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Ouvrer pour que les  
populations rurales pauvres  
se libèrent de la pauvreté

## République arabe d'Égypte

### Programme d'options stratégiques pour le pays

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Pour: **Examen**

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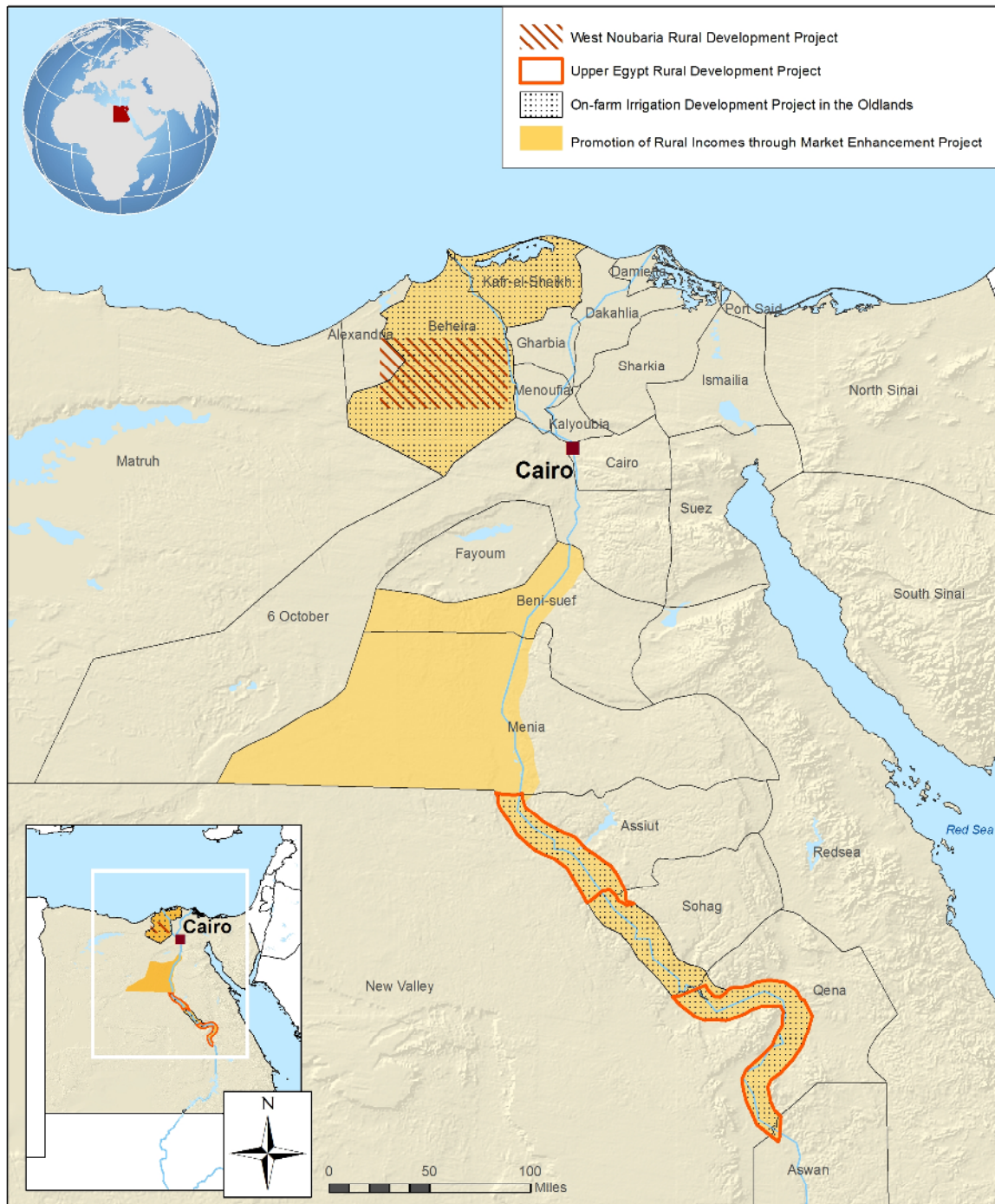
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## **Sigles et acronymes**

AAC	Association d'agriculteurs pour la commercialisation
ADC	Association de développement communautaire
AFD	Agence française de développement
AJCI	Agence japonaise de coopération internationale
BAfD	Banque africaine de développement
COSOP	Programme d'options stratégiques pour le pays
MALR	Ministère de l'agriculture et de la bonification des terres
MIWR	Ministère de l'irrigation et des ressources hydriques
OFIDO	Projet de développement de l'irrigation en exploitation sur les terres anciennes
PRIME	Projet d'augmentation des revenus ruraux par l'amélioration des marchés
PNUD	Programme des Nations Unies pour le développement
SMF	Société de microfinance
SUE	Syndicat d'usagers de l'eau
UERDP	Projet de développement rural en Haute-Égypte
USAID	Agence des États-Unis pour le développement international
WNRDP	Projet de développement rural dans la région de Noubaria Ouest

# Carte du pays indiquant les zones d'intervention du FIDA

## Arab Republic of Egypt



Source: FIDA

Les appellations figurant sur cette carte et sa représentation graphique ne constituent en aucun cas une prise de position du FIDA quant au tracé des frontières ou limites, ou aux autorités de tutelle des territoires considérés.

## Résumé de la stratégie pour le pays

1. Le présent programme d'options stratégiques pour le pays (COSOP) axé sur les résultats couvre la période 2011-2015. Ses objectifs stratégiques sont alignés sur la Stratégie de développement agricole durable à l'horizon 2030 du gouvernement, élaborée en collaboration avec le FIDA. Ils sont aussi alignés sur le Cadre stratégique du FIDA 2011-2015. La stratégie du pays est le résultat d'un processus participatif de consultation avec les principales parties prenantes, notamment les institutions gouvernementales, la société civile, le secteur privé et les donateurs. Les deux projets identifiés dans la réserve reflètent les priorités du gouvernement en matière d'investissement dans l'utilisation efficiente de l'eau et la mise en relation avec les marchés.
2. L'avantage comparatif du FIDA réside dans la poursuite de son étroite collaboration avec les petits exploitants et leurs organisations, et les petits entrepreneurs ruraux et les femmes rurales. L'objectif de développement du COSOP axé sur les résultats est de contribuer à la réduction de la pauvreté rurale et au renforcement de la sécurité alimentaire nationale en Égypte. Cet objectif se subdivisera en trois objectifs stratégiques. L'égalité des sexes et la durabilité environnementale seront des thèmes transversaux appliqués dans l'ensemble du programme de pays.
3. **Objectif stratégique 1:** renforcement des compétences techniques et de la capacité organisationnelle des ruraux pauvres des deux sexes pour les mettre en mesure de tirer parti des opportunités économiques agricoles et extra-agricoles en milieu rural. Les projets financés par le FIDA organiseront les ménages ruraux en fonction d'intérêts mutuels, dans le cadre d'organisations d'agriculteurs, d'associations d'agriculteurs pour la commercialisation, de syndicats d'usagers de l'eau et d'associations de développement communautaire. Ces organisations pourraient mener des activités telles que les suivantes: i) planification, exploitation et entretien de l'infrastructure et des entreprises communautaires à caractère socioéconomique; ii) mise en relation des petits producteurs avec les marchés, et accroissement de leur pouvoir de négociation sur les marchés et auprès des autorités; et iii) réduction des coûts de transaction pour l'accès à un éventail de services. Une attention accrue sera accordée au renforcement de la capacité des jeunes chômeurs et des ruraux pauvres sans terres à créer de petites entreprises et à profiter des possibilités d'emploi dans les zones rurales. À cette fin, il sera principalement recouru à la fourniture d'une formation professionnelle et de services financiers.
4. **Objectif stratégique 2:** renforcement de l'utilisation durable des ressources naturelles, spécialement la terre et l'eau, au profit des pauvres. Les moyens retenus pour y parvenir sont les suivants: i) des systèmes améliorés d'irrigation au niveau de l'exploitation pour une utilisation plus rationnelle de l'eau; ii) des pratiques renforcées de gestion de l'eau pour une distribution plus équitable des ressources en eau; iii) une participation accrue et plus effective des usagers et des parties prenantes à la gestion de l'eau afin de garantir l'irrigation durable des cultures; et iv) l'amélioration des sols.
5. **Objectif stratégique 3:** accès accru des exploitants ruraux pauvres à des services de meilleure qualité en matière de technologie, de finance et de commercialisation. Il est nécessaire de promouvoir une formation et une assistance technique agricole adaptées à la demande, tant au niveau individuel que par l'intermédiaire des associations d'agriculteurs. Cette approche participative de la recherche et de la vulgarisation exige: i) un gros effort de renforcement des capacités des services de recherche et de vulgarisation, d'irrigation, de commercialisation et d'intermédiation financière; et ii) un solide partenariat avec les exportateurs et les agro-industriels du secteur privé.

6. En ce qui concerne le ciblage, les interventions futures du FIDA seront axées sur la Haute et la Moyenne Égypte, et sur les gouvernorats les plus pauvres de la Basse Égypte. Le COSOP axé sur les résultats organisera le ciblage à un triple niveau:
- i) niveau du gouvernorat: le FIDA axera ses interventions sur les gouvernorats à forte concentration de pauvreté rurale et, au sein des gouvernorats, sur les zones où la concentration des ménages pauvres est la plus élevée;
  - ii) niveau du ménage: dans les gouvernorats retenus, le ciblage visera les petits exploitants, les entrepreneurs ruraux pauvres et les jeunes sans terres. Dans chaque catégorie, les femmes seront spécialement ciblées;
  - iii) niveau thématique: le FIDA se concentrera sur les domaines thématiques présentant un intérêt particulier pour les pauvres, tels que la création d'organisations, l'infrastructure d'irrigation au niveau de l'exploitation, les services financiers et la mise en relation avec les marchés.

# République arabe d'Égypte

## Programme d'options stratégiques pour le pays

### I. Introduction

1. Le présent programme d'options stratégiques pour le pays (COSOP) axé sur les résultats concernant l'Égypte couvre la période 2011-2015. Les objectifs stratégiques identifiés sont alignés sur la Stratégie de développement agricole durable à l'horizon 2030 du Gouvernement égyptien et sur le Cadre stratégique du FIDA 2011-2015. Le FIDA a joué un rôle important en aidant le gouvernement à élaborer sa stratégie agricole et, en l'absence d'un COSOP axé sur les résultats, il a utilisé le cadre général tracé par cette stratégie pour formuler son plus récent modèle d'investissement dans le pays.
2. La stratégie actuelle est le fruit d'un processus participatif de consultation avec les principales parties prenantes concernées par le développement agricole et rural. Le rapport relatif au COSOP axé sur les résultats a été examiné par le gouvernement, qui l'a approuvé en août 2011, et ses principaux éléments ont été élaborés en étroite consultation avec les donateurs opérant en Égypte. Les projets identifiés dans la réserve correspondent aux priorités du gouvernement en matière d'investissement. En raison des changements intervenus dans le pays dans le sillage de la révolution du 25 janvier 2011, et des problèmes économiques auxquels celui-ci est confronté, il est d'autant plus indispensable d'aider le gouvernement à satisfaire les aspirations de sa population.

### II. Le contexte du pays

#### A. Économie, agriculture et pauvreté rurale

##### Situation économique générale

3. La situation postrévolutionnaire est critique. L'économie a subi un choc immédiatement après le soulèvement politique du 25 janvier 2011. Selon le Fonds monétaire international<sup>1</sup> (FMI), le tourisme, qui représente 11% du PIB, s'est effondré; la confiance des investisseurs et des consommateurs a été ébranlée; et les exportations sont perturbées. D'importantes sorties de capitaux ont eu lieu, en janvier-mars 2011, que les autorités ont compensées en puisant dans les réserves. Les réserves publiques s'élevaient à 30 milliards d'USD à la fin du mois de mars, niveau confortable représentant près de six mois d'importations. Les données du FMI indiquent aussi que le déficit budgétaire devrait atteindre 2% du PIB au cours du présent exercice. Des dépenses supplémentaires au titre des salaires, des pensions et d'un fonds de compensation sont déjà engagées en réponse à la demande populaire, mais la perception des recettes demeure faible. Les précédents projets du gouvernement visant la suppression progressive des subventions sont restés lettre morte, et celui-ci a annoncé en mai 2011 que le nouveau budget 2011/2012 comprendrait une augmentation de 20% des subventions accordées aux produits essentiels. La Banque centrale signale qu'en avril 2011 l'inflation intérieure des prix à la consommation s'élevait à 12,1%. L'augmentation la plus forte concerne les produits alimentaires et les boissons (en hausse de 21,7% en avril 2011)<sup>2</sup>. Les secteurs les plus défavorisés de la société sont particulièrement sensibles à la hausse des prix des produits alimentaires de base, ce qui aura des répercussions directes sur l'indice de pauvreté. Par suite de la forte baisse du tourisme (estimée à 30%), du ralentissement des envois de fonds (dû aux troubles que connaissent les pays arabes voisins) et de l'augmentation des prix des produits alimentaires à l'importation, le déficit des paiements courants est passé à 3,3% du

<sup>1</sup> FMI, Note d'information: Égypte (Washington, mai 2011).

<sup>2</sup> Banque centrale d'Égypte, Estimations mensuelles de l'inflation, avril 2011.



PIB en 2010/2011. Les statistiques officielles récentes indiquent que le nombre de chômeurs a augmenté d'environ 700 000 personnes entre janvier et mars, le taux de chômage atteignant 11,9%. Le gouvernement a annoncé en avril 2011 qu'il soutiendrait les activités à fort coefficient de main-d'œuvre par la réalisation de projets nationaux et la promotion des petites et moyennes entreprises (PME) en raison de la contribution efficace qu'elles apportent à la création d'emplois.

4. Si les attentes des Égyptiens ont augmenté à la suite du 25 janvier, les difficultés économiques à court terme ne vont probablement pas disparaître pour autant. Les rapports du FMI et de la Banque mondiale indiquent que le chômage va sans doute continuer de croître tandis que les prix des produits alimentaires et des carburants devraient rester élevés, de même que le coût des emprunts de l'État, ce qui entraînera de lourdes charges budgétaires supplémentaires. La balance des paiements devrait rester sous tension du fait du creusement du déficit courant et du report des investissements étrangers dans l'attente des résultats de toutes les élections. Dans l'exposé de la situation qu'elle a présenté à l'assemblée de printemps du FMI (avril 2011), la Banque mondiale a exprimé l'avis qu'il était opportun que la communauté internationale soutienne la transition en cours en Égypte. La communauté internationale a montré qu'elle était disposée à accorder un soutien financier à l'Égypte en cette période de fragilité, mais une bonne partie des engagements annoncés ne se concrétiseront pas avant 2012/2013.

#### **Agriculture et pauvreté rurale**

5. L'agriculture est un secteur essentiel de l'économie égyptienne, qui fait vivre 55% de la population et emploie directement environ 30% de la main-d'œuvre. Bien que sa contribution au PIB ait diminué au cours du temps, elle représente encore 13% environ du PIB et 20% du total des exportations et des recettes en devises. Les activités liées à l'agriculture, telles que la transformation et la commercialisation des produits, et la fourniture d'intrants, représentent aussi 20% du PIB. De plus, l'augmentation des revenus agricoles peut stimuler la demande dans le vaste secteur rural extra-agricole non-marchand, gros employeur de main-d'œuvre. À la suite des événements de janvier 2011, les prix des intrants agricoles produits dans le pays ou importés ont augmenté en raison de la désorganisation des transports, de la dépréciation de la livre égyptienne et de l'accumulation des stocks des commerçants. Selon les estimations officieuses de certains exportateurs, les exportations de produits horticoles auraient subi une forte baisse, de 50 à 60%, au premier semestre de 2011. Le fléchissement des envois de fonds va probablement avoir des répercussions négatives sur les revenus des ménages ruraux pauvres tandis que le chômage des jeunes ruraux a augmenté par suite de l'afflux des rapatriés en provenance de Libye. L'attente d'une amélioration du niveau de vie s'est accrue chez les paysans, et les communautés rurales réclament des réformes et un soutien accru de l'État. Il est toutefois trop tôt pour évaluer l'impact à long terme des événements du 25 janvier sur le développement économique et social de l'Égypte rurale.
6. L'importance du secteur extra-agricole en Égypte passe souvent inaperçue, mais il est essentiel à la survie des populations rurales pauvres. Nombre de ruraux pauvres sont sans terres et dépendent pour vivre soit de l'emploi salarié soit du métayage. Les ménages agricoles qui exploitent une parcelle d'une superficie inférieure à 1 feddan (40,0083 ares) tirent 67% du total de leurs revenus d'activités non agricoles comme le travail saisonnier<sup>3</sup>. Une approche globale de la réduction de la pauvreté passe par la recherche d'un équilibre entre l'optimisation de la production de petites exploitations agricoles en gestion intensive et la création d'opportunités dans le secteur de la microentreprise et de la petite entreprise non agricoles grâce à l'accès accru à des technologies, à des services financiers et à des structures de commercialisation améliorées.

<sup>3</sup> Richard H. Adams, Jr, *Nonfarm Income, Inequality, and Land in Rural Egypt*, Policy Research Working Paper 2178 (Washington: PRMPO/MNSEED, Banque mondiale, 1999).

7. La pauvreté rurale est encore très répandue. La population de l'Égypte était estimée en 2010 à 83 millions d'habitants, et le revenu national brut à 2 440 USD par habitant<sup>4</sup>. La proportion des Égyptiens pauvres était estimée à 40% en 2007<sup>5</sup>. Environ 19,6% d'entre eux vivaient dans une pauvreté absolue et 21% d'entre eux étaient proches du seuil de pauvreté. Il suffirait d'une faible baisse de revenu ou d'une petite hausse des prix pour que beaucoup d'entre eux retombent dans la pauvreté. Alors que la pauvreté urbaine recule, la pauvreté rurale ne change que marginalement, passant de 51,9 à 51,8%, avec une augmentation du nombre absolu des ruraux pauvres<sup>6</sup>. Malgré des différences importantes dans le classement des gouvernorats selon les sources de données<sup>7</sup>, d'importantes poches de pauvreté subsistent dans la plupart d'entre eux. Toutes les sources concordent toutefois sur le fait que la pauvreté rurale est plus forte en Haute Égypte, où vit le quart de la population du pays.
8. Les différences entre les sexes demeurent inchangées. Malgré de grands progrès dans les possibilités offertes aux femmes depuis les années 1980, d'importantes inégalités subsistent. Les femmes ont encore de la difficulté à participer à la vie économique et à accéder à l'éducation et aux services de santé tandis que leur participation active à la politique est extrêmement limitée. La plus grande inégalité se rencontre toutefois dans le domaine du travail, où 23% seulement de femmes figuraient dans la population active en 2005. Seulement 7% des employés du secteur public sont des femmes, contre un taux général de 15%. Dans les zones rurales, les femmes travaillent principalement dans l'agriculture (55%), l'éducation (15%), et la santé, l'assistance sociale et l'administration publique (25%). De façon générale, les femmes rurales occupent le tiers inférieur des emplois dans des secteurs caractérisés par le faible niveau des qualifications et des rémunérations. Les inégalités demeurent élevées dans les revenus du travail.
9. Le manque d'eau est un obstacle majeur à la croissance agricole. Le climat du pays est aride et les précipitations, très faibles. Le Nil, principale et presque unique source d'eau de surface, représente 77% de l'approvisionnement annuel en eau de l'agriculture. L'efficacité de l'utilisation de l'eau est faible du fait des déperditions. L'efficacité du transport de l'eau est estimée à 70%, tandis que l'efficacité moyenne des périmètres d'irrigation n'est que de 50%<sup>8</sup>. Les systèmes de distribution et de gestion de l'eau ont été partiellement et inefficacement décentralisés. Le pays connaît déjà une grande pauvreté en eau. Il est peu probable que la situation s'améliore, le changement climatique et l'accroissement de la population conjuguant leurs effets pour aggraver les risques de pénurie d'eau et de conflit pour l'utilisation des approvisionnements disponibles – de nouvelles pressions sont par ailleurs probables du fait de l'exploration des ressources du Nil par d'autres membres de la Commission du bassin du Nil.

<sup>4</sup> Indicateurs du développement dans le monde, Banque mondiale, 2011.

<sup>5</sup> Ministère du développement économique, Gouvernement égyptien et Banque mondiale, *République arabe d'Égypte: Poverty Assessment Update*, Social and Economic Development Group Report n° 39885 – EG (Washington: Banque mondiale, 2007).

<sup>6</sup> Toutefois, l'augmentation de la pauvreté extrême touche principalement les zones urbaines.

<sup>7</sup> Les analyses entreprises par la Banque mondiale (2007), le Rapport sur le développement humain pour l'Égypte (2010) et le Fonds social de développement (2010) donnent un classement différent des gouvernorats.

<sup>8</sup> Ministère de l'agriculture et de la bonification des terres (MALR), *Stratégie de développement agricole durable à l'horizon 2030* (Le Caire, 2009).

10. Il y a aussi une extrême pénurie de terre et un morcellement croissant des exploitations. L'Égypte a l'un des rapports homme-terre les plus faibles du monde<sup>9</sup>. Avec environ 8,9 millions de feddans, la superficie cultivée totale n'est estimée qu'à 3% seulement de la superficie totale des terres<sup>10</sup>. La terre est aussi très inégalement répartie. Les exploitations sont généralement petites, 81% d'entre elles possédant moins de 3 feddans et occupant 38% de la superficie cultivée totale du pays. Tandis que, sur les "terres anciennes", les rendements sont parmi les plus élevés du monde pour plusieurs cultures de base, telles que le blé, le riz et la betterave sucrière, l'amélioration des rendements s'est nettement ralentie au cours des dernières années, et l'Égypte doit importer environ 40% des produits alimentaires nécessaires à la satisfaction de ses besoins. Pour les cultures non traditionnelles à haute valeur marchande, les rendements demeurent bien inférieurs aux possibilités, laissant une grande marge d'amélioration.
11. **L'agriculture égyptienne est très sensible au changement climatique.** Les experts estiment que la hausse attendue des températures entraînera d'ici à 2050 une baisse de productivité pouvant aller jusqu'à 20% pour certaines des principales cultures (blé, orge et maïs)<sup>11</sup>. Il en résulterait un recul de la production animale et une diminution du potentiel de production de nombreuses régions agricoles du pays. Les terres agricoles marginales seraient particulièrement touchées et la désertification s'accroîtrait. Les températures élevées accroîtraient l'évaporation et la consommation d'eau, aggravant encore la pénurie aiguë d'eau dans le pays. Une hausse du niveau de la mer aurait un effet négatif sur les zones côtières, le tourisme et les terres agricoles de la région du delta du Nil. Plusieurs initiatives ont été entreprises à cet égard, dont le Programme de gestion des risques liés au changement climatique en Égypte, qui est financé par le Fonds espagnol pour la réalisation des OMD et mis en œuvre dans le cadre d'un partenariat entre le FIDA et le Ministère de l'agriculture et de la bonification des terres (MALR). Des études sont en cours pour analyser les variations des rendements des cultures (notamment du maïs, du riz, du blé et des fèves) en fonction des changements de température et identifier des variétés tolérantes à la chaleur. Les premiers résultats montrent, entre autres choses: que les hausses de température auraient un effet négatif sur le revenu net des producteurs; que les adaptations ne seraient probablement pas uniformes dans toutes les zones agroécologiques du pays; et que les effets exigeraient des changements très marqués des pratiques et des systèmes agricoles dans différentes régions.
12. Les marchés locaux sont sous-développés et l'infrastructure de commercialisation laisse à désirer. Le degré de variabilité des prix des produits agricoles est élevé et l'information sur les marchés, limitée. Les agriculteurs n'ont pas accès à une information exacte sur les prix, les volumes et les normes de qualité, surtout pour les marchés d'Europe et des pays du Golfe. Les installations de traitement après-récolte et de commercialisation font défaut, et le niveau d'industrialisation agricole est faible. Selon les estimations, les pertes de production sont supérieures à 30% pour les produits horticoles, à 20% pour les légumes secs et les tubercules et à 10% pour les céréales<sup>12</sup>. Du fait que les produits laitiers et horticoles sont très périssables, leur qualité se dégrade rapidement, entraînant une baisse des prix et, par voie de conséquence, des recettes des producteurs. L'analyse de la différence entre les prix départ exploitation et les prix de détail montre que la part du producteur ne représente que 10 à 35% du prix de détail des produits périssables.

<sup>9</sup> MALR, *Agriculture Census 1999/2000*, Economic Affairs Sector (Le Caire, 2000).

<sup>10</sup> *Ibid.*

<sup>11</sup> MALR (2009).

<sup>12</sup> *Ibid.*

13. La petite agriculture n'est pas une entreprise commercialement intéressante. On compte 3,7 millions d'agriculteurs en Égypte, dont la plupart ne possèdent qu'une très petite exploitation et peu de surplus disponibles pour la vente. En raison des exigences croissantes, sur les marchés, de bonnes pratiques agricoles, de normes de qualité élevées et de traçabilité, il est plus intéressant pour le secteur privé de négocier des contrats avec de grandes exploitations commerciales peu nombreuses. Les agriculteurs bénéficiant de contrats assortis de prix garantis sont très peu nombreux. Certains projets ont créé des associations de commercialisation, par exemple le Projet EL SHAMS, financé par l'Agence des États-Unis pour le développement international (USAID), et le Projet de développement rural dans la région de Noubaria Ouest (WNRDP), financé par le FIDA. Cela prouve que, pour peu qu'ils soient organisés en associations, les petits exploitants peuvent devenir des fournisseurs viables qui peuvent avec succès être mis en relation avec les intermédiaires commerciaux, les transformateurs et les exportateurs. De façon générale, les petits exploitants sont mal organisés pour accéder aux marchés. L'émiettement de la production et le manque d'organisations d'agriculteurs font obstacle à la réduction des coûts de transaction, au renforcement du pouvoir de négociation pour obtenir des prix départ exploitation plus élevés ou à l'établissement de relations efficaces avec le secteur privé, et les marchés intérieurs ou d'exportation.
14. Outre le défaut d'organisation, le développement des secteurs agricole et rural demeure entravé par le manque d'accès au financement, sans lequel il n'est pas possible d'acheter les intrants en temps utile, notamment les plus coûteux d'entre eux, indispensables aux productions à haute valeur marchande. Ce manque de capitaux conduit souvent à la pratique de transactions "liées", par laquelle les petits exploitants obtiennent individuellement un financement auprès des commerçants, qui leur imposent des arrangements défavorables, ce qui restreint encore leur pouvoir de négociation. Des contraintes financières se rencontrent aussi dans les filières de certains produits agricoles. Ainsi, les commerçants et les industriels, par manque de fonds de roulement, ne peuvent acheter, transporter et transformer qu'une part limitée des produits disponibles. Il en résulte un degré élevé de pertes après-récolte pour le producteur et un volume restreint de produits acheminés par la filière.
15. Le secteur bancaire commercial n'a pas le goût du risque, les compétences ou les savoirs nécessaires pour fournir des services au secteur agricole et rural et aux PME. Selon le rapport de la Banque centrale: i) 5% seulement du marché potentiel de la microfinance bénéficient du crédit; ii) les prêts des banques aux PME se limitent à moins de 1% du total de leurs prêts; et iii) le secteur agricole reçoit moins de 5% du total des prêts des banques commerciales<sup>13</sup>. Le taux de pénétration sur les marchés égyptiens est parmi les plus faibles de la région. On estime qu'au total 8,5 milliards d'EGP (1,4 milliard d'USD) seraient nécessaires pour répondre à la demande insatisfaite du seul secteur des PME<sup>14</sup>. La liquidité du secteur bancaire commercial a considérablement diminué au cours des 10 derniers mois. La majeure partie des dépôts est constituée de ressources à court terme, que les banques investissent en obligations d'État.

## **B. Politiques, stratégies et contexte institutionnel**

### **Le contexte institutionnel national**

16. Le MALR est l'organe de tutelle et de contrôle de nombreux services agricoles. C'est aussi l'agent principal de tous les projets soutenus par le FIDA. Le Ministère de l'irrigation et des ressources hydriques (MIWR) est l'institution gouvernementale responsable du secteur correspondant, notamment de la réglementation, de la

<sup>13</sup> Rapport annuel, Banque centrale d'Égypte, 2010/2011.

<sup>14</sup> Poverty and Economic Growth in Egypt, Journal of Africa Studies and Development, vol. 2(6), Banque mondiale, septembre 2010.

distribution et de la qualité de la gestion pour tous les usagers de l'eau. Le Fonds social de développement (FSD) et le Fonds pour la recherche et le développement agricoles sont les principaux partenaires du FIDA dans le domaine de la finance rurale. Au niveau communautaire, les syndicats d'usagers de l'eau (SUE), les associations de développement communautaire (ADC) et les associations de commercialisation sont les principaux partenaires pour le développement communautaire participatif. Le FIDA est aussi fortement engagé avec le secteur privé, dans le cadre de partenariats avec les banques commerciales, les exportateurs et les agro-industriels.

### **La stratégie nationale de réduction de la pauvreté rurale**

17. Dans le souci de réduire la pauvreté et de protéger les segments vulnérables de la société, le gouvernement a adopté une stratégie diversifiée de réduction de la pauvreté. L'objectif principal de cette stratégie est d'augmenter le taux de croissance du PIB, de maintenir les grands équilibres macroéconomiques et d'accroître la capacité d'absorption de main-d'œuvre de l'économie. Cette stratégie accorde la priorité à la création d'emplois, considérée comme le moyen le plus sûr de combattre la pauvreté. Le gouvernement a articulé sa stratégie de réduction de la pauvreté autour de six axes principaux: i) la croissance économique, afin d'augmenter les revenus et de développer l'emploi par des investissements dans les secteurs productifs; ii) l'augmentation de l'efficacité du secteur agricole, en particulier dans l'utilisation de la terre et de l'eau, afin d'accroître les rendements, les revenus et la sécurité alimentaire pour les pauvres; iii) le développement humain des pauvres, afin d'accroître leur potentiel, par des interventions dans les domaines de l'éducation, de la santé et des organisations locales; iv) l'amélioration du statut de la femme et l'atténuation des inégalités entre les sexes; v) la mise en place d'amortisseurs sociaux en faveur des pauvres, notamment les femmes, en cas de chocs prévus ou non, frappant les revenus ou la consommation, grâce à un ciblage plus fin; et vi) un mode participatif de gouvernance, destiné à renforcer la voix des pauvres.
18. Depuis le début des années 1990, la politique agricole de l'Égypte a subi d'importantes réformes. L'achat obligatoire de toutes les récoltes a été supprimé et les subventions aux intrants ont été progressivement éliminées. La stratégie actuellement poursuivie par le gouvernement en matière de développement agricole part du principe que le développement d'une agriculture efficiente et l'ouverture de débouchés à l'exportation porteront la production agricole à des niveaux qui permettront d'intégrer les petits paysans pauvres dans la dynamique économique globale, ce qui entraînera du même coup l'amélioration de la sécurité alimentaire, l'augmentation des revenus et la création de perspectives d'emploi agricole et extra-agricole dans le secteur rural. Les principaux objectifs de la Stratégie de développement agricole durable à l'horizon 2030, élaborée en collaboration avec le FIDA, sont les suivants: i) garantir l'exploitation durable des ressources naturelles par une plus grande efficacité de l'utilisation de l'eau en agriculture irriguée; ii) augmenter la productivité unitaire de la terre et de l'eau; iii) relever le niveau de la sécurité alimentaire pour les produits alimentaires stratégiques; iv) renforcer la compétitivité des produits agricoles; v) améliorer le climat de l'investissement agricole; et vi) stimuler la création d'emplois à l'intention des ruraux pauvres, les jeunes en particulier. Par ailleurs, la stratégie pointe la nécessité: de renforcer les associations de producteurs afin d'améliorer la production commerciale des petits exploitants; de rendre les informations sur les marchés plus facilement disponibles; d'adopter des lois et des réglementations relatives à la normalisation des produits, et de les appliquer; d'associer plus étroitement la vulgarisation agricole et la recherche; de développer le rôle du secteur privé dans la vulgarisation.

### **Harmonisation et alignement**

19. En qualité de responsable de la coopération internationale et de la gestion de la dette extérieure, le Ministère du plan et de la coopération internationale entretient des contacts réguliers avec les programmes financés par les donateurs afin de renforcer la cohérence des opérations d'aide au développement et d'en améliorer l'impact et l'efficacité. La coordination entre le FIDA et les autres donateurs se poursuivra dans le cadre du Groupe des partenaires de développement qu'ils ont mis en place en Égypte. Ce groupe assure la coordination entre différents sous-groupes spécialisés par thèmes tels que les PME, la santé, l'égalité des sexes et le développement, l'environnement et l'énergie, les ressources naturelles, l'approvisionnement alimentaire, et la réforme du secteur financier.

## **III. Enseignements tirés de l'expérience du FIDA dans le pays**

### **A. Résultats, impact et performance des opérations antérieures**

20. L'Égypte est l'un des principaux bénéficiaires de l'aide du Fonds dans la région Proche-Orient, Afrique du Nord et Europe. Onze projets ont été approuvés pour recevoir un financement du FIDA, d'un montant total de 337 millions d'USD sous forme de prêts et de 3 millions d'USD sous forme de dons. Sept de ces projets ont déjà été clôturés et trois sont encore en cours. Le plus récent, le Projet d'augmentation des revenus ruraux par l'amélioration des marchés (PRIME), approuvé en décembre 2011, devrait démarrer d'ici au troisième trimestre de 2012. L'Égypte a aussi reçu un certain nombre de dons régionaux destinés à la gestion des sols et de l'eau et, plus récemment, à l'intégration de l'égalité des sexes, au développement des réseaux de partage des savoirs et à la promotion de la microfinance au profit des ruraux pauvres.
21. Le programme du FIDA pour l'Égypte porte sur deux grands thèmes et groupes d'activités: le soutien à la colonisation des terres gagnées sur le désert en Basse Égypte (Nord) et l'aide à l'amélioration de la productivité sur les terres anciennes de la vallée du Nil et de la Haute Égypte. Les projets achevés ou en cours ont permis: i) de toucher 1,3 million de ménages, soit quelque 7 millions de ruraux pauvres; ii) de bonifier 447 000 feddans de terres (188 000 ha); iii) de créer et de renforcer 570 SUE, comptant 14 100 membres (en sus des 230 SUE qui devraient être créés par le Projet de développement de l'irrigation en exploitation sur les terres anciennes [OFIDO]); iv) d'établir et de soutenir 30 associations d'agriculteurs pour la commercialisation (AAC), regroupant 31 170 membres (en sus des 676 AAC qui devraient être créées par le Projet de développement rural en Haute-Égypte [UERDP] et le PRIME en cours d'exécution); v) de créer et de soutenir 37 ADC remplissant la fonction d'intermédiaires financiers pour la distribution de microfinancements aux utilisateurs finals (en sus des 70 ADC qui devraient être créées par le PRIME); vi) d'accorder des prêts à 100 000 bénéficiaires, d'une valeur totale de 66,4 millions d'USD; vii) de créer 33 écoles (préparatoires, primaires et secondaires) accueillant annuellement 14 560 élèves (dans le cadre du WNRDP); et viii) de réhabiliter 14 dispensaires et de fournir 126 caravanes médicales au profit de quelque 43 600 personnes (dans le cadre du WNRDP).
22. En termes d'impact, les interventions du FIDA ont eu pour résultat: i) une augmentation des revenus des petits exploitants de 43% pour les cultures d'exportation traditionnelles et de 63% pour les produits horticoles issus de l'agriculture biologique, dans le cadre d'accords contractuels de production et avec la création d'AAC. Des augmentations supplémentaires des revenus des ménages ont été réalisées grâce aux ventes directes de produits, aux soins des AAC, dans les villages, dans les gouvernorats et sur les marchés de gros urbains, respectivement de 7, 15 et 22%. De récentes informations provenant de l'étude d'impact du WNRDP indiquent que le revenu annuel moyen des ménages atteint 8 300 USD, chiffre nettement plus élevé que le salaire annuel minimal estimé à 2 200 USD ou le

seuil de pauvreté établi à 456 USD par an (sur la base de 1,25 USD/jour); ii) une hausse, pouvant aller jusqu'à 33%, des prix départ exploitation; iii) une réduction de 25% des frais d'irrigation, grâce au renforcement des capacités de gestion des comités exécutifs des SUE, à l'adoption du pompage électrique à la place du diesel, et à la promotion de systèmes modernes d'irrigation; iv) une diminution de 50% de l'utilisation d'engrais par le recours à l'irrigation au goutte-à-goutte, et de 75% lorsque les engrais organiques ou chimiques sont dissous dans l'eau d'irrigation (fertigation); v) une augmentation de 925% de l'occupation du sol consécutive à la bonification (dans le cadre du Projet de services agricoles pour les nouvelles terres de l'est du delta); et vi) une multiplication par 20 des prix fonciers, due à l'amélioration de l'infrastructure et à l'accès aux services promus par le WNRDP.

## **B. Enseignements tirés**

23. Le présent COSOP axé sur les résultats prend en compte les enseignements tirés des récentes analyses du secteur agricole en Égypte, notamment celles qui figurent dans la Stratégie de développement agricole durable à l'horizon 2030, élaborée par le gouvernement, ainsi que de l'expérience des projets en cours du FIDA et d'un certain nombre de projets pertinents financés par d'autres donateurs (Banque mondiale, Agence allemande de coopération internationale, Agence japonaise de coopération internationale [JICA], Banque africaine de développement [BAfD], Fonds arabe de développement économique et social, Banque islamique de développement, etc.). Ces enseignements sont notamment les suivants: i) en ce qui concerne l'utilisation efficiente de l'eau, le MALR a lancé, dans le cadre de la Stratégie de développement agricole durable à l'horizon 2030 du gouvernement, un programme national exhaustif d'amélioration de l'irrigation au niveau de l'exploitation, dont l'objectif général est d'assurer une utilisation optimale de l'eau sur 5 millions de feddans dans les terres anciennes. L'OFIDO, soutenu par le FIDA, est le premier qui est entrepris dans le cadre de ce programme. Ce programme fait ressortir le grand potentiel des SUE en matière de coordination de la gestion locale de l'eau visant à accroître l'efficacité de la fourniture de services; ii) l'importance capitale du secteur rural extra-agricole pour la création d'emplois et la réduction de la pauvreté dans les zones rurales; iii) une plus grande concentration sur les interventions de commercialisation et la mise en relation des agriculteurs avec les marchés, en particulier dans le cadre d'une agriculture contractuelle; iv) le nécessaire renforcement des capacités des groupements de producteurs afin de leur permettre de réaliser des économies d'échelle et d'accroître leur pouvoir de négociation; v) l'importance de la fourniture de services financiers d'un bout à l'autre des filières – producteurs, intermédiaires commerciaux, PME; et vi) l'importance de la complémentarité entre la gestion durable des ressources naturelles (principalement l'utilisation efficiente de l'eau au niveau de l'exploitation et l'amélioration des sols) et le renforcement de la compétitivité agricole et de l'accès aux marchés.

## **IV. Cadre stratégique du FIDA pour le pays**

### **A. Avantage comparatif du FIDA**

24. En termes de volume, l'aide financière apportée par le FIDA à l'Égypte est faible par rapport à celle des autres donateurs. Mais elle est ciblée de manière très stratégique. L'avantage comparatif du FIDA tient à ce qu'il continue de travailler en collaboration étroite avec les petits exploitants et leurs organisations, les petits entrepreneurs ruraux et les femmes en zone rurale. C'est là un facteur très important dans un contexte politique et socioéconomique post-révolutionnaire, caractérisé par la forte voix des pauvres.

### **B. Objectifs stratégiques**

25. L'objectif global de développement du COSOP axé sur les résultats est de contribuer à la réduction de la pauvreté rurale et au renforcement de la sécurité alimentaire du pays. Conformément aux objectifs de réduction de la pauvreté du gouvernement

et du Cadre stratégique du FIDA 2011-2015, et compte tenu des aspirations post-révolutionnaires de la population rurale pauvre, le présent COSOP axé sur les résultats visera à : contribuer à réduire la pauvreté d'une façon propre à garantir une utilisation plus durable des ressources naturelles; maîtriser le risque présenté par le changement climatique en adoptant une stratégie d'adaptation au climat; et exploiter les possibilités offertes par la participation croissante du secteur privé à l'agriculture. La façon dont le FIDA poursuivra cet objectif est bien alignée sur le Plan d'action pour la réduction de la pauvreté, la Stratégie de développement agricole durable à l'horizon 2030, et la Stratégie de gestion des ressources en eau (2009-2017) du gouvernement. Le COSOP axé sur les résultats comportera trois objectifs stratégiques. L'égalité des sexes et la durabilité environnementale seront des thèmes transversaux couvrant l'ensemble du programme de pays.

26. **Objectif stratégique 1:** renforcement des compétences techniques et de la capacité organisationnelle des ruraux pauvres des deux sexes pour les mettre en mesure de tirer parti des opportunités économiques agricoles et extra-agricoles. Les projets financés par le FIDA organiseront les ménages ruraux en fonction d'intérêts mutuels dans le cadre d'AAC, de SUE et d'ADC. Ces organisations pourraient mener des activités telles que les suivantes: i) planification, exploitation et entretien de l'infrastructure et des entreprises communautaires à caractère socioéconomique; ii) mise en relation des petits producteurs avec les marchés, et accroissement de leur pouvoir de négociation sur les marchés et auprès des autorités; et iii) réduction des coûts de transaction pour l'accès à un éventail de services. Une attention accrue sera accordée au renforcement de la capacité des jeunes chômeurs et des ruraux pauvres sans terres à créer de petites entreprises et à profiter des possibilités d'emploi dans les zones rurales. À cette fin, il sera principalement recouru à la mise en place d'une formation professionnelle et de services financiers.
27. **Objectif stratégique 2:** renforcement de l'utilisation durable des ressources naturelles, spécialement la terre et l'eau, au profit des pauvres. Les projets du FIDA permettront aux populations rurales pauvres d'exploiter leurs ressources en terre et en eau de façon plus efficiente et plus durable grâce à des investissements dans l'amélioration des pratiques agricoles et des systèmes d'irrigation. Les moyens retenus pour y parvenir sont les suivants: i) des systèmes améliorés d'irrigation au niveau de l'exploitation pour une utilisation plus rationnelle de l'eau d'irrigation; ii) des pratiques renforcées de gestion de l'eau pour une distribution plus équitable des ressources en eau; iii) une participation accrue et plus effective des usagers et des parties prenantes à la gestion de l'eau pour garantir l'irrigation durable des cultures; et iv) l'amélioration des sols.
28. **Objectif stratégique 3:** accès accru des exploitants ruraux pauvres à des services de meilleure qualité en matière de technologie, de finance et de commercialisation. Les structures de vulgarisation actuelles du MALR et le système de conseil du MIWR, par leurs méthodes traditionnelles, n'ont guère réussi à changer la façon dont les petits exploitants utilisent l'eau pour produire et satisfaire la demande du marché. Une utilisation plus efficiente de l'eau passe par l'élaboration d'une méthodologie adaptée qui permette aux agriculteurs eux-mêmes d'identifier des pratiques viables différenciées (innovations) en réponse aux nouvelles conditions et aux nouveaux besoins. Il est nécessaire de promouvoir une formation et une assistance technique agricole adaptées à la demande, tant au niveau individuel que par l'intermédiaire des associations d'agriculteurs. Cette approche participative de la recherche et de la vulgarisation exige un gros effort de renforcement des capacités des services de recherche, de vulgarisation et d'irrigation par le biais, en grande partie, de la formation et de l'assistance technique. Il est aussi nécessaire d'établir un partenariat avec les exportateurs et les agro-industriels du secteur privé pour la transmission de leurs savoirs aux petits exploitants. Le manque d'installations de transformation et de commercialisation après la récolte entraîne



d'importantes pertes dans le secteur. L'accès aux marchés peut contribuer à réduire ces pertes principalement dans le cadre d'une agriculture contractuelle. L'accès limité au financement demeure un obstacle au développement des économies rurales. Les projets du FIDA offriront des services financiers aux filières, et par leur intermédiaire, pour augmenter les revenus et les perspectives d'emploi des petits exploitants et microentrepreneurs pauvres en zone rurale. Les projets futurs étudieront aussi la possibilité de renforcer l'accès à la finance rurale par l'intermédiaire du Mécanisme de financement du FIDA pour l'envoi de fonds à l'initiative d'appui aux investissements de la diaspora en faveur de l'agriculture.

### **C. Perspectives d'innovation**

29. En ce qui concerne l'objectif stratégique 1, plusieurs projets expérimentent différentes approches visant à organiser les petits exploitants autour de ressources essentielles telles que les produits agricoles à haute valeur marchande, les ressources en eau et les services financiers. Par exemple: i) le WNRDP a promu l'établissement d'AAC, qui a permis, pour la première fois, aux petits exploitants d'être une option intéressante aux yeux des grands exportateurs et agro-industriels. Par l'intermédiaire de leurs associations de commercialisation, les petits exploitants ont signé ainsi des contrats avec des sociétés du secteur privé exportatrices de produits agricoles en Europe et au Moyen-Orient. Quelques éléments réussis du Projet de renforcement des moyens de subsistance des petits exploitants par des activités horticoles durables (projet EL SHAMS), financé par l'USAID, ont été intégrés dans la reproduction de cette expérience, dont l'application se poursuit dans le cadre des projets UERDP et OFIDO, soutenus par le FIDA et en cours d'exécution. Au cours de la période du COSOP axé sur les résultats, les arrangements contractuels novateurs établis dans le cadre de ces projets seront perfectionnés et transposés à plus grande échelle dans les nouveaux projets du FIDA tels que le PRIME pour les produits à haute valeur marchande (produits horticoles, plantes médicinales, épices et produits laitiers); et ii) le gouvernement expérimente, avec le soutien des donateurs, dont le FIDA, divers arrangements pour la gestion des ressources en eau. En vertu de la loi n° 213, la création de SUE par les agriculteurs bénéficiaires est une condition préalable au soutien de l'État pour les améliorations "Mesqa". L'État recouvre intégralement le coût en capital de ces améliorations sur une durée de 20 ans, sans percevoir d'intérêts. De nombreux projets de donateurs, notamment ceux qui sont soutenus par le FIDA, ont investi dans la création de SUE (par exemple les projets WNRDP et OFIDO, en cours d'exécution). L'expérience de ces projets, et de ceux d'autres donateurs, sera mise à profit pour transposer à plus grande échelle la création de SUE, avec les adaptations éventuellement requises.
30. S'agissant de l'objectif stratégique 2, des efforts spéciaux seront entrepris pour adopter une stratégie adaptée au changement climatique et fournir aux petits exploitants des technologies novatrices qui les aideront à utiliser la terre et l'eau de façon plus efficiente et plus durable. Créé en 2007, le Fonds pour la réalisation des OMD, soutenu par le Gouvernement espagnol, a pour mission d'aider l'Égypte à relever les défis présentés par le changement climatique. Le FIDA participe au programme correspondant, aux côtés des autres membres de l'équipe de pays des Nations Unies<sup>15</sup>. L'initiative espagnole vise à aider, entre autres, les programmes nationaux de recherche du Centre de recherche agricole et du Centre de recherche sur la désertification, sur l'adaptation du secteur agricole à d'éventuelles pénuries d'eau et sur l'impact de la hausse des températures sur les espèces cultivées. Le FIDA s'appliquera à aider le MALR et ses centres de recherche à améliorer la gestion de l'eau et à fournir des espèces cultivées résistantes à la sécheresse et

<sup>15</sup> Organisation des Nations Unies pour l'éducation, la science et la culture (UNESCO), Organisation des Nations Unies pour le développement industriel (ONUDI), Programme des Nations Unies pour l'environnement (PNUE), Organisation des Nations Unies pour l'alimentation et l'agriculture (FAO), Programme alimentaire mondial (PAM) et Programme des Nations Unies pour le développement (PNUD).

tolérantes à la chaleur pour faire face à la hausse des températures attendue en conséquence du changement climatique. Les résultats et les enseignements tirés de ces projets de démonstration alimenteront l'élaboration des politiques, et les idées novatrices seront transposées à plus grande échelle et intégrées dans les préconisations de la vulgarisation à l'intention des agriculteurs. Le FIDA étudiera aussi la possibilité de la participation du Fonds pour l'environnement mondial à l'utilisation des ressources provenant des prêts et des dons.

31. Pour ce qui est de l'objectif stratégique 3, le COSOP axé sur les résultats recherchera des moyens innovants pour mettre en relation les petits exploitants avec les technologies, les marchés et les services financiers. Au cours de la période du COSOP axé sur les résultats, le FIDA a l'intention d'encourager des relations plus étroites entre le secteur privé et le groupe cible du Fonds grâce à des arrangements novateurs propres à renforcer l'accès des petits exploitants aux marchés tant des intrants que des produits agricoles. En ce qui concerne la fourniture de services techniques, le FIDA compte mobiliser les capacités techniques du Centre de recherche agricole et du Fonds pour la recherche et le développement agricoles, et évaluer les modalités de partenariat avec le secteur privé pour fournir des services de vulgarisation adaptés aux pauvres dans les domaines de l'agriculture et de l'élevage. Le COSOP axé sur les résultats expérimentera le financement des filières agricoles et des arrangements communautaires pour la fourniture de services financiers par les organismes locaux d'intermédiation financière. Le FIDA entend aussi mobiliser le capital commercial pour transposer à plus grande échelle l'investissement dans l'agriculture et le secteur rural. Plusieurs expériences novatrices seront lancées dans le cadre du PRIME pour déterminer la façon de rendre les services financiers plus facilement accessibles aux populations rurales pauvres. Les initiatives réussies seront reproduites à plus grande échelle lors des phases ultérieures du PRIME.

#### **D. Stratégie de ciblage**

32. L'incidence de la pauvreté rurale est la plus forte, selon les estimations, en Haute Égypte et en Moyenne Égypte. En outre, plusieurs zones de la Basse Égypte peuvent aussi être classées dans la catégorie des régions très pauvres. Par conséquent, les interventions futures du FIDA se concentreront sur la Haute Égypte et la Moyenne Égypte et sur les gouvernorats les plus pauvres de la Basse Égypte. La méthode de ciblage proposée s'appliquera à trois niveaux: i) niveau du gouvernorat: Le FIDA axera ses interventions sur les gouvernorats à forte concentration de pauvreté rurale et, au sein de ces gouvernorats, sur les zones où la concentration de ménages pauvres est la plus élevée; ii) niveau du ménage: dans les gouvernorats retenus, le ciblage sera axé sur les petits exploitants, les petits entrepreneurs ruraux et les jeunes sans terres. Les femmes seront spécialement ciblées au sein de chaque catégorie; iii) niveau thématique: le FIDA se concentrera sur les domaines thématiques présentant un intérêt particulier pour les pauvres. Il s'agira des domaines suivants: a) développement organisationnel; b) infrastructure d'irrigation au niveau de l'exploitation; c) services financiers; et d) mise en relation avec les marchés.

#### **E. Articulation au niveau des politiques**

33. Les possibilités de concertation du FIDA avec le gouvernement sont assez limitées, car il ne fournit ni soutien budgétaire ni prêts pour l'élaboration de politiques associés à un programme politique. Quelques instances offrent toutefois des possibilités de dialogue avec le gouvernement sur la meilleure façon de mettre en place le cadre politique et juridique dans lequel il sera possible de réaliser les objectifs stratégiques du Fonds. Ces possibilités sont notamment les suivantes: i) les consultations annuelles sur le système d'allocation fondé sur la performance (SAFP); ii) la participation avec les autres donateurs au Groupe des partenaires de développement et aux sous-groupes thématiques; et iii) grâce à la présence du FIDA dans le pays, la participation accrue aux réunions et consultations régulières

avec le gouvernement et les autres donateurs sur les questions de politique générale.

34. Le COSOP axé sur les résultats a identifié, en matière de concertation sur les politiques, deux questions relatives à la microfinance et une autre concernant la gestion des ressources hydriques. En ce qui concerne la première, plusieurs études confirment que le secteur de la microfinance reste sous-développé par rapport au vaste potentiel du marché. La loi de régulation des marchés et instruments financiers non bancaires (loi n° 10) a été approuvée par le Parlement et publiée dans la *Gazette officielle d'Égypte* en mars 2009. Si cette loi représente un pas dans la bonne direction, elle ne supprime pas les obstacles que rencontre encore la microfinance: i) plafonnement des taux d'intérêt à 7% pour tous les prêts des ONG et des sociétés de microfinance (SMF) (bien qu'en réalité ce plafond ne soit pas appliqué). Une décision juridique est nécessaire pour exonérer du plafond des taux d'intérêt les activités microfinancières tant des ONG que des SMF; et ii) incapacité juridique des SMF d'agir pour le compte des banques ou de la banque postale nationale, ce qui les empêche de diversifier leur gamme de produits pour répondre à la demande de la clientèle. Les SMF devraient être habilitées à agir pour le compte de ces institutions financières dûment réglementées – en offrant des services d'épargne ou d'envoi de fonds – avec l'autorisation préalable de l'autorité compétente. Le FIDA ne peut pas entreprendre cette concertation tout seul. Il est indispensable qu'il agisse de concert avec les principaux acteurs intéressés, à savoir l'USAID, la Banque mondiale, la BAfD, le Programme des Nations Unies pour le développement (PNUD), l'Agence française de développement (AFD), etc. En ce qui concerne l'approvisionnement en eau, la loi sur les SUE de canaux primaires a été adoptée par le précédent Parlement. Il faut maintenant qu'elle soit appliquée. Le FIDA joindra ses forces à celles de la Banque mondiale, autre grand donateur dans le secteur de l'eau, pour faire en sorte qu'elle le soit.

## **V. Gestion du programme**

### **A. Gestion du COSOP**

35. La responsabilité principale de la gestion du COSOP axé sur les résultats sera confiée à l'équipe de gestion du programme de pays, qui se compose de membres du personnel affectés au siège du FIDA, à Rome, et en Égypte. Les membres de l'équipe basés au siège du FIDA se rendront dans le pays au moins trois fois par an pour examiner l'état d'avancement de l'exécution, organiser des séminaires d'échange de connaissances sur des thèmes spécifiques (par exemple les organisations d'agriculteurs, la commercialisation, la finance rurale, l'égalité entre les sexes, le changement climatique, etc.) et recenser les problèmes concernant l'innovation, la concertation sur les politiques et les perspectives de partenariat. Le fonctionnaire chargé de la présence du FIDA en Égypte sera censé jouer un rôle essentiel dans la coordination avec le gouvernement et les donateurs, de manière à recenser les possibilités mobilisation des investissements du FIDA pour renforcer son impact stratégique dans le pays. La gestion et le suivi du COSOP axé sur les résultats comprendront des ateliers annuels de contrôle, un examen à mi-parcours pour en évaluer les résultats, et un rapport d'achèvement pour en tirer les principaux enseignements. Le cadre de gestion des résultats du COSOP axé sur les résultats sera minutieusement appliqué à l'occasion de ces évaluations.

### **B. Gestion du programme de pays**

36. Le chargé de programme de pays (CPP) jouera un rôle de première importance en assurant que les directives édictées dans le COSOP axé sur les résultats sont respectées et que les occasions qui se présentent durant la période couverte par le COSOP axé sur les résultats sont mises à profit pour adapter les projets en cours et en formuler de nouveaux. Le CPP a la responsabilité première de veiller à ce que les équipes chargées de concevoir de nouveaux projets poursuivent systématiquement les objectifs stratégiques énoncés dans le COSOP axé sur les résultats.

37. **Supervision.** Tous les projets financés par le FIDA qui sont en cours d'exécution en Égypte sont supervisés directement par lui. Ce sera aussi le cas de tous les nouveaux projets. La supervision portera sur l'appui à l'exécution et la solution des problèmes de manière à obtenir les résultats et l'impact souhaités.
38. **Notation des projets à risque.** Il n'y a aucun projet à risque en Égypte, où tous les projets figurant dans le portefeuille se déroulent de façon satisfaisante. Cependant, certains projets ont été lents à démarrer, par exemple l'UERDP et l'OFIDO.

### C. Partenariats

39. Le COSOP axé sur les résultats sera mis en œuvre dans le cadre de partenariats diversifiés, réunissant des institutions gouvernementales, des organismes semi-publics autonomes, le secteur privé et les donateurs. Les principaux partenaires du FIDA au sein du système gouvernemental seront le Ministère du plan et de la coopération internationale et le MALR. Dans certains domaines clés, toutefois, la collaboration avec le MIWR sera indispensable pour garantir la réussite des investissements du FIDA. C'est le cas de l'OFIDO, récemment lancé. La coordination avec ce ministère est considérée comme un aspect essentiel de l'approche de partenariat adoptée par le FIDA dans la gestion des ressources en eau.
40. En ce qui concerne le partenariat avec les organismes semi-publics autonomes, le Fonds social de développement apparaît de plus en plus comme un partenaire clé dans la finance rurale et le développement des PME. Le FIDA souhaiterait toutefois que, dans l'avenir, le Fonds social de développement devienne une agence spécialisée dans la prestation de services techniques et financiers aux institutions non bancaires de microfinancement. Au cours du présent COSOP axé sur les résultats, le FIDA accordera des fonds au Fonds social de développement pour financer des activités spécialisées faisant appel à divers intermédiaires financiers desservant les populations rurales pauvres. Afin d'assurer un flux accru de ressources au profit du secteur agricole, le FIDA nouera aussi un partenariat avec le Fonds pour la recherche et le développement agricoles, autre organisme semi-autonome de plus en plus actif dans le domaine de la finance rurale. Le Fonds social de développement et le Fonds pour la recherche et le développement agricoles seront les principaux vecteurs pour fournir un financement adapté aux PME, en utilisant les banques commerciales comme intermédiaires financiers.
41. Les partenariats avec des entités du secteur privé engagées dans l'agro-industrie ou l'exportation de produits agricoles seront un élément important de la stratégie du FIDA. Par ses projets, le FIDA créera des opportunités, de manière à encourager la collaboration entre le secteur privé et les petits exploitants et entrepreneurs ruraux pauvres. Les principaux partenaires du secteur privé seront les exportateurs, les agro-industriels et les banques commerciales. Le dossier clé 2 présente l'analyse des forces, faiblesses, opportunités et menaces (analyse SWOT) pour certaines des institutions clés et recense les domaines dans lesquels peuvent exister des complémentarités avec le FIDA.
42. **Coordination avec les donateurs.** L'identification des possibilités de partenariat avec les donateurs sera un aspect primordial du COSOP axé sur les résultats. Ces possibilités permettront non seulement de mobiliser des ressources, mais aussi de créer des synergies et d'harmoniser, dans la mesure du possible, le programme de pays du FIDA avec les donateurs. Les États-Unis et l'Union européenne sont les principaux fournisseurs d'aide au développement de l'Égypte, les autres donateurs importants étant la BAfD, la Banque mondiale, l'AJCI, l'AFD, la Banque islamique de développement, le Fonds arabe de développement économique et social et le Fonds de l'OPEP pour le développement international. Les projets du FIDA mettront à profit les recherches entreprises par l'AJCI dans le secteur horticole, s'inspireront de l'expérience acquise par tous les grands donateurs dans le secteur de l'irrigation

(par exemple la Banque mondiale et l'Agence allemande de coopération internationale) et offriront des possibilités d'emploi aux diplômés des écoles techniques agricoles financées par l'USAID. Durant le COSOP axé sur les résultats, le FIDA partagera avec la Banque mondiale et la BAfD les enseignements tirés de l'expérience du recours au Fonds social de développement. De même, il réfléchira au moyen de forger un partenariat plus étroit avec l'AFD, qui s'est déclarée disposée à financer le secteur des PME en Égypte. Le FIDA étudiera le moyen de mettre à profit la disponibilité de fonds issus de la conversion de la dette envers l'Italie dans le cadre de l'Initiative de commerce vert du Gouvernement italien. Il tentera aussi de tirer parti des perspectives de partenariat avec l'Organisation des Nations Unies pour le développement industriel (ONUUDI) (pour le développement des PME), le PNUD (pour la promotion de la microfinance), ainsi que le Programme alimentaire mondial (PAM) et l'Organisation des Nations Unies pour l'alimentation et l'agriculture (FAO) (pour le renforcement des capacités de recherche et d'exécution de ses partenaires).

#### **D. Gestion des savoirs et communication**

43. La gestion et la communication des savoirs devraient être un processus continu au cours du COSOP axé sur les résultats. Les principales sources génératrices de connaissances devraient se situer aux quatre niveaux suivants: au niveau des projets, le FIDA encouragera les agriculteurs à tirer des enseignements de leur participation aux activités des projets et promouvra les visites d'échange et les ateliers sur des thèmes spécifiques de manière à examiner et documenter les meilleures pratiques. Le fonctionnaire chargé de la présence du FIDA en Égypte au Caire organisera chaque année des ateliers nationaux sur l'exécution des projets pour permettre au personnel de ceux-ci et aux autres partenaires d'exécution de communiquer les enseignements tirés des divers projets et de les partager. Au niveau national, le FIDA travaillera en liaison étroite avec le Centre de recherche agricole afin d'identifier des sujets de recherche et d'étude dans les principaux domaines d'intérêt pour les petits exploitants. Au niveau des donateurs, le FIDA espère partager son expérience au sein du GPD et apprendre à la faveur de l'expérience des autres. Au niveau régional, la communication de rapports et la diffusion des connaissances seront soutenues par le Réseau régional d'accès aux connaissances dans les zones rurales interconnectées (KariaNet), soutenu par le FIDA et basé au Caire, pour l'apprentissage et le partage de l'expérience des projets du FIDA dans la région Proche-Orient, Afrique du Nord et Europe.

#### **E. Cadre de financement SAFP**

44. Le présent COSOP axé sur les résultats porte sur la période 2012-2015. Une allocation de 85 millions d'USD a été attribuée à l'Égypte pour le cycle 2010-2012 du SAFP. Sur cette allocation, 71 millions d'USD ont été utilisés pour cofinancer le PRIME. À la demande du gouvernement, les 14 millions d'USD restants seront destinés à l'OFIDO en cours, ce qui permettra d'ajouter deux gouvernorats aux cinq actuels. L'Égypte devrait recevoir une allocation de 80 millions d'USD pour le cycle 2013-2015. D'autre part, elle se verra appliquer des conditions ordinaires en 2012. Cependant, à l'issue des récents soulèvements, le gouvernement a exprimé son vif intérêt pour une aide destinée à alléger sa dette, sous la forme de l'application de conditions de prêt particulièrement favorables.
45. Dans le cadre de la Stratégie de développement agricole durable à l'horizon 2030, du gouvernement, le MALR entreprend un programme national exhaustif d'amélioration de l'irrigation au niveau de l'exploitation, dont l'objectif général est d'optimiser l'utilisation de l'eau sur cinq millions de feddans de terres anciennes afin de fournir une quantité considérable d'eau pour répondre aux besoins futurs du pays, qui augmentent à un rythme rapide. L'OFIDO est le premier projet de ce programme qui pilotera les modalités de mise en œuvre des améliorations de l'irrigation au niveau de l'exploitation. À long terme, le gouvernement envisage en outre de mettre tous les petits exploitants en relation avec le marché. Le

gouvernement considère le PRIME du FIDA, récemment approuvé, comme le premier projet de commercialisation de ce programme à long terme. Ainsi, les deux projets de la réserve dont le financement est proposé dans le COSOP axé sur les résultats visent la transposition à plus grande échelle de l'investissement dans l'irrigation au niveau de l'exploitation et la mise en relation des investissements avec le marché, dans le cadre de projets qui relayeront, respectivement, l'OFIDO et le PRIME.

Tableau 1  
**Calcul de l'allocation SAFP pour la première année du COSOP**

<i>Indicateurs</i>		<i>COSOP année 1</i>
<b>Notes évaluant le secteur rural</b>		
A i)	Dispositif politique et juridique encadrant les organisations rurales	4,50
A ii)	Dialogue entre le gouvernement et les organisations rurales	4,50
B i)	Accès à la terre	5,00
B ii)	Accès à l'eau à usage agricole	4,75
B iii)	Accès aux services de recherche et de vulgarisation agricoles	4,17
C i)	Conditions propices au développement des services financiers ruraux	4,88
C ii)	Climat des investissements pour les entreprises rurales	5,00
C iii)	Accès aux marchés des intrants et des produits agricoles	5,00
D i)	Accès à l'éducation dans les zones rurales	4,25
D ii)	Représentation	4,50
E i)	Affectation et gestion des fonds publics en faveur du développement rural	4,63
E ii)	Obligation redditionnelle, transparence et corruption dans les zones rurales	3,88

Tableau 2  
**Relations entre les indicateurs de performance et la note du pays**

<i>Scénario de financement</i>	<i>Note PAR (+/- 1)</i>	<i>Note de performance du secteur rural (+/- 0,3)</i>	<i>Variation en pourcentage du score SAFP du pays par rapport au scénario de base</i>
Hypothèse basse	1	3,89	-25
Hypothèse de base	0	4,19	0
Hypothèse haute	0	4,49	+29

## F. Risques et gestion des risques

46. La réalisation des objectifs stratégiques du COSOP axé sur les résultats est soumise à plusieurs risques. Le climat politique incertain après la révolution du 25 janvier en est un. Le gouvernement actuel s'est cependant montré fortement engagé envers les stratégies établies et il a entériné les recommandations du COSOP. Le Parlement élu démocratiquement contribuera à la stabilisation de la situation économique et sécuritaire générale. En outre, l'environnement favorable aux pauvres instauré après la révolution est propice à un renforcement du rôle de la société civile et à une bonne gouvernance.
47. Le principal risque associé à la réalisation du premier objectif stratégique est la réticence des petits exploitants à travailler ensemble en raison de leur mentalité individualiste. Ce risque peut être atténué par la mise en place de mesures claires d'incitation à la participation et par la création d'organisations adaptées aux besoins et aux exigences des petits exploitants. En ce qui concerne le deuxième objectif stratégique, le risque principal pour l'utilisation efficiente et durable de la terre et de l'eau tient à ce que les signaux des prix pourraient encourager les agriculteurs à entreprendre des cultures exigeantes en eau, telles que le riz. Ce risque sera atténué par l'adoption de cultures à haute valeur marchande offrant une alternative valable. Le manque de capitaux pourrait limiter l'adoption de technologies permettant une utilisation plus efficiente de la terre et de l'eau, telles que

l'amélioration de l'irrigation au niveau de l'exploitation, le nivellement au laser, le recours à des intrants améliorés, etc. Ce risque sera atténué par l'offre de services financiers, élément clé de la présente stratégie. Le principal risque qui pèse sur le troisième objectif stratégique provient du fait qu'il est plus intéressant pour le secteur privé de négocier avec les grandes exploitations. Ce risque sera atténué par l'organisation des agriculteurs, qui recevront une formation et une aide pour obtenir la certification "bonnes pratiques agricoles" (GAP). Le principal risque associé à l'accès aux services financiers tient à ce que l'agriculture est perçue comme un secteur à haut risque, où les coûts de transaction liés à la prestation de services aux petits exploitants sont élevés. Ce risque sera maîtrisé par le renforcement des capacités des intermédiaires financiers et de leurs clients (groupes cibles) et par la promotion du financement des filières agricoles.

## **COSOP consultation process**

1. **Initiation of the RB-COSOP Approval and Formulation Process.** The RB-COSOP formulation process for Egypt was initiated in January 2011 when a mission visited Cairo and met key stakeholders in the country. The process was further elaborated in August 2011 when a second mission visited the country to meet with Government representatives, donors and potential implementing partners.
2. To build government ownership for the process and make them a key partner in the preparation of the new RB-COSOP, meetings were held with the Ministry of Planning and International Cooperation, Ministry of Agriculture and Land Reclamation, Ministry of Water Resources and Irrigation, the Social Fund for Development, ARDF and PBDAC. Meetings were also held with all main donors such as the World Bank, the African Development Bank, USAID, European Commission, JICA, Italian Cooperation, AFD, KFW, and UN partners such as UNDP, UNDO, FAO and WFP, etc. Meetings were also held with selected Farmers Unions and private sector actors, such as Makro-Egypt, Galina Agrofreeze Company and Agrofood Company. These consultations with public, private, and community-based stakeholders and donors helped to identify government priorities, assess the strategic direction and projects of other donors and synchronize the IFAD programme to capitalize on the available opportunities.
3. **Preparation and Finalization of Draft RB-COSOP.** A draft RB-COSOP was prepared in August 2011 and submitted for review by the Government of Egypt and members of the CPMT.
4. **In-house Reviews and Approval.** The Draft RB-COSOP was submitted for review within IFAD to a divisional review, PMDT review between August – October 2011, QE review in December 2011, and to OSC review 9 February 2012.
5. **Endorsement of the RB-COSOP by Government.** The Government endorsed all main findings and recommendation during the final meetings in August 2011, and subsequently during in-country meetings with stakeholders in February 2012.
6. **Board Discussion.** The RB-COSOP will be submitted to the Executive Board for discussion in September 2012.



## Country economic background

Land area (km <sup>2</sup> thousand) 2009 1/	995	GNI per capita (USD) 2010 1/	2 440
Total population (million) 2009 1/	83.00	GDP per capita growth (annual %) 2009 1/	4
Population density (people per km <sup>2</sup> ) 2009 1/	83	Inflation, consumer prices (annual %) 2009 1/	12
Local currency Egyptian Pound (EGP)		Exchange rate: USD 1 = EGP	5.70

### Social Indicators

Population growth (annual %) 2009 1/	2
Crude birth rate (per thousand people) 2009 1/	24
Crude death rate (per thousand people) 2009 1/	6
Infant mortality rate (per thousand live births) 2009 1/	18
Life expectancy at birth (years) 2009 1/	70

Total labour force (million) 2009 1/	27.42
Female labour force as % of total 2009 1/	23

### Education

School enrolment, primary (% gross) 2009 1/	112
Adult illiteracy rate (% age 15 and above) 2009 1/	n/a

### Nutrition

Daily calorie supply per capita	n/a
Malnutrition prevalence, height for age (% of children under 5) 2008 1/	31
Malnutrition prevalence, weight for age (% of children under 5) 2008 1/	7

### Health

Health expenditure, total (as % of GDP) 2009 1/	5.0
Physicians (per thousand people) 2008 1/	n/a
Population using improved water sources (%) 2008 1/	99
Population using adequate sanitation facilities (%) 2008 1/	94

### Agriculture and Food

Food imports (% of merchandise imports) 2008 1/	17
Fertilizer consumption (kilograms per ha of arable land) 2008 1/	724
Food production index (1999-01=100) 2009 1/	139
Cereal yield (kg per ha) 2009 1/	7 635

### Land Use

Arable land as % of land area 2008 1/	3
Forest area as % of total land area 2006 1/	n/a
Agricultural irrigated land as % of total agric. land 2008 1/	n/a

### Economic Indicators

GDP (USD million) 2009 1/	188 413
GDP growth (annual %) 1/	
2000	5.4
2009	4.6

### Sectoral distribution of GDP 2009 1/

% agriculture	14
% industry	37
% manufacturing	16
% services	49

### Consumption 2009 1/

General government final consumption expenditure (as % of GDP)	11
Household final consumption expenditure, etc. (as % of GDP)	76
Gross domestic savings (as % of GDP)	13

### Balance of Payments (USD million)

Merchandise exports 2009 1/	23 062
Merchandise imports 2009 1/	44 946
Balance of merchandise trade	-21 884
Current account balances (USD million)	
before official transfers 2009 1/	-11 655
after official transfers 2009 1/	-3 349
Foreign direct investment, net 2009 1/	6 140

### Government Finance

Cash surplus/deficit (as % of GDP) 2009 1/	-7
Total expense (% of GDP) a/ 2009 1/	30
Present value of external debt (as % of GNI) 2009 1/	16
Total debt service (% of GNI) 2009 1/	2
Lending interest rate (%) 2009 1/	12
Deposit interest rate (%) 2009 1/	13

a/ Indicator replaces "Total expenditure" used previously.

1/ World Bank, *World Development Indicators* database CD ROM 2010-2012

## COSOP results management framework

Country Strategy Alignment	Key Results for RB-COSOP			RB-COSOP Institutional, Policy Objectives (See Indicators in Table 1)
<b>Poverty Reduction Action Plan: Sustainable Agriculture Development Strategy Towards 2030: Strategy for Water Resources 2009-2017.</b>	<b>Strategic Objectives (See indicators in Table 1)</b>	<b>Outcome that RB-COSOP is expected to influence.</b>	<b>Milestone indicators showing progress towards SO*</b>	
<p>The creation of employment opportunities as the surest way to combat poverty.</p> <p>Promoting and supporting small farmer's associations, particularly in the field of agriculture marketing.</p> <p>Promote water users associations and enhance cost recovery mechanisms.</p> <p>Participatory governance for enhancing the voice of the poor.</p> <p>Women's advancement, closing of gender gaps and greater involvement of rural women in the development process.</p>	<p><b>SO1: The technical skills and organizational capacity of the poor rural men and women to take advantage of rural on-farm and off-farm economic opportunities are strengthened</b></p>	<p>1.1 About 70% of the individuals provided training and skills are able to enhance their employment and incomes. Of these at least 30% are women.</p> <p>1.2 About 70% of the WUOs established collect membership fees, maintain common irrigation infrastructure and follow improved irrigation practices.</p> <p>1.3: About 70% of small farmers engage into contractual farming with exporters and processors.</p>	<p>At least 500 farmer organizations, farmer market associations, water user organizations and community development associations organized around mutual interests. Of these 35% are expected to be formed by the mid-RB-COSOP period and 70% by the end of the RB-COSOP period. At least 30% of the members in these organizations will be women.</p>	<ul style="list-style-type: none"> <li>- Existing legal and regulatory framework in enforced in project area.</li> <li>- Law reformed through advocacy to change the policies which places the smallholder farmer at a disadvantage such as (i) the one restricting eligibility for export of agricultural produce only from farms larger than 50 feddans and (ii) the law 122/1982 to regulate the establishment of special purpose associations in light of market economy requirements.</li> </ul>
<p>Promoting agriculture growth through the efficient and environmentally sustainable management of land and water;</p> <p>Achieve a gradual improvement in efficiency of irrigation systems to reach 80% in an area of 8 million feddans by 2030. Reclaiming additional new areas estimated at 1.25 million feddans by 2017 and 3.1 million by 2030. Increasing cropping area to 23 million feddan by 2030 with an estimated crop efficiency rate of</p>	<p><b>SO2: Pro-poor sustainable use of the natural resources, especially land and water is enhanced</b></p>	<p>2.1 About 75% of the target farmers are able to change agricultural practices and cropping patterns for more efficient use of land and water resources.</p>	<p>At least 35% of target households adopt new crop technologies and modern irrigation systems by mid-term and 70% by RB-COSOP end;</p> <p>At least 20% of the target households trained in Global Gap practices and 10% certified and registered by RB-COSOP end.</p>	<ul style="list-style-type: none"> <li>- Approval through advocacy of the supplementary Law 12 of 1994 which provides the legal base for formation of WUOs at the branch canal level.</li> <li>- In-country capacity to assess and adapt to climate change impacts on land, water and other natural resources is strengthened.</li> </ul>

Country Strategy Alignment	Key Results for RB-COSOP			RB-COSOP Institutional, Policy Objectives
200%.				
<p>The Government strategies view farmer's access to new technologies, markets and access to rural finance as key to enhancing their productivity, food security, incomes and employment.</p> <p>Focus on the economically active poor and those excluded or underserved by the formal financial sector.</p>	<p><b>SO3: The access of poor rural farmers to better quality services, such as technology, finance and markets, is improved</b></p>	<p>3.1 About 30% of the target households report an increase in their yields from farming as a result of enhanced production skills.</p> <p>3.3 Increase in the volume of output sold by 50% of the small farmers due to the increase in contractual arrangement with processors and exporters.</p> <p>3.2 Enhanced flow of financial services to and through the value chains for at least 50% of the target households.</p> <p>3.4 Improved profitability through greater access to financial services for at least 80% of the target SMEs.</p>	<p>About 30% of the target group of the IFAD funded projects under the current RB-COSOP report an increase in access to improved technology, financial services and access to markets by RB-COSOP mid-term and 70% by RB-COSOP end. At least 30 % of all beneficiaries will be women.</p>	<p>Advocacy through coordination with other donors to: (i) amend Law No. 10 for the Regulation of Non-Banking Financial Markets and Instruments to exempt MF activities from interest rate caps for both NGOs and MFCs; and (ii) to allow the Microfinance Companies to act as agents for banks or National Postal Office to enable them provision of savings and/or remittances services to their clients.</p>

## Baseline Poverty Analysis

1. The population of Egypt was estimated to be 83 million with a Gross National Income of US\$ 2,440 per capita in 2010.<sup>16</sup> Around 40 per cent of Egyptians were estimated to be poor according to the latest estimates.<sup>17</sup> About 19.6 per cent were estimated to live in absolute poverty and 21 per cent were near poor. A small drop in incomes or increase in prices would make many of them fall back into poverty. However, after a period of improvement in the first years of the current decade, poverty has worsened again as a result of the soaring food prices and other factors: extreme income poverty in rural Egypt rose from 6.6 per cent to 9.1 per cent [UNDAF MTR p 27]. Beneficiaries of subsidised food ration cards increased from 45 million to 63 million during the food price crisis of 2008.
2. Egypt's Human Development Indicators rank it among the medium development group. Its population has a life expectancy at birth of 71.7 years and an overall adult literacy rate of 70.4 per cent, with a gross school enrolment ratio of 66 per cent and a PPP [purchasing power parity] per capita GDP of EGP 7787 in 2008 [EHDR 2010]. Improvements in Egypt's HDI are largely due to the major efforts which have been undertaken in recent decades in the social sectors, particularly in health and education, as well as in social infrastructure.

### Demographic features

3. The population of Egypt increased from 59 million in 1996 to 74.3 million in 2008 and is currently reported as 83 million. The population pyramid shows a high proportion of young people: 34 per cent of the population is under 15 years old and a mere 4 per cent are over 65. The dependency ratio was still 65.5 in 2008 though it had dropped significantly in the previous 20 years as it had been 82 in 1988. Mean household size is 4.6 nationally though there are significant differences. In rural Upper Egypt, the poorest area, it is 5.8 while in rural Lower Egypt it is 4.7

### Poverty and inequality

4. Egypt is a country which suffers from high levels of inequality and where the poorest 40 per cent of the population control a mere 22.3 per cent of the country's income. Data also show that there has been an increase in inequality, with the Gini-coefficient rising from 28.7 to 30.5.<sup>18</sup> The Gini-coefficient is 22 in rural areas according to the 2010 EHDR. Most significantly in the past 4 years, it has increased by 2 points, indicating a worsening of inequality levels and also suggesting that growth has not particularly benefited the poorer sections of society. According to the DHS, the most recent detailed data collected, distribution of income by fifths is as follows:

**Table 1: Percentage of each wealth fifth by area (2008)**

<b>Fifth</b>	<b>Urban</b>	<b>Rural</b>	<b>Rural LE</b>	<b>Rural UE</b>
Lowest	5	31	16	50
Second	7	29	30	29
Middle	16	23	30	14
Fourth	31	12	18	5
Highest	41	4	7	2

Source, EDHS 2008, p 26

### Gender differentials

<sup>16</sup> World Development Indicators, World Bank, 2010.

<sup>17</sup> Poverty Assessment Update (2007) – World Bank and Government of Egypt's Ministry of Economic Development.

<sup>18</sup> Determinants of households income mobility and poverty Dynamics in Egypt, World Bank. 2010.

5. Nationally 13 per cent of households are female headed. The most significant gender gaps continue to be found in labour force participation, with only 24 per cent of women included in the labour force in 2010. Labour statistics commonly underestimate women labour force participation as they do not take into account their high engagement in the informal sector or in home based activities. Employed women in the rural areas were principally engaged in the following sectors: 55 per cent in agriculture; 15 per cent in the education sector; 20 per cent in health and social work together with public administration. Generally, rural women occupy the lower tier of jobs across sectors i.e. jobs that are characterized by limited manual skills and low pay. Inequalities in earned income remain high, with women estimated to earn the equivalent of 26 per cent of men's income. Women's role in the household, involving all child care, cooking and cleaning responsibilities, take a lot of their time, something which men do not do. In addition, women's work in agriculture and other income generating activities take the remaining available time. As a result, rural women have little or no time to engage in new activities and in particular cannot further their education or develop their skills, regardless of whether their husbands or fathers' would allow it.
6. The growing sectors such as tourism and trade are not easily accessible due to social norms regulating women's mobility and presence in public places.
  - (a) Women's participation in decision making within the household varies according to the wealth and educational status of the household adults as well as the type of expenditure. With respect to decisions concerning their own health care, 26 per cent of women make their own decisions, while 61 per cent decide jointly with their husbands; with respect to major household purchases 50 per cent of couples decide jointly, while in 40 per cent of cases the men decide and in 5 per cent the women decide alone. For daily household purchases, women decide alone in 44 per cent of cases, while in 34 per cent it is a joint decision and in 15 per cent the husband decides alone. As for visits to family 9 per cent of women decide alone, 73 per cent jointly with their husbands and in 16 per cent of cases the husbands decide alone. With respect to all these issues the percentage of men deciding alone is higher in rural Lower and Upper Egypt than elsewhere. [EDHS 2008 pp. 41-42]
  - (b) With respect to the use of cash income, in Lower Egypt 17 per cent of rural women decide on the use of their own income, while 74 per cent decide jointly with their husbands and in 2 per cent of households, the husband decides alone. In rural Upper Egypt, the figures are 24 per cent women deciding, 68 per cent joint decision and 8 per cent husband deciding, so women overall have a reasonable level of control over their own income. With respect to the husband's cash income, decision making is as follows: in rural Lower Egypt, 2 per cent of women decide, 77 per cent of couples decide jointly, and in 16 per cent of cases the husband decides alone. In rural Upper Egypt, 5 per cent of women decide on the use of their husband's income, 56 per cent decide jointly and 32 per cent of husbands decide on their own. Overall, the higher the level of education, the more likely it is that decisions will be joint [ranging from 59 per cent for uneducated households to 80 per cent for couples with higher education]. Similarly, the wealthiest are more likely to decide jointly than the poorest [lowest fifth 58 per cent joint decision and highest fifth 78 per cent]. [EDHS 2008 pp. 38-39].
7. Control over their fertility is a major feature of women's control over their lives. Use of contraception has had a significant impact on lower fertility in past decades and it is now the case that the vast majority of women use contraception at some point in

their lives: in rural lower Egypt 83 per cent have done so, while in rural Upper Egypt, the percentage is only 73, while nationally in rural areas it is 78 per cent [EDHS p 69]. Family planning methods are usually used after the first birth and in most of Egypt, a woman is expected to produce a child as soon as possible after marriage, to prove her ability to supply an heir to the family in which she has married.

#### Child health and nutrition

8. Infant mortality rates have shown remarkable improvements in the past 4 decades, dropping from 141/00 in the mid-1960s to 25/00 in 2008. Child mortality dropped from 243/00 to 28/00 in the same period. Malnutrition of children is a significant problem: while 22 per cent of children were below standard height for age in urban areas, in rural Lower Egypt the percentage was 34 per cent and in Upper Egypt 27 per cent. For weight for age, the percentages were around 6 per cent everywhere [EDHS page 187]. However according to the WHO growth standards assessment of nutritional status of young children, the situation has worsened between 2000 and 2008, with stunting (height for age) increasing from 23 to 29 per cent, wasting (weight for height) increasing from 3 to 5 per cent, and low weight for age from 4 to 6 per cent [EDHS p 188]. While reasons for this are unclear, the culling of millions of chickens due to avian flu is considered a possible factor, reducing the availability of eggs as well as financial resources of poor households and consequently leading to worsening nutritional standards.

#### Water and Sanitation

9. About 93 per cent of rural households have access to piped water but only 24 per cent have sanitation. However these figures overestimate the availability of services: for example many villages have a pipe network for water, but these are frequently not operational for lengthy periods for one reason or another. Similarly in many areas electricity is not available in a constant and reliable manner. The 2008 DHS found that in rural Upper Egypt only 82 per cent of households had water piped into the house though 95 per cent had some kind of access to an improved source, such as a public tap or borehole. For Lower Egypt, 90 per cent of households have piped water into the residence and a further 6 per cent have access to a public tap or a borehole. However 37 per cent of households in rural Upper Egypt and 29 per cent in rural Lower Egypt complained of water supplies being interrupted. As the question referred to the 2 weeks prior to the survey and the field work took place in March, the problem is significantly greater in the summer when pressure on supplies is higher. Importantly the vast majority of people do not treat water before drinking it (97 per cent in rural Upper and 96 per cent in rural Lower Egypt).
10. Sanitation facilities are far less widespread. In rural Upper Egypt, only 9 per cent of households have a modern flush toilet, 4 per cent a traditional one with tank flush and 84 per cent with bucket flush, while in rural Lower Egypt the figures are respectively 30 per cent, 2 per cent and 64 per cent. Most of these households have some kind of drainage system [public sewer, vault or septic tank], but 2 per cent in Upper and 5 per cent in Lower Egypt have pipes draining sewerage directly in a canal.
11. Solid waste disposal is also a problem. While 14 per cent in rural Upper and 38 per cent in rural Lower Egypt had waste collected from the home and a further 3.5 per cent and 17 per cent respectively had it collected from a container in the streets, 50 per cent and 46 per cent respectively dump their waste into the street or a canal. Surprisingly, only 4 per cent of households in Upper and 5 per cent in Lower Egypt recycle kitchen waste by feeding it to animals.

### Household consumer durables and living conditions

12. Availability of consumer durables is high, with 95 per cent of households owning a television, and over 70 per cent a connection to a satellite dish. Over 90 per cent of households have a refrigerator and a fan, and 40 per cent a water heater. Less than 5 per cent have a sewing machine, freezer or air conditioner. Land telephones are owned by 67 per cent of households, and 41 per cent have a mobile phone [DHS p 23-4].

#### **B. Who are the poor?**

13. As poverty is mostly a rural phenomenon, the following characteristics are particularly acute in rural areas although they are also relevant to a lesser extent in urban areas. According to the World Bank and the UNDP, the main factors contributing to poverty are:
- (a) household size: With a national average household size of five people, one third of households with six or more members are poor, accounting for 74 per cent of poor individuals in the country: 52 per cent of such households in rural Upper Egypt are poor whereas in the same region only 35 per cent of urban ones are poor; in Lower Egypt 29 per cent of households with over six members are poor in rural areas and only 19 per cent in urban areas. Nationally 80 per cent of poor households have five or more members.<sup>19</sup>
  - (b) Dependency ratios: A high dependency ratio worsens the likelihood of poverty. Overall 29 per cent of households with three or more children were poor in 2005; in this context it is worth noting that, in rural areas with an overall poverty incidence of 26 per cent, there are about twice as many households with three or more children than in urban areas. Rural households with three or more children contributed 7.8 per cent of the total national poverty headcount.
  - (c) Children and young adults are more likely to be poor than older people: in 2005, 21 per cent of children were poor and the risk of poverty was highest among youth aged 10-14 and 15-19. By contrast those over 60 had the lowest poverty ratio at 13 per cent.
  - (d) Households which have lower access to health services are poorer than others and therefore have a higher incidence of child mortality; they also have higher fertility rates as their access to family planning services is insufficient.
  - (e) Low educational levels: Poor people have lower education levels than others; almost 80 per cent of the poor had only basic education or less, indeed 40 per cent are illiterate.
  - (f) Access to employment and wage levels clearly affect poverty with the poor having limited access to stable wage employment, and the work they have is in lower paid activities on an irregular basis.
  - (g) Households headed by those employed in agriculture are poorer than those employed in other sectors and, moreover the majority of poor households are headed by illiterate or semi-literate people who are mostly middle aged. The World Bank found no significant gender differences among household heads with respect to poverty levels.

<sup>19</sup> Ministry of Economic Development, Government of the Arab Republic of Egypt, Social and Economic Development Group, Middle East and North Africa Region, The World Bank, 16 September 2007, *Arab Republic of Egypt Poverty Assessment Update*, para 2.4

- (h) Poorer households have less access to basic social services although most had electricity, access to clean water is not available to many poor people and sewerage services even less so. Unsurprisingly the poor own less durable consumer durables than the non-poor.

### C. Regional differences: where are the poor?

14. The main change in poverty distribution in recent years has been a worsening concentration of poverty in rural areas. While the total number of poor decreased in urban areas, it increased by about 2.3 million in rural areas and, although extreme poverty doubled between 2000 and 2005 in urban areas, the problem remains mainly rural where more than 78 per cent of the poor and 80 per cent of the extreme poor are found. The relative poverty rates for the different governorates in 2008 are the following:

**Table 2: Poverty rates and Gini-coefficient for Egypt Governorates, 2008/9**

Governorate	% Poor	Gini-Coefficient
Alexandria	6.4	30.0
Assiut	61	27.0
Aswan	18.4	27.0
Beheira	23.5	19.0
Beni Suef	41.5	21.0
Cairo	7.6	38.0
Dakahlia	9.3	22.0
Damietta	1.1	21.0
Fayoum	28.7	21.0
Gharbia	7.6	24.0
Giza	23.0	34.0
Ismailia	18.8	27.0
Kafr El Sheikh	11.2	21.0
Kalyoubia	11.3	23.0
Luxor	40.9	24.0
Menia	30.9	24.0
Menoufia	17.9	23.0
North Sinai	No data	No data
Port Said	4.4	34.0
Qena	39	23.0
Sharkiya	19.2	19.0
Suez	1.9	29
Sohag	47.5	23.0

Source: UNDP Egypt Human Development Report 2010, page 269

15. Within the rural areas, Upper Egypt is significantly poorer than Lower Egypt. With only 25 per cent of the total population, it has 66 per cent of the extremely poor, 51 per cent of the poor and 31 per cent of the 'near poor'. It is worth noting that there are some significant differences in ranking between institutions and over time, which may, to some extent reflect the methodologies used as much as actual changes. Within each area, there are also differences, shown by the poverty maps of the WB and the Social Fund for Development, which each clearly show that some governorates and within governorates certain areas have much higher poverty rates than others: almost one third of Egypt's poor are in the poorest villages of Sohag, Assiut and Menia governorates according to the World Bank.<sup>20</sup>

<sup>20</sup> Ministry of Economic Development, Government of the Arab Republic of Egypt, Social and Economic Development Group, Middle East and North Africa Region, The World Bank, 16 September 2007, *Arab Republic of Egypt Poverty Assessment Update*, para 11.



16. At the governorate level, there are fairly significant discrepancies between the four main recent rankings, as seen in the table below. However, it is to be noted that, with the exception of Kafr el Sheikh, all the proposed project governorates are clearly among the very poorest according to all three sources: Sohag, Assiut and Beni Suef are the poorest, closely followed by Qena and Menia, while in Lower Egypt, Kafr el Sheikh and Beheira are among the poorer governorates. Each of the sources uses different characteristics and basic data to determine their criteria; these have been described above in paragraphs under section headed Data Sets.

**Table 3: Poverty ranking of governorates according to different sources**

Governorate	WB 2007	EHDR 2008	SFD*	EHDR 2010
Alexandria	9	4	5	3
Assiut	22	21	26	20
Aswan	16	8	16	12
Beheira	15	11	19	15
Beni Suef	21	18	24	17
Cairo	3	5	4	13
Dakahlia	7	9	18	9
Damietta	2	3	7	4
Fayoum	11	22	25	22
Gharbia	5	7	13	6
Giza	12	15	10	8
Ismailia	6	6	8	5
Kafr El Sheikh	13	16	12	16
Kalyoubia	10	10	11	11
Luxor	4	14	17	10
Menia	19	20	20	21
Menoufia	14	11	21	7
Port Said	8	1	2	1
Qena	18	17	22	18
Sharkiya	17	12	23	14
Suez	1	2	3	2
Sohag	20	19	27	18

\* SFD also has five additional governorates, not ranked by HDR or World Bank, namely North Sinai, Marsa Matruh, Wadi al Jadid, Red Sea and South Sinai.

#### **D. Causes of rural poverty: why are they poor?<sup>21</sup>**

17. The worsening of poverty rates between 2000 and 2005 was primarily due to a fall in consumption resulting from inflation. Similar causes can be given for the worsening between 2008 and 2010. While the following quotation from the World Bank's Poverty Update refers to the period 2000-5, it should be seen as particularly relevant and explaining the clear worsening of the situation since early 2007: "high inflation disproportionately affected the poor. The differential impact of inflation on the poor was driven by a 10 per cent increase in the relative price of food. Faster increases in food prices were disastrous for poor households, because food occupies a larger share in their budgets and because most of them are net consumers of food, even in rural areas."<sup>22</sup>
18. While inflation is one of the causes of the recent increase in poverty, other structural causes are directly related to the production conditions of rural people: the small size of farms owned by the majority of rural people is a main cause of poverty. The

<sup>21</sup> The data in this section are primarily from field work during the mission. They are supplemented and complementing data from the various data sets mentioned in the beginning of this paper.

<sup>22</sup> Ministry of Economic Development, Government of the Arab Republic of Egypt, Social and Economic Development Group, Middle East and North Africa Region, The World Bank, 16 September 2007, *Arab Republic of Egypt Poverty Assessment Update*, para 13.

vast majority of landowners in rural Egypt (81 per cent) own less than 3 feddan which, on its own is insufficient to maintain an average family of 5 members. Holdings of one feddan or less form 58 per cent of all holdings, i.e. only 23 per cent have between 1 and 3 feddan. Clearly for those with less than 1 feddan agriculture can only be an increasingly small source of income. The inability of small farms to have access to credit and to good marketing mechanisms further exacerbates this situation.

19. Those who have land [either owned or rented], farm it according to systems which do not maximise its potential: their cropping patterns are traditional and give insufficient attention to potentially higher value crops and their water management skills are far below requirement to enhance irrigation efficiency. The use of chemicals and other inputs is generalised and the rate of input price increases in the past two years has been significantly higher than the returns achieved on farm gate prices. Finally, while farming systems are antiquated, the responsibility for this situation is largely attributable to the research, extension, and water management systems which have done little to address the problems and needs of smallholders. For example when farmers complained about not being trained to harvest vegetables in the optimal manner to satisfy the requirements of exporters and major traders, the extension staff present at the meeting said they did not provide that kind of training.
20. The low quality of much water and the fact that farmers actually use drainage, rather than irrigation water when they have no alternative, affects their yields and hence worsens their position in the market, as their produce are of lower quality. Many rural people are landless, either relying entirely on wage labour for their survival, or working as sharecroppers or tenants on smallholdings in addition to wage labour. While sharecropping and tenancy mechanisms are described below it is clear that, if an owner-farmer cannot make an adequate living from less than 3 feddan from which s/he obtains 100 per cent of the income, the same land cultivated by someone who either only gets  $\frac{1}{4}$  of the crop or pays a minimum of US\$ 300 rent per feddan, cannot sustain a household on its own.
21. Among the challenges to agricultural Development the ARC<sup>23</sup> identified the following, which concern small holders: inefficient use of water, fragmentation of holdings, encroachment on cultivation land, absence of small farmers' organizations, lack of information, weak research and inappropriate extension services, and the worsening impact of climate change.
22. For the landless and the smallholders, their ability to raise livestock is another crucial factor affecting their poverty. Many households are unable to maintain small or large ruminants either because they have no land and hence no fodder of their own, or they cannot afford to buy fodder or because they have no space to house the animals. It is only through significant additional income from livestock and other sources that people can raise their incomes above the lowest poverty line. Hence, those who are unable to do so, are at a serious disadvantage. Similarly, for the landless and smallholders, particularly those who are unable to keep livestock, the limited opportunities for wage labour further affects their poverty. The income gained from it is insufficient to maintain families, and work is rarely available for sufficient days per month.
23. The causes of poverty mentioned here are relevant to both men and women. Women have additional causes for poverty, including the following:
  - (i) the time they spend in home and child care as well as care for elderly or disabled people is time which is not available for earning an income;
  - (j) their lower wage rates for casual work as well as reduced opportunities for work;

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<sup>23</sup> ARE, MALR, Agricultural Research and Development Council (2009), *Sustainable Agricultural Development Strategy, towards 2030*, pp 62-66.

- (k) in some parts of Upper Egypt, many women are restricted to the home and to home based activities and this worsens their likelihood of poverty, as they cannot take up opportunities outside their homes;
- (l) the low income obtainable from the kind of handicrafts and other off-farm activities done by women;
- (m) Prevailing gender norms that give preference to early marriage of girls and deprives them of education; and
- (n) Recently the culling of chickens and other poultry has been a major blow to rural women, and particularly poorer rural women, depriving them of the single home based source of income which had been the mainstay of their very limited economic independence.

### **E. Recent trends**

24. Improvements in social aspects of poverty have been notable in recent years in the increase in access to education, drinking water and improvements in infrastructure. These have resulted in higher HDR scores even in areas where income has not improved. This is clearly noticeable throughout rural areas where asphalted roads are now the norm, where many villages have water purification plants as well as schools and health centres. Household infrastructure has also improved significantly, with most villages having many brick and cement buildings, mostly multi storey allowing for individual nuclear families to live independently within an extended family construction and saving on space needed for agriculture. The presence of mud brick single storey houses is nowadays a clear indicator of poverty, and is becoming rarer. Most villages now have access to public transport services by privately run minibus services, making market towns and administrative centres more easily accessible.
25. Despite improvements in social structure, rural life in Egypt is still by no means pleasant and presents many significant health hazards to its population: sewerage and sanitation systems still have limited coverage. Solid waste disposal systems are still largely absent: laundry and household washing up are still all too frequently carried out in canals where livestock are being washed and are drinking; canals are lined with animal and other waste.
26. Schools are found everywhere and the concentration of population in larger villages and significantly sized hamlets means that schools are physically accessible to most people. In practice there are still notable differences in enrolment rates between rural and urban people with respect to education. The poor are generally in disadvantaged areas where schools are further away and standards are lower: the percentage of the poor who have schools in their villages is 83 per cent for primary schools, 70 per cent for preparatory schools and only 30 per cent for secondary schools (World Bank box 2.1 p 43) The outcome of this situation can be seen in the rural literacy rate which is only 62 per cent [compared to 79 per cent urban].
27. Although enrolment at primary school level is now very high, with an intake of 95 per cent of the age group, it is noticeable that girls are withdrawn earlier than boys and that only 72 per cent enrol at secondary level [70 per cent female]. Rural-urban differentials in education are notable with respect to gender issues: in rural Upper Egypt 20 per cent of girls are not enrolled, and this rises to 26 per cent of poor girls. The relationship between poverty and school enrolment is made explicit by the World Bank: "Poverty affects school enrolment directly through out-of-pocket expenditure and opportunity costs, and indirectly through parental background contributing to dropout." [World Bank p 44 para 2.42] Moreover poor households depend on the income brought by the children and cannot afford the cost of education.

28. In 2009 an interagency mission produced a report on the impact of the 2007-8 food price rises<sup>24</sup>. Although no comparable data have yet been produced for 2010, the new wave of grain price rises has had a similar impact, thus worsening the situation of the poor, and particularly the extremely poor for which food purchases constitute the main item of expenditure. The 2009 study's main findings included details on the impact of inflation on different socio-economic groups: "Chronic poverty affects 10 per cent of the population and is heavily concentrated in rural areas and in Upper Egypt. Steep increases in food prices played a significant role in reducing the positive impact of rapid economic growth on living standards.

#### **F. Coping Strategies of the poor**

29. While a high proportion of rural households depend on farming, due to the small size of holdings, agriculture is only one of their sources of income. Farm income is estimated to average between 25 and 40 per cent of total rural incomes, while non-farm incomes, in particular wages, account for a minimum of 40 per cent of rural household income. For poor rural people, 26 per cent of their income overall is from agriculture while 42 per cent is from wages and salaries.
30. The main government strategy for addressing poverty is the provision of subsidised bread. According to the 2009 Interagency study on soaring prices " in 2007-08, Egypt spent approximately US\$3 billion on food subsidies out of a total subsidy bill (including energy subsidies) of about US\$12 billion, which is more than public spending on education and health combined. Given that the overall subsidy is biased towards energy products, the non-poor benefit more than the poor. Leakages in the food subsidy programme are significant, some recording that as much as 61 per cent of the benefit from the *baladi* bread subsidy has benefited the non-needy (IFPRI 2001)<sup>25</sup>. While overall coverage over the past years has improved, poor targeting results in a large proportion of people highly vulnerable to food insecurity not having access to these income transfer.
31. At the household level, the main coping strategy of the poor is to engage in casual labour locally and migrate to cities or beyond in search of casual unskilled employment. Women sometimes take over the farming business when their husbands are engaged in wage labour.
32. Out-migration abroad is another coping strategy for the educated and uneducated alike, but is mainly used by young men who take up mostly unskilled positions in building and in agriculture in Jordan, Libya, Lebanon or the Gulf states on a temporary basis, staying there a few years.
33. Rural people in Egypt and in particular the poor, are extremely aware of the importance of education as a means of escape from poverty. They do their best for their children to achieve the highest levels of education they can afford. They also attempt to select subjects of study which they believe are most likely to lead to reliable and well paid employment; in recent years this has meant a focus on business and trade studies. It is clear from fieldwork that efforts to achieve adequate educational levels are not just restricted to male youth but that many families do their best to ensure that their daughters are also qualified for office or business jobs. However, this effort and investment in education has largely failed to produce the expected results: many people with reasonable qualifications find it difficult to obtain employment commensurate with their diplomas; this problem is particularly acute for educated youth, and is very discouraging for them and their families. It is likely to lead to considerable social unrest unless opportunities are provided for the large

<sup>24</sup> Inter-Agency Assessment,(February 2009), Initiative on Soaring food prices (ISFP), Main Report, pp 44

<sup>25</sup> IFPRI 2001. The Egyptian Food Subsidy System Structure, Performance, and Options for Reform. Akhter U. Ahmed, Howarth E. Bouis, Tamar Gutner, and Hans Lofgren.

number of middle level educated young men and women who are currently staying at home and hoping for a better future. However the body of youth who have studied business related subjects form potential micro-entrepreneurs and potential trainers for market related activities.

34. What success took place in the last ten years with respect to poverty reduction has been based on an increase in wage employment opportunities in the cities, but specifically of the kind of employment available to educated and skilled people. Those with higher educational levels have been able to access the higher paid jobs. Economic recession in urban areas is likely to seriously worsen living standards in the poor rural areas.

## IFAD portfolio impact

1. This Appendix provides statistical information on the impact of the IFAD portfolio in Egypt, including completed and ongoing rural development interventions. Information is extracted from Project Completion Reports (PCR), Egypt's Country Programme Evaluation (IFAD, 2005), Supervision Reports, Results and Impact Management System (RIMS), Project and Portfolio Management System (PPMS), the *Impact Study* for the West Noubaria Rural Development Project (IFAD, 2011), the *Contract Farming* study (IFAD, 2008), the *Pro-poor value chain development* study (IFAD, 2010), *Seeds of Innovation – Increasing Exports through Contract Farming* (IFAD), and *IFAD's Efforts and Achievements in Gender Equality and Women's Empowerment* (IOE, 2010).
2. Section I includes statistical information on IFAD's portfolio achievements in general. Section II presents a case study on West Noubaria Rural Development Project (WNRDP) based on real life data collected by IFAD missions from the field.

### A. Executive Summary

3. IFAD's previous and ongoing projects have:
  - (a) reached 1.3 million households, or about 7.0 million rural poor people;
  - (b) reclaimed 447,000 feddan of land (188,000 ha);
  - (c) established and strengthened 570 Water Users' Organizations (WUOs), reaching 14,100 members (in addition to the 230 WUOs expected under the recently approved On-farm Irrigation Development Programme in the Oldlands, OFIDO);
  - (d) established and supported 30 Farmers' Marketing Associations (FMAs), with 31,170 members (in addition to 676 FMAs expected by the ongoing Upper Egypt Rural Development Project – UERDP, and Promotion of Rural Income through Market Enhancement Project - PRIME);
  - (e) established and supported 37 Community Development Associations (CDAs) as financial intermediaries to provide microfinance to end-users (in addition to 70 CDAs expected by PRIME); and
  - (f) extended 0.1 million loans to beneficiaries for a total value of US\$ 66.4 million.
  - (g) Established 33 schools (junior, primary and secondary) with yearly in-take of 14,560 students (under WNRDP); and
  - (h) Rehabilitated 14 medical clinics, and provided 126 medical caravans, benefitting about 43,600 people (under WNRDP).
4. In terms of impact, IFAD's interventions have resulted in:
  - (a) increased smallholders' incomes by 43 per cent for conventional export crops, and 63 per cent for organic horticulture products, through contract farming arrangements and establishment of FMAs. Further increased in household incomes have been achieved when FMAs sold directly production in village, governorate and metropolitan wholesale markets, in the order of 7, 15 and 22 per cent respectively. More information from the recent WNRDP impact study showed that the average household income reached US\$ 8,300, which is clearly higher than the yearly minimum amount of US\$ 2,200, or the yearly poverty benchmark indicator of US\$ 456 (based on US\$ 1.25/day);
  - (b) increased farm-gate prices up to 33 per cent;
  - (c) decreases in irrigation costs by 25 per cent and increases in water savings of 285,270 m<sup>3</sup>, through establishment of WUOs, enhanced managerial capacity of

- these associations' Executive Committees, conversion from diesel to electric pumping, and promotion of modern irrigation systems;
- (d) savings in energy costs amounting to US\$ 6,743/day for the additional land with drip irrigation (28,527 feddans, or 11,986 ha, under WNRDP);
  - (e) 50 per cent decreases in fertilizer use through drip irrigation and 75 per cent when combining organic manure and chemical fertilizers with drip irrigation, through fertigation (under WNRDP);
  - (f) 925 per cent increase in soil occupation by through reclaimed lands (under the East Delta Newlands Agricultural Services Project, EDNASP); and
  - (g) 20-fold increase in market price of land by due to improved infrastructure, and access to services promoted by WNRDP.

### B. Statistical Information

5. **Beneficiaries reached.** IFAD support in Egypt initiated in 1980, totalling 10 interventions, 6 of which have already been completed. The completed projects have reached a total of **1.1 million households** or about **6.0 million people**. An additional **180,000 households** or about **1.0 million people** are expected to be reached by the ongoing projects, and 570,000 households or 3.0 million people are expected to benefit indirectly from these projects.
6. **Women reached.** In Egypt, the special status of women and their contribution to agriculture has always been recognized in IFAD projects, as early as 1982. In addition to women reached as part of the 1.3 million households, the number of women reached directly through gender-specific activities is **70,000**.
7. Under WNRDP, **1,103 women received ID cards** in 47 villages, thereby enhancing their social status and access to government services. In collaboration with various local businesses and civil society organizations, WNRDP has also facilitated, among others, employment opportunities for deaf women, and breast cancer prevention and early detection and medical treatment; this has benefited an **additional 20,127 women**.
8. The recently approved Promotion of Rural Incomes through Market Enhancement Project (PRIME) is designed to address – among others - gender issues. Under the marketing support component, the Project targets directly 6,000 women, and 30 per cent of total funds available for micro and small credit are earmarked for women.
9. **Reclaimed lands.** The cumulative area reclaimed by IFAD-financed projects covers **447,000 feddan** (equivalent to **187,815 ha**). The development of cultivated land in the East Delta, under the IFAD-supported EDNASP has contributed to a **925 per cent increase in soil occupation** (from 25,000 feddan - or 10,504 ha - in 1999 to 234,000 feddan - or 98,319 ha - in 2008). This increase was achieved through comprehensive land reclamation (on 203,000 feddan or 85,294 ha) works as well as rehabilitation. NLASP covered a total of 188,000 feddan (78,992 ha) of reclaimed land. WNRDP covers 56,000 feddan (23,529 ha), and comprises the two Noubaria reclamation zones of El Bustan Extension (27,810 feddan, or 11,685 ha) and Branch 20 (28,190 feddan, or 11,845 ha).
10. **Access to loans.** Total number of loan beneficiaries amounts to **0.1 million** for a **total value of US\$ 66.4 million**. Under UERDP, a total of 14,100 beneficiaries have accessed to credit (43 per cent of which were women) and the total amount of loans was US\$ 7.7 million. As of 31<sup>st</sup> March 2011, IFAD's Credit line and IDS Revolving Fund under WNRDP, amounted to US\$ 5.9 million (2,682 loans) and US\$ 16.2 million (with 356 loans allocated to women, and the remaining to cooperatives) respectively. Through APIP, 76,403 borrowers had access to short- and medium-term loans, amounting to US\$ 24.9 million. The number of borrowers under NLASP

was 7,133, amounting to US\$ 11.7 million. The average loan recovery rate for all projects averaged 95 per cent.

11. **Community Development Associations (CDAs) engagement in rural finance.** Achievements in microfinance through NGOs and CDAs have proved to be significant and successful in empowering community organizations towards effectively servicing their constituency. In the context of UERDP, the supervision mission (in 2011) noted that the number of active borrowers exceeded the annual targets by far and so did the number of staff trained from financial institutions. IFAD has managed to prod SFD to consider poor people in rural Egypt as an important sector with credit-worthy clients and partners; indeed the **performance of CDAs in rural Egypt has been solid** and has encouraged SFD regional offices in the Project area to propose new CDAs and request additional funding. The SFD lending portfolio to CDAs is growing in both Project Governorates. The CDAs are operating effectively and efficiently managing funds, and revolving them. As of December 2011, **SFD has disbursed a total US\$ 4.6 million** (out of the US\$ 5.7 million approved funding) **to 37 CDAs**. CDAs have revolved the aforementioned SFD loans into an aggregate of US\$ 11.2 million on-lent to **14,100 borrowers** - more than double the amount on-lent to end beneficiaries compared to the previous year. The average **repayment rate** to CDAs by end-users is **98** per cent. An additional 72 CDAs are expected to be formed and supported under PRIME project.
12. **Farmers Marketing Associations' (FMAs) engagement in contract farming.** In 2008, IFAD commissioned a study, *Egypt: Smallholder contract farming for high-value and organic agricultural exports* (IFAD, 2008). The study confirmed that contract farming (promoted by the IFAD-supported WNRDP) is an effective way of making small farmers become stronger actors within horticultural export value chains. Moreover, the study showed that smallholder households **increased their income** by **63** per cent through engaging into **contract farming of organic horticultural produce**, and **43** per cent for **conventional export crops**. The study also found that **further increased in household incomes** have been achieved through the direct sale of produce by FMAs in village, governorate and metropolitan wholesale markets, with increases of 7, 15 and 22 per cent respectively.
13. **Increased farm-gate prices** have been reported under WNRDP (and have also been documented in IFAD's *Pro-Poor Value Chain Development* thematic study). Differences mainly relate to the type of market for which a particular commodity is produced and whether producers are interacting with wholesalers or processors. **Impacts of contract farming arrangements** developed under WNRDP **include increased farm-gate price** (compared to baseline situation without project) of: (i) 33 per cent in the case of potatoes; (ii) 19 per cent for limes; (iii) 25 per cent for apricots; and (iv) 20 per cent for peaches. More details are provided in Section II, where price transmission along the value chain for several crops and increased farm-gate price when farmers move up the chain are illustrated.
14. A key element of the IFAD-supported WNRDP is the assistance it has provided to farmers in forming and strengthening FMAs. The Project has helped establish **6 FMAs** in Bangar Al Sokar, El-Bustan, El-Hamam, Entelak, Tiba and West Noubaria. Total **membership** in the six associations is **30,570 smallholders** (comprising 20 per cent formal and 80 per cent informal members). Under WNRDP a total of **63 contracts** have been signed between producers/FMAs and export and processing companies to sell a range of **26 commodities**, among which apricots, artichokes, beans, grapes, peaches, peanuts, peppers, potatoes and tomatoes. The total number of **private companies purchasing directly from FMAs** reached **49**<sup>26</sup> in 2011.

<sup>26</sup> These include the following: Al Nasr For Drying; Agro Food; Al Knana; Ragab; Al Noubaria For Sugar; Al Mghraby; Al Dieb; Al Wahsh; Wady Food; Tieba for Benut; Farm Frets; Al Aeen; Egests; Al Fraana; Agro Land; P&G; Agro Alex; Grand Group; Hero for Processing; Alex Jet; Al Shimaa; Unicco; Nana; Hasad Egypt; Al Nor; Haynes; Best for Juice; Galena; Al Gawhara; Americana; Tama Jet; Green Egypt;



UERDP is currently supporting **24 FMAs**, with a **membership of 600** farmers (and expects to support a total of 400 FMAs by project completion). PRIME is expected to establish and support 300 FMAs, and a total of 12,000 smallholders.

15. **Water Users Organizations (WUOs).** WUOs are important community-based organizations. They facilitate a better (and efficient) sustainable management of the scarce water resources. IFAD has played an important role in this context. All IFAD-financed projects in the reclaimed newlands (NLASP, EDASP and WNRDP) have supported formation of WUOs in order to assume responsibilities for operation and maintenance of the mesqas, relevant to the overall Government and IFAD respective strategies in the country. Some **12,100 settlers** under the completed projects and **2,000** under the ongoing projects have been **assisted and trained to form 450 and 117 WUOs** respectively. The ongoing OFIDO project is expected to establish and/or strengthen 225 mesqa canals and 6 branch canal WUOs by 2018.
16. The number of WUOs is relatively small compared to the number of beneficiary settlers. This is because WUOs are formed on a voluntary basis and those with immediate problems usually have a greater incentive to initiate formation of an association, contribute to the resolution of their problems and improve their irrigation systems, compared to those without problems. The projects have successfully introduced the role, responsibilities and advantages of forming WUOs to the settlers, through promotion and training. Establishment and strengthening of WUOs has resulted in **reduced irrigation cost by an average of 25 per cent** due to conversion from diesel to electric pumping, enhanced managerial capacity of the WUO Executive Committees, and conversion to modern irrigation systems.
17. **Use of modern irrigation systems.** Under NLASP, 7,812 feddan (3,551 ha) were converted from hand-move/portable sprinklers to 4,494 fixed sprinklers and 3,318 feddan (1,394 ha) to drip irrigation. This has **increased the water-use efficiency from 50% to around 85%**. Under WNRDP, there has been continuous change from mobile sprinkler irrigation to modern irrigation (drip or fixed). The **irrigated area has increased from 6,000 feddan (2,521 ha) in 2002 to 28,527 feddan (11,986 ha) in 2011**, representing 51% of the primary target area (comprising 56,000 feddan, or 23,529 ha, of reclaimed lands). Such an increase in the area is facilitated by the PMU far-reaching extension efforts and farmers' access to credit.

## **WEST NOUBARIA RURAL DEVELOPMENT PROJECT - IMPACT STUDY**

### **A. Overall Project Performance**

18. The WNRDP Project is considered one of the better integrated developmental poverty reduction oriented projects in the land reclamation sector in the Arab Republic of Egypt, due to the multiplicity of its objectives. It seeks to enhance the livelihood and food security of households in newly settled areas, helping beneficiaries establish sustainable economic activities and enhancing market linkages while promoting social cohesion and self-reliance. In collaboration with IFAD, BBC produced a very revealing film documentary in 2010.
19. **Impact on target group.** The total number of beneficiaries reached by WNRDP, amounts to **36,000 households**, with an average of 4 to 8 members per family. The target population includes: (i) graduates; (ii) small farmers; and (iii) displaced households. The Project is nearing its completion, and has serviced a total area of **226,000 feddan (94,958 ha)**. It has been implemented in two main areas, and specifically: (i) the primary zone that includes Tiba (28,190 feddan – or 11,845 ha -, in 6 villages) and Al Entelak (27,810 feddan – or 11,685 ha -, in 12 villages); and

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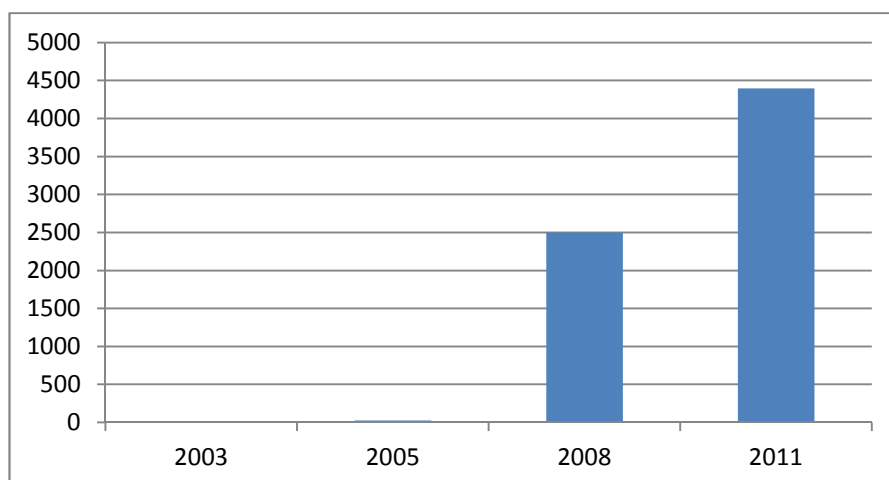
Al Gozor; Makro, Agromatico; Syngenta; Al Sammak; Upehc; Saqqara; El Wady El Akhdar; El Gebali; Seif; Alexandria Chamber of Commerce; Merete; El Sharbtly; Egypt for Supplying; Fatahallah Market; Green Corridor.

- (ii) the secondary zone in the Banjar Al Hammam, West Noubaria, El Bustan regions (170,000 feddan – or 71,429 ha - in 67 villages).
20. Substantial **support** has been given **to associations** and has included, among others: (i) the creation and strengthening of 20 CDAs which include 139 administration council members; and (ii) elaboration of national identity cards for 1,200 beneficiaries (97 males and 1,103 females).
  21. **Ensuring sustainability.** Actions taken by the Project to promote sustainability of investments and services include: (i) gradual withdrawal of project financing of the operational costs of CDAs from 100% at the beginning, to 10% in 2011, and 0% at project-end. CDAs continued collecting fees from members, e.g. EGP5/person/visit to clinics; EGP 5/child/month for the child nurseries; EGP 20-25/event to use the social event halls; (ii) artificial insemination (AI) is implemented by 17 self-sustained AI technicians trained by the Project; (iii) the soil and water lab is currently 60% self-financed; (iv) the AI Centre is already 100% self-financed; (v) the 6 FMAs have been engaged in wholesale procurement of inputs to sell to their members at a profitable margin to the associations; and (vi) the FMAs have been collecting service charges from the companies with which they sign marketing contracts for the supply of agricultural produce at 1% rate on the value of total products supply.
  22. **Project impact on water management: conversion of irrigation technique from mobile sprinkler to drip irrigation.** WNRDP has brought a major contribution to the ongoing national effort of improving the irrigation system in Egypt, through the promotion of water saving in irrigated agriculture in the Project area. Support provided by the Project to small farmers and WUOs (training, capacity building, credit) to change irrigation technique for fruit trees plantations have made it possible to have a total area of 28,527 feddan (11,986 ha) equipped with drip irrigation in 2011. This represents an **increase of 375%** compared to pre-project scenario (6,000 feddan, or 2,521 ha). The area equipped with drip irrigation represents 51% of total farming land area in Tiba and Al Entelak estimated at 56,000 feddan (23,529 ha). The Project succeeded in the creation of **117 registered WUO**, and **servicing 20,000 feddan (8,403 ha)**.
  23. The impact on protection of natural resources and water has been satisfactory. The amount of water saved by converting from sprinkler irrigation to drip irrigation amounts to 10 m<sup>3</sup>/feddan. In other words, **for the additional 28,527 feddan (11,986 ha) with drip irrigation, a total volume of 285,270 m<sup>3</sup> of water is saved.** The total amount of water saved, makes it possible to irrigate an additional 9,010 feddan (3,786 ha), given that 25 m<sup>3</sup> are needed to irrigate 1 feddan (0.42 ha) through drip irrigation. Given that the cost of 1KWh is EGP 0.26 (equivalent to US\$ 0.05), and that 5 hours are saved from converting from mobile sprinkler to drip irrigation, daily savings in energy costs per feddan amount to EGP 1.3 (or US\$ 0.24). In other words, for the additional 28,527 feddan (11,986 ha) with drip irrigation, **savings in energy costs amounts to a total of EGP 37,085 (or US\$ 6,743) per day.**
  24. Depending on crops, **reduction in fertilizer use can reach 50%** when using drip irrigation (compared sprinkler irrigation), and **up to 75%** when combining organic manure and chemical fertilizers. Introduction of **fertigation** by the Project have resulted in **30% reduction in use of Potassium (K)**, from 110 units of K/feddan before project start, to 88 units of K/feddan. In other words, fertigation has resulted in **total yearly savings of 1.2 million units of K used for the 56,000 feddan (23,529 ha) with drip irrigation.**

**Story from the field.** Abderrahmane is a Project beneficiary and has 2.5 feddan, in the Salah Al Abd village. He grows groundnuts and corn and has two cows. With the support of WNRDP, he converted from movable sprinklers to drip irrigation, and uses cow manure. He reports a two thirds savings in fertilizers use.

25. Furthermore, as an example, thanks to drip irrigation tomato **annual production increased** from 11 tons/feddan in 2004 to 18 tons/feddan as an average over the past three years (an increase of 63%).
26. **Organic potato production.** The villages of Abul El Yousr, El Yashaa, and Solomon are located in the desert, which is by nature, pest free. The Project worked to have these **lands officially recognized as pest free areas**: locally produced potatoes increased their comparative advantage (and became eligible for the export markets) and producers were able to receive **premium prices**. The **farm-gate price increased** from US\$ 110/ton to US\$ 183/ton (66% increase). Initially, smallholders' skepticism was a key obstacle in reaching the minimum quantities required by the Egyptian exporters; a major **driver for change was the increased profitability**, and organic potato production quickly expanded: from 0 feddan in 2003, to 28 feddan (12 ha) in 2005, to 2,500 feddan (1,050 ha) in 2008, and 4,394 feddan (1,846 ha) in 2011, as illustrated in the graph below.

**Graph 1: Increase in potato organic farming (feddan), 2003-2011**



27. The list of **social services and infrastructure** created by the Project includes: (i) furnishing and rehabilitation of 18 junior schools (12 in Al Entelak and 6 in Tiba) with an average intake of 7,596 children per year; (ii) creation of 9 primary schools (7 in Al Entelak and 2 in Tiba) with an average intake of 1,843 pupils per year; (iii) creation of 6 institutes (4 in Al Entelak and 2 in Tiba) with an average intake of 5,118 pupils per year; and (iv) creation of 234 literacy classes benefitting 15,118 persons (6,343 males and 8,775 females). The Project has rehabilitated a total of 4,000 houses, including their sanitation systems.
28. With respect to **health service**, within the Project area 14 medical clinics have been equipped and supplied with medical drugs and devices (8 in Al Entelak and 6 in Tiba); 126 medical caravans have been provided, benefitting 43,565 persons (21,501 males and 22,064 females) through a range of medical services.
29. **Resettlement.** Before project intervention, average settlement area indicators in the areas of Tiba and Al Entelak were limited to 25%, given the lack of schools, health services, lack of necessary technical information, and other basic infrastructures. During the project life, several services (as mentioned above) were provided for, among which: (i) houses rehabilitated; (ii) primary, junior, and high

schools established; (iii) mesqas and drainage networks improved and maintained; (iv) extension structures created; (v) contract farming arrangements developed; (vi) WUOs created; and (vii) electric power failure problems solved. All these improvements facilitated average **settlement rate increase**, which **reached 95%** compared to the pre-project scenario. Due to all the range of services that currently exist in these areas, the **market price of land has also significantly increased** – from about US\$ 909 per feddan in 2003 to US\$ 18,200 in 2011. In other words, the value of land is now 20 times higher than before.

**Story from the field.** Ebeid is a business graduate and Project beneficiary in Al Entelak, who has received land. His land is now worth US\$ 137,000, and – among all the other benefits – land possession has allowed him to become a well-established and solid client with all banks in the area.

30. **Increase in herd size.** Herd size has more than doubled with respect to initial figures, increasing from 9,252 heads of livestock in 2003, to 18,000 in 2011 (95% increase).
31. **Increase in productivity and crop diversification.** Before project start, most farmers were growing one single summer crop, such as groundnuts, or one single winter crop, such as wheat. The Project has encouraged, among others, crop diversification, rotation and intensification. According to the 2011 survey, cultivated area has increased by 35%. Furthermore, as a result of efforts undertaken by the Project, peanut yields for example have increased from 13 ardab per feddan, to 23 ardab per feddan, resulting in 77% increase.

**Story from the field.** An example of intensification and increased production is that of a Project beneficiary, Mrs Wafa Abdurrahman. Her farm is located on mesqa 3/1 in Yashaa village. She has managed to increase her farm productivity by 400%. She currently produces pomegranates, forage, garlic and orange trees.

32. **Marketing.** Marketing of agricultural products has benefitted from project efforts to support and advise farmers and livestock breeders. Marketing efforts have included: (i) registering and supporting (financially, technically) 6 FMAs located in the Project area, with a total (formal and informal) membership of 30,570 members, and covering a total of 226,000 feddan (94,958 ha); (ii) promoting contract farming, through implementation of 63 different contracts, covering an area of 14,003 feddan (5,884 ha) within the Project area, a total of 26 commodities (among which cucumbers and tomatoes, for which 31 different varieties were produced to meet market demand and contractual arrangement), and agreements signed with 49 companies; and (iii) cooperating and coordinating with various companies and regions to seek contractual farming arrangements. Table 1 (below) provides a few examples of contract farming arrangements under WNRDP, and illustrates details of private companies, commodities, number of farmers involved in the contract farming arrangement, and area cultivated (extracted and adapted from IFAD, *Seeds of Innovation – Increasing Exports through Contract Farming*).

**Table 1: Examples of Contract Farming Arrangements under WNRDP**

Company	Market	Commodity	Farmers contracted (no.)	Area cultivated (feddan)	Other services provided by firm
<b>Agro Food</b>	Europe	Organic potatoes	323	1 325	Seeds, fertilizers, training, credit
<b>Almaghrabi Export</b>	Europe	Raisins	3	8	-
<b>Arnaut</b>	Switzerland	Peanuts	80	300	-
<b>Heinz</b>	-	Sun-dried tomatoes	300	1 200	Tomato seedlings
<b>Kenana</b>	Italy	Sweet peppers, sun-dried tomatoes	15	30	Seeds, seedlings

33. The intervention has also promoted business linkages with the private sector (at national and international level), through the rehabilitation and establishment of **collection centres** as “one-stop shopping points”: the collection point at Bangar El Sokkar has refrigeration facilities, is located on the Alexandria road, which is a convenient meeting point for producers and buyers.
34. **Value added/Vertical integration.** The Project has encouraged farmers to move up the value chain, allowing them to capture additional margins for many crops (tomatoes, guava, figs, potatoes, limes, apricots, peaches and grapes) as well as mozzarella. Farmers started engaging in early processing (e.g. sorting, washing, packaging, even sun-drying), both to reduce spoilage and to protect earnings during market gluts. For instance, tomato producers have been engaged in sun-drying tomatoes, which commands a higher price (US\$ 14/kg compared to only US\$ 3/kg for fresh tomatoes), and a longer shelf life; these producers were also linked with processing firms (for instance, the Kinana company employs about 800 people, and procures tomatoes from 3,000 producers). The Project encouraged the processing of guava into juice, jam and leather, and supported the establishment on a pilot basis of a mozzarella processing plant to introduce a new product in the country, promoting product diversification and enterprise development.
35. **Price transmission along the value chains.** Tables 2 to 6 illustrate the price transmissions along selected chains (potato, lime, apricot, peach and grape), based on information collected during field mission. The scenario differs according to crop, sale point (wholesaler or retailer), level of processing (raw or processed), and to the type of market for which the product is grown (local, regional or international).
36. **Potato chain** (Table 2). The average farm-gate price is US\$ 137/ton if sold to wholesalers, or US\$ 183/ton if sold to exporters. The farmer’s earnings net of costs vary between US\$ 46/ton for sales to wholesalers and US\$ 91/ton for sales to exporters.

**Table 2: Price transmission along the potato value chain**

Stage in the chain	Price ( US\$ /ton)
<b>Farmers’ profitability by selling to wholesaler:</b>	
Farm-gate price	137
Farmers’ costs	91
Farmers’ earnings net of costs	46
<b>Farmers’ profitability by selling to exporter:</b>	
Farm-gate price	183
Farmers’ costs	91
Farmers’ earnings net of costs	91
<b>Prices:</b>	
Wholesale price	173
Retail price	201

37. **Lime chain** (Table 3). The average farm-gate price ranges between US\$ 292/ton if sold to wholesalers, to US\$ 347/ton for sales to processors.

**Table 3: Price transmission along the lime value chain**

Stage in the chain	Price ( US\$ /ton)
<b>Farmers selling to wholesaler:</b>	
Farm-gate price	292
<b>Farmers selling to exporter:</b>	
Farm-gate price	347
<b>Prices:</b>	
Wholesale price	319
Export retail price	475
Local retail price	548

38. **Apricot chain** (Table 4). The farm-gate price for apricots varies according to whether the product is processed or not. For fresh apricots, the farm-gate price is US\$ 365/ton if the product is sold to wholesalers (equivalent to earnings net of cost of US\$ 219/ton); US\$ 456/ton if it is sold to processors (US\$ 265/ton earning net of costs). For processed apricots, given that 1 ton of fresh apricots can produce 0.5 tons of sun-dried fruit, the farm-gate price received by the farmers is US\$ 913/ton (earnings net of costs estimated at US\$ 566/ton).

**Table 4: Price transmission along the apricot value chain**

Stage in the chain	Price ( US\$ /ton)
<b>Farmers' profitability by selling unprocessed product to wholesaler:</b>	
Farm-gate price	365
Farmers' costs	146
Farmers' earnings net of costs	219
<b>Farmers' profitability by selling unprocessed product to processor:</b>	
Farm-gate price	456
Farmers' costs	192
Farmers' earnings net of costs	265
<b>Farmers' profitability by selling processed product:</b>	
Farm-gate price	913
Farmers' costs	347
Farmers' earnings net of costs	566
<b>Prices:</b>	
Wholesale price (fresh product)	502
Retail price (fresh product)	685

39. **Peach chain** (Table 5). Again, the farm-gate price improves with direct sale to actors at the higher end of the chain. Farmers who receive US\$ 274/ton from wholesalers will gain US\$ 192/ton earnings net of costs. Sales at US\$ 329/ton to processors will increase earnings net of costs to US\$ 201/ton. As in the case of apricots, farm-gate price and farmers' earnings net of costs rise considerably if the farmer can sell processed peaches (US\$ 821/ton and US\$ 520/ton, respectively).

**Table 5: Price transmission along the peach value chain**

Stage in the chain	Price ( US\$ /ton)
<b>Farmers' profitability by selling unprocessed product to wholesaler:</b>	
Farm-gate price	274
Farmers' costs	82
Farmers' earnings net of costs	192
<b>Farmers' profitability by selling unprocessed product to processor:</b>	
Farm-gate price	329
Farmers' costs	128
Farmers' earnings net of costs	201
<b>Farmers' profitability by selling processed product:</b>	
Farm-gate price	821
Farmers' costs	301
Farmers' earnings net of costs	520
<b>Prices:</b>	
Wholesale price (fresh product)	411
Retail price (fresh product)	639

40. **Grape chain** (Table 6). Farmers' earnings are again enhanced if they can bypass intermediaries (wholesalers) to sell directly to processors. The average farm-gate price is US\$ 548/ton for sales to wholesalers against US\$ 639/ton for sales to processors, and US\$ 913/ton for sales of processed grapes. Earnings net of costs are US\$ 430/ton for sales of raw grapes to wholesalers, US\$ 475/ton for sales to processors, and US\$ 612/ton for sales of processed grapes. Again, the farm-gate

price is significantly higher (US\$913/ton) if the farmer sells processed grapes, moving up the value chain.

**Table 6: Price transmission along the grape value chain**

Stage in the chain	Price ( US\$ /ton)
<b>Farmers' profitability by selling unprocessed product to wholesaler:</b>	
Farm-gate price	548
Farmers' costs	118
Farmers' earnings net of costs	430
<b>Farmers' profitability by selling unprocessed product to processor:</b>	
Farm-gate price	639
Farmers' costs	163
Farmers' earnings net of costs	475
<b>Farmers' profitability by selling processed product:</b>	
Farm-gate price	913
Farmers' costs	300
Farmers' earnings net of costs	612
<b>Prices:</b>	
Wholesale price (fresh product)	639
Retail price (fresh product)	876

### B. Assessment of impact on farmers' incomes

41. **Farm models.** Based on field visits and discussions with several beneficiaries, IFAD conducted an impact assessment on a sample of small farmers engaged in various activities. The farm models provide examples of ways in which farmers can optimize the use of their lands in a sustainable manner based on the main support services offered by the Project. The analysis used real life data and parameters provided by farmers.
42. Given the minimum daily wage of EGP 40 (equivalent to US\$ 7), the **impact assessment** shows an **average yearly income per household of EGP 46,000** (or US\$ 8,300), clearly **higher than the yearly minimum wage** of EGP 12,000 (or US\$ 2,200), **as well as the poverty benchmark indicator** of US\$ 1.25/day, or US\$ 456/year.

**Table 7: Impact assessment**

Models	Current Model description	Household Average Yearly Income after financing		Returns/ Household per Day of Labour	
		EGP	US\$	EGP	US\$
I	This farm has a size of 2.5 feddan (1.05 ha), is cultivated twice a year (winter and summer), and the farming system consists of a mixture of crops and livestock. The farmer has a crop combination of about 1.25 feddan (0.53 ha) of wheat and 1.25 feddan (0.53 ha) of clover in the winter, followed by 1.25 feddan (0.53 ha) of groundnuts and 1.25 feddan (0.53 ha) of maize during the summer. The household owns two multipurpose dairy cows, obtained through an EGP 15,000 (US\$2,700) loan from PBDAC, while the farmer financed the cost for improved irrigation network from his own resources.	25,252	4,591	240	44
II	This farm extends over an area of 2.5 feddan (1.05 ha), cultivated twice a year. The farmer has a crop combination of about 0.7 feddan (0.29 ha) of wheat, 0.7 feddan (0.29 ha) of clover and 1.1 feddan (0.46 ha) of potatoes in winter, followed by 1.25 feddan (0.53 ha) of groundnuts, 0.75 feddan (0.32 ha) of maize and 0.5 feddan (0.21 ha) of green beans during the summer. The household received a loan of EGP 10,000 (US\$1,800) from PBDAC to invest in improved irrigation network.	27,768	5,049	196	36

Models	Current Model description	Household Average Yearly Income after financing		Returns/ Household per Day of Labour	
		EGP	US\$	EGP	US\$
III	This farm has a size of 5 feddan (2.10 ha), and is cultivated twice a year during winter and summer. The farmer grows wheat in winter, and groundnuts during the summer season. The household received an EGP 20,000 (US\$3,600) loan of from PBDAC to cover the costs of the improved irrigation network.	34,553	6,282	129	23
IV	The farm has a size of 5 feddan (2.10 ha), cultivated twice a year. The farming system comprises a mixture of crops and livestock. The farmer grows wheat on 2.5 feddan (1.05 ha), clover on 1.25 feddan (0.53 ha) and green beans on 1.25 feddan (0.53 ha) during winter, and groundnuts on 5 feddan (2.10 ha) during the summer. The household also maintains an average of two multipurpose dairy cows throughout the year from its own resources, and has received an EGP 20,000 (US\$3,600) loan from PBDAC to invest in improved irrigation network.	46,111	8,384	179	33
V	The farm size is 5 feddan (2.10 ha), of which 2.5 feddan (1.05 ha) are cultivated twice a year, with 1.25 feddan (0.53 ha) wheat and 1.25 feddan (0.53 ha) clover in the winter, followed by 1.25 feddan (0.53 ha) of groundnuts and 1.25 feddan (0.53 ha) of maize in the summer. The remaining 2.5 feddan (1.05 ha) are planted with citrus trees. The farming system includes a mixture of crops and livestock. The household has two multipurpose dairy cows, obtained from its own resources. A loan of EGP 20,000 (US\$ 3,600) from PBDAC has enabled this household to invest in improved irrigation network.	63,964	11,630	499	91
VI	The farm size is 5 feddan (2.10 ha), cultivated throughout the year with citrus trees. The household received a loan of EGP 20,000 (US\$ 3,600) from PBDAC to invest in improved irrigation network.	77,225	14,041	1,716	312
<b>TOTAL AVERAGE</b>		<b>45,812</b>	<b>8,329</b>	<b>493</b>	<b>90</b>



## Project pipeline

1. IFAD's ongoing projects (UERDP, OFIDO, and PRIME) are adopting innovative approaches of organizing smallholder farmers around critical resources such as high value agriculture products, water resources and financial services. The specific innovative features in each of these projects would be further refined and scaled-up during the current RB-COSOP. It is expected that Egypt would have an allocation of around US\$ 80 million in the next funding cycle 2013-2015. By considering IFAD is a long term partner, the Government of Egypt would like to make use of these funds to co-finance the following two projects, which are part of government long term programme of converting all traditional irrigation systems into modern irrigation and linking all small farmers to markets. The two projects identified in the current pipeline are: (i) scaling up of the On Farm Irrigation Development in the Oldlands Project (OFIDO); and (ii) scaling up of the Promotion of Rural Incomes through Market Enhancement Project (PRIME). Given the strong complementarity between the two projects, and subject to borrower's agreement, the two projects could be merged into one. In addition the borrower is planning to make use of the remaining US\$14 million under the current PBAS cycle (2010-2012) as a supplementary financing for OFIDO with the aim of adding two governorates to the current project area. The supplementary financing is planned for December (2012) EB presentation.

### A. Scaling up of On-Farm Irrigation Development in the Oldlands (OFIDO) Project

2. **Justification and Rationale.** The Agriculture Sector is a key sector in the Egyptian economy, providing livelihoods for 55% of the population and directly employing about 30% of the labour force. Although contribution of the sector has fallen over time, it still accounts for about 13% of GDP and 20% of total exports and foreign exchange earnings. Food security is a key issue in the country which imports about 40% of its food requirements and incurs a total import bill of US\$2.5 billion per year. A major issue facing Egyptian agriculture is the shortage of water. The Nile River is the main and almost exclusive source of surface water for Egypt. The Nile water is shared by ten countries with a combined population of about 300 million and growing demand for water. The Nile Water Agreement of 1959 with Sudan defines the allocation of Nile water between Egypt and the Sudan. Under this agreement, 55.5 billion m<sup>3</sup> per year is allocated to Egypt.
3. The total amount of water used from various sources in Egypt is currently about 76.5 billion cubic meters, according to the latest estimates. The Nile River directly supplies 73% of this demand and the rest comes mostly indirectly from the Nile (its groundwater aquifers, reuse of agricultural drainage water and return flows from the river). High population growth during the past 30 years, and the related industrial and agricultural activities have increased the demand for water and will continue to do so in the foreseeable future. By 2017, the total water demand is projected to reach about 93.5 bm<sup>3</sup> that is almost twice the fixed available supply. Climate change and global warming is another concern adding to the severity of the water deficit. The sector has therefore to face the greatest challenge in the efforts to rationalize water use.
4. Agriculture is and will remain the largest user of water. Water productivity and farmers livelihood security are intricately connected in rural Egypt because farming depends entirely on irrigation. The current status of irrigation and water management in the old lands gravely threatens livelihood security for poor farmers. The oldlands irrigation system in Egypt is currently confronted with pressing problems including the inequitable distribution of water at the tertiary (mesqa) and quaternary (marwa) level with the majority of farmers at the tail-ends receiving very little water, and the excessive water wasting and energy cost inherent in the current

system operations. Both issues affect primarily the poorer farmers and decrease their production and income potential. This has led to losses of cultivated land and irrigation water, below optimum utilization of water, low yields, rigid cropping patterns, and low household food security and income. There are substantial water losses at the field level, particularly at marwas where the losses are reported to be between 9% and 17%. Production and income losses at farm level have been estimated to be even higher and range between 6 to 40%.

5. IFAD is one of the few donors, in addition to the World Bank, KfDW, the Netherlands, which has invested in on-farm irrigation practices and institutions at the Marwa level. Its experience in the OFIDO project, which started implementation one year ago, will be scaled up and the lessons learnt will be further refined and replicated in other parts of the country.
6. **Geographic area of intervention and target groups.** The project area will be identified based on the experience of the current phase of OFIDO. Investments are likely to be made in Upper and Middle Egypt. The areas selected would include those with a high potential for gains from investments in the water sector, high population density, high incidence and concentration of rural poor, potential for producing high-value crops and livestock products under better management of water resources, etc. The target group would consist of: (a) smallholder farmers and tenants; (b) landless labourers; (c) unemployed youth; and (d) rural women.
7. **Project Goal and Objectives.** The development goal of the Project would be to contribute to the reduction of rural poverty and to increase food security in Egypt. The project objective would be to improve the livelihoods of poor rural people in the project area through targeted interventions to enhance farms production potential and raise households' income. This would be achieved through: (i) improvements in the irrigation network; (ii) improvements in agricultural productivity on small holdings through an appropriate integrated research and extension system; (iii) support to marketing for small holders and the landless; and (vi) support for employment and income generating micro and small enterprises and better access to skills and rural financial services.
8. **Ownership, Harmonization and Alignment.** The project is fully consistent with IFAD's current Strategic Framework (2011-2015). The scaling up of OFIDO's goal and objectives are fully aligned with the strategic emphasis of the COSOP on strengthening farmer organizations, water use efficiency, and access of rural poor to improved technologies, financial services and markets. The project is also consistent with IFAD's policies related to targeting, gender, innovation, scaling up, private sector participation and RIMs indicators.
9. The Project is also consistent with **the Government's Agriculture and Rural Development Strategy**. Its Sustainable Agricultural Development Strategy Towards 2030 calls for the promotion of more efficient and market oriented agriculture that optimises the use of land and water, takes advantage of export markets and builds the strength of farmers and users organizations to manage resources and increase their market share.
10. The project is also designed to build on and complement other donor activities in the irrigation sector such as the World Bank, USAID, KfW and The Netherlands. The lessons learned from these initiatives and those previously supported by IFAD in the reclaimed newlands and in the oldlands would be taken into consideration during the design and implementation of the proposed project. Full coordination with other donor-supported initiatives would be pursued. IFAD's niche is at the Marwa level while other donors are working at the Mesqa level and above.

11. **Project Components.** The project would comprise the following four components; (i) irrigation and water management; (ii) agriculture competitiveness enhancement; (iii) rural enterprise and micro finance development; and (iv) project coordination and management.
12. The Irrigation and Water Management Component would include:
  - (a) improvement of farm level irrigation systems for more rational use of water for irrigation; (b) enhancement of water management practices for more equitable distribution of available water; and (c) greater and more effective participation of users and stakeholders in water management for sustained irrigation and improved crop production.
13. The Agriculture Competitiveness Enhancement Component would provide demand-driven training and agricultural technical assistance to farmers, individually and through the Farmers Associations and Water Users Organizations. Strong emphasis would be placed on the following themes: (a) better water management and promotion of modern irrigation systems; (b) soil quality improvement; (c) the promotion of crop diversity and the introduction of high-value crops with potential markets, such as non-traditional and organic fruit, vegetables, dairy products and medicinal plants; (d) crop rotation and crop-livestock integration; and (e) support for local farmer organizations through capacity-building and service provision.
14. The Rural Enterprise and Micro Finance Development Component would provide necessary financing, capacity building and business advisory services for on and off farm micro and small enterprises to rural households in project villages associated with the command areas. A value chain approach would be adopted to promote agricultural development, small on-farm and off-farm enterprise development, farmers marketing associations and income generating activities to provide employment and improve the socio-economic conditions of the target group. The component would consist of: (a) rural finance through demand driven lending; and (b) strengthening financial intermediaries (CDAs, NGOs), and (c) support to Marketing Associations and SMEs.
15. The Project Coordination and Management Component would provide for project coordination and management arrangements at the Governorate and National levels, establish, operate and maintain a strong monitoring and evaluation system to measure progress and impact of the project.
16. **Costs and financing.** The total funds allocated for this Project are US\$ 40 to US\$ 50 million. More accurate costs would be estimated at subsequent stages of project design when more detailed data would be available on the scope of the interventions. These funds could be supplemented by a small amount of country grant which would be in the range of around US\$ 0.5 to 1.0 million. The Government and project beneficiaries are also expected to contribute funds for the Project. Their contribution would be determined during detailed design. Parallel financing arrangements and funds for capacity building would be sought from bilateral agencies such as KfW, Italian Cooperation, the Netherlands, AFD, the European Union, or the World Bank.
17. **Organization and management.** Given the project scope and focus, the Ministry of Agricultural and Land Reclamation, the Ministry of Water Resources and Irrigation and the Social Fund for Development or the Agricultural Research and Development Fund would be the main project implementing partners. The National Project Coordination Unit which is currently implementing OFIDO will manage this project as well. Provincial Project Coordination Units will be established in each selected Governorate.
18. **Monitoring and Evaluation indicators.** The M&E system would be designed to monitor progress and impact. The Results and Impact Management System or RIMS, will be fully incorporated in the programme M&E system and the following indicators,

among others, would be applied to monitor the project's progress and impact: (i) % change in crop yields at the head and tail end of the branch canals; (ii) number of WUOs established and functional; area served; (iii) number of women in leadership position of WUOs; (iv) % increase in crop and livestock production and crop yields by the small farmers, gender disaggregated; (v) % of project target group organized in WUOs by gender; and (vi) % of the command areas managed by WUOs.

19. **Innovation & scaling up.** The project would be scaling up the successful experience of IFAD's past investments in farmer organizations, water user associations, on-farm irrigation investments, and linking farmers with access to improved technologies, access to finance and markets.
20. **Risks.** The uncertain political situation in the country may slow down the implementation of the ongoing OFIDO project and thus it may delay the incorporating of lessons for the proposed investment. However, this risk is minimal as despite the various changes, OFIDO project has been proceeding satisfactorily.
21. **Timing.** It is proposed that the project design would be undertaken during 2013 for submission to the April 2014 Executive Board session.

#### **B. Scaling up of Promotion of Rural Incomes through Market Enhancement Project (PRIME)**

22. **Justification and Rationale.** Agricultural growth is not only important to growth in national income and food security, but also vital to growth in employment and reduction of poverty in Egypt. Within the agriculture sector, Egypt enjoys a significant comparative advantage in the production and export of high value horticulture and livestock products, herbs and medicinal plants. This comparative advantage is based on its favourable agroclimatic conditions, counter-seasonal production capabilities, and physical proximity to important markets. Similar to PRIME project, approved in December 2011, the underlying hypothesis of this investment project is that the focus on these subsectors can enhance agriculture growth and food security, create additional demand in the non-farm sector, absorb landless labour and youth, create opportunities for women and contribute to poverty reduction and gender equity.
23. The proposed project is a response to fill a much needed gap in the smallholder farmer's capacity for organization and access to financial and outputs markets and create opportunities to improve agriculture-derived livelihoods of poor rural producers. Consistent with the objectives of IFAD's strategic framework and the objectives of the agriculture strategy of the government, the aim of the proposed investment is to contribute to the reduction of poverty by enabling the smallholder farmer increase his/her income, reduce his/her production losses and establish better links with markets for higher food security, mainly through contractual farming with private exporters and processors. The project would assist the target group view farming as a business and help him/her integrate into markets and value chains as well as develop the off-farm sector and integrate it with the farm sector to capitalize on the synergies between the two.
24. **Geographic area of the intervention.** The project area for the scaling up of PRIME activities will be based on the lessons learned from the current PRIME Project. Investments are likely to be made in Upper and Middle Egypt. However, parts of the delta can be included because of the synergies in terms of marketing and the potential for horticulture and livestock production in these areas. The selection of the Governorates would be based on (i) the incidence of poverty in these Governorates; (ii) their potential for production of horticulture crops, livestock, herbs and medicinal plants; (iii) the agroecological variation in the Governorates which enables capitalizing on their year round production potential; and (iv) the potential to

capitalise on and complement IFAD's previous and ongoing investments in irrigation and institutional development at the farm level.

25. **Project Goal and Objective.** The development goal of the Project would be to contribute to the reduction of rural poverty and to increase food security in Egypt. The objective of the project would be to increase the incomes of rural households in project area. The target group would include smallholder farmers, landless labourers, women, unemployed youth, small and medium entrepreneurs.
26. **Ownership, Harmonization and Alignment.** The project is fully consistent with IFAD's current Strategic Framework (2011-2015). The scaling up of PRIMES's goal and objectives are fully aligned with the strategic emphasis of the COSOP on strengthening farmer organizations and access of rural poor to improved technologies, financial services and markets. The project is also consistent with IFAD's policies related to targeting, gender, innovation, scaling up, private sector participation and RIMS indicators.
27. The Project is also consistent with **the Government's Agriculture and Rural Development Strategy**. Its Sustainable Agricultural Development Strategy Towards 2030 calls for the promotion of more efficient and market oriented agriculture that optimises the use of land and water, takes advantage of export markets and builds the strength of farmers and users organizations to manage resources and increase their market share.
28. **Project Components.** The PRIME project would include three components namely; (i) Marketing Support Component; (ii) Rural Finance Component; and (iii) Project Management and Coordination Component. These components are designed to strengthen smallholder farmer institutions and human capacities, enhance access to improved technologies for production, post-harvest, transport and processing through access to finance and increased access to markets.
29. **Costs and financing.** The total funds allocated for this Project would be between US\$ 60 to US\$ 75 million. More accurate costs would be estimated at subsequent stages of project design when more detailed data would be available on the scope of the interventions. These funds could be supplemented by a small amount of country grant which would be in the range of around US\$ 0.5 to 1.0 million. The Government and project beneficiaries are also expected to contribute funds for the Project. Parallel financing arrangements and funds for capacity building would be sought from bilateral agencies such as Italian Cooperation which is implementing a Green Trade Initiative from the Italian Debt Swap funds.
30. **Organization and management.** The project coordination and management arrangements would follow the ongoing PRIME project, using the same National Project Coordination Unit and Governorate Project Coordination Units in the selected governorates. The experience of the PRIME project, approved in December 2011 would be used to refine project design.
31. **Monitoring and Evaluation indicators.** The following M&E indicators included in the RB-COSOP, would be applied to monitor project impact: (i) % of individuals provided training and skills who are able to enhance their employment and incomes and the % of women from among them; (ii) % of the organized households which enhanced their economic opportunities; (iii) % of target households who report an increase in their yields from farming as a result of enhanced production skills; (iv) % increase in the volume of output sold by small farmers due to the increase in contractual arrangement with processors and exporters; (v) % of households reporting enhanced flow of financial services to and through the agriculture value chains; (vi) % of increase in farm gate prices; and (vii) % of target SMEs with improved profitability through greater access to financial services.

32. **Innovation & scaling Up.** The project would scale up the successful experience of IFAD's ongoing investments in farmer organizations, linking farmers with access to improved technologies, access to finance and markets.
33. **Risks.** The uncertain political situation in the country may slow down the implementation of the recently approved PRIME project and thus, it may delay the incorporation of lessons learned for the proposed scaling up of the PRIME project in the next funding cycle. However, this risk is small as a new Government is expected to be in power by the time PRIME is due for implementation in the second half of 2012.
34. **Timing.** It is proposed that the project design be undertaken during 2014, for submission to the April 2015 Executive Board session.

## Key file 1: Rural poverty and agricultural/rural sector issues

Priority Area	Affected Group	Major Issues	Actions Needed
<ul style="list-style-type: none"> <li>Unemployment and underemployment in rural areas</li> </ul>	<ul style="list-style-type: none"> <li>Unemployed men and women.</li> <li>Landless men and women.</li> <li>Households with limited land.</li> </ul>	<ul style="list-style-type: none"> <li>There are few employment opportunities in rural areas and most have to establish their own small enterprise.</li> <li>Limited availability of credit to establish a small enterprise.</li> </ul>	<ul style="list-style-type: none"> <li>Provision of financial services.</li> <li>Provision of technical services.</li> <li>Improved job opportunities for women specially;</li> <li>Better and more equitable access to financial services and related marketing/business advice for both men and women.</li> </ul>
<ul style="list-style-type: none"> <li>Small scale and fragmented production makes the small-farmer an unattractive supplier for the high value export market and processors.</li> </ul>	<ul style="list-style-type: none"> <li>Small farmers both men and women.</li> </ul>	<ul style="list-style-type: none"> <li>The exporter and processor prefers to deal with large farmers</li> <li>High degree of post-harvest losses.</li> <li>Inability to secure a price that covers production costs.</li> <li>Inability to read market signals or gain access to market information.</li> </ul>	<ul style="list-style-type: none"> <li>Organizing small farmers into group and Farmer Market Associations to enable them to take advantage of economies of scale, reduce transactions cost and enhance their bargaining power.</li> </ul>
<ul style="list-style-type: none"> <li>Growing water scarcity and inefficient use of available irrigation water.</li> </ul>	<ul style="list-style-type: none"> <li>Small farmers both men and women</li> </ul>	<ul style="list-style-type: none"> <li>Limited involvement of farmers in system management</li> <li>Inefficiencies in the management of water at the on-farm level.</li> <li>Problem with irrigation water supply at the upper system level</li> <li>Insufficient adaptation and upkeep of irrigation systems.</li> </ul>	<ul style="list-style-type: none"> <li>Introduce participatory irrigation management through establishment of WUOs.</li> <li>Training to farmers in improved irrigation methods.</li> <li>Provision of financial services to help small farmers install drip and sprinkler irrigation systems.</li> <li>Better coordination of services between MALR and MIWR.</li> </ul>
<ul style="list-style-type: none"> <li>Inability of the large number of small farmers to gain access to new technology, financial services and markets.</li> </ul>	<ul style="list-style-type: none"> <li>Small farmers both men and women</li> </ul>	<ul style="list-style-type: none"> <li>Market information/know-how inaccessible for farmers</li> <li>Farmers are not aware of the requirements to export to more sophisticated markets in EU and ME.</li> <li>Limited transport and collection/marketing facilities.</li> <li>Limited availability of credit along the agriculture value chain.</li> <li>Small farmers do not know how to access the high value markets.</li> </ul>	<ul style="list-style-type: none"> <li>Provide marketing extension/advisory services and market information.</li> <li>Provide farmer information and training to adopt Global GAP and obtain certification.</li> <li>Provide financial services along the agricultural value chain.</li> <li>Strengthen the role of non-bank financial intermediaries to extend their rural outreach.</li> <li>Provide incentives to the commercial sector to enhance their risk appetite for lending to the agriculture sector.</li> <li>Encourage PBDAC to utilise its branch network for small farmers.</li> <li>Facilitate commercial grower/trader linkages and help farmer establish contractual relationship with the private sector.</li> </ul>

## Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats [SWOT] analysis)

Organization	Strengths	Weaknesses	Opportunities	Threats
Ministry of Agriculture & Land Reclamation (MALR)	<ul style="list-style-type: none"> <li>High quality leadership with clear vision and strategy for development up to 2030.</li> <li>Large and extensive field presence with competent field staff.</li> <li>Have been able to negotiate resources for directing towards the agriculture sector through ARDF.</li> <li>Good National Agriculture Research System with capacity for training support.</li> <li>Experience with IFAD projects.</li> </ul>	<ul style="list-style-type: none"> <li>Limited capacity to assist the small farmer.</li> <li>Limited capacity to influence policy in support of small farmer</li> <li>Excessive reliance on Agriculture Cooperatives.</li> <li>Limited staff incentives and operational support.</li> <li>Limited coordination with the MIWR</li> <li>Inability to direct PBDAC towards small holder agriculture finance.</li> </ul>	<ul style="list-style-type: none"> <li>High quality leadership with whom a strong partnership can be forged.</li> <li>A well-developed strategy towards 2030 with a business plan up to 2017.</li> <li>Potential to enhance yields, cropping intensity, economic efficiency of using land and water resources and bringing new land under cultivation.</li> <li>Policy advocacy for forming marketing organizations for small farmers.</li> </ul>	<ul style="list-style-type: none"> <li>Reluctance of farmers to alter traditional techniques.</li> </ul>
Ministry of Water Resources & Irrigation (MIWR)	<ul style="list-style-type: none"> <li>Clear objectives and well defined targets.</li> <li>High level policy commitment to collaboration with MALR on irrigation improvement.</li> <li>Strong technical capacity.</li> <li>Experience with participatory irrigation management and formation of WUOs and Water Boards.</li> <li>Strong donor support for irrigation, water use improvement and institutional reform in the water sector.</li> </ul>	<ul style="list-style-type: none"> <li>Lack of capacity to assess the success of the existing WUOs.</li> <li>Highly centralized departments and agencies.</li> <li>Limited coordination of activities with other departments, affiliated agencies and MALR.</li> </ul>	<ul style="list-style-type: none"> <li>Acceptance of the concept decentralization and greater control of participants in water user associations.</li> <li>Willingness to experiment with innovative schemes for improved and efficient water management.</li> <li>Water law under review by the Peoples' Assembly to transfer irrigation management to water users at branch level.</li> </ul>	<ul style="list-style-type: none"> <li>Exclusion of the poor from the WUOs.</li> <li>Lack of willingness of the private sector to participate in the water sector management.</li> <li>Government reluctance to organize water users at branch canal level due to concerns that these maybe used for political purpose.</li> <li>The WUOs are unable to work on an effective and sustainable basis.</li> </ul>
Principal Bank for Development and Agriculture Credit. (PBDAC)	<ul style="list-style-type: none"> <li>Strong leadership with a clear mandate and vision.</li> <li>Extensive network of branches and village banks that comprise of 1014 outlets.</li> <li>Mandate to work with farmers and rural businesses.</li> <li>Excess liquidity.</li> </ul>	<ul style="list-style-type: none"> <li>The highly profitable marketing operations of the bank made it neglect its financial services.</li> <li>Irresponsible lending has entailed a write-off of between EGP 4 to 5 billion.</li> <li>Poor history of adaptation of lending terms to poor rural borrowers.</li> <li>Lack of staff orientation to serve microfinance clients.</li> </ul>	<ul style="list-style-type: none"> <li>Restructuring with the assistance of RaboBank.</li> <li>Senior management fully understands the requirements of microfinance.</li> <li>Senior management interested in providing agriculture value chain finance.</li> <li>Government pressure mounting to address rural poverty in Upper Egypt through credit.</li> </ul>	<ul style="list-style-type: none"> <li>Conflicting agenda of the PBDAC in terms of its marketing and banking operations.</li> <li>Limited orientation of staff to deal with microfinance clients.</li> </ul>



Organization	Strengths	Weaknesses	Opportunities	Threats
		<ul style="list-style-type: none"> <li>Reluctance to take further risks in the microfinance sector at the moment.</li> </ul>		
Social Fund for Development (SFD)	<ul style="list-style-type: none"> <li>A clear poverty reduction, employment generation and gender mainstreaming strategy.</li> <li>Established network and offices in all governorates.</li> <li>Good outreach to poorer villages.</li> <li>Well qualified staff.</li> <li>Implementation of best practices in microfinance and MSE lending.</li> <li>Balanced emphasis on credit and capacity building for MFIs and final borrowers.</li> <li>Familiarity and partnership with local level organizations, NGOS and CDAs.</li> <li>Partnership with commercial banks.</li> <li>Extended donors support and trust and availability of adequate resources.</li> <li>New section for small business start-ups and promotion.</li> </ul>	<ul style="list-style-type: none"> <li>Poor relationship with MALR and MIWR.</li> <li>Unused to working as an integral part of a project team.</li> <li>Limited value added as a simple channel of funds to the commercial sector.</li> <li>Needs greater focus in working with non-bank microfinance institutions.</li> </ul>	<ul style="list-style-type: none"> <li>Has a comparative advantage in working with non-bank financial institutions.</li> <li>Recent Involvement in agricultural and rural Development through partnership with IFAD in UERDP, OFIDO and the proposed PRIME.</li> <li>Quick learning and adaptation to IFAD's specificities and needs.</li> </ul>	<ul style="list-style-type: none"> <li>Some agencies see it as a potential threat and competitor for resources.</li> <li>Rapid growth in organizational size and demand threatens to slow down its performance and lead to delays.</li> </ul>
Agriculture Research and Development Fund (ARDF)	<ul style="list-style-type: none"> <li>ARDF is a fund owned by the MALR and managed by the Commercial International Bank on their behalf.</li> <li>Has been able to provide dedicated financial services to the agriculture sector.</li> <li>ARDF operates through 11 affiliated commercial banks, who in turn, provide both individual and collective loans directly or through Agriculture Cooperatives and selected Associations.</li> <li>Its investment income enables it to provide technical assistance for research and development for the agriculture sector.</li> </ul>	<ul style="list-style-type: none"> <li>Limited outreach to the smallholder.</li> <li>The utilization rate of its own funds is only 38%.</li> <li>It has not been able to leverage commercial bank resources for the agriculture sector mainly because it has not enhanced their understanding of agriculture lending or enabled them to devise strategies to deal with the risks inherent in the agriculture sector.</li> <li>The concept of finance to or through the agriculture value chain has not been well understood or implemented.</li> </ul>	<ul style="list-style-type: none"> <li>To direct increased resource flows and technical assistance to the smallholder farmer.</li> <li>To building the capacity of participating commercial banks to understand agriculture value chain finance.</li> <li>To leverage IFAD funds for attracting the risk appetite of the commercial sector for agriculture lending.</li> </ul>	<ul style="list-style-type: none"> <li>The commercial banks will not be willing to provide funds to the smallholder farmer.</li> <li>The funds will be underutilized.</li> </ul>
NGOs	<ul style="list-style-type: none"> <li>Capacity to provide a wide range of services to rural households and small farmers.</li> </ul>	<ul style="list-style-type: none"> <li>Reluctance of government to involve in development projects.</li> <li>Sustainability depends almost</li> </ul>	<ul style="list-style-type: none"> <li>Utilise them for outreach to IFAD's target group.</li> <li>Growing recognition of their</li> </ul>	<ul style="list-style-type: none"> <li>Government is generally reluctant to engage them directly in loan financed</li> </ul>

Organization	Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> <li>• Good capacity to organize and have outreach to small farmers.</li> <li>• Strong capacity to work with women and rural poor.</li> <li>• Good capacity to provide financial and technical services to IFAD's target group.</li> <li>• Local level implementation experience.</li> </ul>	entirely on donor finances.	positive role in development in Egypt.	projects.
Agriculture Cooperatives	<ul style="list-style-type: none"> <li>• Exist across the country and all farmers are required to register with the cooperatives.</li> <li>• Efficient mechanism for undertaking procurement of strategic crops for the Government.</li> <li>• Can be used potentially for distributing agricultural inputs to the large number of small farmers.</li> </ul>	<ul style="list-style-type: none"> <li>• These are not a voluntary organization of farmers.</li> <li>• Restricted from undertaking marketing activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Can be used to channel financial services to small farmers.</li> <li>• Can be used to organize farmers for extension messages and training.</li> </ul>	<ul style="list-style-type: none"> <li>• These can be used as a hierarchical institution to direct farmers to undertake activities which they may not want to undertake.</li> </ul>
Community Development Associations (CDAs)	<ul style="list-style-type: none"> <li>• Good mechanism for multi-purpose activities at the community level.</li> <li>• Recognition of their supportive role in assisting rural households to undertake a wide range of activities.</li> <li>• Have been a good mechanism in several IFAD financed projects.</li> </ul>	<ul style="list-style-type: none"> <li>• The level of sustainability depends upon their financing from donors and partially by Government.</li> <li>• Generally are dominated by a few active members.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential to use them for future IFAD financed projects especially for encouraging the participation of rural non-farm households.</li> </ul>	<ul style="list-style-type: none"> <li>• The level of participation of rural households and women is uneven.</li> </ul>
Farmer Marketing Associations (FMA)	<ul style="list-style-type: none"> <li>• Voluntary organization in which only interested farmers participate.</li> <li>• Commodity specific and focused.</li> <li>• Capacity to link farmers with markets.</li> <li>• Capacity to enable farmers to access financial services.</li> </ul>	<ul style="list-style-type: none"> <li>• Very few FMAs exist at the moment.</li> <li>• Unable to forge market links on their own and require technical assistance to enable them to do so.</li> <li>• Long-term sustainability depends upon their capacity to forge effective relationships.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential for enabling small farmers to realise economies of scale, reduce transactions cost and enhance their bargaining power.</li> <li>• The existing regulation enables them to organize and work within the existing policy framework.</li> </ul>	<ul style="list-style-type: none"> <li>• No law which supports contractual relationship between the private sector and the markets.</li> <li>• The private sector may prefer to deal with a few large farmers and ignore the FMAs.</li> </ul>

### Key file 3: Complementary donor initiative/partnership potential

Donor/Agency	Nature Of Project/Programme	Project /Programme Coverage	Status	Complementarity/ Synergy Potential
<b>African Development Bank</b>	<p>More than 70% of AfDB's investments in the country are in the power sector. The ongoing projects of relevance for IFAD include the following.</p> <p><b>Rural Income and Economic Enhancement Project (RIEEP).</b> The project will have two mutually reinforcing components, a technical assistance component (US\$ 3 million) and an agribusiness facility (US\$ 70 million)., the project will seek to sustainably improve the incomes of the economically active rural smallholder farmers engaged in the production, processing and marketing of selected agricultural commodities (horticulture, livestock and fisheries) by enhancing their participation in productive business alliances and access to affordable finance.</p>	TA component to focus on three Governorates in Upper Egypt namely Menia, Assiut and Sohag. The agribusiness facility has a nationwide coverage.	December 2009 to December 2015	Assess the potential for synergy and a shared position on institutional development and policy reform in the financial sector for maximum impact on enhancing access for rural poor.
	<p><b>Financial Sector Reform Loan.</b> The overriding objective of the FSRP is to develop a market-based, efficient, competitive and sound financial system that could better serve Egypt's development and growth objectives. The program seeks to enhance the efficiency of financial intermediation and risk management in the economy, to build safe and sound banking and non-bank financial sectors through comprehensive structural and financial reforms that will accelerate economic growth and development.</p>	Nationwide.	July 2006- ongoing.	Potential to learn from the World Bank experience of reform in the financial sector and how this can feed into its own projects in the financial sector in defining the limits and potential for policy dialogue.
	<p><b>Irrigation Pipeline.</b> The AfDB has identified some pipeline projects for Egypt but these are still under discussion. It is planning to invest in irrigation infrastructure and has commissioned several studies which will identify its projects. Most of these are expected to be large infrastructure schemes such as barrages, hydraulic structures and drainage schemes. While AfDB is keen to invest at the Marwa level, MIC is less keen for it to do so because of the high interest rates which its loans carry.</p>	Not yet determined	To be initiated	AfDB has in principal agreed to investigate the possibility of providing a grant for a study on the highest potential pay-off for investments at the Marwa level. This study could help IFAD design its next irrigation investment and also try and secure grant resources from AfDB for its future projects. In addition, AfDB could also explore parallel financing options with IFAD focusing on Marwa and AfDB on investments at the Mesqa and branch levels.
<b>Canadian International Development Agency (CIDA)</b>	Under the Country Development Programme Framework (2001-2011), CIDA aims at supporting basic education and enhancing employment creation through promotion of SMEs. Its total volume of support is about US\$ 20 million per year.	country wide	Ongoing	Promotion of SMEs in Upper Egypt

Donor/Agency	Nature Of Project/Programme	Project /Programme Coverage	Status	Complementarity/ Synergy Potential
<b>European Union</b>	<p>The EU-Egypt Country Strategy Paper (2007-2013), takes an explicit and direct account of support to civil society with aims to support reforms in the areas of democracy, human rights, good governance and justice. The cooperation strategy also moves from support focused on 'human resource development' (mainly health and education) to wider poverty alleviation support (including local development issues) and to the support of stable, sustainable and balanced development, including the support to economic infrastructure development for sustainable development. The bilateral European Neighbourhood Policy Initiative (ENPI) budget allocation for Egypt for the period 2011-2013 has been proposed at €449.29 million. The following are the current projects of relevance for collaboration with IFAD.</p> <p><b>Support to Rural Development.</b> (Euro 10 million) This programme aims at providing technical assistance and institutional capacity building to the Government of Egypt to support the implementation of a national pilot programme to develop a conditional incentive-based rural development strategy. The overall objective is to contribute to poverty reduction and socio-economic development of poor rural people through increased land productivity, employment creation and income generation.</p> <p><b>Support to ARDF.</b> EU is proposing to increase funding to ARDF for a credit line as well as for initiating a Guarantee scheme in collaboration with AFD. Technical assistance will be provided to banks and SMEs.</p>	<p>Country wide</p> <p>Country wide</p>	<p>Ongoing</p> <p>To be initiated</p>	<p>Potential for IFAD to learn lessons from the project and incorporate these in its own projects in the agriculture sector. Work closely with EU to establish a donor thematic sub-group on agriculture.</p> <p>To assess its experience with ARDF jointly with the EU during the implementation of PRIME and continue to explore opportunities for collaboration for future scaling up.</p>
<b>French Agency for Development</b>	<p>Farmer level Irrigation Modernization Project (FIMP) together with the World Bank. AFD is contributing Euro 35 million.</p> <p>Linking Farmers to Markets- a new project which does not have a formal name yet will be initiated with a grant from EU. At the moment, the TORs are being developed for a Scoping Mission. It is expected that a report will be ready by end December 2011 which will define the scope of the project. The project is expected to focus on access to finance for aquaculture and dairy sectors and is also expected to launch a credit guarantee mechanism.</p>	Not yet defined	<p>Not yet started</p> <p>To be initiated</p>	<p>To learn lessons and incorporate them in the design of irrigation investments.</p> <p>Depending upon the implementation arrangements, IFAD could negotiate that its target beneficiaries also benefit from the risk sharing arrangements.</p>
<b>Germany</b>	Focus on water resources, the environment and SMEs.	Supports to SFD for SMEs and the irrigation sector in partnership with	Ongoing	To learn from each other's lessons.

Donor/Agency	Nature Of Project/Programme	Project /Programme Coverage	Status	Complementarity/ Synergy Potential
		the World Bank		
<b>Italian Cooperation</b>	<p><b>Green Trade Initiative:</b> Project meant to strengthen export of fresh produce to the EU with the support of Italian private and public players. The project foresees a set of integrated actions: quality, logistic, finance, market access. The project is run by the Ministry of Trade and Industry (MTI) in cooperation with Ministry of Agriculture and Land Reclamation (MARL) and Ministry of Transport (MoT). The project is valued at EGP 54 million.</p> <p><b>Credit Lines to SFD:</b> The IC operates two credit lines with SFD. These are valued at Euro 22 million. The requirement to avail of the credit line is that at least 50% of the equipment should be Italian.</p> <p><b>Women in Agriculture:</b> The IC is planning a programme for women in agriculture valued at US\$ 4 million from Debt Swap funds.</p> <p><b>Aquaculture Promotion:</b> the IC has been implementing a programme with the Fish Development Authority for about US\$ 6.5 million.</p> <p><b>Installation of Remote Sensing in Rosetta Branch Canal.</b> A Euro 200,000 initiative to assist the Ministry of Irrigation with modernizing its management of its system.</p>	<p>Cairo and Egyptian Rural Areas</p> <p>Nationwide</p> <p>Qena, Assiut, Beni Seuf, Aswan Sohag, Fayoum</p> <p>Rosetta</p>	<p>Ongoing. 36 months</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>About to close</p>	<p>The green trade initiative supports the establishment of an integrated system to improve the production chain of agricultural fresh produce and its export. There are potential areas of synergy with PRIME which will be explored during implementation.</p> <p>The IC would like to learn from IFAD's experience in this regard. The use of IC funds in PRIME could be explored.</p>
<b>JICA</b>	<p>Supports expansion of agricultural production through the effective use of water resources and improvements in production, distribution, and processing technologies. The specific ongoing projects with potential for synergy with IFAD include the following.</p> <p>Development and implementation of a Master Plan for Horticulture: Technical Assistance for a study to assess investment needs and implement specific activities for linking farmers to markets.</p>	Menia and Assiut	Ongoing	Potential to learn lessons and coordinate activities with PRIME during implementation.
<b>KFW</b>	<p>Barrage in Assiut: KfW is providing Euro 240 million for the development of a new barrage in Assiut.</p> <p>IIMP: KfW is providing parallel financing of Euro 40 million to the</p>	<p>Assiut</p> <p>Beheira and Kafr</p>	<p>Ongoing</p> <p>Ongoing</p>	<p>To learn lessons and assess how IFAD investments can build on the work of</p>

Donor/Agency	Nature Of Project/Programme	Project /Programme Coverage	Status	Complementarity/ Synergy Potential
	World Bank project for improvements up to the Mesqa level.  New Phase of FIIMP	El Sheikh  Beheira and Kafr El Sheikh	Initiated in early 2011	other donors.
<b>Netherlands</b>	Water Board Project: Formation of Branch Canal and District Water Boards.	Nationwide	Phasing out. Expected to end in 2012.	Learn lessons from their experience in its irrigation sector investments.
<b>UNDP</b>	<p>“Building A National Strategy for Micro Finance in Egypt”. The project aims at integrating microfinance activities into the formal financial sector to ensure sustainable access to finance by the poor.</p> <p>Anti-Poverty Action Plan under preparation to be integrated in 5 year National Development Plan.</p> <p>Popular Markets: Working in Giza to establish market of fruits and vegetables at one low price by a cooperative of local community members.</p> <p>Micro credit provided to women headed households addressing unemployment levels among women (under the Social Fund for Development).</p>	<p>Country wide</p> <p>Country wide</p> <p>Giza Government</p> <p>Fayoum</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>	Learn lessons from its experience to build upon during potential scaling up.

**KEY FILE 3: COMPLEMENTARY DONOR INITIATIVE/PARTNERSHIP POTENTIAL – (CONT'D)**

Donor/Agency	Nature Of Project/Programme	Project/ Programme Coverage	Status	Complementarity/ Synergy Potential
<p><b>USAID</b></p>	<p>USAID plans to continue working with the private sector partners in Egypt to encourage job creation and poverty reduction through trade reform, support for improving Egypt's global competitiveness, and modernization of the financial sector. Job creation will be achieved through work with entrepreneurs and by supporting the public and private sectors to encourage both business start-ups and the growth of existing firms. USAID also promotes specific sectors that contribute directly to increased incomes and job creation, including agriculture, agribusiness, and tourism. Building on over \$1.2 billion in investments in agricultural research, policy reform, business development, and irrigation, USAID currently funds strategic business alliances that increase the production of higher value-added products, agricultural technical education that responds to market needs, and water management practices that improve the productivity of increasingly scarce water resources. USAID is currently in a transitional stage with respect to its assistance in Egypt. It is in the process of formulating its strategy for the next phase. The volume of its support in the agriculture sector is small and on an annual basis it only provides US\$ 10 million for the agriculture sector. Some ongoing and closed projects of relevance are given below.</p> <p><b>Annual Programme Statement.</b> Competitive grants to of US\$ 40 million for NGOs for democracy and governance and US\$ 100 million for economic growth.</p> <p><b>Agriculture Technical Schools.</b> The project plans to work with all 117 Agriculture Technical Schools in Egypt to enhance the quality of education and upgrade the skills and employability of the agriculture graduates in specific value chains. US\$ 9 million.</p> <p><b>Integrated Water Resources Management Project.</b> Decentralized Management of Water Resources; formation of integrated water management Districts; formation of branch canal WUOs; and equitable allocation of water resources.</p> <p><b>Global development Alliance.</b> Working with Heinz for production and processing of tomatoes. US\$ 12 million.</p> <p><b>Agricultural Export and Rural Income Project.</b> Promotion of export crops through farmer groups; links to exporters.</p>	<p>Nationwide</p> <p>Nationwide</p> <p>Increased loan in Upper Egypt</p> <p>Upper Egypt and the Delta</p>	<p>March 2011 – Ongoing</p> <p>Ongoing</p> <p>Ongoing up to 2012</p> <p>Ongoing</p> <p>Closed.</p>	<p>Potential to work closely with the graduates from the schools in the ongoing IFAD projects.</p> <p>Learn lessons from its experience for scaling-up.</p> <p>Learn lessons from its experience in the establishment of WUOs for scaling up key innovations and successes.</p> <p>Learn lessons from its experience of working with small farmers and markets in the horticulture and livestock sector for scaling-up.</p>

Donor/Agency	Nature Of Project/Programme	Project/ Programme Coverage	Status	Complementarity/ Synergy Potential
<p><b>World Bank</b></p>	<p>The World Bank has not yet updated its Country Assistance Strategy (CAS) for Egypt and is operating on the basis of its CAS formulated in May 2005. The Bank currently has 29 projects which are active. The most recent projects of relevance to IFAD because of their potential for synergy are given below. There are no pipeline projects of direct relevance for IFAD.</p> <p><b>EGYPT-Farm-level Irrigation Modernization Project</b> a US\$ 100 million project approved in December 2010. The development objective of the Farm-level Irrigation Modernization Project for the Egypt, Arab Republic (EFIMP) of is to increase agricultural profitability and improve equity in access to higher-quality water for up to 140,000 small-scale farmers on up to 200,000 feddans (80,000 hectares).</p> <p><b>Third Financial Sector Development Policy Loan</b> a US\$ 500 million investment. The objective of the Third Financial Sector Development Policy Loan Program is to assist Egyptian authorities in further developing the enabling environment for financial intermediation and financial access, and increase private participation in the provision of financial services, through a strengthened bank and non-bank financial system. This operation supports the government's second generation Financial Sector Reform Program (2009-2012), aimed at building a financial system that is more inclusive, competitive and effective in financial intermediation.</p> <p>The objective of the <b>Enhancing Access to Finance for Micro and Small Enterprises (MSEs) Project</b> (US\$ 300 million) for Egypt is to contribute to a sustainable improvement in inclusive (region and gender) access to finance for MSEs on a commercial basis. There are two components to the project, the first component being line of credit for microfinance. The microenterprise line of credit will be channelled through banks and Non-Governmental Organizations (NGOs), and potential Microfinance Institutions (MFIs). The second component is the line of credit for small enterprise finance.</p>	<p>Mahmoudia, Manaifa and Meet Yazid located in the Nile Delta.</p> <p>National</p> <p>Nationwide</p>	<p>Active: 2010 to 2016</p> <p>Approved in May 2010 and Cancelled. The only development policy loan that was cancelled.</p> <p>March 2010 to December 2015.</p>	<p>Potential for IFAD to learn lessons from the project and incorporate these in its own projects in the irrigation sector. Potential to partner with the World Bank in Policy forums for reform of participatory irrigation institutions in Egypt.</p> <p>Potential to learn from the World Bank experience of reform in the financial sector and how this can feed into its own projects in the financial sector in defining the limits and potential for policy dialogue.</p> <p>Assess the potential for synergy and a shared position on institutional development and policy reform in the financial sector for maximum impact on enhancing access for rural poor.</p>



## Key file 4: Target group identification, priority issues and potential response

Typology	Priority Issues	Coping Actions	Priority Needs	RB-COSOP Response
Small farmers	<ul style="list-style-type: none"> <li>• High dependence ratios with large families and many dependants.</li> <li>• Low adult literacy rates.</li> <li>• High fertility rates.</li> <li>• Limited landholding.</li> <li>• Small farmers unable to capitalise upon opportunities for access to factor and product markets due to small size.</li> <li>• Limited access to irrigation water.</li> <li>• Limited productive assets.</li> <li>• Limited access to finance.</li> <li>• Limited access to crop technology.</li> <li>• Limited access to markets.</li> <li>• High transactions cost due to limited surplus for marketing.</li> <li>• Limited bargaining power.</li> <li>• High level of post-production losses.</li> <li>• Price unable to cover production costs.</li> <li>• Limited opportunities to diversity livelihoods into non-farm activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Men and women work as casual labourers locally.</li> <li>• Temporary labour migration to neighbouring countries.</li> <li>• Sale of assets, including livestock.</li> <li>• Support from relatives;</li> <li>• Debt financing of expenditures.</li> <li>• Recourse to loans from friends, input suppliers, traders.</li> <li>• Public works projects for cash, food or vouchers;</li> <li>• Reduction in food consumption.</li> <li>• Limited access to health care and education expenditures.</li> </ul>	<ul style="list-style-type: none"> <li>• Organize small farmers for input services.</li> <li>• Organize small producers for collective marketing.</li> <li>• Better access to improved production technology.</li> <li>• Better access to rural finance.</li> <li>• Better access to markets.</li> </ul>	<ul style="list-style-type: none"> <li>• Organizing small farmers and strengthening their institutions.</li> <li>• Enhancing their access to improved and new production technologies.</li> <li>• Promotion and support for improved on-farm, efficient water irrigation technologies; and promotion of water saving mechanisms and users' associations.</li> <li>• Promotion of financial services to and through the agriculture value chain.</li> <li>• Enhanced access to markets through contractual arrangements with private sector transporters, collection centres, processors and exporters.</li> </ul>
Small livestock owners	<ul style="list-style-type: none"> <li>• Low productivity of animals.</li> <li>• High mortality and morbidity rates.</li> <li>• Limited access to feed, water and veterinary services.</li> <li>• Limited access to inputs.</li> <li>• High transactions cost due to limited surplus for marketing.</li> <li>• High level of wastage.</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of animals and other assets;</li> <li>• Debt financing of expenditures.</li> <li>• Recourse to loans from friends, input suppliers, traders.</li> <li>• Public works projects for cash, food or vouchers;</li> <li>• Reduction in food consumption.</li> <li>• Limited access to health care and education expenditures.</li> </ul>	<ul style="list-style-type: none"> <li>• Organize small farmers for input services.</li> <li>• Organize small producers for collective marketing.</li> <li>• Better access to improved production technology.</li> <li>• Better access to rural finance.</li> <li>• Better access to markets.</li> </ul>	<ul style="list-style-type: none"> <li>• Organizing milk producers associations.</li> <li>• Enhance access to improved and new production technologies.</li> <li>• Promotion of milk collection centres.</li> <li>• Promotion of financial services.</li> <li>• Enhanced access to markets.</li> </ul>
Landless and unemployed youth	<ul style="list-style-type: none"> <li>• Low levels of literacy.</li> <li>• Limited job opportunities for productive employment.</li> <li>• Limited ownership of productive assets.</li> <li>• Limited possibilities for starting their own businesses due to lack of capital.</li> </ul>	<ul style="list-style-type: none"> <li>• Work as casual labour locally.</li> <li>• Labour migration to neighbouring countries.</li> <li>• Loans from relatives.</li> <li>• Lack of proper food</li> </ul>	<ul style="list-style-type: none"> <li>• Better income-earning opportunities.</li> <li>• Training in management and technical skills.</li> <li>• Access to financial and non-financial business services.</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of small and microenterprises.</li> <li>• Training for vocational and off-farm income-generating activities.</li> <li>• Skill and basic management training.</li> <li>• Availability of financial services.</li> </ul>

	<ul style="list-style-type: none"> <li>Limited skills and vocations.</li> </ul>	<p>consumption, health care.</p> <ul style="list-style-type: none"> <li>Postponing marriage.</li> </ul>		
	<ul style="list-style-type: none"> <li>Low levels of literacy.</li> <li>Low level of skills.</li> <li>Social restrictions and taboos which limits access to a wide range of employment and training opportunities.</li> <li>Lack of access to all types of assets including land.</li> <li>Low pay for activities.</li> </ul>	<ul style="list-style-type: none"> <li>Recourse to menial jobs.</li> <li>Early marriage.</li> <li>Support from relatives;</li> <li>Casual labour in agriculture.</li> <li>Care of livestock.</li> <li>Domestic chores.</li> </ul>	<ul style="list-style-type: none"> <li>Literacy and skills training;</li> <li>Improved access to employment and income earning opportunities.</li> <li>Better access to financial services and markets;</li> <li>Enhance self-confidence, empowerment and protection from violence and abuse.</li> <li>Enhanced representation in local associations.</li> </ul>	<ul style="list-style-type: none"> <li>Organization of women.</li> <li>Literacy and skills training.</li> <li>Management training and capacity-building for community participation;</li> <li>Empowerment through community participation and establishment of producers' and other groups.</li> <li>Access to financial and non-financial business development services.</li> <li>Promotion of microfinance for on- and off-farm IGAs, particularly for livestock.</li> <li>Promotion of women's groups.</li> </ul>