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Investing in rural people in **Egypt**

Egypt is the third most populous country in Africa, with about 100 million people concentrated on approximately 6 per cent of the land in a ribbon stretching 1,000 km from north to south along the Nile Valley. The Government of Egypt has adopted significant economic reforms and anti-poverty initiatives. Egypt's economic growth has been healthy, averaging 5.3 per cent in 2018, compared with an average of 4.3 per cent in the three years before, according to the World Bank. Despite the COVID-19 pandemic, Egypt was one of the few emerging economies that experienced a positive GDP growth in 2020.

Agriculture is a key sector in the Egyptian economy, providing livelihoods for 57 per cent of the population and directly employing about 26 per cent of the labour force. Though its share of gross domestic product (GDP) has fallen to about 11 per cent, farming is a vital source of exports and foreign exchange accounting for 20 per cent of export revenue. About 57 per cent of the population lives in rural areas where poverty rates are three times higher than urban areas. Upper Egypt is the poorest region with a 50 per cent poverty rate. The structural drivers of poverty include the small size of landholdings,

inadequate public infrastructure, low levels of private capital accumulation and low investment in human capital. Egypt's poverty rate declined to 29.7 per cent in 2020, down from 32.5 per cent two years earlier, according to the Central Agency for Public Mobilisation and Statistics (CAPMAS). However, COVID-19 pandemic is expected to increase vulnerability and poverty. The unemployment rate reached 10.4 per cent in 2020, while youth unemployment, increased to 32.5 per cent compared to 24.4 per cent in 2010, remains a major challenge.



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Eradicating rural poverty in Egypt

Egypt has committed to reducing poverty through sustainable economic growth, income distribution and social development policies. Its main priority is to create more employment opportunities. Its multi-pronged strategy focuses on:

- economic growth to increase income and job opportunities;
- a more efficient agriculture sector, with an emphasis on improving water and land utilization to enhance yields, income and food security for the poor;
- human development to raise poor people's capabilities through education, health care, nutrition and social initiatives;
- women's advancement and closing the gender gap;
- safety net measures for the poor, especially poor women;
- participatory governance.

The Government of Egypt is addressing growing poverty and inequality. Its main goals are to attain higher GDP growth rates, maintain a broad macro-economic balance and broaden the economy's capacity to absorb labour.

IFAD's strategy in Egypt

In Egypt, IFAD loans support settlement of land reclaimed from the desert in Lower (Northern) Egypt and support for productivity improvements in the old lands in the Nile valley and Upper Egypt. IFAD has a two-pronged strategic approach, the first centred on livelihood options available to rural households and the second focused on improving the policy space for sustainable and inclusive rural transformation. This will allow IFAD to use its project-based investments to illustrate concrete results on the ground while opening up policy spaces for sector-wide transformational measures. In its efforts to help reduce poverty, IFAD seeks to bring about more sustainable use of natural resources, promote climate-smart strategies and leverage opportunities from growing private-sector involvement in agriculture. Key activities include:

- strengthening the technical skills and organizational capacities of poor rural men and women so they can benefit from rural on- and off-farm economic opportunities;
- enhancing sustainable use of natural resources, especially land and water;
- improving the access of poor rural farmers to better services, including technology, finance and markets.

IFAD's investment in Egypt

IFAD country programme in Egypt is the largest in the Near East and North Africa. In total, IFAD has invested in 14 agricultural development projects and programmes for a total Cost of US\$ 1.1 billion, with IFAD direct financing of US\$ 519.28 million benefiting around 7 million people. Ten of the projects have been completed, three are ongoing, and one is signed but not yet effective. The projects aim at improving the incomes and living conditions of small-scale farmers and their communities, and influencing public policy on land tenure and land settlement systems.

Ongoing operations

Promoting Resilience in Desert Environments

The objectives of the project is to build the resilience of poor rural households to the harsh climate conditions in the Matrouh Governorate by improving their productive capacities, assist communities to enhance the productive potential of the newly reclaimed lands and assist women and children from poor households to improve their nutritional and socio-economic profile.. It aims at improving the productive capacities of poor rural households and the fertility of newly reclaimed lands, thereby enhancing nutrition and the socioeconomic status of women and children in particular. The project has two components: climate-resilient livelihoods and integrated, nutrition-sensitive investments. The target group is estimated at approximately 450,000 people or 60,000 households. The total project costs are US\$81.5 million, consisting of: (i) an IFAD loan of US\$61.8 million; (ii) an IFAD grant of US\$1 million; (iii) a Government of Egypt contribution of US\$13.9 million; and (iv) a beneficiaries contribution of US\$4.7 million.



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Promotion of Rural Incomes through Market Enhancement Project

The project focuses on seven governorates: Qena, Sohag, Assiut, Minia and Bani Seuf in Upper Egypt, and Beheira and Kafr el-Sheikh in Lower Egypt. Its target groups include smallholder households, landless labourers with rudimentary education, unemployed youth, women and households headed by women, and small and medium scale entrepreneurs. The project's goal is to help reduce rural poverty. Specifically, it seeks to increase the incomes of 50,000 rural households by integrating them into agricultural value chains.

The total project costs are US\$108.2 million, comprising: (i) an IFAD loan of US\$69.9 million; (ii) an IFAD grant of US\$1 million; (iii) a Government of Egypt contribution of US\$7.5 million; (iv) a beneficiaries contribution of US\$17.7 million; and (v) other domestic contributions of US\$11.9.

Sustainable Agriculture Investments and Livelihoods Project

The project builds on the successful West Noubaria Rural Development project and is implemented in Upper Egypt (Minia, Bani Souef and Aswan) and Lower Egypt (Kafr Sheikh). It targets new settlements with a total population of around 40,000 households or 280,000 people. Activities include developing institutions, rehabilitating infrastructure and working with local communities to improve access to social and productive services. Its overall goal is to reduce poverty and increase food and nutrition security for poor rural women and men. It will do this by building the capacity of smallholders to improve their incomes, increase their profits and diversify their livelihoods.

The total project costs are US\$94.6 million, comprising: (i) an IFAD loan of US\$63.2 million; (ii) an IFAD grant of US\$1.4 million; (iii) an Adaptation for Smallholder Agriculture Programme grant of US\$5 million; (iv) a Global Environment Facility grant of US\$7.8 million; (v) a Government of Egypt contribution of US\$15.2 million; and (vi) a beneficiaries contribution of US\$2 million.



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IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US\$23.2 billion in grants and low-interest loans to projects that have reached an estimated 518 million people. IFAD is an international financial institution and a United Nations specialized agency based in Rome – the United Nations food and agriculture hub.

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