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**ARAB REPUBLIC OF EGYPT**  
**COUNTRY PROGRAMME EVALUATION**  
**EXECUTIVE SUMMARY**



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**ABBREVIATIONS AND ACRONYMS**

APIP	Agricultural Production Intensification Project
BDAC	bank for development and agricultural credit
COSOP	country strategic opportunities paper
CPE	country programme evaluation
EDNASP	East Delta Newlands Agricultural Services Project
FADP	Fayoum Agricultural Development Project
MADP	Minya Agricultural Development Project
Matruh II	Second Matruh Resource Management Project
NASP	Newlands Agricultural Services Project
NENA	Near East and North Africa
PBDAC	Principal Bank for Development and Agricultural Credit
SRDP	Sohag Rural Development Project
WBSP	West Beheira Settlement Project
WNRDP	West Noubaria Rural Development Project
WUA	water user association



**ARAB REPUBLIC OF EGYPT  
COUNTRY PROGRAMME EVALUATION  
EXECUTIVE SUMMARY**

**I. COUNTRY EVALUATION PROCESS**

1. The Near East and North Africa Division (PN) of IFAD will begin preparation of a new country strategic opportunities paper (COSOP) for Egypt in late 2005. The new COSOP will launch a new programming cycle. PN requested the Office of Evaluation (OE) to undertake a country programme evaluation (CPE) as a forerunner to the strategy formulation process. The main objectives of the CPE are to: (i) assess the results and impact of IFAD operations; (ii) draw lessons and insights from experience so far; and (iii) provide building blocks for a new COSOP for Egypt.

2. Cooperation between IFAD and Egypt began more than 25 years ago. Since then, IFAD has supported nine projects in Egypt with a total loan commitment approaching USD 189.4 million and total project costs of USD 491.3 million. Contributions by the Government of Egypt to these projects amounted to USD 142.4 million. Cofinanciers provided a further USD 159.5 million.<sup>1</sup> By 2004, four projects had been completed, four were ongoing, and one was not yet effective.<sup>2</sup> Lending terms have been highly concessionary for five of IFAD's loans and intermediate for four of them. IFAD has supported other activities through technical assistance grants albeit on a smaller scale. The CPE followed IFAD's new methodology for country programme evaluations, as well as the methodological framework for project evaluation.<sup>3</sup>

3. The CPE team was fielded in March/May 2004.<sup>4</sup> Before going to Egypt, the team met in Rome with staff from PN, OE and the United Nations Office for Project Services (UNOPS). On arrival in Cairo, the mission met with officials from the Ministry of Agriculture and Land Reclamation, the Ministry of Foreign Affairs, the Ministry of Water Resources and Irrigation, the Ministry of Local Development and the Principal Bank for Development and Agricultural Credit (PBDAC). The mission also met with international donors, including the World Bank, the United Nations Development Programme, the Food and Agriculture Organization of the United Nations and the Office of the Italian-Egyptian Debt-for-Development Swap (IDS). Meetings were also held with bilateral donor agencies including the German Agency for Technical Cooperation, the German Credit Institution for Reconstruction (KfW) and the United States Agency for International Development, and selected NGOs.

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<sup>1</sup> The following is a breakdown of cofinanciers of IFAD projects in Egypt: beneficiaries contributed USD 50.5 million; the International Development Association/International Bank for Reconstruction and Development, USD 52.4 million; foreign governments, USD 36.8 million; domestic financial institutions, USD 11.2 million; and others, USD 8.6 million.

<sup>2</sup> The Government of Egypt proposed the cancellation of a substantial portion of the credit for the Second Matruh Resource Management Project before it was declared effective. More recently (December 2004), the loan was cancelled for both IFAD and the World Bank.

<sup>3</sup> Towards a Methodological Framework for Country Programme Evaluations, January 2004; and the Methodological Framework for Project Evaluation contained in document EC 2003/34/W.P.3.

<sup>4</sup> The evaluation team comprised Mr Christopher Gibbs, mission leader and policy and institutional expert; Ms Maliha Hussein, rural sociologist; Mr Hans Dieter Seibel, rural financial service expert; Mr Parvis Hekmat, irrigation and rural infrastructure specialist; Mr Hikmat Nasr, agronomist extension and research specialist; Ms Manal Mohamed Eid and Ms Hanan Hamdy Abdel Rehim Radwan, national sociologists; and Mr Sayed Hussein Mohamed, mission facilitator. Ms Mona Bishay, then Deputy Director, OE, designed and supervised the evaluation process throughout.

4. The team visited the five projects in IFAD's current portfolio and sought evidence through discussion with officials from the relevant governorates, implementing agencies, banks for development and agricultural credit (BDACs) and, above all, project beneficiaries. At project sites, the team worked with project managers and counterparts in their offices and in the field. The mission conducted field assessments of impact, participation and gender equity through focus group discussions and individual interviews with over 700 beneficiaries, leaders and officials. The mission prepared a detailed aide-memoire, which was discussed with senior officials at a wrap-up meeting at the Ministry of Agriculture and Land Reclamation in Cairo on 3 May 2004. The final CPE report was presented and discussed at a round-table workshop in Cairo on 23-24 March 2005.

## II. AGRICULTURAL AND RURAL DEVELOPMENT CONTEXT

5. Agriculture is a key sector of the Egyptian economy and the foundation of the rural economy. This sector still provides a livelihood for 55% of the population, estimated at about 70 million in 2003, and it directly employs 34% of the labour force. In 2000, the incidence of rural poverty was cited at about 22%. Agriculture contributes about 17% of GDP and 20% of foreign exchange earnings. An increasing share of Egyptian agriculture is devoted to exports although Egypt imports about 40% of its food requirements.

6. Egyptian agriculture can be divided geographically into two parts: Upper Egypt and Lower Egypt. Upper Egypt comprises the Nile Valley from Giza south and Lower Egypt covers the Nile Delta from Cairo north. These lands can be further divided into 'old lands' and 'new lands'. Old lands are found in the Nile Valley and include land reclaimed from the desert many generations ago. New lands include fairly recently reclaimed land (post-1950) and land currently being reclaimed. Most farms in Egypt are small with an average of about two *feddans*<sup>5</sup> or less. Farms in Upper Egypt are generally smaller than in Lower Egypt.

7. Agriculture has been a key source of economic growth in Egypt for generations. Significant macro and sectoral market-oriented reforms were begun by the Government in the mid-1980s and higher agricultural sector growth has been achieved as a result of the policy changes and agricultural innovations. Over the past 20 years, agricultural productivity has grown substantially even by international standards. Egypt is in the front rank of world producers of several commodities including rice, sugar cane and sorghum in terms of yields. This was achieved within a framework that recognized the need for growth with equity, sought rural poverty reduction, and targeted women and the landless.

8. The Government formulated two major agricultural development strategies in the framework of its comprehensive economic reform programme, which started in the late 1980s. The first, **Agricultural Strategies for the 1990s** laid the emphasis on efficient and environmentally sustainable management of land and water, market development and promotion of the private sector, and the provision of social safety nets. More recently, **Agricultural Strategies until 2017** continued the reform process and further underlined the importance of both the farm and the off-farm sectors to the rural economy, the need for basic rural infrastructure and the overarching value of a competitive environment. To alleviate the negative effects of reform on the poor, the Government established a Social Fund for Development in 1991, created a National Programme for Integrated Rural Development, and in 1996 created a Ministry of Rural Development, renamed the Ministry of Local Development in 1999.

9. While Egypt's reform programme has been a macroeconomic success and good progress has also been made in terms of human development,<sup>6</sup> rural poverty and some social indicators remain

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<sup>5</sup> A feddan is slightly more than one acre or about 0.42 hectares.

<sup>6</sup> See *Egypt Human Development Report 2003*.



concerns. Overall, Egypt's poor number about 10.7 million. Of these, 29% are urban and 71% rural, with an urban poverty rate of about 9% and a rural poverty rate of about 22%. However, the sharpest contrast in poverty rates is between Egypt's metropolitan areas (with a poverty rate of 2% to 5%) and Lower Egypt (with a poverty rate of 5% to 19%) on the one hand, and rural Upper Egypt (with a poverty rate of 30% to 50%), on the other. Most of Egypt's poor live in Upper Egypt and the rural areas of Upper Egypt contain the highest concentration of the poor. High rates of job growth in rural areas are essential if rural poverty is to be reduced and the gap between Upper Egypt and Lower Egypt closed.

10. Egypt today faces challenging external economic circumstances and the cost of servicing its foreign debt is under review. The Government seeks to limit foreign borrowing to projects that can repay loans, finance more social development from grants, restrict foreign borrowing to projects with large foreign exchange components, mobilize more local funds and give priority to infrastructure. As a result, borrowing for rural poverty reduction may be used less frequently and mobilizing non-concessionary loans will require greater creativity and a more effective dialogue than in the past.

### III. IFAD'S STRATEGY IN EGYPT

11. To achieve its mandate of rural poverty reduction, IFAD concentrates its efforts on three strategic objectives: (i) strengthening the capacity of the rural poor and their organizations; (ii) improving equitable access to productive natural resources and technology; and (iii) increasing access to financial services and markets.<sup>7</sup> Since 1995, IFAD has sought to be an innovator, identifying and spreading more effective approaches to rural development that serve the poor. IFAD is also committed to the Millennium Development Goals, which guide international efforts to cut global poverty in half by 2015.

12. Within this framework for rural poverty reduction, IFAD's strategy for the Near East and North Africa (NENA) region focuses on four themes: (i) empowering the rural poor to give them a voice in shaping their lives; (ii) diversifying rural income; (iii) reducing gender inequalities; and (iv) improving natural resource management. Water scarcity is considered to be a critical and urgent issue. Achieving IFAD's objectives in the NENA region is stated to depend on four activities – policy dialogue, strategic partnerships, knowledge management and impact management.<sup>8</sup>

13. IFAD's programme in Egypt has been guided by four activities: (i) a project identification mission in 1979; (ii) a general identification mission in 1989; (iii) a general identification mission in 1993; and (iv) a COSOP in 2000.

14. Until 2000, IFAD investments in Egypt were the result of missions focused on projects. Unlike many of IFAD's other borrowing countries during the 1980s and early 1990s, Egypt did not benefit from special programming missions for strategy articulation. Equally important, during this period IFAD's approach in Egypt did not evolve sufficiently despite the changed economic and policy environment, government agricultural policies and strategies, and rural poverty profile. The two main thrusts of its programme – supporting settlements on newland and increasing the productivity of old land – remained largely unaltered. Similarly, the bulk of IFAD investments remained in Lower Egypt and northern Upper Egypt, whereas the highest incidences of poverty are in the rural areas of southern Upper Egypt. This geographical focus by IFAD might have had some valid motivation at the time of project approval, however it seems more difficult to justify under the present project profile and Poverty Reduction Strategy Paper (PRSP). The first fully-fledged IFAD strategy for Egypt is included in the COSOP of 2000. The document provides a comprehensive approach to strategy formulation of good analytical quality and relevance to rural poverty, government policies and IFAD's mandate. However, the COSOP covered a wide spectrum of areas and referred to far more concepts than can

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<sup>7</sup> Enabling the Rural Poor to Overcome their Poverty. Strategic Framework for IFAD 2002-2006.

<sup>8</sup> Regional Strategy Paper. Near East and North Africa. Programme Management Department, March 2002.

reasonably be expected to be realized under a programme that adds just one new project every three years. The COSOP introduced only two new interventions, one of which was a new style of project, the Second Matruh Resource Management Project (Matruh II), approved in 2002. However, it is not clear from available documents that it is justified in terms of COSOP priorities or in strategic terms for the emerging rural poverty profile.

15. Five other conclusions regarding IFAD's strategy in Egypt should be highlighted for the benefit of future strategy formulation processes. First, while IFAD has leveraged more resources from other donors over time, it has only cooperated with a few, namely the World Bank and the Italian Debt Swap (IDS).<sup>9</sup> This contrasts with IFAD's stated policy ambition of increasing its partnerships in operations in Egypt. Second, IFAD has built a strong successful relationship with the Government mainly via the Ministry of Agriculture and Land Reclamation. While work in irrigation, water management and community-based rural infrastructure lends itself to expanding partnerships with other agencies such as the Ministry of Water Resources and Irrigation and the National Programme for Integrated Rural Development as well as NGOs, this did not fully materialize and needs to be stressed in the future. Third, IFAD's special concern for women is not noticeably reflected in its interventions despite IFAD's full awareness of the importance of such an emphasis. Recently, a technical assistance grant was approved to strengthen gender mainstreaming in two ongoing projects, and efforts in this direction should be enhanced.

16. Fourth, while IFAD (since 1995) seeks formally to be innovative and support pilot actions, only some elements of its support in Egypt can be considered innovative. The design of one project (the Sohag Rural Development Project [SRDP]) was innovative in the context of rural Upper Egypt and IFAD support to the Agricultural Production Intensification Project (APIP) has resulted in more attention being given to farming systems research, a relatively new concept in the context of northern Upper Egypt. The rest of the programme has mostly provided support along fairly well-established lines.

17. Fifth, IFAD's portfolio of projects in Egypt cannot yet be defined as a fully integrated 'programme'. IFAD has supported a set of development projects but appears not to have invested much in the complementary activities cited in its NENA strategy and in the COSOP, or in the phasing needed to create a programme. For example, evidence of IFAD support for and engagement in knowledge management, policy dialogue and advocacy, and promoting replicable innovations – all important to IFAD since the mid-1990s – is modest. This has resulted in part from IFAD's lean structure, operating without a resident country presence and from its dependence on cooperating institutions to supervise project implementation. Another reason is the apparent limited complementarities and appropriate sequencing between the use of the grants and loans instruments in the portfolio.

18. Notwithstanding the above, the approach followed by IFAD in Egypt registered many achievements (see following section). The main positive outcome was a project portfolio of value to the Ministry of Agriculture and Land Reclamation that reflected government priorities at the time. The portfolio was successful in that it provided a series of self-contained agricultural development projects which, when well implemented, affected positively the socio-economic conditions of the rural poor in the various project areas. The downside of such an approach was the modest responsiveness to the changing context of rural Egypt over many years of progressive reform by the Government, and the relatively low profile of IFAD's efforts and experience among actors in socio-economic development in Egypt. The latter limited opportunities for learning, sharing experience and influencing others to achieve a larger-scale impact on rural poverty reduction.

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<sup>9</sup> The German Credit Institution for Reconstruction (KfW) supported infrastructure development in the Fayoum Agricultural Development Project area through a separate financing arrangement but this was not seen as part of the IFAD-supported project and was not addressed in the interim evaluation of that project.

#### IV. IFAD'S PROGRAMME IN EGYPT

19. IFAD has committed more than half its funds (see paragraph 2) to four newland settlement projects in Lower Egypt<sup>10</sup> and about 30% of its funds to three agricultural development projects in northern Upper Egypt.<sup>11</sup> More recently, IFAD has supported a rural infrastructure development project in southern Upper Egypt (SRDP) and a natural resource and environmental management project in Egypt's north-west coastal zone (Matruh II).<sup>12</sup> These data indicate that the newland settlement in the Delta region has received the lion's share of IFAD support while the poorer governorates of southern Upper Egypt have received much less.

20. IFAD's commitments to Egypt by subsector are greatest for rural credit (40.2%), followed by rural infrastructure (20.8%), and agricultural research and extension (10.5%). The approximately 30% remaining is spread over nine additional activities. During implementation as projects were restructured, the actual expenditure pattern changed and a large proportion of the funds committed to credit was redirected to infrastructure.

#### V. PROGRAMME PERFORMANCE<sup>13</sup>

21. **Relevance of the programme.** Overall, most projects have objectives that are highly pertinent to IFAD's strategy, the Government's strategy (at the time of design) and the rural poor. The relevance of the portfolio is therefore judged as substantial. The extent to which the programme was relevant to the poorest is less so.

22. **Effectiveness of closed projects.** On the basis of a review of the evaluation and completion reports of the four closed projects and discussion with partners in Egypt, the CPE judged the effectiveness of the two closed land settlement projects in the Delta region (the West Beheira Settlement Project [WBSP] and the Newlands Agricultural Services Project [NASP]) as substantial. The projects have achieved most of their main objectives. The WBSP successfully restructured a large state farm, allocated the land to households, improved irrigation in an area subject to soil salinity and water logging, increased productivity substantially on 9 500 *feddans*, and successfully resettled some 1 700 families and increased their income. The project contributed to the now prosperous economy of the West Delta region and sustainability could be judged as likely provided emerging water quality issues are tackled successfully. The credit component in WBSP was not implemented and credit funds were reallocated to infrastructure.

23. NASP focused on resettlement in the new lands of the Nile Delta. The project achieved its major objectives in providing services to more than 35 000 settlers on 169 000 *feddans* of new lands. Settlements were improved, new employment was created, and yields, production and income increased substantially. Most importantly, absenteeism by settlers fell sharply. Implementation of the credit component was problematic and less than 25% of the targeted households were served with loans. Sustainability was judged overall as likely and institutional development was substantial.

24. The objectives of the two closed projects in northern Upper Egypt have only been partly achieved and their effectiveness is judged as moderate. The Minya Agricultural Development Project (MADP) aimed to improve small farm productivity by strengthening research and extension services

<sup>10</sup> These are: (i) WBSP; (ii) the Newlands Agricultural Services Project; (iii) the East Delta Newlands Agricultural Services Project; and (iv) the West Noubaria Rural Development Project.

<sup>11</sup> Specifically, these are (i) the Minya Agricultural Development Project; (ii) the Fayoum Agricultural Development Project; and (iii) APIP.

<sup>12</sup> The Government indicated in May 2004 that it would like IFAD to reduce its commitment to Matruh II from USD 12.7 million to USD 1.5 million. More recently (December 2004), the loan was cancelled for both IFAD and the World Bank.

<sup>13</sup> As per IFAD's methodological framework for project evaluation, programme performance is judged on the basis of three criteria: relevance, effectiveness and efficiency.

and credit. The project targeted farms with less than three *feddans* but did not discriminate in favour of poorer households or the landless. The classic approach of using the 'training and visit' system of agricultural extension was introduced and was active when financial incentives motivated the staff. The extension system had been strengthened and output had increased but weak monitoring meant that productivity gains attributable to the project could not be rigorously estimated. Implementation was very slow and the project closed ten years later than planned, which delayed benefits substantially. Some institutional development was achieved and links were improved between the research and extension services but sustainability is uncertain given the overstaffing and the inability of the Government to continue financing high levels of staff incentives. The credit component was not adequately conceived and larger landowners used project-subsidized credit.

25. The Fayoum Agricultural Development Project (FADP) is comparable to MADP but was implemented faster, closing after only a three-year delay. The project aimed to improve the transfer of agricultural technology and the supply of credit to small farmers. The number of target farmers supported under the project was lower than planned and improvement in agricultural productivity attributable to the project is unknown. Extension at project closing was still regarded as fragile and in need of additional support. Crop production received more emphasis than livestock under the project and women farmers were not served. As in MADP, the credit component was not successful. More than half the loans made were fraudulent and many were diverted to household consumption.

26. Overall effectiveness of closed projects was lower than it could have been for three main reasons. First, implementation everywhere (except for NASP) was slower than planned and two projects (WBSP and MADP) experienced major delays. Their implementation period was extended to 11 and 16 years respectively. Second, both IFAD and the Government agreed to finance unplanned activities from project funds, and planned support for institutional development and for credit was reassigned to infrastructure. Third, achievements relating to social and human capital development objectives – notably with respect to women and the landless – were below expectations.

27. The policy effects of closed projects are not high, however policy dialogue as an IFAD objective was formally established only with the COSOP in 2000: the 1979 project identification mission and the general identification missions of 1989 and 1993 included little sectoral analysis and did not recognize policy dialogue as an objective. While IFAD showed a genuine concern for small farmers, it did not seek to influence the policies or strategies of the Government that impinged on its other target group of women and the landless.

28. **Effectiveness of ongoing projects.** Except for the APIP, which is quite advanced in implementation, the effectiveness of the ongoing projects in achieving their objectives can only be partially assessed. The APIP supports the improvement of agricultural research and extension projects in three governorates in Upper Egypt. The loan is due to close in mid-2005 and 90% of project funds have been disbursed. The APIP built on the experience of MADP and FADP but uses an innovative farming systems research approach. The project is judged to have achieved most of its main objectives, but sustainability does not appear likely for the same reasons encountered under MADP and FADP. Delays in implementation have also been experienced. APIP's large rural credit component is working well with good outreach and high repayment rates, but the poorest, the landless and women have been only partly reached. APIP credit is loaned at rates below the market rate of interest and the costs of BDACs, reducing the financial viability of the rural banks.

29. Like its predecessors in the Delta, the East Delta Newlands Agricultural Services Project (EDNASP) supports the settlement of low-income families on land being reclaimed in East Delta. It finances construction of irrigation and social infrastructure as well as community development. Progress on the ground is far less than planned and five years after effectiveness, disbursement has reached only 31%. Acute drainage problems became evident when implementation began and their removal required a large expenditure by the Government unforeseen at appraisal, causing implementation delays. In 2002, like its predecessors in Lower Egypt, project credit funds were

reallocated to civil works and equipment and the project completion date was extended to March 2005. Despite being the third new-lands project, EDNASP was not designed in full coherence with IFAD's prior experience and lessons learned and the environmental challenges have not been fully addressed. Project management is mounting very commendable efforts to address these challenges, but because land reclamation in the Delta is a lengthy process, the evaluation believes that EDNASP is not likely to be completed by 2005 as planned.

30. SRDP is an innovative and ambitious project resulting from a seven-year gestation process that began with the general identification mission of 1993. The project aims to raise the capacity of rural communities to plan, implement, operate and maintain infrastructure projects across 1 500 villages in Sohag, a poor Upper Egypt governorate. The project has a large rural credit component targeted at the rural poor, unemployed youth and women. But this innovative project is facing difficulties. More than three years through implementation, very little infrastructure has been completed, and disbursement has reached only 12.5%. Limited upfront investment has been made in promoting effective participatory approaches to subproject planning, and management. Participation is based on a representative approach, mostly through committees of elected officials, which does not fully allow for genuine community engagement. The project management unit is small and despite the presence of a technical assistance team, the level of guidance and oversight provided is modest given the project's scope. It is unlikely that SRDP can complete its activities by mid-2007 and more training and technical assistance are needed if SRDP is to develop a high level of local ownership.

31. The West Noubaria Rural Development Project (WNRDP) became effective in 2003, making it too recent to be evaluated. Cofinanced with the Italian Debt Swap (IDS), the project will improve livelihoods by providing support to community organization, credit, technical services and marketing, building on the three prior newlands projects. Using a participatory approach, the project will upgrade existing low-cost housing with financing from IDS and provide essential public services. Community participation is a strong thrust of the project. The project includes a credit component amounting to 41.1% of IFAD's financing. However, twelve months after project effectiveness the details of how this component will be implemented are still under negotiation.

32. Matruh II is a second phase of the World Bank-financed Matruh Resource Management Project. It is targeted at the small Bedouin communities in the north-west coast region and uses participatory management of watersheds that improves water harvesting and reduces natural resource degradation. It is cofinanced by the World Bank and the Global Environment Facility. While the project does address important issues of environmental management in an isolated region, its coherence with COSOP priorities and its relevance to Egypt's rural poverty profile appear limited. Before project effectiveness, the Government decided to scale back borrowing for Matruh II, proposing to use only USD 4.0 million from the World Bank and USD 1.5 million from IFAD, reductions to be offset by increased commitments from the Government.

33. **Efficiency** was difficult to assess in all projects. Past evaluations of closed projects as well as project completion reports do not provide estimates of ex post economic rate of return, given the lack of quantitative and reliable data. Among the closed projects, cost per household however was remarkably high for WBSP (compared to the portfolio average) at USD 22 000 per household and an estimated economic rate of return at appraisal of only 13% against an average of about 25% for the portfolio as a whole. Delays in implementation may have offset the returns of projects that achieved higher than expected yield increases, as for the two projects implemented in the Minya and Noubaria governorates.

VI. PROGRAMME IMPACT<sup>14</sup>

34. **Outreach.** Since 1980, eight IFAD-supported projects have been designed to have a meaningful effect on a sizeable proportion of rural households and landholdings. While it is difficult to assess exactly the achieved impact of these projects and their outreach, they are meant to influence in one way or another the lives of about 1.4 million households – equal to 12% of Egypt’s rural households – and 20% of agricultural land. While these numbers are crude and there is some double counting, they are significant. IFAD has efficiently targeted small poor farmers (those with less than five *feddans* in new lands and less than three *feddans* in old lands), but it has not targeted the poorest people in rural areas. As a recent poverty analysis demonstrates, Egypt’s rural poor are concentrated in Upper Egypt where IFAD has allocated less than half its loans. Only one project was approved for southern Upper Egypt, where the poorest governorates are located. In the three governorates where IFAD supports agricultural production improvement in northern Upper Egypt (Beni Suief, Fayoum and Minya), 55% of farmers are tenants, sharecroppers or landless labourers. The landless alone account for 40% of the rural population, working as agricultural labourers and engaging in livestock production. Despite their significant numbers, IFAD’s programme has not directly targeted these categories and efforts to develop livestock as a relevant focus for the poorest households and for women, have so far been limited.

35. **Access to physical assets.** IFAD’s contribution to asset formation has been substantial. It is most direct in new-lands projects through the provision of improved irrigation infrastructure, housing, drinking water systems, sanitation, electricity and rural roads. Project impact in this domain is impressive most notably in West Delta, where IFAD-supported projects have contributed to high levels of productivity, income increases and healthier communities. However, in some areas particularly in East Delta, problems with infrastructure and soil salinity still exist, and water quantity and quality issues are arising, which are threatening the continuation of this impact.

36. **Agricultural productivity and food security.** Progress in the Government’s agricultural research and extension programmes has contributed to major improvements in crop and livestock productivity throughout Egypt over the last three decades. In project areas where IFAD has supported research and extension, reliable data are not readily available to identify the extent to which improvements can be attributed to IFAD. However, both the Minya and Noubaria governorates, in each of which IFAD had two successive projects, achieved the highest increase in yields. IFAD’s contribution has clearly been positive and in most cases production increases have surpassed appraisal estimates, indicating possibly higher than expected rates of return. CPE fieldwork also highlighted increases in household income and food security in these governorates. The value of these benefits has been however at least partly offset by significant delays in implementation that would have lowered the discounted value of project benefits.

37. **Access to financial assets.** Except for one project (APIP), IFAD support for rural finance, despite its original large share in project components, has been ineffective and its impact on the target group has been modest. The high levels of lending proposed were not achieved and the poverty groups targeted were not reached. Available data indicate that the outreach of credit in IFAD projects overall has been well below the planned figures. Surveys conducted by BDACs showed that farmers with collateral used project credit most often. The poor, women and the landless usually lack collateral, and hence access to credit. A good part of credit accessed has been used to finance consumption. The CPE concluded that rural financial services are the weakest area in the Egypt portfolio. One of the reasons is the absence of an appropriate rural financial system to serve the poor.

38. Creating a sustainable rural finance system in Egypt is beyond the scope of IFAD alone but learning how to reach poor savers and borrowers through a low-cost, decentralized system is a relevant

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<sup>14</sup> Impact criteria used by the evaluation are consistent with IFAD’s Methodological Framework for Project Evaluation.

objective. IFAD-supported projects have not so far induced the PBDAC system to recognize the poor as creditworthy or to develop products that meet the needs of the poorest, women or the landless. The CPE found a number of reasons for this. First, rural banks have not been stakeholders in project design and the credit conditions imposed ignore the banking principles the PBDAC system seeks to follow. Second, project credit terms tend to be fixed and are not changed or amended on review. Third, the cost of project-based funds – including the foreign exchange risk – is high and PBDAC can mobilize domestically all the loanable funds it needs from savings. IFAD should be encouraged in future to look for more effective ways of promoting rural finance based on the experience of microfinance programmes in Egypt and elsewhere.

39. **Strengthening human assets.** These include skills, education, health and nutritional status. In most projects, development of human assets has taken the form of training of government staff, project staff and beneficiaries to improve skills and raise capabilities and income. Most training has been directed at extension staff that acknowledged its value. However, training has often been used as a vehicle to provide incentives and many extension staff claimed they were unable to put their training to work in the field for lack of field allowances and mobility. Under NASP, large numbers of women participated in the project's training activities, which were focused on family health and nutrition, handicrafts and literacy, but not sufficiently on productive activities with marketing and income-increasing potential. Women did not receive appropriate attention in extension services, which were mostly directed at male farmers. Literacy training generated a lot of interest and has been useful in empowering young men and women. Improved health has also resulted from improved access to sanitation and safe water in the new settlements in Lower Egypt. There has been no assessment of the impact of beneficiary training programmes on livelihoods. Overall impact in this area was not high.

40. **Social capital and empowerment.** Building the collective capacity of the poor and empowering them through community organizations, and promoting participation and gender equality are all recognized goals for IFAD. In Egypt, this has taken the form of support for community development associations and water user associations (WUAs). Over 400 WUAs have been established to date in IFAD projects involving 13 700 farmers under IFAD-supported projects and 56 000 *feddans*. This represents 18% of the irrigators in IFAD-supported projects although many of the earliest WUAs no longer exist. WUAs are now formally promoted under government policy. Successful associations ensure better operation and maintenance as well as equity in water supply. They can also be empowered to negotiate with water authorities on water rights. In addition, some WUAs empowered women farmers by making them part of their executives. Overall however, the performance of the associations so far has been mixed and the sustainability of many is in doubt. As yet, it is too early to assess the impact of the sole IFAD grant in support of WUAs.

41. While community participation and empowerment have been given emphasis in the design of more recent IFAD-financed projects, these areas have not been properly resourced or staffed. With the exception of WNRDP, none of the projects allocated a substantial share of the budget to community participation. As a result, actual implementation of participation and its impact fall short of expectations. Furthermore, while the Government aspires to broader community participation, this would require much greater decentralization and autonomy at the local level than is currently accorded. Egypt's programme would benefit from the articulation of an approach to community participation that involves comprehensive and detailed diagnostic analysis of community issues with the full inclusion of the communities involved.

42. While IFAD's strategy and the more recent interventions recognize explicitly the importance of the role of rural women and their empowerment, no substantial impact can so far be recorded. This is partly due to the limited access of rural women to credit, inadequate emphasis on support to livestock activities, and the only recent focus on remunerative skill development for women. Some projects (EDNASP and WNRDP) support promising community development associations but these are still too limited in scope to have a substantial impact on local empowerment.

43. **Environment and common resources.** Project documents contain little information on environmental impact. NASP and APIP promoted integrated pest management, which reduced the use of agrochemicals and was beneficial to human and animal health. The pilot integrated pest management programme introduced by EDNASP was adopted by 10% of project farmers. Through promotion of sprinkler and drip irrigation, NASP and WNRDP have lowered water consumption and risk of groundwater salinization. EDNASP has developed the concept of the 'clean and green village', helping settlers plant trees and develop small parks. The project has also undertaken a survey of leaching on the land reclamation process, and is carrying out an environmental impact assessment and design work for two wastewater treatment plants. However, environmental issues have not been addressed systematically and interventions in these areas are too recent to have made a visible impact.

44. **Institutional development and policy influence.** In terms of institutional development, IFAD's support to the Government has produced a number of positive results. Among these is the Government's decision to divest itself of the six remaining public sector agricultural companies operating in the area of Noubaria and to privatize them. This move was based on the experience of WBSP as well as IFAD's support, and possibly influence, in the context of the decentralization of extension services to the governorate level. Beyond that, impact on institutional development in areas such as markets, marketing and water management is not evident. IFAD has agreed to provide institutional support to improve access by the poor to credit and saving services in two projects: SRDP and WNRDP. However, in neither case have these components been implemented: SRDP still lacks an institutional development plan and WNRDP has not developed a practical approach to credit provision. While the COSOP refers to rural credit as a recognized component of policy dialogue for IFAD in Egypt, IFAD has not participated formally in the national policy dialogue on rural finance. The PBDAC and BDACs have not so far provided the institutional framework required to establish a rural finance system responsive to the needs of the poor. There is some evidence of successful small-scale rural finance operations in Egypt, for example through NGOs and commercial banks.<sup>15</sup> IFAD should be encouraged to look for more successful ways of promoting rural finance by assessing comprehensively the experience of relevant microfinance institutions and programmes and investigating options for collaboration with the objective of replication and scaling up.

45. **Sustainability.** The sustainability of impact of IFAD-supported investments depends on government capacity to provide policy support (as in the case of the link between agricultural research and extension and the viability of WUAs and community development associations), and its financial capacity to back project activities after project closing. Also important is the financial capacity of beneficiaries to pay operation and maintenance fees, user fees and commercial interest rates on loans. Only some activities have become self-financing during project life and even where a user fee has been levied, it is generally below the cost of supplying the service. Experience in West Delta suggests that the Government has provided for most of these essentials and sustainability seems to be assured. This is not the case elsewhere. The Government's ability to continue incentive payments to agricultural extension staff is an area of concern in the sustainability of project impact. While some steps have been taken towards self-financing and cost recovery, these are not sufficiently widespread. IFAD's support for rural credit has had little sustainable impact on the availability of rural financial services to the poor. An exit strategy or transition from a 'project mode' of operations and financing to a 'post-project mode' has been recommended in several IFAD-supported projects and implementation documents. However, few of them have developed such plans and many project-supported activities stopped when the projects closed. Although sustainability of project impacts has been promoted in a few cases by the judicious use of grants, overall, unless action is taken jointly in the near future by IFAD and the Government, the sustainability of many aspects of IFAD's programme in Egypt is

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<sup>15</sup> The Ford Foundation supported a successful programme between 1988 and 1991 (see Lending and Learning: Formal Banks and Microenterprise in Egypt. Community Economics Corporation, 1993). Much of the microcredit provided in Egypt in the 1990s came via NGOs, which served some 75 000 borrowers and had USD 55.0 million outstanding in loans. While much of this activity is urban, there are interesting microfinance activities supported by the National Bank for Development, the Banque du Caire, and a small Grameen Bank replication programme in Cairo.



endangered. On the whole, the rural poverty impact of IFAD's programme is judged by the evaluation so far as lying between modest and substantial.

## VII. STRATEGIC ISSUES

46. **Achievement of IFAD's strategic objectives.** Assessed against the twin objectives of its early identification missions, IFAD can be said to have largely achieved its strategic objectives. Assessed against the four main themes of its current strategy in NENA, or those cited in the COSOP of 2000, it would not score as highly.<sup>16</sup> In addition, the COSOP identified four strategic areas of policy dialogue for IFAD in response to the changing framework conditions: (i) making rural finance more responsive to the needs of the poor; (ii) making the concept of participatory irrigation management operational; (iii) giving a more important role to the private sector in the development of agricultural marketing; and (iv) making extension services in the new lands sustainable through user fees and private sector mechanisms. The achievement of these objectives depends on an ability to engage closely with the Government, the private sector and other actors in rural development. In practice, with the exception of WUA development there has been limited progress on these issues so far.

47. **Partnerships: Involvement in major poverty reduction processes and widening the spectrum of partnerships.** The spectrum of partnership developed by IFAD in Egypt has not been wide enough: IFAD has worked largely alone with the Government. IFAD's principal cofinancing partner has been the World Bank. More recently, it has gathered support from IDS and the Global Environment Facility. As a result, IFAD is not as well known among development partners as it should be, reducing opportunities for learning and wielding an influence. These are important considerations, particularly taking into account the new PRSP prepared for Egypt.<sup>17</sup> Under the PRSP process, IFAD needs to link with other donors to ensure that rural poverty reduction through agriculture and rural development contributes fully to achieving the Millennium Development Goals. IFAD seeks to learn about development effectiveness and influence the actions of others and this requires engagement and shared responsibility. IFAD also should seek to leverage the resources of others and to do this, it must engage with potential partners through cofinancing or by influencing directly what they do. Since IFAD's loans represent a relatively significant cost for Egypt, the Fund needs to ally itself with donors whose funding costs are lower in order to reduce the cost of a joint package. An example is found in the link to IDS where Italy's support to Egypt is essentially a grant that complements IFAD loans in WNRDP.

48. At the national level, IFAD has developed a very strong partnership with the Ministry of Agriculture and Land Reclamation at the expense of also cultivating promising partnerships with other agencies involved in agricultural and rural development, and poverty reduction. Agencies such as the Ministry of Local Development, Ministry of Irrigation and Water Development and National Programme for Integrated Rural Development hold potential in this regard. Direct partnerships with these agencies, in addition to widening the spectrum of IFAD's engagement with actors on the rural poverty reduction scene, could have facilitated coordination among them. At times, the lack of coordination represented a constraint on effective project implementation. Nurturing direct partnership with PBDAC could have led to more successful efforts towards reorienting their outlook in terms of a pro-poor rural financial services policy. Finally, and most importantly, while the need to form partnerships with NGOs, civil society and microfinance institutions has been identified, concrete opportunities to do so are few and have not been developed so far.

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<sup>16</sup> In terms of the NENA strategy, these themes include empowering the poor, diversifying rural income, reducing gender inequalities and improving natural resource management – where water scarcity is the most critical and urgent issue. The COSOP proposes a strategic niche for IFAD with four parts: improving and expanding newlands settlement; expanding the off-farm impacts of smallholder farm development; making marketing more efficient (especially dairy and horticultural products) to improve farm prices and incomes; and expanding rural small and medium enterprises through provision of training and improved access to credit.

<sup>17</sup> This report was originally written when the PRSP was under preparation.

49. **Policy dialogue.** While IFAD seeks explicitly to influence rural development policy and strategy, it is not yet well placed to do so. Three factors contribute to this. First, IFAD has worked mainly in a project mode, taking policy and strategy largely as a given. Second, IFAD's professional resources have been focused on project development and – while they overlap – the skills needed for sound policy analytical work are different to those needed to design and implement good projects. Third, the policy environment in Egypt is complex and to have a significant impact, IFAD should sharpen its focus on a small number of areas and issues and periodically review them. Overall, IFAD must engage in the policy process, bringing professional resources to bear in forums where those who shape policy are present.

50. **Using grants in support of loan objectives.** Since 1994, Egypt has benefited from a share in 13 regional or multi-country grants (worth in total USD 10.3 million), and five country-specific grants worth USD 432 000. The latter have financed project implementation activities; participatory irrigation management and gender are highlighted in the CPE. While their impact is unknown, their relevance to current rural development priorities in Egypt is high. Given the obstacles to development in these areas, the judicious use of grants to finance well-chosen pilot actions is valuable. The potential to complement loans with grants to identify and demonstrate good practice before committing large volumes of resources should become a standard part of IFAD's programme cycle.

51. **Performance of the Government.** Government performance overall has been good but with some caveats. Projects experienced long effectiveness and implementation delays. Weak interagency coordination also affected project implementation. Credit components were designed by the Ministry of Agriculture and Land Reclamation without appropriate participation by PBDAC. With the possible exception of EDNASP, where individual staff work hard to serve women effectively, attention to gender issues by most agencies is modest. There is a need to place gender equity more clearly and forcefully on the rural development agenda and provide more training and support. Also important is the need for stronger support for the development of effective NGOs and civil society organizations to strengthen the environment needed to work with the poor and enhance their participation.

52. **Performance of partners.** IFAD's key partners are the World Bank and UNOPS. IFAD's relationship with the World Bank has been efficient in terms of resource mobilization, but not demonstrably effective. Effectiveness of partnership implies a degree of mutual influence and it is unclear if IFAD has influenced the World Bank to be more pro-poor. It is clear, however, that the World Bank is already acting on the changing poverty profile in Egypt and has been supporting the recent poverty reduction strategy for Upper Egypt, before IFAD realized its urgency. IFAD's second key partner is UNOPS, the cooperating institution that supervises implementation of several IFAD-financed projects. UNOPS is a capable and experienced organization, but working through cooperating institutions separates IFAD from progress on the ground. IFAD participation in supervision missions increases its capacity to internalize knowledge and contribute to problem solving.

## VIII. OPERATIONAL ISSUES

53. **Project identification, preparation and appraisal.** Except for SRDP, most projects were identified, prepared and appraised quickly and efficiently, usually within a period of 18 months by experienced teams led by IFAD or the World Bank. Parts of some projects were not adequately prepared or appraised. Notably, several projects had infrastructure weaknesses that needed additional design work after they became effective. Technical design work should be improved if the Government and IFAD are to avoid expensive surprises downstream. The environmental and social consequences of wetland reclamation, particularly in EDNASP, were underestimated. The credit components of all projects have weaknesses stemming from the absence of PBDAC involvement and the absence of a coherent policy on rural financial services.

54. **Project implementation.** There has been an average gap of 16 months between Executive Board approval and loan effectiveness. These delays foreshadowed extended implementation periods, with an average of over 11 years for the four closed projects. Delays in infrastructure components were common in early projects caused by hold-ups in the procurement process. Key project components have not been implemented as planned (credit), or have been significantly scaled back (technical assistance). The latter influenced the performance of monitoring and evaluation. Some projects were redesigned very soon after they became effective suggesting technical weakness in project preparation or lack of ownership of an agreed design. All projects are implemented through project management units where the capacity of the management teams has been uneven. Some such units have been strongly led and well managed, while others lacked project management experience and received limited management training. Monitoring and evaluation have been weak across the portfolio. IFAD has managed its Egypt programme flexibly and this has enabled project costs to be spread over longer periods and most committed funds have been disbursed. However, in some cases such flexibility meant that delays in implementation continued and a sense of urgency for project completion has been lost.

55. Overall, the CPE concluded that weaknesses in some of the development processes employed by IFAD in Egypt (strategy formulation, partnerships, project identification, design, etc.), plus limited responses from the Government (especially in terms of infrastructural and effectiveness delays, rural credit, monitoring and evaluation, but also inadequate project management arrangements in some instances) had resulted in lower achievements for the investment programme. These issues concern the management efficiency of the development partnership between IFAD and the Government. There is considerable scope to improve performance in this area, with consequent improvements in programme impact. This needs to be highlighted as an issue in future discussions, with clear commitments by both partners to improve performance. IFAD field presence would doubtless help in this respect.

56. **Targeting poverty.** IFAD has approached targeting poverty in Egypt in two ways: (i) by targeting small farm households; and (ii) by targeting special groups – including woman-headed households, the landless and unemployed youth. It succeeded in the first but not the second. More recently, IFAD has begun to target geographically with its support to SRDP and Matruh II, but these were self-contained interventions and not positioned within a strategic thrust to locate interventions where the bulk of the rural poor live. In new lands, IFAD's projects do not have explicit poverty targeting built in: all settlers are eligible for support. The CPE mission agrees that settler families – including graduates' families – are poor and deserve IFAD's support.

57. **Decentralization and growth of civil society.** IFAD's portfolio has evolved as the Government has decentralized and devolved authority for development activities to the governorate level. This has enhanced the relevance of IFAD's programme by increasing its application to local needs and aspirations. However, the process has not gone as fast as expected and the activities and scope of civil society are still evolving. As a result, the space for community-driven development has not expanded to the extent originally perceived. Effective development NGOs exist in Egypt but their numbers and capacity are limited.

58. **Promoting replicable innovations.** Since 1995 IFAD has sought to promote innovation in development, however this is not yet a hallmark of its programme in Egypt. Opportunities to extend innovation based on experience exist in the work on farming systems research in APiP, backed by strong and relevant inputs from upstream research and in the development of WUAs and water unions in new lands. However, it will require a careful analytical approach to understand the management and implementation of these development activities, and probably the use of grants to diagnose what to innovate, when, where and how. The approach adopted in the SRDP, pending positive outcome, also offers opportunities for replication.

59. **Developing management skills for participatory projects.** Egypt is a sophisticated borrower where many people have high levels of formal education to the tertiary level. However, Egypt has a

limited cadre of proven managers particularly for participatory development processes and projects. There are elements of technical assistance in most IFAD-supported projects and in some cases explicit support for training, but it is not possible to identify how much IFAD's support has promoted human resource development in this area. Hardware skills developed over the years in Egypt's agricultural service agencies and in IFAD-supported projects are not matched by the software or people skills needed to implement successfully participatory projects in disadvantaged communities. Other project management skills, such as the design and implementation of monitoring and evaluation systems, continue to demand attention.

60. **Promoting sustainability.** Sustainability refers to the likelihood that the achievements of IFAD's investments will be maintained over time. More attention should be given by IFAD and the Government to this aspect. In agricultural research and extension the search for an affordable and cost-effective system is not yet over and sustainability of the system developed under APIP is not guaranteed. In irrigation and water management, sustainability is a concern for both infrastructure and management systems. Operation and maintenance are also important issues and IFAD must continue to support the growth of a maintenance culture within the Government and among beneficiaries.

61. The sustainability of community-based rural infrastructure works put in place under SRDP may be limited because of the level of participation realized under the project and the approach to participation used. The Government and IFAD should re-examine these approaches under SRDP to ensure sustainability.

## IX. RECOMMENDATIONS

### (a) Strategic

62. **Have a presence in Egypt.** IFAD has agreed to place staff in Cairo on an experimental basis for three years. The CPE recommends that IFAD place a senior local professional in Egypt able to deal effectively with government counterparts and potential partners. She/he should have a strong professional background, be able to articulate effectively issues of sectoral policy, rural development and poverty as well as project implementation. She/he should participate in government and donor forums that plan, monitor and evaluate donor assistance to the rural sector and occasionally participate in project supervision missions. An issue that has to be discussed with the Government, however, is the future willingness of Egypt to borrow from IFAD at intermediate terms. This is crucial if IFAD is to invest in a pilot field presence initiative in Egypt, as seems to be the case. A major aim of such a placement should be to **improve the management efficiency of the development processes** relating to IFAD's programme in Egypt. This concerns IFAD-driven processes such as the COSOP, and also implies insisting on higher levels of efficiency from IFAD's development partners in managing their joint programme. IFAD should support moves to improve management efficiency with funding, where appropriate.

63. **Shift the regional focus of IFAD's strategy.** The lens to focus IFAD's future strategy and programme should be the changing profile of rural poverty. IFAD should shift its strategic focus towards the rural areas of the poor governorates in southern Upper Egypt. IFAD should target the poorest rural communities and address equitably the needs of landless men and women for employment and income. No new commitments should be made to West Delta, but IFAD should share its experience in new settlements with all partners. A medium-term exit strategy is needed for East Delta after critical technical and social infrastructure gaps are closed.

64. **Update the COSOP.** The CPE found that there is a need to formulate a new COSOP to take account of the fast-changing circumstances in Egypt's rural economy and economic policy at large. The strategy needs to be more closely aligned with government priorities and better focused to give specific guidance to project designers. During this process, IFAD should take full account of the potential for widening partnerships with other funding agencies (see paragraph 67).

65. **Invest more in social development and sequence programme interventions properly.** IFAD's investment so far has given greater emphasis to the hardware needed for poverty reduction, for example agricultural services, irrigation and rural infrastructure, and credit. Local-level institutional strengthening and community development (i.e. building social capital) have received less attention. There is a need to develop a programmatic approach for IFAD support in these two main areas. Experience indicates that local-level institutional strengthening is often a precondition for agricultural investment and rural infrastructure. Interventions need to be sequenced in IFAD's future programme so that local-level institutional support and training in participatory approaches and community development precede infrastructure and agricultural development. The appropriate mix of instruments (lending and non-lending) should be used to achieve the appropriate sequencing and balance. The judicious use of grants to catalyse key activities and processes should be expanded.

66. **Revise the approach to rural finance.** IFAD's rural credit intervention is the weakest aspect of its programme in Egypt. In cooperation with the Government and other development partners, IFAD should carefully re-evaluate this experience before making any new commitments to rural finance. Future strategy should strengthen appropriate financial institutions and deepen financial services. Two strategic options are recommended: strengthen the village banking network and extend its outreach to poorer clients; and promote community-based microfinance institutions (outside the PBDAC system) that are owned and managed by their members. IFAD should also seek regional partnerships in the area of rural financial services, particularly to increase its knowledge of ongoing initiatives in this subsector and identify appropriate entry points.

67. **Work through partnership and engage in policy dialogue.** IFAD must work less in isolation and more in partnership with like-minded entities. Partnerships should be sought on the basis of shared goals and practical synergies, where the strengths of partners are complementary both in knowledge and modalities of finance (grants versus loans). Partnership with NGOs and civil society organizations, financed by grants, should increase proximity to the target groups. IFAD seeks to be a privileged dialogue partner of the Government and key donors. To achieve this, it has to equip itself with the relevant knowledge and experience, be present at the appropriate forums, exploit its links to leaders and policy makers, and engage on the development scene. There are many areas of potential engagement. IFAD should choose carefully – in consultation with partners – where to use its knowledge and limited resources to influence policies in favour of the rural poor. The precursor to developing such partnerships is to identify clearly IFAD's niche, so that the value-added by cooperating with the Fund can be demonstrated. The logical timing to seek new partners is during the process of formulating the new country strategy, when the 'fit' with the development objectives of potential partners can be assessed.

68. **Become a leader in rural poverty reduction.** In the PRSP process that is about to start, there is a danger that agriculture and the rural sector will be sidelined as the number of priority issues grows. Once IFAD has a field presence in Cairo, it must ensure that this does not happen in Egypt, where poverty is a rural phenomenon.

69. **Strengthen sectoral knowledge.** IFAD needs to strengthen its sectoral knowledge base. This can be done through closer association with Egyptian universities and research organizations, and other relevant multilaterals and bilaterals. IFAD should expand its in-house policy analysis resources for NENA and develop further its links to sources of sound policy analysis for poverty reduction. This will help the Fund to make the transition from a project-based, financing organization to a programme-based, innovative knowledge organization. IFAD's work is also little known in Egypt's wide development circles. To be a valuable and influential partner, IFAD must share its knowledge of rural poverty reduction by contributing to relevant forums and organizing its own.

70. **Strengthen gender emphasis.** IFAD's support for improved gender equity has produced limited results relative to both the claims and the needs. Culturally and politically, the environment for gender equity, despite recent improvements, still needs strengthening. In this context, IFAD has to

become more strategic in the choices it makes concerning gender issues, more openly committed to promoting gender equity, and prepared to drop its support for activities that maintain the status quo. In southern Upper Egypt, IFAD needs to focus more on women as farmers by drawing them fully into research, extension and microcredit activities, and assess the scope for on- and off-farm income and employment for women. IFAD should use its grant mechanism more forcefully to raise the profile of gender issues with its development partners throughout its programme.

**(b) Operational**

71. **Work faster and improve project readiness.** IFAD has committed about USD 189.9 million to nine projects in Egypt over 25 years. While IFAD seeks to be both a dependable partner and an innovator, working at this slow pace and on such a large scale per project makes for limited progress. Delays in project implementation and the readiness to extend closing dates repeatedly have exacerbated the problem. The Fund should consider developing a portfolio with a higher number of smaller, more focused and innovative projects that are implemented faster, evaluated, and then scaled up or replicated. By expanding its work with grant-based donors, IFAD could leverage its resources and work faster. IFAD has appraised and approved projects with components that were unprepared for implementation. No safeguards were installed to find feasible alternatives. It often took the Government a long time to declare projects effective. Both parties must ensure that projects are well prepared and implemented in a timely manner. When infrastructure is involved, the quality of detailed design work has to be raised using adequate preparation funds to ensure that there are no costly surprises after projects are approved.

72. **Promote innovative approaches, their replication and scaling-up.** Project design and implementation processes should be realigned with the needs of promoting innovative approaches, and the appropriate mix of instruments (loans versus grants) should be used to this effect. Successful innovative approaches in IFAD's current programme should be supported and replicated. The gains made through farming systems research under APIP are a good example. These results should be carefully documented and assessed for wider application. Support for farming systems research should be continued but focused on the needs of Upper Egypt with additional contributions from farm economics and social science. The investment requirements of the upstream research system that would provide the basic building blocks of applied research in the poor governorates of Upper Egypt should also be assessed and met if appropriate.

73. **Reassess supervision approaches.** To implement innovative projects and pilot actions, or to scale up successes, IFAD needs to be more closely involved with action on the ground, gain more from project supervision and improve supervision capacity for implementation support. Particularly in international financial institution supervision, maintaining fiduciary responsibility receives more emphasis, at the expense of problem solving. IFAD should re-evaluate its approach to project supervision and be prepared to devote more of its own resources to strengthening the process. IFAD should review the type of results it wants from supervision in Egypt and no longer accept weak performance in monitoring and evaluation.

74. **Assess scope for off-farm income and employment for the landless.** The need to understand how to accelerate off-farm income and employment in rural areas is appreciated but not analysed and answered. IFAD should consider investing in knowledge (through its grant programme) to enable it to support effectively the generation of off-farm employment for the landless and women and incorporate results into its loan programme.

75. **Reorient the Sohag Rural Development Project.** SRDP is an innovative rural infrastructure project that is relevant and geographically well targeted. Creatively managed, this project could influence the National Programme for Integrated Rural Development and the Social Fund for Development. However, the project's overall performance is modest and it risks becoming simply a supplementary funding source for much larger programmes. SRDP should be reviewed to make it a

more effective catalyst for change. In addition, SRDP is trying to implement a big-budget project with a small-project team and this needs to be reviewed and addressed.

76. **Communicate better.** IFAD's work is neither widely known nor fully appreciated in Egypt outside the offices of its closest collaborators. Awareness of IFAD's work should be raised through greater participation in development forums in-country and more attention to brief communication products that are widely shared with clients and partners.

## ANNEX

PROGRAMME PERFORMANCE: CLOSED PROJECTS AND THE AGRICULTURAL  
PRODUCTION INTENSIFICATION PROJECT

<b>Project</b>	<b>Effectiveness</b>	<b>Efficiency</b>	<b>Relevance</b>	<b>Impact</b>	<b>Innovation</b>	<b>Gender</b>	<b>Sustainability</b>
<b>WBSP</b>	Substantial	Modest	High	Substantial	Substantial	Modest	Likely
<b>MADP</b>	Modest	Modest	Substantial	Modest	Modest	Modest	Unlikely
<b>FADP</b>	Modest	Modest	Substantial	Modest	Modest	Modest	Unlikely
<b>NASP</b>	Substantial	Substantial	High	Substantial	Modest	Modest	Likely
<b>APIP</b>	Substantial	Modest	Substantial	Substantial	Substantial	Modest	Unlikely



