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# **Rural development policies in Egypt: Historical Background and Evolution of the Institutional Framework**

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**Résumé.** Depuis 1882, la population égyptienne a été multipliée par 11, passant de 6,7 à 73,6 millions d'habitants. La ressource en eau cruciale en Egypte provient presque uniquement du Nil. Elle permet entre autre d'irriguer près de 9 millions de feddans<sup>9</sup> dont 3,2 pour les nouveaux territoires. Actuellement le secteur agricole représente 31% de la population active et 16,5% du PIB pour un montant de 96,5 milliards LE. Les politiques de développement rural ont évolué au cours du temps. On distingue plusieurs périodes. La première s'étend de 1882 à 1923. Sous le protectorat anglais le développement concerne essentiellement la culture intensive du coton en irrigué pour approvisionner les usines de textile britanniques. Un encadrement social est mis à disposition des ouvriers agricoles, indispensable à cette production (lutte contre les épidémies). La création d'une première coopérative et d'un syndicat agricole pour protéger les très petits exploitants agricoles (loi des 5 feddans) complètent ces actions. Durant la seconde période (1923-1952), les lois sur les coopératives, la mise en place d'un système de crédits bancaires pour les petits exploitants, l'émergence d'un mouvement de réformes sociales et la création de centres sociaux complétée par la création d'un Ministère des Affaires sociales (1939), traduisent un début d'institutionnalisation de nouvelles agences de développement pour le monde rural. La santé, l'éducation et l'aide aux communautés rurales, la vulgarisation sont des préoccupations croissantes. En 1946 une première tentative de coordination de ces services de base avec un rôle central dévolu aux centres sociaux, reste néanmoins un échec en raison de la compétition et des conflits entre les services et aboutit à une mauvaise répartition territoriale des organismes. La troisième phase (1952-1973) est marquée par la Réforme Agraire de 1952. Elle est caractérisée par une approche de type planification centralisée du développement rural. Cette intervention directe de l'Etat passe par les coopératives agricoles. Un fonds d'appui aux industries rurales, à l'environnement et à la réhabilitation rurale voit le jour. La révolution rose de 1952 accorde plus d'importance au monde rural avec un appui au regroupement et à l'intégration des services et au renforcement de la liaison avec les communautés rurales. Des associations communautaires de Développement sont créées mais la démarche reste encore très sectorielle et centralisée. De 1973 à 2005 apparaissent les premières tentatives pour mettre en place une approche réellement intégrée du développement rural (DR) avec la création d'une Agence Nationale. Simultanément le mouvement coopératif régresse alors qu'une structure de développement des villages égyptiens voit le jour et s'impose. C'est aussi la période où il faut atténuer les effets négatifs de la politique d'ajustement structurel. Un premier programme de DR est lancé (Shorouk, 1994). Des ONG nationales ou locales développent des expériences de DR de type participatif et localisé. En 1997 une mission interministérielle est créée pour faciliter la coordination entre les services de l'Etat. Mais le principal résultat est la complexification de l'organisation institutionnelle du DR sans effet concret marquant. La phase suivante vient de démarrer (2005). Elle sera davantage marquée par la mise en œuvre d'un processus de décentralisation. Néanmoins l'approche reste encore très sectorielle, elle vise à améliorer les conditions physiques de la production agricole, à faciliter une meilleure répartition géographique des agriculteurs, notamment sur les nouveaux territoires et à améliorer les conditions de vie. Il reste que la forte croissance démographique, le chômage des jeunes diplômés, surtout en Haute Egypte, et la pollution des sols posent de très graves problèmes pour la durabilité du DR. Au total deux types de stratégies caractérisent la conception du DR en Egypte : la stratégie communautaire et celle du développement intégré. Récemment on cherche à intégrer la notion de développement durable mais à une échelle expérimentale et limitée. Le développement humain devient le pivot de la stratégie actuelle avec la volonté de construire un arsenal législatif notamment pour soutenir les initiatives municipales.

**Abstract.** The population of Egypt has increased 11-fold since 1882, growing from 6.7 to 73.6 million persons. Egypt's crucial water resource comes almost only from the Nile. Among other things, it enables the irrigation of nearly 9 million feddan, including 3.2 million in the new territories. Today, the farming sector accounts for 31% of the working population and, with EGP96.5 bn, earns 16.5% of the GDP. Rural development policies have evolved in time and distinction can be made between several periods. The first was from 1882 to 1923. During the British protectorate, development consisted mainly of intensive irrigated cotton growing to supply the British textile mills. A welfare framework was made available to the farm workers who were essential for cotton production (prevention of epidemics). These actions were completed by the founding of the first cooperative and a farmers' union to protect very small farmers (the 5-feddan law). During the second period (1923-1952), the law on cooperatives, the setting up of a credit system for small farmers, the emergence of a social reform movement and the creation of social centres completed by the creation of a Ministry of Social Affairs (1939) showed the beginning of the institutionalisation of new development agencies for the rural world. Health, education and aid for rural communities and extension were increasingly important concerns. In 1946, the first attempt made to coordinate these basic services with a central role awarded to social centres failed nonetheless because of competition and disputes between services and resulted in a poor geographic distribution of the bodies. The third phase (1952-1973) was

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9.1 feddan= 4200 m<sup>2</sup>

marked by the 1952 agrarian reform law featuring a central planning type approach to rural development. This direct state intervention was via farming cooperatives. A support fund for rural industries, the environment and rural rehabilitation was created. The 1952 revolution awarded more importance to the rural world, providing support for the grouping and integration of departments and the strengthening of liaison with rural communities. Community development associations were founded but this approach was still markedly sectoral and centralised. The first attempts at setting up a truly integrated approach to rural development were made from 1973 to 2005 with the creation of a national rural development agency. At the same time, the cooperative movement lost ground while a development structure for Egyptian villages took shape and became dominant. This was also the period during which the negative effects of the structural adjustment policy had to be lessened. A first rural development programme was launched (SHOROUK, 1994). National and local NGOs worked on participatory, local rural development operations. An interministerial mission was set up in 1997 to facilitate coordination between government departments. However, the first result was the increased complexity of the institutional organisation of rural development with no marked real effects. The next phase has just started (2005). This will be more marked by the implementation of a decentralisation process. Nevertheless, the approach is still very sectoral and aimed at improving the physical conditions of agricultural production, enhancing a better geographic distribution of farmers—especially in the new territories—and improving living conditions. However, strong population growth, unemployment of young persons with qualifications, especially in Upper Egypt, and land pollution remain very serious problems for the sustainability of rural development. The conception of rural development in Egypt is characterised by two types of strategy: community strategy and that of integrated development. It has recently been sought to incorporate the notion of sustainable development but on an experimental, limited scale. Human development is becoming the pivot of the present strategy with the desire to build up a legislative framework, in particular for supporting municipal initiatives.

## Introduction

Rural development in Egypt has a long history traced back to the nineteenth century. Generally, the national political system was always very influential in setting up the outline of state orientation towards the rural sector and formatting the type of interrelationship between rural areas and the other state sectors. This fact is valid across the last two centuries regardless of some minor differences and details from time to time.

Population in Egypt has reached 73.7 million by January 2006 (CAPMAS, 2006). The high growth rate of population in Egypt has resulted in the explosion of its inhabitants by about eleven times since 1882 and by about four times since 1947 to the present. In spite of the fact that growth rate stepped down from about 3% to about 1.9% now during the last half century demand on all natural resources specially land and water has intensified tremendously. The major source of fresh water in Egypt is the Nile River (95%) with fixed allocated quota of 55.5 billion cubic meters annually from all the river inputs. Horizontal expansion of cultivated lands to feed the growing people since the fifties of the last century has led to the distinctive feature of rural areas in Egypt. *They are characterized now by having two sub-sectors; the traditional (old) which is located in the Nile Delta and Valley, and the new one which is located in the newly reclaimed lands mostly in the desert fringes attached to the Delta and Valley. The rural communities in each are different from the socio-economic and demographic point of views which necessitates different approaches and priorities when seeking their development.*

Population density in the 3.24 million feddans reclaimed since 1952 (CAPMAS, 2006) is still far from that in the 5.5 million feddans old lands though reclaimed lands play a major role in food security and fresh agricultural products exports.

Old rural areas, where the main economic activity is farming, was the main source of financing the state budget. This had continued since the Mohamed Ali era early in the eighteenth century. It was the main source of raw materials for cotton industries in Britain during the British occupation. They were the main source of hard currency needed for industrialization process of Egypt since the revolution of 1952 until late seventies. Agriculture, the main economic activity in rural areas *specially in the new rural settlements*, is still playing a main role in the economy where about 31% of the labor force are working in that sector and villages host now about 57% of all population. Yet, agriculture contributes only with less than 16.5% of the GDP in Egypt last year (2004/2005). The value of agricultural production increased from 2.3 to 96.5 billion LE during the period 1999-2004 (AlAhram newspaper, 18/1/2006). There are plans to double agricultural exports in addition to maintain the food security for the rapidly growing population. This is to take place under the context of international tough competition in trade under the globalization era.

The stand of rural population to confront all these challenges and surrounding global rapid changes is the core issue of rural development nowadays.

## **I - Historical Background and Evolution of the Institutional Framework of Rural Development**

### **1. The first phase: 1882-1923 (liberal initiatives of social reform under British occupation)**

During this period Egypt was under the British occupation. Rural areas were the main source of agricultural production where Cotton was of great importance for the British spinning and textile industries. Hence, development was oriented towards intensive use of agricultural resources in rural areas for production and exportation of this fiber raw material. Development concentrated on satisfying the needs of agricultural development through establishment of educational institutes to qualify a few number of agricultural technicians and a bigger number of clerks and store bookkeepers. The occupation authorities were interested also in the organization of health quarantines and combating the epidemic diseases that was threatening the agricultural labor force, the main source of power in agricultural production that time. They planned also for establishment of a wide and efficient irrigation system and channel network to improve productivity of lands.

The organizational aspects of agriculture witnessed the early initiatives of some social reformers to establish the cooperative movement. It emerged with the establishment of the first cooperative (NGO), called the agricultural syndicate, in rural areas in 1910. The commercial enterprises law was used as a legislative umbrella for this movement to overcome the legislative shortage.

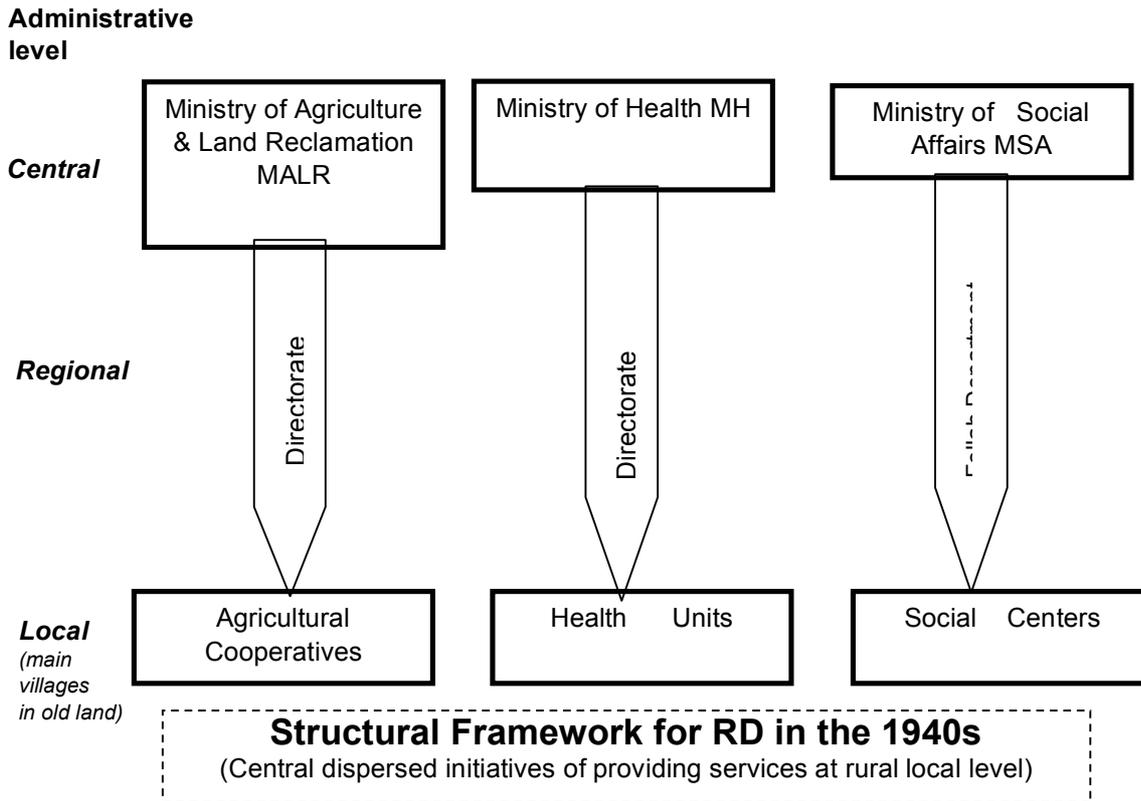
The economic crisis in the early twenties of the last century led authorities to approve the five feddans law in 1913 which banned bankruptcy of small land holding with five or less feddans. This was to protect the small farmers who were the main farming power against the sever negative impacts of the economic crisis. Yet, on the contrary, it hurt them financially because of the desistance of financial bodies to offer their services to small farmers.

### **2. The second phase: 1923-1952 (institutionalization and legislative set up of new development agencies and emergence of the need for coordination and integration)**

During that period the first law of cooperation was issued in 1923 followed by the second one in 1927 which led to the establishment of more coops with clear legal identity. This period witnessed the independence agreement of Egypt in 1936.

However, several other institutional changes took place for the first time. The agriculture sector was provided with its own financial agency. The agricultural credit bank was established in 1931 for financing farmers and cooperatives pushing agricultural development in the rural sector ahead. This process was accompanied by the emergence of a social reform movement that called for execution of specific rural reform programs based on the idea of establishment of rural social centers. Institutionalization of the idea took place through the Ministry of Social Affairs created in 1939 which established the Fellah Department to take care of the social centers and empower their role in rural areas. Several other service agencies were established under sectoral bases such as the rural health clinics under the Ministry of Health, the rural schools under the Ministry of Education and the vocational training centers under the Ministry of Trade and Industry. Figure (1) shows the organizational setup of services provided to help developing rural communities during this period.

Figure 1. Structural Framework for RD in the 1940s



However, the fragmented and central management of these services has pushed to some trial in 1946 to coordinate service provision under one program where the social center would play a pivot role. During that period the rural services appeared clearly but their forms varied. There were few and dispersed social centers and agricultural cooperatives and consumer and agricultural units, health clinics, rural schools and handicraft training centers in almost each rural local unit.

However the coordination was missing and absent between these services. This led sometimes to the dualism of services, and hence the competition rather than cooperation or integration among the authorities and the concerned ministries. This was also due to the conflicts raised among some supervisors of these services who aimed to the exclusion of other parties to work alone in rural areas. Equity in the distribution of services among territories was neglected. They were rather condensed in specific regions as a result of the competition and conflicts and meanwhile the limited budget and shortage of government capabilities. This situation led the government to set a plan for coordination of services in rural areas by the expansion of establishments of the collective units. They located all services in each rural region in this unit. But due to the limited and dispersed budget in addition to the lack of capabilities resulted from involvement in the Middle East conflict the construction of more units was blocked.

### 3. The third phase: 1952-1973 (central planning approach in rural development)

Direct involvement of the State in rural development was launched out by issuing the law of agrarian reform in 1952 which fully changed the economic, social and political bases for development of rural areas. The agricultural cooperatives were the main organizational tool that functionally worked as the state arms (parastatal organization) in implementation of that reform. Agricultural coops expanded across all over rural areas as instrument for the provision of loans and centrally controlled services and inputs to the small farmers. This was followed by the establishment of the Fund of Support of Rural Industries, Environment and Rural Recovery in 1956 and the presidential decree no. 68 in 1962 that specified the responsibilities and structure of the Ministry of Local Administration.

The July Revolution rose in 1952 gave the countryside its attention and greater care. It supported the project of the collective units and boosted the rate of related establishments. This aimed to help gathering and integrating the different economic activities, social, health and education services under one lead in the countryside. About 250 collective units were established across the whole countryside during the period from 1956 to 1958. This was in favor of horizontal integration and close linkage with the community at the local level. Yet, the collective units have faced various difficulties from administrative and financial aspects. Meanwhile, they created dependency attitudes among the rural population and dispatched community from management of these organizations.

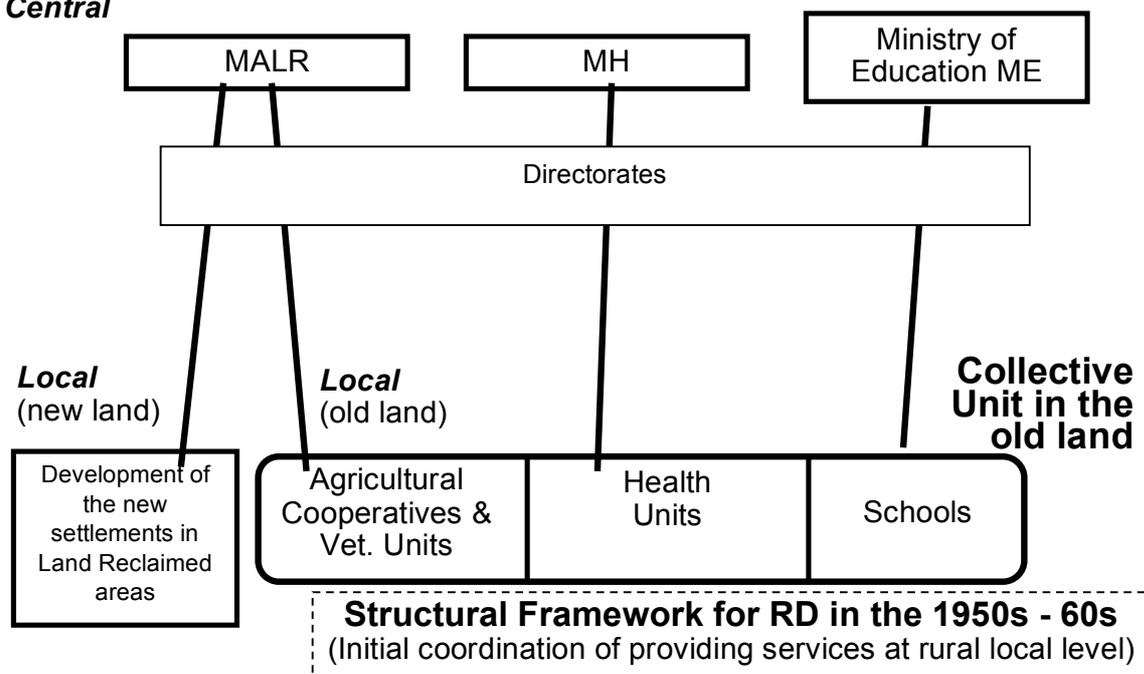
A network of community development associations (CDAs) was also established. There was almost one association in each village to take care of the social aspects of development.

However, there were no enough efforts for linking the collective units and the new wide economic and social networks. The sectoral and central trends of management of all rural organizations prevailed during this period under the socialist regime that dominated this era. Figure (2) shows the organizational setup for rural development during the fifties and early sixties in the last century.

Figure 2. Structural Framework for RD during the period 1950s – 1960s

#### Administrative level

##### Central



#### **4. The fourth phase: 1973-2005 (adoption of the integrated approach to rural development and national program)**

Regardless of the fluctuation of interest in rural development during this era it witnessed the expansion of infrastructure in rural areas and creation of the first official national agency concerned with rural development.

As for the General Secretariat of the ministry of Local Governance the presidential decrees no. 890 and 891 in 1973 were issued to establish the Organization of Rural Industries and Productive Cooperation (ORIPC) and the Organization of Reconstruction and Development of Egyptian Village (ORDEV) respectively. They were followed by the presidential decree no. 81 in 1983 to establish the Authority of Popular Development (APD).

Yet, the period next to 1976 has witnessed sharp recession of the cooperative movement after issuing the law of the village bank that transferred almost all roles of the agricultural coops to the village bank branches in rural areas. This was a result of confrontation between the General Agricultural Cooperative and some state agencies during the first national conference of agricultural cooperative movement mid 1976.

In 1979 law number 43 was enacted according to which the Ministry concerned was renamed the Local Administration. However, in 1987 the presidential decree no. 433 considered the Prime Minister in charge of that ministry. The presidential decree no. 190 in 1991 assigned a new Minister for the Ministry of Local Administration. In 1997 the Ministry was renamed as the Rural Development Ministry by the presidential decree no. 272 but later on was altered to the Local Development Ministry by the presidential decree no. 325 in 1999.

Nevertheless, ORDEV launched the first national program of rural development called SHOUROK in 1994 which concentrated its main activities in the old rural areas. Development of the new rural areas was mainly the responsibility of MALR through international funded projects.

During this period the sectoral base for management of development in rural areas was coincided with central planning and supervision. However, application of the SAP and the liberalization process in this period has been accompanied with shedding more lights on the need of intensive social development in order to overcome the potential negative impacts of structural adjustment policies.

Many new NGOs at both national and local levels had emerged and widened their efforts to enhance the development approaches adopted during this era. The participatory, human development and sustainable approaches have been adopted through several projects but rather on experimental and localized bases.

For the sake of facilitation of coordination of the policies and programs related to rural development in the various central governmental agencies, a ministerial group for Developing Rural Areas was established on 9/7/1997. Structure of the group includes the Minister of Local Development as the General coordinator and the Ministers of Education, Administrative Development, Housing, Manpower and Training, Health and Population, Higher Education, Water Resources and Irrigation, Social Affairs, and Environment as Members. Unfortunately, this group rarely met since its establishment.

Figures (3) and (4) show the complexity of organizational setup for rural development during the period from 1973-2005.

Figure 3. Structural Framework for RD during the period 1973 – 1994

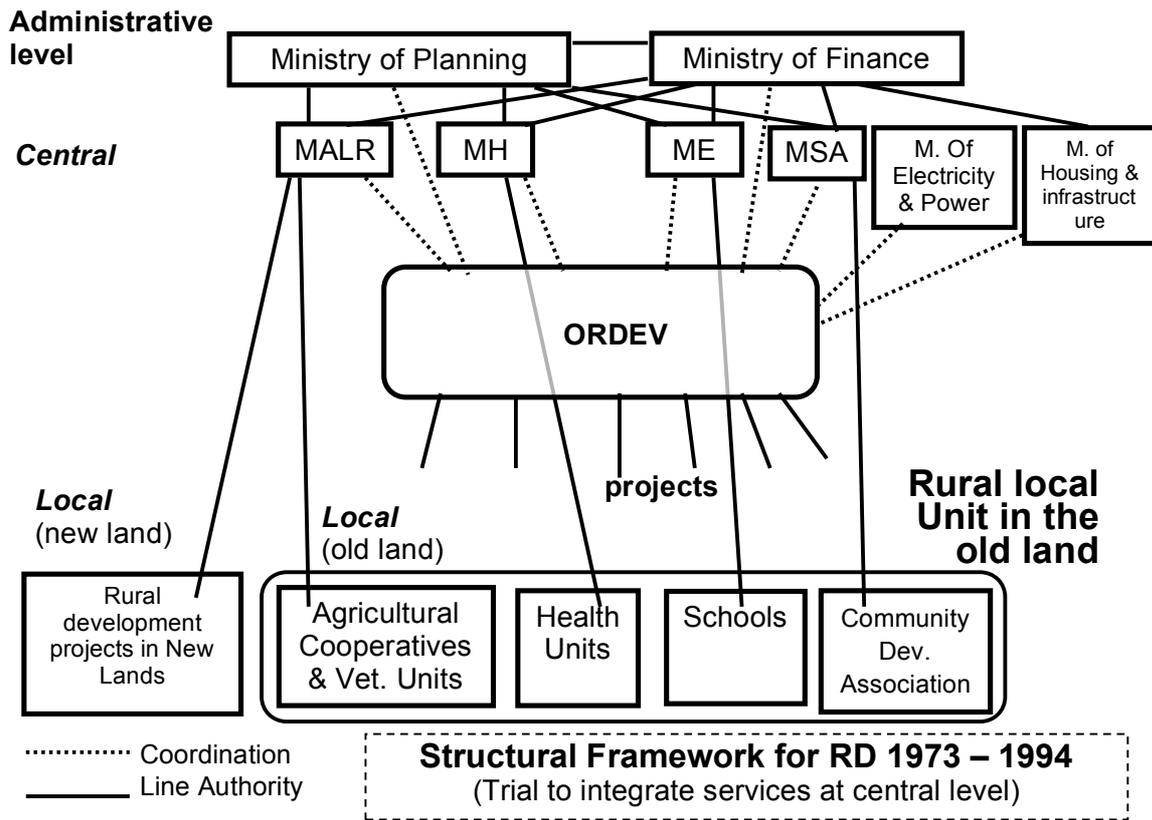
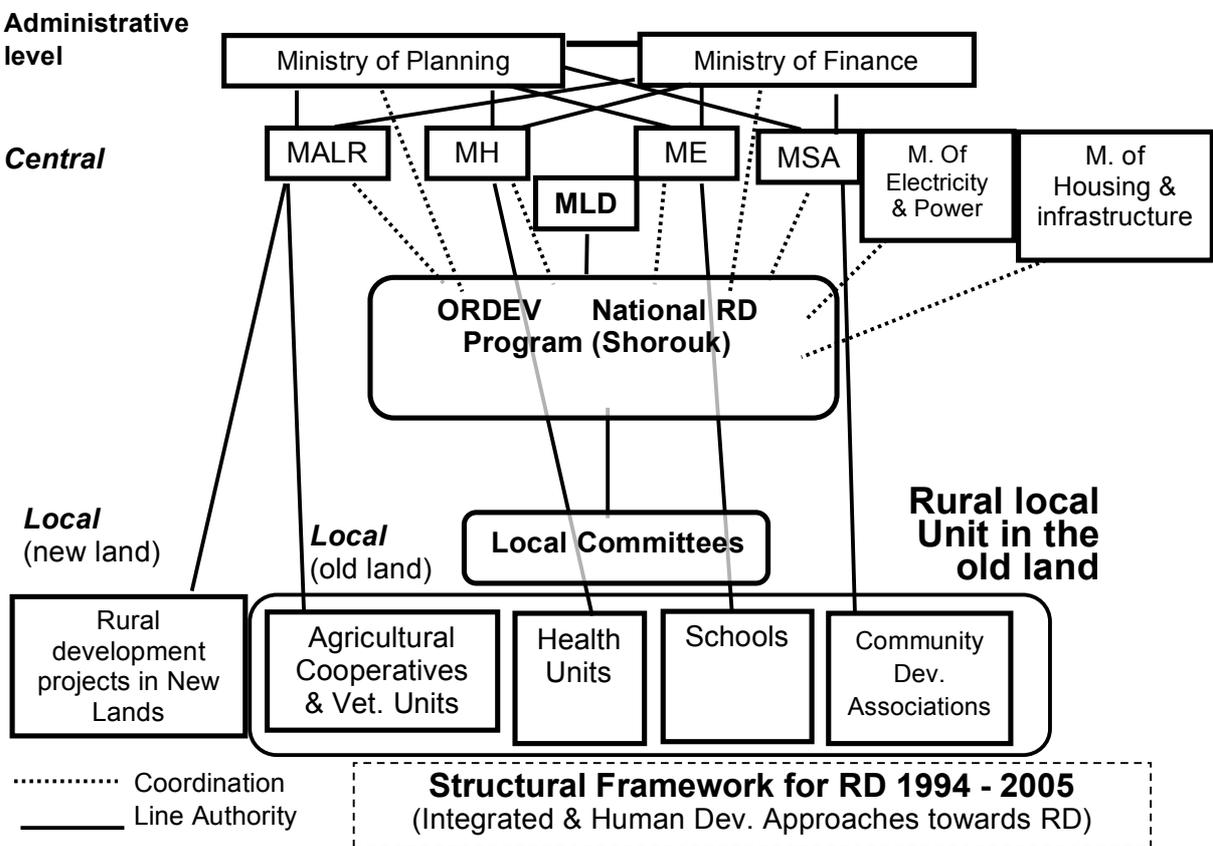


Figure 4. Structural Framework for RD during the period 1994 – 2005



## **II - Decentralisation and social welfare, a new deal for rural development in Egypt**

### **1. The institutional changes and the place of rural development**

The latest changes in the institutional framework of rural development in Egypt have witnessed adoption of the concept of decentralization in development. By the end of 2005 the Ministry of Local Development was merged in the Ministry of Planning to avoid lengthy vertical organization setup in allocation of budget to the development at regional (governorate) level. Local communities are still far from being involved in direct management of their centrally allocated budget for development.

The new setup continued just for less than a year but with no clear orientation until August 2006 when the new Ministry of Planning and Local Development was split again into two state ministries; the Economic Development and Local Development. It is still too early to get clear idea about the potential outcome of this latest change.

The same period witnessed also the merge of MSA and Ministry of Supply, which was more concerned with the provision of food supplies for the poor and needy sector of population, in a new Ministry of Social Solidarity. No clear orientation of this new ministry towards rural development been clarified either.

What is alarming is the absence of clear strategy for rural development by the state or concerned ministries so far. MALR has adopted two clear successive strategies for agriculture until 2017 but with minor interest in rural development.

### **2. Rural Development concept as applied during the past 15 years in Egypt**

Rural development in Egypt has evolved during the last five decades across two main strategies; the community and integrated development.

However, there is a trend emerged since the mid nineties to shift into the sustainable strategy but on limited and rather experimental scale. Yet, the integrated approach of development still has the prevalence over other strategies. Human development has become pivotal approach now in the plan of development of rural areas, specially the MISR program.

The role of the government of Egypt in rural development was mainly to provide the legislative umbrella and inputs for resource development at the local level. It covered also the administrative aspects and capacity building through centrally supervised rural service networks.

### **3. The General Framework of Agricultural strategy in Egypt**

The major goals of the agricultural strategy in Egypt emphasize on establishment and promotion of the physical base of agricultural activities in old lands and more specifically in the new lands.

This includes i) satisfaction of the growing and changing population and export food needs, ii) vertical expansion to maximize productive efficiency from the limited resources available specially water, iii) horizontal expansion to redistribute population for demographic, economic, social and political reasons, iv) establishment of new rural settlements in the new reclaimed lands, v) development of life conditions and the capacity building of rural communities.

### **4. The most recent issues of importance in Rural Development in Egypt**

Different problems must be taken into account: we just give a list of these main problems. First, the High Population Growth Rate too high according the natural resources of Egypt. Secondly the relatively high illiteracy rate specially among rural population and females which means a heavy difficulty for

development process Unemployment, specially among the educated young categories of population, should be utilised in the process of rural participatory development. Gender bias due to some traditional social systems is another question which has to be solved very quickly. Poverty distribution that is relatively higher in Upper rather than Lower Egypt and among females rather than males. Pollution in physical and non physical environment will burden the future of agriculture and of rural areas.

## 5. Partner organizations involved in Rural Development

- ❑ Ministry of Insurance and Social Affairs (now the Ministry of Social Solidarity) in income generating projects,
- ❑ Social Fund for Development –since 1993 (Economic development attached with social development projects through soft loans),
- ❑ Concerned ministries: Electricity and energy, Reconstruction and Housing and Water resources & Irrigation,
- ❑ Local, Regional and national NGOs,
- ❑ Rural development projects with external support (Foreign or international financing).

However, the central governmental agencies concerned with rural development in the main ministries could be better portrayed in the following diagram.

Central Agency	Main Structure	Program/ Project/Activity
All Ministries	Planning sectors	Sectoral Development plans
Ministry of Social Affairs (MSA-now merged in MSS)	Undersecretary	Productive Families Project
Ministry of Local Development (MLD)	Organization of Reconstruction and Development of Egyptian Village (ORDEV) 1973	(National Program of Rural Development-Shrouq) mainly in old lands 1994
(MLD)	Fund of Local Development	Loans to small enterprises
Ministry of Agriculture and Land Reclamation (MALR)	Central Administration for Ag. Ext.& Rur. Dev	Rural Development projects financed by Int. Development Agencies in old and new rural areas (specially in new lands)
(MALR)	Central Administration for Cooperatives	Rural Coops
(MALR)	Principal Bank for Development and Credit	Village Banks activities
Social Fund for Development (SFD)	Five programs: Community development, Public Works, Dev of Entreprises, Manpower Rehabilitation and Institutional Building	Special projects

## 6. Current major RD projects running in Egypt

- ❑ Urgent plan (one million LE for each village until 2017),
- ❑ MISR project for developing the least developed 58 districts according to the latest human development index,
- ❑ Shorouk Program (to provide rural areas with the infrastructure based on local participation),
- ❑ Roots (a social capital approach - to link between VIPs and their origin rural areas - still proposed),
- ❑ Sectoral development plans by each ministry.

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### Acronyms and measures

APD	Authority of Popular Development
CDAs	Community development associations
MALR	Ministry of Agriculture and Land Reclamation
MISR	Municipal Initiatives for Strategic Recovery
MLD	Ministry of Local Development
MSA	Ministry of Social Affairs
MSS	The Ministry of Social Solidarity
NGO	Non governmental organization
NPI	National Planning Institute
ORDEV	The organization of reconstruction and development of Egyptian village
ORIPC	Organization of Rural Industries and Productive Cooperation
RD	Rural Development
SAP	Structural Adjustment Program

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