt SSTC strategy implementation efforts will be aligned with the country programme objectives, mainly (1) Strategic objective 1: Enhance Climate resilience & sustainable natural resource management with the organization of forums/events for best practices exchange, 2) Strategic objective 2: Promote Economic resilience through inclusive value chains, and 3) Strategic objective 3: Advance Evidence-based policy engagement. The SSTC strategy for the COSOP in Egypt will align with emphasis on strategic objective 3 for policy engagement and knowledge exchange.

COSOP strategic Objective 1: Enhance Climate resilience & sustainable natural resource management:

14. Egypt's successful models for water conservation—including modern irrigation systems, differentiated approaches for old and new lands, and rainwater harvesting in dry areas—can be scaled up and shared with other water-scarce countries in the region. Models of effective partnerships with private sector irrigation technology companies will be pursued to provide affordable water-saving solutions to farmers. Effective rural finance models for farmers to invest in modern irrigation techniques can be pursued through collaboration with successful models from the region, yet Egypt experience in FOs in WUAs will be promoted as a model for effective water management and farmer capacity-building through farmers exchange Workshops and training sessions can be exchanged on water conservation, drought-resistant crop varieties, and sustainable water usage.

15. Egypt can leverage on the existence of the Egyptian International Centre for Agriculture (EICA) which has rich curricula in Agriculture and aquaculture advisory services to exchange best practices with countries in the region, such exchange can be organized between peers in IFAD projects. training exchange may include crop diversification, soil health management, integrated pest management, and livestock artificial insemination and vaccination. Partnerships with agricultural research institutions, private sector and will support this initiative.

COSOP strategic Objective 2: Promote Economic resilience through inclusive value chains:

16. IFAD will support Egypt leveraging lessons from IFAD projects in Africa, the Middle East, and Asia to benefit from best practices to promote fintech solutions and develop tailored microfinance and insurance products for smallholder farmers, through comparative studies, lessons learned and success stories, organization of peers learning events will be led by IFAD in the context of existing projects and new designs.

17. Egypt will leverage on its advanced digital ecosystem, enabling environment and presence of venture capital and private sector to support pilots, particularly promoting bundled solutions to support value chains in the country and draw lessons for wider dissemination and exchange.

18. Egypt will draw learning from best experiences in accelerating agri-tech startups focused on post-harvest management, food diversification, and logistics to enhance agricultural value chains and the promotion of digital platforms to improve market linkages and access to buyers.

19. IFAD implemented project will support agricultural export promotion within the region and will facilitate private sector partnerships to enhance the quality and competitiveness of Egyptian agricultural products in Africa and the Middle East.

COSOP strategic Objective 3: Advance Evidence-based policy engagement:

20. Egypt provides opportunities for direct exchange of evidence-based policy engagement. by leveraging on-field experiences and showcasing lessons learnt and evidence through the NWFE and other platforms, in collaboration with stakeholders. Through its country programme, IFAD will support Egypt's efforts to connect with development partners and governments, reinforcing policy dialogue and institutional capacity-building. IFAD will explore opportunities for attracting grants for South-South cooperation, from the development partners and from climate finance to support Egypt's aspiration in strengthening its role in SSTC.

IV. Partnerships and initiatives

21. The development of strategic partnerships with international and regional development agencies is central to advancing Egypt's SSTC priorities. IFAD, in collaboration

with MoALR, the MoPEDIC and MWRI will actively engage with Development partners, UN agencies including Rome-Based Agencies (RBAs) to support initiatives related to water-saving techniques, climate-smart agriculture, FOs, livestock, rural finance, innovation and sustainable food systems transformation. Strengthening these partnerships will further expand SSTC activities and create opportunities for knowledge exchange and joint action.

22. In the context of NWFE platform Egypt seeks to broaden its SSTC framework through cooperation with development partners such as the World Bank, the French Development Agency (AFD), the European Union, the AfDB, the IsDB, EIBc, the Spanish Cooperation, the GIZ, Global Environment Fund, Global Climate Fund and the Adaptation Fund. Enhanced linkages with NWFE Water Pillar through cooperation with AfDB and NWFE Energy Pillar through coordination with the EBRD will be sought. These collaborations will focus on knowledge sharing for rural finance, agricultural and irrigation infrastructure, food security and innovation ensuring that SSTC remains an integral component of Egypt's development strategy.

V. Conclusion

23. Egypt's South-South and Triangular Cooperation (SSTC) vision for 2025-2030 is strategically aligned with IFAD's SSTC framework for 2022-2027, it shall reinforce Egypt's role as a regional knowledge hub for Climate resilience and sustainable natural resource management. Leveraging on the evidence generated from IFAD projects notably CROWN project and through platforms like NWFE and institutions like the Egyptian International Center for Agriculture (EICA), Egypt will foster peer-to-peer learning and policy innovation, addressing climate challenges, food security, and rural transformation.

24. Egypt's SSTC initiatives are bolstered by strategic collaborations with international and regional partners. The Nexus of Water, Food, and Energy (NWFE) platform plays a crucial role in scaling up SSTC efforts and attracting climate finance. By integrating SSTC into national and regional frameworks.

VIII. Financial management issues summary

FINANCIAL MANAGEMENT ISSUES SUMMARY – COSOP

COUNTRY	Egypt	COSOP PERIOD	2025-2030

A. COUNTRY FM ANALYSIS

Country Disbursement Ratio (rolling-year)	13.3 %
Unjustified Obligations: • *Outstanding Ineligible Expenditure –* • *Outstanding Advances (Projects in Closed Status)*	20,900 USD for pre-financing taxes from IFAD resource and is ex be settled in Q2/2025.
PBAS Available allocation (IFAD 13) :	Allocated Amount: 54,251,000 Available Balance: 54,251,000
BRAM access	Yes (US$ 10,000,000)
Country income category	LMIC

- **Public Financial Management System.** Public Financial Management System. The latest PEFA for Egypt is dated 2010 and not publicly available. Moreover, the latest assessment by the AFDB noted that the government is making efforts to strengthen and modernize its PFM system. A blueprint PFM strategy has been prepared, and PFM functions have been consolidated into one unit within the Ministry of Finance, specifically dedicated to reform priorities. A number of significant budget reform measures are being designed and developed under a "pilot approach". Capacities for formulating, executing and controlling annual budgets are in place and the publication of the citizen budget for fiscal year 2021 - 2022, was a positive initiative. In addition, the ongoing Medium term Revenue Strategy (MTRS) as well as the new Unified Finance Law submitted and approved by the Parliament will be a radical step towards upgrading the process of drafting the state's annual budget. However, some improvements are still required such as (i) accelerating the reform on the medium - term and programmatic budgeting, (ii) introducing recurrent and capital ceilings in the budget circular to spending agencies for a better alignment to strategic objectives, and (iii) improving the financial reporting transparency of economic authorities and public enterprises. The Treasury management is adequate since the reform on the treasury single account (TSA) in the central Bank (CB) was implemented. The Ministry of Finance should extend TSA coverage and reduce or eventually eliminate the various bank accounts. The accounting recording on cash basis and reporting is in place via GFMIS. GFMIS is being introduced into all government's accounting units. The use of two charts of accounts in parallel has been eliminated by using a new edition of Oracle Hyperion. A unit for the follow -up of GFMIS has been established in 2020 within the MoF. Also, the integration between the e- payment system and GFMIS is operational and will improve the recordkeeping of Government transactions. Furthermore, This unified finance Law will set out new accounting rules using an

accrual basis accounting instead of a cash basis accounting. The internal control arrangements (segregation of duties, ex-ante control and supervision from the Financial Controller etc.) are set up inside the Accounting Units for execution and accounting of the public expenditures. An internal audit uni based on internationally accepted audit standards has been established in the MoF. In addition, the GoE decided in 2018 to establish internal audit units in all the administrations with unified mandates and objectives, however these units remain not yet being fully operationally. With regards to the external audit duties and activities, the Accountability State Authority (ASA) as the Supreme Audit Institution (SAI) of Egypt conducts financial, compliance and performance audits of all the entities using public resources. The ASA audit reports are not published, as the legal framework has not yet been updated. The confidentiality of the audit reports and therefore their limited impact constitute a significant limitation to the external oversight of budget execution. All these initiatives show the positive momentum towards the PFM reform process, but it requires a close monitoring as to ensure that these measures will be completed and integrated into a coherent modernized PFM system in the medium term.

- **Debt sustainability**: According to the last IMF-WB Debt Sustainability report published in August 2024, public debt is assessed as sustainable but not with high probability, and overall risks of sovereign stress are assessed as high. Public debt stood at 105 percent of GDP in 2023, increasing from 2022 mainly due to exchange rate depreciation. Over the medium term, risks are assessed as high, given high average gross financing needs over the medium term and the large claims of the domestic banks on the government. Contingent liability related to publicly guaranteed debt poses significant medium-term risks. Over the long term, risks are assessed as moderate, as the debt ratio and gross financing needs are projected to trend downwards, with sustained primary surpluses and favourable interest-rate growth differential. The sustainability assessment considers the risk mitigating impact from the country's track record of sustaining high gross financing needs, supported by stable financing by domestic banks, as well as the mitigating impact from the Ras El-Hekma deal.

B. PORTFOLIO – LESSONS {Strengths and Weaknesses}

Existing Portfolio:

Project	Project Status	% Disbursed of all financing instruments	Project FM residual risk rating	Performance Score: Quality of Financial Management	Performance Score: Quality & Timeliness of Audit	Performance Score: Disbursement Rate	Performance Score: Counterpart funds
SAIL	Available for Disbursement	79	Moderate	Satisfactory	Satisfactory	Moderately Unsatisfactory	Satisfactory
PRIDE	Available for Disbursement	34.36	Moderate	Satisfactory	Satisfactory	Unsatisfactory	Satisfactory
STAR	Available for Disbursement	0.11	Substantial	Moderately Satisfactory	Not Specified	Highly Unsatisfactory	Satisfactory

CROWN	Board/President Approved		High	Not Specified	Not Specified	Not Specified	Not Specified	
PCAPE	Board/President Approved		High	Not Specified	Not Specified	Not Specified	Not Specified	

- Ongoing projects experience low disbursement rates in the initial years of implementation, followed by a sharp increase toward the final years. This is primarily due to delays in the start-up phase, lengthy establishment processes, complex procurement procedures for large contracts, and coordination challenges. Additionally, the disbursement of credit lines presents another challenge, often due to capacity constraints within credit institutions or, at times, issues related to the demand and creditworthiness of the targeted beneficiaries. The debt ratio can also be attributable to slow disbursement especially for young projects such as STAR.
- The good ratings for quality financial management for on-going projects are largely attributed to the expertise of the financial management staff. However, performance varies depending on staff composition. Projects employing financial management personnel from the external market tend to perform better compared to those with government-seconded staff, who often balance project activities with other civil service responsibilities. Currently, recruiting external market staff has become increasingly challenging, given the current limitations on government support for external hiring practices.
- External audit reports are typically submitted punctually and adhere to the ToRs and the minimum standards mandated by IFAD).

C. PROJECT CONCEPT NOTE:

Project Concept Note – FM KPIs:

Project FM risk	High	
Project type	Water management	
Duration:	7 years	
• *Financing Sources:* • *IFAD – PBAS, BRAM* • *IFAD – SUPP GRANT* • *Gov Counterpart* • *Private sector* • *Beneficiaries* • *Financing gap*	Percentage %	Monetary Value (US$) 128.5 million (IFAD 13allocation and indicative allocation)
Proposed size:	FO to fill this section	
Lending Terms:	Ordinary	
Recurrent cost: • % total for the project: • % of the total financed by IFAD:	TBD	

Project Concept Note –FM Observations:

The financing under this COSOP is foreseen to finance to the CROWN project which was approved by the EB in Dec 2024. This project will be implemented by the two ministries of the Ministry of Agriculture and Land Reclamation and Ministry of Water and Irrigation. Drawing from IFAD's accumulated experience in Public Finance Management (PFM) systems and recent assessments conducted by other IFIs, IFAD will rely on certain components of the PFM system, such as organizational structures and staffing. In addition, reliance will be placed on budget management, fund flow, and disbursement mechanisms through the Central Bank of Egypt and the Single Treasury Account (STA) and e-payment, as well as internal control systems established by the Ministry of Finance (MoF).

The key FM risks—beyond the conventional risks of the long ratification processes and meeting disbursement conditions—that could impact project delivery, along with potential mitigation measures, are outlined below. These risks were identified during CRON design:

- First-time engagement of the Ministry of Water Resources and Irrigation (MoWRI): the project will be co-implemented by MoWRI alongside the Ministry of Agriculture and Land Reclamation (MoALR). To mitigate risks associated with MoWRI's new role, the Project Management Unit (PMU) will be "ring-fenced" within both ministries. IFAD will also need to provide intensive capacity-building and training for assigned FM staff from the start-up phase.
- Coordination challenges between the Ministry of Agriculture and Land Reclamation (MoALR) and the Ministry of Water Resources and Irrigation (MoWRI), to mitigate this risk, the project has allocated separate budgets to each ministry. Each ministry will independently manage its allocation, encompassing responsibilities such as withdrawals, reporting, auditing, and budgeting. Moreover, the establishment of a steering committee and regular planning meetings may facilitate coordination and help overcome coordination and implementation challenges.
- Delays in fund flow to both ministries' headquarters and their governorate offices: to mitigate this issue, separate designated accounts will be created for each ministry, enabling them to withdraw funds independently from IFAD based on their allocation and cash forecasts. The STA will also be utilized to transfer funds to the accounting units of respective governorate offices.
- Accounting and reporting complexities: this risk can be managed ensuring clear separation between IFAD different financial instruments/ activities and parallel financing from international co-financiers if any. In addition, each ministry will procure its own accounting software system will allow each PMU to record its income and expenditures from each source separately and monitor the financial performance.
- Misuse of funds: this risk will be mitigated by expanding the scope of the external private audit firm to conduct site visits for civil works, review the integrity of procurement processes, and verify the proper use of funds. The audit firm will also assess a sample of end beneficiaries who received loans and matching grants (if any) to ensure funds were utilized for their intended purposes.

IX Procurement risk matrix – part A country level

	Inherent Risk	Net or Residual Risk
Procurement part of the IPRM:		
Part A of the PRM:	**Moderate**	**Moderate**
Pillar I – Legal, Regulatory and Policy Framework		
Risk(s): the PPL presents several challenges that could hinder its effectiveness. There are inconsistencies and gaps in specifying financial thresholds, procurement timelines, and detailed processes, which can lead to ambiguities and inefficiencies. Barriers to foreign participation, such as language, publication mediums, and payment currencies, create indirect obstacles for international contractors. The e-procurement system faces issues like accessibility, incomplete functionality, and security concerns, all of which limit its effectiveness. Moreover, the procurement sector faces significant risks related to transparency and fairness in decision-making processes along with the need for continuous improvement in the competencies of contract management staff, further complicate the law's implementation and enforcement.	Moderate	Moderate
Mitigations: The project must ensure adherence to IFAD SPDs and procedures, review and clear national SPDs with IFAD, and comply with SECAP requirements in both design and execution phases, including life cycle costing for goods where applicable and adherence to national EIA regulations for construction projects. No specific mitigations are needed for the sub-indicator related to the legal and policy frameworks. The project should use of IFAD OPEN (end to End procurement System) for developing annual Procurement Plan, implement procurement processes, and managing and updating contracts.		
Pillar II – Institutional Framework and Management Capacity		
Risk(s): There are notable challenges within the institutional framework and management capacity. The integration of procurement planning with financial management is inadequately regulated, resulting in inefficiencies. The e-procurement platform faces accessibility issues and lacks robust data management, affecting transparency and efficiency. Furthermore, risks related to conflicts of interest persist, despite legal provisions, due to weak enforcement mechanisms. The absence of systematic capacity-building initiatives and formal certification for procurement staff further limits the effectiveness of the procurement system.	Moderate	Moderate
Mitigations: The Project should continually adapt its procurement strategy, adhere to IFAD's conflict of interest terms, and maintain an openly accessible platform for procurement opportunities. The PROJECT will operate a mandatory standstill period as per IFAD provisions, follow the PP Law and Regulations for complaints, and ensure data collection, privacy, confidentiality, and archival compliance. Moreover, procurement staff will undergo BUILDPROC and specialized training, with support missions in the first year and annual supervision missions.		
Pillar III – Procurement Operations and Market Practices		
Risk(s): The prevalence of direct contracting awards, as indicated on the e-tenders portal, raises concerns about competitiveness and fairness. The absence of structured communication channels between the public and private sectors limits collaboration and innovation, while also hindering the opportunity for the private sector to provide input on procurement policies. Contract management risks, including relaxed schedule management and price adjustment reviews, further complicate procurement operations. Moreover, the	Moderate	Moderate

lengthy process of removing debarred firms from the list and the significant involvement of SOEs and Cooperative Associations in projects can impact the efficiency and effectiveness of public procurement practices.		
Mitigations: It is crucial for the projects to engage in open, fair, and transparent communication with the private sector, adhering to existing laws. Direct contracting will be limited and only sanctioned under exceptional circumstances. Additionally, the PROJECT must ensure the extensive dissemination and annual updating of the GPN, aligning with project policy-related interventions in Water, Environment, and Agriculture sectors.		
Pillar IV – Accountability, Integrity, and Transparency of the Public Procurement System		
Risk(s): Agencies like the General Authority for Government Services (GAGS), the Accountability State Authority (ASA), and the Administrative Control Authority (ACA) play pivotal roles in regulating, auditing, and combating corruption. These bodies have the authority to enforce findings and ensure that donor-funded projects adhere to specific procurement rules. The presence of a unified portal for complaints and grievances also contributes to a structured process for public consultation and monitoring. However, the system has its drawbacks, particularly in transparency and engagement with civil society. Despite having mechanisms for control and audit, there is no public access to audit reports, limiting transparency.	Moderate	Moderate
Mitigations: IFAD will ensure control through prior and post reviews, ISMs, and direct project audits. Projects will focus on annual audits and performance evaluations. The PROJECT must clearly define roles in the PIM and apply national challenge/appeal rules with a mandatory standstill period. IFAD's anti-corruption policies will apply to all procurement activities, including reporting hotlines and codes of conduct in major contracts.		

X Integrated country risk matrix

Risk type	Integrated Country Risk Matrix		
	Inherent risk	Residual risk	Mitigation Measures
Country context Recent geo-political developments and global economic conditions results in spillover effects, including security concerns, increased refugee flows, and trade disruptions which can divert government resources away from economic development priorities. According to World Bank statistics, the proportion of population in poverty has been increasing over the last years from 17% in 2019 to 23% in 2024. Achieving Food Security is becoming more challenging with the current high inflation rate disproportionately affecting rural communities.	**Substantial**	**Substantial**	IFAD will continue to closely monitor the situation and maintain an ongoing, open dialogue with the government to ensure inclusive rural development remains a priority in national policy discussions. IFAD will also promote inclusive rural development as a key contributor to national security and social cohesion. Given that rural areas are often more vulnerable to the impacts of geopolitical instability, advancing sustainable development in these regions is therefore critical— to broader national sustainable development goals..
Political commitment The re-election of President Abdel Fattah El Sisi for a third term in 2023 and the subsequent cabinet reshuffle in 2024 suggests a period of political stability, significant shifts in political and economic development priorities in the years ahead are unlikely. Given the relatively high debt-to-GDP ratio, the government is exercising increased selectivity in its borrowing decisions, with a strong emphasis on financing projects that demonstrate clear economic returns. As part of this prudent fiscal approach, future borrowing decisions—including the ratification of loan agreements—may take longer, as the government prioritizes securing more concessional and sustainable forms of financing.	**Low** **Substantial**	**Low** **Substantial**	IFAD continues to closely monitor the situation for any shifts in priorities that may impact the portfolio. This ongoing assessment helps ensure that any changes in the political landscape are promptly identified, allowing for adjustments in strategy and resource allocation to mitigate potential risks. IFAD continues to engage with government partners and non-governmental stakeholders to ensure that loan agreements are in full alignment with national development priorities and that they are viewed as essential for economic development and food security. These regular consultations help identify potential bottlenecks in the approval process for loans and facilitate smoother negotiations.
Governance Egypt's governance framework follows strong central oversight, featured by: • Decision-making processes may not always fully reflect the nuanced needs of poor or marginalized communities, in part	**Substantial**	**Substantial**	To mitigate against the risks of the application of top-down approaches in implementation of COSOP investments and interventions, IFAD will apply participatory planning approaches, strengthening the capacities of Water Users Associations and

Risk type	Integrated Country Risk Matrix		
	Inherent risk	Residual risk	Mitigation Measures
due to limited channels for systematic local input. • Local government bodies may face capacity or resource constraints, which can affect the effective implementation of development initiatives at the community level. • Opportunities exist to enhance transparency and efficiency in resource management, to ensure optimal allocation and that programs reach their intended beneficiaries. • Operational constraints on civil society organizations may limit their ability to fully engage in the design and delivery of inclusive, pro-poor initiatives. • Coordination challenges among various implementing entities may occasionally lead to fragmented efforts, affecting the overall coherence and effectiveness of poverty alleviation programs.			engaging them in irrigation development work. Furthermore, Community Development Associations will be engaged in the planning and implementation of various COSOP interventions addressing market access as well as social and financial inclusion initiatives. IFAD will engage in dialogue under the NWFE food pillar to advocate for inclusive decision-making processes that involve a wide range of stakeholders particularly local communities and the private sector.
Macroeconomic In recent years, the country faced external pressures and exogenous shocks which affected foreign investment flows, price shocks and availability of food commodities, slower growth rates, increasing debt, high inflation and currency devaluation. there is a risk is that the government will not be able to take the whole value of projected IFAD loan,.Besides IFAD loan proceeds, there is a risk that co-financing from other development partners and IFIs which exceeds USD 1.5 billion will not materialise.	**High**	**High**	IFAD is exploring different financing terms for channelling co-financing. Furthermore, efforts are underway to obtain additional supplementary grants making the financing of COSOP investments more affordable and attractive.
Egypt scored 82.8 index points on the Fragile States Index in 2024, an increase of 1 point since 2023. The main risk is the geo-political situation which has deteriorated drastically, including the escalat-	**Moderate**	**Moderate**	At the local level, IFAD will mitigate conflict risks by implementing participatory planning methods and building the capacity of institutional capacity structures (of CDAs, WUAs,

Risk type	Integrated Country Risk Matrix		
	Inherent risk	Residual risk	Mitigation Measures
ing conflict in Gaza, maritime insecurity in the Red Sea and state collapses in neighbouring Libya and Sudan. Such pressures are disproportionately felt by the poorer segments, unemployed youth and women. A situation which can lead to social unrest. . Currently, There is considerable political continuity and stability in Egypt.			etc.) as well as leverage existing community-based grievance redress mechanisms associated with its investments and activities. Furthermore, through its initiatives, IFAD prioritizes the inclusion of rural youth, women, and marginalized communities, fostering a more equitable distribution of resources and improving the livelihoods of rural populations. These efforts help strengthen social cohesion and promote improved security, reducing the risk of conflict and instability.
Sector strategies and policies The risk that the government will face challenges in mobilizing resources to implement the core strategic plans, particularly the National Water Resources Plan, the Sustainable Agricultural Development Strategy this would undermine the impact of investments and activities under the COSOP	**Moderate**	**Moderate**	By following a flexible phased/modular approach to its investments, IFAD supports the government in implementing more manageable programmes that can gradually be scaled up. This approach allows governments to demonstrate early successes, which can build national support flexibility in implementation allows adjustments based on feedback, shifts in short term direction, or changing conditions. IFAD's lead position for the NWFE food pillar provides a platform for policy dialogue between government, civil society, the private sector, and international stakeholders to build consensus around reforms. By engaging key stakeholders—such as farmers, rural communities, NGOs, and private companies—IFAD helps ensure that the reforms are well-understood and have broad-based support, reducing resistance and increase the likelihood of successful implementation.
Policy alignment One of the key components of Egypt's Vision 2030 is the sustainability of agriculture and transformation of rural communities, with	**Moderate**	**Moderate**	IFAD will address this risk by working towards the incentivisation private sector participation into pro-poor, climate

Risk type	Integrated Country Risk Matrix		
	Inherent risk	Residual risk	Mitigation Measures
water management, climate resilient agriculture, soil health and land reclamation set as strategic development priorities. As Egypt navigates a dynamic geopolitical environment and evolving uncertain global economic landscape, resources are being allocated to focus on a variety of pressing priorities, which may represent an opportunity to enhance rural development and agricultural reforms. There is a valuable opportunity to further invest in rural development and agricultural reforms.			smart and nature-based solutions. In addition, the COSOP foresees an increased role of civil society organizations (CSOs) and local communities in advocating for and implementing various initiatives related to water management, improved production practices increased market access to small holders and financial inclusion of women and youth.
Policy development and implementation While the Egyptian government's strategies and policies governing the rural and agricultural sector have evolved over time, some policies are inadequately evidence-based, particularly in addressing the complexity of rural livelihoods, climate change impacts, and the challenges of informal agriculture. Evidence tends to focus on broad indicators like crop yields, land reclamation, and irrigation efficiency. Efforts to deepen the understanding of rural socio-economic dynamics are ongoing but would benefit from further reinforcement Strengthening the alignment between high-level policies and the realities on the ground—particularly in rural areas where agricultural practices are informal and livelihoods are diverse—can help ensure that development efforts are more responsive and impactful.	**Moderate**	**Moderate**	Through COSOP interventions, IFAD will strengthen rural organisations (water users associations, community-based associations and farmers groups) and support the development of platforms for rural people's organisations engagement in the policy making process. Evidence based knowledge products, anticipated under the COSOP, will be utilised to sensitise decision makers and stakeholders towards priority policies that would accelerate the core COSOP strategic objectives and outcomes.
Environmental, social and climate context Water scarcity is a major challenge for agricultural sector coupled with outdated irrigation techniques and water management systems currently subject for development. Furthermore, climate change is expected to further increase mean temperatures and heat extremes in Egypt's already dry, arid environment. Average temperature has been gradually increasing in Egypt and	**Moderate**	**Moderate**	The COSOP investments and activities are expected to have major environmental and climate adaptive benefits. The COSOP will increase water efficiency through sustainable water infrastructure management, strengthening community-based organizations as WUAs. Furthermore, adoption of climate-resilient crops and

Risk type	Integrated Country Risk Matrix		
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all the years since 1991. Precipitation, extreme weather events and sea level rise are major challenges are increasing the vulnerability of IFAD target populations' livelihood and negatively affecting their ecosystems. The agricultural sector is also facing environmental challenges as soil pollution, waterlogging, soil salinisation, and deterioration of irrigation water quality. The combination of less water availability with low quality and low soil quality threatens the agriculture sector's sustainability and thus the country's food security.			climate-smart agricultural practices will contribute to enhanced climate resilience This will be coupled with higher adoption of good agricultural practices, soil conservation practices, nature-based solutions, and environment-friendly inputs and technologies contributing to improve natural resources management.
Financial Management			
Organization and staffing Egypt has a well-established financial and accounting sector with a growing number of qualified finance professionals. However, their availability for secondment on full time basis to projects can be challenging. The accounting profession in Egypt is regulated, with the Egyptian Society of Accountants and Auditors (ESAA) and the Central Auditing Organization (CAO) playing key roles in setting professional standards. Accountants in Egypt are required to meet specific educational and professional criteria, and continuing professional development is encouraged to ensure adherence to evolving financial regulations and ethical standards.	**Moderate**	**Moderate**	Offer competitive compensation and career development opportunities to incentivize government professionals to accept full-time secondment to IFAD-funded projects. Alternatively, management units can be supported by market professionals through consultancy contracts to ensure expertise and continuity.
Budget Egypt's budget system facilitates program and project planning and execution, though challenges remain. The shift to program-based budgeting has been slow, and the connection between medium-term planning and annual budgeting needs further enhancement. Budget circulars lack expenditure ceilings, impacting fiscal discipline and leading to challenges in budget preparation. IFAD funded projects budgets are included within the government annual budget and approved by relevant authorities	**Moderate**	**Moderate**	Project management should coordinate with relevant involved ministries in the budget processing to ensure adequate budget approval for projects in line with their annual work plan and budget. Project should ensure that sufficient counterpart contributions are allocated to support project implementation effectively.

Risk type	Integrated Country Risk Matrix		
	Inherent risk	Residual risk	Mitigation Measures
Flow of Funds Egypt's treasury system has the capacity to manage both the inflow of financial resources and the disbursement of international financing. The implementation of the Treasury Single Account (TSA) provides a structured framework for fund management. While opportunities exist to enhance the Treasury Single Account (TSA) framework, streamlining inactive or uncontrolled bank accounts would significantly strengthen account reconciliation and improve the timeliness of fund releases. Furthermore, establishing a clear audit trail for TSA disbursements would reinforce transparency and bolster financial oversight	**Substantial**	**Substantial**	IFAD funds should continue to be channelled through PMUs accounts at the Central Bank of Egypt, ensuring TSA and e-payment systems are effectively utilized for projects disbursements while maintaining regular reporting and checks of supporting documents.
Internal controls The absence of an operational internal audit function covering the activities of Government administrations, excluding the MoF	**Substantial**	**Substantial**	An internal audit unit based on internationally accepted audit standards has been established in the MoF. In addition, the GoE decided in 2018 to establish internal audit units in all the administrations with unified mandates and objectives, however these units remain not yet being fully operationally
Accounting and Financial Reporting The Egyptian government has expanded the use of the Government Financial Management Information System (GFMIS) to automate accounting and financial reporting, improving budget execution and reducing delays. Efforts to align with International Public Sector Accounting Standards (IPSAS) have been initiated to enhance financial transparency and credibility. While IFAD-funded projects are required to use GFMIS, the system is not yet customized to generate reports in accordance with IFAD's reporting requirements.	**Moderate**	**Moderate**	IFAD-funded projects will continue using standalone accounting software alongside GFMIS, ensuring that accounts are prepared in accordance with the IPSAS cash basis. In the future, IFAD may consider a full transition to GFMIS, provided it can be customized to generate IFAD-specific reports and meet its financial reporting requirements.
External Audit Egypt's Supreme Audit Institution (SAI) operates with a degree of independence that allows it to carry out its functions effectively and possesses the necessary capacity to fulfil its audit mandate. However, challenges remain regarding full compliance with INTOSAI standards, particularly in areas of	**Substantial**	**Substantial**	SAI will be auditing IFAD funded projects as part of their annual work-plan and projects will continue to engage private audit firms to carry out the annual external audit for the projects

Risk type	Integrated Country Risk Matrix		
	Inherent risk	Residual risk	Mitigation Measures
independence, transparency, and accountability**.**			
Procurement			
Procurement- Pillar I – Legal, regulatory and policy framework the PPL presents several challenges that could hinder its effectiveness. There are inconsistencies and gaps in specifying financial thresholds, procurement timelines, and detailed processes, which can lead to ambiguities and inefficiencies. Barriers to foreign participation, such as language, publication mediums, and payment currencies, create indirect obstacles for international contractors. The e-procurement system faces issues like accessibility, incomplete functionality, and security concerns, all of which limit its effectiveness. Moreover, there is a need for continuous improvement in the competencies of contract management staff, further complicate the law's implementation and enforcement.	**Moderate**	**Moderate**	The project must ensure adherence to IFAD SPDs and procedures, review and clear national SPDs with IFAD, and comply with SECAP requirements in both design and execution phases, including life cycle costing for goods where applicable and adherence to national EIA regulations for construction projects. No specific mitigations are needed for the sub-indicator related to the legal and policy frameworks
Procurement- Pillar II –Institutional framework and management capacity There are notable challenges within the institutional framework and management capacity. The integration of procurement planning with financial management is inadequately regulated,. The e-procurement platform faces accessibility issues and lacks robust data management.Furthermore, risks related to conflicts of interest persist, despite legal provisions, due to weak enforcement mechanisms. The absence of systematic capacity-building initiatives and formal certification for procurement staff further limits the effectiveness of the procurement system.	**Moderate**	**Moderate**	The Project should continually adapt its procurement strategy, adhere to IFAD's conflict of interest terms, and maintain an openly accessible platform for procurement opportunities. The PROJECT will operate a mandatory standstill period as per IFAD provisions, follow the PP Law and Regulations for complaints, and ensure data collection, privacy, confidentiality, and archival compliance. Moreover, procurement staff will undergo BUILDPROC and specialized training, with support missions in the first year and annual supervision missions.
Procurement- Pillar III – Procurement operations and market practices The direct contracting awards, as indicated on the e-tenders portal, raises concerns about competitiveness and fairness. The absence of structured communication channels between	**Moderate**	**Moderate**	It is crucial for the projects to engage in open, fair, and transparent communication with the private sector, adhering to existing laws. Direct contracting will be strictly limited and only

Risk type	Integrated Country Risk Matrix		
	Inherent risk	Residual risk	Mitigation Measures
the public and private sectors limits collaboration and innovation, while also hindering the opportunity for the private sector to provide input on procurement policies. Contract management risks, including poor schedule management and inadequate price adjustment reviews, further complicate procurement operations. Moreover, the lengthy process of removing debarred firms from the list and the significant involvement of SOEs and Cooperative Associations in projects can impact the efficiency and effectiveness of public procurement practices.			sanctioned under exceptional circumstances. Additionally, the PROJECT must ensure the extensive dissemination and annual updating of the GPN, aligning with project policy-related interventions in Water, Environment, and Agriculture sectors.
Procurement- Pillar IV – Accountability, integrity, and transparency of the public procurement system Agencies like the General Authority for Government Services (GAGS), the Accountability State Authority (ASA), and the Administrative Control Authority (ACA) play pivotal roles in regulating, auditing, and combating corruption. These bodies have the authority to enforce findings and ensure that donor-funded projects adhere to specific procurement rules. The presence of a unified portal for complaints and grievances also contributes to a structured process for public consultation and monitoring. However, there are areas of further improvement, particularly in transparency and engagement with civil society. Despite having mechanisms for control and audit, there is no public access to audit reports. Additionally, the lack of provisions for direct engagement with civil society and the discretionary nature of the standstill provisions in appeals pose risks to the overall efficiency in the procurement process.	**Moderate**	**Moderate**	IFAD will ensure control through prior and post reviews, ISMs, and direct project audits. Projects will focus on annual audits and performance evaluations. The PROJECT must clearly define roles in the PIM and apply national challenge/appeal rules with a mandatory standstill period. IFAD's anti-corruption policies will apply to all procurement activities, including reporting hotlines and codes of conduct in major contracts.

XI Technical Annex: Key interventions under ICT4D

1. Overall, the COSOP is aligned to the key government priorities including Egypt's' vision 2030 which identifies technology and innovation, digital transformation as key enablers to its development strategy. Egypt National Artificial Intelligence (AI) strategy (2025-2030) identifies agriculture as a key industry in the application of AI for development and in particularly the development and application of a national large language model. The strategy also identifies key use cases in agriculture for AI such as crop and yield estimation and optimization, water management and pest and disease management along with crop advisory.

2. IFAD will support the identification, piloting and documenting of innovations. These will include precision farming including through use of AI tools, water management including smart irrigation and forecasting, scaling up early warning systems using agro-metrological data and information for tailored agriculture advisory to small holder farmers, as well as collaborating with Agri-Fintech companies to provide bundled services to smallholder farmers particularly through public-private producer partnerships especially for high value crops. IFAD will also support advancing Ministry of Agriculture's flagship programme on expanding the use of Smart Farming cards already covering over 4 million farmers through capacity building of community-based institutions including cooperatives and marketing associations. Leveraging its global partnerships on GIS/Remote sensing, IFAD may support validation of crop sown and land data on the Smart Farming Cards Information systems to support Ministry of Agriculture as needed.

3. Under the SAIL project, IFAD is planning to partner with e-market places to support marketing of agriculture produce such as Khodar Supply, Bashier Network enabled by KEF foundation, Egypt and is already engaged with agritech companies such as Mahaseel through NGO's working with smallholder farmers in upper and middle Egypt. Similar models of engagement including direct engagement will be continued and scaled up through 4P partnership models under CROWN and IFAD 14 investments (scaling up of CROWN). A list of potential Agri/Fintech companies is provided below.

4. IFAD investments in digital, particularly leveraging climate and innovation finance would also include scaling up of the early warning system (established through Adaptation fund grant) through setup of additional agro-meteorologic stations (5 existing in target governorates under SAIL) as well as through exploring GIS/Remote sensing and AI enabled models to support climate adaptation advisory to smallholder farmers. On water management, in addition to promoting drip and solar technologies especially in new lands, investments in digital water meters for irrigation frequency and efficiency at mesqa level which are supported by WUA maybe considered based on demand. IFAD may consider investments for demonstration on a cost-sharing basis with WUA. Secondly, for slightly better of farmers, precision irrigation management technologies maybe supported. These would also be through credit lines but sensitisation of farmers on its benefits may be undertaken through capacity building of the associations (WUA, ACs, NGOs, CDAs etc).

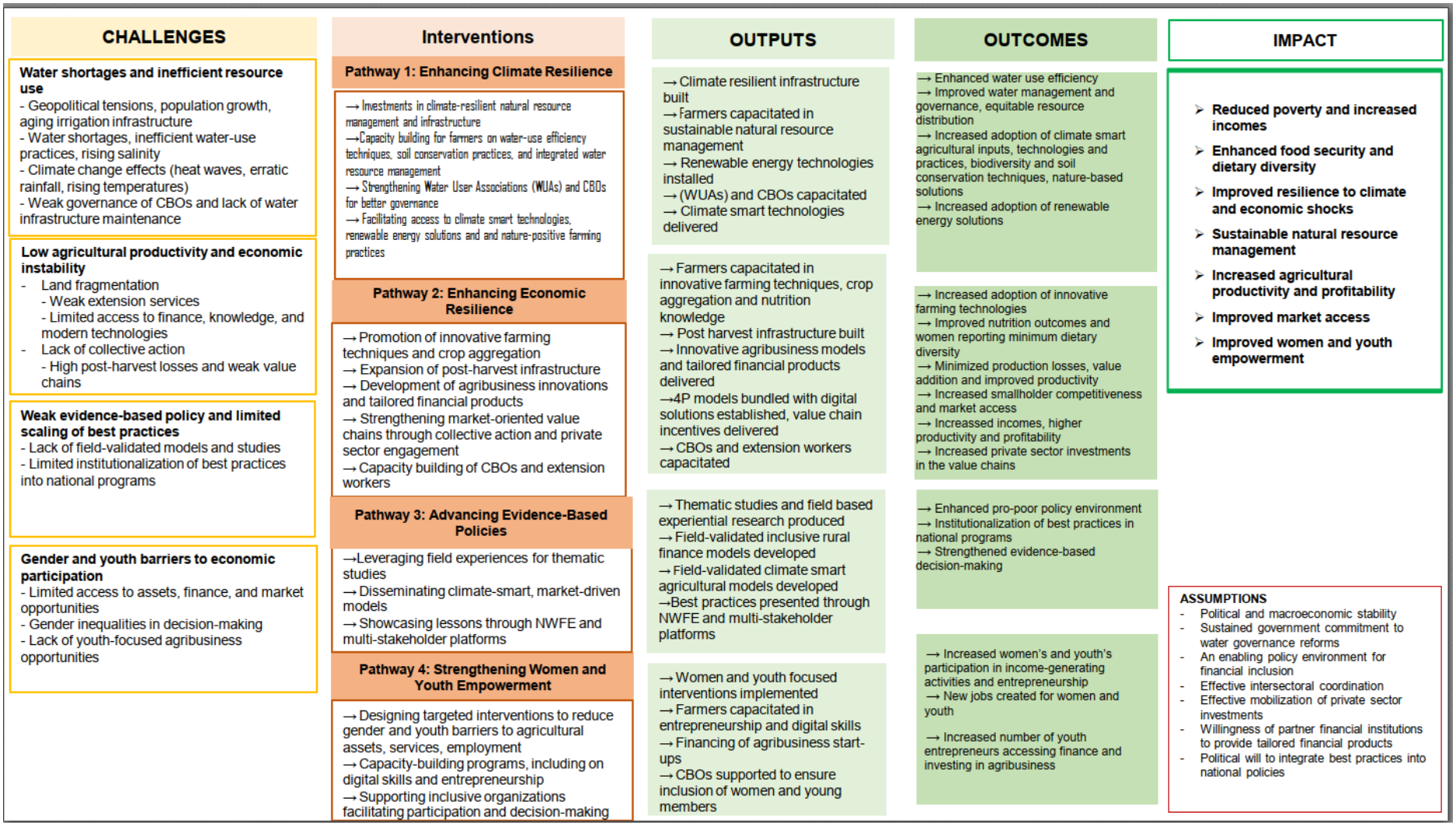
5. IFAD will continue to document lessons from innovations, demonstration/pilots and scaled-up partnership models under its programmes for wider dissemination and policy engagement.

Key Priorities	Key Activities	Aligned Programmes
Sustainable Production	Extension Advisory Services including precision farming – especially through bundled solutions offering access to finance and markets. Cooperative led or 4P partnership models will be explored under IFAD projects Supporting Scale up of Smart Farming Cards through capacity building	SAIL project, CROWN, STAR, IFAD 14 INVESTMENT
Value Chains and Market Access	Bundles services and 4P partnerships with Agri/Fintech companies	SAIL project, CROWN, STAR
Access to finance	Financing digital tools and technology adoption by cooperatives through IFAD credit lines Pilot with a Fintech on specialised products for smallholder farmers under CROWN 4P Partnership models including insurance services and Banks	CROWN and STAR
Climate Adaptation	Early Warning Systems	SAIL project, CROWN, STAR, GCF and Adaptation Fund (including innovation grants). Potential to also engage with CRAFT Project to be financed by World Bank
Water Management	In addition to investments in drip and solar-based irrigation systems, investments in digital water meters for irrigation frequency and efficiency at mesqa level maybe supported through financing (lines of credits) to WUA based on demand. Similarly, for better of farmers precision irrigation management technologies maybe supported. These would also be through specific agri-products offered by partner banks of ADP and MSMEDA (Credit lines).	STAR and CROWN, GCF and Adaptation Fund Projects.
Policy Engagement	Document lessons from innovations, demonstration/pilots and scaled-up partnership models. Potential Knowledge and Learning event	All projects

Potential Agri/Fintech Companies for Partnerships

Company Name	**Brief Description**
Mozare3	Agricultural Financial Technology company providing financial and non-financial services as well as market offtake
Khodar	The company has access to 10,000 farmers and is currently active in 16 cities in Egypt. It has two warehouses to distribute fruits and vegetables of 200 different varieties to different customers. Khodar's business has been growing two times every year since it was launched. In 2023, its revenue is expected to grow seven times when compared with last year.
Basheir Network	Also has weather information, ability for farmers to ask questions, and marketing opportunities.
Cutivate	contract farming and data-driven Agro-Development platform
ZR3i	Satelite data for digital agro-advisory
Cupmena	Cupmena is an Egyptian AgriTech startup which uses coffee waste to grow mushrooms.
AgriCash	Platform offering interest-free financing solutions to support farmers in acquiring agricultural inputs with flexible repayment terms. The platform provides a credit limit of up to 3 million EGP, enabling farmers to access necessary resources without immediate financial strain.
Chattla	Chattla is an Egyptian mobile platform that makes it easy to shop vegetables from farms.
Mahaseel Masr	Bringing growers and global buyers together without intermediaries. Potential offtaker.
Plug'n'Grow	Plug’n’Grow is an Egyptian into agricultural solutions based on proven Hydroponic and Aquaculture technology
Romer Labs Egypt	Agricultural diagnostics and testing services.
Capital Crop	Agricultural supply chain management and logistics.
AgroCenta	Connecting smallholder farmers with buyers through an online platform.
SWVL	While not exclusively AgriTech, SWVL is a transportation platform that has been used for agricultural logistics in some regions.
SWIIM Egypt	Specializes in water management and irrigation automation technologies.
KarmSolar	Smart irrigation and solar technologies
Eos Space Systems	Provides satellite imaging and geospatial data for agriculture monitoring.
TruKKer	While not exclusively focused on agriculture, TruKKer is a logistics platform that can be used for transporting agricultural products.
Scoutbee	Offers supplier discovery and data analytics services, including for agricultural supply chains.
Helwan Company for Agricultural and Construction Products (Helwan Diesel)	Involved in providing greenhouse technology solutions.
Adisseo	Involved in providing nutritional solutions for animal feed but also has products relevant to agriculture.
Innoventures	Supports and invests in startups, including those in precision agriculture and technology.

Company Name	Brief Description
eAswaaq Misr	digital company specializing in B2B and B2C e-commerce solutions within Egypt. Established in 2020 as a subsidiary of e-Finance Investment Group, it focuses on digitizing traditional business processes by connecting buyers and sellers through various platforms. WFP partnered with "Ayady Misr," a digital platform aimed at empowering Egyptian artisans.
El-Mufeed	El-Mufeed aims to serve farmers of citrus and date palms and household poultry producers by providing location-based information and advisory services on healthy nutrition and food safety as well as market prices for agricultural crops.
Hodhod	Hodhod provides real-time direct text and voice chat communications between the Ministry of Agriculture and farmers using AI techniques. Hodhod allows farmers to obtain recommendations and guidance and provides proactive technical support to farmers.
Grapes Information System	The Grapes Information System app provides information on the cultivation and production of grapes in Egypt, including varieties and methods of breeding, diseases and pests that affect grape groves, methods of treating them, how to create a grape grove, methods of collecting fruits, information on support systems, as well as agricultural operations such as irrigation, fertilization, and disease-fighting workshops.
Mango Production in Egypt	Mango Production in Egypt provides information on the environmental needs of mango trees. The app includes a description of the mango tree, and information on mango propagation, establishment of a mango grove as well as the mango varieties in Egypt and serving mango trees through the choice of agriculture and production.
Al-Nota: The Strawberry Farm Notebook	Al-Nota: The Strawberry Farm Notebook provides the best agricultural practices from senior agricultural consultants, export coding mechanisms, and records. Al-Nota communicates with the best suppliers of production supplies and provides a directory of exporters and manufacturers.
Engazaat	Integrated independent power and water producer (IPWP), specializing in providing sustainable and affordable clean technology solutions. The company offers solar energy and water utility services on a zero-capex model, enabling businesses to access high-efficiency utilities without the burden of initial capital expenditure.
SEKEM	SEKEM, in collaboration with the Zero Fund and the United Nations Development Programme's Accelerator Lab in Egypt, launched a blockchain-based platform to facilitate agricultural carbon credits.


CHALLENGES
Water shortages and inefficient resource use
- Geopolitical tensions, population growth, aging irrigation infrastructure
- Water shortages, inefficient water-use practices, rising salinity
- Climate change effects (heat waves, erratic rainfall, rising temperatures)
- Weak governance of CBOs and lack of water infrastructure maintenance
Low agricultural productivity and economic instability
- Land fragmentation
- Weak extension services
- Limited access to finance, knowledge, and modern technologies
- Lack of collective action
- High post-harvest losses and weak value chains
Weak evidence-based policy and limited scaling of best practices
- Lack of field-validated models and studies
- Limited institutionalization of best practices into national programs
Gender and youth barriers to economic participation
- Limited access to assets, finance, and market opportunities
- Gender inequalities in decision-making
- Lack of youth-focused agribusiness opportunities
Interventions
Pathway 1: Enhancing Climate Resilience
→ Investments in climate-resilient natural resource management and infrastructure
→Capacity building for farmers on water-use efficiency techniques, soil conservation practices, and integrated water resource management
→ Strengthening Water User Associations (WUAs) and CBOs for better governance
→ Facilitating access to climate smart technologies, renewable energy solutions and and nature-positive farming practices
Pathway 2: Enhancing Economic Resilience
→ Promotion of innovative farming techniques and crop aggregation
→ Expansion of post-harvest infrastructure
→ Development of agribusiness innovations and tailored financial products
→ Strengthening market-oriented value chains through collective action and private sector engagement
→ Capacity building of CBOs and extension workers
Pathway 3: Advancing Evidence-Based Policies
→Leveraging field experiences for thematic studies
→ Disseminating climate-smart, market-driven models
→ Showcasing lessons through NWFE and multi-stakeholder platforms
Pathway 4: Strengthening Women and Youth Empowerment
→ Designing targeted interventions to reduce gender and youth barriers to agricultural assets, services, employment
→ Capacity-building programs, including on digital skills and entrepreneurship
→ Supporting inclusive organizations facilitating participation and decision-making
OUTPUTS
→ Climate resilient infrastructure built
→ Farmers capacitated in sustainable natural resource management
→ Renewable energy technologies installed
→ (WUAs) and CBOs capacitated
→ Climate smart technologies delivered
→ Farmers capacitated in innovative farming techniques, crop aggregation and nutrition knowledge
→ Post harvest infrastructure built
→ Innovative agribusiness models and tailored financial products delivered
→4P models bundled with digital solutions established, value chain incentives delivered
→ CBOs and extension workers capacitated
→ Thematic studies and field based experiential research produced
→ Field-validated inclusive rural finance models developed
→ Field-validated climate smart agricultural models developed
→Best practices presented through NWFE and multi-stakeholder platforms
→ Women and youth focused interventions implemented
→ Farmers capacitated in entrepreneurship and digital skills
→ Financing of agribusiness start-ups
→ CBOs supported to ensure inclusion of women and young members
OUTCOMES
→ Enhanced water use efficiency
→ Improved water management and governance, equitable resource distribution
→ Increased adoption of climate smart agricultural inputs, technologies and practices, biodiversity and soil conservation techniques, nature-based solutions
→ Increased adoption of renewable energy solutions
→ Increased adoption of innovative farming technologies
→ Improved nutrition outcomes and women reporting minimum dietary diversity
→ Minimized production losses, value addition and improved productivity
→ Increased smallholder competitiveness and market access
→ Increassed incomes, higher productivity and profitability
→ Increased private sector investments in the value chains
→ Enhanced pro-poor policy environment
→ Institutionalization of best practices in national programs
→ Strengthened evidence-based decision-making
→ Increased women's and youth's participation in income-generating activities and entrepreneurship
→ New jobs created for women and youth
→ Increased number of youth entrepreneurs accessing finance and investing in agribusiness
IMPACT
Reduced poverty and increased incomes
Enhanced food security and dietary diversity
Improved resilience to climate and economic shocks
Sustainable natural resource management
Increased agricultural productivity and profitability
Improved market access
Improved women and youth empowerment
ASSUMPTIONS
- Political and macroeconomic stability
- Sustained government commitment to water governance reforms
- An enabling policy environment for financial inclusion
- Effective intersectoral coordination
- Effective mobilization of private sector investments
- Willingness of partner financial institutions to provide tailored financial products
- Political will to integrate best practices into national policies