

## A brief history of Egyptian agriculture, 1813-1992

Nofal M.N.

*in*

Abdel Hakim T. (ed.).  
Egyptian Agriculture Profile

Montpellier : CIHEAM  
Options Méditerranéennes : Série B. Etudes et Recherches; n. 9

1995  
pages 145-153

Article available on line / Article disponible en ligne à l'adresse :

<http://om.ciheam.org/article.php?IDPDF=CI950942>

To cite this article / Pour citer cet article

Nofal M.N. **A brief history of Egyptian agriculture, 1813-1992.** In : Abdel Hakim T. (ed.). *Egyptian Agriculture Profile*. Montpellier : CIHEAM, 1995. p. 145-153 (Options Méditerranéennes : Série B. Etudes et Recherches; n. 9)



<http://www.ciheam.org/>  
<http://om.ciheam.org/>

# Chronology. A brief History of Egyptian Agriculture, 1813–1992

**Mohamed N. Nofal**

Fayoum Faculty of Agriculture, Cairo University (Egypt)  
Ministry of Agriculture, Economic Affairs sector, MOALR

• 1813

**First survey on agricultural lands in Egypt.** The *qassaba* (measuring 3.64 m) has been used since then. The feddan is equivalent to 333 sq. *qassaba*. According to the survey, the arable area of Egypt was 3,540,710 feddans.

• 1814

**Cancellation of the *iltizam* system.** This was done in three phases. The first one, in 1808, when M. Ali imposed a tax known as the “ammunition cost”, but many of the *multazims* were not able to pay it. Lands in 160 villages were surveyed and confiscated for the benefit of M. Ali’s sons and followers. In the same year, M. Ali asked the *multazims* from the Behaira province to pay the *miri*, and when they did not pay, he confiscated their allocated lands and redistributed them among his men. In 1810, M. Ali imposed an exceptional tax on the villages. Unable to pay, many villagers abandoned their places and many *multazims* had to quit their lands which were consequently taken by the government. After getting rid of the mamluks during the “massacre of the citadel” in March 1811, M. Ali became the absolute ruler of Egypt and spread his control over the mamluks’ lands. In February 1814, he issued a decree by which the *multazims’* authorities were dismantled and all the lands controlled by the pasha. That was the final step taken by M. Ali regarding arable land tax reforms. Earlier, in 1806, he seized three-fourth of the *faiz* (an additional tax that used to go to *multazims*) except for the surplus of *iltizam* lands in the possession of the sheikhs of Al Azhar. Later, in 1809, he expanded this procedure to the areas of Al Rizk and Alawsyah.

• 1816

**The digging of large “summer canals”** started when cotton areas further expanded and the need to provide additional quantities of water—beside the water supplied by the flood season—arose. *Nili* canals (which used to be relied upon for distributing the flood water) were deepened. In addition, other deep canals (summer canals) were constructed. Barrages were constructed on the mouths of “summer canals” to increase the water level and control its distribution.

• 1816

**The monopoly of agricultural crops.** M. Ali decided to monopolize the output in wheat, beans and barley that exceeded the growers’ consumption. This crop monopolization started in 1809, during the 1809–1811 famine which hit the Mediterranean countries, sparing Egypt. M. Ali grasped that opportunity and sold Egypt’s wheat to England in spite of Turkey’s opposition. In order to collect the maximum quantity of wheat, he imposed that most of the taxes be paid in-kind, specially by delivering wheat. Later, in 1812, partial monopoly on wheat started for the part exceeding upper Egypt’s consumption. By 1816, the monopoly spread on maize in lower Egypt. In addition, M. Ali monopolized cotton, flax, sesame, sugarcane and a number of other crops.

• 1816

**Identification of the areas to be cultivated with some given crops.** As a result of the monopoly over agricultural crops, the tendency was that some farmers tried to plant other crops under no monopoly, likely to provide more profit. This led M. Ali to issue orders for the identification of the planted area in each province. In this context, the governor of each province was in charge of the allocation of areas in the villages according to the available lands, the number of inhabitants and the available irrigation equipment.

• 1821

**The expansion of high quality cotton varieties.** It is not true that it was M. Ali who first introduced cotton in Egypt as cotton plantations existed there long before. It was given the label of “local cotton” with short fibres and a tough touch, of a lower quality than the “Indian-Portugal cotton”. It lacked competitive qualities. But in 1821, a new cotton variety, *El Mahou*, was introduced in Egypt. M. Ali ordered the expansion of areas planted with this good variety and proposed it to the textile factories in Lancashire. The production amounted at that time to only 944 quintars, increased to 35,108 quintars in 1822 and exceeded 228,000 quintars in 1824.

• 1826

**The expansion of sugarcane plantations.** M. Ali viewed the importance of sugarcane as a cash crop. He increased its area in both upper and lower Egypt. Starting from 1826, and under monopoly conditions, he imposed sugarcane cultivation in large areas (950,000 feddans and more) in upper Egypt by 183. In 1833, these areas were still larger.

• 1828

**The establishment of a veterinary school of medicine in Rosetta.** The school was started by two French veterinary doctors and ten Egyptian students. Its main aim was to control cattle diseases in Rosetta.

- 1829

**The beginning of the crop rotation system.** The first rotation was a triple one which was applied in the Al Gharbiah province as follows: (i) 1st year: wheat, maize, vegetables or fodder plants; (ii) 2nd year: fodder plants, wheat, maize. Cotton cultivation was prohibited in the same soil for more than two successive years.

- 1832

**Reinforcing the monopoly system of agricultural crops.** Until then, the monopoly only involved the amounts that exceeded the farmers' consumption of cereals. Starting from that year, M. Ali imposed a specific amount per feddan of wheat, maize, beans, and barley.

- 1833

**Establishment of the School of Agriculture.** This school was founded by M. Ali in Shoubra on an area of one hundred feddans. He selected thirty of the country's *mashaikh*, well known for their wealth, who were to send one of their sons to study modern agriculture. One hundred feddans were offered to the young men as a *rizka* at the end of their studies. This was done in the villages where no *abâdiat* existed. The final aim was to train the students to teach modern agriculture in their village, beside the experiments carried on the adaptation of exotic plants in Egypt.

- 1840

**The cultivated land increased.** A land survey showed an increase in the cultivated area in Egypt. From 3.5 million feddans in 1835, it reached 3,856,226 feddans in 1840, as a result of the improvement of the irrigation system and land reclamation.

- 1841

**Cancellation of the monopoly.** M. Ali's monopoly system was not among the economic procedures accepted either by Al Bob Al Ali, or England, or other foreign countries who had interests in Egypt and in the East generally. For this reason, the system was faced by hard pressure leading to its end in some cases (e.g., the grain crisis in 1837). Yet, in 1838, England signed a trade treaty with Al Bab Al Ali abolishing the monopoly system in the Ottoman State. As for M. Ali, he was obliged to strict himself to Turkey's conventions with the other countries because Egypt was part of the Ottoman State and, particularly, in view of the London convention of 1940 which undermined his independent project. In this context, and under the pressure and insistence of London as well, Ali abolished the monopoly system on 23 November 1841. However, he abolished the monopoly of cotton not later than on 26 May 1842, under England's and Austria's pressures.

- 1846

**M. Ali appointed veterinary doctors** to husband the *amiri* animals of the agricultural sector and other sectors. They were paid by the school's *Diwan*. In the same year, an agency was formed by veterinary teachers and senior veterinarians. The agency was in charge of veterinary affairs in the army and on *amiri* farms and appointed teachers at the veterinary school.

- 1847

**Foundation of the Delta barrages Al Qanatr Al Khairiyah** by M. Ali. This is considered to be the most important achievement in the field of regulation of irrigation in Egypt. It led to the stability of the summer agricultural system in lower Egypt. It secured the possibility of easily providing farmers with irrigating water at any time during the year, but particularly during the Al Tahariq period when the major annual clearance of the irrigation canals usually takes place. The Delta barrages were considered to be one of the most important irrigation projects in the world and a unique architectural achievement in terms of hugeness on account of the width of the river it was created on.

- 1849

**Khedive Abass Helmi I released a decree that annulled the government monopoly of land providing that the estates of M. Ali's family should be kept.** The decree relied on the assumption that land monopoly had caused a number of problems and damages. The khedive claimed some commissioners to be responsible for these damages, so they were dismissed. He ordered that *amiri* lands (other than those belonging to M. Ali's family) be left free and that their instalments be waived. He also thought that it would be possible to allow some facilities to payment for these lands and that they would be given to the concessionaires.

- 1849

During the reign of Abass Helmi I, the **veterinary school was closed** on the claim that the graduates from this school caused great losses in animals, the most serious among which—according to him—was the illness of two horses given to his elder son as a present from the sheriff of Mecca, and of another horse which was a gift too. Abass Helmi thought that the veterinarians did not deserve their salaries. Consequently, he decided to close the veterinary school and remove the titles and medals of the veterinarians who were also dismissed from the civil service.

- 1849

**People's right to endow their properties was regained** on the basis that the abolishment of the endowment system during M. Ali's reign was a violation of freedom. So, Khedive Abass Helmi I declared that individuals were entitled to make a *wakf* of their properties in virtue of the rules of *Shariaa*.

- 1851

To stop the crimes committed by the **beduins**, Abass Helmi I ordered that they **should cultivate their lands by themselves** and not to rely on farmers. To encourage them, the khedive lifted half of the land tax and deprived them of the right of land disposal.

- 1852

Due to the soaring rise of grain prices, Abass Helmi I ordered the **governors of Upper and Lower Egypt to market the grains within their domains**. He also asked Hatkhuda Pasha to define reasonable prices for grains and to prevent price increasing in the future.

• 1856

**The Misr Bank was founded** during the reign of Khedive Said. It was designed that the bank would lower the interest rates on loans and alleviate the stress of foreign usurers' conditions. One of the bank's objectives was to finance big landholders. Notwithstanding, their dealings with the bank were extremely limited due to its demand for exaggerated collaterals whose values sometimes exceeded many times the loan. The foundation capital of the bank was £ 250,000 and reached £ 600,000 in 1911.

• 1858

**The Saidian regulation was issued** during the reign of Khedive Said. It was the foundation stone for the regulation on the property of agricultural lands in Egypt. It consisted of an introduction, twenty-eight articles and a conclusion. It can be summed up as follows:

- i) in case of death, lands become inheritable to the holders' successors and are not to be reverted to the state's treasure house;
- ii) the inheritants have to collaborate in cultivating the inherited land under the supervision of the eldest inheritant;
- iii) in case of death of a holder who has no successors, the land is reverted to the treasure house to be redistributed, by the governorates, among landless farmers or small holders against a fee of 24 piasters per feddan;
- iv) he who does not cultivate his land for more than five years is deprived of it and the land is reverted to the treasure house; and
- v) farmers have the right to dispose of their holdings, by selling them, through mortgage or endowment.

Thus, the holders of agricultural lands enjoyed all rights of ownership. Yet, the government, according to the Saidian regulation, had the right to take back the land in the case it was left uncultivated.

• 1860

**Khedive Said permitted non-Egyptians to own lands and estates in Egypt.** They were also given the right to register their properties and could enjoy the same rights as all the Egyptians. They were also entitled to own a cotton ginnyery.

• 1962

**The expansion of cotton planting.** The American Civil War (1861–1865) was a turning point for Egyptian cotton as it had shown its importance. Cotton planting was extended in order to meet the demands of the textile factories in Europe, particularly in England. This coincided with the increase of cotton prices in the world market. Accordingly, from only 596 thousand quintars in 1861, Egypt's cotton exports culminated to 2 million quintars in 1865. Cotton continued to constitute the greatest cultivated area in Egypt, even after the American Civil War, which greatly affected crop structure in general and grain areas in particular. In addition, on account of the English policy of providing the textile industry with cotton, Egypt's cotton areas had been steadily increasing, up to 22.4% of the total crop area in 1913. Cotton exports constituted 93% of the total Egyptian exports in that year.

• 1863

**The foundation of the Ottoman Imperial Bank,** with an English/French management. Its headquarters was in Turkey and it had branches in London, Paris and Egypt. It was the main credit bank in Egypt since its participation in financing agricultural crops was immense.

• 1864

**The English Egyptian Bank was established** in London to conduct the banking operations in Egypt. Its main concern was to finance exporting crops. Its capital was £ 2 million. In 1867, its name was changed into the English Banking Company. Whereas in 1887, it had its original name once again. Then, in 1925, it was incorporated with some other banks forming the Barclays Bank for British Properties and Colonies.

• 1866

**The veterinary school was reopened.** It was affiliated to the Military Department. It started with forty students. Students were not admitted to join it unless they were perfect horse riders. The school graduates were given the rank of sergeants (assistants), and after a year, they became second lieutenants.

• 1867

**The School of Agriculture was opened.** It started as a part of the Veterinary School, and was also affiliated to the Military Department.

• 1871

***Al-mokabala* by-law.** The financial stress forced Khedive Ismael to issue the *Al-mokabala* by-law according to which the government committed itself: he who would pay *Al-mokabala* (six times the land tax) whether in one patch or in instalments over 12 months would be exempted forever from half the tax and would not bear any increase in land tax in the future. He would be given a document certifying the *Al-mokabala* payment and the right to endow, transmit by inheritance, cede or bequeath his property. Moreover, he would be entitled to endow his land for public or charitable purposes under permission of the khedive. Paying *Al-mokabala* was something voluntary till May 1879, but became compulsory afterwards.

Thus, *Al-mokabala* by-law filled the gaps in property rights commenced by the Saidian by-law. In 1871, about half million farmers accepted the by-law and paid L.E. 17 million.

• 1874

**The *Crédit Lyonnais*.** This bank was founded in France in 1874 and its branch in Alexandria opened the same year. Other branches of the *Crédit Lyonnais* then opened in Cairo and Port Said. This bank played a very important role in financing cotton crops in collaboration with its branches both in London and Paris.

- 1875

**Creation of the Department of Agriculture** (Ministry of Agriculture). Reyadh Pasha was the first minister of the department.

- 1878

**Khedive Ismael ceded the Domain Land**, an agricultural area of 425,729 feddans owned by the khedive and his family. This land was to be put at the government's disposal (mortgage) to be used as a security for a new governmental loan of £ 8.5 million. The government signed this loan with Rothschild House at an interest rate of 5%.

- 1880

***Al-mokabala* by-law was annulled** by a “higher” decree during the reign of khedive Tawfik. All the articles of the by-law were annulled, except that concerning property rights.

Thus, agricultural property in Egypt was protected. The decree included what was called “*Al-mokabala* compensation”. It stipulated that the government would have its due rights from the already paid money (*Al-mokabala*), whereas the rest would be paid back in annual instalments at an interest rate of 4%. *Al-mokabala* instalments were fully paid back by 1930.

- 1880

**Establishment of the Real-Estate Credit Bank.** It was founded with a capital of FF 84 million. It provided farmers with loans against the mortgage of their lands. Its capital was greatly and quickly increased and reached FF 142 million in 1897, then to FF 216 million in 1902. In the same year, the Egyptian Land and Mortgage Company was founded with an English capital of L.E. 900 thousand of which L.E. 600 thousand were paid.

- 1880

**The Land and Real Estate Company was established.** It was the first company to practise the real estate lending. Its capital was £ 400 thousand provided by the French financial market and the *Crédit Lyonnais*.

- 1880

**The Egyptian Real-Estate Bank was established** with a capital of FF 27.5 million. It was subscribed by a group of foreigners who issued long-term loans in Europe to finance the bank. To increase its capital, the bank issued shares for public subscription in Egypt to which a number of business men contributed. The bank service was exclusive to big landholders for whom the loans was secured by their lands, whereas it was refused to small owners and tenants.

- 1890

**During the reign of khedive Tawfik**, a law determining the legal situation of irrigation, bridges and canals was passed. Consequently, scopes of competence were clearly defined for the government, the farmers and irrigation inspectors taking care of water ways and water distribution among various areas.

- 1890

**Tobacco cultivation was prohibited** in Egypt due to strong pressure from the Greek and English governments. Some economists said that this caused a great loss to the Egyptian Treasury as the earnings of the Egyptian tobacco custom taxes constituted 9% of the total earnings. The feddan productivity for non-irrigated tobacco was about 680 kg/yr, whereas for Mistikawy tobacco—a high rank irrigated kind—it was 1,400 kg. It is noteworthy that Egyptian tobacco was among the best, and could vigorously compete with Greek and Turkish tobaccos.

- 1891

**Ownership right was given for all the agricultural lands** in Egypt. In April 1891, a royal decree was issued granting ownership rights for landowners who did not pay *al-mokabala* in order to give them equal rights as those who paid it. The decree also invalidated the classification of lands according to tax types. Accordingly, all lands became fully owned and subjected to land tax.

- 1895

**First regulation of land tax in Egypt.** A committee chaired by Sir William Welcox was entitled to make a report on the rental value of all agricultural lands in Egypt. In order to ensure population's co-operation with the committee, the government then, pledged that land tax would not exceed 164 piasters which was the highest land tax at that time. The report of the committee demonstrated that tax, which the government had pledged to, represented 28.64% of the rental value. Therefore, this percentage became the land tax.

- 1896

**As a result of the abstention of the Egyptian Real-Estate and Land and Mortgage Company from lending to small farmers, the government, for the first time, provided them with loans.** But the experience was a great failure due to the lack of credit channels. This resulted in the foundation of the Egyptian National Bank even though the government repeated the attempt in 1897.

- 1898

**Foundation of the Survey Department.** It was the fifth survey of the Egyptian agricultural land but the first that followed sound technical bases. The Survey Department made the necessary basin maps and set up three categories of books: i) The survey book which dealt with land locations and areas in every basin; ii) the real estate finance book which dealt with the mortgaged properties in terms of their owners, areas, locations, rental values and land taxes; iii) and the costs book that dealt with the accounts of every village and every owner and their regularity of payment. This process ended in 1902 and was called “The survey of lands' disengagement”.

- 1898

**Foundation of the Egyptian National Bank.** It was meant to work as the state's central bank and was a branch of the Central Bank of England. A number of foreigners shared in its foundation. Some of the bank's functions were the deposit of government funds and gold reserves and to issue bank notes. The main policy of the bank was to manage credit in Egypt by providing farmers

with short-term loans, with or without collaterals, in order to cover their agricultural expenses. The bank made great efforts in lending to farmers since 1899 and, within a period of three years, it offered 34 thousand loans amounting to L.E. 400 thousand. The government subsidized the bank with an additional sum of L.E. 250 thousand to help it continue lending to the farmers. But debts had accumulated and farmers could not repay. Accordingly, the bank stopped lending and resorted to government collectors and, in case of non repayment, executed the confiscation. Consequently, the bank imposed the same rigid terms as the other banks for lending.

- **1898**

During the reign of Khedive Abass Helmi II, the **first agricultural society in Egypt was established** by Prince Hussein Kamel. It was called the Khedivian Agricultural Society, and consisted of 400 members who were big farmers. It aimed at improving and promoting agricultural conditions and organizing agro-industrial exhibitions. The society was not established in conformity with co-operative rules, yet it followed systems that were in great accordance with them.

- **1899**

**Creation of committees by the Minister of Finance.** They were to assess the rental value and land taxes as 28.64% of the rental value. They would commence their work at every governorate as soon as the survey of lands disengagement would have been completed, provided that the new land taxes would not be changed before thirty years. They ended their work in 1907. New taxes were enforced separately on every governorate since 1905 and were completely enforced all over the country in 1912.

- **1902**

**Creation of the Egyptian Agricultural Bank.** It was founded according to a bill presented to the government by the National Bank. The governor of the National Bank was appointed as the head of the Board of Directors of the Agricultural bank. The bank aimed at supporting the farmers of five and less-than-five feddans. It was the first bank specialized in organized agricultural lending in Egypt. Its capital was £ 1,150 million. The National Bank's contribution was £ 400 thousand. Due to the great demand for loans, the government increased the bank's capital to reach £ 3.740 million by issuing local shares with a minimum guaranteed return of 3%. The maximum loan limit was L.E 300 then raised to L.E. 500. Priority was given to farmers of less-than-five-feddans.

- **1902**

**The construction of the Aswan Dam.** It aimed at reserving an amount of flood water to be used in expanding summer crops. When completed, the dam's in-take was 1,065 million m<sup>3</sup>. The construction of the dam was started in 1898. It was designed to raise water level to 106 m. Since the lower level had been 86 m, the reservoir level was 20 m. The dam's length was 1,966 m. Due to the effects of the first waterfall on the water reservoir, "Sohile" Canal lock was considered to supplement the Aswan Dam.

- **1903**

**Establishment of The Mortgage Fund in Brussels** (capital : BF 16.8 million). It had a definite objective: to provide the Egyptians with loans secured by their cultivated lands. In the first year, it provided loans amounting to BF 7.6 million. However, the establishment of the Egyptian Agricultural Bank greatly affected the Mortgage Fund activities which eventually stopped.

- **1905**

**Establishment of The Egyptian Land Bank** (capital: L.E. 1.9 million, this includes non-Egyptians contributions). The temporary success of the Agricultural Bank led to its foundation; its activities were similar to those of the Real Bank. But due to the financial stress of 1907, the bank went bankrupt and was changed into the Real-Estate Bank.

- **1908**

**Establishment of the Egyptian Real-Estate Mortgage Company** (capital: £ 1.25 million). Its headquarters was in London. The company could provide loans amounting to L.E. 1.3 million in the first year. But when the law of the "five feddans" was issued in 1912, it suspended its activities.

- **1910**

**Establishment of the first agricultural co-operative.** As a reaction to the financial crisis of 1907 (that led to the bankruptcy of a great number of small farmers and the confiscation of their lands to the benefit of the lending banks), Omar Lotfi, from the village of Shobra Al-Namla, with the support of Prince Hussein Kamel, established this co-operative. The co-operative's objectives were: to provide the farmers with necessary funds; purchase agricultural inputs in large consignments and sell them to farmers at reasonable prices; ensure the marketing of crops for farmers; and provide social and medical care for its members.

- **1910**

**Foundation of the Co-operative Finance Company by Omar Lotfi.** This co-operative provided loans to the agricultural syndicates with an interest rate ranged between 6 and 7%.

- **1910**

**Foundation of the agricultural Organization.** The government started an in-kind loans system for cotton seeds, a system that lasted till the agricultural year 1922/23. The initial loan was L.E. 1,632; it culminated to L.E. 529 thousand in 1919/20, declined to L.E. 183 thousand in 1922/23 and then stopped.

The agricultural Organization was founded. This was the second time that was established an organization to manage the agricultural affairs after the abolishment of the Agricultural Department. The latter was soon transformed into a Ministry of Agriculture in 1913 during the reign of Khedive Abass Helmi II.

- **1911**

**Drainage schemes were commenced** in Egypt after the spread of the permanent irrigation system as a result of the full operation of the Delta Barrages, the construction of the Aswan Dam and a number of barrages. The ratio between the land area and the crop area was then 1:1.36. The water table in the delta increased from 3 to 4 meters in 1886/87 to one meter in 1908. Thus, the Delta

was divided into drainage zones. Drainage schemes were planned for two zones: the west of Beheira and the centre of Al-Gharbya. In 1913, the Government-run drainage canals were deepened in order to improve the state of water table. A pump station was planned to be established at El-Borollos, north of the delta, to lift the drainage water two and half meters high into the lake of el-Borollos. However, these projects had to cease temporarily because of the outbreak of the World War I in 1914.

- 1912

**Completion of the first elevation of the Aswan Dam.** The construction had started in 1908. The reservoir capacity reached 2.4 milliard m<sup>3</sup>. Water level in the reservoir increased by 7 meters reaching a total of 113 meters high. In 1919, the level increased up to 113.60 meters high.

- 1912

**The five-feddan law.** This law was issued as a result of the decline in agricultural crop prices due to the economic crisis of 1907 which left the farmers in such a state of confusion that they were unable to repay their debts to the Egyptian Agricultural Bank which confiscated their lands and sold them to meet the payments. The five-feddan law was passed to stop the confiscation or selling of lands of smallholders having less than five feddan.

- 1913

**The expansion in rice cultivation.** Rice being a water consuming crop, the rice cultivated areas increased from 12,091 thousand feddans in 1899 to 242,367 thousand feddans in 1913.

- 1920

**Sudden rise in the Egyptian cotton price** (from \$ 78.85 per quintar in 1919 to \$ 200). However, in 1921, cotton price dramatically declined to \$ 24 per quintar affecting greatly the rural bourgeoisie and the trade sector in particular. This fluctuation was known as the biggest speculation in the history of cotton prices in Egypt. This event revitalized the ideas that advocated the economic independence and the diversification of agricultural crops.

- 1920

**Establishment of the Bank of Egypt** (different from the Bank Misr, established in 1856). One of its objectives was the establishment of a national economy. The Saad government entitled this bank to provide loans to agricultural co-operatives.

- 1929

**Act no. 35 was passed**, and an agricultural reserve was constituted to enable the government to provide farmers with direct loans from this reserve. The resources of the agricultural reserve included: L.E. 4 million from the national public reserve; the sums resulted from selling the cotton which was within the government holdings when the cabinet approved the law and earnings from the cotton tax starting with the fiscal year 1930/1931. The interest rates for loans from the agricultural reserve were defined as 5% for individuals and 4% for co-operatives.

- 1930

**Statute no. 50 was passed.** It authorized the government to collaborate in the foundation of a non-profit agricultural bank which would work for the common good and would stick to governmental regulations. Later on, the Agricultural Credit Bank was announced. The Egyptian government participated in the foundation of this bank by half of the shares (125 thousand shares); the national banks (the National bank, Misr Bank and the Egyptian Real-Estate Bank) participated by 100 thousand shares. The rest of the shares were allocated to a group of foreign banks and finance companies working in Egypt. The interest rates on the bank loans were defined as 7% for individuals and 5% for co-operatives. Thus appeared the first banking institution for agricultural loans in Egypt working, to a certain extent, on co-operative principles.

- 1933

**Foundation of the Egyptian Agricultural Real-Estate Bank** (following the success of the Agricultural Credit Bank in regaining some lands from the grasp of foreign users, the government decided that it was imperative to found a bank specialized in real-estate loans). The management of the bank was incorporated with that of the Agricultural Credit Bank until 1941, when it became independent.

- 1933

**Second elevation of the Aswan dam.** The aim was to increase the reservoir level by eight and a half meters. Thus, the highest water level in front of the dam reached 122 m. The water volume in front of the dam, at its full capacity, reached 5.5 milliard m<sup>3</sup> and the average of the highest level reached 121 m with a reservoir capacity of 5 milliard m<sup>3</sup>. Consequently, the regular irrigation system covered 4 million feddans, and only 1.2 million feddans were left to the old basin irrigation system.

- 1934

According to agricultural statistics, there were **2.337 million Egyptian land owners** (1,618 million, or 69.2%, possessing less than one feddan, and 559 thousand, or 23.9%, owning one to five feddans). Thus emerged ideas advocating the increase of the cultivated area to form economic units, and the issue of legislations to assure that holdings should not be fragmented by inheritance.

- 1937

**Accomplishment of the Gabal al-Awlyaa dam across the white Nile in Sudan.** The construction of this dam, at 45 km south of Al-Khartoum city, started in 1933. The Egyptian government covered the total cost of the project which aimed at storing the water of the White Nile during the flood season. The dam provided 3.4 milliard m<sup>3</sup> of water out of which 0.75 milliard was lost due to evaporation so that 2.65 million m<sup>3</sup> reached Aswan.

- 1938

**Maintaining the agricultural drainage net work in lower Egypt after the completion of the network started in 1930** to serve 2.21 million feddans. The total length of the drainage canals, for which the expenses were L.E. 9.5 million, was of 2,300 km.

• 1942

**The Rural Health Act.** It was passed as a response to social reformatory pressures aimed at ameliorating farmers' conditions in rural areas. But according to this act, the rich were entitled to make loans to farmers for improving their housing conditions and the law remained mere ink on paper, i.e., of no effect.

• 1948

**The Agricultural Credit Bank** was turned into a co-operative bank and its name had to be changed into the Co-operative Agricultural Credit Bank. The co-operatives participated in its capital and were represented in its Board of Directors. One of its tasks was to provide banking services to co-operatives.

• 1952

**Act 178 of 1952 for Agrarian Reform was released**, including the main following points:

- no individual is permitted to own more than two hundred feddans of agricultural land;
- the government—within the five years that follow the enforcement date of this Act—seizes the lands that exceed two hundred feddans per landowner. Owners of desert, or fallow lands kept for reclamation, were exempted;
- during these five years, owners have the right to the disposal of the lands exceeding the stated limits. There were some restrictions on this right on land sale as it was permitted to sell the land to small farmers whose ownership was less than ten feddans, provided that the transferred land—through sale—might not exceed five feddans per farmer;
- a compensation for the seized land should be given to the landowners within the limit of ten times the rental value per feddan;
- the seized lands were to be distributed among small farmers and graduates from agricultural institutes;
- agriculture should be the main occupation of the beneficiary farmers with holdings of less than five feddans;
- the price of the distributed lands was to be paid in instalments over thirty years. The price of a feddan is evaluated at ten times the rental value plus an annual interest of 3% and a total sum of 15% for seizure and distribution overheads;
- the Act imposed restrictions on the new owners' right to the disposal of land according to which the new owner, or his heirs, were not allowed either to rent or to sell the land until its full price was paid;
- establishment of farmers' co-operatives, by the new owners and small farmers of less than five feddans, meant to provide production inputs, manage land cultivation and sell crops on behalf of their members;
- prevention of land fragmentation: the Act stipulated that among the owners' sons, the one whose main occupation is agriculture should inherit the land. The Act entitled the court of jurisdiction to choose the heir in case of dispute, but this has never been applied;
- the Act stipulated that land should be rented only to the person cultivating it. The reason behind that was to inhibit the role of brokers;
- the rental value was defined as seven times the land tax for a full agricultural year;
- the Act also organized the distribution of expenses and yields in crop-sharing rental; it was stated that the owner should pay taxes and capital expenses, whereas the crop-sharing farmer should bear half the costs of land services and current expenses so that the yield product should be halved between them.

• 1953

**The Agricultural Credit Bank adjusted its loan policy.** It allowed landholders to get their loans guaranteed by the yield instead of the land. Therefore farmers whose holdings were less than 30 feddans could get in-kind credits and half cash credit guaranteed by their yield. The interest rate of loans was reduced to 4.5% provided that the government had to cover the difference of the interest rate.

• 1953

**Agrarian Reform societies started their activities** by serving 25 thousand beneficiaries by providing them with chemical fertilizers and seeds, as in-kind loans valued at L.E. 1,144 million. They also provided in-kind mechanical farming services and marketing facilities for cotton. Membership of these societies was exclusive to the beneficiaries of the 1952 Agrarian Reform Act. Nevertheless, other agricultural co-operative societies which included other land holders were called credit societies.

• 1957

**Agricultural co-operatives worked as the sole source of agricultural credit in rural areas** according to Act no. 317 of 1956 and to a five-year plan due to end in 1961 aiming at covering the whole country with agricultural co-operatives. The plan started in 1957 by establishing 133 cooperatives and increased to 4,022 cooperatives at the end of that period. Thus, agricultural credit banks completely ceased their dealings with individuals. However, members of agricultural cooperatives reached 1,250 millions with total holdings of more than 3,375 million feddans; credit given to them amounted to L.E. 32,574 million.

• 1958

**Act no. 4 of 1958 was issued** stipulating that no individual was allowed to own more than two hundred feddans. It also stated that the total ownership of an individual with his wife and his legally minor sons and daughters should not exceed three hundred feddans even if the excess of land has been obtained through contractual means. This prohibition would not be applied to the cases already concluded before the enforcement of this law. Accordingly, contracts that transferred ownership were invalidated and not allowed to be registered when they were not in accordance with this law.

• 1960

In January, President Gamal Abdul Nassir detonated the **first dynamite charge 10 km south of Aswan** to inaugurate the construction works of the High Dam: an accumulative granite barrier of 111 m high, 1,000 m wide at the base, and the road above which is 32 m wide and 3,500 m long. The main function of the dam was to form a water reservoir during the flood time to assure stable supply of water. The dam was designed on the basis that the flood water supply incomings averaged 84 milliard m<sup>3</sup> (the average for the 100 last years preceding the project). Egypt's average water consumption before the High Dam was 48 milliard m<sup>3</sup> and Sudan's consumption averaged 4 milliard m<sup>3</sup>, so the total was 52 milliard m<sup>3</sup> per year.

Thus, the additional water supply for the two countries was 22 milliard m<sup>3</sup> from which Egypt would get 7.5 milliard m<sup>3</sup> and Sudan 14.5 milliard m<sup>3</sup> allowing 10 milliard m<sup>3</sup> for loss in the sea and 9 milliard m<sup>3</sup> for the amount of water discharged in the sea in the

years of high flood. Water reservoir in front of the dam would make agricultural expansion possible in an area of 700 thousand feddans and would assure the cultivation of 700 thousand feddans with rice every year. The High Dam also provided protection against high flood dangers. Nevertheless, the importance of the High Dam became certain during the recent years when it satisfied the country's water needs in spite of the severe decline in water supplies due to the horrible African drought. Moreover, the High Dam made it possible to generate electricity hydrologically. During the past twenty years, sharp criticism was directed to the High Dam based on the environmental side effects resulted from the project. This matter is still controversial though some points of the criticism rely on good reasons.

• 1961

**Act no. 127 of 1961 was issued.** It stated that if an individual's properties surpass the legally allowed limits through inheritance, bequest or any other means than a contract, the owner has the legal right to the disposition of the properties exceeding the allowed limits within a year of the possession date, provided that the disposition of these properties should be directed to "small farmers". The Agrarian Reform Authority is to control this disposition and identify the "small farmers". The government is to seize the lands that exceed the allowed limit against a compensation defined by rules of this act in case the landowners did not dispose of the land within the above mentioned period or in case his disposition is not in accordance with the act. The greatest disaster in the history of cotton cultivation in Egypt occurred. The cotton leaf worm intensively attacked cotton causing a decline to less than one quarter of the expected yield. Accordingly, it was decided that the farmer's debts were to be repaid in six instalments starting from October 1962, since the farmers were unable to repay their debts because of the cotton loss.

• 1961

**Interest on agricultural loans was annulled** according to a resolution implied in the socialist Acts. Consequently, the Fertilizers Subsidizing Fund had to repay loan interests to the Agricultural Credit Bank. The resolution aimed at increasing the farmers' income and giving them a chance for rural savings. The Fertilizers Subsidizing Fund continued repaying the interest but stopped after a while; this resulted in a loss to the bank.

• 1962

**The appearance of the "agricultural holdings card"** which is considered the most important procedure to control the holders' dealings with cooperatives, the Agricultural Credit Bank, the Development and Credit Bank, or the village banks. All the data concerning a holder's account and his dealings are recorded and kept in the agricultural cooperatives' records, whether for landholders or livestock owners.

• 1963

**Act no. 15 of 1963** prohibited non-Egyptians to own agricultural lands and the like. It stated that:

- foreigners, whether individual or legal entities, are prohibited to own agricultural lands and the like (arable lands, fallow or desert lands) in the United Arab Republic. Palestinians are temporarily exempted from this law;
- ownership of these lands and all that exist on them (buildings, fixed and non-fixed machinery, trees) is transferred to the state.
- non-Egyptians are permitted—within eleven months—to dispose of their lands to persons enjoying the nationality of the United Arab Republic.
- the General Authority for Agrarian Reform takes delivery of the aforementioned lands and manages them on behalf of the state until the lands are distributed among the small farmers;
- a compensation for these lands is given to their owners according to the compensation rules of Law no. 178 of 1952 providing that the compensation should be in nominal bonds paid by the state over a period of fifteen years with an interest rate of 4% calculated from the date the General Authority for Agrarian Reform takes delivery of the lands.

• 1964

The Agricultural Credit Bank was turned into the General Organization for Agricultural and Cooperative Credit. Its branches in the governorates were converted into agricultural credit banks. As for agencies in the provincial centres, they were converted into governorates' bank branches. Supervision of the organization became the responsibility of the Minister of Agriculture. These changes aimed at achieving decentralization in the context of applying the policy of the municipal authorities since 1961. This means that creation of organizations for supervising different economic sectors was then the tendency. However, the law concerning organizations did not result in any substantial changes in the function of the Agrarian Credit Bank or its branches in the governorates which in their turn became banks subjected to the organization supervision. The new change was that the organization was charged to put the central policy in the light of the central planning policy at the national level of that time. On the other hand, the banks had to put regional plans in the light of the central policy of the organization.

• 1966

**Generalization of the governmental cooperative marketing system.** The agrarian credit banks at the governorates' level played the main role in achieving this generalization supervised by the general organization for Agricultural and Cooperative Credit. The system started by marketing cotton in four governorates in 1962. Then it extended to include nine governorates and kept extending gradually to include rice and was applied to all crops except clover.

• 1966

The general Egyptian Organization for Agricultural and Cooperative Credit announced **a statistic on the relationship between the outstanding debts and holdings' size** which demonstrated that 7% of the more-than-ten-feddans indebted holders were in arrears of 36.6% of the total debts, whereas the less-than-five-feddans indebted holders (who represented 80% of landholders) were in arrears of 45.4% of the total debts.

• 1966

The agrarian and Cooperative Credit Bank presented **a statement to the government to call for the changing of the credit policy** after the possibility of repaying loans from the farmers had declined to 65%. The bank attributed this decline to the lifting of

loans interests, the spread of the hire purchase system, offering great repayment facilities to the farmers and increasing the in-kind loans without having the appropriate control on the agricultural holdings which resulted in offering great sums for unreal holding, as well as increasing cash loans, especially medium-term loans, without the necessary studies, in addition to other technical deficiencies related to ways of collection and the farmers' ability of smuggling the crops to evade repayment of loans through them. In virtue of this report, the government decided to follow more firm policies. However, the problem of outstanding debts was not solved especially for big and middle farmers.

• **1980**

**A new form of agricultural credit, called investment credit, appeared.** It was assigned to enterprises dealing with food security and affiliated agricultural projects (such as calves fattening, livestock insurance), projects related to animal production as well as poultry projects. In the first credit year of application of this policy (1980/1981), the loans of these enterprises represented 43% of the total loans made by the Central Bank for Development and Credit and the group of affiliated banks in the governorates. Such enterprises' share of loans in 1985/1986 reached 73% of the total loans. This share declined to 66% in 1989/1990 due to the ineffective fodder production policy which caused a great number of poultry enterprises to go bankrupt. The animal production enterprises' share of the short-term investment loans reached 80% of the total loans in the first year and 84.9% in 1989/1990. These loans were guaranteed by the property and were usually given to big and middle land owners.

• **1980**

**The project of increasing the small farmer productivity was initiated** with a co-agreement with the United States. It has experimentally started in three governorates: al-Shakria, al-Qalubia and Assuit. The project relied on offering what was called the credit package (credit-extension-research), it resulted in providing loans amounting to L.E. 96.8 million by the end of 1987. They were commercial loans which differ from the subsidized agricultural loans. The project also supplied small farmers with a number of agricultural equipment (hand sprayers, tractor-borne tillers, small harvesters, etc.

The project practically succeeded in achieving an immense boost in the productivity of some crops due to the improved varieties imported from the United States (the agricultural research side of the project). Nevertheless, the important step achieved by this project was to get the small farms free from the cycle of the governmental subsidized loans and liberating the inputs' trade since the project could directly import the inputs (even if they were locally produced) and to provide them to the farmers in free price.

• **1980**

The first loan to agro-industries amounting to US \$ 45 million with an interest rate of 7% over 20 years was signed. The loan was to be used to finance the small agro-industry enterprises. The loan was exclusive to finance the purchase of the necessary commodities and equipment for these enterprises from abroad, provided that it was used by the private sector enterprises.

• **1980**

**The cooperation Law no. 122 of 1980 was issued.** The basic role of this law was to annule the credit function of the agricultural cooperatives aiming at separating the production from the credit process. It entitled cooperatives to undertake production activities without providing the capital necessary to enable them to achieve anything. And, when in need for loans to finance production projects, the loans were to be guaranteed personally by the properties of the members of the Board of Directors. This resulted in turning the production function into a fallacy.

• **1983**

**The second loan to agro-industries had the same objectives as the first one.** It amounted to 81.2 million dollars with an interest rate of 16%. It is worth noting that these loans were used under the supervision of international advisors provided by the loan granters.

• **1988**

A plan was made to entitle the agricultural cooperatives to sell agricultural production inputs to the farmers in-cash at unsubsidised prices, provided that these cooperatives gradually substitute the Agricultural Credit and Development Bank in distributing production inputs in the form of in-kind loans. This plan required from agricultural cooperatives to own a share of at least 10% of the capital of the Agricultural Credit and Development Bank and to establish companies for the distribution of agricultural production inputs.

• **1988**

The active reservoir level in the High Dam lake crucially declined since it reached 150.62 m on 22 July 1988—the end of the Water Year 1987/88. The reason was the decline of the Nile incomings since 1979 which forced the authorities to draw from the water reservoir in the High Dam lake. This decline threatened both agriculture and the electricity generating process in Egypt. The situation was grave.

• **1990**

A resolution by the Minister of Agriculture was issued according to which agricultural cooperatives in 10 provincial centres began to sell agricultural production inputs to farmers in-cash, as an example for the gradual expansion of this practice throughout the country by 1993/94. This process was to be accompanied by the gradual withdrawal of the Credit and Development Bank and its affiliated banks in the villages from providing the inputs. So, by the agricultural year 1993/94, agricultural cooperatives and private sector companies were likely to be solely responsible of the input distribution in-cash. Consequently, any form of subsidies for agricultural inputs would completely stop.

• **1992**

After a hot debate, which lasted for over a year in the press and for months in the hearings in the Peoples' Assembly, Law no. 96 of 1992 on adjusting the landowner-tenant relationship was passed. The law mainly aimed at the annulment of all existing cash tenancy contracts which were signed in accordance with the Agrarian Reform Act after five years dating from issuing the law (i.e., 1997). It also aims at raising the rental value to 22 times the amount of land tax, provided that the rental value would be defined later according to supply and demand forces and be subjected to the civil rental law.