Independent Office of Evaluation

IFAD
Investing in rural people

Arab Republic of Egypt

COUNTRY STRATEGY AND PROGRAMME EVALUATION

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Country Strategy and Programme Evaluation

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Photos of activities supported by IFAD-financed projects in the Arab Republic of Egypt

Front cover: Farshout Livestock Association member selling vegetables. UERDP provided training and loans to women enabling them to earn their own income. Photo by Farshout Livestock Association.

Back cover: Farm System Research Unit staff in Fayoum showing improved crop varieties for distribution to Farmer Field Schools (right); The Dandara Animal Cooperative in Qena raise sheep and goats. The cooperative has benefitted from IFAD-supported projects through technical assistance and marketing. ©IFAD/Nick Bourguignon.

Foreword

This is the second country strategy and programme evaluation for the Arab Republic of Egypt and it covers full range of IFAD support, including lending and non-lending activities, for the period from 2005 to 2016. The objectives were to generate findings and recommendations for the upcoming country strategic opportunities programme, to be prepared in 2018.

IFAD's engagement in Egypt is significant. The country is the largest borrower in the Near East and North Africa region (15.8 per cent). IFAD established its country presence in 2005, and the country programme manager has been out-posted since April 2016.

The evaluation found that the portfolio has a solid focus on the governorates where rural poverty and unemployment are most acute. Over the review period, the country programme covered 13 governorates, where 55 per cent of the population and 74 per cent of the poor in Egypt live. IFAD-supported projects have made a positive impact on agricultural productivity, in particular through the improved farming systems in the old lands, and the improved water and land management practices in the new lands. The rural poverty impact was better in the earlier projects, which delivered a wide range of activities concentrated in a smaller area. The move towards larger projects covering villages in a larger number of governorates did not result in efficiency gains. Progress has been slow and management costs have increased. The underlying problem of institutional coordination remains to be resolved.

The evaluation noted that the strategic shift towards renewed support to new-lands settlements in the latter part of the period was problematic because it confines IFAD to a "gap-filling" role without addressing salient issues of poverty where the majority of the poor live, which is in the old lands and in particular in Upper Egypt. The evaluation therefore concluded that IFAD relied too much on well-tested approaches and did not undertake sufficient effort to improve its strategic positioning. At the same time, the Government has raised its expectations as the lending conditions have hardened. Given the extent of the challenges the country is facing in the rural sector, IFAD will need to rise to the expectations and deliver more tangible results on the ground. This will require a sharpened geographic and poverty focus as well as greater thematic selectivity under the new strategy. The evaluation envisages IFAD to support innovation and learning from practice through a wider range of partnerships and with enhanced Government ownership in the knowledge that has been generated from IFAD grants and operation.

This evaluation was conducted in close cooperation with the Strategic Planning and M&E Unit in the Ministry of Investment and International Cooperation, in the spirit of mutual learning and sharing. The Ministry has been conducting its own evaluation of the IFAD-supported projects in parallel, and this country strategy and programme evaluation has benefited from the additional insights and ongoing exchange. The report includes the agreement at completion point, which summarizes the evaluation's main findings and recommendations agreed by the Government and IFAD.

I trust the results of the evaluation will be useful in promoting accountability and learning and will make IFAD even more effective in fostering inclusive and sustainable rural transformation and poverty reduction in the Arab Republic of Egypt.

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Contents

Currency equivalent and measures

Currency equivalent

Currency unit = Egyptian Pound (EGP)
1.00 US$= 18.388 EGP (February 2017)

Measures

Metric measure
1 feddan (fd) = 0.42 hectares (ha)

Abbreviations and acronyms

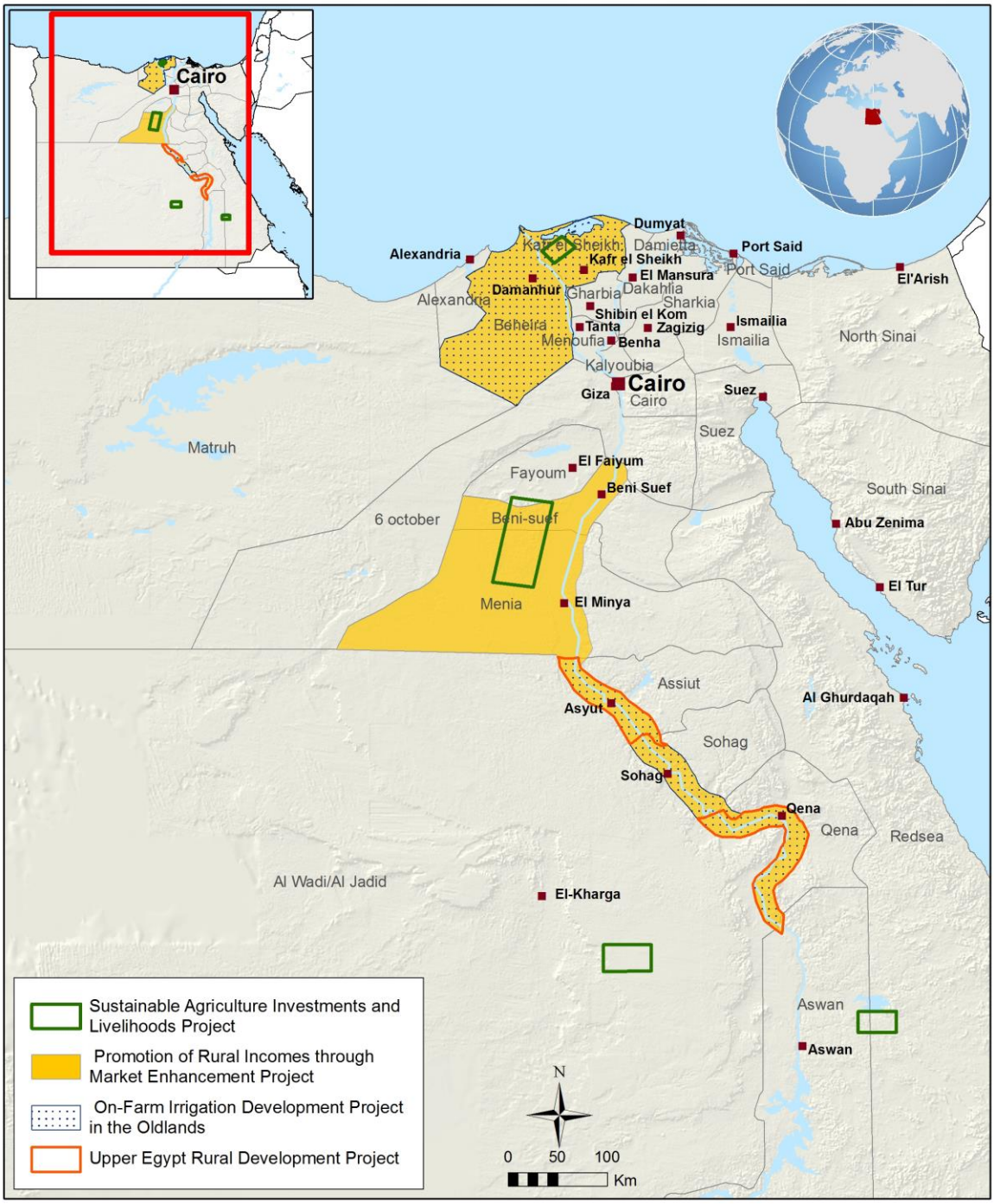
ADP	Agricultural Development Program
APIP	Agricultural Production and Intensification Project
AWPB	Annual work plan and budget
CAPMAS	Central Agency for Public Mobilization and Statistics
CDA	community development association
COSOP	country strategic opportunities programme
CPE	country programme evaluation
CSPE	country strategy and programme evaluation
EDNASP	East Delta Newlands Agricultural Services Project
FAO	Food and Agriculture Organization of the United Nations
FFS	farmer field school
FMA	farmers' marketing association
FSRU	farm system research unit
GRIPS	Grants and Investment Projects System (IFAD)
ICARDA	International Centre for Agricultural Research in the Dry Areas
ICO	IFAD Country Office
ICR	World Bank Implementation and Completion Report
IDS	Italian Debt Swap
IOE	Independent Office of Evaluation of IFAD
KM	knowledge management
LDF	Local Development Fund
MALR	Ministry of Agriculture and Land Reclamation
MIIC	Ministry of Investment and International Cooperation
MTR	midterm review
MWRI	Ministry of Water Resources and Irrigation
NEN	Near East, North Africa and Europe Division (IFAD)
NGO	non-governmental organization
ODA	official development assistance
OFIDO	On-farm Irrigation Development Project in the Oldlands
PBAS	performance-based allocation system
PBDAC	Principal Bank for Development and Agriculture Credit
PCR	project completion report
PPE	project performance evaluation
PRIME	Promotion of Rural Incomes through Market Enhancement Project
SAIL	Sustainable Agriculture Investments and Livelihoods Project
SADS	Sustainable Agricultural Development Strategy: towards 2030
SDS	Sustainable Development Strategy: Vision 2030
SFD	Social Fund for Development
SHOROUK	National Programme for Rural Development
SME	small and medium-sized enterprise
SRDP	Sohaq Rural Development Project
UERDP	Upper Egypt Rural Development Project
USAID	United States Agency for International Development
WNRDP	West Noubaria Rural Development Project
WUA	water users association

Maps of IFAD-supported operations in Egypt

Arab Republic of Egypt

IFAD-funded ongoing operations

Country strategy and programme evaluation



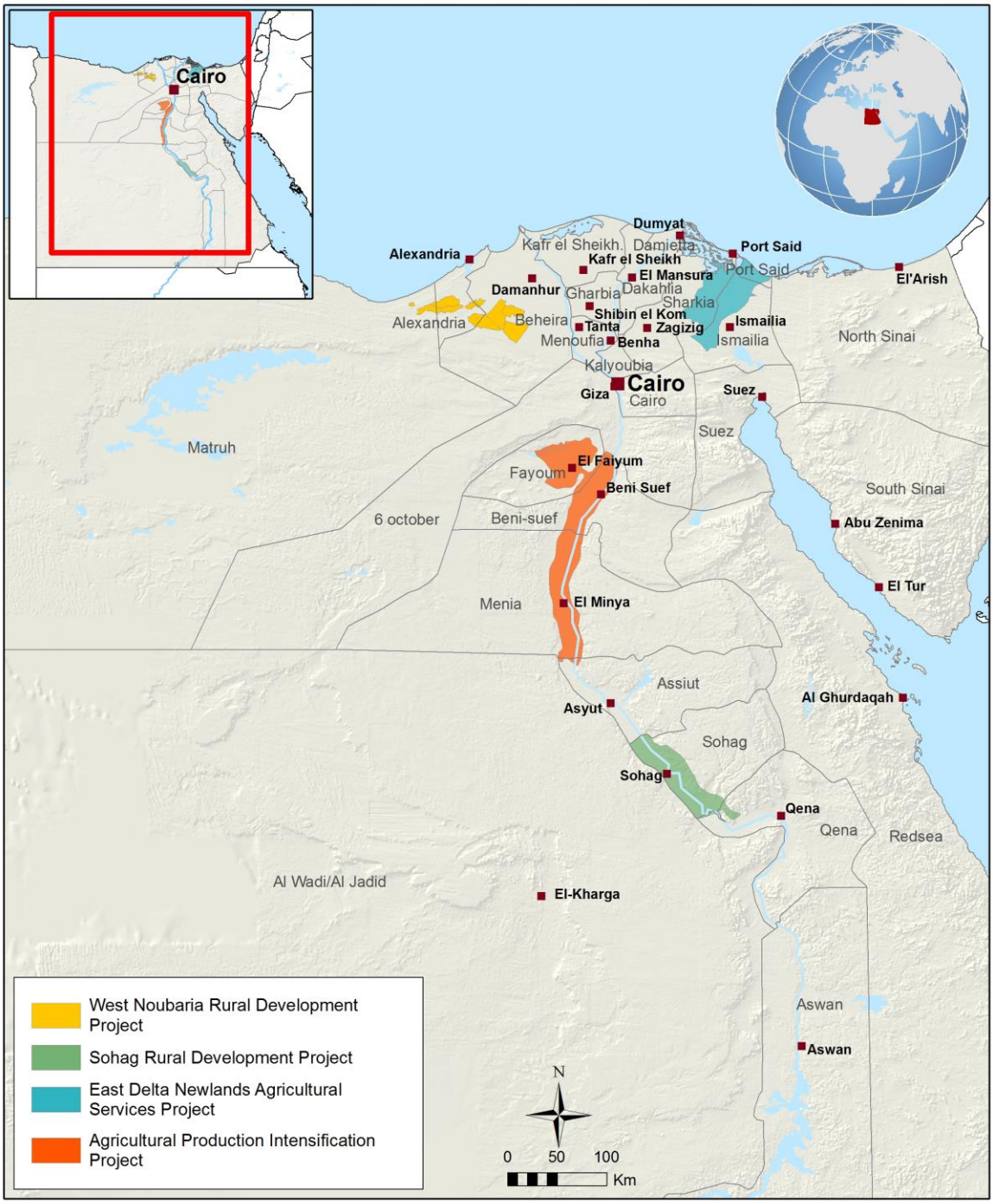
IFAD

Map compiled by IFAD | 20-05-2016

Arab Republic of Egypt

IFAD-funded closed operations since 2005

Country strategy and programme evaluation



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Map compiled by IFAD | 28-03-2017

Executive summary

A. Background

1. This is the second country strategy and programme evaluation (CSPE) of IFAD-supported operations in the Arab Republic of Egypt for the period 2005-2016. It covers the full range of IFAD lending and non-lending activities, including knowledge management (KM), partnership-building and policy dialogue, grants, and country programme and strategy management processes. Its objectives are to: (i) assess the results and performance of country strategic opportunities programmes (COSOPs) since 2006; and (ii) generate findings and recommendations for the upcoming COSOP in 2018. The CSPE country mission took place in October 2016 and visited eight governorates in Upper, Middle and Lower Egypt.

B. Main findings

2. **Relevance.** The country programme revolved around two main themes: support for settlement in lands reclaimed from the desert in Lower (northern) Egypt; and support for productivity improvement in the old lands in the Nile Valley and Upper Egypt.

3. The portfolio presents a good focus on the governorates where rural poverty and unemployment are most acute. Following the recommendations of the last country programme evaluation (CPE), the country programme shifted its focus to the poorer governorates in Upper Egypt. Since 2006, a larger number of these governorates have received project support. However, the amount of funding allocated per governorate in Upper Egypt since 2007 has been similar to – and sometimes even lower than – funding in Lower Egypt.

4. The programme had an overall focus on smallholders, the landless, unemployed youth and women, but projects often did not have specific strategies for targeting these groups and their participation was not systematically monitored. Smallholders (usually with less than three feddans)1 were included as a target group in all the projects. The provision of micro-loans, which did not require collateral, enabled the landless to benefit.

5. Portfolio development was characterized by continuity and building on well-tested approaches. But despite the continuous flow of projects, lessons from successes and failures were not sufficiently documented or learned. Some shortcomings and mistakes were repeated over the period, and some good practices were not adopted in later projects. While the country programme focused consistently on relevant issues, the approaches to addressing them were at times unrealistic or lacked coherence.

6. Repeated shortcomings in project design included the lack of appropriate consideration to institutional responsibilities and coordination, and insufficient funding for capacity-building. Project design and start-up periods were often lengthy, undermining partners' commitment and ownership. Given the complexity of the country context, IFAD should have focused on adequate analysis to inform the design and management of the country programme.

7. **Effectiveness.** Concentrated delivery of an integrated support package, including infrastructure, has made projects effective in the new lands. The approach to integrated farming systems research and extension, and the use of farmer field schools was highly effective. The main achievements of the country programme were: extensive outreach through agricultural extension; micro-loans and infrastructure; and the large number of community organizations established or

[1] A *feddan* is a unit of area: 1 *feddan* (fd) = 0.42 hectares.

strengthened. Additionally, the provision of irrigation and new cropping systems contributed to improved land and water management practices.

8. Results could have been better if the main factors limiting project effectiveness had been addressed at the beginning, in particular: the time gap between design and implementation; slow start-up and implementation; and complicated institutional arrangements, resulting in coordination problems. A common issue was the poor performance of the rural credit components. Credit is a key mechanism for delivering benefits to smallholder farmers, and was therefore pivotal to project performance. However, disbursement of funds against credit components was often slow and behind targets. Allocated funds were not always fully disbursed, often due to external factors such as changes in the regulatory environment, limited local-level absorption capacity and internal management issues at the institutional level.

9. Insufficient funding for capacity development led to bottlenecks in the implementation of project activities at the community level. This ultimately limited the results of components including rural finance, irrigation and marketing. The portfolio supported a range of community-level organizations, but they often remained too weak to be effective. The lack of a coherent and long-term strategy for building the capacities of community organizations and insufficient allocation of funds to capacity-building greatly undermined the portfolio's effectiveness.

10. **Efficiency.** Although overall disbursement rates were constant over the period, disbursements were slow and at times problematic. As a result, projects had to be extended beyond their original closure dates to allow more time for disbursement.

11. Management costs differed significantly between projects. The relatively lean coordination structure based in the Ministry of Agriculture and Land Reclamation (MALR) was efficient, with actual management costs lower than estimated at design. However, the trade-off was weaker effectiveness. MALR staff had insufficient time, resources and leverage to engage with other implementing partners in areas beyond the Ministry's competencies, such as rural finance or irrigation.

12. Staffing issues negatively affected efficiency in particular through high staffing costs, high turnover of key staff and over-dependence on government staff. Some projects struggled to keep MALR staff in governorate project coordination units because of delayed salary and bonus payments. Staff in national project coordination units (NPCUs) work part-time on several projects. Projects using a more independent management model had more freedom to hire qualified professional staff from the labour market.

13. The move towards larger projects did not result in efficiency gains. Recent projects have a greater geographic spread, covering more governorates with higher management costs, contributing to higher costs per beneficiary.

14. **Poverty impact.** IFAD-supported projects positively impacted agricultural productivity, in particular through improved farming systems in the old lands, and improved water and land management practices in the new lands. Micro-lending enhanced productivity and enabled smallholder farmers to procure agricultural inputs and some productive assets, in particular livestock. However, increases in agricultural incomes were not confirmed, partly because of high inflation and increasing food prices during the period. Food availability appears to have improved, but there is no evidence that this led to greater food security.

15. In the new lands, settlement projects significantly improved human and social capital. However, with the limited role played by community-level organizations and the absence of an effective agenda to enhance participatory processes, smallholders were not significantly empowered and there was minimal impact on rural institutions. The rural finance components had only limited outreach to small and medium-sized enterprises (SMEs), and the contribution of agricultural

cooperatives to non-agricultural diversification and job creation to date has been negligible.

16. The sustainability of irrigation systems and improved farming systems is good overall. Irrigation activities promoted in the Eastern Delta were sustained through integrated water resources management, including on-farm drainage improvement, drainage water reuse, and monitoring of soil and water salinity and environmental impacts. Drip irrigation in West Noubaria is also sustainable since it was well received and self-financed by beneficiaries, but drainage that would prevent salinization in the long term was not included. Improved farming systems in Upper Egypt are being sustained, as evidenced by high adoption rates and the continued viability of farmer field schools.

17. The various community-level organizations established or strengthened by the projects are only partly sustainable. In the new lands, community development associations (CDAs) continue to play a role in maintaining social infrastructure, although their financial sustainability may not be assured. The capacities of water users associations (WUAs) are often weak and without legal status, these associations may not be able to collect water fees to operate and maintain irrigation facilities. A joint strategy for establishing a clear role and legal status for WUAs – coordinated by MALR and the Ministry of Water Resources and Irrigation (MWRI) – will be key to ensuring their sustainability.

18. The approach to rural finance is not sustainable because it depends on external funding of programme mechanisms to provide loans, capacity-building and other services. There is no cost-recovery mechanism (e.g. through collection of fees) and costs are not built into the interest rate. Commercial banks are unlikely to function as wholesale lenders given the current loan conditions and risks associated with lending to the agricultural sector.

19. **Innovation.** Early projects included some innovative strategies and practices, such as the creation of specialized research institutions that generated new solutions for use by the projects (especially for farming systems and water and soil resource management). The programme also introduced some innovative irrigation approaches and technologies. In the Eastern Delta, combined irrigation and drainage interventions were monitored by a dedicated soil, water and environment analysis lab. The use of drainage along with soil and water monitoring is the main reason for the low salinity levels in the oldest reclaimed lands. The most innovative project in the portfolio was the Sohaq Rural Development Project, which introduced a participatory community-driven development approach. This was also the first time that IFAD financed a project directly at the governorate level.

20. **Scaling up.** In West Noubaria, IFAD successfully piloted a community-based approach to settlements in the new lands. The approach highlighted the importance of investments in both the farm and non-farm sectors that provide rural communities with: social and productive infrastructure; and skills and institutions that are critical for the viability of new settlements. The project is now being scaled up in a different and larger geographic area. The Government recognizes the benefits of this approach and has assumed greater ownership for scaling up, as demonstrated by its financial contribution to the project.

21. Yet innovations introduced by earlier projects were not consistently scaled up by later generations of projects, nor were they replicated across different types of projects or from new lands to old lands. For example, the successful approach to irrigation and drainage development together with effective environmental monitoring in the Eastern Delta, and the community-driven approach to development in Sohaq were not replicated.

22. **Gender equality and women's empowerment.** Although gender issues were not addressed consistently throughout the programme, there were some good

practices and visible results. The recruitment and training of staff dedicated to gender and women's outreach is one example of a good practice. Some projects used a multi-pronged strategy to address the exclusion of women, for example through literacy training, provision of identification cards, working with women's groups and other targeted interventions. Significant results included women's improved access to credit, participation in community decision-making and improved well-being. The programme improved women's access to rural credit, mainly through the CDA micro-loans, accounting for much of the positive outreach.

23. **Natural resource management.** Efficient use of land and water resources was a major theme of the portfolio from the outset. In the Eastern Delta, water access, scarcity and quality were successfully addressed through a comprehensive water management approach that included drainage and reuse of drainage water, with water quality issues monitored by a specialized laboratory. Yet environmental sustainability was not always addressed coherently. In West Noubaria, the project introduced modern irrigation techniques without addressing long-term salinization risks. Sanitation and waste treatment were insufficiently addressed, and sanitation and waste water treatment facilities were only introduced in Sohaq. Recently, climate-smart practices such as photovoltaic energy for pumping, bio-gas and solar dryers have been promoted in the new lands through an Adaptation for Smallholder Agriculture Programme grant.

24. **Knowledge management.** The Near East, North Africa and Europe Division (NEN) has a centralized, headquarters-driven approach to KM, focusing on regional knowledge-sharing. Although this should facilitate sharing experiences across the region, there has been limited follow-up and ownership in the country to ensure that the available knowledge is being effectively documented and used. The IFAD Country Office (ICO) does not have adequate resources to support knowledge-sharing within the country programme and there are no project staff specifically dedicated to KM. The emphasis has been on natural resource management and agricultural innovation, in line with the focus of the grants programme. KM focused on West Noubaria because of its importance as a government flagship project; however this has led to missed opportunities for showcasing good practices in the portfolio.

25. **Partnership-building.** Partnerships with key implementing partners such as MALR have been strong, but few opportunities have opened for engaging with new strategic partners at the national level. The central project management unit (PMU) within MALR was efficient and provided a reliable point of entry into Government. But its capacity was insufficient to convene sector-wide coordination and dialogue. Co-funding partnerships with the World Bank and Italian Cooperation – through the Italian Debt Swap (IDS) Programme – were important in the early period, but were not followed up on. Other partnerships with bilateral donors could have been developed given the strong complementarities and mutual interest.

26. **Policy engagement** took place in a difficult context and in conditions of political instability, which resulted in a high turnover of ministers, particularly in MALR and MWRI. IFAD's policy engagement was pragmatic, focusing on issues directly related to lending operations. Policy engagement mainly took place through the involvement of decision makers in supervision and implementation support. The establishment of IFAD's country presence in 2005 created new opportunities for policy engagement. A major achievement during this period was the Fund's contribution to the preparation of the Sustainable Agriculture Development Strategy towards 2030. IFAD's most active policy engagement was in the rural finance sector, mainly related to the search for partner institutions to undertake on-lending to CDAs and SMEs.

27. **Grants.** Grants targeted areas relevant to the country context, including climate change and natural resource management, access to markets, rural finance and

knowledge-sharing networks. However, they did not create effective linkages to enable the uptake of findings through local partnerships or loan operations. There are very few concrete examples of innovations developed with grant support that were applied or disseminated in lending operations. Mechanisms for learning lessons and scaling up were weak at the country level and few grant-funded innovations have been utilized by the loan portfolio. Loan-component grants were not effectively used for capacity-building and innovation.

28. **IFAD's performance as a partner.** IFAD has successfully maintained a high level of engagement in the agricultural sector, even in a changing economic and political environment. Its strategy has built upon close alignment with its main implementing partner, MALR, and well-tested interventions; this close partnership has served both sides well. MALR values IFAD as its preferred partner in the agricultural sector and IFAD sees MALR as its main entry point to the Government, although this has resulted in less engagement with other ministries. IFAD has been responsive to the Government's emerging priorities, although this has sometimes come at the expense of strategic consistency and coherence. At the same time, IFAD has missed opportunities to move its own agenda forward, for example on participatory community development and gender.

29. IFAD's country presence has created more opportunities to interact with partners, although this engagement has not been consistent over the evaluation period. The overall effectiveness of the country office continues to be severely constrained by understaffing and limited financial resources. Currently, most staff time is spent on implementation and coordination issues, and insufficient time remains for partnership-building and policy engagement. Participation in donor coordination and United Nations Development Assistance Framework meetings has been limited, and partners interviewed during the CSPE mission expressed their expectations for greater IFAD presence and engagement.

30. **Government performance as a partner.** Government views IFAD as an important development partner in the agricultural sector, and therefore played a strong role in the design and implementation of the lending operations. Yet amid economic downturns and political changes, the Government struggled to maintain satisfactory contributions to projects. Its actual contributions were lower than projected at design in all projects except for the West Noubaria Rural Development Project. These shortfalls were partly caused by high inflation and the continuous depreciation of the Egyptian pound. In addition, disbursement of counterpart funding was often late, sometimes affecting project implementation. The PMUs were understaffed and underskilled, and while monitoring and evaluation (M&E) systems were functional, their data quality and consistency was weak, with available data insufficiently used for decision-making and learning.

31. MALR has been IFAD's main partner in the design and implementation of loan operations. However, due to the frequent changes in MALR leadership and the lack of an effective mechanism for sector-wide coordination, its commitment was not always sustained. Above all, this commitment was not sufficient to generate broad-based government ownership of IFAD-supported operations. The Government's selective interest in projects limited the programme's ability to scale up good practices and results.

32. **Country programme strategy.** IFAD's strategy was closely aligned with the political priorities of its main partner, MALR. It addressed existing needs and funding gaps, especially in the new lands, but lacked a strong vision of how issues contributing to structural poverty in the old lands could be resolved. Yet, the programme demonstrated renewed support to new land settlements. The move towards larger projects covering several regions did not improve efficiency, but instead slowed down implementation progress. The underlying problem of institutional coordination remains to be addressed. Stronger poverty and

institutional analysis in the COSOP would have enabled greater strategic clarity and focus.

C. Conclusions

33. **The country programme is characterized by a high degree of continuity and focus.** Throughout the review period, it followed two main themes: comprehensive infrastructure and services for the new settlements in Lower Egypt; and improved farming systems in the old lands in Middle and Upper Egypt. The portfolio was aligned with government strategies on agriculture and maintained a continuous focus on major rural development issues. IFAD-supported projects addressed key poverty issues and achieved some notable impacts, particularly through improved farming systems in the old lands, and improved water and land management practices in the new lands.

34. Overall, portfolio performance remained stable over the period. There was a slowdown in disbursements following the 2011 revolution, mainly because of delays in project effectiveness due to political changes. Performance did not improve since problems with programme management, coordination and ownership persisted.

35. **The overall poverty focus was satisfactory, but the programme did not go much beyond a geographic targeting approach.** The geographic focus on poverty improved under the 2006 COSOP, with a notable shift in programme support to the poorest governorates of Upper Egypt. Yet withdrawal from Lower Egypt, recommended by the 2004 CPE, never materialized and projects approved under the 2012 COSOP continued targeting relatively poorer communities in Lower Egypt. Although more poor governorates were targeted in Upper Egypt, the amount of support each received was similar or lower than those in Lower Egypt because of their limited capacity to absorb funding.

36. Strategies for targeting poor communities and farmers were not explicit and most interventions relied either on self-targeting (in the case of loans and training), or technical targeting criteria (for example, irrigation projects). The programme did not invest sufficiently in a deep analysis of poverty beyond official poverty lines, which would have made it possible to address the specific needs of groups such as landless people and marginal farmers in the old lands, within the broad rural poor population.

37. **Concentrated and focused approaches have addressed poverty on a smaller scale.** The portfolio generated some positive impacts through the concentrated delivery of comprehensive services and infrastructure in the new lands, and focused technical approaches (research and extension) in the old lands. In the new lands, the infrastructure built or upgraded by the projects enabled the private sector to generate economic growth. In the old lands, the creation of a farming systems research unit, together with the introduction of farmer field schools, contributed to the slow transformation of the agricultural sector. Those achievements were possible because a critical amount of support was delivered in a focused manner. For most of the evaluation period, the portfolio followed a logical sequence of generating good practices and models before rolling them out on a larger scale. Since this important lesson was ignored in the later part of the review period, it is encouraging to see that the recent Sustainable Agriculture Investments and Livelihoods Project has delivered an integrated set of interventions through a concentrated approach. Otherwise, there is a risk that the ongoing project portfolio will be spread too thinly across geographic and thematic areas, diluting its potential results.

38. IFAD did not pursue a coherent strategy in key areas that are corporate priorities and where it should have demonstrated a comparative advantage. Therefore, results in areas such as natural resource management, community capacity-building and gender are not consistent. Natural resource management and climate change were not consistently addressed across the portfolio, although this was a

major theme of the country programme. Environmental sustainability was only addressed in earlier projects and recently by the Sustainable Agriculture Investments and Livelihoods Project. Issues such as salinization, soil fertility, sanitation and waste treatment were not addressed systematically throughout the portfolio. Several grants focused on climate change, but results and best practices were not integrated into the loan portfolio. IFAD could add significant value in this area through a more strategic approach.

39. Despite long-term engagement and support, the results from community capacity-building were not satisfactory. The programme followed an opportunistic approach to building the community capacities required for the delivery of project services within each context. The approach lacked a clear vision of what type of organizations to promote and the aim. The budgets allocated to capacity-building were also insufficient. Most of the community organizations established or strengthened are still not effective or sustainable, and many of them operate without sufficient support from institutional and legal frameworks.

40. Although it is a priority area for the Government and IFAD, gender equality was unevenly addressed throughout the portfolio. Women participated and benefited from the projects to varying degrees. Many women benefited from infrastructure and micro-loans, but overall the loans they received were small. In addition, good practices for targeting women through extension and training were not systematically promoted or scaled up.

41. **Rural finance continues to play a pivotal role in the portfolio and its performance and growth will depend on expanded partnerships.** Rural finance has long been a bottleneck for disbursement and outreach. Over the review period, progress was made in identifying and involving new partners in rural credit components. With the Social Fund for Development as a strong partner, the performance of the rural credit portfolio significantly improved. Yet the demand for rural credit remains huge and with the interest rates for IFAD loans increasing, the programme may not be able to effectively address this demand. The provision of micro-loans through CDAs is not yet sustainable and will require further support and capacity-building. Partnerships with commercial banks are much needed to ensure the sustainability of this approach. But given the terms of the commercial loans and the risks associated with lending to the agricultural sector, they may be hard to establish.

42. **The knowledge and experience available within the programme was not adequately captured or used to enable learning.** Insufficient recordkeeping, weak M&E and inconsistent integration of lessons learned from previous projects point to clear weaknesses in KM. A sequence of projects has been implemented to follow up on earlier projects in the portfolio and similar interventions and components were supported by different projects over a long period. Yet opportunities to learn from this long-term engagement were not sufficiently utilized. For example, there were no longitudinal studies on rural credit provision or access, and results were not systematically documented or lessons from previous projects captured for use in the design of new projects. In addition, there was little exchange of lessons and practices between old lands and new lands.

43. NEN's strategy to manage knowledge and grants at the regional level is sound, but more attention could have been paid to strengthening government ownership of KM and systematically drawing from the wider lessons in the portfolio. For example, the evidence collected through impact studies appeared to be underused for informing future operations. The absence of clear responsibilities for KM within the Egypt portfolio will need to be addressed to ensure that knowledge is effectively documented and used.

44. **A wider range of partnerships and strengthened partner coordination are key to portfolio development and growth.** The experience in recent projects

with marketing and on-farm irrigation shows the risks of getting involved in new thematic areas without a sufficiently strong partner base and a weak operational model. A better institutional analysis and more diversified partnership approach may have pre-empted some of these problems; these issues should be considered in all future project designs.

45. IFAD's main entry point to the Government has been the central PMU at MALR. At the national level, there have been few opportunities to engage with new strategic partners. Maintaining this exclusive partnership had then advantages of being reliable and providing stability. But the increasing complexity of projects requires broader government ownership, starting with the involvement of a wider range of actors right from project design.

46. **There is a clear expectation that a stronger country office will facilitate increased attention to partnership-building, KM and policy engagement.** The country programme manager has only recently been outposted and his ability to engage in non-lending activities has been limited because of insufficient resources and time. Therefore, the ICO has yet to demonstrate its added value by stepping up efforts on non-lending activities. While it is necessary to assign clear responsibilities and resources to the ICO, its role and influence will continue to be limited as long as it relies on MALR as the single entry point to the Government. As a result, IFAD's partnerships will remain narrow and partner capacities for programme coordination and technical support will continue to be insufficient.

47. **The new COSOP will provide an opportunity for repositioning IFAD's strategic role** within the broader context of development in Egypt. By the end of this COSOP period, IFAD will have reached a defining moment. The Government has become more demanding in what it expects from increasingly expensive loans, and the scale of the challenges it needs to address will require diverse solutions. In this context, IFAD cannot rely exclusively on the replication of well-tested approaches. To step up its agenda in the country, it must go beyond filling gaps in programme coordination and technical support. The Fund will need to demonstrate its added value through an enhanced strategic focus, innovation and leverage through a wider range of partnerships and broad-based government ownership.

D. Recommendations

48. The CSPE offers the following five recommendations for the preparation of the upcoming COSOP. For each recommendation the CSPE also suggests some specific and immediate action to start addressing the issues identified.

49. **Recommendation 1: Sharpen poverty and geographic focus and refine poverty targeting.** IFAD should reduce the geographic coverage of further interventions to fewer governorates within the same region. The interventions should target the poorest governorates and communities, based on relevant poverty indicators, and they should include explicit strategies for targeting different groups of the poor (e.g. marginal farmers, youth and women). Targeting strategies will have to be based on good poverty analysis and followed up through appropriate monitoring of disaggregated data. New project designs and the upcoming COSOP should therefore include a poverty analysis that justifies the focus on the poorest governorates and communities, together with explicit strategies for targeting marginal farmers, youth and women.

50. **Recommendation 2: Sharpen thematic focus and improve feasibility of design.** There are good reasons for IFAD to focus on thematic areas where it has demonstrated a comparative advantage (e.g. agricultural research and extension; sustainable management of water and land), and deepen its engagement there, for example by addressing issues of institutional sustainability, equal participation of women and youth, access to land, water and credit. There is also scope to better integrate climate-smart practices into the loan portfolio. The CSPE recommends that IFAD be more selective with regard to the thematic areas and proactively seek

strategic partners to overcome the lack of sufficient implementation experience, in particular related to marketing support and SME loans. The upcoming COSOP should include a selective focus on a few thematic areas where IFAD will be able to add value through innovation and change together with identified partners.

51. **Recommendation 3. Establish a structure for effective coordination and technical support within a progressive programmatic approach.** The call for fewer and larger projects, together with the urgent need to address the overall poor performance and low efficiency, justify the need for a programmatic approach. Integrating complementary projects and interventions into a programmatic approach would enable effective links between projects that are currently working in parallel or are following up on other projects. With or without a programmatic approach, there is an urgent need for a sufficiently resourced and capacitated programme coordination unit at central level. The structure will require a degree of autonomy and impartiality to be able to act as go-between for different ministries and implementing partners; it requires a clear line of accountability to the borrower (the Ministry of Investment and International Cooperation (MIIC)) and the main executing partner(s) (MALR); it also needs to be able to bring in professional expertise where gaps exist in project implementation, in particular on M&E, procurement and financial management, gender and rural institutions. As an immediate step, MIIC, MALR and IFAD should establish a working group to prepare a proposal for endorsement by the relevant ministries and IFAD Management.

52. **Recommendation 4. Manage knowledge from loans and grants to support learning and innovation.** IFAD should become an honest knowledge broker, supporting systematic learning from success and failure, facilitating learning partnerships that involve partners from loans and grants, and preparing good practices and strategic lessons for policy engagement and scaling up. IFAD should establish clear roles and responsibilities for knowledge management (KM) within the country (including ICO, government partners and projects) and at regional level. Based on the NEN regional KM strategy, the country programme should create effective links between grants and loans, M&E, implementing partners (local research institutes) and strategic partners (such as think tanks and development partners). As an immediate step, the NEN KM officer should support the ICO in the preparation of a KM action plan with clear responsibilities and allocated resources.

53. **Recommendation 5. Prepare a strategy for effective capacity-building of community-level institutions with a perspective on scaling up under the new COSOP.** The programme should take stock of the existing institutions and the legal and policy framework with support from a rural institutions specialist. The stock-taking exercise could also involve a joint workshop or conference with other development partners, which would have the added benefit of experience sharing and partnership-building. Based on this analysis, the COSOP would include a strategy for effective capacity-building and policy engagement on rural institutions supported by IFAD. To mitigate the shortcomings in the ongoing projects, some immediate actions should be taken whereby existing project component grants are better deployed for capacity-building. For the upcoming projects, IFAD must ensure that the design includes a sufficient budget for capacity-building from loans and grants. It must also ensure transparent planning and reporting on the use of project component grants for capacity-building. As an immediate action, IFAD should plan a stock-taking exercise as part of the COSOP preparation process and follow up on the proper use of project grants for capacity-building.

Agreement at completion point

A. Introduction

1. This is the second country strategy and programme evaluation (CSPE) for the Arab Republic of Egypt and it covers the period from 2005 to 2016. Its objectives are to assess the results and performance of the previous country strategic opportunities programmes (COSOPs) since 2005 and to generate findings and recommendations for the upcoming COSOP, to be prepared in 2018. The CSPE country mission took place in October 2016 and included field visits to eight governorates in Upper, Middle and Lower Egypt.

2. The Agreement at Completion Point (ACP) reflects the understanding between the Government of Egypt and IFAD Management of the main Egypt CSPE findings and recommendations. In particular, it comprises a summary of the main evaluation findings in Section B, whereas the agreements are contained in Section C. The ACP is a reflection of the Government's and IFAD's commitment to adopt and implement the CPE recommendations within specific timeframes.

3. The implementation of the recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), which is presented to the IFAD Executive Board on an annual basis by the Fund's Management.

4. The ACP will be signed by the Government of Egypt (represented by H.E. the Minister of Investment and International Cooperation) and IFAD Management (represented by the Associate Vice President of the Programme Management Department). The role of the Independent Office of Evaluation of IFAD is to facilitate the finalization of the ACP. The final ACP will be submitted to the Executive Board of IFAD as an annex to the new COSOP for Egypt. It will also be included in the final Egypt CSPE report.

B. Key findings

5. The IFAD portfolio has addressed relevant issues of rural poverty over the period, in line with Government and IFAD priorities. IFAD's programme has brought localized solutions to address big development issues of rural unemployment and scarcity of land and water resources.

6. Following the recommendations of the last CPE, the country programme has shifted its focus to the poorer governorates in Upper Egypt and since 2006 a larger number of these governorates in Upper Egypt have received project support. The programme had an overall focus on smallholders, the landless, unemployed youth, and women, but projects often did not have specific strategies for targeting those groups and their participation was not systematically monitored.

7. Concentrated delivery of an integrated package of support, including infrastructure, has made projects effective in the new lands. The approach to integrated farming systems research and extension and the use of farmer field schools was highly effective. The main achievements of the country programme were the high outreach through agricultural extension, micro-loans and infrastructure and the large number of community organizations that were established or strengthened. In addition, the provision of irrigation and new cropping systems has made a contribution to improved land and water management practices.

8. Results could have been better if the main factors limiting project effectiveness had been prevented or resolved upfront, in particular, the time gap between design and implementation, slow start-up and implementation and complicated institutional arrangements with resulting coordination problems.

9. Credit was a key mechanism for delivering benefits to smallholder farmers. Over the review period, progress has been made in identifying and involving new

partners in the rural credit components. Community development association (CDA) loans disbursed through the Social Fund for Development have performed well and had some good poverty and gender impacts. However, the provision of microloans through CDAs is not sustainable yet and will require further support and capacity building. Partnerships with commercial banks are much needed to ensure the sustainability of the approach.

10. Insufficient allocation of funding for capacity development was a recurrent shortcoming of project designs, and this has led to bottlenecks in the implementation of project activities at the community level. It has ultimately limited the results of the components, including rural finance, irrigation and marketing. The portfolio supported a range of community-level organizations, but they often remained too weak to be effective. If the portfolio had a coherent and longer-term strategy to building the capacities of community organizations and had allocated sufficient funds to capacity building, its effectiveness would have been much enhanced.

11. Though overall disbursement rates have been constant over the period, disbursements were slow and at times problematic and projects had to be extended beyond their original closure date, to allow more time to disburse. The move towards larger projects did not result in efficiency gains. The recent projects have a larger geographic spread, covering villages in a larger number of governorates and higher management costs. Both have contributed to higher costs per beneficiary.

12. The various community-level organizations established or strengthened by the projects are only partly sustainable. In the new lands the CDAs continue to play a role in the maintenance of social infrastructure, although their financial sustainability may not be assured. The capacities of the water user associations (WUAs) are often weak and they lack the legal status which would enable them to open bank accounts, for example. A joined-up strategy to establish a clear role and legal status for the WUAs, coordinated between the Ministry of Agriculture and Land Reclamation (MALR) and the Ministry of Water Resources and Irrigation (MWRI), would be a major milestone to ensure their sustainability.

13. Efficient use of land and water resources has been a major theme in the portfolio from the outset. Yet environmental sustainability was not always addressed in a coherent way. Issues of comprehensive water management, including drainage, water reuse and water quality, as well as sanitation and waste water treatment were not consistently addressed.

14. Partnerships with key implementing partners, in particular MALR, have been strong, but few opportunities have opened to engage with new strategic partners at national level. The central project management unit in MALR was efficient and provided a reliable point of entry into Government. But its capacity was insufficient to convene sector-wide coordination and dialogue. Co-funding partnerships with the World Bank and the Italian Debt Swap (IDS) were important in the early period, but were not followed up later. Other forms of partnerships with bilateral donors could have been developed, given the strong complementarities and mutual interest.

15. Grants targeted areas that were of relevance to the country context, which included climate change and natural resource management, access to markets, rural finance and knowledge sharing networks. But, they did not create effective linkages that would have enabled uptake of findings through local partnerships or loan operations. Mechanisms for lesson-learning and scaling up are weak at country level and until now there have been few examples where grant funded innovations have been taken up by the loan portfolio. Loan component grants could have been used more effectively for capacity building and innovation.

C. Agreement at completion point

16. IFAD and Government will prepare a new COSOP for Egypt in 2018, which will build on the findings and relevant CSPE recommendations jointly agreed in this ACP, and provide the foundation of the main areas of intervention in the context of a renewed partnership and cooperation between the Fund and Egypt.

17. **Recommendation 1: Sharpen poverty and geographic focus and refine poverty targeting.** IFAD should reduce the geographic coverage of further interventions to fewer governorates within the same region. The interventions should target the poorest governorates *and* communities, based on relevant poverty indicators, and they should include explicit strategies for targeting different groups of the poor (e.g. marginal farmers, youth, and women). Targeting strategies will have to be based on good poverty analysis and followed up through appropriate monitoring of disaggregated data. New project designs and the upcoming COSOP should therefore include a poverty analysis that justifies the focus on the poorest governorates and communities, together with explicit strategies for targeting marginal farmers, youth and women.

18. **Agreed follow-up to recommendation 1:** IFAD and the Government of Egypt broadly agree with this recommendation. According to government priorities, development assistance needs to target the lagging rural regions, including areas in the Upper Egypt and Marsa Matrouh; these regions have the country's highest poverty rates and suffer from insufficient services. The COSOP, to be finalized in 2018, will accordingly develop a holistic approach to plan future interventions. Also, the new project Design Promoting Resilience in Desert Environments (PRIDE) is targeting one priority governorates as compared to previous projects (4 to 6 governorates). IFAD interventions target the poorest governorates and communities. The target groups include women, the formerly landless and vulnerable communities being resettled in new lands. Poverty analysis will be used to identify the communities for interventions, including the PRIDE project. IFAD will ensure the inclusion of a gender and poverty specialist during the detailed design mission to ensure enhanced integration of these issues. The approach adopted in PRIDE will be integrated in the COSOP as well. The Government of Egypt and the Near East, North Africa and Europe Division of IFAD (NEN) will ensure that monitoring systems are enhanced in the projects. The officers will be sensitized in collecting gender and youth disaggregated data. The new design will include specific analysis on gender, poverty and nutrition (given the linkage of food insecurity and nutrition with overall poverty and vulnerability). Specific roles and responsibilities for all relevant stakeholders for poverty analysis, monitoring and evaluation will be identified across all future projects.

    Responsible partners: MIIC, MALR, IFAD.

    Timeline: IFAD and the Government of Egypt to implement the agreed actions through the design of PRIDE in 2017 and the COSOP in 2018.

19. **Recommendation 2: Sharpen thematic focus and improve feasibility of design.** There are good reasons for IFAD to focus on thematic areas where it has demonstrated a comparative advantage (e.g. agricultural research and extension; sustainable management of water and land) and deepen its engagement there, for example by addressing issues of institutional sustainability, equal participation of women and youth, access to land, **water** and credit. There is also scope to better integrate climate-smart practices into the loan portfolio. The CSPE recommends that IFAD should be more selective with regard to the thematic areas and proactively seek strategic partners to overcome the lack of sufficient implementation experience, in particular related to marketing support and SME loans. The upcoming COSOP should include a selective focus on a few thematic areas where IFAD will be able to add value through innovation and change together with identified partners.

20. **Agreed follow-up to recommendation 2:** IFAD and the Government of Egypt broadly agree with this recommendation. The new design for PRIDE will integrate water management technologies in line with the recommendation to focus on IFAD's comparative advantage. The design for the project will also include an environmental specialist to specifically assess climate-related risks and vulnerabilities and recommend integration of climate-smart practices. According to IFAD International Rural Finance Strategy, decision tools for rural finance activities will be employed to assess the financial sector on the micro, miso and macro levels. The upcoming COSOP will identify areas where IFAD can add value through future operations. Needs assessment for targeted communities will be conducted for future interventions, with clear division of responsibilities across different actors. In this context; IFAD will develop better selection mechanisms for lending institutions in order to ensure the effective implementation of lending activities.

    Responsible partners: MIIC, IFAD.

    Timeline: IFAD and the Government of Egypt to implement agreed actions by end-2018 through the new project design and the COSOP.

21. **Recommendation 3. Establish a structure for effective coordination and technical support within a progressing programmatic approach.** The call for fewer and larger projects together with the urgent need to address the overall poor performance and low efficiency justify the need for a programmatic approach. Integrating complementary projects and interventions into a programmatic approach would enable effective links between projects that are currently working in parallel or are following up on other projects. With or without a programmatic approach, there is an urgent need for a sufficiently resourced and capacitated programme coordination unit at central level. The structure will require a degree of autonomy and impartiality to be able to act as go-between for different ministries and implementing partners; it requires a clear line of accountability to the borrower (MIIC) and the main executing partner(s) (MALR); it also needs to be able to bring in professional expertise where gaps exists in project implementation, in particular on M&E, procurement and financial management, gender and rural institutions. As an immediate step, MIIC, MALR and IFAD should establish a working group to prepare a proposal for endorsement by the relevant ministries and IFAD Management.

22. **Agreed follow-up to recommendation 3:** The Government of Egypt recognizes the importance of enhanced coordination among different actors, and agrees on the need to adopt a holistic and programmatic approach in future programs. However, it does not wish to create additional bureaucratic layers that would negatively affect the operation of projects. The Government agrees that project/program coordination unit(s) require urgent technical and financial resources and support, however, their operation within the institutional structure as well as their accountabilities to line-ministries is crucial. While there is a degree of independence required for effective project implementation, accountability to ministries and the national executive is important. The Government of Egypt and IFAD would work jointly to emphasize that project implementing agencies operate with the autonomy and expertise required, which is feasible with current structures. In particular, the MIIC agrees that coordination is sometimes a challenge in IFAD’s as well as other development partners’ projects. However, MIIC strongly calls for more effective mechanisms in selecting PMU staff on a competitive and full time basis. Financial as well as technical support for PMUs should be available to enhance the capacities and efficiency of national entities to perform the required duties. Meanwhile, the follow-up and supervisory role of the IFAD Country Office is crucial and thus it should, together with the MIIC desk officers, play a more active role in the monitoring and coordination.

    Responsible partners: MIIC, IFAD

Timeline: The agreed actions will be implemented as part of the design of PRIDE (2017).

23. **Recommendation 4. Manage knowledge from loans and grants to support learning and innovation.** IFAD should become an honest knowledge broker, supporting systematic learning from success and failure, facilitating learning partnerships that involve partners from loans and grants, and preparing good practices and strategic lessons for policy engagement and scaling up. IFAD should establish clear roles and responsibilities for knowledge management (KM) within the country (including ICO, government partners and projects) and at regional level. Based on the NEN regional KM strategy, the country programme should create effective links between grants and loans, M&E, implementing partners (local research institutes), and strategic partners (such as think tanks and development partners). As an immediate step, the NEN KM officer should support the ICO in the preparation of a KM action plan with clear responsibilities and allocated resources.

24. **Agreed follow-up to recommendation 4:** IFAD and the Government of Egypt broadly agree with this recommendation. Accordingly, IFAD and MIIC will ensure best practices from successes and failures are exchanged across national stakeholders. Lessons learned from IFAD experience will be integrated into the new portfolio, including the new project, from the concept note stage. Therefore the MIIC recommends the development of a database for lessons learnt to ensure knowledge sharing. At the IFAD regional level, the KM officer will ensure best practices are disseminated across the region and to a broader audience if relevant. The NEN regional KM strategy will be used to create linkages across the region. MIIC highlights that loans and grants' allocations on the regional levels and their links to national institutions and needs are hard to trace. Thus, specific KPIs for research objectives as well as efficient monitoring system need to be advanced to ensure effective fund allocations and knowledge management. Responsible partners: IFAD

    Timeline: IFAD and the Government of Egypt to implement by end-2018.

25. **Recommendation 5. Prepare a strategy for effective capacity building of community-level institutions with a perspective on scaling up under the new COSOP.** The programme should take stock of the existing institutions and the legal and policy framework with support from a rural institutions specialist. The stock-taking exercise could also involve a joint workshop or conference with other development partners, which would have the added benefit of experience sharing and partnership-building. Based on this analysis, the COSOP would include a strategy for effective capacity building and policy engagement on rural institutions supported by IFAD. To mitigate the shortcomings in the ongoing projects, some immediate actions should be taken, whereby existing project component grants are better deployed for capacity building. For the upcoming projects, IFAD must ensure that the design includes a sufficient budget for capacity building from loans *and* grants. It must also ensure transparent planning and reporting on the use of project component grants for capacity building. As an immediate action, IFAD should plan a stock-taking exercise as part of the COSOP preparation process and follow-up on the proper use of project grants for capacity building.

26. **Agreed follow-up to recommendation 5.** IFAD and the Government of Egypt broadly agree with the recommendation. The Government agrees with the stocktake exercise on existing institutions and the legal and policy framework under the supervision and coordination MIIC and relevant government entity. Participatory workshops and/or conferences could be good opportunities to highlight needs and gaps so as to guide future interventions. MIIC notes that the legal, regulatory and functional framework for rural institutions needs to be enhanced, especially with regards to the WUAs, farmers' marketing associations, CDAs and cooperatives. This can be accomplished through a well targeted strategy

for effective capacity building in the new COSOP as well as stronger coordination with development partners who are already experienced in this area. IFAD and the Government of Egypt agree that WUAs should be developed before infrastructure is established. However, the specific timeline for establishing community groups is an operational decision that will have to be taken as per an assessment of local contexts. Project grants will be used for capacity building where required. In future design of grants and loans, special attention will be paid to capacity building. IFAD will undertake a stock-taking exercise of the entire portfolio, including the grant portfolio as part of the COSOP preparation process. This stock-taking will assess the use of grants for capacity building, but will also reflect the other priorities of IFAD's Policy for Grant Financing.

Responsible partners: IFAD, MALR, MWRI

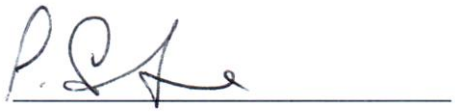
Timeline: The agreed sub-recommendation on stock-taking will be implemented as part of the COSOP process over 2017 and 2018.

Signed by:

H.E. Dr Sahar Nasr
Minister of Investment and International Cooperation
Government of Egypt, Cairo

Signature: 

Mr Perin Saint Ange
Associate Vice President
Programme Management Department
IFAD, Rome

Signature: 

Farshout Livestock Association member tending field.

Photo by Farshout Livestock Association

Arab Republic of Egypt
Country Strategy and Programme Evaluation

I. Background

A. Introduction

1. In line with the IFAD Evaluation Policy[1] and as approved by the 116th Session of the Executive Board,[2] the Independent Office of Evaluation of IFAD (IOE) undertook the second country strategy and programme evaluation (CSPE) of the Arab Republic of Egypt. The main purpose of this evaluation is to assess the results and performance of the previous (2006-2009) and ongoing (2012-2018) country strategic opportunity programmes (COSOPs) and to generate findings and recommendations for the upcoming COSOP, to be prepared in 2018. The CSPE will assess the results and performance of activities conducted since the last country programme evaluation (CPE) in 2004. It will identify the factors that contributed to the achievement of strategic objectives and results, including the management of project activities by IFAD and the Government. It will also review IFAD's strategic position in Egypt, in particular its comparative advantage and positioning in a large middle-income country such as Egypt. The Egypt CSPE has been prepared based on the overall provisions of the Evaluation Policy[3] and follows IOE's methodology and processes for CSPEs as per the second edition of the Evaluation Manual. This CSPE takes into consideration the agreement at completion point of the first CPE for Egypt (2004).

Table 1
A snapshot of IFAD operations in Egypt since 1980

First IFAD-funded project	1980
Number of approved loans	12
Ongoing projects	4
Total amount of IFAD lending	US$391.9 million
Counterpart funding (Government and beneficiaries)	US$317.1
Co-/parallel financing amount	US$51.4 million
Total portfolio cost	US$747.5 million
Lending terms	Highly concessional (1980-82; 1994-2001) Intermediate (1984-1993; 2002-2011) Ordinary (since 2011)
Main cofinanciers	Domestic financial institutions, Global Environment Facility, Food and Agriculture Organization of the United Nations (FAO), World Bank, Italian Cooperation (Italian Debt Swap [IDS])
COSOPs	2000, 2006 and 2012 (revised in 2015)
Country Office in Egypt	Country presence since December 2005. Country office approved in 2004 as part of field presence pilot. Host Country Agreement since November 2011. The ICO currently includes three positions: CPM, CPO, and CPA. CPM posted in Cairo since April 2016.
Country programme managers	Abdelhaq Hanafi (2013 – now;); Omer Zafer (2014); Abdelhamid Abdouli (2004 – 2014)
Main government partners	Ministry of Agriculture and Land Reclamation; Ministry for Investment and International Cooperation; Ministry of Finance; Ministry of Irrigation and Water Resources; Social Fund for Development (SFD).

[1] IFAD (2011) Evaluation Policy.
[2] EB 2015/116/R.2.
[3] Available at: https://www.ifad.org/evaluation/policy_and_methodology/overview.

2. **Overview of the IFAD-supported programme.** Egypt is the largest borrower in the Near East and North Africa region (15.8 per cent) and seventh largest overall in IFAD. IFAD's engagement in Egypt started with a project identification mission in 1979. The programme was brought under the guidance of the first COSOP for Egypt in 2000. IFAD established its country presence in 2005 and the country programme manager has been outposted since April 2016.

3. Egypt's **performance-based allocation system (PBAS) allocation** increased substantially, particularly in 2010-2012, which reflects the strong results of the Eight Replenishment of IFAD's Resources (IFAD8) (table 2). During all replenishment periods, resource approval by IFAD's Executive Board for Egypt programmes was greater than the allocation, particularly for IFAD7. This is most likely due to the Near East and North Africa Division's (NEN) re-allocation of cancelled projects being channelled to Egypt, since nearly all of Egypt's programmes were approved in the final year of each replenishment period when re-allocations are distributed.

Table 2
PBAS allocation and resource approval to Egypt over the evaluation period

Replenishment	*Years covered per replenishment*	*Total PBAS allocation (US$ million)*	*Resources* approved by the Board (US$ million)*
IFAD6	2005-2006	11.4	17.1
IFAD7	2007-2009	42.9	63.0
IFAD8	2010-2012	84.9	86.0
IFAD9	2013-2015	67.7	71.0
	Total	**206.9**	**237.1**

*Resources are loans, loan-component grants, top-up loans, and top-up loan-component grants.
Source: Grants and Investment Projects System (GRIPS) (2016); CLE on decentralization (2016).

4. IFAD has committed US$391.9 million in loans to Egypt since 1980 to support agricultural development and reduce rural poverty. The total portfolio cost over the last 12 years amounts to US$602.1 million. IFAD contributed US$321.4 million[4] and the Government counterpart contribution was US$102.4 million (17 per cent of total portfolio costs). External financiers contributed US$51.4 million (8.5 per cent of total portfolio costs), with the World Bank and the IDS as the largest cofinanciers. Domestic partners and beneficiary contribution was US$126.8 million (21 per cent of total portfolio costs). Egypt received US$33.8 million in 34 IFAD-managed grants (of which US$14.2 million came from IFAD) over the same period. In total, IFAD has invested in 12 agricultural development programmes and projects. Eight of the projects have been completed and four are ongoing.

B. Objectives, methodology and processes

5. The CSPE covers the period 2005-2016 and has two main objectives. These are to: (i) assess the results and performance of the IFAD-financed strategy and programme in Egypt; (ii) generate findings and recommendations for the future partnership between IFAD and Egypt for enhanced development effectiveness and rural poverty eradication. The findings, lessons and recommendations from this CSPE will inform the preparation of the new COSOP in 2018.

6. **Scope.** The CSPE assesses the results and performance of the activities conducted since the last CPE (2004). The CSPE covers the full range of IFAD support to Egypt, including lending and non-lending activities (knowledge management [KM], partnership-building and policy dialogue), and grants, as well as country programme and strategy management processes. The loan portfolio covered by this CSPE includes nine operations. Four of these were already under

[4] Average annual disbursements amounted to US$7.5 million (though decreasing to US$5.7 million between 2008 and 2012).

implementation at the time of the first CPE (2004), and the CSPE used the documented evidence for review. In addition, it uses the evidence from the project performance evaluation (PPE) of the West Noubaria Rural Development Project (WNRDP) conducted in early 2016.

7. The CSPE uses the standard IOE evaluation criteria to review project performance. For the WNRDP, the PPE ratings were used. The ongoing projects were reviewed according to their implementation status. The portfolio also includes one cancelled project (Second Matruh Natural Resource Management Project [Matruh II]), for which the CSPE only reviewed and rated its relevance. The table below provides an overview of the projects that fall into the CSPE period together with the applicable evaluation criteria.

Table 3
Evaluability of projects covered by the 2016 CSPE

Project name	*Board approval*	*Effective (date)*	*Status*	*Completion date*	*Disbursement* (%)*	*CPE 2016 criteria*
Agricultural Production and Intensification Project (APIP)	20/04/1994	25/01/1995	Closed	30/06/2005	95.5	All criteria (2014 CPE)
East Delta Newlands Agricultural Services Project (EDNASP)	05/12/1996	25/01/1999	Closed	31/03/2008	79.3	All criteria
Sohaq Rural Development Project (SRDP)	10/09/1998	18/06/2001	Closed	30/06/2008	92.6	All criteria
West Noubaria Rural Development Project (WNRDP)	23/04/2002	09/04/2003	Closed	30/06/2014	77	All criteria (2016 PPE)
Second Matruh Natural Resource Management Project (Matruh II)	12/12/2002		Cancelled			Relevance only (2014 CPE)
Upper Egypt Rural Development Project (UERDP)	14/12/2006	24/09/2007	Ongoing	31/03/2017	75.1	All criteria
On-farm Irrigation Development Project in Oldlands (OFIDO)	17/12/2009	16/02/2010	Ongoing	31/03/2018	21.3	All criteria
Promotion of Rural Incomes through Market Enhancement Project (PRIME)	13/12/2011	10/04/2012	Ongoing	30/06/2020	13.9	Effectiveness and rural poverty impact not rated
Sustainable Agriculture Investments and Livelihoods Project (SAIL)	16/12/2014	15/06/2015	Ongoing	30/06/2023	6.1	Relevance only

*Disbursement rates for closed projects are the respective dates of project completion; disbursement rates for ongoing projects as of 31 December 2015.

8. The CSPE grants portfolio includes 4 loan-component grants, 23 regional grants, and 2 country-specific grants. Grants themselves are not rated, but the activities they support (policy dialogue, KM and partnership-building) are assessed as part of the country programme strategy implementation. The CSPE approach paper identified some key thematic issues that were used to review the performance of

IFAD's portfolio, in addition to the standard IOE evaluation criteria, as presented in the following box.[5]

Box 1
Evaluation questions for the selected CSPE themes

Targeting: How appropriate were targeting strategies and the analysis supporting them? Did they respond to the changes in poverty trends and/or changing priorities of IFAD and the Government?

Rural finance: What are the factors explaining the performance of the rural finance portfolio? How appropriate was the selection of partners? Has the disbursement of loans contributed to rural poverty reduction?

Community capacity-building: How effective was support to community-level organizations and how sustainable are they? What are the prospects for scaling up?

Youth, landless people: Which mechanisms and interventions were most effective in targeting youth? To what extent did landless people benefit from the interventions and how did their livelihoods change?

9. **Theory of change.** The CSPE prepared a theory of change illustrating the impact pathways anticipated by the 2012 COSOP. The impact pathways were located within the four main thematic areas identified in the COSOP, based on relevant Government policies. The CSPE has used this theory of change to guide data collection and analysis. Causal linkages, results and assumptions were systematically examined and validated or revised. Annex VIII presents the amended theory of change which includes additional linkages and assumptions identified through field work and stakeholder interviews. The theory of change provides the basis for the impact pathways discussed in chapter III (rural poverty impact).

10. **Evaluation process.** The CSPE was conducted in several phases. After an initial desk review, the draft approach paper for the CSPE was sent to the Government for comments in May 2016. A preparatory mission to Cairo took place from 29 May to 3 June 2016 for initial meetings with CSPE stakeholders. The main mission took place from 8 to 27 October 2016. The mission met with a large number of stakeholders in Cairo and in project areas. The field visits covered project sites in Upper Egypt (Luxor, Qena, Sohaq, Asyut), Lower Egypt (Beheira, Kafr El Sheikh) and Middle Egypt (Fayoum, Beni Suef). There the mission met with governorate authorities, including the departments of agriculture, project coordination units, public and private services engaged in the project, partner non-governmental organizations (NGOs) and farmers groups. The main mission concluded with a wrap-up meeting in Cairo on 25 October 2016. The final (desk-based) phase of this CSPE involved a further documents review and extensive analysis of primary and secondary data obtained during the country missions. The resulting draft was peer reviewed within IOE. It was thereafter shared with IFAD's NEN and the Government of Egypt.

11. **Evidence.** The evidence for this CSPE was derived from multiple sources. The CSPE conducted an extensive review of the available COSOP and programme documentation (including design documents, midterm reviews (MTRs), project completion reports (PCRs), portfolio reviews) as well as the country background documentation and relevant studies and research. The CSPE used project M&E data, impact evaluations and self-assessments that were available. For the portfolio under review impact evaluations were prepared for all closed projects. The CSPE also used data national statistics data. The data and publications of the national statistics office (Central Agency for Public Mobilization and Statistics – CAPMAS) are of a high professional standard and useful to discern poverty trends at governorate and village levels.

[5] The CSPE approach paper includes the full set of evaluation questions and criteria in the evaluation framework (annex 1 of the CSPE approach paper).

12. The CSPE process has also benefited from stakeholder analysis and feedback. The main purpose of the field visits was to triangulate findings from the documents review with reality checks and feedback from beneficiaries and implementing organizations. They also provided an opportunity to crosscheck the M&E data and impact studies provided. The CSPE used focus group discussions in the field and in Cairo. The team in Cairo, in cooperation with the Ministry of Investment and International Cooperation (MIIC),[6] organized two thematic focus groups on water and on rural finance, which were well attended by a range of national and international stakeholders. The CSPE also launched a stakeholder survey, which was however of limited use because of poor response rates.[7]

13. The CSPE prepared self-assessment tools to guide interaction and discussions with implementing partners. For the ongoing projects, self-assessments were prepared by OFIDO, the Ministry of Agriculture and Land Reclamation (MALR) and the Social Fund for Development (SFD). The self-assessment tool on non-lending activities and the COSOP was prepared by internal and external stakeholders. Finally, the CSPE used a capacity-assessment tool for a structured discussion with MIIC, MALR and the IFAD Country Office (ICO).[8] The tools were helpful to explore stakeholder perceptions, crosscheck observations and discuss selected issues in further depth.

14. The CSPE has greatly benefited from ongoing exchange with the Strategic Planning and M&E Unit in MIIC. MIIC is acting as the borrower on behalf of the Ministry of Finance and has a coordinating role in the Government's Vision 2030. MIIC has been conducting an evaluation of the IFAD-supported programme in parallel with this CSPE, which provided additional evidence and feedback. The findings of the MIIC evaluation of the UERDP were shared during the mission in October 2016.

15. **Limitations.** The main limitation for this CSPE was the quality and availability of M&E data. A lot of effort has gone into data collection at various stages of the project cycle, but overall record-keeping has been poor and for previous projects numerous documents had been lost during times of political unrest. The institutional memory for the older projects was poor due to high staff turnover and poor record-keeping. Reports, studies or impact evaluations that were apparently prepared (SRDP) were not found. For the ongoing projects, data availability varies. Difficulties were encountered in particular for some of the ongoing projects where MALR oversaw M&E. Other projects that employed professional (non-ministry) M&E staff were able to respond to data requests in a timely manner.

16. The mission achieved good coverage of project governorates through field visits although purposive sampling of project locations according to criteria defined by the mission (i.e. overlap or none with different projects, demographic characteristics, distance from the governorate capital, etc.) was not possible due to logistical and other concerns. Meetings with beneficiaries were usually pre-arranged and there were limited opportunities for a more spontaneous and flexible engagement.

[6] The Ministry of International Cooperation was restructured and renamed in early 2017 as Ministry of Investment and International Cooperation (MIIC).
[7] See the Egypt CSPE approach paper for further details on methodological tools.
[8] The Capacity Assessment Tool is based on the McKinsey Capacity Assessment Grid for NGOs, which addresses several dimensions of capacity (aspirations, strategy, organizational skills, human resources). We used this format, but added "incentives" as an additional dimension and integrated criteria of development effectiveness into the assessment grid.

Key points

- This is the second CSPE for Egypt, covering two COSOPs (2006, 2012). The first CPE was conducted in 2004.
- The portfolio reviewed by this CSPE includes 9 lending operations, 4 loan-component grants, 23 regional grants and 2 country-specific grants.
- The CSPE country mission took place in October 2016 and included field visits in eight governorates in Upper, Middle and Lower Egypt.
- The CSPE benefited from the ongoing exchange with the Strategic Planning and M&E Unit in MIIC, which has been conducting its own evaluation of the IFAD-supported programme in parallel.

II. Country context and IFAD's strategy and operations

A. Country context

17. Egypt is the most populous country in the Middle East and North Africa, with a population of 91.5 million in 2015. The rural population makes up 56.9 per cent of the total. Between 2000 and 2015, population growth averaged 1.9 per cent, though the trend has been accelerating since 2009 (at 2.1 per cent).[9] Historically, the population is highly concentrated along the Nile valley and delta, representing only 3 per cent of the Egyptian land area.

18. The Nile River provides 97 per cent of the country's fresh-water resources, or 55.5 billion m^3 per year. Due to the availability of Nile water for irrigation and high insolation, a variety of Mediterranean, desert and sub-tropical agricultural, animal husbandry and forestry resources are available. With more established irrigation, the Middle Egypt produces rice, sugar beet, long-staple cotton and citrus. The Nile delta produces a wide variety of horticulture and fruit tree crops, and traditional field crops such as cotton, rice and clover.

19. Since independence in 1922, the Egyptian economy and the guiding economic policies have undergone different phases. Egypt was a highly centralized planned economy under President Nasser, with phases of import substitution and nationalization in the 1950s and 60s, followed by trade liberalization in the 1970s and early 1980s.[10] Egypt suffered from the sovereign debt crisis in the 1980s, which was partly forgiven in 1991, and followed with economic privatization, liberalization and deregulation.[11] Following the political changes in January 2011, a new constitution was adopted in 2014.

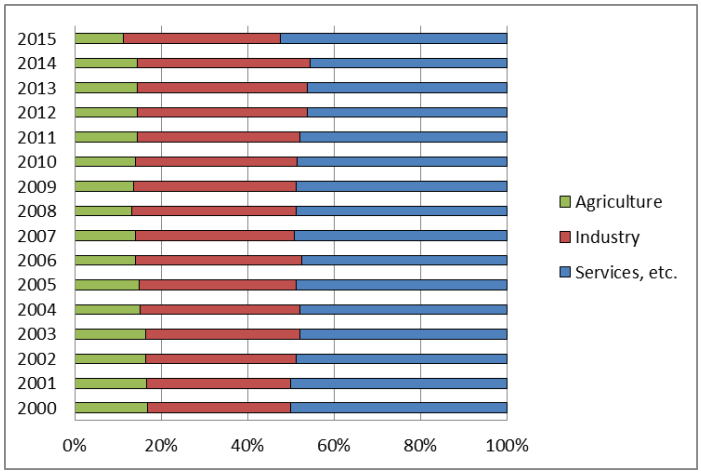
20. The period following the January 2011 revolution has been marked by instability, stagnating growth and per capita incomes, declining job security, and increasing poverty.[12] Political instability and frequent changes of government personnel and priorities also affected the IFAD portfolio.[13] The progressing political roadmap has helped to partially contain the political and social unrest; however this relative stability is challenged by ongoing acts of terrorism and crime.

(i) Economic, agricultural, and rural development

21. Egypt has been a lower middle-income country since 1997.[14] Economic growth was strong before 2011, but inflation was also high. Since 2012, GDP has been growing at a reduced average of 2.2 per cent, although it accelerated in 2015 to 4.2 per cent. Growth is mainly driven by the manufacturing and tourism sectors, with agriculture representing a modest 11.2 per cent of GDP in 2015. Nonetheless, growth in agriculture is far more stable than in the industry or services sectors.

[9] World Bank Development Indicators 2016.
[10] State Information Service (2016) 'Overview on the modern history of Egyptian economy', http://www.sis.gov.eg/En/Templates/Articles/tmpArticles.aspx?CatID=1353#.Vs8Up1Ko2M4.
[11] Korayem, K. (1997).
[12] World Bank. 2015.
[13] IFAD's main partner, the Ministry of Agriculture and Land Reclamation, has had six different ministers in three years.
[14] According to World Bank Classification, Egypt was classified as a low-income country from 1992 to 1996. It was low-to-middle income before 1992, and then again since 1997.

Figure 1
Sectoral shares of Egypt GDP, 2000-2015



Source: World Bank World Development Indicators, 2017.

22. Growth has been consumption-oriented with a declining share and contribution from investment, and net exports have been mostly a drag on growth. Formal employment and productivity growth have been weak.[15] Unemployment has been rising since 2008 to 13 per cent of the labour force in 2014. The rate is twice as high for women (24.2 per cent). Over two fifths of youth are unemployed (41.7 per cent). Although they are overall better educated, it is far more difficult for young people to find a decent job. In 1984, 54 per cent of 29 year olds were formally employed but the figure declined to 40 per cent for the same age group in 2009.[16] As a result, young men are accepting lower quality informal jobs, and young women are dropping out of the labour force.

23. Since 1998, the agricultural sector has been the biggest employer in Egypt, and in 2014 it employed 27.6 per cent of the population. Between 1990 and 2002, the proportion of people employed in agriculture had been decreasing, and then stagnated between 2002 and 2012.[17] Nonetheless there were still 6.18 million people working in the agricultural sector in 2015; agriculture is the largest employer of young people between 15 and 29 years of age.[18] There has also been an increasing trend in the feminization of agriculture, with over 40 per cent of the agricultural labour force constituted by women in 2015.[19]

24. The context in which smallholder farmers operate is getting more precarious. Land holdings are becoming increasingly fragmented and smaller, particularly in Upper Egypt. Commercial banks do not lend to the landless and smallholders owning less than 0.25 *feddan*, and there is limited access to microcredit institutions. Poorer farmers also have inferior access to irrigation water. Fertilizer sales are subsidized to small farmers. Fertilizer use per hectare in Egypt is among the highest in the world.

25. Egypt boasts the largest microfinance market in the Arab world in terms of client outreach, with approximately 1,100,000 borrowers, and EGP 263 million (equivalent to US$36 million) in loans outstanding. The sector is estimated to reach only eight per cent of its potential. For example, only 11.1 per cent of microenterprises have bank loans, as opposed to 38.2 per cent of large enterprises.[20]

[15] World Bank 2015.
[16] World Bank (2014).
[17] World Bank 2015 (p. 22).
[18] World Bank (2014); FAOSTAT (2016) 'Country Profile - Egypt', accessed 17 March 2016.
[19] FAO (2016), 'FAOSTAT Egypt country profile', accessed 2nd February 2016.
[20] World Bank. 2014 (a).

(ii) Poverty characteristics

26. Between 2008 and 2014, the national poverty rate increased from 22 per cent to 27.8 per cent.[21] Due to the high population growth, the estimated number of people living under the poverty rate increased from 16.5 million to 24.1 million in the same period.[22] With regard to human development Egypt is ranked 108th (out of 188 countries) with an HDI value of 0.690 in 2014, compared with 0.453 in 1980 (UNDP 2015).

27. More than half of the poor live in Upper Egypt.[23] According to the 2014/2015 CAPMAS data, poverty rates were highest in Sohaq (65.8 per cent), Qena (57.8 per cent) and Minya (56.7 per cent) (annex VII, table 1.1). This can be explained by the deterioration of the standard of living (such as in food security, education and work) compared to the other regions, in addition to the lack of adequate public infrastructure, private capital accumulation, low investment in human capital and the absence of a pro-poor programme-based fiscal policy.[24] Other issues that further increase regional inequality include the decline in Government investments and its inequitable distribution in favor of urban and Lower Egypt governorates rather than Upper Egypt.[25]

28. Rural Upper Egypt is the most food insecure. Eighty-eight per cent of the chronically food insecure in the country live in Upper Egypt, with some 74.3 per cent of all households in chronic food insecurity in rural areas and 13.7 per cent in urban areas. Food insecurity in Egypt remains an issue of household access to food driven by purchasing power and rising food prices. The joint report by CAPMAS and the World Food Programme[26] highlights the increase in the prevalence of food insecurity from 14 per cent of the population in 2009 to 17.2 per cent (13.7 million people) in 2011. This increase in food insecurity has been driven largely by rising poverty rates and a succession of crises from 2005. At the same time, nutrition trends remain a concern, in particular high stunting rates among children under five along with anemia and obesity among adults, in particular women.

29. Egypt has a long history of food subsidies, which may cost between 6-9 per cent of GDP.[27] Food subsidies are offered through both voucher systems and implicit price controls, with some goods offered universally (baladi bread, wheat flour, cooking oil and sugar). Vouchers are offered through a two-tiered self-targeting system that offers different levels of subsidization.[28] Through the vouchers, 60 per cent of consumed sugar, 73 per cent of oil, and 40 per cent of rice are subsidized, while other food items are brought at market prices.[29]

30. Gender equality stalled in terms of improvement for women and overall rural development. In 2016, Egypt ranked 132 out of 144 countries on the Global Gender Gap Index.[30] The gender gaps are significant in terms of economic participation and opportunity (rank 132), political empowerment (rank 115) and educational attainment (rank 112). Only 44 per cent of adult women reach secondary education compared to 61 per cent for men.[31] Agriculture is the sector providing most female employment, with an increase in women participating in

[21] The national poverty line in 2014/2015 was 482 EGP per individual per month (Mada MASR, 2016).
[22] This is an estimate calculated by using March 2016 CAPMAS population estimates and CAPMAS poverty rate figures for the corresponding period.
[23] World Bank, 2015 .
[24] Egypt Network for Integrated Development (ENID) policy brief 015 'A Profile of Poverty Across Egypt and Recommendations'.
[25] United Nations Development Programme (UNDP) and Ministry of Planning 2015 ' Progress Toward the Millennium Development Goals 2015'.
[26] WFP 2013.
[27] World Bank 2015 'Egypt: Promoting Poverty Reduction and Shared Prosperity, a Systematic Country Diagnostic', P151429, Middle East and North Africa Region, World Bank Group (p. 78).
[28] Jain, A. (2014).
[29] Abdou, D.S.; Z. Zaazou (2013).
[30] https://reports.weforum.org/global-gender-gap-report-2016.
[31] UNDP (2015) 'Human Development Report 2015'.

contract farming.[32] Women also commonly engage in unpaid agricultural work, subsistence farming, and may not participate in the labour market.[33]

(iii) Government policies and structure

31. Administratively, Egypt is divided into 27 governorates, over 300 districts, 166 regions, and 217 cities and 4,617 villages.[34] Territorial administration has been strongly hierarchical. Governors and executive councillors were appointed by the central Government, while elected councils had little autonomy and limited capacity to hold appointed councillors accountable. The current 2014 Constitution foresees less complexity in territorial administration (by reducing local units from five to three, namely governorates, cities and villages), as well as more decentralization by empowering elected councils in local units and providing these with independent financial budgets with state-allocated resources.[35]

32. **Vision 2030.** The "Sustainable Development Strategy: Vision 2030 (SDS) " was announced in March 2015. The document outlines the Government's vision for a productive and efficient economy that generates high, sustainable and inclusive growth. The SDS and the Macroeconomic Framework and Strategy set three main objectives to achieve this vision, namely: (i) restoring macro stability and generating higher and sustainable levels of growth that creates jobs and higher value added; (ii) improving public service delivery; and (iii) achieving social justice and inclusion. Notably, the SDS gives top priority to the following issues: (i) sustainable and green development; (ii) active involvement and partnership with the private sector; and (iii) food security. In December 2015, a national inter-ministerial committee, established by Prime Ministerial Decree, was established to follow up on the implementation of the Vision 2030. MIIC has been assigned the role of coordinator and rapporteur.[36]

33. Agricultural development is currently led by the 2009 Sustainable Agricultural Development Strategy towards 2030 (SADS). Its strategic objectives are: sustainable use of natural agricultural resources; increasing the productivity of both land and water units; raising the degree of food security of strategic food commodities; increasing the competitiveness of agricultural products in local and international markets; improving the climate for agricultural investment; improving the living standards of rural people; and reducing poverty rates in rural areas. Total agricultural investment needed for achieving the strategy objectives were estimated to be between EGP 500 billion and EGP 640 billion.[37]

34. According to the SADS's 2010 Business Plan Overview, over EGP 106 billion was budgeted for the 2010-2017 period. Over 54 per cent was envisaged to be funded by the private sector, while the rest was to be covered by public expenditure. The plan awarded over 48 per cent and nearly 19 per cent of total resources to the On-Farm Irrigation Development and Land Reclamation projects, respectively. In contrast, agricultural research systems development and applied research received only 3 per cent of budget resources, and institutional and policy reform received only 0.8 per cent.[38]

35. Previous strategies were the 1980s Agricultural Development Strategy, which focused on liberalization of the agricultural sector and pricing policies, while the 1990s Agricultural Development Strategy focused on completing the economic reform programme in the agricultural sector and increasing the value of agricultural

[32] Abdelali-Martini, M. (2011).
[33] World Bank (2014).
[34] ARLEM (2014) 'Egypt – Fact Sheet: Vertical Division of Power', Euro-Mediterranean Regional and Local Assembly (ARLEM), accessed 16 March 2016 (https://portal.cor.europa.eu/arlem/egypt/Pages/default.aspx).
[35] ARLEM (2014) 'Egypt – Fact Sheet: Vertical Division of Power', Euro-Mediterranean Regional and Local Assembly (ARLEM), accessed 16 March 2016 (https://portal.cor.europa.eu/arlem/egypt/Pages/default.aspx).
[36] https://sustainabledevelopment.un.org/hlpf/2016/egypt; http://sdsegypt2030.com/?lang=en.
[37] Government of Egypt (2009), 'Sustainable Agricultural Development Strategy towards 2030'.
[38] Government of Egypt 2010.

exports. The 2003 Agricultural Development Strategy (towards 2017) focused on self-sufficiency in growing cereals, and land reclamation.

36. **Water policy.** The 2005 National Water Resources Plan for Egypt is linked to the Agricultural Development Strategy (towards 2017). Under its guidance, the plan aims to supply drinking water for domestic use and provide sanitation services; supply water for industrial purposes and the provision of sewage treatment facilities; the supply of water for irrigation based on a participatory approach and cost recovery of operations and maintenance; and protect the water system from pollution based on a polluter-pays principle and the restoration of water systems.[39] The plan addresses the issue of water scarcity, inter alia through better cooperation with Nile basin countries, modernization of on-farm irrigation, land reclamation, reuse of drainage water in Lower Egypt, increased use of groundwater resources and reduced targets for water-intensive crops such as rice.

37. **Rural finance policy.** Presidential Decree no. 141 was issued in 2014, establishing microfinance as a non-banking financial instrument.[40] Microfinance instruments can be implemented by companies licensed under the law, as well as by non-governmental societies and organizations whose purposes (in accordance with their articles of association) include providing financing. Regulations set a limit on the amount that can be lent for economic, service-oriented, or commercial purposes, and sets responsibilities, requirements and limits for companies or NGOs engaged in microfinance.[41] Microfinance falls under the jurisdiction of the Egyptian Financial Supervisory Authority (EFSA) created in 2009.

(iv) Official development assistance

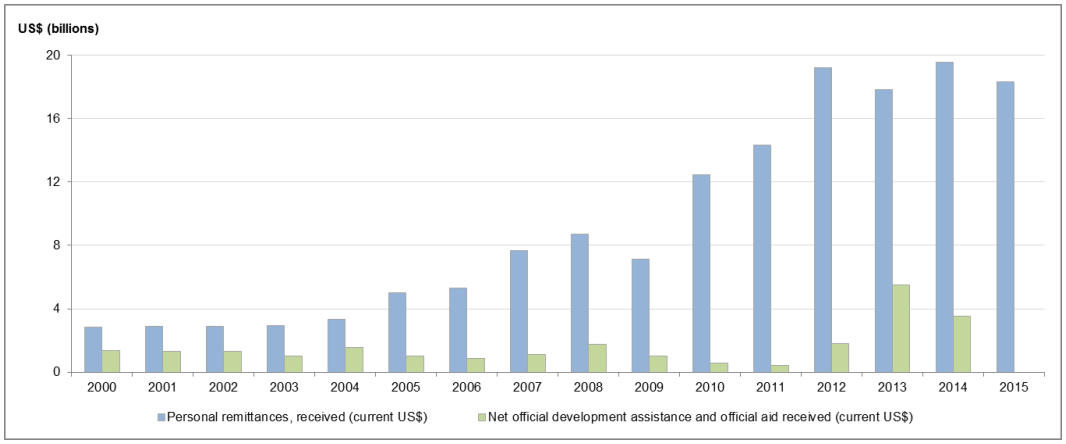
38. Between 2005 and 2010, Egypt received US$6.9 billion in net official development assistance (ODA), while from 2011 onwards the amount increased to US$11.3 billion. Between 2005 and 2008, net ODA averaged 0.9 per cent of GNI and 3.3 per cent of total government spending, while between 2009 and 2013 net ODA decreased slightly to 0.8 per cent of GNI, but between 2009 and 2012 it slumped to 1.4 per cent of total government spending.[42] Between 2005 and 2014, the biggest bilateral donors in terms of committed aid have been the United Arab Emirates,[43] the United States, France, Germany and Japan. The main multilateral donors were the World Bank (International Bank for Reconstruction and Development and the International Development Association), the European Union institutions and the Arab Fund for Economic and Social Development. IFAD was the twelfth largest donor overall.[44]

39. Within the agricultural sector,[45] total donor flows[46] to Egypt have decreased significantly since 2005, with highs of nearly US$1.2 billion (10.9 per cent of all flows) in 2006 to lows of US$141 million (4.9 per cent of all flows) in 2012. There is a mild upswing in absolute flows in the sector since 2012, with the latest available data in 2014 worth US$232 million. The biggest donors were Germany, the International Bank for Reconstruction and Development and the Netherlands.[47]

[39] MWRI 2005 ' National Water Resources Plan for Egypt – 2017'.
[40] Supported by the World Bank's Inclusive Regulations for Microfinance Project.
[41] EFSA. 2014. About EFSA. 2014; EFSA. 2014. Microfinance. 2014; Government of Egypt. 2014.
[42] World Bank Development Indicators 2016.
[43] The top-funded project in Egypt in 2013 was a loan for AED 7.34 billion (US$2.00 billion), aimed at supporting the foreign currency reserve and strengthening the financial and governmental system of Egypt. The Central Bank of Egypt also received a grant for the amount of UAE 3.67 billion (US$1.00 billion). The purpose of this grant was to correct the steady rise in the level of non-performing loans that led the Central Bank of Egypt to enact reforms that reduced the number of licensed banks for 61 in 2004 to 40 in 2013.
[44] OECD DAC database, 2016.
[45] This includes: agricultural development, extension, financial services, inputs, land resources, policy and administration management, research, services, water services, agro-industries, food aid/food security programmes, food crop production, Plant and post-harvest protection and pest control, River basins' development, and water resources policy/administration management.
[46] Consists of Equity investments, ODA grants and loans, and other official flows.
[47] OECD DAC CRS database 2016.

40. ODA funds committed between 2005 and 2014 were somewhat higher: between 2005 and 2010 they were worth US$10.8 billion, and US$14.6 billion between 2011 and 2014.[48] Nonetheless, this pales in comparison to the personal remittances sent to Egypt across the same time period: US$46.3 billion between 2005 and 2010, and US$89 billion from 2011 to 2014 (see figure below). In 2013, ODA represented 2 per cent of GDP, while personal remittances were 6.6 per cent.[49]

Figure 3
Comparison of personal remittances and net ODA received in Egypt between 2000 and 2014 (current billions of United States dollars)



Source: compiled from World Bank Development Indicators 2017

B. IFAD's strategy and operations for the CSPE period

(i) COSOPs

41. Since IFAD began to work in Egypt, it has identified projects through identification missions. The CSPE covers three projects which were identified through general identification missions in 1989 and 1993. The Agricultural Production and Intensification Project (APIP) was an agricultural research and extension project implemented in Middle Egypt conceived during the 1989 mission. The East Delta Newlands Agricultural Service Project (EDNASP) and the Sohaq Rural development Project (SRDP) were conceived during the 1993 mission. EDNASP provided support to new settlements in the Delta region. SRDP was a community-based rural infrastructure project implemented in one of the poorest governorates in Upper Egypt. The focus of these projects was in line with IFAD's strategy at the time, which followed a two-track approach: supporting new land settlements in the Delta and raising the productivity of small farms in the old lands of Upper Egypt. The main target groups were small farmers, the landless and the near landless.

42. The first COSOP was prepared in 2000. It stated that IFAD's strategic focus was on the expansion of support for settlements in the new lands and the second on natural resource management in the Northwest Coastal zone. The 2004 CPE found the strategic focus of the COSOP insufficient and recommended to: (i) work through partnerships, engage in policy dialogue with all relevant agencies in Egypt, and support the development of NGOs as potential partners; (ii) shift the geographical focus of IFAD's strategy to Upper Egypt, develop an exit strategy for Lower Egypt and invest more in social development activities and sequence them better; (iii) revise the approach to rural financial services by supporting the already existing civil society organizations and encouraging the formation of new ones with the capacity to provide and manage financial services for rural development; and (iv) strengthen gender emphasis in projects and increase women's skills and

[48] For 2005-2009, the top three donors were the USA, the European Union institutions, and Germany (US$1.9, US$1.3, and US$0.9 billion, respectively). From 2011 to 2014 the top three donors were the United Arab Emirates, the European Union institutions and Turkey (US$7.8, US$1.2 and US$1.1 billion respectively). Source: OECD/DAC ODA database 2016.
[49] World Bank Development Indicators 2016.

employment opportunities. The two projects conceived under the first COSOPs were the WNRDP, a comprehensive settlement projects implemented in the new lands, and the Matruh II, which was planning to target Bedouin communities in the Northwest Coastal zone, but was later cancelled.

43. The second COSOP was approved by the Executive Board in April 2006, covering the period 2006-2009. The COSOP instigated the programmatic shift to Upper Egypt, as recommended by the CPE. The main thematic thrusts of the COSOP were private-sector development, which would include a thoroughly revised approach to rural finance, and the enhancement of agricultural competitiveness to be achieved through the scaling up of successful approaches promoted through earlier projects and grants, such as the farming systems research approach, participatory irrigation management, contract farming for exports, and participatory community development. The COSOP intended to strengthen IFAD's strategic positioning through a narrower thematic and geographic focus. IFAD would contribute to rural employment creation and income generation in one or two governorates in Southern Upper Egypt. The two projects designed under the second COSOP were the OFIDO and the Upper Egypt Rural Development Project (UERDP). UERDP was implemented in two governorates (Qena, Asyut) in Upper Egypt while OFIDO covers eight governorates in Upper, Middle and Lower Egypt.

44. After the second COSOP expired, there was no COSOP in place until 2012. With the political changes following the January 2011 revolution, and in view of the economic challenges that the country faced, IFAD instead assisted the Government in developing its Agricultural Sustainable Development Strategy 2030 and used this as a framework to formulate the Promotion of Rural Incomes through Market Enhancement Project (PRIME), approved in December 2011.

45. The third COSOP (2012) covered the period 2011-2015. The COSOP identified IFAD's comparative advantage as working closely for and with smallholder farmers and their organizations, small rural entrepreneurs and rural women. The development goal of the COSOP was to contribute to the reduction of rural poverty and the enhancement of national food security in Egypt. This would be achieved by strengthening the technical skills and organizational capacities of rural men and women, pro-poor sustainable use of natural resources, and improved access of farmers to better quality services. IFAD's programme would focus on Upper and Middle Egypt and the poorest governorates of Lower Egypt. The project designed under the third COSOP was the Sustainable Agriculture Investments and Livelihoods Project (SAIL) implemented as a follow-up to WNRDP in the new lands of Upper, Middle and Lower Egypt.

46. IFAD conducted an MTR of the COSOP in 2015. The updated COSOP (2015) covers two financing cycles between 2013-2015 and 2016-2018. The most significant change in the updated document is that it reintroduced the intention of IFAD to support settlements in the new lands. Otherwise, the indicators and targets on the three strategic objectives were slightly updated, but remained largely unchanged.

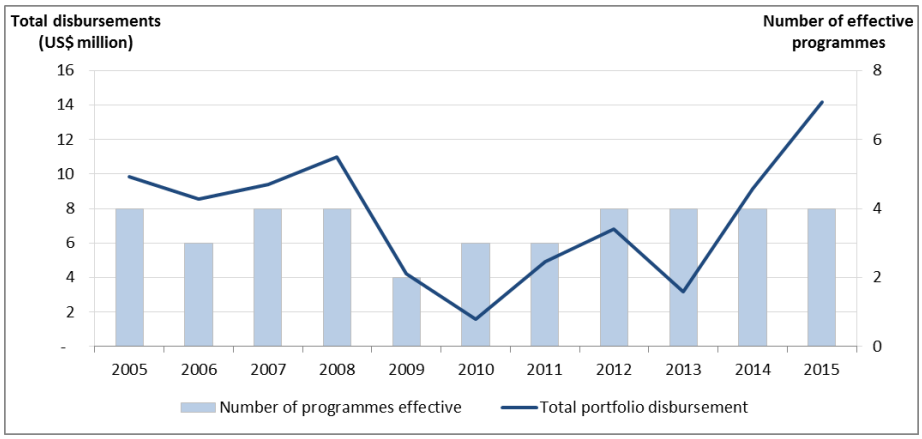
Table 4
COSOPs 2006 and 2012

	COSOP 2006	*COSOP 2012 (updated in 2015)*
Strategic objectives	Successful innovative approaches replicated and scaled up in Upper Egypt with a new configuration of partnerships	Strengthened technical skills and organizational capacity of poor rural men and women; enhanced pro-poor sustainable use of natural resources; improved access to better quality services
Geographic focus and coverage	Exit Lower Egypt and focus on poorest two or three governorates in Southern Upper Egypt	Upper and Middle Egypt, the poorest governorates of Lower Egypt
Strategic thrusts	1) Private-sector development in rural areas, to focus on off-farm employment and income generation; to incorporate a substantially revised approach to rural finance 2) Enhancement of agricultural competitiveness through innovative research and extension systems that are responsive to the needs of small farmers and rural women; includes support to local farmers organizations and strengthening of Water Users Associations and their integration in water boards	1) farmers' organizations, farmer marketing associations, water users' organizations and CDAs) 2) Improved agricultural practices and irrigation systems; participatory water management 3) participatory demand-driven training and agricultural technical assistance; financial services
Projects	OFIDO; UERDP	SAIL; PRIME
Policy engagement	Rural finance, water resources management, and decentralization, including a stronger role to NGOs and civil society in rural development	Legal and institutional issues affecting smallholder farmers and their organizations, water use, access to land and rural finance

(ii) Portfolio composition

47. The total portfolio cost over the last 11 years amounted to US$602.1 million. IFAD contributed US$321.4 million and the Government counterpart contribution was US$102.4 million. Average annual disbursements amounted to US$7.5 million (though decreasing to US$5.7 million between 2008 and 2012). Annual disbursements slowed down in 2010 due to the closure of EDNASP and SRDP, and the entry into force of OFIDO. There were on average 3.7 active programmes over nearly all of the period covered, aside from in 2009 when only two were active.

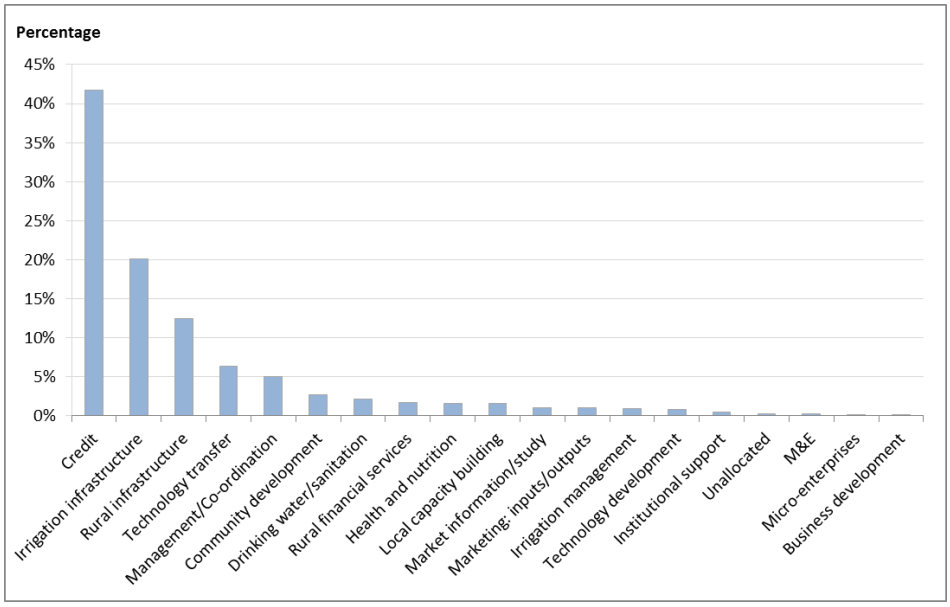
Figure 4
Active portfolio and disbursements per year (2005-2015)



Source: IFAD 2016, GRIPS; IFAD 2016, FlexCube.

48. Support to rural credit has absorbed by far the largest share of funding (42 per cent), followed by support to productive and social infrastructure (34 per cent). Technology development and transfer together received 7 per cent of the funding, while community development and local capacity-building made up only 5 per cent (see figure below).

Figure 5
Sub-component funding share of all programmes at approval (2005-2015)



Source: IFAD 2016, GRIPS.

49. **Lending terms.** Projects within the CSPE period fall into three different lending terms: highly concessional (APIP, EDNASP, SRDP), intermediate (WNRDP, UERDP, OFIDO, PRIME) and ordinary (SAIL). Concerns about limiting foreign debts and the increased costs of lending from IFAD led the Government to prioritize project investments. Cheap and highly concessional loan money was used to finance a broad mix of project interventions, with rural credit and infrastructure, including social infrastructure, receiving approximately three quarters of the loan funding. The share of rural credit financed from IFAD loans slightly reduced under intermediate terms, as other domestic partners (SFD and the Agricultural Development Program (ADP) were brought on board as cofinanciers. Instead, a far greater share of IFAD loans was used for funding irrigation infrastructure (OFIDO). The trend continued under ordinary terms (SAIL).

50. **Grants.** Apart from the loans, Egypt has benefited from a number of regional grants focused on soil and water management, gender mainstreaming, development of knowledge-sharing networks, and promotion of microfinance for poor rural people. Since 1979, Egypt has received US$43.8 million in IFAD-managed grants (of which US$23.9 million came from IFAD). The majority of regional grants focused on agro-systems and natural resource management research and were given to international research institutes, such as the International Centre for Agricultural Research in the Dry Areas (ICARDA), the International Centre for Advanced Mediterranean Agronomic Studies, the International Food Policy Research Institute and the International Center for Bio-saline Agriculture.

51. **Loan-component grants** became an established part of the funding mix in the Egypt portfolio under the 2003 Policy for Grant Financing, and coincided with projects on intermediate and ordinary terms. Most grants were worth US$1 million, aside from SAIL's, which was worth US$1.4 million. OFIDO received an extra loan-component grant when it received additional funding. The use of these grants changed depending on the nature of the programmes, though still fall under the 2003 grants policy objective of promoting innovation and capacity-building, and the 2009 policy adding KM and policy dialogue to the prior two objectives. The loan-component grants were effectively the sole vehicles for capacity-building in the active portfolio. For both UERDP and PRIME, the grants were to fund activities outside of the credit line, which represented 4.8 and 0.9 per cent of total project funding, respectively. The mix of components and their share of funding are

broader in OFIDO and SAIL, yet they also depend on the grants for capacity-building.

(iii) Partner organizations

52. **IFAD counterpart agencies.** Since 1979, IFAD's main counterpart in Egypt has been MALR. In recent years, IFAD partnerships expanded to include other ministries and implementing agencies. Another key partner of IFAD is MIIC, which is acting as borrower on behalf of the Ministry of Finance. MIIC is also coordinating the implementation of Vision 2030 on behalf of the Government, and is thus an important strategic partner. After previous projects had included on-farm irrigation and water management as an important component, a new collaboration the Ministry of Water Resources and Irrigation (MWRI) was formalized in 2012 for the joint implementation (with MALR) of a larger programme on on-farm irrigation development (OFIDO).[50]

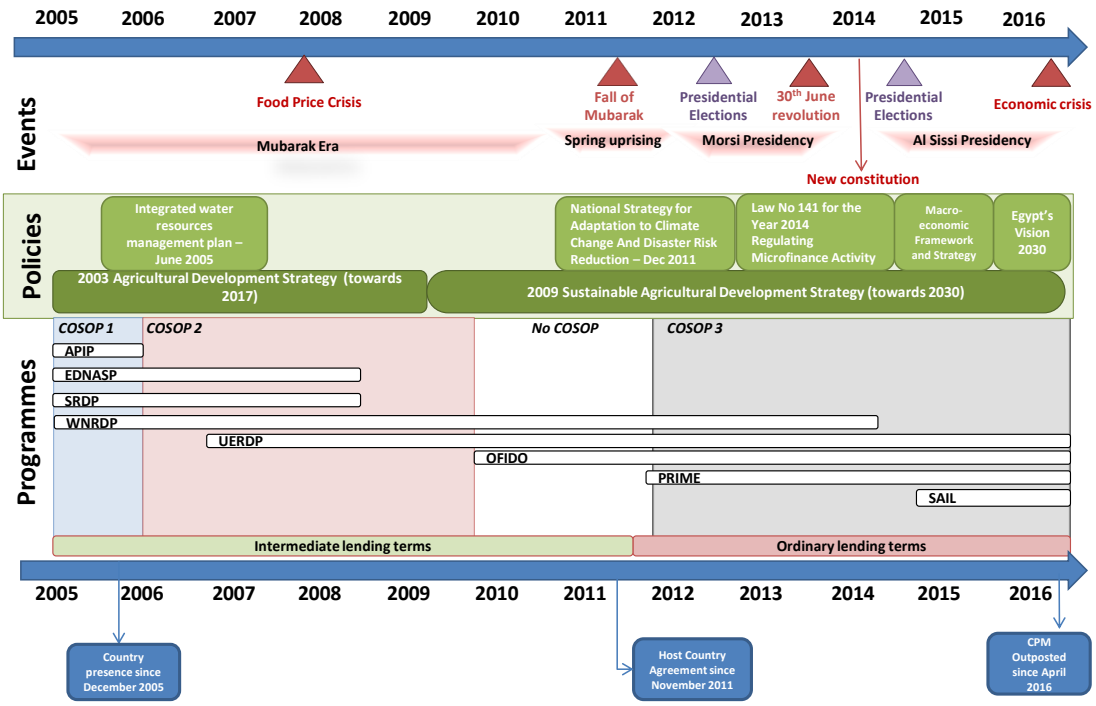
53. **Wholesale lenders.** IFAD's partners in the rural credit components included the Principal Bank for Development and Agriculture Credit (PBDAC), SFD, and MALR's Agricultural Development Programme (ADP, formerly known as the Agriculture Research and Development Fund). The common approach to engaging financial institutions was through subsidiary loan agreements (SLAs). The portfolio had 12 SLAs in all the closed and ongoing projects, and these were between the borrower (MIIC or the Ministry of Finance) and partners in rural finance (PBDAC, National Insurance Bank, Local Development Fund (LDF), SDF, and ADP) to fund specific project credit lines as wholesale lenders.[51] These partners function as parastatal organizations with their own budgets, and under the SLAs, had the obligation of paying back the IFAD loan principal and interest to MIIC or the Ministry of Finance. The early projects (APIP, EDNASP, SRDP, WNRDP) used PBDAC because it was basically the only option with any proximity to the beneficiaries. All of the ongoing projects use a wholesale lender as primary partners, while commercial banks are used at the retail level (small and medium-sized enterprise (SME) lending).[52]

C. Overview: Events and COSOPs during CSPE period

54. The following figure provides a timeline of major policies and events over the COSOP periods.

[50] A more recent protocol was concluded on 22 May 2016 between MALR and MWRI to enable collaboration in OFIDO.
[51] The only project during this period that also had a PMU-managed loan fund was WNRDP, which used a grant from the IDS to provide microcredit to smallholder farmers, including women.
[52] In the case of SFD, the Bank of Egypt and PBDAC; for ADP it is the Commercial International Bank network.

Figure 6
Timeline of major policies and events over the two COSOP periods



Key points

- Egypt is the most populous country in the Middle East and North Africa.
- The Nile River provides 97 per cent of the country's fresh water resources.
- Egypt has been a lower middle-income country since 1997, but the number of poor people is increasing, as a result of high population growth and following the economic downturn since 2008.
- The national poverty rate was 27.8 per cent in 2014, but poverty rates are twice as high in Upper Egypt, where more than half of the poor live.
- Unemployment has been rising since 2008, with 41.7 per cent of young people unemployed in 2014.
- Following the 2011 Spring Uprising, Egypt introduced a new constitution in 2014. The post-2011 period is marked by instability and stagnating economic growth.
- Major policy documents include Government's Vision 2030, the Sustainable Agricultural Strategy towards 2030 and the National Water Resources Plan.
- IFAD's programme was guided by three COSOPs (2000, 2006, and 2012).
- The portfolio cost over the last 11 years was US$602.1 million; IFAD contributed US$102.4 million.
- 42 per cent were allocated to rural credit; 34 per cent to infrastructure.
- Lending terms changed from highly concessional to intermediate and ordinary.
- The United Arab Emirates, the United States, France, Germany and Japan are Egypt's largest bilateral donors.
- The World Bank, the European Union institutions and the Arab Fund for Economic and Social Development are Egypt's largest multilateral donors.

III. The lending portfolio

A. Project performance and rural poverty impact

Relevance

55. The country programme has revolved around two main themes: support for settlement in lands reclaimed from the desert in Lower (northern) Egypt and support for productivity improvement in the old lands in the Nile Valley and Upper Egypt. For most of the review period, IFAD's portfolio has moved along those two tracks, with new projects building on prior projects in the new lands and in the old lands respectively, in line with the Government's two-track strategy to strengthen agricultural productivity in the old lands and to expand settlements in the new lands. The only exceptions from the overall picture of continuity were the two "outlier" projects, SRDP and Matrouh II.

(i) Alignment with government policies

56. Faced with increasing population pressure on the limited agricultural land resources in the Nile valley, the Government's agricultural policies since the 1950s were oriented towards two main goals: (i) increasing crop production through intensification in the old lands; and (ii) reclamation of new lands in the desert near the Nile valley. The two goals are reflected in the development of IFAD's portfolio since its inception in 1979.

57. Since the mid-1980s, Egypt's agricultural policy framework was dominated by the Government's drive for self-sufficiency. Significant reforms were implemented to support agricultural sector growth. Pillars of the Government's strategy were to support traditional agriculture in the old lands of the Nile valley and to settle smallholders in the new lands, mainly in the Delta. The first generation of IFAD projects which was conceived during this period included the West Beheira Settlement Project 1980-1992 in the new lands (Delta region) and two agricultural development projects in the old lands: the Minya Agricultural Development Project (1982-1999) and the Fayoum Agricultural Development Project (1980-1993) in Middle Egypt. These projects were evaluated during the 2005 CPE.

58. During the period covered by this CSPE, the portfolio continued to be strongly aligned with Government agricultural policies. The second generation of IFAD projects was guided by the 1990s Agricultural Development Strategy. The strategy's focus on fostering complementarity between research and extension services is well reflected in APIP (1994-2004). The strategy also included a continued effort to settle farmers in the newly reclaimed lands, as supported by EDNASP (1996-2008). This generation of projects also included SRDP, which was different in several aspects. SRDP (1996-2008) was an innovative, community-driven rural development project that was the only one of its kind, implemented through a decentralized approach in Sohaq Governorate. SRDP was designed and implemented in response to a Government request and its strategy was based on the participatory approach initiated by the National Programme for Rural Development (SHOROUK).

59. The third generation of projects was aligned to the 2003 Strategy (towards 2017) which emphasized decentralized water management and cost-efficient irrigation services and maintenance, together with increased self-sufficiency in strategic crops. The continuation of the land reclamation programme through WNRDP (2002-2014) was also part of this strategy. UERDP (2006-2017) followed the theme of increased productivity in the old lands of Upper Egypt. OFIDO (2009-2018) more specifically addressed issues of efficient use of land and water resources through modernizing on-farm irrigation systems, as reflected in the strategy.

60. The fourth generation of projects was conceived under the SADS (towards 2030), which emphasised the sustainable use of natural agricultural resources, including water efficiency, expansion of reclaimed areas, and sustainable increase of land and water productivity. These priorities are addressed in SAIL (2014-2023).

Agricultural marketing also features strongly in the strategy and was addressed through PRIME (2011-2020).

61. The alignment with agricultural strategies is also an expression of the strong partnership between IFAD and MALR, evidenced by the fact that IFAD, together with FAO and the World Bank, contributed to the formulation of the 2009 Strategy.

62. The CSPE portfolio also includes Matrouh II, which was designed in 2002 as a natural resources management project and was expected to be implemented in the north-west coast region of Egypt in partnership with the World Bank. The 2004 CPE commented that, while Matrouh II responded to a specific Government request, its focus on a small Bedouin community outside of the Egyptian Nile valley where most of the rural poverty is concentrated made it an outlier within IFAD's strategic framework. This project was cancelled in 2004 following a request from the Government to drastically reduce foreign loans.

(ii) Focus on relevant issues

63. The portfolio has addressed relevant issues of rural poverty over the period, in line with Government and IFAD priorities. Yet, while similar issues were addressed over a long period of time, there is no indication that the approaches to tackle them were progressively refined or have gained increased traction. IFAD's programme has dealt with the big development issues of rural unemployment and scarcity of land and water resources at fairly low levels, focusing on localized solutions, while the key issues at the macro level remained virtually unchanged throughout the CSPE period, as did IFAD's approaches to addressing them. Focus on few key issues, as well as proven approaches to tackling them, meant that the portfolio continued to be relevant, but also that opportunities to expand into equally important issues "off the beaten track" were missed.

64. **Unemployment.** In the 1980s and 1990s the problem of youth unemployment became acute and led to social discontent. A significant share of the newly reclaimed desert land was awarded to unemployed youth to avert a political and social crisis. EDNASP, WNRDP and SAIL targeted these "young graduates" who were defined as "youth" at the time they were allocated land. WNRDP's target group were graduates (unemployed secondary-school leavers and university graduates) and landless farmers. Government had specifically targeted graduates to settle in the new lands with the aim "to diffuse social resentment and discontent, and the consequent political tensions created when educated people with heightened expectations discover that they cannot find gainful employment". In the new lands the projects used a comprehensive and integrated community development approach to create economic opportunities (EDNASP, WNRDP). In the old lands the main approach was to promote agricultural diversification through new and more productive local farming systems (APIP, UERDP) and to provide loans to SMEs (UERDP).

65. **Landlessness.** In Egypt, the landless were affected by the Economic Reform and Structural Adjustment Programme, which was implemented in the late 1990s and more precisely, by the effects of the Owners and Tenants law of 1992. This law, known as Law 96 of 1992, was effective from 1 October 1997 after a five-year transition period. The law changed tenure regulations so that tenants had to rent land at market prices, which were ten times as high as the previously fixed prices. Many tenants could not afford the new leases and ended up landless. In order to counter some of the negative effects of this policy change, the Government's reclamation schemes were opened up to this group. IFAD designed and funded three projects (EDNASP, WNRDP and SAIL) in the new lands in order to target the landless who had resettled in the project areas. While the focus on resettled landless farmers was appropriate, there was no strategy to target (formerly) landless farmers beyond the allocation of land and the benefits accrued to this specific group, for example in the form of loans, are not documented (see also

WNRDP PPE). Otherwise landless people were expected to benefit from employment created through economic diversification.[53] Furthermore, marginal farmers (with less than 1 *feddan*) were not targeted. Yet they constituted more than 42 per cent of the total farms in Upper Egypt (compared to 29 per cent in Lower Egypt).[54]

66. **Farmers' organizations**. Government recognizes small land sizes and insufficient organizational capacities of small holder farmers as core problems limiting agricultural productivity and growth.[55] Farmers' organizations were seen as important for linking smallholders to Government services and external markets. Agricultural cooperatives have a long history in Egypt and they are widespread. Their main function was to distribute agricultural inputs, although they also provided other services, such as marketing and extension services.[56] IFAD did work with cooperatives in some projects (WNRDP, PRIME), but did not systematically support them.

67. Instead the programme went on to establish farmers associations (WNRDP, UERDP, PRIME) as a new and voluntary form of organization able to provide a wider range of services, in particular marketing. A major limitation of the famer marketing associations is that their legal status is not clearly defined.[57] CDAs are the most common type of community organization which was widely targeted by IFAD projects. CDAs are considered as NGOs under the relevant legislation for non-profit organizations (2002), and they may provide a range of social as well as economic services. IFAD has also commonly used CDAs to channel microcredit and this created some problems with the new microcredit law (2014). While strengthening existing farmer organizations, or setting up new types of organizations has addressed an important institutional gap in rural Egypt, the programme took a more opportunistic approach to building the community capacities required for the delivery of project services, as fit within a given context. The approach was neither coherent nor did it follow a clear vision or direction on what type of organizations to promote.

68. **Water scarcity.** For the whole of Egypt, the Nile is the main source of water. With increasing population growth and pressure from agriculture and urban development, issues of water scarcity are becoming more acute and have to be addressed at both macro and micro levels. IFAD-supported projects have addressed water scarcity at the micro level, through on-farm irrigation and improved drainage, which is within the MALR mandate. Water efficiency within the larger irrigation scheme, from the Nile River to the *mesqa*[58] intake is within the MWRI mandate and has not been tackled, for example through modernizing the branch and sub-branch canals that feed into the *mesqa* (see annex XI).

69. IFAD-supported interventions included minor and low-cost maintenance works on the existing canals and mainly focused on the on-farm part of the irrigation system. The approach was primarily to mitigate water scarcity at the *mesqa* level and reduce water pollution at the sub-branch canals level. EDNASP pioneered a climate-smart and sustainable strategy to prevent contamination of soils and aquifers by sea water. WNRDP introduced water-efficient and diversified farming systems. SRDP addressed water pollution through covering irrigation and drainage canals and improving sanitation and roads. APIP introduced innovative farming

[53] See for example UERDP Appraisal Report, 2007.
[54] Kheir-El-Din and El-Laithy 2008.
[55] More than 60 per cent of farmers in Lower Egypt and almost 80 per cent of farmers in Upper Egypt are "small holders," owning less than three *feddans* of land (Kheir-El-Din and El-Laithy 2008).
[56] According to a World Bank report, only 70 per cent of communities have agricultural cooperative societies in their communities (World Bank country diagnostic 2015).
[57] The MIIC evaluation of UERDP pointed out that FMAs in Qena were all established under the Agricultural Cooperative Law number 122/1980 within which their activities were confined to marketing. FMAs in Asyut were originally CDAs established under the Social Affairs Law number 84/2002, within which marketing was among their main activities.
[58] Third level distribution canal (see annex XI).

systems requiring less water and fertilizer use, which were later replicated and customized by UERDP.

(iii) Coherence of approaches

70. The development of the portfolio is characterized by continuity and building on well tested approaches. For example, WNRDP followed up as a settlement project in the new lands in Beheira Governorate (Lower Egypt). UERDP used and customized some of the farming systems technology developed in APIP. Despite the continuous flow of projects, lessons from successes and failures were not sufficiently documented and learned. Thus, shortcomings or mistakes were repeated over the period and some good practices were not adopted in later projects.[59] While the country programme maintained a consistent focus on relevant issues, the approaches to address them were at times unrealistic or lacked coherence. This includes, for example, insufficient funding and support to capacity-building.

71. **On-farm irrigation.** The rather piecemeal approach to addressing the fundamental issue of water availability in Egypt's agricultural development is limiting the relevance of IFAD-supported interventions, in particular in OFIDO. The project aims to enhance water availability and reliability by modernizing on-farm irrigation infrastructure but does not adequately address the bigger issues of inefficient water management at the whole irrigation scheme level, such as the institutional set up for management and maintenance at branch and sub-branch canals and *mesqa* levels. Furthermore, given that OFIDO is a pilot project for the larger programme on modernization of five million *feddans*, various alternative technical options should have been considered to guide the modernization of a large scale irrigation scheme.

72. A key element of the support to on-farm irrigation was the water user associations (WUAs). In projects such as EDNASP, WNRDP, and OFIDO the introduction of a participatory approach to managing irrigation infrastructure included setting up WUAs at *mesqa* level to enable sustainable use of water resources at farm level. WUAs have been promoted by various donors in different forms and shapes. Although the legal status of WUAs at *mesqa* and branch and sub-branch canal levels was established in 1994,[60] the function of the branch canal associations is not yet generally accepted and covered by relevant legislation.

73. WUAs are under the authority of MWRI, which according to some interpretations does not fully share the enthusiasm shown by donors and perhaps may even have been confused by the multiplicity of institutions and approaches promoted.[61] For IFAD, the situation is further complicated by the fact that MALR, the key partner with responsibility for on-farm irrigation, does not have a joint vision or strategy with MWRI on how to establish and promote WUAs. MALR is promoting Marwa Committees formed by the farmers of each *marwa* (quaternary canal). These Marwa Committees are being established under the Agricultural Organization but their representatives are members of *mesqa* WUAs. So the lack of a common and harmonized irrigation management transfer and participatory irrigation management vision between MARL and MRWI is an important issue that must be addressed by the Government and IFAD's programme.[62]

[59] For example, as explained elsewhere in the report, EDNASPs's approach to drainage and SRDP's CDD approach were not replicated; insufficient attention to building the capacities of rural finance institutions was a repeated shortcoming.

[60] In 1994 the modification of the 1984 Law 12 defined WUAs as legal organizations at the *mesqa* level in the improved irrigation systems (IIP) in the old lands and Water Users Unions (WUUs) as legal entities for the New Lands. The Bylaws of Law 213/1994 (Decree No 14900 of 1995) detailed the rights and duties of the WUAs and WUUs (Molle and Rap, 2013).

[61] Molle and Rap, 2013.

[62] A joint cooperation protocol was signed on 22 May 2016 defining the obligations of each party. Formation, registration, capacity building of the water users at the branch canals and *mesqas* were assigned to MWRI; this includes rendering support to the extension team while forming the Cooperative Marwa Committees. The Irrigation Advisory Service started this activity and formed the first WUA at Gannabeyyet Qeft, in Qena Governorate and other governorates were to follow.

74. **Rural finance.** The provision of loans to smallholder farmers has been an important theme in the portfolio and absorbed more than 40 per cent of project funding over the CSPE period. The demand for credit is high in rural areas and is insufficiently addressed by the current loan products offered by commercial banks. For most of the period, the portfolio focused on responding to this demand to the extent possible through project funding, although there was no intention of building the capacities of the rural finance institutions other than the CDAs that were used to deliver the loans. IFAD's current strategy, as can be seen in the ongoing projects, has shifted from simply providing credit lines to target populations, to the development and strengthening of local financial institutions to offer an array of financial products and services to rural people. This broadened scope includes support for operational self-sufficiency of the institutions and therefore has the sustainability and long-term access of financial services as a priority. It relies on financially sound wholesale lenders to both leverage commercial actors and build capacity among community-based institutions.

75. The move to SFD as wholesale lender in recent projects made it possible to better target SMEs. All ongoing projects, with the exception of UERDP, are targeting small enterprises through specific credit lines (PRIME, OFIDO, SAIL). An unresolved problem is that the existing loan products are not designed to address the special characteristics of agricultural lending and are not able to remove some of the constraints along the value chain which require innovation in product development, flexibility in lending terms, collateral requirements and reduction in the cost of rural lending through the use of new technologies. Most loan products are of a uniform type and also fail to meet the varied needs of the actors along the value chain.

76. The partner selection process under SAIL is an improvement on previous projects as it is more performance-based and targets innovation and product adaptation. To achieve this, the volume of funds provided to each wholesale institution will be based on an assessment of the credit needs of its clients and its capacity to deliver funds efficiently. While an initial estimate has been made of the amount that will flow through each mechanism, the actual volume disbursed through each mechanism will be based on performance and will be periodically reviewed. It is expected that the provision of these credit funds will help in strengthening some of these mechanisms of direct outreach to the rural areas, and where the formal sector is being used, it will help in leveraging a range of financial services for the target group, such as savings services, remittance and transfer payments, insurance and mobile accounts.

77. **Marketing support.** Support to marketing was included in several projects, but without a coherent approach. There is room to better support actors within the value chain (e.g. marketing associations or smallholder farmers) through technical training combined with access to financial services. WNRDP piloted some initial successes through working with the United States Agency for International Development-funded Premium Project, which helped to improve the competitiveness of agricultural produce. It was also embedded to some extent in UERDP and OFIDO, but without an adequate package of support and budget.[63] PRIME was designed to tackle marketing in a more coherent way as it included the Global Good Agricultural Practices (GAP) training for certification, market intelligence, a value chain approach and promotion of market-oriented agricultural production. An important weakness of the PRIME design is the insufficient allocation of funds for capacity development in the rural finance and marketing components.[64] Substantial capacity development is also needed to enhance the understanding of farmers, farmers' organizations and other actors in the value chains and to conclude concrete arrangements that benefit farmers. Unless these

[63] In OFIDO the component for 'Agriculture Competitiveness Enhancement' had an allocated budget of only about 2 per cent of the total budget.
[64] According to SM 1 Oct-Nov 2015 (para.10).

capacity development activities are carried out diligently, the success of the investments to be made with the loan funds will be limited.

78. **Community capacity-building.** Though most projects identified the strengthening of rural institutions as one of their objectives, there are no indicators to monitor capacity-building of rural institutions. Indicators usually relate to the number of institutions established or strengthened only and there is no approach to monitor the actual strengthening (e.g. election of board members, opening of bank accounts, increase in membership, etc.). Not all projects allocated sufficient resources for capacity-building. For example, OFIDO has only US$1 million (out of a total budget of $47 million) allocated for extension, capacity-building of WUAs, gender, and marketing. Similarly, the PRIME supervision report of November 2015 underlined the insufficient amounts budgeted for capacity development and recommended an increase of US$2.3 million which was implemented by the PMU. On the other hand, SRDP, the only community-driven development project, spent around 12 per cent of the total budget on strengthening local institutions.

(iv) Poverty focus and targeting

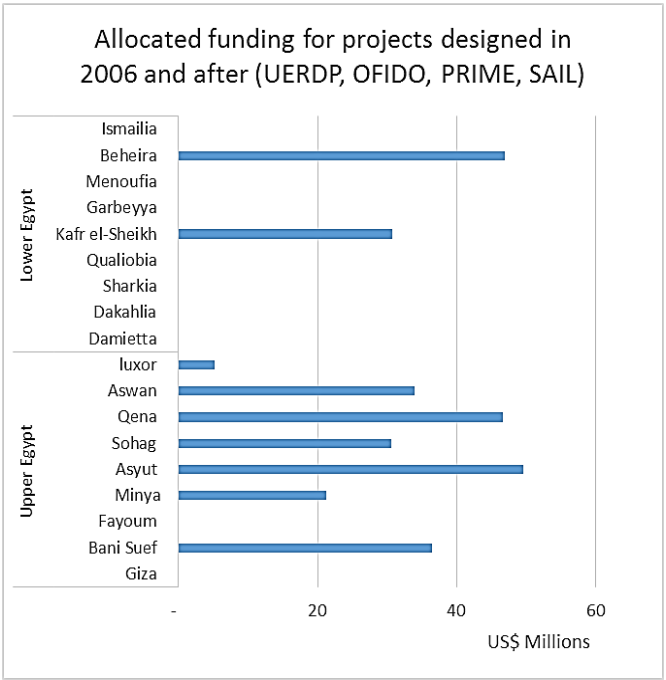
79. **Poverty focus.** The portfolio presents a good focus on the governorates where rural poverty and unemployment are most acute. Over the CSPE period, the country programme covered 13 governorates in total, where 55 per cent of the population and 74 per cent of the poor in Egypt live (CAPMAS 2014/2015 data). This includes eight governorates covered (Beni Suef, Fayoum, Minya, Asyut, Sohaq, Qena, Aswan and Luxor) with a poverty rate above the national average (27.8 per cent in 2014/2015). The governorates covered by IFAD interventions are characterized by small landholding and high dependence on agriculture for income and employment. According to a CAPMAS rural survey[65] all IFAD-supported governorates, except Ismailia, have small landholdings with less than 3 *feddans* on average (annex VII, figure 1.1). The governorates are also characterized by high unemployment rate, especially among women. All the intervention governorates, except Beheira, Beni Suef, Minya and Luxor, have an unemployment rate higher than 10 per cent. The female unemployment rate is very high in these governorates, above 20 per cent, except Beheira and Beni Suef. (annex VII, figure 1.2). The intervention governorates are characterized by large household sizes and high illiteracy rates.[66]

80. **Shift towards Upper Egypt.** Following the recommendations of the last CPE, the country programme has shifted its focus to the poorer governorates in Upper Egypt. Since 2006, a larger number of governorates in Upper Egypt have received project support. The amount of funding allocated per governorate, however, is similar or even lower in Upper Egypt than in Lower Egypt (see figure below).

[65] CAPMAS rural survey for the characteristics of the rural areas in Egypt (2015).

[66] For instance the average household size for EDNASP and OFIDO intervention areas is six persons, for UERDP, it is between five-seven persons and for APIP it is 6.5 persons. While for the illiteracy rates; 58.6 per cent of EDNASP beneficiaries are illiterate. For UERDP, around 9.5 per cent and 16 per cent of the sample surveyed in Qena and Asyut are illiterate respectively. And for APIP, the illiterate rate is 40 per cent (baseline surveys for OFIDO, UERDP and PRIME, Impact study of EDASP [2007] and APIP [2004]).

Figure 7
Allocated funding for projects designed in 2006 and after



Source: compiled from funding data in annex IV and target beneficiary numbers in project design reports.

81. **Geographic targeting.** Geographic targeting was clear, but could have considered other criteria (e.g. landholding, unemployment, access to infrastructure and credit) in addition to poverty. Governorates and districts in the old lands were selected based on their poverty status. Sohaq was selected for SRDP because it had the highest poverty rate at the time of project design. Similarly, the governorates of Qena and Asyut were selected for UERDP because they were among the poorest governorates in Egypt, with poverty rates of 61 per cent and 48 per cent in 2008/2009. In the new lands, the governorates selected for EDNASP and WNRDP were not among the poorest.

82. **Targeting communities.** Communities were selected based on technical eligibility criteria and interest in participating in the project. The criteria and strategies used to target poorer communities were not always obvious or clear. The new lands projects (EDNASP, WNRDP, SAIL) targeted settlements primarily on the basis of landholdings, where the majority were formerly landless people, unemployed graduates and female-headed households. OFIDO used a technical irrigation criterion for selecting the project area, which is based primarily on the selection of the branch and sub-canals that satisfy minimal technical criteria in terms of cost effectiveness of required maintenance works water reliability and satisfactory functioning of the canals. In Upper Egypt the selection also considered existing land use (sugarcane) and social aspects such as the willingness of farmers to engage in WUAs and the willingness of landlords to cooperate. SFD selects CDAs for micro-credit based on the established eligibility criteria. Poor beneficiaries are self-targeted by the small loan amount. For SME targeting, SFD carries out information dissemination campaigns to advertise its services as do any commercial on-lending banks. SMEs can apply for a loan if they fulfil the eligibility requirements.[67]

83. **Social targeting.** The programme had an overall focus on smallholders, the landless, unemployed youth, and women, but projects often did not have specific strategies for targeting those groups and their participation was not systematically monitored. Smallholders (usually with less than three *feddans*) were included as a target group in all the projects. The landless were targeted in different ways. The

[67] Targeting approaches are further explained in annex VII, table 1.4.

projects in the new lands (EDNASP, WNRDP and SAIL) targeted the landless who had resettled in the project areas. IFAD, by financing a credit line though SFD for on-lending by CDAs, targeted the landless through micro-credit which did not require collateral. Most projects identify "youth" as a target group, but only SAIL has a clear definition of youth (aged between 21 and 35 years old). SAIL also has a strategy for targeting youth which includes forming CDAs for young men and women and initiating a process for consultation on their future plans and aspirations. The project will also provide youth development centres offering a range of facilities, special loan products suited to their risk and life-cycle profile and opportunities for vocational and enterprise training, apprenticeships and job placements with the private sector.[68] With regard to targeting women, some projects (APIP, PRIME) prepared a gender strategy, while other projects (WNRDP) did not directly identify women as a target group. However, gender issues were specifically addressed in sub-components, such as the community organization and development component under WNRDP.

84. **Overall relevance.** The portfolio has been aligned with Government strategies on agriculture and had a consistent focus on the major issues in rural development in Egypt. The approaches to address those issues did not change fundamentally over the period, but the shift to Upper Egypt meant that the portfolio's focus on poor governorates has improved significantly, although community targeting and social targeting lack specificity. The design of rural finance components has improved significantly over the period. Although it has been a major focus of the portfolio, there was no coherent strategy on community capacity-building. Relevance of the portfolio is moderately satisfactory (4).

Effectiveness

85. This section discusses whether the programme outputs and outcomes under review, which includes those under APIP, EDNASP, SRDP, WNRDP, UERDP, OFIDO and PRIME, have been or are being effectively achieved with the allocated resources.

(i) Achievement of objectives

86. **Concentrated delivery of an integrated package of support, including infrastructure in the new lands** has made settlement projects effective overall. EDNASP and WNRDP had similar objectives on increasing incomes and improvements of new settlements. In addition, WNRDP aimed to enhance social cohesion and service provision. According to the logframe indicators, EDNASP achieved its twin objectives to: (i) facilitate settlement and increase farm incomes; and (ii) realize the potential and maximize the returns to the Egyptian economy from the investments into reclamation of the East Delta new lands, mainly through provision of water supply and drainage facilities and agricultural technology. The project achieved high adoption rates of technical packages, increases in crop yields and farm production, but only a partial settlement rate (86 per cent), mainly through incomplete provision of drinking water.[69]

87. The follow-up project, WNRDP, achieved a higher settlement rate (120 per cent) through its five objectives, which covered a comprehensive set of facilities and services. According to the PPE, the combined delivery of social infrastructure, assets, training, credit and institution-building concentrated in a small area, was generally effective and made an important contribution to enhancing the well-being of the target population and enabled the increase in settlement rate. WNRPD has achieved good results with diversification of crops and substantial conversion to drip irrigation. The infrastructure and services provided filled an important gap in the absence of local administration and contributed to a heightened sense of well-being in the communities.

[68] SAIL appraisal, para.80.
[69] EDNASP PCR para.128.

88. In the old lands, SRDP was the only project providing comprehensive community infrastructure and services. It was also unique because it took a decentralized approach to project planning and implementation. SRDP was the only integrated development project implemented in the old lands and the only project taking a decentralized approach to project planning and implementation. SRDP's primary objective was to support sustainable development of Sohaq's rural villages through the participatory approach initiated by the SHOROUK national initiative. The project improved the quality of life through the provision of basic public services and infrastructure. In total, 438 infrastructure subprojects were completed. The percentage of infrastructure and services benefiting isolated hamlets reached 84 per cent, exceeding the planned target (75 per cent). The participatory process was credited for a notable improvement in the quality of infrastructure design and construction. But according to IFAD PCR Digests (p. 35), the project failed to provide medium and long-term resources to improve technologies, increase productivity and support rural-based investments.

89. The **approach to integrated farming systems research and extension and the use of farmer field schools (FFS)** was highly effective. In the old lands, APIP successfully created linkages between on-station commodity research, on-farm trials, extension, credit, and farmers. It established a specialized Farm System Research Unit (FSRU), which developed a total of 13 integrated farm models[70] for the old lands and six in the new lands. Integration of crops and livestock and intercropping systems have significantly increased farm productivity and contributed to more efficient and sustainable resource use.[71] The results of the adaptive research were widely adopted through FFSs.[72]

90. UERDP has successfully built on APIP's FSRU approach. The effective and close collaboration between local extension workers and FSRU staff has led to high adoption rates, 40-50 per cent according to the latest figures of 2015, and expected to rise to 70-80 per cent by project completion.[73] According to the FSRU final report (2016), the new, customized farming systems ensured considerable savings in fertilizers (between 20 and 30 per cent) and water (between 7.3 and 18.9 per cent) without any investment in irrigation improvement.

91. In the new lands, projects followed a similar approach to improving agricultural productivity. The comprehensive and adaptive research and extension programmes in EDNASP and WNRDP included farm water use and water management. EDNASP also established a soil, water and environment lab and a skilled team to monitor water and soil salinity and other environmental issues. WNRDP capitalized on EDNASP results by establishing an effective field research and extension programme linking local research centres, regional universities and local extension workers. This programme focused on crop and livestock production as well as on-farm water management and irrigation monitoring at the plot level to allow farmers to optimize the use of modern irrigation equipment. Observations and interviews with farmers during the CSPE mission confirmed the high technical level of farming. These activities are, however, not well documented in the project M&E and reporting systems.

92. **Efficient and sustainable on-farm irrigation and drainage systems**. EDNASP and WNRDP were both effective in introducing new irrigation and drainage technology, appropriate to the local setting. EDNASP was unique in being the only project to specifically tackle water drainage for reuse in irrigation. WNRDP was the

[70] The proposed models illustrate the intensified land-usage and increased crop production, which can be achieved through the judicious inter-planting, under-planting, and relay planting of additional crops within a fixed, seasonal growing period.
[71] These include intercropping, new improved varieties of cash and non-cash crops, new approaches for land preparation allowing more efficient on-farm irrigation and fertilizer use.
[72] FFSs were started in 1996 and 1997 by the two Egyptian-German projects and supported in the following by FAO, the Netherlands and Finland in the old lands and the new lands.
[73] FSRU report.

only IFAD project which supported the improvement and development of modern pressurized irrigation schemes (sprinkler and drip systems). OFIDO on the other hand, aims to improve traditional *mesqa* and *marwa* level irrigation infrastructure in eight irrigation areas in eight governorates, using a single irrigation infrastructure model. In terms of on-farm irrigation and drainage, the projects supported the improvement of about 39,204 *feddans* against 73,423 *feddans* planned (73 per cent of target).[74]

Table 5
Area (*feddans*) converted to improved on-farm irrigation (actual against target)

Project	*Target (feddans)*	*Actual (feddans)*	*Actual/target*
EDNASP	21 500	19 200	89%
WNRDP	19 423	8 292	43%
OFIDO	32 500	11 712	36%
Total	73 423	39 204	53%

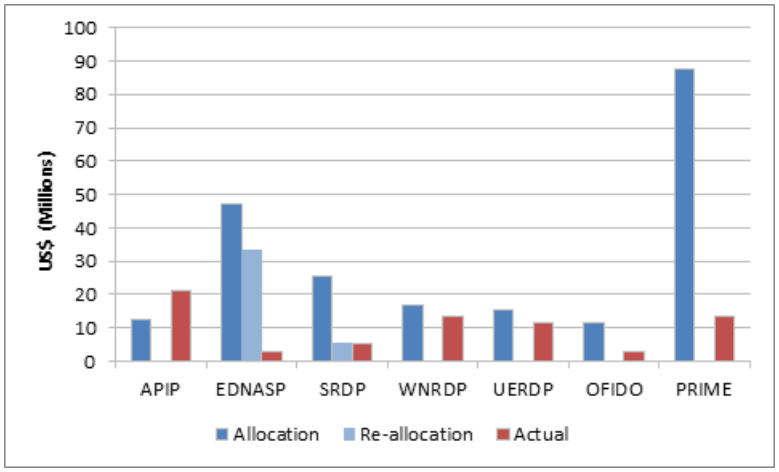
Source: Annex VII, table 2.1.

93. **The main factors limiting effectiveness** in the closed projects were the long effectiveness gap and late start-up (EDNASP), slow implementation (SRDP) and complicated institutional arrangements with resulting coordination problems (EDNASP). A common issue affecting effectiveness in all closed projects was the poor performance of the rural credit components (see below). In SRDP slow implementation during the first three years, the devaluation of the local currency and price escalation adjustment affected some contract costs and contributed to delaying works. The long effectiveness delay negatively affected the implementation of the project during the early years, resulting in cost increases and beneficiary scepticism. In EDNASP, reasons for poor performance of the project included weak coordination, in particular when there were frequent changes in ministers and lack of ownership.[75] In WNRDP, effectiveness was mainly affected by delays during project start-up and the early implementation phase, low disbursement rates, high staff turnover and a non-performing credit component.

94. Strong reliance on credit as a mechanism for delivering benefits to smallholder farmers characterized the portfolio and at the same time explains some of its underperformance. Overall, disbursement of credit components was far behind targets (see figure below). For the closed projects, the choice of PBDAC as implementing partner explains the underperformance of the credit components. EDNASP only reached US$3.04 million (against a target of US$46.9 million), almost exclusively in short-term credit and primarily using IFAD and World Bank resources, not PBDAC's. Performance was poor because collateral requirements through land titles reduced the pool of eligible clients. The delay in the provision of infrastructure also delayed the settlement of families in the project area that would seek finance. SRDP also saw very low effectiveness of its credit activities, due to incompatibility of PBDAC to work with the proposed credit models. According to both the World Bank Implementation and Completion Report (henceforth ICR) and PMU PCR, the project only provided approximately 7,500 loans worth on average US$700 each.[76]

[74] Furthermore, WNRDP indirectly helped in converting 36,342 *feddans* to drip irrigation and 1,941 *feddans* to fixed sprinklers (through extension, technical assistance and credit support).
[75] The project was also affected by an investigation by the Government's Administrative Control Agency during 2004 and 2005 which led to a seven-month suspension of disbursements by the International Development Association in 2005.
[76] Final disbursement of the LDF-allocated credit line was US$3.78 million in 1,566 loans. Disbursement of the PBDAC-allocated credit line was US$1.48 million in 1,944 loans. It is unclear where the 7,500 loan figure appears from, but the value of the credit line coincides with the total value of loans when multiplying 7,500 by US$700 (EDNASP ICR p. 15; PCR para. 96).

Figure 8
Credit line allocations and disbursements by project (millions of USD)



Source: IFAD GRIPS (retrieved January 2016).

95. Under WNRDP, PBDAC continued to be the credit delivery partner. The terms and conditions of PBDAC lending proved unattractive to the project beneficiaries, and overall performance of PBDAC was characterized by onerous requirements, delays, and poor followup on repayment.[77] PBDAC issued very few second loans to clients, in part due to the commonly used medium length lending terms (5-7 years), which did not provide enough time for a second round of lending. The demand from WNRDP beneficiaries for continued lending has evaporated with the disappearance of the subsidized lending rate.[78]

96. **Ongoing projects.** Under the ongoing portfolio, credit is disbursed through SFD, and more recently ADP under PRIME. Credit disbursement has noticeably improved. Through SFD, 51,945 loans have been disbursed through OFIDO, UERDP and PRIME. The portfolio quality has also remained quite high; however, allocated funds are not always fully disbursed, most often due to external factors like changes in regulatory environment, limited absorption capacity at local level or, in the case of OFIDO, centralized approval procedures.

97. UERDP ends in 2017 and most of its objectives are likely to be achieved after an extension of two years. Access to micro-lending was relatively good under UERDP and adoption rates for the new farming systems are promising. However, the approach to create or strengthen marketing associations has not succeeded so far, because of poor design and implementation of the marketing component and insufficient budget allocation (Supervision Mission 2016). The MIIC evaluation of UERDP thus concludes that the marketing sub-component was ineffective because of poor design and target setting. UERDP had suffered from low counterpart funding, implementation delays related to the 2011 revolution, and the introduction of the new legal requirements for CDAs which have significantly delayed the micro-lending component.

98. OFIDO is one of the two problem projects in the Egypt portfolio.[79] Implementation has been slow due to broad geographic stretch, lack of flexibility in irrigation design ("one size fits all" solution), a highly centralized management approach and lack of effective partnerships with key stakeholders at central level, in particular MWRI. Entering its final phase, the project still has a long way to reach its objectives. At

[77] WNRDP PPE para. 79.
[78] WNRDP PPE para. 80.
[79] Reasons given by the project for delayed implementation include: (i) the political events in Egypt following the unrest of January 2011 and June 2013; (ii) objections to project implementation by a number of unauthorized water vendors; (iii) objection by some farmers to the installation of electric power poles on their land; (iv) lack of effective communication channels with MWRI at the time although significant improvements reported following the signature of the May 2016 Memorandum of Understanding; (v) challenges the related to the liberalization of the exchange rate and its impact on the prices of commodities and services which also affected the performance of contractors.

the time of this CSPE, only 46 per cent of the targeted *feddans* had been converted, in Upper Egypt only 17 per cent. According to the 2016 supervision, little progress has been made on the participatory research and extension component. Marketing committees were set up according to plan, but their effectiveness is limited. Overall, OFIDO's role so far has been to develop infrastructure for water distribution. It has not been effective in the development of various and customized irrigation technologies and practices at the plot level or in improving the productivity of the irrigation crops.

99. PRIME is the second problem project suffering from slow implementation progress. This can partly be explained by some critical design issues including insufficient funding for capacity-building and marketing activities other than credit. Two parallel approaches are being envisaged: a first one through the SFD, which lends funds to the National Bank of Egypt, a large commercial bank, for its on-lending to clients, and a second one through ADP, which lends funds to the Commercial International Bank, which acts as fund manager for on-lending to 12 selected participating financial institutions. The limited management capacity of ADP presents an important challenge for implementation, as does the laborious loan appraisal and verification process.[80] Another missed opportunity is the insufficient coordination with OFIDO, which covers almost the same governorates.

(ii) Community capacity-building

100. The portfolio supported a range of community-level organizations, but they often were too weak to be effective. Insufficient funding for capacity development has led to bottlenecks in the implementation of project activities at the community level and ultimately limited the results of the components, including rural finance, irrigation and marketing. The lack of a coherent and longer-term strategy to building the capacities of community organizations has greatly undermined the effectiveness of the portfolio (annex VII, table 2.2).

101. **Farmer field schools** (FFSs) set up for demonstration and training purposes since 1996 have been a highly effective type of organization which, beyond the originally intended purpose, in some cases developed into community organizations. APIP had set up 206 FFSs with 10-15 farmers per group. The CSPE field visits found that the FFSs are still active in Fayoum. There are men-only, women-only and mixed FFSs meeting on a regular basis. According to feedback received during the CSPE mission, FFSs were highly effective in Fayoum, less in Beni Suef. UERDP also used the FFSs approach for new technologies and cropping practices. There are 131 FFSs which mobilized about 150,000 farmers per year and 91 field farming systems schools which mobilized about 88,000 farmers.

102. **Community development associations** (CDAs) currently number an estimated 159 that had received support from the closed and ongoing portfolio. CDAs have been the principal conduit for microfinance outreach in the ongoing projects. Most beneficiaries find the loan process to be easy and the loan requirements to be acceptable. Physical assets are not generally required as collateral for micro-loans from CDAs (EGP 5,000 loan on average), a guarantor signature is most common. While beneficiaries would like to have larger loan amounts, most agree that it is their only option and often their first opportunity to access financing. Nonetheless, CDAs need additional training and particularly need capacity-building[81] to ensure their stability and continuity, for which UERDP only allocated US$1 million. An important limitation for CDAs in microfinance is the recent change in the regulatory environment, which requires CDAs to be licensed in order to operate in the microfinance sector (annex VII, table 2.7).

[80] PRIME Supervision Mission 1 Oct-Nov 2015, para.30-31.

[81] Certain areas include standardizing processes for loan management and accounting; exploring software solutions for these activities; better follow-up on CDA member income-generating activity by CDA staff; and more sensitization and repayment models that are adequate to borrower's cash flow.

103. **WUAs.** The portfolio established 572 *mesqa*-level WUAs. Their capacities are still insufficient, for example with regard to their ability to agree with members on pre-set fees, to collect money for O&M, or to open a bank account. In WNRDP, only slightly more than 50 per cent of the WUAs were reported as being active and only seven per cent had opened a bank account. They reportedly conduct water scheduling, but found it difficult to collect the money needed for repairs. Instead, money was often collected by agricultural development cooperatives, institutions that new lands farmers trusted more with their money because of their comparatively stronger administrative and financial management structures.[82] Similarly, the water committees that have been set up at the *marwa* level in Lower Egypt require further capacity-building. These informal committees are expected to coordinate with WUAs for water distribution issues and with cooperatives relating to agricultural issues.

104. **Cooperatives** have provided a range of different services, including micro-lending and marketing. Under EDNASP, cooperatives were established primarily to assist farmers with group access to credit. Two land reclamation cooperatives were established with the aim of accessing the partially reclaimed land, and complete its reclamation and cultivation. Ten service cooperatives for the development of local societies were also established.[83] Under WNRDP, cooperatives were used to provide in-kind loans. Farmer cooperatives also purchased pooled assets (machinery, storage facilities, and vehicles) with revenue from the lending scheme and provided more efficient transformation of cereal crops.[84] The ongoing projects to some extent continue using cooperatives, but without a clear strategy. Under OFIDO, agricultural cooperatives' main function is to act as an intermediary for SFD's SEDO loans. Not many cooperatives have the capacity to manage on-lending though and thus outreach to cooperatives is extremely low. PRIME has started targeting cooperatives, reaching 28 as of September 2016. UERDP was the only project that did not explicitly target or involve cooperatives in project design.

105. The lack of a legal status has clearly limited the effectiveness of farmers' marketing associations (FMAs). For example, in WNRDP there were only a few cases where arrangements between FMAs, cooperatives or processers and exporters became effective and successfully moved farmers up the value chain.[85] In UERDP, FMAs were introduced with the aim of creating economies of scale which would allow farmers to establish business relationships and contracts with larger processors for the supply of raw materials and with input suppliers for procurement of inputs.[86] As of September 2016, 36 have been set up in UERDP, and 11 in PRIME. The MIIC evaluation of UERDP confirmed that the majority of FMAs interviewed were unable to create business relationships or marketing linkages, also because they suffer from a chronic shortage of funds and limited access to finance. Similarly, the 95 marketing committees that have been established under OFIDO are still at the nascent stage.

(iii) Outreach

106. The programme has reached large numbers of the poor, although most projects did not reach the set targets. EDNASP and SRDP have reached large number of beneficiaries as a result of the concentrated delivery approach and World Bank cofinancing. SRDP reached a large number of beneficiaries but underachieved its set target mainly as a result of slow implementation. APIP is the only project that has exceeded its target, through a successful combination of extension and credit components. WNRDP reached its household target, but numbers on individual

[82] WNRDP PPE, para. 128.
[83] EDNASP ICR, p. 21.
[84] WNRDP PPE, para. 59.
[85] WNRDP PPE, para, 72.
[86] UERDP appraisal report 2007 working paper 5 para. 32.

beneficiary outreach are inconsistent.[87] OFIDO reached its midterm in 2015, but as at October 2016 has only completed 34.6 per cent of intended beneficiaries.

Table 6
Achievement against targeted beneficiaries

Programme	*Direct beneficiaries targeted*	*Direct beneficiaries reached*	*Percentage against target*
APIP	540,000*	604 679	111.8
EDNASP	29 300*	25 281*	86.3
SRDP	2 300 000	1 297 500	56.4
WNRDP	36 180*	36 185*	100
UERDP	80 000	65 437	82
OFIDO	197 850	68 448	34.6
PRIME	250 000	35 141	14.1

* Refers to households.
Sources: APIP President's report (appendix II); APIP PCR (p. v); EDNASP President's report (paras 22-25); EDNASP World Bank PCR (p. iii); SRDP preparation report (p. vii); SRDP PCR (p. V); WNRDP President's report (para. 18); WNRDP PCR appendix 5; UERDP MTR; UERDP supervision mission September 2016; OFIDO MTR (appendix 4); OFIDO supervision mission October 2016 (appendix 4); PRIME President's report (para.17); PRIME RIMS 2015; SAIL President's report (p. 3 table 1)

107. In the earlier projects outreach was achieved through infrastructure (EDNASP, SRDP) or extension (APIP). WNRDP reached beneficiaries through a combination of infrastructure, training and extension. Among the ongoing projects, only UERDP has achieved significant outreach, mainly through credit. Outreach has been low in OFIDO and PRIME to date.[88]

108. Over the CSPE period, the portfolio's credit components disbursed 139,678 loans, out of which 34 per cent went to women. Yet, women only received 24 per cent of the total loan value. Outreach through credit has been strong in APIP and UERDP, primarily through microloans disbursed through CDAs (76,403 and 48,016). Outreach through credit was weak in SRDP (7,465), WNRDP (4,054), and (so far) in OFIDO (2,376) and PRIME (1,364).

109. Outreach through infrastructure was highest in SRDP where millions of people benefited directly and indirectly from schools (0.3 million), roads (2 million) and rural water supply (2 million). SRDP, WNRDP and EDNASP delivered a concentrated approach with a comprehensive set of services and infrastructure. In WNRDP, good coverage was achieved through social infrastructure, in EDNASP through land improvements, irrigation and drainage.

110. Over the review period, the projects have provided formal training to 187,041 people, out of which 30 per cent were women. Outreach through formal training was highest in WNRDP (108,059), followed by EDNASP (44,277) and APIP (31,348). In addition, APIP provided extension services to 497,210 farmers. SRDP and APIP have provided less formal training. The ongoing projects are low in their outreach through training. UERDP is off target with regard to training outreach, for example on the number of people trained in agricultural practices and technologies, around 30 per cent of the appraisal target.[89] PRIME's outreach through training is also insufficient, with achievements between 7 and 22 per cent of appraisal

[87] Outreach figures are not clear. Individuals reached as stated in the PCR range from 143,636 (appendix 5) to 250,000 (para. 16), out of a target of 180,925 (appendix 5). Individual to household ratios are not clearly indicated, but a ratio of 5:1 is used in the appraisal report (appendix 8 p. 2) to calculate household food needs. Using this ratio, individual outreach based on the stated households reached is calculated at 180,925 (100 per cent target).
[88] See annex VII, tables 2.2-2.5.
[89] Achievement of appraisal targets, as reported by the 2016 UERDP Supervision: 33 per cent of men and 34 per cent of women on crop technology; 23 per cent of men and 54 per cent of women on livestock technology.

targets.[90] OFIDO's outreach through training has been weak, with approximately 12,479 reached through training out of the 50,000 targeted.

111. Women benefited greatly from the infrastructure provided by the earlier projects, in particular rural water (EDNASP) and education and health facilities (SRDP, WNRDP). Women also benefited from the CDA loans, in particular under SRDP, UERDP and OFIDO, where they constituted more than 40 per cent of the beneficiaries.[91] For example, women have received around 42 per cent (under UERDP) and 45 per cent (under OFIDO) of all the loan amounts lent by SFD through CDAs. In SRDP, 50 per cent of beneficiaries of LDF and the PBDAC micro-credit line were women.[92] Around one third of the training participants were women, with lower numbers reported on technical training, such as crop production and irrigation.

112. **Landless people.** The landless benefited mainly through two projects: EDNASP and WNRDP. Project reports only refer to landless farmers at design. Their participation in project activities was only tracked by APIP which promoted access to credit for landless people. At point of completion, the landless had received 10,996 loans (out of 76,403), although the average loan amount was less than half of that issued for small farmers (EGP 896 compared to EGP 2,111).[93] In the settlement projects the landless mainly benefited from the allocation of land (2.5 *feddans*), which also enabled them to access credit. In EDNASP the target group included "squatters" (21.6 per cent) who had settled on public land up to 40 years ago and small fishermen who were allocated land.[94] In WNRDP, the target group included (formerly) landless farmers (27.5 per cent), but they were not specifically targeted, for example through simplified extension messages. Thus, without specific targeting strategies the project risked widening the socio-economic gaps between different groups of farmers.[95]

113. **Youth** were globally included as a target group, but they were not specifically targeted. SRDP made some concerted efforts to target youth in the project. LDF allocated 75 per cent of loans for youth under the age of 25 towards the end of the project (World Bank PCR, p. 17). SRDP also financed the construction of 27 youth centres, which were then furnished and equipped by the Ministry of Youth (SRDP, PCR, p. 53-58). Though youth were not specifically targeted nor was age-disaggregated data collected, the evaluation team obtained information regarding the number of youth (aged 21-35) who were able to obtain SME loans under OFIDO and PRIME (OFIDO: 23 per cent under 35 years; and PRIME: 55 per cent under 35 years.)[96]

114. **Overall effectiveness.** Concentrated delivery of an integrated package of support, including infrastructure, has made projects effective in the new lands. The approach to integrated farming systems research and extension, and the use of FFS was highly effective. However, outreach was below targets in most projects, with the exceptions of APIP and WNRDP. The performance of the rural credit components was very poor in the closed projects; it is gradually improving in the ongoing projects (UERDP). Although a large number of different types of community organizations has been established or strengthened, overall capacity-building has been insufficient to ensure that those are effective and sustainable. Women, youth and landless people did benefit where they were targeted and in particular through microloans and training, but they generally benefited less. Effectiveness is rated moderately satisfactory *(4).*

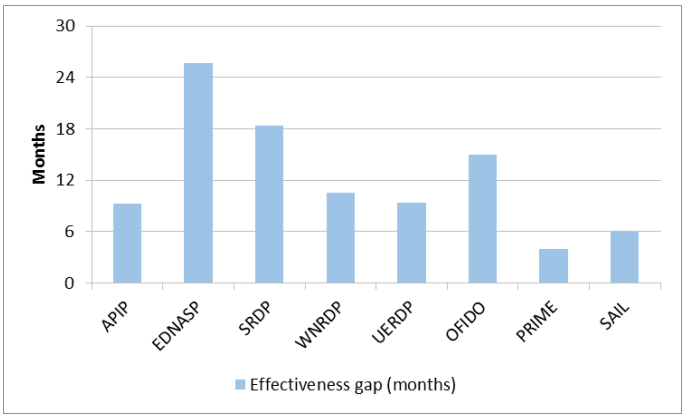
[90] PRIME Supervision mission 2016: 7 per cent for people training in crop production, 14 per cent for people trained in business and entrepreneurship, and 22 per cent of people training in post-production, processing and marketing.
[91] See annex VII, table 2.3.
[92] SRDP ICR, p. 3.
[93] APIP PCR, table B2.
[94] EDNASP Appraisal Report, paras. 2.14-2.16.
[95] WNRDP PPE, para.56.
[96] See annex VII, table 2.7.

Efficiency

115. This section considers how economically resources and inputs (funds, time, expertise, etc.) are converted into results and benefits. This CSPE reviews APIP, EDNASP, SRDP, WNRDP, UERDP, OFIDO and PRIME.

116. **Effectiveness gap.** Delays during the start-up were a major issue in the earlier projects, but the effectiveness gaps reduced significantly during the latter part of the review period (figure below). For the closed projects, late effectiveness is mainly attributed to limited ownership and institutional complexities. Other reported issues include, for example, in the case of EDNASP the lengthy design process that lasted from 1993 to 1998.[97] For SRDP setting up an unprecedented decentralized approach to project implementation and funding has created substantial delays in the beginning.[98] Within the 2006 COSOP period, OFIDO had an effectiveness gap that was longer than a year. The later projects, PRIME and SAIL, have moved swiftly from design into implementation, also because MIIC as borrowing partner was directly involved in the design mission. Government buy-in has proved to be an important factor in accelerating effectiveness of these projects and moving through bureaucratic procedures.

Figure 9
Effectiveness gap (in months) for the Egypt CSPE portfolio



Source: IFAD GRIPS (retrieved January 2016).

117. **Management costs** differed significantly between the projects. The relatively lean coordination structure based in MALR (APIP, UERDP and PRIME) was efficient, with actual management costs being lower than estimated at design. However, the trade-off was its weaker effectiveness. MALR staff has insufficient time, resources and leverage to engage with and leverage other implementing partners in areas that are outside of MALR competencies, such as rural finance or irrigation.

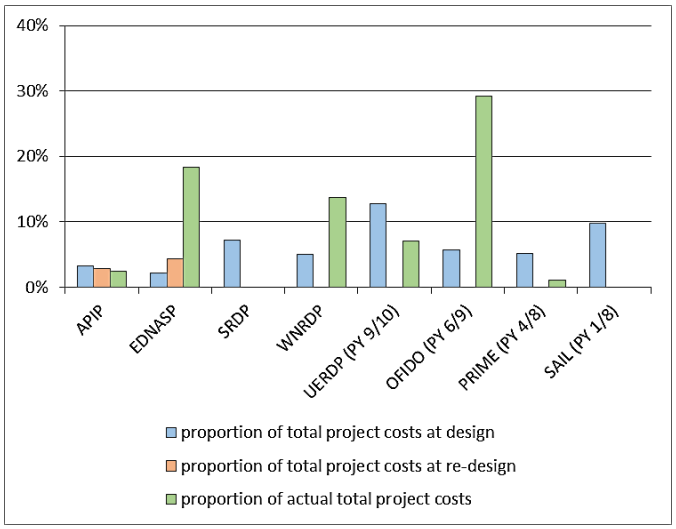
118. The settlement projects which had PMUs in the new lands programme areas (EDNASP and WNRDP) had high management cost overruns (between 10 and 20 per cent of total project costs), due to increased staff costs in WNRDP, and to the implementation delays, staff turnover, and multiple extensions of EDNASP. Despite the increased costs, the management model was effective since it allowed both projects to closely monitor activities to deliver good results.

119. For the governorate-led management model used in SRDP, the PCR does not contain a breakdown of management costs, but given that the governorate allocated additional staff to technical supervision, the social monitoring programme and general programme oversight management costs are likely to have increased compared to design.

[97] EDNASP ICR 2010, p. 5.
[98] SRDP PCR, para. 56.

120. Management costs are highest for OFIDO, where the PMU sits within a larger, multi-project structure in Cairo, supervised by an overall director.[99] Management costs under OFIDO reached nearly 30 per cent of the total project costs in its sixth year of implementation, against a design budget of 5 per cent. Design budgets have underestimated the management challenge that OFIDO represents: the different phasing in project areas in both Upper and Lower Egypt, the engagement with multiple partners (MALR, MWRI, SFD), the hiring of competent staff outside of ministries (both in Cairo and in governorates), and the time cost of procuring consultants.

Figure 10
Proportion of management costs to total costs at design, re-design and completion (or latest figures available)



Source: APIP President's Report, table 2; APIP PCR annex IV; APIP PCR table 5, p. 12; EDNASP PCR tables 4 and 5; SRDP President's Report, appendix 5 table 1 (p. 10); WNRDP President's Report appendix 1 table 1; WNRDP PCR table 3 p. 8; UERDP Supervision Mission May 2016; OFIDO MTR appendix 5 table 5.b; OFIDO Supervision Mission August 2016 appendix 5 table 5B3; PRIME Supervision Mission November 2015 appendix 5 table 5B; SAIL President's Report, table 2, p. 7.

121. **Levels of staffing.** There are three main themes related to staffing that have affected efficiency, namely: high staffing costs; turnover of key staff; and dependence on government staff. The increase in staffing and rotation of key staff was most common during the period of United Nations Office for Project Services and World Bank supervision. APIP overestimated staffing levels at design, though recurrent staffing costs increased compared to design. EDNASP suffered high rotation of key staff including project managers throughout the project, which purportedly impacted implementation and increases in extension staff.[100] There were also delayed salary and bonus payments to consultants under EDNASP.[101] The World Bank noted SRDP's low salaries to staff as an impediment to retaining trained and capable staff.[102]

122. Staff costs were extremely high in WNRDP and led to significant overspending on project management, for which the costs nearly tripled and finally reached 13 per cent of total project expenses, as compared to the five per cent foreseen in the President's Report. At appraisal, 133 staff was planned for and after a peak at midterm when there were 326, the number of staff finally leveled out to 144. With

[99] The other projects in this structure are the Farm-level Irrigation Modernization Project, funded by the Agence Française de Développement (AFD) and International Bank for Reconstruction and Development; the On-Farm Irrigation Development Project (OFID), funded by OPEC Fund for International Development; and the German Agency for International Cooperation -funded Agricultural Water Productivity for Adaption to Climate Change.
[100] EDNASP PCR para. 54; EDNASP Supervision Mission 2007.
[101] EDNASP Supervision Mission 2007, p. 10.
[102] SRDP ICR, p. 21.

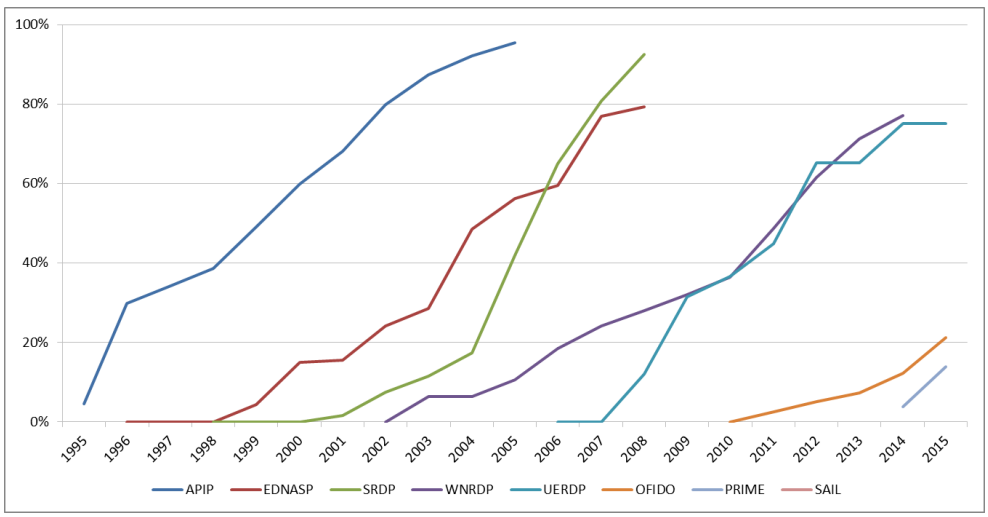
the fluctuations in the number of staff, the available skills sets also varied, leading to inconsistencies in project management, as noted by the PPE.[103]

123. Once IFAD took on a direct supervisory role, issues of high staff costs and limited skills mix continued. UERDP and PRIME had problems keeping MALR staff in governorate project coordination units because of delayed salary and bonus payments.[104] UERDP and PRIME both used MALR and line ministry staff which in the case of the national project coordination units (NPCU) are the same staff, working part-time on the projects and thus contributing to lower staff costs. Due to its more independent management model, OFIDO had more freedom to hire qualified professional staff. Non-financial management staff was sourced from older projects or from the private sector and the number and quality of staff appear to be adequate.[105]

124. **Disbursement rates.** Overall disbursement rates have progressed at a constant pace, with the exception of the two problem projects (OFIDO and PRIME). OFIDO had first been rated unsatisfactory in terms of its disbursement rate in 2011 and again since 2013 because of low achievement of AWBP targets. PRIME had not disbursed any of the loan proceeds within the first two years of IFAD effectiveness, because the conditions for Government effectiveness had not been fulfilled.[106]

125. Within the closed portfolio, APIP and SRDP almost fully disbursed their loan by project completion, while the resettlement projects struggled to do the same. EDNASP and WNRDP disbursed 79 and 77 per cent of their loans respectively. Project disbursements were relatively stable over the entire period, despite the political and economic disturbances. Disbursements were slow though and all the closed projects and UERDP had extensions beyond their original loan closure date, ranging from five months to three years, to give them more time to disburse. In some cases (WNRDP, OFIDO) slow progress has been explained by the political and economic instability following the 2011 events, although in the case of WNRDP, disbursements was also slow before 2010.[107] In UERDP, uneven disbursement was mainly due to delays in the implementation of the marketing and credit components.

Figure 11
Cumulative disbursements for Egypt portfolio (as a percentage of total loans)

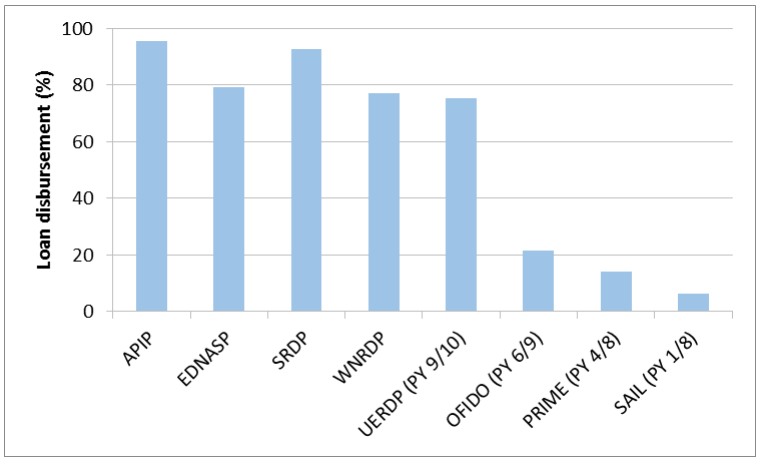


Source: IFAD FlexCube (4 February 2016).

[103] WNRDP PPE, para. 88-89.
[104] Interviews with UERDP and PRIME project staff.
[105] Conversation with OFIDO NPCU M&E officer.
[106] The need for ratification by parliament had not been considered when the project entered into force in IFAD. A Presidential decree was required for this to happen, and the project became effective in the eyes of Government as of April 2013. the project did not make its first disbursement until December 2014. As of 2016 it is no longer rated a problem project.
[107] NEN Portfolio Performance Review 2012 vol. II, WNRDP PPE para.90, OFIDO Project Status Report p. 3 C.5.

126. Management cost increases in both EDNASP and WNRDP absorbed funds allocated for component implementation. The poor performance of rural finance is visible in the component under-disbursement in SRDP, EDNASP and WNRDP. The biggest shortfall was in the community organization and development component in WNRDP. EDNASP had implementation delays related to a government investigation which led to a suspension of loan disbursements for both the World Bank and IFAD loans in 2004-2005 and 2005 respectively.[108]

Figure 12
Loan disbursement rate for Egypt portfolio



Source: IFAD GRIPS (retrieved January 2016).

127. **Cost per beneficiary.** There are significant variations in cost per beneficiary ratios across the portfolio, ranging from US$40.7 to US$3,121.5 at design, but being consistently reduced at completion (annex VII, table 3.1). The portfolio average of US$615 is well above the NEN regional average, which in 2012-2013 was estimated at US$134.[109] Both APIP and SRDP had very low costs per beneficiary mainly due to the fact that they targeted a large number of beneficiaries within a clearly confined geographical area. The EDNASP[110] and WNRDP settlement projects have high costs per beneficiary because they delivered a comprehensive package of investments and services in a concentrated way. EDNASP had the highest costs per beneficiary in the portfolio, significantly more so than its sister settlement project WNRDP, due to the high project cost (third highest at design, second in actual expenditure) and the low number of people targeted. The ongoing projects have higher cost per beneficiary design ratios due to a geographic spread of resources across selected villages in a larger number of governorates. Higher management costs are then reflected in the costs per beneficiary, for example in OFIDO, where nearly one third of the US$410.10 invested per beneficiary is taken up by management costs. APIP on the other hand had very low management costs (less than five per cent), which increased the amount of project resources spent on beneficiaries.

128. **Internal rate of return (IRR):** Overall, the closed portfolio had positive IRRs (annex VII, table 3.2). Most significantly, these are well above average consumer price inflation rates for the years in which the projects were effective, thereby representing sound efficiency. Projects that were less effective in this respect were SRDP and WNRDP, which were under implementation in periods of persistent high inflation between 2008 and 2011. They are nonetheless positive in comparison to the inflation rate, indicating acceptable efficiency. The closed projects' long extensions negatively impact the IRR by placing project benefits further into the

[108] EDNASP PSR 2005 section B; EDNASP PSR 2006 section F.
[109] IFAD Annual Portfolio Performance Review 2012-2013, p. XII.
[110] EDNASP cannot be compared to other projects since beneficiary households are counted, not individuals. When household numbers are divided by five, they are in line with other project estimates.

future. Similarly, actual outreach was below design targets for EDNASP, SRDP and WNRDP, which also reduces the efficiency of design IRRs. EDNASP's very high IRR is due to the heavy investments made in canal construction as well as the large increase in benefits from an initial position of low net values.[111]

129. **Unit costs.** Interventions were overall efficient, mainly due to the extensive use of local resources (contractors, consultants and locally manufactured equipment) and the involvement of local research centres that delivered high quality services at low costs.[112] Establishing local organizations for technical support, the FSRU (APIP/UERDP) and a soil, water and environment unit and lab (EDNASP), was a highly efficient investment. Irrigation and drainage (EDNASP) facilities were cost-effective as they were implemented mostly by local contractors. However, converting moveable sprinklers to fixed sprinklers in WNRDP was not efficient, since the costs of fixed sprinkler are almost the same as drip irrigation, which is more effective in terms of water saving as well as labour inputs. The inefficiency is also evidenced by the fact that most farmers converted again from fixed sprinklers to drip irrigation.[113]

130. In case of the irrigation improvements under OFIDO, the CSPE was able to obtain unit costs. The reported US$1,700 per *feddan* for conversion of *mesqa* irrigation in Upper Egypt seems highly efficient according to national and international standards.[114] The low costs are due to the low-cost design, which neglects some crucial accessories in the pumping station like pressure meters, flow meters, and electronic and some electric devices for pumping station operation and control. However, this low-cost strategy is likely to create some management issues in the future, making it less effective and efficient in the longer term.

131. **Overall efficiency**. Late project start-up was a major issue affecting performance in the older projects, but the effectiveness gap has been significantly been reduced over the review period. Issues that affected the closed and ongoing projects include high management costs (EDNASP, WNRDP, OFIDO), overstaffing (WNRDP), insufficient staff capacity (UERDP, PRIME), high staff turnover (EDNASP, SRDP, WNRDP) and slow disbursement (all projects). Costs per beneficiary have been very high in some projects as a result of high management overheads (EDNASP, WNRDP, OFIDO). On the other hand, interventions were generally cost efficient as a result of low-cost infrastructure solutions (WNRDP, OFIDO) and the use of local institutions for research and extension (APIP, UERDP, EDNASP). Portfolio efficiency is rated moderately unsatisfactory (3).

Rural poverty impact

132. Rural poverty impact will be discussed in three sections: (i) the impact pathways reviewing how the projects were expected to contribute to poverty impact; (ii) the observed changes in poverty as a result of project intervention; and (iii) the overall changes in poverty in the targeted governorates.

(i) Impact pathways

133. The theory of change underlying the country programme is that poverty impacts occurred along three impact pathways: productivity gains and more efficient use of land and water resources through adoption of improved farming systems and modernized on-farm irrigation; economic diversification and employment through SME credit and vocational training; and improved living conditions through comprehensive infrastructure in the new lands (theory of change in annex VIII).

[111] In terms of methodology, design and completion missions collected indicative prices in situ, and in some cases also conducted sensitivity analysis. Limitations include the fact that IRR calculations were based on farm models that disregarded other factors such as proximity to markets, capacity development creating new opportunities for marketing, or some income-generating activities, which would have most likely increased the IRR.
[112] Data on the detailed costs for each activity were not available.
[113] WNRDP PPE, para.74.
[114] International unit cost for equivalent equipment is about two to four times more in similar conditions.

134. **Productivity gains and more efficient use of land and water resources.** The expectation was that more diversified and improved cropping systems in combination with more efficient use of land and water would increase agricultural productivity and production, which would then improve the availability of food and cash income. Improved access to technology, credit and markets was expected to support those impacts. The CSPE found good evidence from several projects (APIP, UERDP, EDNASP, WNRDP) that productivity gains were achieved through this impact pathway.

135. In Upper Egypt, APIP successfully promoted integrated and more intensive farming systems in three governorates in Middle Egypt, which were adopted by 67.6 per cent of the farmers. In the follow-up, UERDP also customized and promoted some of the APIP-piloted farming systems which were well received by the farmers, in particular in Qena, where farmers preferred systems with sugarcane which is the main cash crop in the Governorate and thus easy to market.[115] The new adopted farming systems enabled almost doubling the cropped land use (cropping intensification).[116] The impacts can be seen in agricultural intensification rates, more efficient use of land and water and increased yields. In APIP, agricultural intensification increased by 8.24 per cent and wheat yields increased between 11 per cent (in Minya) and 28.4 per cent (in Beni Suef).[117] The integrated farming systems also enabled savings in fertilizer in (20-30 per cent) and water (7-19 per cent) through good agricultural practices and without any hard investments (APIP, UERDP). For example, sugarcane-based systems were reportedly able to reduce the use of water for irrigation by about 25 per cent.

136. In Lower Egypt, adoption rates for new farming systems were high for EDNASP. Sixty per cent of the project area (72,100 *feddans*) was covered by improved farming systems which transformed unproductive saline and waterlogged land into highly productive land. Data regarding productivity gains in EDNASP are not consistent, but yield increases were reported for rice, cotton and maize in two out of the six sub-areas.[118] The value of total production per *feddan* for beneficiaries increased by more than 73.1 per cent more than for the non-beneficiaries.[119] WNRDP contributed to increased soil productivity through improved irrigation technologies and management as well as intensive field support of farmers by researchers and extension workers. The impact study noted higher wheat yields of about 5.3 per cent for beneficiary households, but no significant increase in the yields of the overall crops grown by households.[120] More significant changes were the expansion of high-value crops and the increased numbers of livestock.[121] In 2014, nearly 80 per cent of the crop area was under fruit tree production; field crops and vegetable were grown on 34 per cent and 12 per cent of the crop area.

137. In OFIDO, only 4,939 households adopted modernized irrigation technology so far (RIMS 2016). During the CSPE field visit farmers confirmed that the new technology is more equitable, convenient and cheaper to use and led to increased land sizes because of the replacement of earth canals by underground pipes. The time required for irrigation has been reduced, from 4.6 hours per *feddan* to 2.2 hours.[122] The introduction of new cropping systems has been lagging behind.[123]

[115] FSRU final report, UERDP Supervision Mission 2016.
[116] Increased crop intensity of 180 per cent to 200 per cent (clover-cotton-tomato/cucumber) or 250 per cent(tomato-wheat/beans/onions-maize or sorghum) and from 100 per cent to 200 per cent for systems that included sugar cane (FSRU final report, UERDP Supervision Mission 2016).
[117] APIP impact study 2004.
[118] IFAD PCR tables 10 & 11, p. 21.
[119] According to the EDNASP farm and non-farm income survey study (2007).
[120] Maize yields increased from 10 to 18 *ardab/feddan* (1.5 to 2.7 tons/*feddan*); ground nuts from 10 to 28 *ardab/feddan* (1.5 to 4.0 tons/*feddan*); potatoes from 9 to 15 tons/*feddan* and oranges from 6 to 15 tons/*feddan*. Similarly, milk and meat yields increased significantly.
[121] WNRDP PPE, para. 71.
[122] These findings were confirmed by RIMS data (RIMS level 2, June 2015).

Field visits also confirmed that there was slight increase of agricultural production and productivity in areas where there was stable provision of water and electricity.[124]

138. **Economic diversification and employment through SME credit.** Vocational training and loans for small enterprises were expected to support economic diversification, thus creating new employment opportunities on and off-farm. In addition, agricultural diversification and intensification was expected to create employment. Underachievement on training outreach with the exceptions of WNRDP, EDNASP and APIP has been discussed earlier (see section on Effectiveness). The relatively limited vocational training and the insufficient link with the provision of credit (see section on relevance) did not provide the expected economic stimulus.[125]

139. Provision of rural financial services to SMEs has greatly improved due to changes in the legal and regulatory environment and an effort to increase the commercial banking sector's interest and activity with rural SMEs. SFD as a wholesale lender for IFAD has demonstrated good capacity to reach target beneficiaries at both the SME and micro-lending levels. Under OFIDO, 41 per cent of the allocated SME loan funding was disbursed through SFD direct lending in five governorates. The governorates with the highest SME direct lending so far were Asyut (37 per cent) and Kafr el Sheikh (31 per cent).

140. Few benefits are reported as yet with regard to SME loans. In WNRDP, the type of loans provided through the IDS lending were inadequate for larger cooperatives, which were looking to invest into some processing and commercialization (PPE). For UERDP, SME beneficiaries clearly confirmed the limited benefits derived from credit (MIIC UERDP evaluation, 2016). Only very few of the SME respondents to the MIIC field survey in Asyut confirmed higher incomes (15 per cent), higher productivity (15 per cent) or purchase of additional assets (8 per cent). Sixty-two per cent of the SME beneficiaries responded that the loan they received was not beneficial at all. In Qena, five per cent of the SME beneficiaries reported that the loan did not have a positive impact because of the difficult loan conditions and rising prices.

141. **Improved living conditions through comprehensive infrastructure in the new lands.** In the new lands, provision of comprehensive infrastructure and services improved living conditions and, through this, overall well-being, leading to increased settlement rates, and to more resilient livelihoods. The CSPE confirms that projects in the new lands made a significant impact on improving living conditions, in particular WNRDP and to some extent, EDNASP.

142. EDNASP's contribution to improving living conditions in the new lands was through an integrated strategy to manage water resources, which included irrigation, drainage and rural water supply. The potable water network had already been established by a prior project, but EDNASP did construct the treatment plant and primary distribution network. It also provided waste-water treatment facilities and contributed to the rehabilitation and improvement of the secondary drainage system to reuse drainage water for irrigation.

143. WNRDP took a broader approach to improve living conditions in new settlements in the Delta regions through an integrated community development approach. This included social infrastructure and services that were critical to enhance well-being

[123] According to the RIMS, 60 per cent of the farmers adopted new crop varieties but only 10 per cent converted to new cultivation methods. An even smaller share, 5 per cent, declared that their crop productivity has increased, and those are only in Lower Egypt.
[124] Reliability of electricity provision is a big issue in Lower Egypt. During the field visit, farmers reported that they have more stable water provision due to an agreed water rotation schedule (five of seven days each ten or fifteen days). Yet electricity may not be available when they have to pump water. To tackle this problem, OFIDO helped farmers install diesel motors independent of the electricity grid. The same arrangement is being applied in lower Egypt.
[125] See also WNRDP PPE.

in the communities. According to the PCR, the social benefits were well recognized by the beneficiaries in addition to the environmental, health and economic benefits. Yet WNRDP's contribution to solid and water waste treatment was insufficient.

144. The improvement in living conditions is best reflected by the increase in the settlement size, which according to the PPE stands at 120 per cent, compared to 50 per cent prior to project implementation in 2002.[126] In contrast, EDNASP had achieved a much lower settlement rate, which at the time of project completion stood at only 86 per cent of the target. This is mainly attributed to the incomplete supply of drinking water which only achieved 84 per cent of the target.[127] With the influx of new settlers, some of those new settlements transformed into vibrant communities providing an even wider range of new social and economic activities, as witnessed by PPE and CSPE field visits.

145. The economic and social transformation also led to a significant growth in the value of land. For EDNASP, land values grew more than ten times during the life of the project. The average increase in value of land was more than 20 times bigger than that which the EDASP invested in the area, capitalizing the huge sunken costs of previous Government investments (EDNASP ICR, p. 9). For WNRDP, a fivefold increase of the market value of the reclaimed land was reported as early as 2006 (PPR 2006 Egypt CPIS). No updated figures are reported, but CSPE field visits confirmed that land values have grown substantially since then.

(ii) Less poverty and more resilient livelihoods

146. **Household income and assets.** Most projects report positive changes in household income and assets, mainly as a result of improved farming systems and micro-loans, although credible data on farmers' incomes are hard to come by.

147. The newly introduced cropping systems reportedly made a contribution to farmers' incomes. According the FSRU impact study for UERDP (2016), incomes increases were significant in Asyut and in Qena.[128] Incomes increased mainly due to the savings of fertilizers and water, the use of legumes for soil improvement and the higher productivity of the new crop varieties.

148. Livestock was part of the integrated farming systems promoted in Upper and Lower Egypt where it made a significant contributions to livelihoods. It was also the preferred source of investment for many farmers. In SRDP, about 85 per cent of the micro-credit loans went to finance livestock which was highly profitable (SRDP ICR, 2008). For APIP, it was argued that the project impact on livestock was probably more significant than its impact on crop production, mainly because of the credit that was made available to target groups, especially women and landless (PCR, para. 62). In EDNASP, the significant increase in livestock production was mainly due to the intensive efforts by the project extension and veterinary staff demonstrating silage feed production during the summer months. Livestock represented an important source of revenue for families.[129] For WNRDP, the SKD impact evaluation reported a significant positive impact on revenue from livestock and livestock products such as milk.

149. For OFIDO and UERDP, focus group discussions with beneficiaries during the CSPE mission have attributed increases in household income and assets to women's training (OFIDO) and microcredit (UERDP). This is corroborated by the MIIC study which found that the majority of the CDA beneficiaries indicated that the higher

[126] WNRDP MTR, p. 11.
[127] EDNASP PCR, para. 128.
[128] Farming System (FS) 4 adopted in Asyut generated an additional income of about 4,743 EGP/fd./campaign (+76 per cent comparing to traditional FSs). In Qena, the most appreciated and adopted FS (9B) generated an additional income of about 4,886 EGP/fd./campaign (+68 per cent).
[129] EDNASP Impact Study 2007.

incomes generated from micro-loans enabled the purchase of household appliances and productive assets such as land and livestock.[130]

150. It is difficult though to directly link any increases in income with the projects. EDNASP beneficiaries reported a 76.8 per cent increase in their net farm income compared with non-beneficiaries. For WNRDP, the PCR reports an increase in the average annual income and savings for the beneficiaries. However, the ex post impact survey that was conducted for WNRDP (that covered 60 villages, including 30 control villages) was not able to detect a significant effect of the project on poverty prevalence. However, it is important to note that any increases in income may not correspond to an increase of the purchasing power of beneficiaries, with an inflation rate of 10.4 per cent in 2015.

151. **Food security.** Evidence that food security has improved is rather limited. Some studies reported improved food availability. For example, the APIP impact study (2004) reports increased consumption of grain, fruit, dairy products and fish for an overwhelming majority of the households (> 86 per cent). For WNRDP, the PPE concludes that the availability of more diverse crops also led to the consumption of a larger variety of food. Also, more food has become available throughout the year. A few households (8 per cent) were still experiencing hunger seasons, according to the WNRDP PCR.

152. For OFIDO focus group discussions with beneficiaries during the CSPE mission indicated that women's training on food preparation has contributed to improved nutrition. Furthermore both OFIDO and UERDP beneficiaries have indicated that household food availability has increased with the number of livestock and poultry breeding. For UERDP, 24 per cent of the households reported that their access to better food has improved, compared to 5 per cent who reported that it had worsened (Pilot Households Survey-Project Impact on FMAs Households). But the main reasons behind such improvements are difficult to ascertain, whether they were due to the increase of crop diversification in the beneficiary villages or the increase of incomes.

153. **Human and social capital and empowerment.** Evidence on human and social capital and empowerment is mixed for several reasons. The extent to which participatory approaches were applied was limited; benefits from infrastructure only occurred in some projects; the effectiveness of training cannot be assumed; and the role that community-level organizations were able to play varied.

154. The provision of social infrastructure (WNRDP, SRDP) had a demonstrated impact on human capital. In SRDP, the provision of water and sanitation as well as irrigation canal covering has reportedly reduced waterborne health risks. Social and youth centres, schools and clinics provided social benefits. For the other projects, impacts in those domains were less obvious and, if at all, occurred in an indirect manner. For example, UERDP beneficiaries agreed that loans had an indirect positive impact on health and education spending. Higher incomes enabled to purchase medicine or visit a clinic or a doctor. They also indicated that they were able to provide their children with better education services (private lessons, school books, etc.).[131]

155. The widely used community-level organizations helped to build smallholder farmers' social capital. CDAs in the new lands have played a critical role in organizing a wide range of services in the absence of a local administration (EDNASP and WNRDP). The creation of community-level institutions (CDAs and WUAs/WUUs) allowed them to have formal, institutional channels through which to voice their concerns and request assistance. As of 2010, the CDAs continued to be involved in a range of activities, including provision of community services (health

[130] MIIC, UERDP evaluation, p. 26.
[131] MIIC, UERDP evaluation, p. 25.

centres, day care) and small income-generating activities (rabbit breeding, sewing workshops for women, mushroom growing).[132]

156. The CDAs have played a critical role in generating the needed social cohesion among community members coming from different geographical areas and social backgrounds. The WUAs have reportedly contributed to a sense of ownership for the on-farm networks and promoted successful irrigation water management at the local level, preventing and/or reducing possible conflicts over water (EDNASP, World Bank ICR 2010, p.30). Projects such as EDNASP, WNRDP and SAIL reportedly helped to diffuse social resentment and discontent by assisting graduates (unemployed secondary-school leavers and university graduates) and landless farmers.

157. Reports from Upper Egypt suggest a rather limited impact in this respect. For example, OFIDO has been successful in establishing Marwa Committees with 5-10 farmers each, it has not been as successful in Upper Egypt yet. Allegedly it was the interference of the big landowners that has rendered *mesqa* groups ineffective.[133] Of the 280 farmer group agreements for *mesqa* improvement, during the awareness campaign they reached only about 164 *mesqa* (77 per cent) covering an area of about 8,000 *feddans* who have firmly confirmed their continuous interest to partner with the project. This has had an impact on the participatory approach to irrigation management (OFIDO supervision report 2016, para.22).

158. Impact in terms of empowerment has been limited. IFAD supported a range of community-level organizations over a long period of time, but these have played a limited role in empowering smallholder farmers. A participatory approach to project planning and implementation was only used in two projects (SRDP, WNRDP). The effects of this approach are only confirmed for SRDP. The SHOROUK participatory process, which included identification, preparation and cofinancing of Village Priority Development Plans, has empowered communities and improved their relationships with government officials and local service providers (PCR).

159. **Institutional and policy changes**. Significant impacts with regard to institutional and policy changes are only reported for the infrastructure projects in the new lands and in SRDP.

160. In Sohaq, the participatory process has reportedly made a significant impact at local level. Although the implementation resources remained in the hands of the local government rather than the local communities; the communities participated in decision-making on funds utilization and priority setting in an unprecedented way in Sohaq Governorate. The SRDP ICR thus concludes that the project had good impact on institutional capacity-building, with both line ministries and local administrative units benefitting through training.

161. In the new lands the situation is very different. Many of the project communities live in remote areas that are somehow disconnected from local governments. Therefore, the extent to which the newly created community organizations have been able to link up with the public administration is rather mixed. According to the EDNASP PCR, the newly created community-level institutions (CDAs and WUAs/WUUs) in previously marginalized communities have been successfully linked to their local governments and to the relevant ministries. They now have formal, institutional channels through which to voice their concerns and request assistance.[134]

[132] EDNASP ICR, 2010.
[133] According to supervision report 2016, para.22 and to discussions with farmers as well as with Department of Agriculture staff.
[134] EDNASP World Bank ICR, 2010, p. 12.

162. In WNRDP, the communities remain insufficiently linked with relevant administration and ministries after project completion.[135] Community-level institutions supported (CDAs, WUAs and FMAs) served a purpose during project implementation, their role has diminished post-project. Of the social infrastructure supported by the project, the schools have been handed over to the Ministry of Education and the clinics, kindergartens and social event halls are being managed by the CDAs. Two clinics have been handed over to the Ministry of Health. The CDAs continue to have responsibility for the smaller clinics, the child nurseries and social event halls. Users of all CDA-run services pay a service fee to the CDAs which are insufficient to cover their operational costs including amortization of assets provided through various projects.[136] The PPE found that as a result of insufficient resources, satisfaction with the services had declined.

(iii) Poverty trends in IFAD-assisted governorates

163. The overall poverty situation has worsened over the review period. Between 2008/2009 and 2014/2015, poverty increased by 5.8 per cent for the whole of Egypt. Even in governorates targeted by IFAD, poverty rates have increased dramatically, for example in Qena and Sohaq. Only in the new lands, poverty rates have decreased, for example 0.3 per cent in Beheira and 4.9 per cent in Sharkia (annex VII, figure 1.3). Food poverty has also increased between 2009 and 2001, in particular in Asyut, Sohaq, Qena and Luxor in Upper Egypt (WFP 2013). For Minya, Fayoum and most of the Governorates in Lower Egypt the situation has slightly improved. The employment situation has also significantly worsened in all IFAD-assisted governorates, although more so in Lower Egypt than in Upper Egypt (annex VII, figures 1.1 and 1.2).

164. In most of the governorates, the outreach through IFAD-supported projects has been too insignificant to influence wider poverty trends. Yet in Upper Egypt, the early projects have reached a substantial share of the poor, more than 40 per cent in Sohaq (SRDP) and around 17 per cent in Beni Suef and Fayoum (APIP). Outreach has also been significant in Beheira, around 12 per cent (WNRDP).

165. The SRDP did not contribute to a reversal of the negative trend in Sohaq, despite the high outreach through community infrastructure. This was mainly due to its failure to generate wider economic growth and employment.[137] The governorate continues to have the highest (composite and food) poverty rates and the situation has worsened over the COSOP period. Part of the reason is that the governorate remains underserved, with poor infrastructure, primarily agricultural employment, and limited external assistance.

166. APIP and WNRDP promoted more intensive intercropping systems and so a key indicator to consider is the cropped area. For the whole of Egypt this has increased by 12.3 per cent between 2000 and 2014. For the APIP governorates (Fayoum, Beni Suef, Minya) the cropped area increased between 2.9 per cent (Beni Suef) and 15.9 per cent (Fayoum). In the new lands, the cropped area increased by around 15 per cent in Beheira (WNRDP). CSPE field visits and the impact studies of APIP and WNRDP suggest that some increases in the cropped area can be attributed to the adoption of new, highly productive crop varieties and the application of new farming systems, research, extension, and improvement in irrigation systems and training to farmers.

(iv) Overall rural poverty impact

167. IFAD-supported projects have made a positive impact on agricultural productivity, in particular through the improved farming systems in the old lands, and the

[135] MALR, through its General Authority of Reconstruction Projects and Agricultural Development, had been in charge of establishing the different types of infrastructure related to security, education, drinkable water, sewage systems, health, food supply and transportation, in cooperation with other ministries such as Electricity, Housing and Education, but not all relevant ministries.
[136] WNRDP Supervision Mission, 2013, p. 9.
[137] See SRDP ICR.

improved water and land management practices in the new lands. CDA micro-lending has enhanced productivity and has enabled smallholder farmers to procure agricultural inputs and some productive assets, in particular livestock. Increases in agricultural incomes are difficult to discern though, also as a result of high inflation rates and increasing food prices over the period. Food availability appears to have improved, but there is no evidence that this has led to greater food security. In the new lands, settlement projects have significantly improved human and social capital. With the rather limited role that community-level organizations play and in the absence of an effective agenda to enhance participatory processes, smallholder men and women did not experience much empowerment and the impact on rural institutions has been minor. Insufficient credit outreach to SMEs has diminished the potential impact on non-agricultural diversification and job creation. The rural poverty impact of the older projects (APIP, EDNASP, WNRDP) has been better, mainly because of their coherent technical approaches and focused outreach. Overall rural poverty impact is rated moderately satisfactory (4).

Sustainability of benefits

168. **Technical sustainability** of the irrigation systems and the improved farming systems is good overall. Irrigation activities promoted by EDNASP were sustained through integrated water resources management that included on-farm drainage improvement, drainage water reuse, as well as soil and water salinity and environmental monitoring.[138] Adequate resources were allocated. The improvements were simple and cost-effective and appropriate to the context. The design of a comprehensive drainage system (at the *mesqa* level) was effective and helped to boost communities' engagement and participation in sustainable management.

169. Drip irrigation implemented under WNRDP can also be considered as sustainable as it was well received and self-financed by beneficiaries, who used the available credit for funding. A major gap however was that drainage was not included, which could generate salinization of soil in the longer term. A study that would have allowed appropriate monitoring of soil and water salinity, to be financed by FAO study, was planned but never implemented.

170. The improved farming systems in Upper Egypt are demonstrably being sustained, as evidenced through the high adoption rates and the continued viability of the FFSs (APIP). According to APIP staff estimates, almost one third of the FFS in Fayoum and about 10 per cent of the FFS in Beni Suef are still functional and used for both agricultural and social development.[139] After the closure of APIP in 2006, Government continued to fund some of the institutions and activities. However, feedback obtained during CSPE field visits also indicates that government support to extension and FFSs has been markedly reduced, resulting in fewer extension visits, fewer FFS classes and less content. To some extent shortage of funding has been mitigated by successful raising of contributions from farmers.

171. Technical support services established by the projects remained operational after project closure. APIP-funded buildings such as the information centre and agriculture extension centres are still being used. The information centre was and still is an active partner for the agriculture department through provision of data for planning and recording. The artificial insemination centre and soil and water laboratory in WNRDP is still operating and financially self-sustaining.[140]

172. **Institutional sustainability.** The various community-level organizations are only partly sustainable. The CDAs in the new lands continue to play a role in the maintenance of social infrastructure, although their financial sustainability may not be assured (WNRDP PPE, para. 68). Their role as financial intermediaries appears

[138] EDNASP controlled soil and water salinity through a dedicated unit and lab that was converted after that to a perennial specialized local research centre. This helped avoid re-salinization of the reclaimed saline soils.
[139] Unfortunately the activities of the FFSs were poorly documented by the projects.
[140] WNRDP PPE, para. 130.

to be sustained, given their reasonable use of the loans, their ability to reach out to the lower income segments of society, the good repayment rates, and their level of acceptance in society. Yet their sustainable role as financial intermediary would require that they have access to long-term lending resources and the capacity to auto-finance their lending.

173. The capacities of the WUAs remain weak and without a legal status their sustainability is at risk.[141] The WNRDP PPE reports that without a bank account the WUAs are not able to obtain sufficient financing from government and user fees. Also, the fact that the MWRI is still delivering water for free for WUAs and all other users and that electricity is highly subsidized for WUAs at the mesqa level could undermine effective and sustainable management of the large irrigation infrastructure. A joint-up strategy to establish a clear role and legal status for the WUAs, coordinated between MALR and MWRI, will be key to ensuring the sustainability of the WUAs. The limited capacity of WUAs to provide an effective and sustainable O&M, financed by farmers through collection of water fees, presents a major risk for the sustainability of OFIDO.[142]

174. The FMAs established under UERDP have not yet reached a level of effectiveness and even less sustainability, among others, due to insufficient technical and financial capacities and inadequate links between marketing associations and farmer associations (UERDP supervision report 2016, para. 9).

175. The approach to rural finance is not sustainable at the moment because it mainly depends on a programme mechanism (SFD), which only provides loans, capacity-building or other services if it is funded externally. There is no cost recovery mechanism (e.g. through collection of fees) and it does not seem to be built into the interest rate. Although repayment rates are good, there is no evidence on the level of loan rotation. No commercial banks were found to function as wholesale lenders and in the absence of soft loans; it is not obvious that commercial banks have the risk appetite for lending to the agricultural sector.[143]

Box 2
Challenges for rural finance components in Egypt

IFAD's rural finance policy (2009) focuses on building the sustainability of financial service providers beyond the life cycle of its projects. End-user interest rates are not to be subsidized. From the viewpoint of IFAD's Rural Finance Policy and its emphasis on building or strengthening sustainable financial institutions and services for the target population, the lack of appropriate financial institutions, inadequate skills and experience of the clients and the lack of sound loan proposals fulfilling collateral and other banking requirements create enormous challenges for the rural finance components implemented in Egypt, and similarly for the service providers and clients (SAIL WP 4 Rural Finance, p. 2, para.2).

176. PRIME, for example, has a larger portion of funding for rural finance being channelled through ADP, which is a quasi-public institution and therefore not operating as a sustainable financial institution. While in the short-term it may serve to increase access to financial services among the target beneficiaries, it is not necessarily a long-term partner from which commercial banks can borrow to on-lend.

177. Investments in rural finance will not be sustainable unless capacity development activities are carried out diligently. Capacity development is indispensable for the MFIs/CDAs supported in their microfinance activities through SFD, as well as to participating financial institutions as regards modern instruments and approaches

[141] This is compounded by the lack of comprehensive training and coaching on O&M issues (see para. 96).
[142] SM 2016 para. 91 states: *Project sustainability largely hinges on the ability of WUAs it promotes to operate and maintain sustainably beyond project life.*
[143] This approach may create perverse incentives regarding retail lender selection, institutional sustainability and sectoral development, as noted in the 2009 IFAD rural finance policy (P. 17).

to value chain financing.[144] Substantial capacity development is also need to enhance the understanding of farmers, farmer organizations and other actors in the value chains and to conclude concrete arrangements that benefit farmers.

178. **Overall sustainability** is rather mixed. Technical sustainability of the irrigation and farming systems is acceptable, although issues of soil and water salinity should have been consistently addressed in the new lands. But, institutional sustainability is weak. The newly created community organizations are only partly sustainable. Mechanisms for provision of rural credit remain dependent on external funds and are not sustainable. Overall sustainability is moderately unsatisfactory (3).

B. Other performance criteria

Innovation and scaling up

179. **Innovation.** The early projects included a number of innovative strategies and practices, noticeably in agricultural and NRM research institutes, and in community-driven approaches. Within the review period, EDNASP, APIP, SRDP and WNRDP were innovative in one way or another. Since then, projects seem to offer less in terms of innovation, with few signs of a change of direction.[145]

180. A significant innovation was the creation of specialized research institutions that generated new solutions to be used by the projects, namely in the areas of farming systems (the FSRU in APIP) and water and soil resource management (the soil and water laboratory in EDNASP). FSRU integrated research developed 13 farming system models, of which 5 were introduced in the old lands, and 6 in the new lands. The approach to adaptive research which created a close link between the FSRU and farmers was innovative, although it was initially based on training and visit approach and later used the FFS approach also supported by other projects.

181. The programme introduced some innovative irrigation approaches and technologies. EDNASP took a holistic approach by combining multiple irrigation and drainage interventions that were monitored by a dedicated soil, water and environment analysis lab.[146] This allowed the project to recycle drainage water, promote integrated on-farm irrigation and drainage, and monitor soil and water salinity, and environmental impact. The application of drainage and soil and water monitoring was highly successful. It was the main reason why the oldest reclaimed lands still have salinity levels well below established limits.[147] WNRDP introduced an integrated and efficient irrigation and fertilization approach in the new lands on a large scale. This was done by combining drip irrigation, fertilization through water irrigation, and strong field technical assistance made up of local researchers and extension workers. The improved irrigation technology at *mesqa* levels in the old lands was first introduced by the World Bank III-MP in Kafr El Sheikh and Beheira governorates. It was not an innovation in OFIDO. The project has so far missed opportunities to develop a wider range of demand-led solutions. Also, it could have introduced climate-friendly (solar) technology as an innovation.

182. The most innovative project within the CSPE portfolio was SRDP which introduced a participatory community-driven development approach. Given Egypt's highly centralized governance system it was also unique in being the first project to go sub-national and directly finance a project at governorate level. The SHOROUK methodology was the principal vehicle for communities to select infrastructure, while at the same time being flexible in terms of sub-project selection based on actual needs and in line with full participatory annual work plan formulation.

[144] A main weakness of PRIME design was the insufficient allocation of funds for capacity development in the rural finance and the marketing components . SM 1 Oct-Nov 2015 (para.10).
[145] Self-assessments for PRIME and UERDP noted few innovations. OFIDO provided an example of new contracting procedures, where MALR recruited middle tier and small contractors to implement the improvements in the irrigation system. While this is a new practice, it cannot be considered an innovation by IOE criteria standards.
[146] According to the PCR, the lab has subsequently become an agronomic research station and devoted a plot of 10 *feddans* surface area to be an experiment station.
[147] EDNASP PCR, annex VII, para. 2(b).

Another innovative feature of the SRDP was the LDF, a decentralized fund at Governorate level. It took several years to be established and functional, but then it disbursed the allocated funding[148] within the last two years of project life. In the final year, it also made the effort of increasing outreach to youth, with 75 per cent of loans being given to under 25-year-olds, and 50 per cent of loans were to women (compared to PBDAC's 34 per cent). The likely reason for this success was that LDF was present in 49 of 51 local administrative units in Sohaq. This approach was not followed up in later projects. A major shortcoming of the country programme was that there was no attempt to replicate these innovations.

183. Apart from this notable exception, there was no innovation within the rural finance sector, despite the considerable resources used over the review period. The approach to partnering for credit delivery has evolved over the period, but there has not been any attempt to innovate in areas such as delivery methods or financial products. This is most obvious looking at the continuity across projects of beneficiary complaints regarding collateral requirements and loan sizes. The provision of SFD microfinance lending through CDAs may seem innovative, but has been common practice with other development partners since 2006.[149]

184. SAIL is the one project designed under the latest COSOP that has taken the lead in proposing an innovative, climate-friendly solution to electricity provision in new settlements. This includes solar power, bio-gas and solar dryer technologies which would be used to power water pumps, among other applications.

185. **Scaling up.** The 2015 IOE manual defines scaling up as "expanding, adapting and supporting successful policies, programmes and knowledge so that they can leverage resources and partners to deliver larger results for a greater number of rural poor in a sustainable way". It also notes that scaling up results does not mean transforming small IFAD projects into larger projects. Under this definition, the portfolio followed a strategy of replicating results rather than scaling them up.

186. Overall, the CSPE found that the innovations introduced by the earlier projects were not consistently scaled up by later generations of projects nor were they replicated across different types of projects or from new lands to old lands. For example, EDNASP's approach to irrigation and drainage development supported with effective environmental monitoring was not replicated in WNRDP,[150] which may face soil salinity issues in the future.[151] Also, the participatory approach to community development introduced by SRDP was not followed up in a similar way by later projects with a significant social development component. For example, WNRDP, although set out to be participatory, appears to have used a more pragmatic approach to articulating beneficiary needs and managing social infrastructure through community-level organizations (CDAs, FMAs and WUAs) (see PPA, para. 105-112). Finally, OFIDO and PRIME are not (yet) replicating the FSRU supported approach to farming systems development.

187. WNRDP is a shining exception. It has successfully piloted a community-based approach to settlements in the new lands. The WNRDP approach highlighted the importance of certain elements, such as investments in both farm and non-farm sectors that provide rural communities with social and productive infrastructure, skills and institutions, which are critical for the viability of the new settlements.[152] WNRDP is now being scaled up through SAIL in a different and larger geographic area. Government recognizes the benefits of this approach and has assumed

[148] It disbursed the International Development Association and IFAD credit at US$2.05 and 1.73 million respectively, with only US$0.28 million of IFAD credit remaining.
[149] African Development Bank's Micro and Small Enterprises Support Project; World Bank's Enhancing access to finance for Micro and Small Enterprises Project.
[150] WNRDP provided technical expertise to a soil and water laboratory in the project area that was subsequently handed over to WNRDP PMU. It provided beneficiaries with technical expertise on soil analysis and fertilizer application (see WNRDP PPE para. 130).
[151] See WNRDP PPE para. 77.
[152] See Egypt Scaling Up Note.

greater ownership for scaling up, as demonstrated by its financial contribution to the project which is significantly higher than in WNRDP.[153] SAIL's design has adopted a more decentralized and efficient implementation approach by integrating WNRDP's resources (PMU structure and staff), and has capitalized on the lessons learned from all the previous resettlement projects.

188. **Replication** mainly took place through follow-up projects in the new lands and old lands respectively.[154] There was no replication of successful interventions between the new lands and the old lands, other than the farming systems designed by the FSRU under APIP which promoted six FSs dedicated to the surrounding new lands. Overall, opportunities were missed to promote innovations and scaling up more systematically. The clearest example of this is in the missed opportunity of deploying FSRU's FS models and FFS delivery mechanism in both new land settlement projects as well as in other old land agricultural development projects. Other examples include the transfer and adaptation of WNRDP's successful experience with drip irrigation to the old lands; the introduction of SAIL's planned solar development to the old lands; or the introduction of both of EDNASP's integrated irrigation and drainage management, and its integrated pest management to other projects.

189. Where replication occurred, the process has been marked by gradual expansion and improvement rather than vigorous scaling up. For example, the farming systems developed under APIP had built on prior agricultural development projects in the old lands (Minya Agricultural Development Project/Fayoum Agricultural Development Project) and were scaled up by UERDP in two new governorates in Upper Egypt with the support of the same FSRU team in APIP.

190. Institutions that have been created and supported by IFAD have been deployed throughout the projects, though not necessarily in a manner that can be described as scaling up. Aside from the FFS and FMAs, there has not been an expansion of groups over time. Lack of institutional support to these groups through the creation of legal frameworks for CDAs and WUAs also limits their effectiveness and prospects for scaling up both in and outside of projects.

191. The later projects, OFIDO and PRIME, are operating at larger scale, covering a wider range of settings and governorates. Yet, the project designs did not build in sufficient space for innovation and testing various options from the outset that could then be taken to scale. For example, OFIDO only offers a single technical solution, which may not be appropriate in all settings in the mid to long term.[155] PRIME promotes a rather narrow approach to marketing that does not capitalize on existing good practices nor enable flexible and adaptive solutions to accessing market channels.

192. **Overall**, the programme introduced some notable innovations. Notably the creation of specialized research institutions was instrumental for generating new solutions on NRM. Yet given that this was a large portfolio implemented over a long period, the number of innovations appears limited and most of them were introduced by the earlier projects (APIP, EDNASP, WNRDP). Innovation is rated *moderately satisfactory* (4). The portfolio followed a strategy of replicating results rather than scaling them up. With the exception of the WNRDP pilot, scaling up of good practices was not systematic and is thus rated moderately unsatisfactory (3).

[153] Government contributions represent 17.5 per cent (US$15.2 million) of total project costs in SAIL, compared to WNRDP's Government contribution of 10.1 per cent (US$5.5 million) (WNRDP PPA para. 141).
[154] There are some improvements induced by IFAD in the Delta region that seems to have inspired by the private sector, around the project area (likely with the support local research centres and/or private consultants), for example along Cairo-Alexandria "saharian" roads as observed during the field visits.
[155] For example the low pressure adopted for PVC pipes in all sites will not allow an easy and cost-effective reconversion of the current low pressure sub-surface irrigation system to modern pressurized irrigation systems (as sprinkler or drip irrigation).

Gender equality and women's empowerment

193. **Context.** Egypt ratified the Convention on the Elimination of All Forms of Discrimination Against Women on September 18, 1981. The 2014 Constitution established equality for all citizens and that the State shall ensure the achievement of equality between women and men in all civil, political, economic, social, and cultural rights. Discrimination based on religion, belief, sex, origin, race, colour, language, disability, social class, political or geographic affiliation is also banned. The Egyptian Civil Code and Commercial Code give women equal rights to own and access land.

194. Although women enjoy the same legal rights to own land and other assets, in practice women rarely own the land that they work, and it is not considered socially acceptable for them to inherit land. Where women do own land or other property, they often delegate the responsibility of managing it to husbands or male relatives. Women also often do not have identification cards (IDs), which limits access to other resources and services, for example formal financial services (SIGI 2017).

195. **Strategy.** While the earlier projects did not have an explicit strategy or targets for outreach to women, some of the recent projects (PRIME) prepared a gender mainstreaming strategy, while others did not (UERDP).[156] OFIDO has recruited a Gender Focal Point (November 2015), which has led to a noticeable improvement in the outreach to women. The national gender and poverty targeting advisor included in the PRIME design[157] has not been recruited yet.

196. The recruitment and training of dedicated staff working on gender or outreach to women is a good practice which has been adopted. Among the closed projects, only APIP had dedicated project staff with gender expertise. The project also included a women's extension programme, which employed 190 women's village extension workers and reportedly has been very successful.[158] For the ongoing projects, UERDP, OFIDO and PRIME are training female extension workers, although their representation among extension staff are still low (17 per cent, 16 per cent and 8 per cent respectively).[159] OFIDO supported FFSs specifically for women and established 40 women cooperative committees or female farm leaders (57 per cent of the target).[160]

197. Some projects (WNRDP, SRDP) used a multi-pronged strategy to address the exclusion of women, for example, through literacy training, ID cards, women's groups and targeted interventions. Access to ID cards was crucial to women's ability to access resources and it empowered them with the possibility to vote. In SRDP – through the grant for women's self-empowerment – 18,000 women were supplied with ID cards through the project. In addition, 47 per cent of women who applied were issued voting cards.[161] WNRDP also provided ID cards to women, but the number was low.[162]

198. **Capacity-building.** Women benefited from general training and capacity-building. For example, in WNRDP 3,996 women (comprising 61 per cent of the recipients) received training on nutrition and health training, 2,221 (55 per cent of the recipients) in environmental awareness training, 9,576 (81 per cent of the recipients) in literacy training and 201 (20 per cent of recipients) in cooperative

[156] The 2016 Supervision notes that UERDP did not develop a gender mainstreaming strategy as requested and thus did not implement any activities to date. For example, in UERDP some of the surveys did not even envisage comprising the outcomes of project measures on women, nor did they provide a breakdown of results by gender, even though the data existed. (UERDP Supervision report 2016, para.41).
[157] Design report, annex 5 para.18 c.
[158] The project's PCR noted that the activities undertaken and completed by women's village groups, and the training at the rural development centres were of a high standard (APIP PCR para. 43).
[159] Annex VII, table 5.1.
[160] OFIDO supervision report 2016, para.38.
[161] SRDP ICR 2008, p. 16-17.
[162] WNRDP PPE, para.158.

and community training.[163] Women's participation in training that was not specifically targeted to them was much lower. For example, in OFIDO 3,298 women (representing around 26 per cent of participants) in overall training sessions. Very few women are benefiting from infrastructure/natural resource management (321 women, 5 per cent of total trainees) or post-harvest training (22 women, or 1 per cent of total trainees).

199. Some projects (SRDP, OFIDO, WNRDP) offered training on income generating activities for women which mainly focused on their traditional and domestic roles such as sewing, bakery and food processing (e.g. cheese making), usually for domestic consumption rather than as income generating activities.[164] In some cases, these income generating activities have resulted in an increase in income through selling of products or through savings generated by not having to purchase certain products, but more often they have resulted in improved nutritional status for the entire household, for example through production of cheese, butter, conservation of fruits and vegetables etc.

200. **Access to resources, assets and services.** A number of projects (SRDP, UERDP, WNRDP, PRIME) improved women's access to rural credit, mainly through the CDA microloans, less so through PBDAC loans. The positive outreach is mainly attributed to the active role of CDAs promoting women's access to loans.[165] In SRDP, 50 per cent of beneficiaries of LDF and the Sohaq Bank for Development and Agricultural Credit micro-credit line were women.[166] However, many women reported that the terms of the micro-loans were unfavourable to them. The main reason cited for this was because most women take loans to engage in livestock activities, but the loans do not include a grace period and require monthly repayments rather than a payment at the end of the term after they sell their animals. Women received a smaller share of the loans disbursed through the SME windows. The loan amounts constitute 17 per cent and 37 per cent of the total SME loans under OFIDO and PRIME respectively.[167]

201. Some projects (SRDP and WNRDP) improved women's well-being by facilitating access to basic rural services and infrastructure (e.g. the construction of nurseries, health clinics). WNRDP provided access to basic services such as clinics, kindergartens and rural financial services which undoubtedly benefited women living in the project area in terms of well-being and some opportunities for increased income. The acquisition of ID cards was crucial for women to access resources and empower them with the possibility to vote, although it only benefited a few women.[168]

[163] WNRDP Supervision Mission October 2013, absolute figures calculated from proportions provided in table under para. 12.
[164] WNRDP PPE para.19.4.
[165] The 2016 Supervision notes that UERDP did not develop a gender mainstreaming strategy as requested and thus did not implement any activities to date.
[166] SRDP ICR p. 3.
[167] Source: SFD data, see annex VII, table 2.7.
[168] PPE para. 158.

Box 3
Good GEWE practices in APIP

APIP has made commendable efforts to assist rural women, many of whom have developed profitable enterprises through its credit and small Loan Guarantee Fund. The project identified 15 types of small domestic projects for women that were supported through PBDAC loans. 20,954 loans were provided to women at a cumulative amount of EGP 33,543,385. This included highly profitable milk processing and other cottage industries (APIP Supervision Mission Report, April 2005). In a field visit to 'Zawyet El-Karadsa, Fayoum,' during the CSPE mission, a focus group discussion was held at the premises of the extension school, which was attended by 13 men and 9 women. The feedback showed that women were highly active participants in the FFSs and that they directly benefited from the wide range of topics they covered, including education, health & hygiene, family care, home economics and others. The women in the meeting were very positive and confident. They were also encouraged by the participating men to speak out during the meeting.

202. **Participation in decision making.** Projects to some extent also strengthened women's representation in local institutions, such as CDA boards. SRDP stands out as the project that has systematically involved women in participatory planning and implementation. Their participation increased gradually over the life of the project. The percentage of women participating in the needs assessment meetings organized by the Local Village Units increased gradually during the implementation of the project from zero per cent in 2001 to 22.4 per cent in 2006.[169] The model was effective in ensuring that women were included in decision making and priority setting at the local level. By the end of the project around 33 per cent of the SHOROUK committee members were women as were 27 per cent of general board members of the participating NGOs.[170] EDNASP achieved levels of participation; 35 per cent of CDA members were women, and 27 per cent of CDA Board members were women.[171] In WNRDP women's participation in decision making was much lower; only six per cent of women became actual members of the 21 CDAs.

203. Because women do not own land they are usually not involved in water management, especially in Upper Egypt. As a result, women's participation in WUAs is rather sporadic. In WNRDP, women only participated in 11 out of the 117 WUAs and were only represented on the board of one.[172] For EDNASP higher numbers were reported, 25-30 per cent of the WUA/WUU members were women.[173]

[169] SRDP ICR, p. 41.
[170] SRDP ICR 2008, p. 16-17.
[171] EDNASP ICR p. 40.
[172] WNRDP supervision 2010, para.152.
[173] EDNASP ICR p. 40.

Box 4
Women's role in irrigation in Egypt

In **Upper Egypt**, with respect to irrigation water management, women have no involvement in pump operations, largely because the pumps there are very large and operated by a professional operator on behalf of a group of farmers who use the water, but in any case women's limited involvement in agriculture would also affect these activities. In **Lower Egypt**, women's role in rural economic life is very different than in Upper Egypt. In Lower Egypt, women, particularly those from the poorest households also participate actively in casual paid work, mostly in agriculture in transplanting rice, weeding all crops and harvesting. The only activity women do not carry out at all is the positioning and starting of the small individual irrigation pumps. With respect to water management, women have been included as members of WUAs, but have not generally been active members; they have only exceptionally been able to take leading roles in issues of irrigation management. However, women are systematically included in Water Boards (usually one or two at most), usually as representatives of domestic water users, and in this field they have actively participated and are able to affect decision making in water boards on matters relating to water use outside irrigation.

Source: Egypt – On-Farm Irrigation Development Project in the Oldlands (OFIDO) Project Design Report, Working Paper 2: Gender Issues and Mainstreaming.

204. Women's participation in FMAs is slightly higher, with 18 per cent in UERDP (UERDP PMU (annex VII, table 5.2) and 42 per cent in OFIDO. The high percentage in OFIDO is mostly due to the establishment of 40 Women's Marketing Committees in Lower Egypt (OFIDO supervision 2016 para.56). In Upper Egypt OFIDO is working with female community volunteers which it has trained to mobilize to participate in women's committees. OFIDO's approach is to establish examples of successful women's committees in communities where it is culturally acceptable, with the hope that it will lead to both an increase in women joining the established committees as well as to the establishment of new committees in other villages.

205. **Workloads and well-being.** Workloads are not reported although impacts are likely as a result of the improved farming systems. For example in PRIME, marketing support, training, and rural financial services, are, in fact, increasing the burden on women while benefits are transferred to male members in the family, such as fathers and husbands. Gender-oriented activities need to be closely monitored with regard to social power dynamics in order to eradicate such negative unintended results on women. Also, some women met during the CSPE mission stated that they do not want to get involved in water management because for them it would be an additional responsibility and workload.

206. Rural water supply, provided through EDNASP and SRDP, had led to time savings and health benefits. The SRDP impact survey indicates that the water supply sub-project reduced working days lost for waterborne diseases by 18 days per family per year. Additionally, each benefited family saves nearly 35 minutes of women's time per day from collecting water for family needs.

207. In addition to clinics and health centres, SRDP and WNRDP also provided training on health issues.[174] SRDP training also included sanitation and environmental health and 70 per cent of the participants were women.[175] WNRDP supported training on nutrition and health, of which 61 per cent of the participants were women. The project also supported medical campaigns (e.g. on breast cancer), but no data was collected on how these campaigns and training sessions affected the population. Both projects reported that women's health status has improved as a result.

208. **Overall gender.** Gender issues were not addressed in a consistent way throughout the portfolio. While some earlier projects had effective approaches in promoting

[174] WNRDP PPE para. 154.
[175] SRDP PCR.

gender equality and women's empowerment (SRDP, EDNASP, APIP), these were not followed up in later projects (UERDP, PRIME). OFIDO has an effective strategy for promoting outreach to women and the results are beginning to show. Overall, significant gender results include women's improved access to credit (SRDP, UERDP, OFIDO, PRIME), participation in community decision making (SRDP, EDNASP) and improved well-being (SRDP, WNRDP). GEWE is rated *moderately satisfactory* (4).

Environment and natural resources management, and adaptation to climate change

209. **Natural resources management.** Efficient use of land and water resources has been a major theme in the portfolio from the outset.[176]. EDNASP was the first IFAD project to introduce a comprehensive package of sustainable and environmentally friendly NRM practices.[177] Adequate resources were allocated to this purpose in the initial funding as well in the adjusted budget that took into consideration the additional need to reinforce primary and secondary drainage system to facilitate drainage water reuse. Since then, environmental sustainability was not always addressed in a coherent way. After EDNASP, only SRDP and SAIL dealt adequately with this issue. SRDP was the first IFAD project in the old lands which included environment protection as a pillar of action and adequate resources were allocated to this purpose.

210. In terms of comprehensive water management, EDNASP tackled both water excess and scarcity, and water quality issues. Water excess was addressed by implementing comprehensive drainage systems while macro level scarcity was addressed through drainage water reuse. Water quality issues were addressed by environmental monitoring through an appropriate lab. WNRDP on the other hand focused on improved modern irrigation techniques that optimized soil resources and water resource use, yet faces long-term salinization risks. OFIDO also focused on improved irrigation, but with the objective of immediate efficiency gains in land use and water distribution, rather than on comprehensive water efficiency improvement including drainage and water quality aspects, or on improvement of farm level irrigation efficiency.

211. For SAIL some environmental sustainability benefits are expected under the second objective.[178] Consequently, the project allocated the required resources for this purpose. The project is planning to open up underground water resources in settlement sites that are far from the Nile River. Apparently, feasibility studies were carried out by MWRI on the concerned aquifers which demonstrated that these could be sustainably used for at least 100 years.[179]

212. Similar patterns are found in land management. APIP and UERDP contributed to better soil management by promoting organic fertilization and the inclusion of farming systems that integrate FSRU-developed nitrogen-fixing crops (fava and soy beans) that are able to improve soil fertility. The integrated farming systems developed under APIP and UERDP generated environmental benefits, for example savings in fertilizer of around 20-30 per cent and water saving of about 7 to 19 per cent. Yet PRIME and OFIDO have not taken advantage of these farming systems, which represents a missed opportunity to engage the FSRU in developing environmentally sound farming systems for specific marketable crops.

[176] The West Beheira Settlement Project was the first IFAD project in Egypt which dealt with irrigation and drainage issues in the Delta, and reclaimed salt-affected soils through buried drainage systems. This experience was built upon by NASP and EDNASP.
[177] This included reuse of drainage water for irrigation, development of WUAs, construction of adequate on-farm tertiary irrigation and drainage systems to improve soil quality and irrigation and drainage efficiencies as well as monitoring water and soil salinity monitoring through a small unit in charge of land and water resource management and environmental monitoring.
[178] Enhanced water and energy use and management mainly through promotion of WUAs, modernization of on-farm irrigation and drainage systems, replacement and modernization of pumping station, trials of alternative sources of energy solutions as solar energy and bio-gas energy.
[179] Oral information from ICO Egypt. The studies were not available for this CSPE.

213. Finally, sanitation and waste treatment has been addressed sporadically by IFAD. Considering that the Nile River represents the single source of nearly the entirety of Egypt's water needs, its treatment in rural areas is of considerable importance to downstream communities. Only SRDP implemented sanitation subprojects including waste water treatment.[180] SAIL is planning to develop sanitation facilities and solid waste management systems in its intervention areas. This said, the evaluation team did not identify any major negative impacts that could be associated to the implementation of project activities.

214. **Adaptation to climate change.** Egypt faces two significant climate change risks. The first is sea-level changes that could significantly impact the Delta region and its agricultural activity, and the second is a decrease in Nile water availability due to decreasing rainfall and increased water demand in the Nile basin which impacts both energy production and agriculture. The portfolio promoted good practices to mitigate climate change, such as the sustainable use of land and water resources and environmentally friendly agricultural practices. But, given the climate-related risks, the portfolio could have also promoted disaster preparedness measures. Furthermore, opportunities have been missed, for example in OFIDO, to promote climate-neutral technology in the design, such as solar pumps. SAIL is the only project explicitly promoting climate-smart practices through an Adaptation for Smallholder Agriculture Programme grant. The renewable energy component includes photovoltaic energy for pumping, bio-gas, and solar dryer.

215. Overall, NRM was a major theme in the portfolio and projects have yielded a number of good practices, which were, however, not consistently followed up. Issues of salinization and water excess were addressed in a sustainable manner in EDNASP, but not in WNRDP and OFIDO. Methods for sustaining soil fertility were promoted in APIP and UERDP, but not in PRIME and OFIDO. Sanitation and waste treatment was only addressed in SRDP. NRM is rated moderately satisfactory (4). Given that it is an area of focus for the regional grant programme, more could have been done to integrate adaptation to climate change into the loan portfolio. Opportunities to promote climate-smart practices have been missed in particular in OFIDO. Climate change has been satisfactorily addressed in the design of SAIL with support through an Adaptation for Smallholder Agriculture Programme grant climate change is rated moderately unsatisfactory (3).

C. Overall portfolio performance

216. IFAD’s portfolio reveals a great degree of continuity and focus over the review period. The main two themes supported by the portfolio were comprehensive infrastructure and services for new settlements in the desert in Lower Egypt and improved farming systems for the poorest governorates in the old lands in Middle and Upper Egypt. The portfolio has been aligned with Government strategies on agriculture and had a continuous focus on the major issues in rural development in Egypt, such as unemployment, land poverty, water scarcity, and farmers’ organizations.

217. Effectiveness has been uneven. Effective interventions included infrastructure and extension. Credit and training were less effective and outreach has not been satisfactory. This was mainly due to low performance of the rural credit components’ choice of partners. Performance and outreach improved significantly once IFAD changed the wholesale lending partner from PBDAC to SFD. Capacity-building continues to be a weak point in the portfolio. The funds allocated to capacity-building are insufficient and most of the community organizations established or strengthened are weak and unlikely to be sustainable.

218. Efficiency of the portfolio has not been satisfactory because of late project start-up and slow disbursements, regularly leading to project extensions. Management costs

[180] These facilities benefited 2,024 families in eleven districts of Sohag Governorate.

have been high, but project management and coordination has not been performing because of insufficient staff capacities and high staff turnover.

219. IFAD-supported projects have addressed key poverty issues and achieved some notable impacts. Positive impacts included increased agricultural productivity, in particular through the improved farming systems in the old lands, and the improved water and land management practices in the new lands. CDA micro-lending has enhanced farm productivity by enabling smallholder farmers to procure agricultural inputs and some productive assets, in particular livestock. With the rural finance components' weak outreach to SME, there was no impact on non-agricultural diversification and job creation. In the new lands, settlement projects had an impact on human and social capital, but not on empowerment.

220. The portfolio had a strong focus on NRM. Other crosscutting issues (climate change, gender) have not been sufficiently integrated into the portfolio. Good practices developed in some of the earlier projects were not followed up later, and there was no transfer of innovations or learning between new lands and old lands. Given that this was a large portfolio implemented over a long period, the number of innovations was rather limited and scaling up of good practices was not systematic.

221. Overall portfolio performance is rated moderately satisfactory (4).

Key points

- The portfolio maintained a consistent focus on the major rural development issues in Egypt. Poverty focus has improved with the shift to Upper Egypt.
- The design of rural credit components has improved significantly, but the approaches to community capacity-building and marketing lacked coherence.
- Overall outreach to beneficiaries was below targets. Achievements for credit and training were low; they were better for infrastructure and extension (closed projects).
- Performance of rural credit components has been poor; it has been improving with the shift to new partners.
- Although a large number of community-level organizations have been created or strengthened, support to capacity-building has been insufficient and many organizations are neither effective nor sustainable.
- Efficiency was low due to delays in project start-up, slow disbursement, and high management overheads.
- Interventions were cost efficient due to low-cost technical solutions and the use of local institutions for extension and research.
- Improved farming systems and water and land management had a positive impact on agricultural productivity and they appear to be sustainable.
- CDA micro-lending has enabled smallholders to procure inputs and assets, in particular livestock.
- Settlement projects in the new lands have increased human and social capital. But, limited attention to participatory approaches meant that impact on empowerment and on rural institutions has been minor (except SRDP).
- Gender was not consistently addressed and results are uneven. They include improved access to microcredit, participation in community decision-making and improved well-being.
- NRM was a major theme in the portfolio, but was not consistently addressed. Issues of salinization and water excess, soil fertility, sanitation and waste treatment were addressed in some projects only.

IV. Non-lending activities

A. Knowledge management

222. The 2006 COSOP included a number of specific ideas on how knowledge would be shared with Government and other donors through the newly established country presence. Focus would be on the replication of IFAD experience in farming systems research, marketing of non-traditional products, and microfinance, thus resulting in increased opportunities for partnership and cofinancing. The 2012 COSOP included a general intention to conduct KM activities to share experiences among projects, at national level, with other donors and regionally. A similar strategy was included in the 2015 COSOP update which also states IFAD's intention of working with the United Nations Development Progamme, ICARDA, FAO and the Centre for Environment and Development for the Arab Region and Europe on KM.

223. It seems however, that only KM activities since 2012 are documented. The absence of documentation may be explained because there was no ICO with space at that time to store documentation. Furthermore, the turbulences during the 2011 revolution have apparently led to documentation being lost in some project offices. Thus, no knowledge products documenting lessons and practices (other than the impact evaluations) exist or are available for past projects such as APIP, SRDP and EDNASP. Interviews revealed a very limited institutional memory for the IFAD-funded projects closed around ten years ago. For these projects, which were not supervised by IFAD at that time, it was impossible to get hold of any documentation outside of IFAD HQ. For example, the evaluation team tried to locate the impact evaluation for SRDP in Cairo and Sohaq, but none of the stakeholders were aware that such documentation exists. It is unfortunate that the lessons and experiences from these projects were not documented and thus had not sufficiently informed the later projects. For example, none of the stakeholders were aware of the SRDP, and the lessons from this unique project were not adequately absorbed. For APIP, some institutional memory exists in the FSRU in Fayoum, but similarly this has not yet sufficiently transpired to stakeholders in Cairo.

224. **NEN knowledge management strategy.** NEN has a centralized, headquarters-driven approach to KM which focuses on regional sharing of knowledge. As a result there is limited follow-up and ownership within the country to ensure that the available knowledge is effectively documented and used. In NEN, KM management activities are coordinated by a KM officer in HQ working for the whole region. The ICO's role is to provide inputs in knowledge products and to disseminate successful stories from Egypt. The ICO itself does not have adequate resources to support knowledge sharing within the country programme and there are no project staff specifically dedicated to KM activities.

225. NEN's priorities on KM were articulated at divisional level as early as 2008.[181] More recently NEN has adopted a divisional strategy for KM for the period 2016-2018 with the aim to generate "evidence-based knowledge that improves the effectiveness and efficiency of NEN's operations for greater outreach and impact".[182] The strategy includes three main objectives: (i) strengthening NEN's country programmes; (ii) enhancing cross-country level learning; (iii) contributing to international and corporate engagement. This approach is in line with IFAD's KM strategy which promotes the strengthening of knowledge sharing within the country programme cycle as well as through regional networks. The NEN consolidated business plan for the period 2012-2016[183] shows that most of the KM activities were held at regional level and involved many countries.

[181] IFAD Thematic Priorities for the Near East and North Africa (2008).
[182] NEN 2016-2018 KM Strategy and Work Plan, p.1.
[183] NEN consolidated business plan for KM 2012-2016.

226. For instance, in December 2016 NEN organized jointly with PTA, LAC and ECD a seminar on "Innovations in Agriculture: Solutions for a food-secure future". The event introduced four successful agricultural innovations, demonstrating high potential for being scaled up in IFAD-financed projects and included Egypt's Bustan aquaponics, whose ecologically-balanced system uses 90 per cent less water than traditional farming practices. The event was attended, among others, by SAIL project staff and is a concrete example of how NEN tries to promote innovations and good practices across countries in the region.

227. Most of the KM activities that have taken place so far had a clear communication and outreach purpose. They covered a wide range of products and events such as thematic presentations and videos, newsletters, factsheets, workshops, seminars as well as regional and international conferences aiming to enhance cross-country level learning. They also include a number of practice-oriented products aiming to raise awareness on IFAD-supported interventions disseminate good practice and learning-oriented products, such as press and blog articles, IFAD internal written inputs such as "stories from the field", country factsheet, newsletter or brochures. The diversity of countries and languages covered by the NEN region presents a challenge for KM, which seems to be well addressed by the diversity of products and opportunities offered.

228. **WNRDP.** For WNRDP, a number of different KM products are available to disseminate the project's success at national and international level. This includes written products such as the *Paper on the West Noubaria Rural Development Project as a success story*, a 15-page brochure on the project's main impact and results, as well as two "stories from the field"[184] and numerous press articles and blogs. It also includes a documentary, "Hassan and the graduates" produced by IFAD and the BBC in 2010, which tells the story of a young graduate, struggling to find a job, until he heard about a unique government programme (WNRDP) that offered landless youth and unemployed university graduates the opportunity to start their own farms, subject to them reclaiming the lands themselves in the desert. The 25-minute documentary was first broadcasted by the BBC[185] and then by the IFADTV channel on YouTube. An extract from the documentary was produced for the 2014 International Year of Family Farming and shown at the Milan Expo in 2015.[186] Another 25-minute documentary was produced by the project itself in 2014, "The Big Dream (*Al Helm El Kebir*), West Noubaria Rural Development project",[187] presenting the project results in Arabic. In this case the outreach was limited to the national level (with a limited number of views – 1,116).[188] This case points to a weakness in the NEN KM strategy. There is no website or platform to disseminate project experiences at the national level and in the local language.

229. **Regional knowledge platform.** During the first half of the review period IFAD still intended to support and use regional platforms for knowledge sharing. The KariaNet, *Knowledge Access for Rural Interconnected People*, a regional knowledge network for the Near East and North Africa[189] was founded by IFAD and the International Development Research Centre in 2005 to facilitate the exchange of information and project experiences (see COSOP 2006, p.14). KariaNet was supported by a Global Environment Facility grant managed by IFAD.[190] The network was intended to support reporting and knowledge dissemination for the IFAD

[184] "Farming for profit in the Egyptian desert" and " Graduating to a new life farming Egypt's desert".
[185] Life on the Edge: Hassan and the Graduates, BBC World News, 21 August 2010 and on August 22nd 2010 http://www.bbc.com/news/world-middle-east-11036899.
[186] https://www.youtube.com/watch?v=leoQZLxdZNU.
[187] The Big Dream, WNDRP, Egypt, available on the following YouTube link https://www.youtube.com/watch?v=otbigSF2loM.
[188] The video is not broadcast through IFAD distribution medium, and was found on YouTube.
[189] http://karianet.org/en/.
[190] The grant (ID 1000003578) to ICARDA titled "Cross Cutting M&E Functions and Knowledge Management in INRM within the Menarid Programme Framework" 2009-2014, funded by the Global Environment Facility.

programme (COSOP 2012, para. 43). The platform was operational and promoted knowledge from IFAD projects in the NEN during the first 2006 CSPE. After KariaNet management moved from IDRC to the American University in Dubai, IFAD phased out this partnership and there was no follow-up intended in the NEN KM strategy.

230. **South-South cooperation.** Egypt, given its longstanding experiences in intensive farming systems and irrigation management, has potentially a lot to contribute to South-South cooperation, although only a few activities have materialized so far. The 2012 COSOP (para. 38) thus suggests exchange visits for South-South exchange within the region. Egypt is home to the South-South Development Academy, established through a United Nations Development Programme project document signed in August 2014 to share the development experiences of countries of the South, based on common interests and provide shared platforms of learning and knowledge exchange among those facing similar development challenges.[191] The structure is part of the network managed by the United Nations Office for South-South Cooperation. IFAD also provided support through a regional level to the United Nations Office for South-South Cooperation – Cairo (United Nations Office for South-South Cooperation).[192] The grant involved Egypt, Hungary and Turkey as the main contributing countries. Egypt was expected to contribute experiences on sustainable water resource management to the exchange between Arab states, Central Asia and Eastern Europe. Given the current political tensions between the countries, Egypt's involvement in the project has so far been minimal. For example, Egypt did not participate in the knowledge exchange and coordination meeting that was held in Izmir, Turkey, 22 - 24 July 2015.[193] Another noteworthy South-South cooperation activity during this period was the CPO staff swap between Egypt and Sudan ICO's, to exchange experiences and learn lessons from different context.

231. **Knowledge from grants.** Both grants and KM are managed at headquarters, which makes it easier to maintain thematic focus and share experiences across the NEN region. Emphasis has been on NRM and agricultural innovation in line with the focus of the grants programme. An innovation that received specific attention in the past few years is the raised-bed planting package to conserve water resources. A cost-effective raised-bed machine for small-scale farms to improve land and water productivity in the Nile Delta of Egypt was funded through an IFAD co-funded grant[194] to ICARDA in 2011. The innovation was promoted through brochures and articles[195] and during several events, including the joint IFAD-ICARDA seminar during IFAD's 39th Governing Council in Rome and the Annual Conference of the Arab Forum for Environment and Development, held in Amman, Jordan, in 2014.[196] The technology has been successfully disseminated through these events and is reportedly now being tested in countries such as Ethiopia, Iraq, Jordan, Morocco, Nigeria, Uzbekistan and Sudan. The technique has also been adopted by UERDP and SAIL.

232. **In summary**, Egypt has an important role to play in generating technical innovations and lessons from operations for the region, given the strong research capacities and the wealth of experience in producing more food with less. The focus on WNRDP, which as a settlement project presents a rather special case, is perhaps

[191] See http://www.ssdaegypt.org/.
[192] Grant South-South Cooperation between NEN and ECA" (2013-2018), value US$2,695,500 with IFAD providing US$1,800,000.
[193] See Final Report on First Knowledge Exchange and Coordination Meeting Izmir, Turkey, July 2015.
[194] The grant titled "Enhanced Smallholder Wheat Legume Cropping Systems to Improve Food Security under Changing Climate in the Drylands of West and North Africa" was implemented from 2011 to 2015 by ICARDA in eight countries, including Egypt.
[195] See ICARDA, Science Impact, Success stories, Raised-bed planting in Egypt: an affordable technology to rationalize water use and enhance water productivity, February 2016.
[196] See ICARDA, Harnessing science to strengthen food security, https://www.icarda.org/features/harnessing-science-strengthen-food-security#sthash.6l2G9bQg.dpbs.

lopsided, but can be explained because of its importance as a Government flagship project. Yet, there are other good practices available in IFAD's portfolio that did not receive the same attention, which seems like a missed opportunity. KM is rated moderately satisfactory (4).

B. Partnership-building

233. IFAD's partnership strategy evolved slowly over the CSPE period. Potential partnerships identified in the current COSOP (2012/2015) are similar to those in the previous COSOP (2006). The partners identified in the COSOPs are relevant and operate in areas where IFAD interventions are focused. MIIC, MALR and MWRI were identified as key government partners, with the Ministry of Environment also recognized as a relevant stakeholder. The 2006 COSOP had also identified the Ministry of Local Development and the Governor's office, given their involvement in SRDP, but this was not followed up later. The COSOP 2012 also envisaged partnerships among active donors in agriculture and rural development sector (especially the European Union, World Bank, African Development Bank, French Development Agency and United States Agency for International Development), but none of them has materialized into any form of concrete cooperation.

234. **Government partners**. The country programme built on a rather narrow strategy for partnerships, which at times made it difficult to engage in thematic areas where responsibilities are divided between several ministries. Over a long period, MALR has been IFAD's sole implementing partner and main entry point into Government.[197] It has been the lead agency for five out of the seven projects over the CSPE period (APIP, EDNASP, WNRDP, OFIDO, PRIME). The only exception was SRDP which was under the leadership of the Sohaq Governorate, with other implementing agencies being LDF and the Sohaq BDAC. Line ministries at central level included the Ministry of Local Development. This partnership set-up was unique and not replicated in any of the following projects, although the Ministry of Local Development and the local authorities are potentially important actors for the themes pursued under the ongoing COSOP, in particular decentralization and participatory governance.[198]

235. Despite IFAD's involvement in irrigation and water management and community-based rural infrastructure there has not been a direct partnership with MWRI yet. In OFIDO, opportunities were missed to establish a working partnership between both institutions involved in the project. The project coordination structure operates outside of the two ministries, with only indirect cooperation taking place between MALR and MWRI.[199] To address the lack of coordination which had seriously delayed project implementation, IFAD facilitated agreement on a protocol between MWRI and the MALR, which was signed on 22 May 2016.

236. Reliance on the CPMU as the single entry point into Government contributed to IFAD's insular position because of its insufficient capacity to convene sector-wide coordination and dialogue. The relatively lean CPMU in MALR did not provide a platform for engagement on policy issues that are of strategic concern for IFAD. IFAD would have been in a better position to gain leverage on policy issues if it had more influential interlocutors in key ministries.

237. **Wholesale lenders.** With the amount of funding channelled through rural finance components, wholesale lenders are playing an important role in the implementation of the portfolio. Thus, the identification of strong partners from the financial sector has been of critical importance for the country programme. Early projects in the

[197] See COSOP 2006, para.30.
[198] The 2004 Constitution, earlier Constitutions, and legislative amendments are currently taking place towards a national policy for decentralization (the local administration law will be before Government early 2017).
[199] The MALR Ministerial Decree No. 2184 of 2011 proposes a committee-based steering and management structure for the donor-funded projects require a standing operational structure with defined functionalities and project-dedicated staff in key areas (i.e. Project Director, PAC, FMO, M&E-Officer, Procurement Officer) both on central and Governorate level.

CSPE period all used PBDAC to channel credit because it was the only option with any proximity to the beneficiaries. Overall PBDAC's outreach to smallholders is limited, and its financial and social performance poor, partly due to political pressure on preferential interest rates and loan waivers, but also due to its sole focus on agricultural loans rather than rural finance in the wider sense. The COSOP 2012 thus recommended strengthening relationships with SFD and the Agriculture Research and Development Fund (now ADP) "in order to ensure greater resource flows to the agriculture sector". SFD has established itself as a valid and effective partner through partnerships in OFIDO, PRIME and UERDP. SFD, as a wholesale lender for IFAD has demonstrated strong capacity to reach target beneficiaries at both the SME and micro-lending levels. SFD has also performing well in M&E, with gender and age disaggregated reporting.[200] Yet, this partnership may not be sufficient. At the request of the Minister for Agriculture, IFAD thus also started partnering with ADP, transferring US$35 million to ADP through partnered relationships under UERDP.

238. **Cofinancing partners.** Cofinancing partnerships with other donors was a key feature during the earlier period, when IFAD's country presence has been limited. The World Bank has been an important cofinancing partner in the earlier project, which had a strong focus on irrigation and social infrastructure. Joint financing has increased the scale of the projects and enabled outreach to a large number of beneficiaries. IFAD worked closely with the World Bank in EDNASP and SRDP, which were implemented at the same time (1999/2000 - 2008). Despite IFAD financing a larger share of project costs,[201] the World Bank took a leading role throughout project design and implementation. For SRDP all project reports, including appraisal, supervision and completion, were prepared by the World Bank. Supervisions were also led by World Bank.[202] Although the SRDP ICR (see annex 8) rates cooperation with IFAD as "very good", IFAD sources suggest some lack of communication during project implementation. IFAD PCRs rate World Bank supervision for both EDNASP and SRDP[203] as not having performed effectively.[204] The partnership with the World Bank ended after ten years of collaboration in 2008, without any joint publications or events, and was not followed up thereafter.

239. Another co-funded programme was the WNRDP, which benefited from a grant funded by the IDS facility[205] of US$30.13 million (54 per cent of total project costs), with IFAD providing a loan of US$18.48 million (33.8 per cent of total project costs). At the point of design, the intention was to establish one credit line jointly funded from the IFAD loan and IDS funds. After delays in declaring the IFAD loan effective and in order to mobilize urgently needed funding for the communities, the project established two credit mechanisms.[206] During CSPE meetings with the Italian Development Cooperation Agency in Cairo they indicated a keen interest in IFAD's operations in general and in the WNRDP in particular. There was no follow up with this partner either, although it maintains an office in Cairo and shares the focus on agriculture and rural development.

240. **Research institutions.** IFAD has maintained partnerships with national agriculture research institutes to develop applied technologies on water efficiency and more productive farming systems. The FSRU has been an important partner in APIP and

[200] A difficulty is that the SFD M&E system is not linked to the project M&E in MARL. Thus is it is, for example, difficult to establish the number of beneficiaries.
[201] IFAD 27 per cent (EDNASP) and 32 per cent (SRDP) of total project costs; World Bank (through the International Development Association) 16 per cent (EDNASP) and 31 per cent (SRDP).
[202] According to IFAD staff, World Bank supervision missions were very focused on improving World Bank activities performance which led to a higher disbursement rate for the World Bank loan at project completion.
[203] According to IFAD PCR Digest, SRDP has benefited from about 23 World Bank's supervision missions conducted over the project life, with an average of 2-3 missions per year consisting of teams of 6-7 Bank staff with a complementary set of skills including an ad-hoc involvement of rural finance expert.
[204] see PCR para.126 and CPE para.236 for EDNASP and IFAD PCR Digest for SRDP.
[205] WNRDP PPE para.134: WNRDP was the first project to satisfy all IDS conditions and be approved for cofinancing in 2002. The agreement was renewed in 2007 and came to an end in 2015.
[206] see PPE, para.78.

UERDP, providing research and training services; similarly, the water and soil laboratory used in EDNASP and WNRDP. Yet, its role has not been strategically used or linked with IFAD grantees. Engagement with these partners was limited to individual projects, and no attempts were made to link them with the non-lending activities. Thus, opportunities had been missed to scale up successful models and partnerships with local research institutions through a more strategic approach at country level. The main research partner at the national level is the Agricultural Research Centre, although it not mentioned as such in the 2006 or 2012 COSOP. For instance, in SAIL the Agricultural Research Centre's Central Laboratory for Agriculture Climate was involved in project design and will be providing technical assistance for the implementation of the Dynamic Agriculture Information and Response System. The Agricultural Research Centre, through the same Central Laboratory for Agriculture Climate, was also an implementing partner of IFAD for the country-specific grant titled "Climate Change Risk Management in Egypt", funded by the Government of Spain through the Millennium Development Goals Achievement Fund from 2008 to 2013.[207]

241. **Non-governmental organizations.** NGOs providing services within the context of rural development in general and agricultural sector in particular are of critical importance for the country programme. These include agricultural cooperatives, CDAs, WUAs, NGOs functional in the fields of canal maintenance and environmental conservation and others. The Central Agricultural Cooperative Union, created in 1908, is the main institution representing farmer's interest, with other 7000 local cooperatives members.[208] Within the context of the country programme, these NGOs play an important role in the provision of services to smallholder farmers. The activities that NGOs can perform are tightly regulated by the applicable legislation. For example, CDAs have to demonstrate compliance with the requirements for micro-lending institutions, instigated by the 2014 law on microfinance, in order to manage credit funding. Thus, partnerships with NGOs were mostly at the grass-roots level. The limitations of establishing more strategic partnerships with NGOs beyond service delivery are acknowledged by the 2006 COSOP which states "NGO cooperation will be limited by what the Government is willing to allow and associated policy dialogue between IFAD and Government." Though the country is home to a relatively large and dynamic civil society comprised of 47,000 local and 100 foreign registered civil society organizations, their involvement in government sponsored programmes is limited.[209]

242. **Private sector.** Partnerships with the private sector have been weak and missing, although they are clearly outlined in COSOPs. They would have been essential given the importance of civil work in IFAD activities and the need to engage private banks in rural finance. So far, while there are a few success stories, e.g. from WNRDP, overall progress has been limited with regard to the involvement of the private sector in the more recent project's marketing components. SME's found it difficult to access loans through the specific windows offered, for example in UERDP, and there is no systematic involvement of traders, processors, and exporters, as recommended by both COSOPs.[210] Under OFIDO IFAD has been successful more recently to contract a private company, Egyptian Arab Contracting, in the execution of civil.

[207] They collaborated on output 2.2 " Climate change adaptation strategies and practices piloted in the agriculture sector" for which IFAD was responsible and activities included the introduction of stresses tolerant varieties through field studies and dissemination workshops to stakeholders as well as preparing the data sets for crop pattern under climate change circumstances.
[208] Support to Farmers organization in Africa Programme (SFOAP) – Main Phase 2013 – 2017, Programme document, Annex VI http://www.sfoap.net/fileadmin/user_upload/sfoap/docs/SFOAP_Programme_Document_EN.pdf.
[209] Civil society organization have been governed by the provisions of the Law 84 of 2002 on associations and foundations.
[210] In COSOP 2012, "a strong partnership with private exporters and agro-processors" came as a condition to achieve strategic objective.

243. **United Nations organizations.** IFAD is part of the 2013-2017 United Nations Development Assistance Framework in Egypt, where its commitments constitute 22.6 per cent of the funding under the priority area "poverty alleviation through pro-poor growth and equity". Its planned contributions to the United Nations Development Assistance Framework are of a financial and non-financial nature. For example, IFAD committed to sharing knowledge in order to help decision-makers to better serve vulnerable groups in rural areas. Yet, while IFAD's unique role and experiences on the ground are recognized, it has not been particularly active within the group of United Nations organizations in Cairo yet.[211]

244. Partnerships with Rome-based agencies were mainly managed at regional level. Given that the ICO is now hosted by FAO, some exchange is likely to happen at country level. FAO was one of the main recipients of grants over the CSPE period (US$5,489,000 with IFAD contributing US$2,980,000). Both institutions collaborated on a country-specific grant funded by the Spanish Government via the Millennium Development Goals-Fund. WNRDP design envisaged collaboration with both World Food Programme and FAO. FAO was planned to contribute US$40,000 for a preparatory study on irrigation and drainage, which however did not materialize.[212] Another grant to FAO[213] apparently created some links with WNRDP. The cooperation with the World Food Programme lasted three years, until it was decided that incomes and the production of food crops had increased and that the food rations were hindering the marketing of these products.[214]

245. **Donor platforms.** IFAD is part of the Development Partners Group for Development Assistance and Cooperation[215] but donor coordination is not very active in Egypt[216] and does not seem to be the most effective platform for policy engagement. IFAD did not seek highly visible partnerships bilateral donors for policy engagement at national level. Instead, it built synergies at implementation level as appropriate. In a number of cases the programme built on successful approaches introduced by others, in particular the community capacities that were built with bilateral support. Examples include the FFSs and WUAs which were established by bilateral donors such as the United States Agency for International Development (USAID), German Agency for International Cooperation and the Netherlands. More recently, IFAD's approach to marketing has built the El-Shams project, which was a USAID-funded project implemented by CARE and designed to help the farmers of Upper Egypt increase incomes and employment by growing and marketing new high-value export crops. During the period from 2003 to 2007, CARE established and built the capacity of 103 CDAs and FMAs. The combined support of certain types of farmers' organizations, even if it is not coordinated, may in fact be an effective means for moving the agenda forward. It may also create confusion among decision-makers if different models and agendas are followed by different development partners and thus be counterproductive.[217]

246. **Bilateral donors**. Although there are some examples that bilateral donor projects have created some positive spill-over effects for IFAD-supported projects, there have been no attempts for strategic partnering or scaling up of successful practices beyond individual projects. An important partner would have been USAID, which is working in similar areas. USAID, as part of its 'Feed the Future' aligned mission, has been strengthening the agriculture supply system based on market demand for

[211] According to stakeholder feedback obtained during the CSPE mission.
[212] The planned study on drainage funded by a FAO technical cooperation programme grant did not materialise, but the PPE was not able to establish why. (PPE para. 77).
[213] "Reducing Risks of Wheat Rusts Threatening the Livelihoods of Resource Poor Farmers Through Monitoring and Early Warning" (2008-2012) worth US$3,834,000, with IFAD providing US$1,500,000 took place in a number of countries including Egypt.
[214] see COSOP 2006, p.12; also WNRDP PPE para.175.
[215] Identified by COSOP 2006 as the two most important fora for aid coordination and discussion of common interest. These group allow their members to share good practices and knowledge and harmonize their development activities.
[216] source: IOE survey results, interviews, lack of documentation.
[217] As described for the case of WUAs (see Molle, F. and E. Rap. 2013).

high-value crops, such as tomatoes and green beans. For example, in WNRDP the USAID-funded Premium Project, trained 1,284 farmers to receive the Global Good Agricultural Practices (GAP) certification (for seven crops) and Fair-Trade standards (for three crops) that enabled them to access high-value local and international fresh produce markets. This approach has not been followed up in Upper Egypt, which is where USAID's current programme is focused. It seems that now, with the out-posting of the CPM, there are opportunities for working with bilateral donors in a more strategic way. In particular OFIDO is providing a platform for coordinating with other donors, for example with the German Agency for International Cooperation. Other relevant bilateral donors include the French Development Agency and the Italian Cooperation.

247. **Overall partnerships.** Partnership-building has been insufficient to support an effective country strategy and programme. Partnerships with key implementing partners, in particular MALR, have been strong, but few opportunities have opened to engage with new strategic partners at national level. The MALR CPMU has played a pivotal role throughout the review period. It was efficient and lean and provided a reliable point of entry into Government. Yet it had also been a cause of IFAD's insular position because of its insufficient capacity to convene sector-wide coordination and dialogue. Co-funding partnerships with the World Bank and IDS were important in the early period, but were not followed up. Other forms of partnerships with bilateral donors have been insufficient so far, given the strong complementarities and mutual interest. Partnership-building is rated moderately unsatisfactory (3).

C. Policy engagement

248. **Concept.** Policy dialogue is a specific activity aiming to directly influence policy makers or policy processes. Recent IFAD guidance suggests the term "policy engagement", which more closely describes IFAD's engagement with partners, in line with its mandate.[218] At country level, IFAD works in partnership with Government and other stakeholders to inform policy priorities that can shape the economic opportunities for large numbers of rural people to move out of poverty.

249. **Agenda.** The 2006 COSOP was buoyant about the opportunities arising from the newly established country presence. It highlighted the great potential for engagement and identified three key priority areas for policy dialogue: rural finance, water resources management, and decentralization. IFAD would support PBDAC becoming a reliable and solid partner, while also exploring additional commercial lending institutions alongside community-based microfinance organizations owned and managed by their members. It would use policy dialogue to establish, empower and train WUAs at the branch canal level and incorporate them in the water boards at the district level. Finally IFAD, together with other donors, would strengthen civil society organization by introducing amendment to the legislation governing them. The agenda was very ambitious and, even at a time where windows of opportunities may have existed, unrealistic, given the limited capacities IFAD had on the ground at that time. Yet it had included some concrete ideas on entry points and suggested links between grants and loans.

> COSOP 2006 (p. 14f). There are many areas of potential engagement and IFAD has to choose carefully and selectively – in consultation with partners – where it can use its knowledge and limited resources to influence. Using investment projects (loans and grants) as entry points, the three key priority areas for policy dialogue are rural finance, water resources management, and decentralization, including as stronger role to NGOs and civil society in rural development

250. In contrast, the 2012 COSOP takes a cautious and rather vague stance on the opportunities for policy engagement 2012. It cites the lack of dedicated funding as

[218] IFAD 2014: IFAD's emerging approach to country-level policy engagement.

a reason for exploring more cost-effective opportunities for engagement. These include talking to representatives of smallholder farmers and public sector partners (MALR, MWRI, SFD) in addition to using implementation support and supervision as well as exchange visits and donors partnerships to extract and present implementation experience for key decision-makers. The 2012 COSOP also identified two relevant policy issues: microfinance and water resource management. For the first it intended empowering microfinance companies as agents for formal lending institutions. For the second the 2012 COSOP suggested pursuing policy dialogue on water user organizations in partnership with USAID, World Bank, African Development Bank, United Nations Development Programme, and the French Development Agency. The 2015 COSOP update contains a modified policy agenda which includes agriculture cooperatives, water policy, water user organizations, land reform and rural finance.

> COSOP 2012/2015 (p. 10). IFAD's opportunities to undertake policy dialogue with the Government are rather limited, given that it does not provide budgetary support or policy development loans appended to a policy agenda. Nevertheless, it has the opportunity to engage in influencing the policy agenda on behalf of the smallholder famers based on field experience.

251. The proposed strategies or agendas correctly identify important issues and opportunities as they arise within the joint IFAD-Government partnership. Yet the agenda seems time bound, trying to keep up with a changing context while taking up relevant issues, opportunities or bottlenecks encountered during implementation. The agenda seems to be defined in an ad-hoc manner and does not reflect a progressive understanding of the policy context or a deeper analysis of ongoing policy processes, which would enable the identification of realistic entry points and strategic alliances. The capacities of the ICO or Government are not identified as bottlenecks for engagement in either COSOP. With regard to resources the 2012/2015 COSOP does not include a deliberate attempt to better utilize the grant portfolio for policy engagement purposes.

252. **Results.** The establishment of IFAD country presence in 2005 has created new opportunities for policy engagement, but up to now the capacities of the ICO are rather limited. Before 2016, the country presence consisted of a Cairo-based CPO only while the CPM was based in Rome. A major achievement during this period was the contribution to the preparation of the Sustainable Agriculture Development Strategy towards 2030.[219] Beyond this, there was no other visible or documented involvement of IFAD in sector policies or other major policy development processes, such as the Vision 2030.

253. The results framework included in the 2012 COSOP identified three major objectives for policy engagement. To date none of them had major IFAD involvement or results. The reform of the cooperatives law intends to legalise their involvement in marketing. The reform of the cooperative sector is supported by ILO and FAO. The ratification of the law 12/1994 on WUAs provides the legal base for the formation of branch canal associations; it is still pending. Finally, the 2014 law on microfinance has been introduced without involvement of IFAD.

    IFAD's most active policy engagement was in the rural finance sector, although it mainly revolved around the search for appropriate partner institutions for on-lending to CDAs and SME beneficiaries. IFAD did not attempt to get directly involved in the reform of the rural finance sector, but instead engaged with other actors in the sector. The 2006 COSOP recommended expanding commercial lending opportunities in order to reduce dependence on PBDAC. PBDAC's institutional

[219] IFAD, alongside FAO, was specially thanked for its collaboration by the Minister of Agriculture and Land reclamation in the Document's foreword (SADS, p.10). IFAD support to the strategy was provided by former CPO, Mohamed El Eraky, as well as a consultant, who were both part of the strategy preparation teams.

reforms have only recently begun[220] and, in order to continue support of rural finance lending, IFAD shifted to working with new financial partners. The 2012 COSOP included the SFD and the Agriculture Research and Development Fund (current ADP), as "IFAD's main partners in rural finance".[221] It is noted that while SFD is a primary partner for IFAD, it is also managing lending funds from a number of other donors including the World Bank, and therefore IFAD has not been in a particularly influential position. In addition, there is no coordination among funders using SFD to wholesale lending. The ADP is still undergoing a structural reform to enhance its capacities to manage donor funding, but again IFAD is not involved in the process.

> Under the 2006 COSOP, IFAD successfully used grant funding to initiate new partnerships with commercial banks. A regional grant to ACCION (USA), funded by IFAD (2005 - 2007), engaged nine retail banks in a dialogue on microfinance in Egypt and within 18 months of the dialogue two of the banks decided to enter into microfinance, the Commercial International Bank and the Bank of Alexandria. Today, the Commercial International Bank is the agent bank for ADP in IFAD projects and a recently launched rural finance study is expected to provide valuable market insight and contribute to the dialogue on rural finance.
>
> *"Engaging Commercial Banks in Rural Finance in Algeria, Egypt, Jordan and Morocco"* 2005-2007 for US$175,000 total grant amount with IFAD funding 100 per cent.

254. In the water sector, engagement on the issue of WUAs remained at operational level. The 2006 COSOP identified water scarcity at the point of end users as an issue to be tackled through improved irrigation systems management, including support of participatory irrigation management, WUA establishment, district level water boards, and policy dialogue on participatory irrigation management. The 2012 COSOP recognized these issues as key for policy engagement with the aim to introduce new legislation to regulate ground water use. OFIDO was expected to address these issues but the agenda has not advanced mainly because IFAD has not succeeded in establishing a direct and effective partnership with MWRI. Without a direct partnership with MWRI IFAD will not be able to influence policy issues within the water sector. For the time being, the dialogue is mainly concerned with resolving implementation bottlenecks in OFIDO, for example the adoption of transparent and competitive procurement methods.[222]

255. In the new lands, IFAD has supported successful "models" for integrated community development to inform Government's agenda on new settlements. Expansion of agricultural land and settlements into the new lands are on the top of the Governments agenda and were included in the SADS (2009) and the SDS Egypt's vision 2030 (2015). The national flagship programme on 1.5 million *feddans*, launched in December 2015, is part of this agenda. The project will expand Egypt's agricultural land by 20 per cent, from 8 million to 9.5 million *feddans*, according to authorities. This mega project is exclusively driven by the Government, without donor support. IFAD did, however, provide support to communities which were recently settled in the new lands. As such, WNRDP became a successful model that was used as a vehicle for dialogue and replication in support of the Government agenda.

[220] Under a new chairman, PBDAC is currently undergoing a structural reform but with no IFAD influence. In November 2016, the government passed a law replacing the Principal Bank for Development & Agricultural Credit (PBDAC), which was founded in the 1930s, with the new Egyptian Agricultural Bank (EAB). The new legal changes will allow the bank to get grants and financial aids from regional and international organization, by placing it under the authority of the Egyptian Central bank, and no more under the Ministry of Agriculture.
[221] COSOP 2012, para. 18.
[222] In the beginning, OFIDO used the procurement method usually applied by Government for public works (force account) which was blamed for delays and poor quality of construction. In 2016 it was agreed that OFIDO will use competitive tendering for works in Upper Egypt.

256. To conclude, policy engagement was placed in a difficult context and under conditions of political instability that had seen, among others, a high turnover of ministers, particularly in MALR and MWRI.[223] Thus, IFAD's policy engagement has been pragmatic and somewhat opportunistic, focusing on issues which directly concern lending operations. IFAD's policy engagement mainly happens through involvement of decision-makers in supervision and implementation support. Probably the most significant achievement during the CSPE period has been the gradual expansion of options for new partners in the rural finance sector and the shift away from PBDAC. Without significant increases gains in terms of leverage or results, policy engagement is rated moderately unsatisfactory (3).

D. Grants

257. **Grants strategy and focus.** NEN strategy on grants have followed the Revised IFAD Policy for Grant Financing (2009), which delegated responsibility for managing grant programmes to the division. Since 2010, each division identified the strategic themes for grants within their divisional strategic work plan, which were then integrated into the IFAD corporate strategic work plan.[224]

258. Over the CSPE period, Egypt benefited from 34 grants that involved IFAD, for US$33.7 million. This does not include the loan-component grants. Only one grant was country-specific, with a value of US$467,329, and it did not include a financial contribution from IFAD. For the regional grants, Egypt was only one of a number of benefiting countries, which in some cases involved as many as 24 countries. For most of the regional grants it is difficult to establish the benefits or results for one country, in this case Egypt.[225] IFAD did not finance 18 of the 39 grants but instead provided technical support, which in some cases included acting as a conduit for the funds.[226]

259. The grants were broadly aligned with the various COSOPs that were effective at the time of the grant agreements. Grants targeted areas that were of relevance to the country context, which included climate change and natural resource management, access to markets, rural finance and knowledge sharing networks. For the CSPE period, the majority of grants (14) supported the sustainable use of natural resources and enhanced capacity to adapt to climate change. Despite the explicit intention of the 2006 COSOP, grants have not been adequately used by IFAD to promote gender issues or narrow the gender gap**.**

260. **Benefiting organizations.** Grants have mainly benefited international research institutions. By far the largest beneficiary was ICARDA, a Consultative Group on International Agricultural Research consortium member headquartered in Beirut, Lebanon. Thirteen grants constituting 27 per cent of the grants portfolio (with a value of around US$12.5 million including IFAD financing US$1 million) were given to ICARDA. ICARDA is conducting research for development in the world's dry areas on global themes that include climate change adaptation, women's empowerment, enhancing water and land productivity and crop improvement. Other grants on agro-systems and natural resource management research were given to the Consultative Group on International Agricultural Research institutes

[223] Since 2009, there have been seven ministers of water resources and irrigation and six ministers of International cooperation, according to official website.
[224] The latest corporate strategic workplan that was available to the CSPE was the 2011 divisional strategic workplan, and it is not clear whether another was issued in the recent years. The divisional strategic workplan provides a description of the NEN grant portfolio, with little details given of the expected outcomes. Four grants, including one country-specific to Egypt were expected to promote innovative approaches, examining their adaptability and scalability within IFAD operations. A large regional grant (allocated to International Food Policy Research Institute) was supposed to explore the linkages between rural development and the vulnerability of local communities to conflict.
[225] In many cases the only documentation available are the grant agreements. Results are poorly documented and in many cases it has not been possible to ascertain if the grants were successfully completed. 9 out of 39 (26 per cent) of the grants listed on GRIPS had no information available for analysis so no conclusions could be drawn for these.
[226] The grant (I.D 2000000172) to International Center for Agricultural Research in Dry Areas (ICARDA) titled "Support for Drylands Systems" 2013-2016 with a budget of US$1,500,000 (and no IFAD financial contribution). It would seem from the documentation that the funds are from the World Bank and channelled through IFAD.

such as the International Centre for Advanced Mediterranean Agronomic Studies, International Food Policy Research Institute and the International Water Management Institute.

261. FAO was another important grantee with four grants received during the evaluation period. Cooperation with these institutions is explicitly recommended by the 2012 COSOP. The choice of these grantees is justified by their technical expertise, their regional and country presence and the long standing partnerships they have with IFAD. While IFAD, since revising its grant policy in 2009, has made the process more competitive for global and regional grants, there is no sign that it has significantly affected the composition of grantees. However, new grantees have entered the portfolio and sizeable grants were given to Oxfam Italy, for example.

262. **Country-specific grant.** The one and only country-specific grant titled "Climate Change Risk Management in Egypt" was funded by the Spanish Government through the Millennium Development Goals Achievement Fund from 2008 to 2013[227] with no financial input from IFAD. Though the project did not align with the strategic thrusts of the 2006 COSOP objectives, it falls within the following COSOPs (2012) strategic objective (SO2). This country-specific grant has suffered from insufficient capacities and resources for coordination and follow-up at country level. Insufficient capacity or research uptake and dissemination at MALR have undermined the wider application and use of research findings within the agriculture sector. Feedback from the main implementing partner, Central Laboratory for Agriculture Climate, confirmed that no activities were held after project completion to ensure sustainability.[228]

263. **Relevant issues.** The regional approach to grants management meant that although relevant issues were taken up by the grants portfolio, they were often not translated into concrete action or follow up at country level, nor did they make a significant impact on national policy processes.

264. For example, the 2006 COSOP specifically highlights the need to use the grant mechanism to raise the profile of gender issues with IFAD's partners" [229] Yet, the only grant specifically focusing on gender was a regional grant titled "IFAD Programme of Action to Reach Rural Women in the NEN Region", which in Egypt, benefited two projects (EDNASP, SRDP) under the "Gender Empowerment Programme" (2003-2006). In EDNASP, the programme supported the creation of 330 jobs (rabbit batteries) and training on sewing for 300 women together with the distribution of 75 sewing machines.[230] In SRDP the grant provided approximately 18,000 women with ID cards, which are a precondition for improved access to services and for mobility, and involved around 850 women in awareness raising programmes about their legal and civil rights, health, and the environment."[231] This positive example was not followed up in later projects.

265. Another example is the grant given to Plan International to scale up IFAD Rural Youth Employment Interventions in the NEN Region.[232] Activities with Plan International in Upper Egypt were expected to pilot village savings and loan associations as vehicles for youth financial services, with the aim of expanding and encouraging rural youth's understanding of, access to, and use of financial services. However, to date, the solutions promoted by the grants were not scaled up in IFAD projects, such as PRIME, and the grant had limited linkages with the IFAD country portfolio.

[227] The grant started in 2008 for three years. Then, following the MTR in June-September 2010, a one-year no-cost extension was approved extending the JP to October 2011. Finally, after the revolution of January 2011, a new extension request was granted to extend the JP to April 15, 2013.
[228] Interview with Mohamed Ali Fahmy, Deputy Director, Central Laboratory for Agriculture Climate, 18/10/2016.
[229] COSOP 2006.
[230] EDNASP ICR p.12.
[231] Grant Completion Report from the Sohag Rural Development Project, 2006.
[232] Scaling up of IFAD Rural Youth Employment Interventions in the NENA Region (2012-2016) for Making Cents International, worth US$6,280,000 with IFAD funding US$2,500,000.

266. Grants were used to finance market access related activities, mainly through conducting studies and analysis to improve marketing potential of selected products, but linkages with IFAD portfolio remain weak. Two grants worth US$200,000 each were earmarked for ICARDA between 2006-2010 to analyse commodity chains for selected horticultural exports and medicinal and aromatic plants in the NEN region. A further grant benefited Oxfam Italy is ongoing, and there is no evidence on its results yet.

267. **Uptake of results.** There are very few concrete examples where innovations developed with grant support were applied or disseminated in lending operations. Although the grants, and in particular those for research on climate change, agro-systems and natural resource management, have developed relevant new practices and techniques (for example the introduction of stress tolerant crop varieties, and the development of drought and salinity resistant cultivars for use in marginal lands), it is difficult to detect any tangible linkages with loan portfolio.

268. The portfolio includes one grant to ICARDA which demonstrably has benefited the loan portfolio.[233] In Egypt the project promoted and demonstrated integrated pest management techniques to fight foliar diseases, insect pests, weeds, and parasitic weeds common in the region. The main innovation comes from the raised-bed planting technology to conserve water resources. The innovation is already adopted by UERDP and, according to the ICO self-assessment, they are in the process of using the raised-bed technique in SAIL.

269. There is one case where a grant helped to move the agenda forward in areas of strategic importance for IFAD. The grant to ACCION (USA)[234] to engage commercial banks in rural finance in Egypt was fully aligned with the 2006 COSOP strategic focus on private-sector development and rural finance. From the lessons learned note (2009) and the completion report it was noted that the intervention was most successful in Egypt which had the most enabling environment. In Egypt the project engaged nine retail banks in a dialogue on microfinance and within 18 months of the dialogue two banks decided to enter into microfinance: the Commercial International Bank and the Bank of Alexandria.

270. In other cases, grants were used to prepare, publish and disseminate the proceedings of international and regional conferences focusing on sustainable use of natural resources, seeking to tackle the problems associated with increased water scarcity and climate change adaptation.[235] These events have contributed to strengthening partnerships and knowledge networks for enhanced sustainable use of natural resources and water security in agricultural development. But while they were supposed to develop and disseminate advanced rural water management practices, capacities and technologies, there is no evidence that these have been scaled up or promoted in Egypt or in the IFAD country portfolio.

271. **Loan-component grants** have not been strategically used. Loan-component grants for recent projects (OFIDO, PRIME, UERDP, SAIL) amount to US$12.6 million. These grants worth between US$1 million and US$1.5 million for each project were not exclusively used for the intended purpose, which is to finance capacity-building or innovations. Instead they were also funding project management activities (such as contractual and consultancy services) which is not

[233] "Enhanced Smallholder Wheat Legume Cropping Systems to Improve Food Security under Changing Climate in the Drylands of West and North Africa" was implemented from 2011 to 2015 by ICARDA in eight countries.
[234] "Engaging Commercial Banks in Rural Finance in Algeria, Egypt, Jordan and Morocco" 2005-2007 for US$$175,000 total grant amount with IFAD funding 100 per cent.
[235] E.G. the Conference on the Governance of Natural Resources in the NENA (Alexandria, 2006), the 6th World Water Forum (Marseille, 2011), the Second Arab Water Forum held (Cairo, 2011), the 9th and 12th International Dryland Development Conference held in Alexandria respectively in November 2008 and August 2016 benefited from IFAD support.

in line with the IFAD grant policy.[236] An additional US$7.8 million (representing 9 per cent of total project costs) were provided by the Adaptation for Smallholder Agriculture Programme to SAIL "to enable smallholders to access the tools and technologies that can help to build their resilience to climate change".[237]

272. **Overall.** Grants have been broadly relevant and aligned to IFAD strategies in the NEN region and, more particularly in Egypt. They funded areas of key importance to the country strategy and thus may have contributed to reaching COSOP objectives. NEN's strategy to manage grants (and knowledge) at regional level meant that there were insufficient capacities and partnerships to follow up on grants at the national level. Overall, while addressing relevant issues, the regional grants did not create effective linkages that would have enabled uptake of findings through local partnerships or loan operations. Mechanisms for lessons learning and scaling up are weak at country level and until now there are few examples where grant funded innovations have been taken up by the loan portfolio. As for the loan-component grants, they are not used to leverage effective capacity-building and innovation.

Key points

- Policy engagement has focused on issues which directly concerned lending operations and mainly happened through supervision and implementation support.
- IFAD would have been in a better position to engage on policy issues if it had more influential interlocutors in key ministries.
- Partnerships with key implementing partners have been good (MALR, SFD).
- The MALR CPMU has provided a reliable entry point into Government, but has also contributed to IFAD's insular position because of its insufficient capacity to convene sector-wide coordination and dialogue.
- Co-funding with the World Bank and IDS were important in the early period, but not followed up.
- IFAD has managed knowledge at regional level, but paid less attention to strengthening Government's role and ownership in KM.
- Lessons were not systematically learned from operations, and some good practices from the past have been lost.
- The grants portfolio focused on relevant issues, but it did not create effective linkages with local partners or operations that would have enabled uptake of results.
- Loan-component grants were not used to leverage effective capacity-building and innovation.

[236] The policy states that "grants could not be used to finance activities that would normally be funded from the administrative budget". Though the policy does not specify which activities would be financed through the administrative budget. See Corporate level evaluation, IFAD policy for grant financing, 2014, P. 6.
[237] SAIL, President's Report, p. 6.

V. Performance of partners

A. IFAD

273. IFAD has successfully maintained a high level of engagement in the agricultural sector even in a changing economic and political environment. It has successfully committed the full PBAS at times where the costs of lending have increased and other major donors (World Bank, African Development Bank) found it difficult to agree loans for the agricultural sector. IFAD's perseverance to some extent was due to its risk-avoiding strategy, building on the close alignment with its main implementing partner (MALR) and on well-tested interventions.

274. **Partnerships.** IFAD has maintained a consistent and strong partnership with its main implementing partner (MALR). The close partnership between IFAD and MALR has served both sides well. MALR values IFAD as its preferred partner in the agricultural sector.[238] IFAD has seen MALR as the main entry point into Government, thus paying less attention to other government partners. IFAD has been responsive to Government's emerging priorities, although at times this has been at the expense of strategic consistency and coherence. Examples of strategic shifts in response to Government requests include Matrouh II and SAIL. Neither project was supported by the focus of the existing country strategy at that time, rather they seem to have responded to a refocus of priorities in the wake of political changes.[239] At the same time, IFAD has missed opportunities to move its own agenda forward. For example, IFAD could have done more to advocate follow up on the positive experiences with community-driven development and the LDF in SRDP. It is not known if opportunities for follow up were missed because of loss of institutional memory (changes of staff, lack of documentation), or if it was because the overall political mood has changed. Stakeholder feedback during this mission indicated that there still is an appetite in Government for greater decentralization which IFAD could have responded to. Yet, IFAD took a highly risk-averse approach to policy engagement, mainly arguing with the lack of suitable financial instruments in its 2012 COSOP.[240]

275. **Design.** A consistent shortcoming of the project designs is that they did not appropriately consider issues of institutional responsibilities and coordination, and that funding for capacity-building has been insufficient. On the other hand, design of rural finance components has improved significantly over the period and this has helped to overcome some of the implementation bottlenecks. The design of recent projects (OFIDO, PRIME) was inadequate with regard to institutional and funding arrangements and the geographic stretch is unrealistic, given the existing implementation capacities. The time taken for project design and start-up was often lengthy, which undermined partner commitment and ownership. For example in the case of PRIME it took two years from conception to design and another two years before the project became effective. SAIL finally seems to have overcome those shortcomings.

276. Given the complexity of the country context, IFAD should have invested more in adequate analysis to inform the design and management of the country programme. For example, the COSOP documentation reveals a rather incomplete understanding of Government policies and the changes within the political economy before and after the revolution.[241] The institutional responsibilities and capacities of

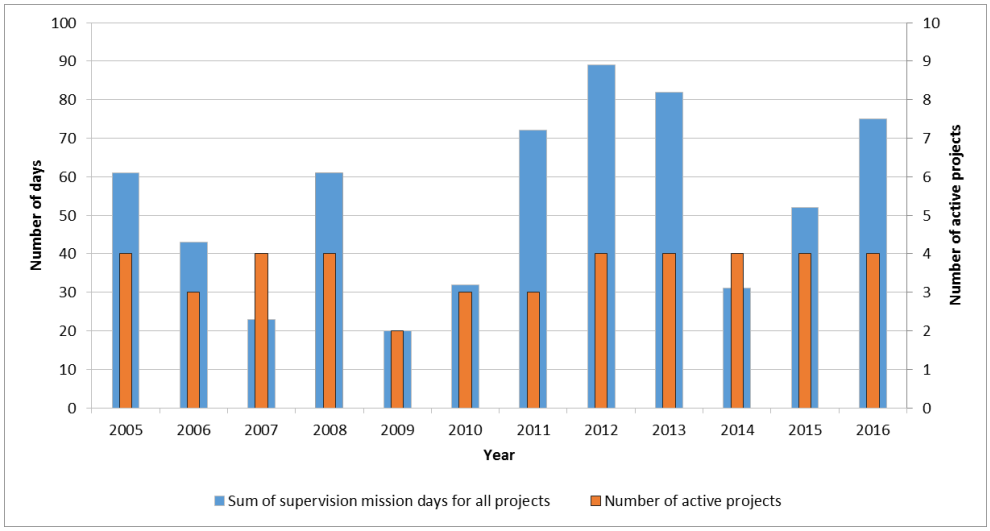
[238] According to feedback from the Minister of MALR.
[239] According to the PPR 2015 the need to refocus on the new lands emerged during the COSOP 2012 MTR. "The MTR mission identified three pipeline projects based on the Government's desire to continue the partnership with IFAD in both the 'old' and the 'new lands'. A large part of the discussion was centred on the new so-called 'Million-Feddan Project' launched by the Egyptian President, which builds on the experience and lessons learned from IFAD-financed projects for income generation and improved food security through land reclamation and boosting agricultural productivity (on-farm irrigation systems)."
[240] The 2011 and 2012 PPRs reported "a more enabling environment for open and transparent policy dialogue" following the 2011 revolution. Yet, the 2012 COSOP noted that opportunities for IFAD are limited.
[241] For example, it includes the PBAS indicators, but no further discussion or analysis (COSOP 2012/2015, table 1).

key government stakeholders involved in the rural sector are not sufficiently understood and addressed in project designs. A major shortcoming has been the unrealistic assessment of key lending partners' institutional capacities (PBDAC, ADP). Although the COSOPs include some poverty analysis, this was not sufficient to unpack key issues of structural poverty (e.g. land poverty) and address the socio-economic differentiation with the vast stretch of programme regions, and it has not been updated to inform the MTR and the resulting changes.

277. Gender continues to be a blind spot within the country programme. After some good initiatives in the early projects (EDNASP, SRDP, APIP) and the strong commitments expressed by the 2006 COSOP, the recent COSOP did not follow up adequately. As a result gender is not consistently addressed in the ongoing portfolio.

278. **Project supervision.** IFAD's participation in the earlier cofinanced projects was not regular. The frequency and time spent on supervision has increased since 2005, but not all projects have received yearly supervision. Implementation support has focused on problem projects (PRIME, OFIDO), but is still deemed insufficient, according to feedback from Government partners during the CSPE mission. Furthermore, the total number of days dedicated to supervision increased since 2011, at times reaching nearly 90 days in a year (figure 13). While so much effort was taken to supervise what is a large portfolio, it took time away from equally important engagement in non-lending activities. The expertise represented in supervisions was relevant, as it covered important technical areas, in particular rural finance, that were continuously covered over a longer period of time. Participation of staff and experts in supervision shows some continuity, which also enabled moving forward on partner relationships and agreements on important strategic and policy issues, for example rural finance. A major oversight was that none of the supervision included expertise on rural institutions and gender.

Figure 13
Sum of days dedicated to supervision across all projects and number of active projects per year



Source: IFAD GRIPS (retrieved January 28th 2017); EDNASP Supervision mission 6, WNRDP Implementation Support or Follow-up Mission 2.

279. Despite the increased role of IFAD in supervision, project performance did not improve in the recent projects compared to the older ones. In this respect the CSPE findings match the Project Status Report ratings (annex VII, table 6.1), which show consistently higher ratings for older projects (EDNASP, SRDP, WNRDP) compared to recent ones (UERDP, OFIDO, PRIME). While the quality of supervision reports was generally good, follow-up on recommendations was slow and insufficient at times. In WNRDP and UERDP there was a notable lack of follow up by supervisions on previous mission recommendations. Progress was slow to address the large number of the recommendations in UERDP and OFIDO. In UERDP, there

were also several instances where recommendations were misunderstood and rejected by the PMU.[242] Also, at times recommendations seemed over-ambitious with regard to resolving issues of institutional performance, for example with regard to PBDAC in WNRDP and the working relationships between MALR and MWRI in OFIDO.

280. No-objection clauses seem to have been effectively used to enforce compliance of fiduciary responsibility, and have not been used by IFAD in the portfolio. Supervision mission reports indicate that the reference to these clauses have been used to push along improvements in the quality and timeliness of annual work plans and budgets (AWPBs) and procurement procedures in WNRDP and OFIDO, and in submitting baseline reports and final impact assessments in UERDP.

281. **Non-lending activities.** Many non-lending activities have taken place over the period, but few of them have benefited the country portfolio. IFAD main focus was on strengthening regional exchange and disseminating positive experiences from loans and grants. IFAD paid less attention to the resources and capacities needed to enable exchange and partnership-building within the country. Also, there was no attempt to link knowledge from operations, M&E and grants within a coherent approach at country level. This has greatly undermined the ability of the country programme to document experiences and learn from successes and failures.

282. **ICO.** IFAD's country presence has created more opportunities to interact with partners, although this engagement has not been consistent over the entire period of time. During the first half of the evaluation period, there were some successful examples of high-level policy engagement, for example IFAD's contribution to the ASDS 2030 (2009), while in the second half, more emphasis seems to have been placed on implementation support. IFAD engaged a Country Presence Manager in 2005, who had some involvement in non-lending activities, less in supervision. With the recruitment of the Country Programme Officer in 2010, the involvement in project implementation issues increased substantially. The country presence was still inadequate to enable IFAD to proactively respond to the frequent changes in Government.[243] The CPM was finally out-posted in the beginning of 2016. The ICO was first hosted by the United Nations Development Programme (since 2008) and then FAO (since 2015). The move has brought it physically closer to its key partners (MALR), but the partnership with FAO is yet to develop beyond this logistical arrangement.

283. The overall effectiveness of the ICO continues to be severely constrained by limited staff and financial resources.[244] Currently, most of the staff time is spent on implementation and coordination issues. There is insufficient time left over for partnership-building and policy engagement. Participation in donor coordination and United Nations Development Assistance Framework meetings has been limited so far and partners met during the CSPE mission univocally expressed their expectations for greater IFAD presence and engagement. Stakeholder discussions and ICO feedback reported that while the mandate of the ICO is clear, the division of responsibilities in non-lending activities, particularly KM between headquarter and ICO are not sufficiently understood. Insufficient record-keeping and involvement in M&E is a point of concern because it undermines the ICO's ability to effectively manage the country portfolio.

[242] See UERDP Supervision Mission, appendix 4 and Supervision Mission 2015, para. 9.
[243] Examples of these changes are reported in the PPR:(PPR 2013/2014) Frequent changes in Government priorities and projects' management structure; resulted in low disbursement rates. (PPR 2014, p. 13) in July 2013 the sudden change of Government in Egypt actually facilitated the ratification of the OFIDO project as the new administration was more familiar with the IFAD portfolio than the previous one.
[244] According to FSU data, between 2008-2010 the ICO budget had over US$100,000 per year. This descended to just under US$16,000 per year between 2014-2015. According to IFAD Human Resources Division data, between 2011-2013 there was a CPO and CPA. Between 2013-2016 there has only been a CPO. The CPO post is vacant as of January 2017.

284. **Overall.** IFAD's close partnership with its main implementing partner and reliance on well-tested approaches has supported continuity and focus. But it has also led IFAD to miss opportunities for moving its own agenda forward. The quality of project design varied and supervision was not regular, although both have improved more recently. Yet there were some persistent design flaws, like the insufficient consideration of institutional issues, gender and capacity-building. Also, attention to non-lending activities was insufficient at country level. IFAD performance is rated moderately unsatisfactory (3).

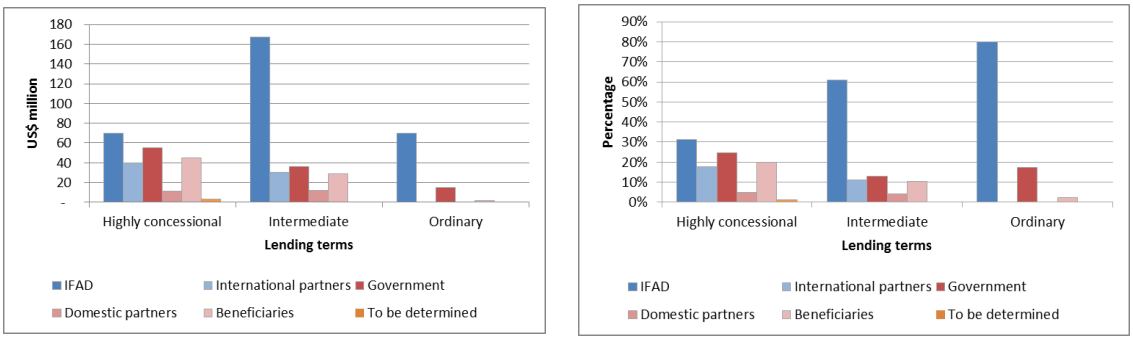
B. Government

285. Government views IFAD as an important development partner in the agricultural sector and therefore played a strong role in the conception and implementation of the lending operations. Yet in situations of economic downturns and political changes Government struggled to maintain its contributions at satisfactory levels.

286. **Ownership.** MALR has been IFAD's main partner in the preparation and implementation of loan operations. Several of the projects conceived directly responded to MALR requests. However, due to the frequent changes in MALR leadership and without an effective mechanism for sector-wide coordination, the commitment was at times not sustained and above all was not sufficient to generate broad-based Government ownership for IFAD-supported operations. Government's interest in projects was selective and this has limited the ability of the programme to scale up good practices and results. While results from some projects, such as WNRDP, received a lot of attention, others, for example APIP and SRDP, were not adequately considered and disseminated.

287. **Counterpart funding.** Under highly concessional terms, Government had committed far more resources into projects in both relative (24.5 per cent of total project budgets) and absolute terms (US$55.1 million). Most financing went to rural infrastructure (SRDP), irrigation infrastructure (EDNASP) and technology transfer (APIP). In comparison, intermediate term projects had government fund 13.1 per cent of total project budgets (representing US$36.1 million). These were primarily spent on management and coordination (WNRDP, UERDP, OFIDO, PRIME) and irrigation infrastructure (OFIDO). SAIL, being the only ordinary term project, saw its proportion of government funding in relation to total project costs increase to 17.5 per cent (US$15.2 million), with most funding dedicated to management and coordination, and rural infrastructure. The increase is in part also due to a change in Government's approach to funding settlement projects, and a willingness finance infrastructure activities.

Figure 14
Absolute and proportional funding per financier per overall lending term

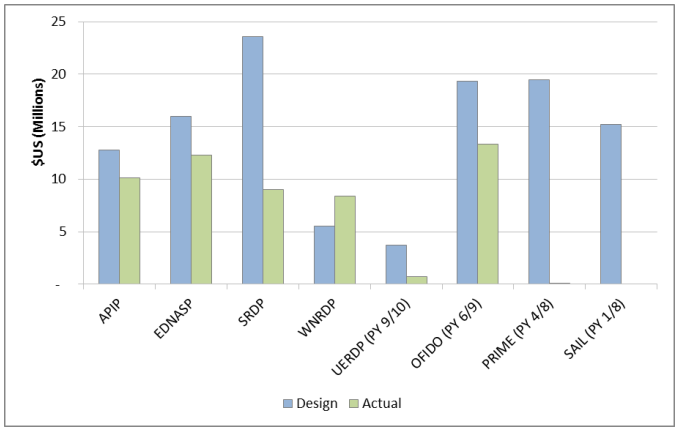


Source: IFAD GRIPS.

288. Government's actual contributions have been lower than projected at design in all projects with the exception of WNRDP. One reason for this may be the high inflation rate (on average 10 per cent based on World Bank indicators) throughout the evaluation period which could increase procurement costs. Another factor over

the past five years was the slow but continuous depreciation of the Egyptian Pound,[245] which increased the cost of the Government's commitments made in United States dollars, which include the procurement of taxable goods, and staff salaries and bonuses. The SRDP completion reports (from IFAD and the World Bank) have rated government's performance in SRDP as unsatisfactory and cited this as the main reason for the project's overall poor performance. Government tends to allocate more counterpart funding to areas which are of strategic priority, for example new settlements and irrigation. Thus counterpart funding has been high, for example for OFIDO, while in UERDP is has been unsatisfactory.[246]

Figure 15
Design and actual counterpart funding across the Egypt portfolio



Note: SRDP PCR does not break down national government and domestic institution and beneficiary contributions. The report states that the government contributed about US$9 million.
Source: APIP PCR annex IV B; EDNASP President's report, table 2, p. 8; EDNASP PCR, table 5, p. 12; SRDP President's Report; SRDP PCR; WNRDP PCR table 3; UERDP Supervision Mission December 2015 (appendix 5 table 5A); OFIDO Supervision Mission October 2016 (appendix 5 table 5B2); PRIME Supervision Mission November 2015 (appendix 5, table 5B).

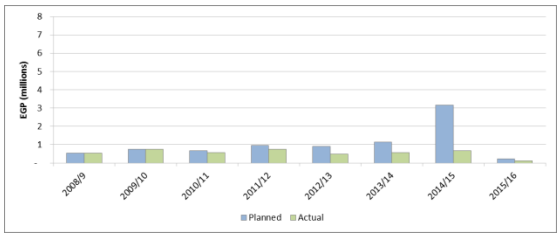
289. Disbursement of counterpart funding was often late, affecting project implementation. The examples of UERDP and PRIME show that funding was lagging behind AWPB planning. In UERDP counterpart funding flows were within the AWPB expectations early on in the project, but starting from 2011, the actual flows did not reach allocations. These shortfalls had impacts on recurring expenses, as seen in non-payment of staff allowances. While PRIME is still early in its implementation, similar counterpart funding shortfalls have been observed. WNRDP presents a positive exception. Counterpart funding was low towards the beginning of the project, but then increased substantially in the middle and towards the end of the project lifetime.

[245] https://treasury.un.org/operationalrates/OperationalRates.php accessed 24 May 2016.
[246] In UERDP, Government seems to also consider that it will decrease its share of funding (UERDP self-assessment) in a project that has seen the least government contribution in the portfolio (X1X1figure 12), though as a share of design cost still sits just below the portfolio average of 20 per cent (figure 13). In this regard annual Project Status Reviews (PSRs) for UERDP had rated the project unsatisfactory between 2013 and 2014.

Figure 16

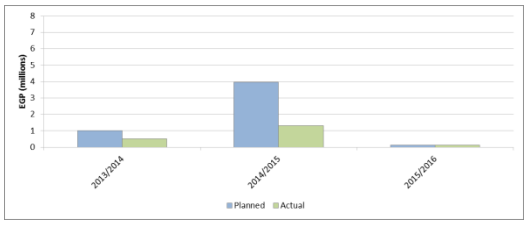
Planned and actual counterpart contribution flow of funds in UERDP and PRIME

UERDP



Source: UERDP NPCU finance office

PRIME



Source: PRIME NPCU finance office

290. **PMUs.** Overall, the PMUs were insufficiently staffed and suffered from frequent turnover (e.g. EDNASP, SRDP). Among the closed projects, only the PMU of WNRDP has reportedly performed well,[247] but it was also heavily overstaffed. Under UERDP and PRIME, coordination through the CPMU relies on part-time staff from MALR, though it remains unclear how the technical staff recruited for the programme management units are selected and if their skills meet the requirements of the assigned positions. While the use of the existing government staff is cost efficient, it is difficult to provide the required expertise and skills for project management, operations and reporting.[248] In OFIDO, the position of project manager was vacant for three years. The core staff of governorate project coordination unit was also recruited late.[249] The time required for processing Government contributions has negatively affected the payment of salaries of staff in UERDP, OFIDO and PRIME, undermining staff morale and motivation.[250]

291. **Fiduciary responsibilities.** Government fully complied with loan agreements and loan conditions in the closed projects, with the exception of EDNASP, where non-compliance with the loan agreement led to loan disbursement suspension in 2005. The ongoing projects had problems in providing their AWPB and procurement plans in a timely manner.[251] Furthermore, UERDP did not establish an information management system in time. In PRIME provision of financial reports and counterpart contributions was late. The quality and timeliness of external audits were acceptable in general. Timeliness of audits had been an issue in UERDP and OFIDO. UERDP audits identified weaknesses in internal controls of contracted institutions.[252] In OFIDO, the 2011/12 audit did not fully meet IFAD standards.[253]

292. **Procurement.** Procurement was in line with national and IFAD guidelines for the recent projects, where rural finance components were implemented by SFD (UERDP, PRIME).[254] OFIDO witnessed changes in its procurement procedures given its mix of infrastructure and community development investments. In OFIDO, various issues were noted with regard to procurement.[255] In 2014, procurement guidelines were not followed in an attempt to save on costs and the quality of works procured through force account was noted as poor.[256] By 2016, less than 50 per cent of the transactions in the procurement plan had been processed,

[247] According to PPR 2014/2015.
[248] UERDP May 2013 supervision, para. 29.
[249] OFIDO supervision mission July 2013, para. 43-46.
[250] UERDP supervision mission December 2015, para. 67; PRIME supervision mission November 2015 para. 65; OFIDO supervision mission October 2016, para. 76.
[251] UERDP supervision mission May 2010, appendix 4; OFIDO supervision mission July 2013 appendix 6; PRIME supervision mission November 2015, para. 66.
[252] UERDP supervision mission 2010.
[253] OFIDO supervision mission July 2013, para. 65.
[254] UERDP supervision mission May 2014, para. 51.
[255] OFIDO supervision mission August 2012, para. 53-56.
[256] OFIDO supervision mission June 2013, para. 16-21.

mainly caused by the low performance of some contractors under *mesqa* improvements.[257] After changing the procurement method to competitive tender, the quality of the construction has improved significantly in Upper Egypt, as observed by the CSPE mission in Luxor.

293. **M&E** has suffered from institutional weaknesses in the closed projects and it continues to be weak in the ongoing projects. Most projects conducted impact studies, but often without a baseline which limited the robustness of the findings (EDNASP, SRDP). Data quality was insufficient or documents were lost for EDNASP and SRDP.[258] In WNRDP, considerable effort went into establishing a robust M&E system, including a baseline study, several RIMS surveys, and an impact survey, but there were methodological issues in the impact study which had limited its utility. A common weakness was the over-focus of the project M&E systems on outputs and upward accountability, with overall control and use of M&E data residing within the central PMU. M&E mechanisms which had not performed in the earlier projects were replicated in UERDP and PRIME, with no visible learning or improvement over time. Information flows upwards, with limited use for consultation or decision-making at programme management unit level.[259] There is little coordination and harmonization of M&E reporting across multiple implementation partners (SFD and ADP).[260] OFIDO's M&E is performing better, with proper record-keeping and timely reporting, regular monitoring and follow up field visits, mainly because of the recruitment of professional M&E staff.

294. **Domestic lending partners.** A substantial share of IFAD loans was disbursed through SLAs with domestic lending partners. PBDAC has a long history of working with IFAD, but its overall performance was unsatisfactory. In APIP it provided regular counterpart funding and achieved a satisfactory outreach. PBDAC's collateral requirements became a limiting factor under EDNASP. It's refusal to on-lend to CDAs due to banking regulations limited outreach in SRPD.[261] In WNRDP the overall performance of PBDAC was characterized by onerous requirements, delays, poor follow-up on repayment and was unsatisfactory.[262]

295. SFD has proven to have good capacity for monitoring its credit activities and in providing CDAs training to comply with banking regulation requirements. In UERDP, SFD has been a relatively effective partner - 68 per cent of allocated funds have been disbursed and a strategy to accelerate the remaining funds has been accepted. UERDP has introduced microfinance and capacity-building and training activities for CDAs were well delivered by SEDO/SFD personnel.[263] SFD continued performing well in OFIDO, where it showed strong capacity to reach target beneficiaries at both the SME and micro-lending levels. In PRIME, SFD has proven to be a valid partner wholesale lending to banks (on-lending primarily to SMEs), and to CDAs/NGOs (on-lending primarily to micro entrepreneurs).

296. **Overall.** Government counterpart funding was lower than projected and often delayed, affecting project implementation, and the PMUs were insufficiently staffed and capacitated. Fiduciary responsibilities were generally followed. M&E systems were functional, but weak in terms of data quality and consistency, and data were insufficiently used for decision-making and learning. Government performance was moderately unsatisfactory (3).

[257] OFIDO supervision mission October 2016, para. 89.
[258] EDNASP ICR, p. 5-7.
[259] Conversations with Governorate M&E officers during CSPE mission.
[260] UERDP supervision mission May 2010 para. 31. The project level PMUs have little understanding of the rural finance component and the implementation and monitoring are managed through third party financial institutions with SFD in a dominant position. As recommended in the Analysis Report of Rural Finance Sept 2015, placing a PCU rural finance expert (champion) internally at SFD with a mandate to support, advise and monitor rural finance components across projects could improve the synergies between components and improve monitoring.
[261] SRDP ICR, footnote 15.
[262] WNRDP PPE, para. 80.
[263] MIIC draft UERDP evaluation report, Oct. 2016.

Key points

- IFAD's close partnership with its main implementing partner and reliance on well-tested approaches has supported continuity and focus. But it has also led to missed opportunities to move its own agenda forward.
- The quality of project design varied and supervision was not regular. There were some persistent design flaws, like the insufficient consideration of institutional issues, gender and capacity-building.
- Attention to non-lending activities was insufficient at country level.
- Government counterpart funding was lower than projected and often delayed.
- PMUs were insufficiently staffed and capacitated.
- Fiduciary responsibilities were generally followed.
- M&E data were insufficiently used for decision-making and learning.

VI. Synthesis of country programme and strategy performance

A. Relevance

297. **Policy alignment.** The COSOPs' alignment with key policy documents was partial and selective. Furthermore, the strategic delink became more obvious during the second half of the review period.

298. The 2006 COSOP reflected a strong alignment with the agricultural strategy at that time (ADS 2003-2017). The main strategic thrusts of the COSOPs addressed the four strategic thrusts of ADS (2003-2017): efficient and environmentally sustainable management of land and water, market development and promotion of the private sector, better involvement of rural women in the development process, and more responsive agricultural institutions through reforms. Furthermore, the COSOP envisaged supporting decentralization through capacity-building at governorate and lower level, building the experiences from SRDP, and to strengthening local and producer organizations. These strategic priorities are well reflected in the two projects designed under this COSOP. UERDP, in particular through its focus on water-efficient farming systems, agricultural marketing and rural finance for SMEs. OFIDO also addresses the call for more efficient use of land and water resources and market-oriented agricultural production. Both projects underline the greater focus on Upper Egypt, although OFIDO continues to target areas in Lower Egypt.

299. The following the 2012 COSOP reveals a partial policy delink, probably as a result of the uncertain political situation at that time. It was prepared during the SADS (2009-2030). The second COSOP objective – pro-poor sustainable use of resources – is aligned with the first strategic objective of the SADS (2009-2030) on sustainable use of natural resources. The first COSOP objective - strengthening technical skills and organizational capacity of poor rural men and women – is to an extent in line with the SADS (2009-2030) focus on agricultural extension, although there is no reference to ongoing reforms or programmes. The SADS (2009-2030) expressed a strong commitment to reforming rural institutions, including agricultural cooperatives, voluntary farmers associations and decentralised water management. But the 2012 COSOP does not refer explicitly to any ongoing reform processes although it includes "strengthening organizational capacity of poor farmers" as an objective. Strategic priorities such as food security and strengthening the role of women in agriculture are not specifically addressed in the 2012 COSOP, although they are referred to as "development objectives" in the executive summary.

300. This partial alignment has not been corrected by the 2015 COSOP update. The document still refers to the SADS (2009-2030), but it did not attempt to either better address areas that had received less attention in the 2012 COSOP, not did it sharpen its strategic focus on areas that were insufficiently addressed during the first part of the COSOP. Instead it confirms the return to supporting settlements in the new lands, which an important element included in the SADS (2009-2030). The projects conceived under the 2012/2015 COSOPs reflect this selective alignment. PRIME mainly addresses the SADS (2009-2030) objective of strengthening agricultural competitiveness in local and international markets, SAIL emphases on increasing production in the new lands. If counterpart funding is a proxy for Government ownership and commitment (see section on Government performance), this has dwindled substantially over the review period, and was particularly low for UERDP and PRIME.

301. Reference to other key documents or sector strategies is incomplete in the COSOPs, even where they were aligned. For example, the COSOPs implicitly also supported the objectives of the National Water Resources Plan (NWRP, 1997-2017) to improve the efficient use of water resources, water productivity and protection of water resources. The Integrated Water Resources Plan (2005) is a relevant

document that foresees some far reaching reforms within the water sector, including the institutionalization of WUAs and water boards. Yet it has not been referred to at any point. While the 2006 COSOP includes reference to the Vision 2017 (see appendix VIII), a major gap in the 2015 COSOP update is the missing link with the Government's Vision 2030, which was under preparation at the time of the COSOP revision.

302. **Strategic shifts.** Within the overall picture of continuity and focus, there were some marked shifts and diversions. First, there was a marked shift towards improved poverty focus during the first part of the period. The 2006 COSOP responded to the CPE recommendations and placed a clear geographic focus on the poorest governorates in Upper Egypt while at the same time committing to phase out engagement in Lower Egypt. The strategic shift resulted in the design of the UERDP, which targeted farmers in two very poor governorates. The project was successful in building on the farming systems approach of the earlier APIP. The project did not tackle issues of structural poverty, in particular limited access to land, markets and employment.

303. Second, there was a gradual reversal of this shift and an attempt of working at a larger scale. The approach taken by the following two projects (PRIME, OFIDO), was no longer aligned to the 2016 COSOP. They addressed selected poverty issues, such as access to markets and irrigation, through broader interventions covering both Upper and Lower Egypt. Both projects did not integrate important lessons learned in earlier interventions, they were ambitious in terms of their geographic scale, and they were poorly designed, in particular with regard to the institutional framework, capacities and partnerships they would have required to implement a more complex approach.

304. Third, there was renewed support to settlements in the new lands. The decision to design a new project in support of Government's settlement programme was taken during the COSOP MTR (2015). It is not justified in the COSOP though or supported by an adequate poverty analysis. The project responds to a Government's request and is intended to scale up the comprehensive community development model developed in WNRDP. With SAIL, it seems IFAD has returned back to its comfort zone. Yet, this will be the last of its kind covering pockets of smallholdings within the new lands and it is unlikely that there will be any further support from IFAD required after this project.

305. **Strategic coherence.** The two-track process which the portfolio followed since its beginning, focusing on new lands and old lands respectively, meant that although it was relevant it somehow lacked internal coherence. None of the COSOPs aimed at creating a coherent programme with proposed linkages between new lands and old lands approaches and experiences. Rather they were followed through in separation. The COSOP objectives though concealed rather than reflected the distinctiveness of the two approaches followed. There were no specific objectives or targets for either new lands or old lands. In a similar way, the differences between the poverty conditions in the different regions (Lower, Middle and Upper Egypt) were not explicitly addressed through targeted strategies. While this seems to suggest a coherent COSOP programme, it did in fact blur the specificities of the poverty situations and the approaches it would have required to address them.

306. This is in contrast to the Government's attempt to specifically target regional differences. For example, the SADS 2030 presents an attempt to better address regional differences within Egypt through targeted approaches to agricultural development. For example, the document recommends strategies to increase productivity and food security in Upper Egypt in the absence of strong market linkages, while for the Delta regions it envisages a greater role of larger private-sector companies in production and marketing.

> "In spite of the differences between the different regions in natural resources and climatic conditions, these differences have not been taken into consideration in policies regulating the use of land and water resources, as well as fertilizer application policies for the different crops, marketing policies and policies for localizing agricultural technology." (ASDS 2030, p. 129)

307. The country strategy did not adequately address the differences between Upper and Lower Egypt, for example in terms of the poverty situation, and holding sizes and water availability, market access and others that that need to be addressed through flexible design and management. For example, the small land holdings in Upper Egypt require customized solutions for on-farm irrigation technologies (OFIDO). Another example is the CDAs providing microloans, which are far more common in Upper Egypt.[264] Social and cultural norms also differ considerably between the regions and even between villages, which among others defines women's access to resources or public spaces. While it may be acceptable in one village to have mixed meetings (for both genders) this may not be culturally acceptable in another village.

308. The rationale for moving towards larger programmes covering both Upper and Lower Egypt is not explained in the COSOP documents. The shift from a concentrated approach to a wider geographic coverage within the same project is neither explained nor justified in the 2012/2015 COSOPs. While the older projects (SRDP, WNRDP) followed a concentrated approach, supporting a wide range of activities within a smaller area and over a longer period, the recent projects (e.g. OFIDO and PRIME) focus on fewer interventions (irrigation, marketing) spreading over a larger geographic area in Upper and Lower Egypt. The review of project experiences shows that projects delivering comprehensive support within a smaller geographic area (e.g. WNRDP) or a focused technical approach in a larger area (APIP) were more effective. A major bottleneck for larger and more complex projects is the challenge this creates for institutional coordination. Those are not sufficiently recognized in the COSOP.

309. The move from smaller to larger projects could, in principle, have opened opportunities to engage with a larger number of stakeholders and exchange experiences across interventions and governorates. Instead, it created problems of coordinating implementing partners at different levels, who in turn demonstrated limited flexibility to adapt to new contexts and local realities. Given the characteristics and challenges of the portfolio, IFAD could have instead used a programmatic approach that would have enabled continued support in selected thematic areas and greater flexibility to adapt to and engage with different partners.

310. The poverty analysis included in the COSOPs was not consistently used to inform major strategic shifts or developments. The 2006 COSOP includes a poverty analysis, drawing from the 1999/2000 household budget survey which leads it to conclude that the causes of poverty in rural areas are the very small land holdings, low levels of growth and productivity and the lack of alternative employment opportunities due to limited development opportunities for SMEs and lack of appropriate microfinance systems. Although the analysis picked up important structural poverty issues, it did not lead the COSOP to address them through specific strategies, for example for marginal farmers.

311. The 2012 COSOP includes a detailed poverty analysis (appendix IV) indicating regional poverty differences, causes and trends. The analysis provides the basis for IFAD's targeting strategy and focus on governorates with a high concentration of rural poverty, in particular in Upper Egypt. The 2015 COSOP did not revise or update this poverty analysis. It uses the same set of poverty data to conclude that

[264] For example, in Beni Suef and Qena 51% and 67% of the villages surveyed have associations that provide micro loans among while associations exist in less than 10% of the villages in Sharkia in Lower Egypt. According to the CAPMAS rural survey (2015).

IFAD should continue working in both old and new lands since Beheira and Kafr el Sheikh are also among the poorer governorates.[265] However, CAPMAS poverty data that must have been available at the time of the COSOP revision show that poverty rates for Kafr el Sheikh and Beheira were significantly lower compared to governorates in Middle and Lower Egypt.[266]

312. The COSOP documents include some general lessons, but they do not provide an indication that specific lessons had been learned from the past, for example from non-performing projects or contextual issues that had not been sufficiently considered. The 2006 COSOP mainly referred to lessons that were brought up through the 2004 CPE. The 2012 COSOP includes general insights or suggestions rather than specific lessons which the 2015 COSOP further expanded, for example, the importance of including beneficiaries in the design of investments, the need to develop capacities, and the importance of focusing on markets. The main purpose of the lessons seems to be forward looking, to provide a justification for the directions of the proposed strategy. A critical review of and systematic learning from closed operations is thus missing in the COSOP documentation.

313. **Strategic positioning.** The COSOPs addressed Government's most pressing needs and funding gaps, albeit in a selective way. This enabled the portfolio to maintain a degree of consistency and focus over a long period. The major strategic shift was towards poorer Upper Egypt. Yet IFAD did not have an effective strategy to address salient poverty issues in Upper Egypt, for example land poverty, food insecurity and low participation of women in production and marketing. At the same time it maintained the strategic option to continue doing what it does well, providing support to integrated community development in Lower Egypt and in the new lands. Thus, there was no documented attempt in the COSOPs to enhance the positioning of IFAD within the country context. They include elements of testing new ground, most obviously with regard to rural finance, but overall IFAD's engagement remains contained within similar partnerships, similar thematic areas and similar performance constraints, without significant gains in strategic leverage or influence.

314. Overall, IFAD's strategy addressed Governments immediate priorities and funding gaps, in particular in the new lands, but overall alignment with Government policies was partial and selective. It mainly focused on aspects of the agricultural strategies, but provided insufficient reference to other applicable strategies and documents. There were some marked strategic shifts over the period, which were not supported by the applicable COSOPs, most notable the renewed support to new lands settlements. IFAD's strategic positioning did not change or improve visibly over the period. The COSOPs were neither comprehensive in their reference to applicable policies or strategies, nor were they coherent in their approach to cover inherently different regions. The underlying poverty and institutional analysis was scant and insufficiently used to justify strategic shifts and focus. Overall COSOP relevance is moderately unsatisfactory (3).

B. Effectiveness

315. **COSOP objectives.** The 2006 COSOP objectives and indicators cover similar areas as the 2012 COSOP. Both include the main themes also reflected in the portfolio: poverty reduction through employment generation, more productive and sustainable water and land management, with only some notable exceptions. First, the explicit focus on "innovative approaches in Upper Egypt", which was not followed up in the 2012 COSOP. Second, the inclusion of "community-driven mechanisms for planning, implementation and monitoring" as an output, which was also not followed up.

[265] COSOP 2015, p. 10; appendix V, p. 12.
[266] CAPMAS HEIC 2012/2013 cites 18 per cent poverty for Beheira and 20 per cent for Kafr el Sheik.

316. The goal of the 2006 COSOP was to replicate and scale up successful innovative approaches in Upper Egypt with a new configuration of partnerships. This goal was expected to be achieved through four objectives: promote sustainable small-scale farming; support SME processes and the private sector to expand opportunities for employment and income generation; support community development organizations, WUAs and involvement of NGOs and civil society; and increase IFAD's participation and influence in development fora.

317. The 2012 COSOP had three strategic objectives: to strengthen the technical skills and organizational capacity of poor rural men and women to take advantage of rural on-farm and off-farm economic opportunities (SO1); to enhance the pro-poor sustainable use of natural resources, especially land and water (SO2); and to improve access or poor farmers to better quality services, such as technology, finance and markets (SO3). The logic of the results framework is somehow confused, combining lower level objectives with higher level indicators. SO1 actually includes a low-level programme outcome (capacities) that will enable higher level development impacts (employment and income generation), as specified in the related indicators. While the first two objectives present distinct impact pathways, SO3 is a crosscutting theme that is expected to enable the achievement of SO1 and SO3. The intended results from non-lending activities are not reflected in the COSOP framework and it is thus unclear how they were to support achievement of the strategic objectives.

318. **Theory of change.** The theory of change underpinning the country programme refers to four main policy areas, as indicated in the COSOP results frame: pro-poor sustainable use of resources, sustainable employment, participatory governance and gender equality.[267] As a contribution to these policy areas, the country programme follows three distinct impact pathways. [268] There is no distinct impact pathway on gender equality. The objective on gender equality is expected to be reached through gender-specific outcomes from the other pathways. The first two pathways are closely linked to the 2012 COSOP strategic objectives.

319. The first pathway (i) is towards more productive cropping systems, which in combination with new sustainable farming models and more efficient use of land and water (SO2), would increase agricultural productivity and production (SO3) which would then lead to more resilient livelihoods through enhanced availability of food and cash income; improved access to technology, markets and credit (SO3) and strengthening of community-level organizations (SO1) was expected to support those impacts.

320. The second pathways (ii) assumes that vocational training (SO1) in combination with loans for small enterprises (SO3) will enable diversification of the economy, thus creating new employment opportunities which would ultimately lead to reduced unemployment rates (SO1); also agricultural diversification and intensification, facilitated through farmers organizations (SO1) and improved access to markets (SO3), is expected to create additional employment in agriculture (SO1).

321. The third impact pathway (iii) is not explicitly captured in the 2012 COSOP results management framework, although it expresses a distinct logic that underpins the design of the related interventions: In the new lands, provision of integrated infrastructure and services would improve community cohesion and overall well-being, leading to increased settlement rates, and in combination with (i) and (ii) contribute to more resilient livelihoods.

322. **Achievement of COSOP objectives.** Levels of results vary between the operations, but overall they were below the original targets and limited in their

[267] Annex VIII provides an overview of the COSOP theory of change.
[268] The three impact pathways are also discussed under Rural Poverty Impact.

outreach. Overall achievement of the strategic objectives for the two COSOPs (2006, 2012/2015) is between low and moderate.

323. The level of achievement for SO1 is low, mainly because the programme did not have a coherent and sufficiently funded strategy for capacity-building (see Relevance). The overall economic and social impact of the capacity-building remains insignificant. Outreach through training and extension has been good under some projects (APIP, UERDP, WNRDP), but this did not result in the expected level of new economic opportunities or employment (see section III on rural poverty impact). The number of WUAs that have been set up or strengthened appears high, but their capacity to effectively manage access to water or conduct O&M remains limited due to gaps in the institutional framework (see Effectiveness). The role of cooperatives and FAs remains weak (see Effectiveness). A large number of CDAs have received support, and those that are located in the new lands remained effective in managing community infrastructure.

324. The level of achievement for SO2 is moderate, mainly because of the good results achieved by the older projects. EDNASP and WNRDP have achieved high rates of conversion to irrigated land. APIP and EDNASP have achieved high adoption rates for improved farming systems. The recent projects (UERDP, WNRDP) did not achieve the same levels of results.

325. Achievement of SO3 is overall mixed because of the inconsistent progress across the portfolio. Access to technology has improved, in particular through the use of integrated research and extension systems. Access to finance through CDA loans has improved with the move from PBDAC to SFD, but it is neither sufficient nor sustainable. SMEs still have insufficient access to finance. Access to markets has not improved, with few exceptions in Lower Egypt.

326. Finally, some achievements were made under the COSOP 2006 with regard to establishing community-driven mechanisms for planning, implementation and monitoring. This was primarily through SRDP and, unfortunately, has not been followed up by any project in a similar way.

Table 7
Overview of achievements of strategic objectives (COSOP 2006, 2012/2015)

Strategic objective	*Result over review period (2006-2016)*	*Level of achievement*
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	560,000 beneficiaries (9.6 per cent women) benefiting from agricultural extension services, and 124 000 beneficiaries (32 per cent women) from other types of training. 572 WUAs, 143 cooperatives, 53 FMAs and 95 marketing committees in the portfolio. Three projects (SRDP, WNRDP and OFIDO) had CDAs that were wholly or partly responsible for infrastructure	**Low**
SO2: Pro-poor sustainable use of the natural resources, especially land and water is enhanced	77,487 fd. Improved through irrigation Adoption rates for new cropping systems high in APIP and EDNASP, variable in UERDP	**Moderate**
SO3: The access of poor rural farmers to better quality services, such as technology, finance and markets, is improved	560,569 individuals received extension services under APIP, EDNASP and WNRDP Market access reportedly low under UERDP and PRIME SFD disbursed EGP 267.3 million to 81 CDAs through 50 310 loans (43 per cent women) PBDAC disbursed EGP 213.1 million through 87 281 loans (29 per cent women) 233 SMEs have received 2 086 loans worth at least EGP 303.5 million	**Low**
COSOP 2006 output: Community-driven mechanisms for planning, implementation and monitoring established	National Programme for Rural Development methodology used in the Sohaq Rural Development Project increased women's participation, and achieved good coverage with basic infrastructure	**Low**

327. The main achievements resulted from IFAD's support to improved farming systems and sustainable use of land and water through provision of irrigation infrastructure (new lands) and the integrated farming research and extension approach. These results were realized through partnerships with other donors (World Bank, IDS) and local research institutions (FSRU, Soil and Water Monitoring Laboratory), in particular through the earlier projects. Although similar results were pursued through the grants programme, there was no effective link with the loans operations.

328. The rural finance components, although they absorbed the lion's share of programme funding over the review period, did not make an effective contribution to the achievement of strategic objectives and in particular failed to generate the anticipated economic and employment benefits. They delivered social benefits though, which are not adequately reflected in the COSOP results framework, because they enhanced the role of CDAs and created social benefits through provision of loans to women and landless people.

329. The COSOPs did not include the intended results from non-lending activities and linkages with the lending portfolio were not strongly pursued. Yet there are some achievements, such as the involvement of a wider range of institutions in the rural finance sector, the establishment of the KariaNet as a regional KM platform, partnerships with local research institutions and the dissemination of the raised-bed technology, which could have made a greater impact on the portfolio if they had been better linked and leveraged.

330. **Contribution to COSOP policy areas.** The 2012 COSOP has identified relevant thematic and policy areas for support. Yet the results achieved by the country strategy and programme appear limited, given the extent and depth of rural poverty. For an effective contribution to poverty reduction within the policy areas identified in the COSOPs, the strategies to address them should have been better defined, and lending and non-lending activities better linked.

331. Despite some positive results on the ground, IFAD's contribution to sustainable resource management remained limited as a result of a narrow partnership strategy and insufficient links between loans and grants. Given that this was an area of strategic focus and comparative strength, a more significant contribution could have been expected. IFAD's strategy to support sustainable resource management rested on two approaches, one technical and one institutional. The technical approach to sustainable management of land and water resources included research and extension of improved farming systems and irrigation infrastructure. The institutional approach involved setting up or strengthening WUAs. While the first approach was successful on the ground and did generate some poverty impacts, it did not leverage wider institutional or policy changes. Agricultural research and extension does not seem to be a high priority on the policy agenda, and the research institutions created by earlier IFAD projects are suffering from shortage of funding. The partnership with the ADP is recent and it is too early to predict if this will leverage additional government funding and wider scaling up of the successful farming systems approach. Regarding the institutionalization of the WUAs, the agenda has not advanced over the review period. The relevant legislation (law 12/1994) is still awaiting ratification by parliament, and there is no indication that MALR and MWRI will come up with a harmonized operational approach to promoting WUAs at different levels anytime soon.

332. IFAD's role in promoting gender equality was limited and efforts to gain visibility within this policy area were clearly inadequate, given the importance attached to this issue in recent Government strategies, including the SADS 2030, and in IFAD's corporate policies and strategies. The 2006 COSOP made a commitment to stronger emphasis on gender, following the recommendations of the 2004 CPE; the 2012 COSOP included women's advancement, closing of gender gaps and greater involvement of rural women in the development process as a policy area supported by the country programme. Neither COSOP included specific indicators or activities to operationalize this commitment. Consequently gender was not addressed strategically, but rather on a project-by-project base. Some positive results were achieved through a women's extension programme (APIP), access to CDA microloans (SRDP, UERDP, PRIME) and provision of IDs with grant support (EDNASP, SRDP). Some good practices were recorded, in particular in APIP and OFIDO. Training of female extension staff is a good practice adopted in UERDP, OFIDO and PRIME, but there is no evidence of how outreach to women has changed as a result or if this practices has been scaled up beyond the IFAD-supported projects. Overall, the approach to address gender inequality was inconsistent across the portfolio and there was no systematic follow-up to ensure wider outreach or leverage beyond individual projects.

333. Results in the area of participatory governance are patchy, and this is to some extent linked to the uncertainties and limited progress within the policy framework. The 2006 COSOP included "decentralization" as an innovative approach scaled up in Upper Egypt, based on the experiences from SRDP. The 2012 COSOP intended to contribute to participatory governance for enhancing the voice of the poor, primarily through building the capacities of farmer's organizations. Some innovative practices, such as decentralised management of loans in SRDP, were not replicated or further pursued after Government priorities have changed. The partnership with the Ministry of Local Development was not continued after SRDP, which is a missed opportunity. Once the policies on reforming rural organizations were stalled, efforts to address institutional framework conditions were rolled back under the 2012 COSOP. Instead, support to farmers organizations focused on capacity-building (only). The results were unsatisfactory, in the absence of a coherent strategy and sufficient resources. Expectations of the roles that some organizations, in particular WUAs and FAs, could play in the implementation of project activities were unrealistic. Overall, IFAD's approach to strengthening rural institutions was ad-hoc and lacked a longer-term vision. CDAs were set up or strengthened for multiple

purposes, but their longer-term perspectives were not considered; engagement on water management, although it was perceived as a strategic priority, was never scaled up to higher levels; finally, cooperatives and FMAs were brought in to facilitate market linkages without a clear understanding of their capacities or need for support. Neither the cooperative law (122/1982) nor the law on WUAs (12/1994) support further scaling up of efforts within this policy area at this moment of time.

334. The approach to support sustainable employment has been rather vague and lacked a clear strategy. Provision of loans, and in particular SME loans, was expected to create employment opportunities, [269] but it was not sufficient to create sustainable employment. With the overall unsatisfactory performance of the SME loans so far, none of the project have made a significant impact in terms of generating economic growth and employment. In line with the national trend the employment situation in project governorates has worsened rather than improved over the review period (see annex VII).

335. **Contribution to rural poverty reduction.** The country programme made some positive impact on poverty, albeit on a relatively limited scale and within few areas. As discussed earlier (see section III on rural poverty impact), there is some good evidence that results along the first and the third impact pathways were achieved, in particular through the farming systems approach in Upper Egypt and the integrated community development projects in the new lands of Lower Egypt. Successful practices could have been better documented and more systematically scaled up. So far, the only model that has received wider attention and scaling up is the community development approach applied by WNRDP in the context of the new lands. Although the programme has introduced some successful practices to address poverty issues in the context of the old lands (APIP, UERDP), these are not well documented and disseminated yet. In order to make a significant contribution to rural poverty reduction, the country programme has to address the salient poverty issues in the old lands and in particular in Upper Egypt. Although focus on poor governorates in Upper Egypt has improved under the 2006 COSOP, the programme still has to demonstrate its effectiveness and impact in the context of the old lands with a view on generating political support and interest in the approaches promoted.

336. Overall, the COSOPs only provide a partial expression of the theory of change that has been underlying the country portfolio. In particular, the objectives and intended results of IFAD's support to settlements in the new lands are insufficiently reflected. Achievement of COSOP objectives is between low and moderate. The main achievements resulted from improved farming systems and sustainable use of land and water through provision of irrigation infrastructure (new lands) and the integrated farming research and extension approach. Results from non-lending activities are not reflected, such as the engagement with rural finance actors, the establishment a regional KM platform, and partnerships with local research institutions, and could have been better built into the strategic achievements. For an effective contribution to the policy areas identified in the COSOPs, the strategies to address them should have been better defined and lending and non-lending activities linked. Overall COSOP effectiveness is moderately unsatisfactory (3).

C. Overall assessment: country strategy and programme

337. IFAD's strategy was closely aligned with the political priorities of its main partner MALR. It addressed existing needs and funding gaps, in particular in the new lands, but without a strong vision of how pertinent issues of structural poverty in the old lands could be resolved. Although there was a high degree of continuity within the type of approaches and interventions provided, the overall strategy was neither

[269] The 2016 Supervision of UERDP notes that the term "creation of employment opportunities" used in the project design report is not compatible with real employment, measured in full-time job equivalents, and that the method of data generation is questionable.

consistent nor coherent. The move towards larger projects covering several regions was driven by disbursement concerns, but did not enable improved efficiency. On the contrary, it has undermined the relevance of design and resulted in slow progress. The underlying problem of institutional coordination has not been addressed either.

338. The strategy has been less effective guiding a focused engagement on key issues in areas where IFAD has a comparative advantage. Achievements are mixed as a result. Some positive impacts were noted for the settlement projects in the new lands and the farming systems projects in the old lands. But overall achievements are insufficient. The main reasons were the underperformance of credit components, which absorbed the bulk of funding, the insufficient support to capacity-building and the failure to use non-lending activities for establishing good practices within the loan portfolio. Accelerated efforts will be needed to demonstrate IFAD's comparative advantage in addressing issues of rural poverty where the majority of the rural poor lives, which is in the old lands.

339. The overall country strategy and programme is assessed as moderately unsatisfactory (3).

Key points

- The COSOPs addressed Government's most pressing needs and funding gaps, in particular in the new lands.
- Overall alignment with Government policies was partial and selective. The 2012 COSOP mainly aligns itself to the agricultural strategy. Issues that were of concern to Government, e.g. food security and gender equality, are not specifically treated in the COSOP document.
- The COSOPs did not address regional variations of socio-economic and poverty status in a coherent manner.
- The refocus on the new lands during the 2015 MTR is not supported by the COSOP.
- The COSOPs insufficiently reflect the programme's underlying theory of change. In particular, the objectives and intended results of IFAD's support to settlements in the new lands are not reflected. Results from non-lending activities are not included. Gender results are not reflected.
- The achievement of COSOP objectives is low to moderate. The main achievements resulted from improved farming systems and sustainable use of land and water through provision of irrigation infrastructure (new lands) and the integrated farming research and extension approach.
- Results from non-lending activities could have been better built into the strategic achievements.
- The country programmes contribution to the key policy areas identified in the COSOPs - pro-poor sustainable use of resources, sustainable employment, participatory governance and gender equality – was rather limited because the strategies to address them were not clearly defined and lending and non-lending activities were insufficiently linked.

VII. Conclusions and recommendations

A. Conclusions

340. **The country programme is characterized by a high degree of continuity and focus.** Throughout the review period it followed the two main themes, which were comprehensive infrastructure and services for the new settlements in Lower Egypt and improved farming systems in the old lands in Middle and Upper Egypt. The portfolio has been aligned with Government strategies on agriculture and its focus on major issues in rural development was continuous. The IFAD-supported projects have addressed key poverty issues and achieved some notable impacts, in particular through the improved farming systems in the old lands, and the improved water and land management practices in the new lands.

341. IFAD's strategy and programme was built on the resilience of the government machinery, which has a steady demand for funding of large interventions in the agricultural sector and has sufficient capacities to absorb significant amounts of funding. IFAD has maintained a close relationship with its main implementing partner MALR even throughout situations of instability and has thus been able to process a continuous flow of loans for every PBAS cycle.

342. Overall portfolio performance has been stable over the period. There was a slowdown of disbursements following the 2011 revolution, but this was mainly the result of delays in project effectiveness due to the political changes. Performance did not improve either because problems of programme management, coordination and ownership persisted.

343. **Overall poverty focus was satisfactory, but the programme did not go much beyond geographic targeting approach.** Geographic focus on poverty improved under the 2006 COSOP, with the notable shift of programme support to the poorest governorates in Upper Egypt. Still, the exit from Lower Egypt, recommended by the 2004 CPE, was never performed and projects approved under the 2012 COSOP continued targeting the relatively poorer communities in Lower Egypt. Although the number of poor governorates targeted is larger in Upper Egypt, the amount of support they each receive is similar or lower compared to those in Lower Egypt because of their limited capacities to absorb funding.

344. Strategies for targeting poor communities and farmers are not explicit and most interventions rely either on self-targeting, in the case of loans or training, or on technical targeting criteria, for example in irrigation. The programme did not invest sufficiently in a deeper analysis of poverty, beyond official poverty lines, that would have made it possible to address the specific needs of different groups within the large numbers of the rural poor, such as landless people or marginal farmers in the old lands.

345. **Delivery of concentrated and focused approaches has effectively addressed poverty issues on a smaller scale.** The portfolio has generated some positive impacts through concentrated delivery of comprehensive services and infrastructure in the new lands and focused technical approaches (research and extension) in the old lands. In the new lands, the infrastructure built or upgraded by the projects has enabled the private sector to generate some economic growth. In the old lands, the creation of a farming systems research unit together with the introduction of farmer field schools has made a contribution to the slow transformation of the agricultural sector. Those achievements were possible because of the critical amount of support delivered in a focused way. For most of the time the portfolio has followed a logical sequence of generating good practices and "models" first before rolling those out on a larger scale. Since this important lesson was ignored in the later part of the review period, it is encouraging to see that the most recent Sustainable Agriculture Investments and Livelihoods Project has reverted to delivering an integrated set of interventions through a concentrated approach. Otherwise, there is a risk that the ongoing project portfolio is spread too thinly across geographic and thematic areas, thus diluting any potential results.

346. **IFAD did not pursue a coherent strategy in key areas** of corporate priority where it should have demonstrated comparative strength and therefore results are not consistent, for example in NRM, community capacity-building and gender. NRM and climate change were not consistently addressed across the portfolio although this was a major theme in the country programme. Environmental sustainability was only addressed in the early projects and, most recently by SAIL. Issues such as salinization, soil fertility, sanitation and waste treatment were not treated systematically throughout the portfolio. Yet there are a number of good practices from the earlier projects, which could be more systematically scaled up. Several grants were focused on climate change, but the practices and results were not integrated into the loan portfolio. This is an area where IFAD could add significant value through a more strategic approach.

347. Despite the long-term engagement and support, the results from community capacity-building are not satisfactory. The programme followed an opportunistic approach to building community capacities required for the delivery of project services, as fit within a given context. The approach lacked a clear vision on what type of organizations to promote and with what aim. The budgets allocated to capacity-building were insufficient. Most of the community organizations established or strengthened are still not effective or sustainable, and many of them have been operating without sufficient support through institutional and legal frameworks.

348. Although it is a priority area for Government and IFAD, gender equality was not consistently addressed throughout the portfolio. Women have participated and benefited, but at varying scale. They benefited in numbers from infrastructure and microloans, but overall the loan values they received were small. There were some good practices targeting women through extension and training, but those were not systematically promoted or scaled up.

349. **Rural finance continues to play a pivotal role in the portfolio and its performance and growth will depend on expanded partnerships.** Rural finance has long been a bottleneck for disbursement and outreach. Over the review period, progress has been made identifying and involving new partners in the rural credit components. With SFD as a strong partner, the performance of the rural credit portfolio has significantly improved. Yet the demand for rural credit remains huge and with the interest rates for IFAD loans increasing, the programme may not be able to effectively address this demand. The provision of microloans through CDAs is not sustainable yet and will require further support and capacity-building. Partnerships with commercial banks are much needed to ensure the sustainability of the approach, but given the terms of the commercial loans and the risks associated with lending to the agricultural sector, these may be hard to find.

350. **The knowledge and experiences available within the programme were not adequately captured and used to enable progressive learning.** Insufficient record-keeping, weak M&E and inconsistent use of lessons learned from previous projects point to clear weaknesses in KM. There has been a sequence of projects following up on earlier projects in the portfolio. Similar interventions and components were supported by different projects over a long period. Yet the opportunity to learn from this long-term engagement was not sufficiently used. There are no longitudinal studies for example on rural credit provision or access, results were not systematically documented and lessons from previous projects were not properly captured and used for the design of new projects. There was also hardly any exchange of lessons and practices between old lands and new lands.

351. NEN's strategy to manage knowledge and grants at a regional level is reasonable, but more attention could have been paid to strengthening Government ownership in KM and to more systematically draw from the wider lessons in the portfolio. For example, the evidence that has been systematically collected through impact studies seems underused and could have been more systematically exploited to inform future operations. The absence of clear responsibilities for KM within the

Egypt portfolio is a gap which the programme will have to address to ensure that knowledge is effectively documented and used within the country.

352. **A wider range of partnerships and strengthened coordination of partners will be key to portfolio development and growth.** The experience with marketing and on-farm irrigations in the recent projects shows the risks of getting involved into new thematic areas without a sufficiently strong partnership base and with a weak operational approach. A better institutional analysis and a more diversified partnership approach may have pre-empted some of the problems and this should be part of any future project design. The move from smaller to larger project could, in principle, have opened opportunities to engage with a larger number of stakeholders and exchange experiences across interventions and governorates. Instead, it created problems of coordinating implementing partners at different levels and they demonstrated limited flexibility to adapt to new contexts and local realities. Given the characteristics and challenges of the portfolio, IFAD could have instead used a programmatic approach that would have enabled continued support in selected thematic areas and greater flexibility to adapt to and engage with different partners.

353. IFAD's main entry point into Government had been through the PCU/CPMU at MALR. At national level, few opportunities have opened to engage with new strategic partners. Maintaining this exclusive partnership has been advantageous, because it was reliable and provided a degree of stability throughout the period. Yet the PCU/CPMU was also a cause of IFAD's insular position because of its insufficient capacity to convene sector-wide coordination and dialogue. IFAD would have been in a better position to leverage policy change if it had more influential interlocutors in key ministries. The relatively lean PCU/CPMU in MALR does not provide a platform for engagement on policy issues that are of strategic concern for IFAD. The relationship with MWRI remained difficult and there was no direct engagement with the Ministry at national level outside of OFIDO. Beyond MALR and MWRI, IFAD had little or no engagement with ministries and public sector institutions, even if they are directly relevant to IFAD's priority areas, for example community development or gender. Limited government ownership has been a latent issue affecting project performance. The increasing complexity of projects would require broader government ownership, starting with the involvement of a wider range of actors right from the design.

354. **There is a clear expectation that a stronger country office will allow increased attention to partnership-building, KM and policy engagement.** The CPM has only recently been out-posted and his ability to engage in non-lending activities has been limited so far because of insufficient resources and time. Therefore, the ICO has yet to demonstrate its value added through stepping up efforts on non-lending activities. Above all, it is necessary to allocate clear responsibilities and resources to the ICO. The ICO's role and influence will, however, continue to be limited as long as it relies on MALR as single entry point into Government, its partnerships remain narrow and partner capacities for programme coordination and technical support continue to be insufficient.

355. **Finally, the new COSOP will provide the opportunity for repositioning IFAD's strategic role** within the broader context of development in Egypt. By the end of this COSOP period, IFAD will have reached a defining moment. The Government has become more demanding in what it expects from increasingly expensive loans, and the scale of the challenges it has to address will require a range of solutions. In this context, IFAD cannot exclusively rely on the replication of well-tested approaches, and to step up its agenda in the country, it must go beyond filling in gaps in programme coordination and technical support. IFAD will need to demonstrate its value added through enhanced strategic focus, innovation and leverage through a wider range of partnerships and broad-based Government ownership.

B. Recommendations

356. The CSPE offers the following five recommendations for the preparation of the upcoming COSOP. For each recommendation the CSPE also suggests some specific and immediate action to start addressing the issues identified.

357. **Recommendation 1: Sharpen poverty and geographic focus and refine poverty targeting.** IFAD should reduce the geographic coverage of further interventions to fewer governorates within the same region. The interventions should target the poorest governorates *and* communities, based on relevant poverty indicators, and they should include explicit strategies for targeting different groups of the poor (e.g. marginal farmers, youth, and women). Targeting strategies will have to be based on good poverty analysis and followed up through appropriate monitoring of disaggregated data. New project designs and the upcoming COSOP should therefore include a poverty analysis that justifies the focus on the poorest governorates and communities, together with explicit strategies for targeting marginal farmers, youth and women.

358. **Recommendation 2: Sharpen thematic focus and improve feasibility of design.** There are good reasons for IFAD to focus on thematic areas where it has demonstrated a comparative advantage (e.g. agricultural research and extension; sustainable management of water and land) and deepen its engagement there, for example by addressing issues of institutional sustainability, equal participation of women and youth, access to land, water and credit. There is also scope to better integrate climate-smart practices into the loan portfolio. The CSPE recommends that IFAD should be more selective with regard to the thematic areas and proactively seek strategic partners to overcome the lack of sufficient implementation experience, in particular related to marketing support and SME loans. The upcoming COSOP should include a selective focus on a few thematic areas where IFAD will be able to add value through innovation and change together with identified partners.

359. **Recommendation 3. Establish a structure for effective coordination and technical support within a progressing programmatic approach.** The call for fewer and larger projects together with the urgent need to address the overall poor performance and low efficiency justify the need for a programmatic approach. Integrating complementary projects and interventions into a programmatic approach would enable effective links between projects that are currently working in parallel or are following up on other projects. With or without a programmatic approach, there is an urgent need for a sufficiently resourced and capacitated programme coordination unit at central level. The structure will require a degree of autonomy and impartiality to be able to act as go-between for different ministries and implementing partners; it requires a clear line of accountability to the borrower (the Ministry of Investment and International Cooperation (MIIC)) and the main executing partner(s) (MALR); it also needs to be able to bring in professional expertise where gaps exists in project implementation, in particular on M&E, procurement and financial management, gender and rural institutions. As an immediate step, MIIC, MALR and IFAD should establish a working group to prepare a proposal for endorsement by the relevant ministries and IFAD Management.

360. **Recommendation 4. Manage knowledge from loans and grants to support learning and innovation.** IFAD should become an honest knowledge broker, supporting systematic learning from success and failure, facilitating learning partnerships that involve partners from loans and grants, and preparing good practices and strategic lessons for policy engagement and scaling up. IFAD should establish clear roles and responsibilities for KM within the country (including ICO, government partners and projects) and at regional level. Based on the NEN regional KM strategy, the country programme should create effective links between grants and loans, M&E, implementing partners (local research institutes), and strategic partners (such as think tanks and development partners). As an

immediate step, the NEN KM officer should support the ICO in the preparation of a KM action plan with clear responsibilities and allocated resources.

361. **Recommendation 5. Prepare a strategy for effective capacity-building of community-level institutions with a perspective on scaling up under the new COSOP.** The programme should take stock of the existing institutions and the legal and policy framework with support from a rural institutions specialist. The stock-taking exercise could also involve a joint workshop or conference with other development partners, which would have the added benefit of experience sharing and partnership-building. Based on this analysis, the COSOP would include a strategy for effective capacity-building and policy engagement on rural institutions supported by IFAD. To mitigate the shortcomings in the ongoing projects, some immediate actions should be taken whereby existing project component grants are better deployed for capacity-building. For the upcoming projects, IFAD must ensure that the design includes a sufficient budget for capacity-building from loans *and* grants. It must also ensure transparent planning and reporting on the use of project component grants for capacity-building. As an immediate action, IFAD should plan a stock-taking exercise as part of the COSOP preparation process and follow up on the proper use of project grants for capacity-building.

Definition of the evaluation criteria used by IOE

Criteria	*Definition* *	*Mandatory*	*To be rated*
Rural poverty impact	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions. *Four impact domains* • Household income and net assets: Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value. The analysis must include an assessment of trends in equality over time. • Human and social capital and empowerment: Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grass-roots organizations and institutions, the poor's individual and collective capacity, and in particular, the extent to which specific groups such as youth are included or excluded from the development process. • Food security and agricultural productivity: Changes in food security relate to availability, stability, affordability and access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields; nutrition relates to the nutritional value of food and child malnutrition. • Institutions and policies: The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.	X	Yes No No No
Project performance	Project performance is an average of the ratings for relevance, effectiveness, efficiency and sustainability of benefits.	X	Yes
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design and coherence in achieving its objectives. An assessment should also be made of whether objectives and design address inequality, for example, by assessing the relevance of targeting strategies adopted.	X	Yes
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.	X	Yes
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.	X	Yes
Sustainability of benefits	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.	X	Yes
Other performance criteria			
Gender equality and women's empowerment	The extent to which IFAD interventions have contributed to better gender equality and women's empowerment, for example, in terms of women's access to and ownership of assets, resources and services; participation in decision making; work load balance and impact on women's incomes, nutrition and livelihoods.	X	Yes
Innovation and scaling up	The extent to which IFAD development interventions: (i) have introduced innovative approaches to rural poverty reduction; and (ii) have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and others agencies.	X	Yes
Environment and natural resources management	The extent to which IFAD development interventions contribute to resilient livelihoods and ecosystems. The focus is on the use and management of the natural environment, including natural resources defined as raw materials used for socio-economic and cultural purposes, and ecosystems and biodiversity - with the goods and services they provide.	X	Yes
Adaptation to climate change	The contribution of the project to reducing the negative impacts of climate change through dedicated adaptation or risk reduction measures.	X	Yes

Criteria	*Definition* *	*Mandatory*	*To be rated*
Overall project achievement	This provides an overarching assessment of the intervention, drawing upon the analysis and ratings for rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, gender equality and women's empowerment, innovation and scaling up, as well as environment and natural resources management, and adaptation to climate change.	X	Yes
Performance of partners			
• IFAD	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.	X	Yes
• Government		X	Yes

* These definitions build on the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) Glossary of Key Terms in Evaluation and Results-Based Management; the Methodological Framework for Project Evaluation agreed with the Evaluation Committee in September 2003; the first edition of the Evaluation Manual discussed with the Evaluation Committee in December 2008; and further discussions with the Evaluation Committee in November 2010 on IOE's evaluation criteria and key questions.

Ratings of IFAD lending portfolio in Egypt[a]

Criteria	*APIP*	*EDNASP*	*SRDP*	*WNRDP*	*Matruh II*	*UERDP*	*OFIDO*	*PRIME*	*SAIL*	*Overall portfolio*
Rural poverty impact	5	4	3	5	n.a.	4	3	n.a.	n.a.	4
Project performance										
Relevance	5	3	4	4	4	4	3	3	5	4
Effectiveness	5	4	2	4	n.a.	4	3	n.a.		4
Efficiency	4	3	2	3	n.a.	4	3	3		3
Sustainability of benefits	5	4	2	4	n.a.	4	2	2		3
Project performance[b]	**4.8**	**3.5**	**2.5**	**3.8**		**4.0**	**2.8**			**3.4**
Other performance criteria										
Gender equality and women's empowerment	4	4	4	4	n.a.	4	5	3		4
Innovation	5	4	5	5	n.a.	2	3	2		4
Scaling up	5	3	1	4	n.a.	2	2	2		3
Environment and natural resources management	5	5	4	4	n.a.	5	4	2		4
Adaptation to climate change	4	4	2	4	n.a.	4	2	2		3
Portfolio performance and results[c]	**5**	**4**	**3**	**4**		**4**	**3**			**4**

[a] Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.a. = not applicable.

[b] Arithmetic average of ratings for relevance, effectiveness, efficiency and sustainability of benefits.

[c] This is not an average of ratings of individual evaluation criteria but an overarching assessment of the project, drawing upon the rating for rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, gender, innovation and scaling up, environment and natural resources management and adaptation to climate change.

Final ratings of the country strategy and programme in Egypt

	Rating
Project portfolio performance and results [a]	4
Non-lending activities [b]	3
Policy dialogue	3
Knowledge management	4
Partnership-building	3
Performance of partners	
IFAD[c]	3
Government[c]	3
Country strategy and programme performance (overall) [d]	**3**
Relevance	3
Effectiveness	3

[a] Not an arithmetic average of individual project ratings.

[b] Not an arithmetic average for knowledge management, partnership-building and policy dialogue.

[c] Not an arithmetic average of individual project ratings. The rating for partners' performance is not a component of the overall assessment ratings.

[d] This is not an arithmetic average of the ratings of relevance and effectiveness of the country and strategy programme and performance. The ratings for relevance and effectiveness take into account the assessment and ratings of portfolio results, non-lending activities and performance of partners but they are not an arithmetic average of these.

IFAD-financed projects in Egypt

Project name	*Project type*	*Total project cost US$ million*	*IFAD approved financing US$ million*	*Cofinancing US$ million*	*Counterpart US$ million*	*Beneficiary contribution US$ million*	*Executive Board approval*	*Loan effectiveness*	*Project completion date*	*Cooperating institution*	*Project status*
West Beheira Settlement Project (WBSP)	Settlement	37.8	28		9.8		04/12/1980	05/08/1981	30/06/1992	United Nations Office for Project Services	Financial closure
Minya Agricultural Development Project (MADP)	Agricultural Development	47.8	25		22.8		09/12/1982	28/07/1983	30/06/1999	United Nations Office for Project Services	Financial closure
Fayoum Agricultural Development Project (FADP)	Agricultural Development	40	10.2	7.2	22.6		14/09/1984	06/12/1985	30/06/1993	International Bank for Reconstruction and Development/ Germany/*Kreditanstalt für Wiederaufbau*	Financial closure
Newlands Agricultural Services Project (NASP)	Agricultural Development	41.6	22.1		19.5		15/04/1992	30/12/1993	31/12/2000	United Nations Office for Project Services	Financial closure
Agricultural Production Intensification Project (APIP)	Research	39.2	20.2		15.7	3.3	20/04/1994	25/01/1995	30/06/2005	United Nations Office for Project Services	Financial closure
East Delta Newlands Agricultural Services Project (EDNASP)	Credit	91.6	25	15.2	15.8	24.3	05/12/1996	25/01/1999	31/03/2008	International Development Association	Financial closure
Sohaq Rural Development Project (SRDP)	Rural Development	93.8	25	28	3.6	17.1	10/09/1998	18/06/2001	30/06/2008	International Development Association	Financial closure
West Noubaria Rural Development Project (WNRDP)	Settlement	54.8	18.5	0.4	5.5	0.2	23/04/2002	09/04/2003	30/06/2014	FAO	Financial closure

Project name	*Project type*	*Total project cost US$ million*	*IFAD approved financing US$ million*	*Cofinancing US$ million*	*Counterpart US$ million*	*Beneficiary contribution US$ million*	*Executive Board approval*	*Loan effectiveness*	*Project completion date*	*Cooperating institution*	*Project status*
Second Matruh Resource Management Project (Matruh II)	Agricultural Development	12.7	12.7				12/12/2002				Cancelled
Upper Egypt Rural Development Project (UERDP)	Credit	19.8	16.1		3.7		14/12/2006	24/09/2007	31/03/2017		Available for disbursement
On-farm Irrigation Development Project in Oldlands (OFIDO)	Irrigation	100.2	76		15.3	8.8	17/12/2009	16/02/2010	31/03/2018		Available for disbursement
Promotion of Rural Incomes through Market Enhancement Project (PRIME)	Credit	108.2	71		7.6	17.7	13/12/2011	10/04/2012	30/06/2020		Available for disbursement
Sustainable Agriculture Investments and Livelihoods Project (SAIL)	Credit	94.7	69.6	7.8	15.2	2	16/12/2014	15/06/2015	30/06/2023	Global Environment Facility/Special Climate Change Fund	Available for disbursement

IFAD-funded grants in Egypt

Project/grant name	*Grant number*	*Grant amount US$*	*Grant recipient*	*Approval date*	*Effective date*	*Completion date*
Enhancing Food Security in the Nile Valley and Red Sea Region	G-I-R-578-		ICARDA - Syria	23/04/2002	30/08/2002	30/09/2006
Marine Resources Management Programme in the Red Sea	G-I-R-579-	1 000 000	FAO	23/04/2002	21/11/2007	31/12/2012
Methodologies and approaches for effective introduction of participatory irrigation management	G-C-IT-536-		International Centre for Advanced Mediterranean Agronomic Studies (CIHEAM)	31/03/2003	14/04/2003	31/12/2005
Women Self-Empowerment Project	G-C-JP-494-D		Ministry of International Cooperation - Egypt	28/05/2003	29/10/2003	31/12/2006
Facilitation Unit for the Establishment of a Regional Programme for Sustainable Development of the Drylands of Wana	G-C-GM2-012-		ICARDA	06/07/2003	06/07/2003	31/12/2006
Community-Based Optimization of the Management of Scarce Water Resources in Agriculture in West Asia and North Africa	G-I-R-690-		ICARDA - Syria	18/12/2003	09/08/2004	31/03/2009
Gender Empowerment Programme	G-C-IT-494-B		Ministry of International Cooperation - Egypt	25/03/2004	20/06/2004	31/08/2007
Engaging Commercial Banks In Rural Finance in Algeria, Egypt, Jordan, and Morocco	G-I-R-793-	175 000	ACCION (USA)	08/08/2005	24/08/2005	30/09/2007
Regional Programme for Sustainable Development of the Drylands of West Asia and North Africa (Wana), Phase II	G-C-GM2-045-		ICARDA	16/08/2005	16/08/2005	16/02/2006
Conference on the Governance of Natural Resources in the Near East and North Africa - Alexandria 3-5 July 2006	G-I-R-864-	50 000	Bibliotheca Alexandrina	07/06/2006	28/06/2006	31/12/2006
Commodity Chain Analysis for Selected Horticultural Exports in the NENA Region	G-I-R-918-		ICARDA - Syria	18/12/2006	02/04/2007	31/03/2009
Commodity Chain Analysis for Selected Medicinal and Aromatic Plants (Maps) in the NENA Region	G-I-R-964-		ICARDA - Syria	11/07/2007	09/10/2007	30/04/2010
Expert Consultation on Improving the Small Ruminant Research and Development Strategy for the Non-Tropical Dry Areas in the NENA Region	G-I-R-1016-		ICARDA - Syria	20/12/2007	05/03/2008	30/09/2008
Understanding the Impact of Rising Food Prices on Farming Communities in the NENA	G-I-R-1066-		FAO	02/12/2008	19/02/2009	30/12/2010

Project/grant name	*Grant number*	*Grant amount US$*	*Grant recipient*	*Approval date*	*Effective date*	*Completion date*
Reducing Risks Of Wheat Rusts Threatening The Livelihoods Of Resource Poor Farmers Through Monitoring And Early Warning (FAO)	G-I-R-1076-	1 500 000	FAO	17/12/2008	23/06/2009	31/12/2012
Climate Change Risk Management in Egypt	G-C-UND-1-		Ministry of International Cooperation - Egypt	27/03/2009	13/05/2009	30/06/2012
Support for the International Conference on Dryland Development Commission	G-I-R-1102-	70 000	Bibliotheca Alexandrina	14/04/2009	20/04/2009	31/12/2009
Cross Cutting M&E Functions and Knowledge Management for INRM within the Menarid Programme Framework	G-G-MSP-20-		ICARDA - Syria	12/11/2009	18/05/2010	30/06/2014
Improving the Livelihoods of Rural Communities in the Dry Areas - Sustainable Crop and Livestock Management (ICARDA)	G-I-R-1202-	1 000 000	ICARDA - Syria	22/04/2010	19/07/2010	31/12/2013
Regional Agricultural Information Network for West Asia & North Africa (Wana Rain)	G-I-R-1221-		ICARDA - Syria	24/09/2010	15/10/2010	31/12/2012
Smart Information and Communications Technology (ICT) for Weather and Water Information and Advice to Smallholders in Africa (International Water Management Institute)	G-I-R-1242-	1 600 000	IWMI	05/12/2010	11/02/2011	30/03/2014
Decreasing Vulnerability to Conflict in the Middle East and North Africa through Rural Development	G-I-R-1310-	1 000 000	International Food Policy Research Institute	29/08/2011	27/10/2011	31/12/2015
Support for the 2nd Arab Water Forum, Regional Report and Session of the 6th World Water Forum	G-I-R-1313-	310 000	Arab Water Council	01/09/2011	05/09/2011	19/05/2014
Enhanced Small Holder Wheat Legume Cropping Systems to Improve Food Security under Changing Climate in the Drylands of West Asia and North Africa	G-C-ECG-56-		ICARDA - Syria	20/12/2011	10/09/2012	31/10/2015
Smallholder Access to Markets in Bosnia and Herzegovina and Egypt Programme	G-I-R-1410-	1 300 000	Oxfam - Italy	30/11/2012	22/03/2013	31/12/2016
Scaling-up IFAD Rural Youth Employment Interventions in the NENA Region	G-I-R-1419-	2 500 000	Making Cents International	13/12/2012	20/03/2013	03/03/2016
Strengthening Partnership for Scaling Up Sustainable Livelihood in Small-Scale Family Farming and Indigenous Communities	G-I-R-1439-	480 250	FAO	27/12/2012	17/04/2013	31/10/2015
Support For Dry Lands Systems.	200000017200		ICARDA - Syria	09/12/2013	13/03/2014	31/03/2016
South-South Cooperation between NENA and ECA	1200000011200	1 800 000	United Nations Office for South-South Cooperation - Cairo	09/12/2013	21/05/2014	30/06/2018

Project/grant name	*Grant number*	*Grant amount US$*	*Grant recipient*	*Approval date*	*Effective date*	*Completion date*
Country-level Support to External Validity of Project Impact Evaluations - across all IFAD Regions (APR, ESA, LAC, NEN, WCA)*	200000016500	500 000	International Initiative for Impact Evaluation (3IE) – USA	10/12/2013	13/12/2013	31/12/2016
Project Monitoring and Policy Scenarios	200000027500	500 000	International Institute for Applied Systems Analysis – Austria	18/12/2013	19/12/2013	30/06/2016
Technical Support to Six Ex Post Impact Evaluations using Mixed Method Approaches	200000039900	500 000	ICF Macro – USA	09/04/2014	04/07/2014	30/09/2015
Enhanced Smallholder Wheat Legume Cropping Systems to Improve Food Security under Changing Climate in the Drylands of West and North Africa	200000138000		ICARDA – Syria	17/12/2015	17/12/2015	31/12/2016
12th International Conference on Dryland Development	200000153100		International Dryland Development Commission	01/02/2016	16/06/2016	30/09/2006

* APR = Asia and the Pacific; ESA = East and Southern Africa; LAC = Latin America and the Caribbean; NEN = Near East, North Africa and Europe; WCA = West and Central Africa.

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Complementary tables to sections II and III

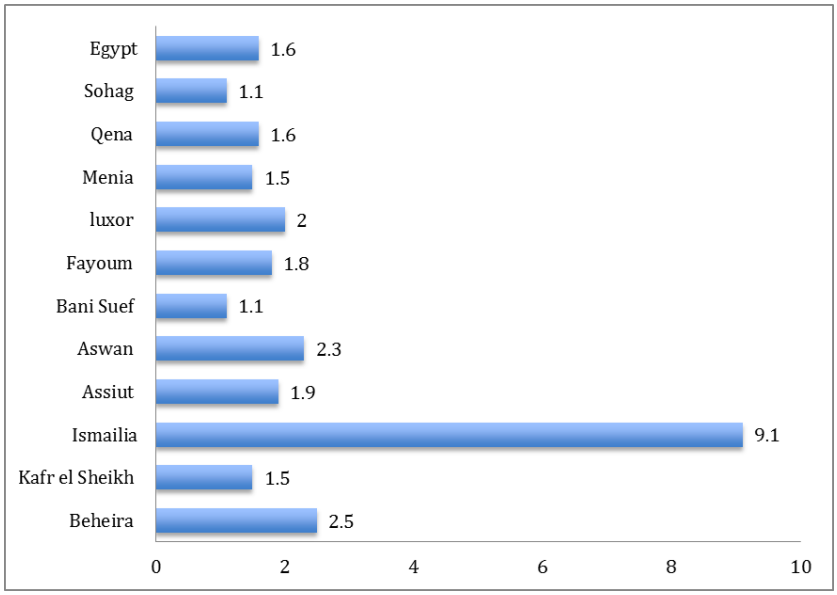
Tables and figures related to rural poverty in IFAD-supported governorates

Table 1.1
Poverty rates in Egypt and by governorate between 2008-2015

Governorates	*2008/2009*	*2010/2011*	*2012/2013*	*2014/2015*
Port Said	4	6	19	6.7
Alexandria	6	11	12	11.6
Qualiobia	11	22	21	13.1
Sharkia	19	12	14	14.1
Dakahlia	9	12	14	15.1
Menoufia	18	16	15	16
Garbeyya	8	8	11	16.5
Suez	2	3	5	17.1
Cairo	8	10	18	17.5
Damietta	1	3	10	18
Kafr el Sheikh	11	14	18	19.4
Beheira	24	23	20	23.7
Ismailia	19	18	15	24.1
Giza	23	18	32	28.6
Fayoum	29	41	36	35.7
Luxor	18	39	47	41.2
Beni Suef	41	38	39	43.1
Aswan	41	54	39	48.6
Minya	31	32	30	56.7
Qena	39	51	58	57.8
Sohaq	48	59	55	65.8
Asyut	61	69	60	66
Red Sea	4	2	2	
Matrouh	4	11	23	
North Sinai	28	21	46	
New Valley	6	22	25	
Egypt	22	25.2	26.3	27.8

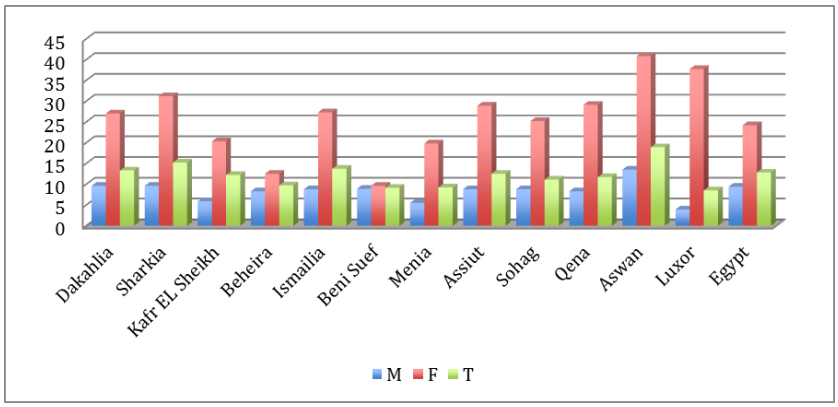
Source: CAPMAS- HEICS -2008/2009- 2010/211- 2012/2013 and 2014/2015.

Figure 1.1
Average area of land ownership in governorates with IFAD presence (*feddan*)



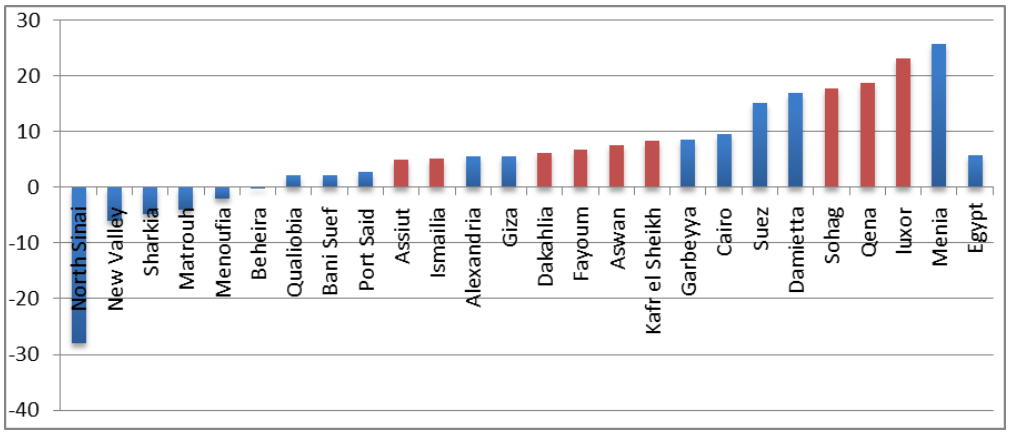
Source: CAPMAS Rural Survey 2015.

Figure 1.2
Unemployment rate for male, female and total population (percentage) in governorates with IFAD presence in 2015



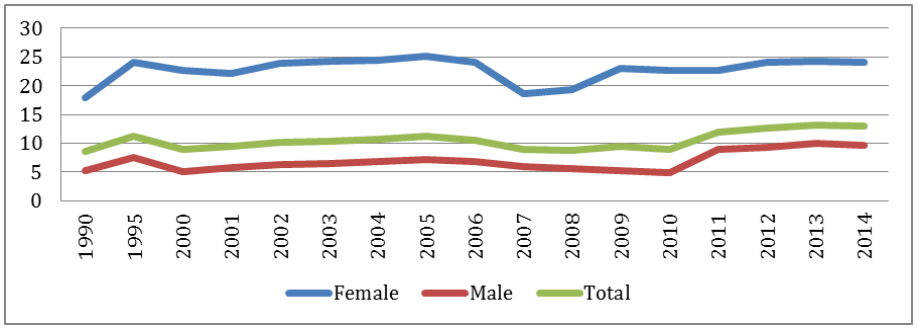
Source: CAPMAS Statistical Yearbook 2016.

Figure 1.3
Change in governorate and national poverty rates from 2008/2009-2014/2015 (percentage)



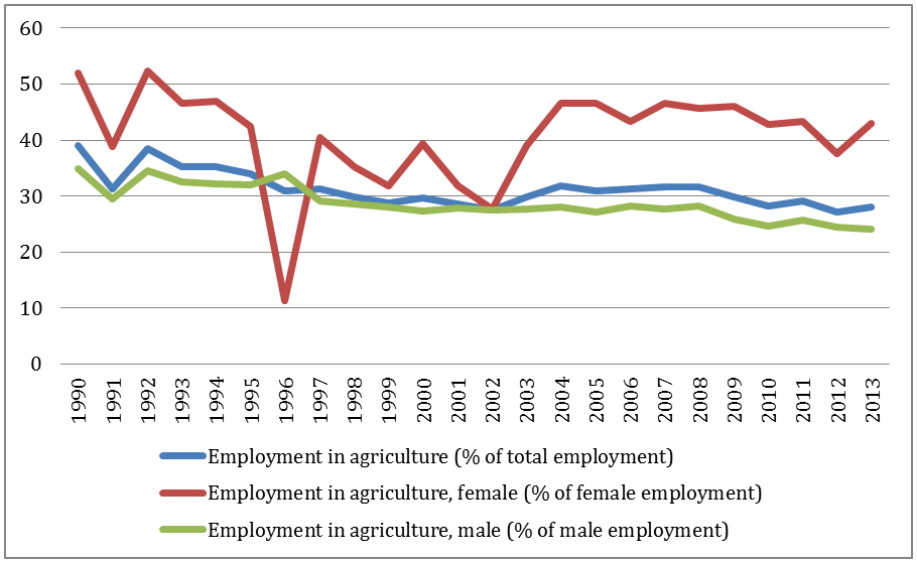
N.B. governorates in red are IFAD's intervention governorates where poverty increased.
Source: CAPMAS- HEICS -2010/211 and HEICS- 2014/2015.

Figure 1.4
Unemployment rate (percentage) by gender 1990-2014 (percentage of corresponding labour force) Egypt



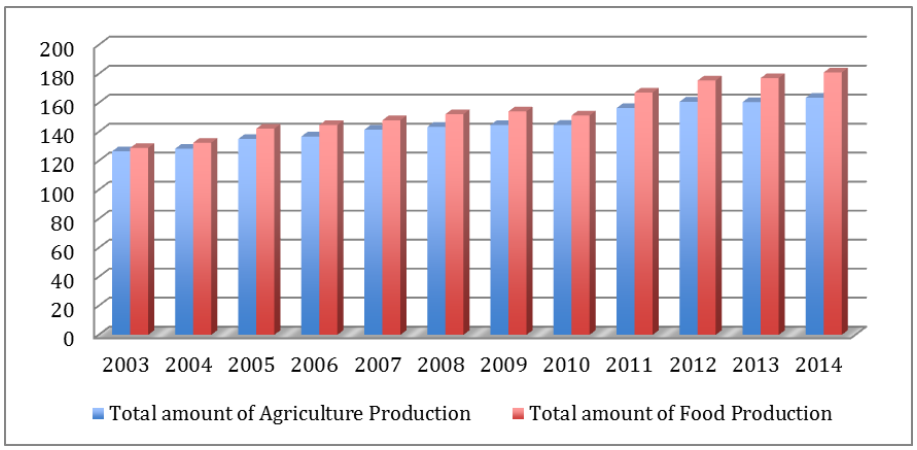
Source: World Development Indicators- 2015.

Figure 1.5
Employment in agriculture (percentage of total employment)



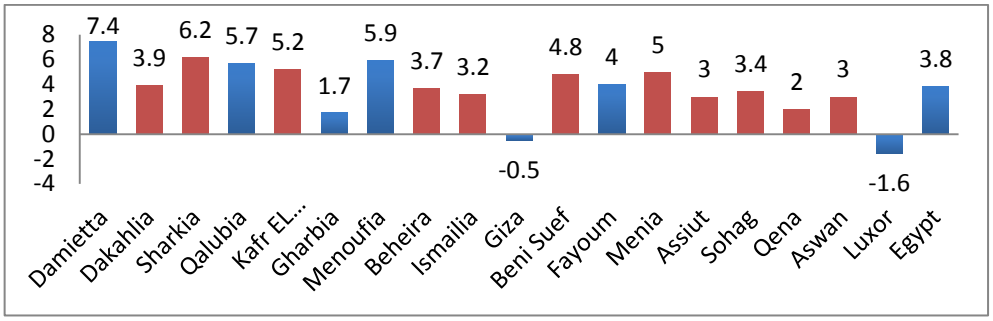
Source: World development Indicators- 2016.

Figure 1.6
Indices of agriculture sector (base year 1997/1998)



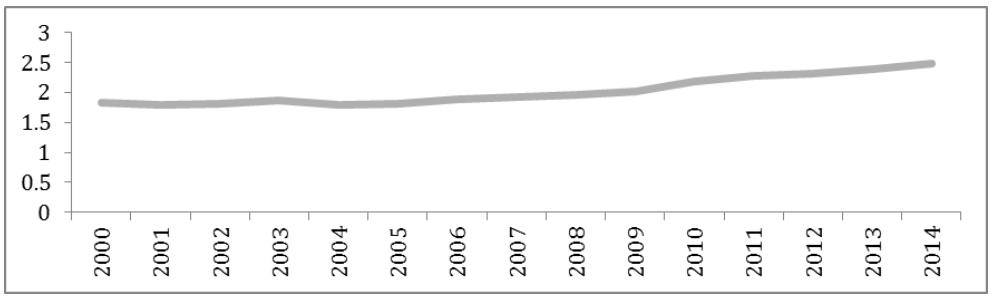
Source: CAPMAS Statistical Year- 2016.

Figure 1.7
Change in unemployment rate (in percentage points) in Lower Egypt and Upper Egypt Governorates between 2010 and 2015



N.B. governorates in red are IFAD's intervention governorates.
Source: CAPMAS Statistical Yearbook- 2016.

Figure 1.8
Domestic Food Price Index (2000-2014)



Source: FAOSTAT (2014).

Table 1.2
Change in cropped area in the governorates (2000-2014)

Governorate	*Change (%)*	*Governorate*	*Change (%)*
Matruh	-23.6	Sharkia	12.3
Qena	-12.6	Menoufia	15
North Sinai	-7.9	Beheira	15.5
Qualiobia	-6.7	Fayoum	15.9
Alexandria	-3.2	Noubaria	24.4
Kafr EL Sheikh	-2.3	Ismailia	36.2
Dakahlia	-0.2	Cairo	39.9
Damietta	2.3	Aswan	51.5
Beni Suef	2.9	Suez	83.6
Garbeyya	4.2	South Sinai	159.1
Sohaq	5.7	Luxor	192.3
Minya	6.9	New Valley	262.3
Giza	11.3	Port Said	539.1
Asyut	11.5	Red Sea	50,866.7
Egypt	12.30%		

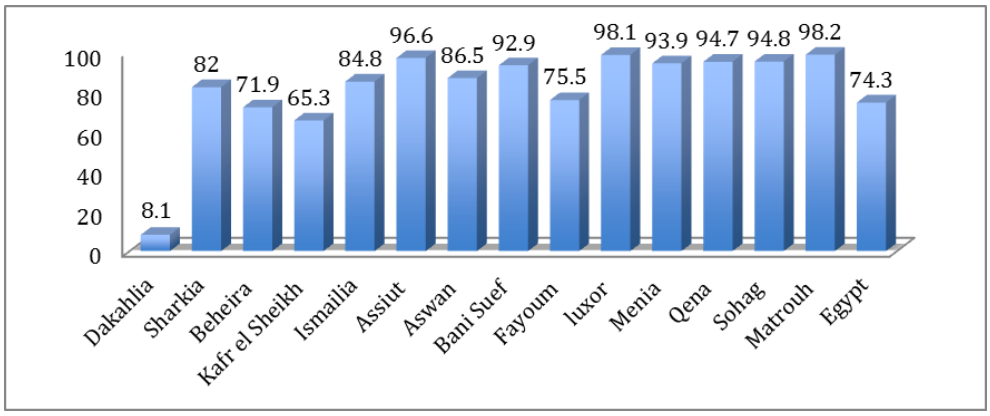
Source: CAPMAS.

Table 1.3
Percentage of villages by IFAD governorates where there are associations and development initiatives

Governorate	*Associations providing micro-loans*	*Development Initiatives providing rotating loans for micro and small projects*	*Development Initiatives from International donors*
Lower Egypt			
Dakahlia	27.1	5	0
Sharkia	7.8	2.6	0
Beheira	12.2	7.7	2.6
Kafr el Sheikh	19.2	8.3	0
Ismailia	55.6	36	64
Upper Egypt			
Asyut	31.3	50.5	37.1
Aswan	39.3	9.1	4.5
Beni Suef	50.7	53.5	0
Fayoum	42.3	33.3	2.8
Luxor	44	47.8	0
Minya	24.2	13	1.9
Qena	66.9	39.5	2.6
Sohaq	21.7	20.7	3.4
Egypt	24.6	20.6	4.1

Source: CAPMAS Rural Survey- 2015.

Figure 1.9
Percentage of villages where there is no public sanitation network (percentage)



Source: CAPMAS Rural Survey- 2015.

Table 1.4.
Target groups and targeting approaches

	Target groups						
Project	*Smallholders*	*Landless*	*Unemployed youth/graduates*	*Women*	*Other*	*Governorate*	*Targeting approach*
APIP	Poor farmers cultivating less than 3 *feddans*	Poor non-farming landless households		Women members or heads of households		Minya, Beni Sueif and Fayoum	Geographic
EDNASP	Smallholders cultivating less than 5 *feddans*		Unemployed graduates		Member of land reclamation cooperatives	East of the Delta	Geographic: East of the Delta
SRDP					Entire population of Sohag	Sohag	Poverty (poorest governorate in Egypt)
UERDP	Smallholders cultivating less than about one *feddan* (0.42 hectares)	Landless labourers	Unemployed youth	Women-headed households		Assiut and Qena	A two-level targeting approach will be adopted: (i) targeting poor and very poor villages and village clusters, focusing within these on the less endowed communities; and (ii) in the selected areas, targeting people judged to have the skill potential and basic entrepreneurial requirements needed for the marketable products identified jointly with the community.
WNRDP		Displaced farmers	Previously unemployed youth			West Noubaria	Geographic
OFIDO	Smallholders cultivating an average of 3 *feddans*	Landless labourers	Unemployed young people	Women-headed households		Kafr el Sheikh and Beheira, Sohag, Assiut and Qena	Targeting will be implemented through a three-tier approach: (i) geographical targeting to identify governorates where the incidence of rural poverty is high and irrigation/agriculture conditions are diverse; (ii) in these governorates, selection of irrigation command areas that meet certain technical criteria and are located where there is a predominance of landholdings of under 3 feddans; and (iii) self-targeted interventions promoting complementary activities that are of interest primarily to the project's target group.
PRIME	Smallholders cultivating an average of 3 *feddans*	Landless labourers	Unemployed young people	Women-headed households	SMEs	Assiut, Beni Suef, Menia, Qena, Sohag Beheira and Kafr el Sheikh	(i) incidence of poverty; (ii) potential for production of horticultural crops, livestock, herbs and medicinal plants; (iii) agroecological variation that enables operators to capitalize on year round production potential; and (iv) potential to capitalize on previous IFAD investments in irrigation and institutional development at the farm level.

Tables related to portfolio effectiveness

Table 2.1
Irrigation improvement in EDNASP, WNRDP and OFIDO (*feddan*)

Project	*Indicator*	*Target (feddans)*	*Actual (feddans)*	*Actual/target*
EDNASP	Area in *feddans* reached with comprehensive land reclamation services	21 500	19 200	89%
WNRDP	Drip irrigation introduced*	No target	36 342	
WNRDP	Fixed sprinkler irrigation introduced*	No target	1 941	
WNRDP	Land under irrigation scheme constructed/rehabilitated (*mesqa* level)	19 423	8 292	43%
OFIDO	*Feddans* improved by project services	32 500	11 712	36%
	TOTAL	73 423	77 487	68%

* Introduced by beneficiaries through a combination of extension messages and access to credit.
Source: EDNASP ICR annex 2 table 1; WNRDP PPE para. 74 & annex VI; OFIDO Supervision Mission 2016 para. 7 and footnote 4.

Table 2.2
Number of community organizations in IFAD projects

Project	*Field farming systems schools*	*Farmer field school*	*Community development association*	*Water user association*	*Cooperatives*	*Farmers' marketing association*	*Marketing committees*
APIP		206					
EDNASP			14	337	2		
SRDP			10				
WNRDP			21	117	113		
UERDP	91	131	74			36	
OFIDO			7	118			95
PRIME			33		28	11	
TOTAL	**91**	**337**	**159**	**572**	**143**	**47**	**95**

Source: FSRU impact study 2016; Egypt CPE 2005; EDNASP ICR table 1; SRDP PCR; UERDP M&E data; OFIDO supervision mission 2016; PRIME M&E data.

Table 2.3
Credit beneficiary outreach by credit line and project – microfinance (PBDAC, LDF, SFD)

Project	*Total number of loans*	*Number of loans to women*	*Percentage of loans to women*	*Total loan value (EGP)*	*Loan value of loans to women (EGP)*	*Percentage of women's loan value*
APIP	76 403	21 979	28.8%	137 201 428	35 599 685	25.9%
EDNASP	-	-		-	-	
SRDP	7 465	3 637	48.7%	26 071 600	1 070 150	4.1%
WNRDP	3 413	-	0.0%	49 800 000	-	
UERDP	48 016	20 406	42.5%	254 043 650	104 935 250	41.3%
OFIDO	2 294	1 104	48.1%	13 296 750	5 985 350	45.0%
PRIME	-	-		-	-	
TOTAL	137 591	47 126	34.3%	480 413 428	147 590 435	30.7%

Source: APIP PCR, annex IV table B2; Egypt CPE 2005, annex IV, p. 30, SRDP PCR, annex V tables 6 and 7; WNRDP PCR, para. 65 and 67; SDF loan data microfinance and SEDO tables for UERDP, OFIDO, and PRIME (as of 20 October 2016).

Table 2.4
Credit beneficiary outreach by credit line and project – SME (IDS, SFD, ADP)

Project	*Total number of loans*	*Number of loans to women*	*Percentage of loans to women*	*Total loan value (EGP)*	*Loan value of loans to women (EGP)*	*Percentage of women's loan value*
APIP	-	-		-	-	
EDNASP	-	-		-	-	
SRDP	-	-		-	-	
WNRDP	641	516	80.5%	166 100 000	1 860 000	1.1%
UERDP	197	-		-	-	
OFIDO	82	14	17.1%	13 988 800	2 495 074	17.8%
PRIME	1 364	-	0.0%	123 461 000	32 020 900	25.9%
TOTAL	2 284	530	25.4%	303 549 800	36 375 974	12.0%

Source: WNRDP PCR para. 65 & 67; SDF loan data microfinance and SEDO tables for UERDP, OFIDO, and PRIME (as of 20 October 2016); ADP SME loan data for PRIME (as of 1 November 2016).

Table 2.5
Infrastructure beneficiary outreach by project

Project	*Social*	*Education*	*Land reclamation*	*Irrigation and drainage*	*General*	*Water provision*	*TOTAL infrastructure outreach*
APIP							-
EDNASP			9 715	31 000		11 000	51 715
SRDP		331 560			2 061 657	1 906 798	4 300 015
WNRDP	65 520	2 621					68 141
UERDP							-
OFIDO				8 830			8 830
PRIME							-
TOTAL	65 520	334 181	9 715	39 830	2 061 657	1 917 798	4 428 701

Source: EDNASP PCR Annex V table 2; SRDP PCR p. 13-18, WNRDP PCR table 1; OFIDO Supervision Mission report October 2016 table 3.

Table 2.6
Agricultural extension and agricultural training beneficiary outreach by project

	Agricultural extension			*Agricultural training*			*Other training*			*Staff training*		
Project	*Total individuals trained*	*Women trained*	*Per cent women*	*Total individuals trained*	*Women trained*	*Per cent women*	*Total individuals trained*	*Women trained*	*Per cent women*	*Total individuals trained*	*Women trained*	*Per cent women*
APIP	497 210	38 000	7.6%	4 915						670	190	28.4%
EDNASP	44 277	13 324	30.1%									
SRDP				7 701	2 333	30.3%						
WNRDP	19 082	2 729	14.3%	58 231	10 229	17.6%	30 746	21 575	70.2%			
UERDP				5 613	1 533	27.3%	771	313	40.6%	519	286	
OFIDO				5 413	2 708	50.0%	5 735	443	7.7%	519	81	15.6%
PRIME							2 610			239	18	
TOTAL	560 569	54 053	9.6%	81 873	16 803	20.5%	39 862	22 331	56.0%	1 947	575	29.5%

Source: APIP PCR table 7 & para. 43; EDNASP PCR table 17; SRDP ICR annex table 2.2; WNRDP PCR table 1; UERDP supervision mission report May 2016 table 6; OFIDO Supervision Mission Report Appendix IV; PRIME ISM September 2016; UERDP and PRIME PCU self-assessment (September 2016).

Table 2.7
Credit line allocations and disbursements by project (USD)

Project	*Allocation*	*Re-allocation*	*Actual*	
APIP	12 400 000		21 000 000	169.4%
EDNASP	46 942 900	33 500 000	3 040 000	9.1%
SRDP	25 345 832	5 448 000	5 363 000	98.4%
WNRDP	17 052 000		13 394 000	78.5%
UERDP	15 449 882		11 332 000	73.3%
OFIDO	11 358 000		2 745 000	24.2%
PRIME	87 794 243		13 600 000	15.5%
TOTAL	216 342 857	38 948 000	70 474 000	38.5%

Source: GRIPS; APIP PCR table 5; EDNASP World Bank PCR annex I, table a; SRDP MTR p. 5; SRDP PCR table 1; WNRDP PCR table 3; UERDP supervision mission 2015 appendix V, table 5B; OFIDO supervision mission 2016 appendix V, table 5B1; PRIME supervision mission 2015 appendix V, table 5B.

Table 2.8
Number of loans provided through SFD directly or through private banks (disaggregated by sex and age)

	OFIDO						*PRIME*					
	Women (number)		*Men (number)*		*Total*	*Percentage of women*	*Women (number)*		*Men (number)*		*Total*	*Percentage of women*
Governorate	*21-35*	*35+*	*21-35*	*35+*			*21-35*	*35+*	*21-35*	*35+*		
Aswan												
Asyut	0	2	2	4	8	25%	139	70	170	140	519	40%
Beni Suef					0		22	20	59	51	152	28%
Beheira	1	3	4	2	10	40%	20	10	29	18	77	39%
Kafr el-Sheikh	1	3	6	4	14	29%	22	38	48	58	166	36%
Luxor	0	1	3	27	31	3%					0	
Minya					0		60	46	109	86	301	35%
Qena	1	1	1	13	16	13%	24	25	43	34	126	39%
Sohaq	0	1	0	2	3	33%	2	3	5	5	15	33%
Total	**3**	**11**	**16**	**52**	**82**	**17%**	**289**	**212**	**463**	**392**	**1 356**	**37%**

Source: SFD loan data tables (as of 20 October 2016).

Tables related to portfolio efficiency

Table 3.1
Cost per beneficiary at design and completion per project

	Beneficiary outreach		*Total project costs (USD)*		*Cost per beneficiary (USD)*		*Percentage difference of cost per beneficiary (Actual / design)*
Project	*Design*	*Actual*	*Design*	*Actual*	*Design*	*Actual*	
APIP	540 800	604 679	39 200 000	41 700 000	72.5	69.0	95%
EDNASP	29 300	25 281	91 458 600	58 590 000	3 121.5	2 317.6	74%
SRDP	2 300 000	1 297 500	93 500 000	70 700 000	40.7	54.5	134%
WNRDP	228 000	143 636	51 350 000	52 203 000	225.2	363.4	161%
UERDP	80 000	65 437	19 850 000	13 435 000	248.1	205.3	83%
OFIDO	197 850	68 448	92 159 000	28 072 000	465.8	410.1	88%
PRIME	250 000	35 141	108 220 000	3 513 000	432.9	100.0	23%
SAIL	280 000	-	86 854 600	-	310.2	-	-

Source: APIP President's report and PCR; EDNASP President's report and ICR; SRDP Preparation report, President's report and ICR; WNRDP President's report and PPE; UERDP President's report, MTR and Supervision mission December 2015; OFIDO President's report, MTR and Supervision mission October 2016; PRIME President's report and RIMS 2015

Table 3.2
Economic Internal Rate of Return (EIRR) per project

	EIRR		*Average consumer price inflation rate in project period*	*Difference of design and actual beneficiary outreach*
Project	Design	Completion		
APIP	29	29	5.9	63 879
EDNASP	33	33.4	6.7	-4 019
SRDP	12	14.9	7.1	-1 002 500
WNRDP	20.1	18.4	9.6	5
UERDP	None			
OFIDO	18			
PRIME	None			
SAIL	20			

Source: beneficiary outreach data from table X5.1; Project appraisal reports, President's reports and supplementary loan agreements, and supervision missions; World Bank Development Indicators 2016.

Tables related to rural poverty impact

Table 4.1
Comparison of portfolio design and actual beneficiary outreach as proportions of the poor population by governorate

Governorate	*Ratio of design beneficiary as a proportion of poor (percentage)*	*Ratio of actual beneficiary as a proportion of poor (percentage)*
Lower Egypt		
Dakahlia	4.3%	0.9%
Sharkia	4.3%	0.9%
Kafr el-Sheikh	4.5%	2.8%
Beheira	12.3%	11.7%
Ismailia	13.8%	3.0%
Upper Egypt		
Beni Suef	55.8%	17.2%
Fayoum	46.5%	16.7%
Minya	35.1%	7.1%
Asyut	2.9%	1.8%
Sohaq	47.1%	43.4%
Qena	4.3%	2.8%
Aswan	9.0%	0.0%
Luxor	1.9%	2.4%

Source: calculated from beneficiary data in annex VII table 3.1, CAPMAS- HEICS -2008/2009- 2010/211-2012/2013 and 2014/2015 poverty data, and CAPMAS 2016 population data.

Tables related to portfolio performance on gender equality and women's empowerment

Table 5.1
Training of extension staff in ongoing projects

Project	*Women*	*Men*	*Total*	*Percentage women*
UERDP	286	1 358	1 644	17
OFIDO	81	414	495	16
PRIME	18	221	239	8

Source: UERDP RIMS data as of June 2015; OFIDO PowerPoint presentation which was presented to evaluation team; BTOR PRIME October 2016.

Table 5.2
Number of UERDP FMAs per governorate (disaggregated by sex)

Governorate	*Number of FMAs*	*Women*	*Men*	*Percentage women*
Qena	26	261	1,558	17
Asyut	10	91	421	22
Total	36	352	1 979	18

N.B. 13/26 FMAs in Qena were established and strengthened by CARE; 3/26 FMAs in Qena have no women members; 10/10 FMAs in Asyut were established and strengthened by CARE; 4/10 FMAs in Asyut have no women members.
Source: UERDP PMU, Cairo.

Table 5.3
Microfinance loan outreach by governorate in OFIDO and UERDP (disaggregated by sex)

	Loans to women			*Loans to men*				
Governorate	*OFIDO*	*UERDP*	*Total*	*OFIDO*	*UERDP*	*Total*	*Total*	*Percentage women*
Asyut	461	9 421	9 882	334	13 209	13 543	23 425	42%
Beheira	43		43	177		177	220	20%
Kafr el-Sheikh	401		401	431		431	832	48%
Qena	199	10 985	11 184	248	14 401	14 649	25 833	43%
Total	**1 104**	**20 406**	**21 510**	**1 190**	**27 610**	**28 800**	**50 310**	**43%**

Source: SFD loan data tables (as of 20 October 2016).

Tables related to performance of partners

Table 6.1
Average project status review ratings for Egypt portfolio

	Quality of financial management	*Acceptable disbursement rate*	*Counterpart funds*	*Compliance with financing covenants*	*Compliance with procurement*	*Quality and timeliness of audits*	*Quality of project management*	*Performance of M&E*	*Coherence between AWPB & implementation*	*Gender focus*
EDNASP	5.0	3.2	3.8	3.8	4.2	3.8	4.3	4.3	5.5	4.0
SRDP	5.0	3.0	4.0	4.0	4.3	4.3	4.2	3.8	4.5	4.0
WNRDP	5.0	3.2	4.9	4.8	4.7	4.5	4.9	4.5	4.4	4.6
UERDP	4.0	4.0	3.2	4.0	4.4	3.8	4.2	3.6	3.7	4.6
OFIDO	3.6	2.1	5.3	3.9	3.9	3.9	3.7	4.0	3.4	4.0
PRIME	4.0	2.7	3.3	3.5	4.0	4.0	3.5	3.3	3.5	4.0
SAIL	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Overall Average	4.2	3.1	4.1	4.1	4.3	4.1	4.2	4.0	3.9	4.3

Average project status review ratings for Egypt portfolio (continued)

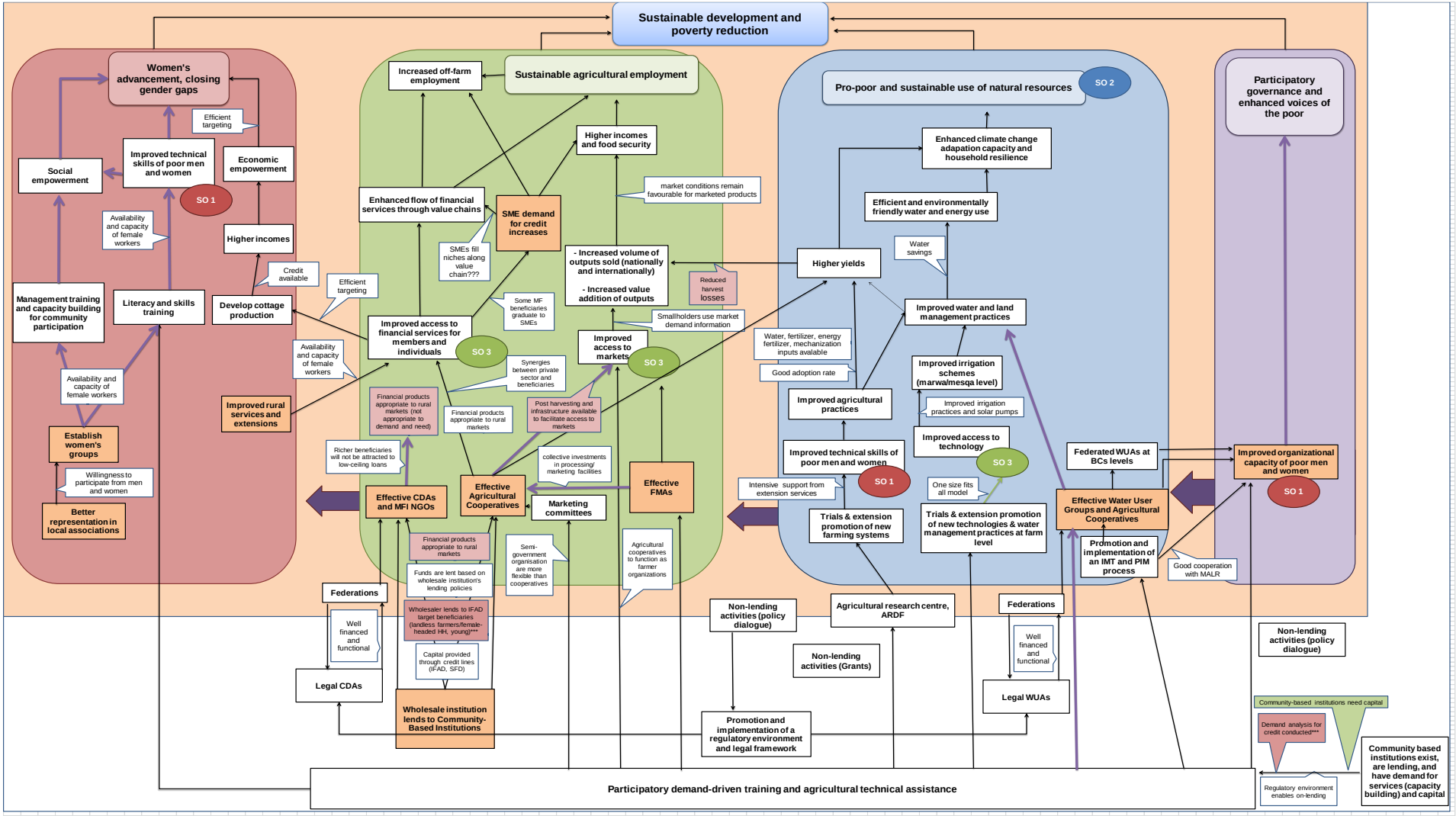
	Poverty focus	*Effectiveness of targeting approach*	*Innovation and learning*	*Climate and environment focus*	*Institution-building (organizations, etc.)*	*Empowerment*	*Quality of beneficiary participation*	*Responsiveness of service providers*	*Exit strategy (readiness and quality)*	*Potential for scaling up and replication*
EDNASP	4.3	5.0	4.0		5.0	5.0	4.3	4.0	4.0	5.0
SRDP	4.2	5.0	4.0		4.0	5.0	4.2	4.0	3.0	5.0
WNRDP	4.6	4.9	4.6	5.0	4.9	4.9	4.5	4.5	4.1	5.6
UERDP	4.5	4.1	3.9	4.0	4.9	4.3	4.8	3.9	4.0	4.6
OFIDO	4.4	4.4	4.0	4.8	4.1	4.0	4.0	4.0	4.0	4.4
PRIME	4.0	4.0	3.7	4.0	3.3	3.3	3.8	3.8	4.0	4.0
SAIL	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Overall Average	4.4	4.4	4.1	4.3	4.4	4.3	4.3	4.1	4.0	4.7

Average project status review ratings for Egypt portfolio (continued)

	Physical/financial assets	*Food security*	*Overall implementation progress*	*Likelihood of achieving the development objectives (section B3 and B4)*	*Quality of natural asset improvement and climate resilience*	*Frequency of supervision*	*Quality of supervision*	*Impact on project implementation*	*Overall supervision rating*	***Overall average***
EDNASP	5.0	4.0	3.8	4.2		5.0	5.0	5.0	5.0	**4.4**
SRDP	5.0	4.0	4.2	4.2		5.0	5.0	5.0	5.0	**4.3**
WNRDP	4.9	5.0	4.6	4.5	5.0	3.0	3.0	3.1	3.0	**4.5**
UERDP	4.0	4.2	4.2	4.6	4.0					**4.1**
OFIDO	3.7	4.0	3.7	3.9	4.3					**4.0**
PRIME	4.0	4.0	3.7	4.0	4.0					**3.7**
SAIL	4.0	4.0	4.0	4.0	4.0					**4.0**
Overall Average	4.2	4.3	4.1	4.3	4.1	3.4	3.4	3.6	3.4	**4.1**

Source: PSR ratings database 2003-2016, retrieved 30 January 2017.

Theory of change



COSOP effectiveness

Results for selected Results Management Framework indicators by COSOP objective

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*		
Indicator	*Result over review period (2006-2016)*	*Level of achievement*
COSOP 2012: About 70% of the individuals provided vocational training and skills are able to enhance their employment and incomes. Of these at least 30% are women **COSOP 2006:** Support SME processes and the private sector to expand opportunities for employment and income generation	**All CSPE projects**: 560 000 beneficiaries (9.6 per cent women) benefiting from agricultural extension services, and under 124 000 beneficiaries (32 per cent women) or other types of training Project-collected employment data for **UERDP, OFIDO** and **PRIME** is not credible **WNRDP** trained 2 802 individuals in income generating activities; SME set up in but no evidence of increased employment. Income data cannot be confirmed due to price inflation For the 2006 COSOP projects, there is no evidence of increased employment in **EDNASP** and **SRDP**. Income data cannot be confirmed in EDNASP due to price inflation	**low**
COSOP 2012: About 70% of the Water Users Groups established collect membership fees, maintain common irrigation infrastructure and follow improved irrigation practices **COSOP 2006:** Support Water User Associations	**All CSPE projects**: There were 572 WUAs in the portfolio **OFIDO** set up 118 WUAs but reportedly is not yet encouraging them to collect fees. There are indications that irrigation water management is promoting social cohesion and reducing local water resource conflict **WNRDP** set up 117 WUAs but reportedly cannot collect fees because they do not have bank accounts **EDNASP's** 337 WUAs (59 per cent) had users pay management fees for O&M, and were effective in water management and conflict resolution	**Low**
COSOP 2012: About 50% of farmers included in the Marketing Associations/groups and Cooperatives are able to obtain higher and stable farm-gate prices for their products	**All CSPE projects** engaged 143 cooperatives, 53 FMAs and 95 marketing committees. Farm-gate prices are not reported. The number of known members in FMAs is 32 902 and 13 920 in marketing committees **EDNASP** has 2 cooperatives**. WNRDP** had 113 cooperatives (no data on members) and 6 FMAs (30 571 members). **UERDP** had 36 FMAs (2 331 members). **OFIDO** had 95 Marketing committees (13 920 members)*. **PRIME** had 28 cooperatives and 11 FMAs. Membership data is not reliable	**Low**
COSOP 2012: About 60% of the created CDAs/Groups are able to operate and maintain the social infrastructure facilities under their management **COSOP 2006:** Support Community Development Organizations	Three projects (SRDP, WNRDP and OFIDO) had CDAs that were wholly or partly responsible for infrastructure. Nonetheless the projects did not collect data. Under the 2012 COSOP, WNRDP had 21 CDAs which assisted in the maintenance of health facilities. OFIDO had 7 CDAs which played the role of financial intermediaries Under the 2006 COSOP, SRDP had 10 CDAs which were not involved in O&M of social infrastructure	**Medium**

SO2: Pro-poor sustainable use of the natural resources, especially land and water is enhanced		
Indicator	*Result over COSOP period*	*Level of Achievement*
COSOP 2012: Improved water and land management practices on an areas of approximate 100,000 fd. **COSOP 2006:** Promote sustainable small-scale farming **COSOP 2006:** Changes in practices and areas farmed by small farmers	**All CSPE projects:** improved 77 487 fd. through irrigation **OFIDO** 11 712 *feddan*; **EDNASP** 19 200 fd. **WNRDP**: 46 576 fd. (*mesqa*/sprinkler/drip irrigation) Adoption rates for new cropping systems**: APIP:** 67.6 per cent; agricultural intensification increased by 8.24 per cent. **UERDP**: reported adoption rates between 40 and 50 per cent **EDNASP**: 72 100 *feddan* with improved farming practices	**High**

SO3: The access of poor rural farmers to better quality services, such as technology, finance and markets, is improved		
Indicator	*Result over COSOP period*	*Level of achievement*
COSOP 2012: About 30% of the target households report an increase in their yields from farming as a result of enhanced production skills	560 569 individuals received extension services under **APIP, EDNASP** and **WNRDP** **APIP** governorates saw wheat yields increase between 11 and 28 per cent. **EDNASP** yield increases reported for rice cotton and maize in 2 out of the 6 sub-areas **WNRDP** had 36 185 households, and 19 082 individuals received extension services. 5.3 per cent increase in wheat yields for beneficiary households	**High**
COSOP 2012: Increase in the volume of output sold by 50% of the small farmers due to better access to the local/ international market	Under **UERDP**, market access is reportedly a challenge due to the project area's long distance from markets. **PRIME** participants are reportedly participating in exhibitions, though there is no indicator to establish scale of participation	**Low**
COSOP 2012: Enhanced flow of financial services to and through the value chains for at least 50 per cent of the target households **COSOP 2006:** Rural financial services significantly improved for small producers, microenterprises and rural women	**UERDP** established 74 CDAs which disbursed EGP 254 million through 2 294 loans **OFIDO** established 7 CDAs which disbursed EGP 13.1 million through 48 016 loans **PRIME** established 33 CDAs yet has not disbursed any loans due to legal requirements **APIP** provided 76 403 loans (29 per cent to women) through its microfinance window **EDNASP** did not have any data on rural finance due to poor performance of the component **SRDP** provided 7 465 loans (49 per cent to women) through its microfinance window **WNRDP** provided 3 413 loans	**Moderate**
COSOP 2012: Improved profitability through greater access to financial services for at least 80% of the target SMEs.	**SFD a**nd **ADP** provided loans to SMEs. UERDP had 197 SMEs, OFIDO has 28 SMEs, and PRIME has eight SMEs through ADP **WNRDP** provided 641 loans to SMEs; **UERDP** has provided loans to 197 enterprises (target 200); Under **OFIDO**, disbursed 81 loans to 28 enterprises (target 1 012); 1 364 loans have been disbursed to SMEs under **PRIME** (target 32 021)	**Low**

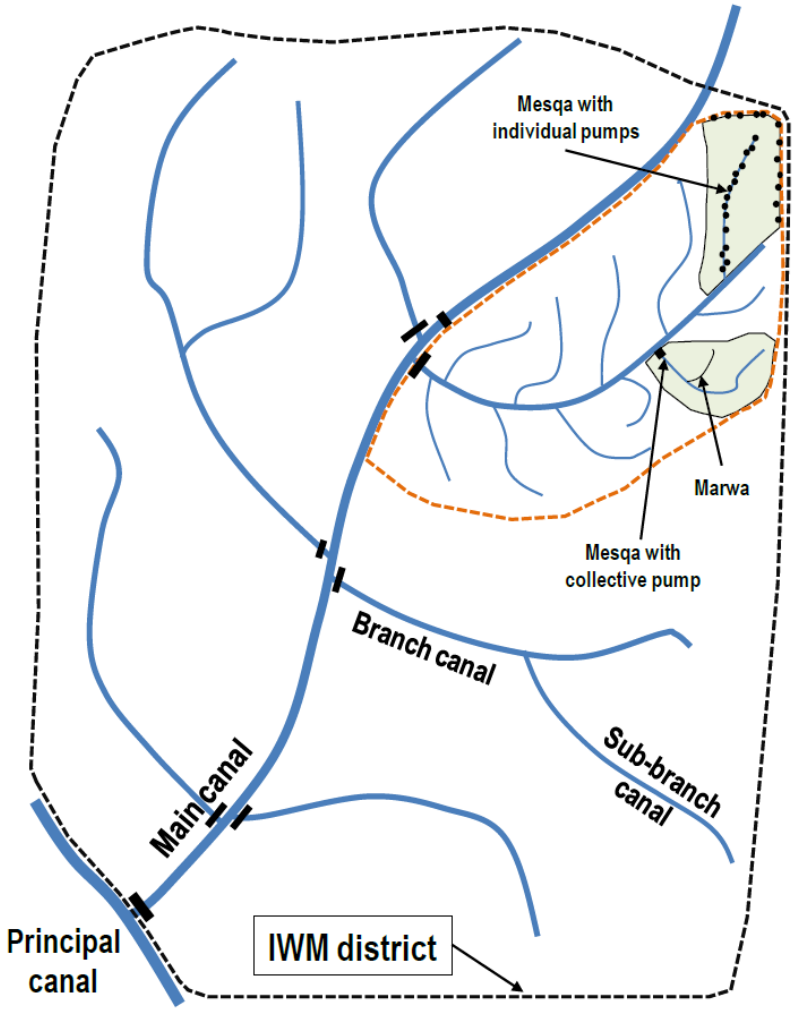
COSOP 2006 output: Community-driven mechanisms for planning, implementation and monitoring established		*Level of achievement*
Community-driven mechanisms for planning, implementation and monitoring established	**SRDP:** use of SHOROUK methodology led to increased participation of women. Infrastructure and services benefiting isolated hamlets reached 84 per cent, exceeding the planned target (75 per cent), and influenced government institutions **WNRDP** also used the SHOROUK methodology, but process is not documented	**Low**

Follow up to the 2005 CPE recommendations

2004 CPE recommendation	Agreed follow up actions at completion (2005)	Actual follow up during review period (2005-2016)
Work through partnerships and engage in policy dialogue (4) addressed under 2006 COSOP (2) (4) addressed under 2012 COSOP **Partly addressed**	1. IFAD to engage in **dialogue with all relevant agencies** in Egypt, to be fully involved in development for a and develop a more proactive approach to publicising project results and development findings. 2. **Broaden the spectrum of implementation partnerships** and intensify implementation support in order to seek the optimization of project and grant impacts; support the development of potential NGOs as potential partners. 3. Facilitate the communication **of innovative approaches and experiences** across projects through regular workshops and field visits; wider consultation with project users and staff to facilitate innovative approaches. 4. IFAD should insist on **higher quality monitoring and impact assessments** in order to retain emphasis on achievement of development objectives and to share knowledge across projects; utilize local skills of project staff to help in this respect.	• Engagement with development partners during first part of review period through co-funding (World Bank, IDS) and complementary support (USAID); not followed up after completion of EDNASP, SRDP and WNRDP. • Broader implementation partnerships in rural finance and OFIDO (COSOP 2012). • Communication of innovative approaches and experiences not systematic or documented. • Impact assessments conducted for closed projects (SRDP, WNRDP, APIP) and ongoing projects (UERDP); record-keeping and quality of monitoring continues to be poor in most projects with the notable exception of OFIDO.
Shift the geographical focus of IFAD interventions (1) Addressed under 2006 COSOP Not addressed under 2012 COSOP **Insufficiently addressed**	1. Shift the geographical focus of IFAD's strategy to **Upper Egypt** and develop an exit strategy for Lower Egypt; 2. Examine the need to invest more in and sequence better **social development activities**; 3. Promote **capacity of governorates, local authorities and local committees** in managing and supporting rural development programmes; 4. Review the performance of **SRDP** and disseminate the results widely.	• Shift of focus to Upper Egypt under 2006 COSOP; a larger number of governorates in Upper Egypt received funding, but the amount of funding remained similar or lower compared to Lower Egypt governorates; no exit strategy for Lower Egypt. • No investments in social development in the old lands; SAIL to include support to social infrastructure and services. • Capacity of local governorates, authorities and committees not sufficiently strengthened; project management remains centralized. • Results of SRDP were not reviewed or disseminated; project documentation has been lost.
Revise the approach to rural finance **(**1) addressed under 2006 COSOP (1) (2) addressed under 2012 COSOP **Partly addressed**	1. Support the already existing and encourage the formation of **new civil society organizations** with the capacity to provide and manage financial services for rural development, in compliance with legal requirements for financial institutions. 2. Through its field presence, IFAD should take a lead role in stimulating the **rural finance policy dialogue**, especially to ensure better outreach to target groups. 3. IFAD should enter into direct **dialogue with PBDAC**; 4. Assist PBDAC and other financial institutions to identify **innovative financial instruments** to reach women and the landless as future micro entrepreneurs.	• Good outreach through CDA loans; SFD has assisted CDAs to comply with new legal requirements. • Policy dialogue mainly during supervision and focused on IFAD interventions; engagement with commercial bank through grant; involvement of new partners in rural finance. • PBDAC institutional reform without IFAD support. • Little progress on innovative financial instruments; SME loans has limited outreach and are not well targeted.

Strengthen gender emphasis. (1) partly addressed under 2006 COSOP 1) partly addressed under 2012 COSOP **Insufficiently addressed**	1. Increase **emphasis on gender** in projects; 2. Use **grant mechanisms** to promote the empowerment agenda for women; 3. Increase **skills and employment opportunities** for women through IFAD projects.	• Attention to gender issues was low to start with and did not significantly improve; good attention to gender in SFD implemented loans and in OFIDO. • Grant mechanisms not used to promote women's empowerment since EDNASP/SRDP. • No evidence that women's skills and employment opportunities have improved.

Illustration of farm and off-farm irrigation systems in Egypt



Source: Molle, F. and E. Rap. 2013, Figure 1, p. 4.

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