Rural Responses to Globalization in Egypt

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Introduction:
This research stems from a conceptual framework that links several research projects aiming at studying transformations in the rural scene resulting from forces of global integration, especially the implementation of structural adjustment policies (SAP), which Egypt has been witnessing since early eighties. Since the early nineties I have been involved with other colleagues in a series of studies in rural Egypt with a geographical focus on Upper Egypt as one of the least developed and researched regions.

In 1995, a study* was conducted on “Work and Production in the Governorates of Qena and Aswan”, with the general objective of examining farmers’ responses to the Structural Adjustment Policies (SAP) in the agricultural sector. The study was mainly concerned with land holding structures with a special focus on owners/tenants comprehension and responses to the hitherto recent Land Reform Law. In addition the study looked at the cropping patterns—especially sugarcane, which is the dominant crop in the region, sources of agricultural credit, status of cooperatives, agricultural labor, and rural migration. The findings of the study provided for an accurate depiction of the complexity and interconnectedness of the tenancy relations.

Shortly after the full implementation of the land reform law late 1997, another study** was conducted to monitor and analyze the immediate consequences of implementing the law. The study was focusing also on Upper Egypt with inclusion of Minia as a governorate with none sugarcane-dominant cropping pattern. The

* The study was conducted within the framework of an ENRECA/DANIDA funded research project
** The study was funded by the Ford Foundation
main focus was to analyze the circumstances accompanying the implementation of the law, the eviction of tenants and owners’ reposition of the long fix-rented lands.

Late in 2000 - after three years of implementing the law - within the framework of the 2nd. ENRECA project, a study on “Tenancy Relations in Transition” was conducted in collaboration with the Ministry of agriculture of Egypt. The study used the survey approach to collect its data from about 6000 farmers distributed into two national samples representing Lower and Upper Egypt. The main objective of the study was to illustrate the changes in land holding patterns, the nature of tenancy contractual relations, re-assessing the change in cropping patterns, sources of credit, and the status of hired and family labor after an ample period of the full implementation of the law.

Egypt as many other developing countries has experienced during the recent years the pros and cons of implementation of structural adjustment-type packages that aim at reducing government intervention; restructuring financial and fiscal performance, provision of infrastructure investments; and an invitation to the private sector for more instrumental role in development. The aftermath of reforms and the widening impact of liberalization suggest the following:

- Many of the structural adjustment and related economic liberalization initiatives have had a negative impact on the rural poor, especially small farmers.
- In many developing countries, and Egypt is no exception, the access of rural poor and small farmer to land and credit, markets, technical information, extension services has extremely diminished.
- The institutional vacuum resulting from government withdrawal from local markets and the intrusion of new actors has left the rural poor and small producers in acute vulnerability. Government(s) has accomplished little, if anything, in reforming markets and in providing required institutional
restructuring especially for agricultural cooperatives, which would enable small producers to assemble as one of the actors in the emerging economic context.

- The main focus of the current research proposal is farmers' performance with the new markets, i.e. markets of inputs and products and markets of technologies and information.

**Methodology:**
The study relies mainly on an in-depth analysis of the wealth of quantitative and qualitative data collected during the three previous projects. The data collected from Qena and Aswan in 1995 and from All upper Egypt as well as Qena and Aswan in 2001 will consolidated for certain issues of concern for the study and will be supporting with the findings of the several focus group discussions conducted through this Ford funded project, in a number of villages in Qena, Aswan and Mina governorate. The report focuses on five main areas of concern to the liberalization process, and represent a profound manifestation of farmers relation to the impact of the changes enforced by such liberalization process in the agricultural sector, the issues namely are.

1. **Farmers and Agricultural cooperatives**
2. **Farmers and BPDAC: Access to credit**
3. **Landless and agricultural workers**
4. **Farmers and the tenancy issues**
5. **Farmers and the Problems of Farming**
Introduction to globalization and farmers

To “globalize,” according to Webster’s dictionary, means “to make worldwide in scope or application.” Globalization then refers to the multiplicity of linkages and interconnections between the states and societies which make up the present world system. It describes the process by which events, decisions, and activities in one part of the world come to have significant consequences for individuals and communities in quite distant parts of the globe. The Scope “Wideness” and Intensity “deepness” are the main two features of the phenomenon. In this sense we can claim that globalization is not the phenomena of this centaury. It is a human process that intensified with the progress of means of communication.

“Globalization it self neither good nor bad, It has power to do enormous good things. But in much of the world it has not brought comparable benefits. For many it is closer to unmitigated disaster”¹.

In many parts of the third world most controversy link globalization to impacts of structural adjustment that were led by the World Bank and the IMF, especially in the agricultural sector. Consequences of the SAP polices has led to –in some cases- to improvements at macro level, there was increase in the production of cash crops, increase in productivity, as well as increase in the prices of agricultural inputs. However in many other instances –and at the micro levels- the adoption of such polices has severely affected poor and small farmers and forced them out of game. Vandana Shiva² illustrates the experience of Indian farmers with the globalization “The reform policies imposed by the World Bank forced India to open the seed sector for the global companies such as Monsanto. The companies introduced their seeds which need fertilizers, pesticides, and can’t be stored or hybridized, instead of seeds which farmers produced and used

to store for decades and centuries. It became mandatory for farmers to by those seeds each season.

While looking at the relation between rural communities and the globalization we need to stress that farmers, especially small ones, are constantly paying the bill of adverse impact of globalization efforts and decision.

It is my assumption that the rural community of Egypt was always part of the globalization process. The geographical location of Egypt exposed the country to several military campaigns. Two decades ago, exactly 208 years, Egypt had its first serious encounter with Europe. The French campaign led by Napoleon marked the beginning of Egypt’s openness to the world economy, exposure to modern technology, and different styles of life.

The ambition of *Mohamed Ali* has led to major changes in the Egyptian Economy. In agriculture he introduced profound changes in land tenure systems, a modern and complicated irrigation schemes, and new verities of crops with numbers of foreign experts carrying lots of innovations, as well as drafting many farmers as soldiers in the powerfully growing army. A process which has widened the connections of the rural people to the outside world, while in the same time made them pay the price of an ambitious great leader.

The decision of digging the Suez-canal could now be viewed as a global decision that widened global connections and enhanced world trade, however the price of such decision was paid by thousand of Egyptian small farmers, and landless who were dragged from their fields and enslaved to achieve a global project.

The 20th century has witnessed three major processes which affected the structures and functions of the rural communities in Egypt. Theses changes are the 50’s land reform which enabled tens of thousands of landless to own
agricultural lands as well as securing the tenancy rights for many others, then the massive out migration of farmers to the Gulf countries in the 70's, which helped many farmers to fulfill the dreams of building brick houses equipped with modern electrical appliances, but in the same time it infiltrated consumptive values and individualism and other values that were uncommon in among Egyptian villagers.

By the End of the last century the country has undergone the structural adjustment policies of the 80's, were agricultural sector and the rural communities were the first to experience. The change which those polices have induced are wide, deep and still lending impacts. It is important to look at the main international players promoting globalization and how their policies affected the production and modes of live of tens of millions of small farmers around the world including Egypt.

**Structural Adjustment and the move to globalization**

Turning attention to the impact of globalization on farmers in Egypt, emphasis will be given to the consequences of the implementing the Structure Adjustment Policies on the Agricultural sectors, pacifically the impact of the changes made on land tenure system.

Since the mid 1970’s, Egypt has been going through a process of increasing integration in the world economy. An “Open Door Policy” was officially announced in 1974, since then the doors never closed again and Egypt continued to be an active participant in the process of globalization. By mid 1980’s the government started implementation of the “cure all” prescription of the World Bank and the IMF. The agricultural sector was elected to try the prescribed “globalization drug” known as the Structural Adjustment Program (SAP). Why the agricultural sector was the first were SAP was

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implemented? While this is a valid question; but, not all valid questions have ready and convincing answers. However the reason could be based on some of the sector’s features such as: the diversity of the agricultural activities, multiplicity of supporting systems and organization as well as the low productivity and vulnerability of the agricultural producers whose majority is small holders.

The SAP program included a series of decisions and action aimed at “liberalizing the sector including: the liberalizing the pricing and marketing of major crops, that were under administrative pricing and compulsory delivery, the eliminating subsidies of farm inputs: chemical fertilizers, pesticides, seeds, liberalization of input markets and encouraging more involvement of the private sector, elimination of subsidies on interest rates on agricultural credit, abolition of the mandatory crop rotation. Farmers’ became able to cultivate the preferred crop, and liberalizing cotton marketing and trade. Despite all that, some crops and agricultural activities are still under government control including Sugarcane production, delivery at administrative farm gate prices, maximum rice area, and the geographical zoning of cotton varieties cultivated⁴.

The culmination of the liberalization processes was the mending of landowners-tenants relationship by issuing the infamous law no.96 in 1992 which provided a five year as transitional period and was fully implemented in 1997. The immediate consequences of implementing the law yielded several consequences. The law no.96 was seen by the policy maker as a necessity to bring the land

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⁴ Siam, Gamal, Some Indicators on: Economic, Social and Environmental Impacts of the Structural Adjustment Program in Egypt, Agrarian Reform and Rural Development: Taking Stock conference, American University in Cairo, March 4-7, 2002
market and farmers to interact with the free market mechanisms. However, as in most classic cases of economic changes, there has to be always, losers and gainers.
1- Farmers and Cooperatives

Cooperatives and consequently cooperative members were a hit target of the liberalization process in the agricultural sector of Egypt. Literature shows that the decline of the cooperatives due to the implementation of SAP was the dominant case in the majority of the developing world. In his discussion of the African Agriculture under structural Adjustment (Jibbon)\(^5\) concluded that “cooperatives in most parts of Africa are state instituted and state organized bodies, which have somehow escaped the agenda of reform. He went further to say “there has been unholy compromise to maintain political silence over cooperatives, between donors wanting to secure the abandonment of single channeled marketing organization and governments wishing to retain control of economically and politically important function.”

This part of the study focuses on cooperatives as the convenient venue for rural people to express their voices, secure production needs, and to stand as a viable actor in the free market scene and to provide evidence that they can redeem the market balance which was disturbed with the implementation of liberalization policies and the continuing impact of the globalization processes.

For this part of the study an interview schedule was drafted, to guide interviews with leaders and administrators of primary (village) cooperatives, in addition to in-depth interviews with leaders of apex and affiliated cooperative federations. The primary cooperatives studied were selected from several parts of Egypt including Lower, Middle and Upper Egypt regions. This was done to reflect the different of performance of the agricultural cooperatives were considered when selecting the 18 cooperatives studied (See Annex 1). In addition and for the sake of comparison with agricultural cooperatives a number of none agricultural cooperatives were also selected and their leader were interviewed to reflect a

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more consolidated view about the cooperatives in Egypt. These cooperatives were consumer, housing and productive “artisan” cooperatives.

**An overview of the cooperative movement and sector of Egypt:**

Cooperative movement in developing countries is in a cross roads. The last two decades of the 20\(^{th}\) Century which witnessed the implementation of Structural Adjustment Programs (SAP), has also witnessed an accelerated decay in role of cooperatives movement in economies of most countries, especially cooperatives of the agricultural sector.

Although the existing cooperatives may be the product of the government initiative rather than genuine associations created by their members, they may still provide a potentially effective framework for development intervention\(^6\). Among reasons of that feeble condition is the absence of policy reforms that would assist cooperative to transform from being component of the public domain into an economic enterprise with full freedom to operate without undue restrictions on their management and activities.

The cooperative movement in Egypt is among the oldest in the developing countries. A swift review of the cooperative movement shows emerging popular initiatives when the first was established in 1909. The Cooperatives, especially the agricultural ones, were used as a parastatal instrument during the 1960’s and ‘70’s for implementing the country’s development policies. This period was marked by over-promotion of the state. Soon after a slow transition to the acquisition of SAP, the cooperatives fell into steady state negligence.

The apex of cooperative structure in Egypt is the General Cooperation Union (GCU). The structure involves the membership of five main federations which are; Agriculture, Fishery, Housing, Consumer, and Production.

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The agricultural cooperation is the largest sector. It involves over 5,000 primary multipurpose cooperatives divided in 4263 credit cooperatives and this number almost equals the number of villages in the valley and delta. There are also over 600 cooperatives in areas were farmers benefited from the land reform laws. In addition to 571 cooperatives formed in reclaimed areas in the desert.

The fishery cooperative sector includes 91 cooperative societies, with 90,000 members, 26,699 fishing motor, and sailing fishing boats, producing 90% of fishing production.

The consumer cooperatives are the second largest cooperation sector with 4000 primary societies, mostly exist in urban or semi-urban, 5.1 million members. The activities of the consumer cooperatives are expanding, especially with orientation towards free market economy and the growing demands over goods and services.

The production cooperation represent the “workers’ owned” type of cooperatives over 400 primary societies engaged in wide range of crafts and trades. The production cooperatives are operating a 10 billion size of business covering a wide range of production and crafts.

The housing cooperatives involve about 2000 primary societies. Most primary housing cooperatives are urban based serving housing needs of specific segments of the population. The volume of business reaches to 8 billion Egyptian pounds.

The field study conducted on the agricultural cooperatives concentrated on specific issues and topics including:

   Government Attitude toward Cooperatives and interventionism
   The status of human resources in Cooperatives
Government Attitude toward Cooperatives and interventionism

Each central cooperation federation is under the supervision of a certain ministry. The agricultural and fishery cooperatives have been under several ministries. In 1960 they became under the permanent supervision of the Ministry of Agriculture. The production cooperation started under the supervision of the Ministry of Social Affairs in its genesis. It moved to the Ministry of Industry and then finally the Ministry of Local Development in 1973 until present. The housing cooperation started and remains under the supervision of the Ministry Housing and the same for consumer cooperatives which are supervised by the ministry of Supply.

In accordance to the different cooperation laws, the minister of each concerned ministry is in charge of enforcing the pertaining law. This governing includes administrative and financial inspection, review of records, monitoring board of directors, managers, and employees. In addition the Central Authority for Auditing is in charge of inspecting the financial records of the all GCU, the central federations, regional level unions, and its affiliated cooperative societies (5:138).

The interviewed leaders of the movement and the directors of primary cooperatives both expressed their opinion in the government’s attitude towards cooperatives, which is illustrated in the following:

- There is no negative declared governmental position towards cooperatives, as the case in its position towards public sector and the implemented privatization plans of some of its economic activities and projects.
- The government dominance and control - in the past- was accepted because it also involved support, provision of facilities, services and privileges to cooperative movement. Yet, now, the governmental form of
support has gone but the submission of cooperatives to government’s dominance remained.

- The administrative bodies in the concerned ministries are engaged in unhealthy “corrupted” relations with cooperatives.

- Despite the total negligence of state, the extreme hegemony of the administrative body is brutally maintained. They can block, dissolve, or obstruct the activities of any cooperatives whenever they like.

- Even within this discouraging situation, some cooperatives emerges, especially consumer cooperatives, in areas of consumptive goods, consumptive services: health, education, and student services. Some Consumer supermarkets are established to serve government and company’s employees.

- Agricultural cooperatives are suffering from the tyranny of the administrative bodies of the Ministry of Agriculture. There is a monstrous governmental apparatus, which is doing nothing to the agricultural cooperatives but they continue suffocating the cooperative movement.

- The registration of new cooperatives is facing a great deal of complication from the administrative bodies. The establishing of a new agricultural cooperative (credit) is almost impossible because there is -now- at least one credit cooperative in each Egyptian village. It is also hard to establish a new land reclamation cooperative (for example) due to tedious and cumbersome procedures.

- Liberating the agricultural cooperative movement would unleash its ability to compete with the private sector

- The notion that cooperation is a heritage of the communist/socialist regimes may lie behind the state’s negative attitude. This notion is haunting many officials and ignited by some private sector businessmen. However, the adoption of cooperation approach does not contradict with the interests of the private sector. Tala’at Harb- the founder of modern Egyptian Economy- when he established factories he established them
with their cooperative societies to provide goods and services to the workers
1. Human Resources

Interviews with the persons in charge in primary cooperatives indicate that the production cooperatives are more capable than other types of cooperatives in creating new employment opportunities within societies. This could be attributed to the market orientation nature, and to the diversified goods and services. The appointment in cooperatives is based on educational qualifications, experience, and personal interviews. The same principles were also used for staff replacement, which indicates the growing market orientation within production cooperatives.

The managerial and accounting skills available in most cooperatives interviewed are reported as satisfactory. Cooperatives sometimes employ university graduates trained in commerce and cooperation topics in the fields of administration, accounting, and public relations. They also employ commerce and agricultural high school graduates with threshold skills in such areas. However, all central cooperative unions regularly organize training courses for the staff of the affiliated cooperative societies on different managerial and accounting topics. Most of cooperatives interviewed indicated that their staff received training on management and accounting topics. It is worth mentioning; almost all the interviewed agricultural “parastatal” cooperatives reported their employees did not receive any training on topics of management and accounting in recent years.

2. Market Oriented Character of the Cooperative Activities

The market competitiveness among the interviewed primary cooperatives is moderate. The agricultural cooperatives are trying hard to keep their foot in markets since they have been facing a fierce competition from the private sector. Their competitiveness comes from their capital and management skills. However,
a number of studies\textsuperscript{7,8} confirm the majority of agricultural cooperatives’ members and clients still have confidence and preference in cooperatives due to their location proximity, quality assurance and better prices than the private sector.

From the interviews with the primary cooperatives it could be concluded that the issue of market competitiveness does not pose a threat or burden to cooperatives’ management. This may reflect some levels of vague awareness of the rules of open market. However, some agricultural societies established after implementing Economic Reform and Structural Adjustment Policies (ERSAP), under the NGO’s law, away from the heavy control of the Ministry of Agriculture (see case study Annex2), are showing comparatively better market performances in monitoring the prices of the local markets and providing their members/clients with goods and services with competitive prices. Also, the market orientation of productive cooperative societies is much more obvious. The rapidly growing markets allow for encompassing variety of producers of goods and service providers with varying levels of quality and cost to different levels of clients/members. Most of the interviewed primary cooperatives the issue of competitiveness does not pose a threat or burden. This may reflect some levels of vague awareness of the rules of open market rules.

3. Degree of Financial Participation by Members:

The financial participation of members of most cooperative societies is limited to annual membership fees. In 1961 membership of farmers in agricultural cooperative societies became in mandatory. Annual fees were automatically deducted from farmers’ transactions with the cooperative. The amount of fees collected used to make a meager financial contribution. In addition to the


membership fees, cooperatives charge some fees on fertilizers and seeds distributed to farmers. After the promulgation of law No.96/1992 which amended the relation between landlord and tenants of agricultural land, the membership composition in agricultural cooperative has dramatically changed due to the eviction of a considerable number of tenants, and practically the owners were the only listed landholders. In addition fees collected from provision and distribution of agricultural inputs, and from marketing of agricultural produce have significantly decreased due to the competition of the private sector.

However it is noticed that, the financial situation of new agricultural cooperative societies (formed after SAP) is comparatively better. The director of one cooperative interviewed reported that members pay about L.E.25 (< $5.0) as annual fee; in addition, they and they receive financial donations as well as in-kind contributions. This may reflect the level of confidence that such type of cooperatives have gained compared to the meager annual fees and skepticism that surrounds transactions in agricultural cooperatives under Ministry of Agriculture control. In the productive cooperative societies interviewed, the issue of compulsory or voluntary financial contributions of members was not given high emphasis.

4. Foundation & Registration of Cooperatives

The registration of a cooperative is a rigorous process deters many from taking the initiative to form a cooperative. The registration of a cooperative requires the submission of several documents and passing through several bureaucratic steps. The registration of an agricultural cooperatives -as an example- obligates that the foundation contract submitted must include the date, and place of issuing the contract. It also must have the name of the society, the area of service, type, and purposes of the society. The next facet the contract must include is the value of paid capital. After this it must contain names of founders, their residential areas, and occupations. Finally a bank statement that indicates certificates depositing the paid capital must be presented. People interviewed in the
cooperatives indicated that the cooperation law prohibits establishing more than one agricultural cooperative in one village which seizes farmers liberty to form the cooperative which can serve them better.

5. Cooperatives’ Target Groups and Reduction of Poverty
Cooperatives operate mainly in areas where poverty is prevailing. They mostly are engaged in issues that related mainly to the needs of the poor. Most cooperatives interviewed do not have data on their members and/or clients in classified in terms of income and poverty. However, interviews conclude that there is no high awareness of the poverty problem in terms of figures and prevalence within the cooperative service area. Among the other reasons that poverty reduction is not a clear component of cooperatives programs is that cooperative movement are involved or consulted by the state’s programs for combating poverty. The state opted to combat poverty through encouraging individual small businesses rather than collective cooperative small projects. It is fair to conclude that the cooperative movement does not possess any plan for poverty reduction. The activities targeting the poor if any are spontaneous rather than deliberate actions.

Most cooperatives are more concerned with economic activities than providing social protection programs. Although field observation and interviews with cooperative leaders suggest that membership size, diversified activities, large scale of operations and experienced cooperative leadership are among factors which would positively facilitate the cooperative’s ability to provide social protection programs to its members.

2- Farmers and PBDAC: Access to Agricultural Credit:
Seasonality of framing and lack of cash put farmers on sustained need for loans to finance agricultural operations. The principal bank for development and Agricultural Credit PBDAC, through its village bank branches in villages is the main and probably the only official source for agricultural finance.
Since establishing bank branches in villages in the early 70’s, the bank took control of many of the function of the agricultural cooperatives and became heavily involved in the provision of cash and in-kind loans especially fertilizers and seeds. The expansion of the private sector in the supply of fertilizers, seeds, and pesticides limited to some extent the role of the bank in those areas and in some instances shifted the bank in to providing other loan services including home appliances and trucks which put bank performance under criticism.
In fact, since the implementation of the Structural, the performance of the bank was under criticism and revision. The pressure is aiming to transform the PBDAC into a commercial with a section that deals with agricultural finance. Through the field studies conducted the relation between farmers and the PBDAC was central aiming at assessing farmers’ transaction with the bank and their opinions towards several related issues including
- Type of transaction (credit or cash)
- Type of goods purchased in cash
- Receiving loans
- Type of loan (Agricultural loans vs. investment loans)
- Amount and opinion on interest rate for agricultural loans
- Ways agricultural loans were spent
- Collateral provided to get loan
- Amount and opinion on interest rate for investment loans
- Ways investment loans were spent
- Collateral provided to get loan
- Indebting to the bank (amount and reasons)
- Opinion on easiness of processing loans
- The problems related to transaction with the bank
- Reasons for not taking loans from the bank
- Relying on other sources to get loans
- Opinion on the current situation on securing loans
- Preferred sources for loans (PBDAC vs. Coops) and reasons
- Circumstances were it was difficult to secure loan and actions taken
The following part is a consolidation of data collected during the field studies of 1995 and 2001. We will present the some of the above mentioned points showing the change in farmers’ opinion and actions towards the agricultural loans from the bank and other sources through looking at the change at three points: farmers in Qena and Aswan in 1995, 2001 and the whole of Upper Egypt in 2001.

**Table1. Receiving loans from Village bank**

<table>
<thead>
<tr>
<th></th>
<th>Qena and Aswan 1995</th>
<th>Qena and Aswan 2001</th>
<th>All Upper Egypt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>73.2</td>
<td>69.7</td>
<td>40.2</td>
</tr>
<tr>
<td>No</td>
<td>26.7</td>
<td>30.3</td>
<td>59.8</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The percentage of farmers who rely on the bank for securing credit is about 70% of all farmers in Qena and Aswan, compared to about 40% of the farmers in all Upper Egypt. It is obvious that the dominance of sugarcane in the governorates of Qena and Aswan greatly affects their reliance on the village bank to finance their cultivation operations and requirements. Since sugar factories are the only buyers of the cane crops farmers are bond to deal with official source of credit such as the village bank. Farmers use the contract they have with the factory is used as collateral for getting loans.

On the other hand farmers in the rest of Upper Egypt were sugarcane is not dominant crop and were the liberalization process has taken its course, became
less and less dependant on the village bank for securing loans. The agricultural liberalization process which included the abolition of delivery quotas of major crops, the elimination of the crop rotation and the elimination of subsidies on inputs specially fertilizers has encouraged the private sector companies and traders to step in and fill the vacuum resulted from the from implementing liberalization processes and the consequent withdrawal of the government.

**Opinion on interest rates**

<table>
<thead>
<tr>
<th>Table 2. Farmers’ opinion on PBDAC interest rates on Agricultural loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qena and Aswan</td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>Fair</td>
</tr>
<tr>
<td>1995</td>
</tr>
<tr>
<td>High</td>
</tr>
<tr>
<td>2001</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Among the revealing findings of both the studies of 1995 and 2001 is that the majority of farmers were unaware about the exact interest rate that they have to pay on the loans they get from PBDAC, however the majority feel that they are paying high interest rates. The important finding is that there is a big increase in the percentage of farmers of Qena and Aswan who expressed that they pay fair interest rates. The percentage of farmers in 1995 was only 7.7% increase to about half the farmers in 2001, the percentage is also is compatible with that of the farmers in the rest of Upper Egypt. The change in opinion could be attributed to the changes caused by the liberalization of the economy and the farmers openness to the forces of market economy including dealing with commercial banks although at limited rated.
Levels of Accessibility to credit

Table 3. Farmers’ Assessment of the Accessibility to credit

<table>
<thead>
<tr>
<th></th>
<th>Qena and Aswan 1995</th>
<th>Qena and Aswan 2001</th>
<th>All Upper Egypt</th>
</tr>
</thead>
<tbody>
<tr>
<td>More Easier</td>
<td>43.0</td>
<td>31.3</td>
<td>31.9</td>
</tr>
<tr>
<td>More difficult</td>
<td>16.5</td>
<td>39.1</td>
<td>37.1</td>
</tr>
<tr>
<td>According to circumstances</td>
<td>40.5</td>
<td>29.7</td>
<td>31.0</td>
</tr>
</tbody>
</table>

There is a change in farmers’ assessment on accessibility to credit in general not only from the village bank. Farmers of Qena and Aswan in 1995 study were feeling more content with the level of access to credit, compared to those who consider the access to loans is more difficult. Farmers of Qena and Aswan in 2001 assessed the accessibility of loans as becoming more difficult, are more than double their percentage in 1995. The noticeable finding is the similarity of assessment of accessibility to loans between Qena and Aswan farmers and the rest of Upper Egypt despite the reliance of Qena and Aswan farmers on the village bank for sugarcane cultivation loans.
Uses of Agricultural and Investment Loans
Agricultural loans are provided to farmers to cover the costs of agricultural inputs and farming operations during the agricultural seasons in summer and winter, for that reasons they are considered short-term loans. Due to the lack of cash the majority of farmers use loans they get from the bank to cover the expenses of other needs. Qena and Aswan farmers were spending about 17% on soil improvement which was greatly decreased to about 4% according to 2001 responses also similar to the trend in all Upper Egypt in 2001. The percentage spent on buying agricultural inputs has increased from 60% to about ¾ of the total amount of agricultural loans which is also similar to the behavior in all Upper Egypt in 2001. The increase could be attributed to the soaring increase in the prices of agricultural inputs specially fertilizers. It also noticeable that farmers in Qena and Aswan are still relying on the cash they get from agricultural loans to cover household needs despite the slight decrease in percentages in 2001 compared to the responses of 2001.

### Table 4. Uses of Agricultural loans obtained from PBDAC

<table>
<thead>
<tr>
<th></th>
<th>Qena and Aswan 1995</th>
<th>Qena and Aswan 2001</th>
<th>All Upper Egypt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soil improvement</td>
<td>17.4</td>
<td>3.9</td>
<td>4.6</td>
</tr>
<tr>
<td>Ag. inputs &amp; operations cost</td>
<td>60.0</td>
<td>75.2</td>
<td>76.4</td>
</tr>
<tr>
<td>Family needs</td>
<td>22.6</td>
<td>18.1</td>
<td>14.8</td>
</tr>
<tr>
<td>Other</td>
<td>0.0</td>
<td>2.5</td>
<td>3.5</td>
</tr>
</tbody>
</table>
Table 5. Uses of investment loans obtained from PBDAC

<table>
<thead>
<tr>
<th></th>
<th>Qena and Aswan 1995</th>
<th>Qena and Aswan 2001</th>
<th>All Upper Egypt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm Animals</td>
<td>54.0</td>
<td>27.8</td>
<td>37.0</td>
</tr>
<tr>
<td>Ag. Machinery</td>
<td>3.6</td>
<td>1.9</td>
<td>3.2</td>
</tr>
<tr>
<td>Ag. Land or operations</td>
<td>19.4</td>
<td>27.3</td>
<td>20.1</td>
</tr>
<tr>
<td>Household needs</td>
<td>17.4</td>
<td>38.9</td>
<td>35.6</td>
</tr>
<tr>
<td>Ag. Commercial project</td>
<td>1.3</td>
<td>2.4</td>
<td>1.1</td>
</tr>
<tr>
<td>Missing</td>
<td>0.0</td>
<td>1.8</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Investment loans are long-term loans provided to farmers to invest in agricultural activities which will generate revenue. Most farmers use investment loans to raise farm animals (responses include big animals: cows, buffalos, or small animals: sheep and goats or birds). More than half of the farmers of Qena and Aswan who got investment loans use it to buy and raise farm animals. The percentage was decreased to about 28% in 2001 and it was about 70% in all Upper Egypt in 2001. If we try to look for a reason for such big decrease we will find that the change in cropping patterns, and the change in tenancy relations both stand as a viable explanations. After the implementation of liberalization policies in agricultural sector which included the increase of market prices of all agricultural crops, many framers shifted to cultivation of cash crops instead of making the previous balanced crop pattern which covers household, animals, and market needs. Many of the small farmers became unable to keep farm animals which will compete with cash crops on the already limited land. On the other hand the liberalization policy in the agricultural sector has also led to a high and irrational increase in the value of rent of agricultural land which forces tenants to cultivate cash crops in order to be able to pay the high amount of rent.
and get rid of the old three dimensional cropping pattern (household, animals and market). Focus group discussion with farmers revealed that the majority of small farmers especially tenants sold their animals due to inability to grow fodder and the high prices of fodder in the market.

Figure in the table indicate also that farmers rely heavily on investment loans to cover household need. The percentage in Qena and Aswan in 2001 has increased compared to 1995. According to the responses we got during focus groups conducted in 2005/2006, farmers use loans to cover several household needs including medication and medicine, education expenses, marriage, pilgrimage, paying debts, mending buildings, etc.

Although investment loans are meant to finance long term agricultural projects and durable goods such as agricultural machinery, farmers behavior indicate that these two issues are the least funded with no major change in Qena and Aswan between 1995 and 2001.

**Farmers and the PBDAC during Focus Group Meeting in 2005/2006:**

During the focus group meetings held in Qena, Aswan, and El Minia governorates during 2005/2006 farmers expressed difficulties in dealing with the village banks:

*The ambiguity of transactions:* Most farmers reported they are indebted to the bank. While some know the amount of the debt, others were unaware of how much is such debts and how it was calculated. Farmers sense that there is a kind of incorrect procedures in processing the loans, and that some of the bank workers take advantage of the ignorance of small farmers. Despite that, farmers in the focus group still view the village bank as the appropriate venue for loans especially for small farmers; however some expressed that the cooperatives should take the lead in providing farmers with in-kind loans (fertilizers, seeds,
and pesticides). During the focus groups, many farmers admit using the loans – due to the seasonal lack of cash - to cover other expenses.

3. Agricultural Workers

Working for pay in agriculture is the source of income for considerable number of rural people especially the land less. The field work conducted during 1995 and 2001 in Qena and Aswan and in Upper Egypt paid special focus on agriculture workers. The points considered of that focus included:

- Period working as agricultural worker
- Place of work: inside/outside village
- Working individually vs. in work gang (Tarhillah)
- Average daily wage
- Availability of work
- Actions in periods of unemployment
- Sources of information about work opportunity
- Reasons for ceasing work for pay

Another dimension of agricultural workers handled family labor in agriculture. The points of consideration included:

- Family members' assist in farming by: kinship, sex, age, and duration and type of assistance
- Hired labor
- Seasons and operations need hired labor
- Assessment of daily wages

The following part presents a compilation and comparing data of Qena and Aswan in 1995, 2001 and all upper Egypt in 2001 for some of the above presented points.
Table 6. Agricultural workers distribution by the location of work

<table>
<thead>
<tr>
<th></th>
<th>Qena and Aswan 1995</th>
<th>Qena and Aswan 2001</th>
<th>All Upper Egypt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside village</td>
<td>0.8</td>
<td>3.9</td>
<td>2.4</td>
</tr>
<tr>
<td>Inside village</td>
<td>86</td>
<td>80.4</td>
<td>80.7</td>
</tr>
<tr>
<td>Inside-village</td>
<td>13.3</td>
<td>15.7</td>
<td>17.0</td>
</tr>
</tbody>
</table>

Work for pay in agriculture is one of the limited work opportunities available for the landless as well as many of the small land owners. Working for pay is no longer an attractive job for young people, the findings indicate that the average age of agricultural worker in Qena and Aswan and Upper Egypt in 2001 is 59 and 55 years respectively.

The implementation of liberalization policies in agriculture including the changes made to the land tenure system has changed the map of the farming community and affected many of the rural poor including the landless who rely on work for pay in agriculture to make living. From the one hand many of the small land owners relied on their family labor to cut down the increasing cost of production on the other, many young people with some education migrated to other places and occupation which limited the available manpower as well as work opportunities.

The above table shows the frequent places of work for pay, the pattern is almost equal in Qena and Aswan in 1995 and 2001 and also in all Upper Egypt in 2001 with prevalence of joining work opportunities inside villages while small percentages seek work outside the village.
Table 7. Mode of Work Outside Village

<table>
<thead>
<tr>
<th>Mode of Work Outside Village</th>
<th>Qena and Aswan 1995</th>
<th>Qena and Aswan 2001</th>
<th>All Upper Egypt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alone own my own</td>
<td>31.5</td>
<td>66.7</td>
<td>41.0</td>
</tr>
<tr>
<td>Work Gang (Tarhilla)</td>
<td>31.5</td>
<td>0.0</td>
<td>20.1</td>
</tr>
<tr>
<td>Both modes</td>
<td>37.0</td>
<td>33.3</td>
<td>38.8</td>
</tr>
</tbody>
</table>

The limited percentage which seeks work outside the village has doubled in Qena & Aswan in 2001 compared to 1995, while the Tarhilla pattern disappeared in 2001 compared with 1995. This does not mean that work gangs has disappeared, in fact, during focus groups with farmers discussing the issue of farm labor; farmers reported that especial work gangs are formed during the season of cutting sugar can. Some of those gangs could be labeled as temporary since the members are not necessary agricultural works as they include students, and sometimes salaried workers who take leave of absence to form such gangs and engage in sugarcane cutting on contractual basis.

Table 8. Source of information about work

<table>
<thead>
<tr>
<th>Source of information about work</th>
<th>Qena and Aswan 1995</th>
<th>Qena and Aswan 2001</th>
<th>All Upper Egypt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Fellows</td>
<td>15.7</td>
<td>25.6</td>
<td>28.4</td>
</tr>
<tr>
<td>Neighbors</td>
<td>8.3</td>
<td>11.6</td>
<td>18.0</td>
</tr>
<tr>
<td>Relatives</td>
<td>3.7</td>
<td>2.3</td>
<td>3.2</td>
</tr>
<tr>
<td>Land Owners</td>
<td>70.4</td>
<td>60.5</td>
<td>49.4</td>
</tr>
<tr>
<td>Contractors</td>
<td>1.9</td>
<td>0.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>
Agricultural workers rely on local networks for information about available work opportunities. There is an increase on relying on fellow-workers network from 15.7% in 1995 to 25.6% in 2001, which is close to the percentage in all Upper Egypt in 2001. Reliance on the owners of land is still work as the main source of information on work opportunities in Qena and Aswan and all Upper Egypt.

**Ceasing working for pay in Agriculture**

The profile of small farmers indicates that many of them have worked for pay in agriculture at some point in life. Those who stopped working for pay were asked to provide reasons for stopping work for pay. As the figures in the above table indicates

The main reason is getting old and being unable to perform the severe physical effort required from a laborer in Agriculture. The percentages are almost equal within the three points of comparison. The next reason is farming own land, which was 19.2% in Qena and Aswan during 1995 increase to 40% in 2001. One of the most reasonable explanations for that increase is the liberalization process
Table 9. Reasons for ceasing work for pay in agriculture

<table>
<thead>
<tr>
<th>Reason</th>
<th>Qena &amp; Aswan 1995</th>
<th>Qena &amp; Aswan 2002</th>
<th>All upper 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm own land</td>
<td>19.2</td>
<td>40.0</td>
<td>18.7</td>
</tr>
<tr>
<td>Farm rent land</td>
<td>13.7</td>
<td>2.0</td>
<td>7.4</td>
</tr>
<tr>
<td>Farm land reform land</td>
<td>4.3</td>
<td>0.0</td>
<td>0.7</td>
</tr>
<tr>
<td>Low work opportunity</td>
<td>0.2</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Low wage</td>
<td>0.4</td>
<td>2.0</td>
<td>1.3</td>
</tr>
<tr>
<td>Family Reasons</td>
<td>4.7</td>
<td>2.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Sickness</td>
<td>7.3</td>
<td>18.0</td>
<td>25.8</td>
</tr>
<tr>
<td>Old age</td>
<td>35.9</td>
<td>32.0</td>
<td>32.6</td>
</tr>
<tr>
<td>Travel for work abroad</td>
<td>0.9</td>
<td>2.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Join none agric occup.</td>
<td>13.6</td>
<td>0.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Other (Army- study)</td>
<td>0.0</td>
<td>0.0</td>
<td>2.7</td>
</tr>
</tbody>
</table>

of the agricultural sector and the implementation of law no. 96 for organization the relation between tenants and owners of agricultural land. The consequences of that law are still unfolding. Many small owners who were renting-out their land were able –by the implementation of the law to repossess them again, also some farmers were able to inherit their share in the land of their ancestor, as a result of that many of small farmers and landless became owners for the first time after the implementation of the law, able to farm their own land abandon working for pay in other people’s land.
4. Agricultural Land and Tenancy

This part deals with the continued importance of understanding the implications of the liberalization process of the agricultural sector specifically those of law 96 of 1992. Land has continued to be a major issue of contention in Egyptian national political debate and rural conflict. The landholding represents a complex set of social and economic and political relationships that tenants engage in has been scrupulously ignored by policy planners, aid agencies and the GoE. Instead, the rush for the reform of land tenancy, (despite the five year transition period 1992-97) focused on the importance of rewarding property rights to owners of land irrespective of the social and economic consequences for the poor of so doing. On the surface it appears that old complexities of the multifaceted nature and context in which tenants and owners, sharecroppers and small holders interacted has been simplified by the universal leveling power of the market. Yet, on the contrary, older complexities have given way to newer and socially troubling complexities: old regulations of the market, controls on marketing, distribution and pricing have been jettisoned. In their wake the power of landlords, absentee owners, and large tenants has increased, is unregulated and seemingly unrestrained. It is a difficult task to assess the consequences of this for class formation and the way in which political power is exercised in the countryside. For while parliamentary debate was extensive, by Egyptian standards at least, the constraints on what was discussed during the passage of the tenancy bill limited an assessment of what at heart was a strategy of agricultural ‘modernization’ that rewarded land ownership and penalized the rural poor.

Egypt is not unique in redressing what has been seen as an imbalance in the power of tenants over owners and small holders over large holders. The perceived imbalance that has favored small holders because of state subsidies, pricing and marketing policy has been reformed in counter revolutions across north Africa and the near East. Yet little is focused on the implications of this ‘revolution’. Little has focused on the implications for poverty, livelihood strategies, and class formation. In short, little has focused on the political and economic implications of counter revolution in the Egyptian countryside and on
class formation and capital accumulation that is emerging from an unregulated market. This paper utilizes data from an extensive study in upper Egypt regarding the implications of Law 96 for changes in landholdings and perceptions of tenants and landowners of the implications of the reform for rural livelihoods. We begin by briefly tracing the current counter revolution in rural development that offers the importance of deregulating markets. We then explore the notion of the tenancy web, the way in which complexity of rural social relations is ignored by policy makers and some of the consequences of this ignorance for a possible prognosis of rural class formation and political power. These finding may be tentative but they do indicate the emergence of local accumulation strategies that transform the countryside under the guise of agricultural modernization. Just what the consequences of that modernization are for rural poverty and whether it is a viable strategy to boost agricultural production is mute.

Land reform was central to the 1952 revolution. It was a redistributive reform aiming at improving the livelihoods of the rural poor. Tenants of agricultural land benefited also from 1952 reform laws as they were protected from eviction and enjoyed tenancy security for almost forty years until the liberalization policies culminated by issuing law 96 of 1992 that polished existing rent contracts, applied market rates to land values and rent

**The Web of Tenancy (compilation of data, 1995, 2001)**

The map of landholdings in Egypt is complex and it has two distinct characteristics. The first is a clean pattern of access to land where landholders access land through one pattern. This pattern encompasses, for example an owner-operator, sharecropper or cash rent tenant cultivator. Law 96 of 1992 assumed that this was the only category that exists for land holders. It was convenient for the policy makers to assume this as such clarity makes decision making by central government much easier. The second characteristic of land holders in Egypt is where there is a multiplicity of ways in which land access is facilitated, where, in short, there is a mass of interrelated tenancy relationships.
These relationships have developed over time and have been shaped by a mix of legal, social and cultural as well as economic structures. Policy makers have repeatedly failed to appreciate the complexity of rural relations of production and social reproduction.

Ministry of Agriculture surveys, for example, seem reluctant to accept or appreciate that the owner occupier, the sharecropper or the tenant who rents for a cash payment are not the only or predominant ways in which Egyptian farmer’s access land. The failure to appreciate this web of tenancy has consequences that go to the heart of understanding what kinds of modernization are taking place in agriculture, what shape the relationship takes between those who remain on the land and those who do not and those who leave the countryside but retain an access to it.

**Consolidating data on tenancy**

The first depiction of the tenancy relations (tenancy web) was based on the findings of the study conducted in Qena and Aswan in 1995 (figure one). The second is based on the findings of the study conducted in 2001 on a sample of all the governorates of Upper Egypt including Qena and Aswan All the districts of each governorate were represented and a number of specific villages and hamlets, was sampled in each of these district. Minia and Assuit together and equally represented together about 40% of the sample size. Beni Suif and Sohag were both equally represented about 30%. Giza and Fayoum represented 10.2% and 11.4% in the sample respectively. Qena and Aswan came the lowest representing 6.8% 3.2% respectively.

Figure one (based on 1995 data) indicates the multilayered pattern of landholdings from the sample that gives the lie to the idea that access to land is merely organized around owner occupiers, tenants or sharecroppers.
The owner operator group is the major ‘clean’ category of landholding in Egypt representing 36.7% of the total number of landholders, while the rest are engaged in multiple (in and out) tenancy relations.

The second important group is owner-operators who also cash rent-in land, their percentage is higher than land less who cash-rent-in land and represent the third important group of landholders. The percentages of owner-operators who rent in land and or sharecrop are much higher than the percentage of landless that cash rent in or sharecrop. The complicated picture of tenancy relations illustrated in figure one was limited to landholders with three tenancy relations or less. The figure does not include about 13 per cent who had more than three types of tenancy relations.
Changes in Holding Pattern

The most profound impacts of the implementation of law 96 were the changes in landholding patterns. The first study conducted in Qena and Aswan 1995 before the implementation of the law; showed that the land holding pattern is complicated and inter-related. The owner operators-with tenancy relations in and out are at the centre of that complex web. It seems likely; given the responses from farmers regarding their new realities that implementation of law 96 will promote the dissolution of the complicated and interrelated tenancy relations which were concentrated within the group of owner-operators. The study of the tenancy relations before the law showed that majority of rented-in land were in the hands of owners, while a modest percentage of the rented lands was held (rented- in) by landless.

A New Web of Holdings

Among the expected impacts of implementing the law was a disentanglement of the complicated tenancy web. While on the surface the recorded forms of landholdings reflect a simplification of the types of land holding we can note a continued high dependency, or more accurately inter-dependency between different holding patterns. And we can also indicate what come of the social and economic consequences of the changes in the holding pattern have been. There continues to be what we have termed clean patterns of access to land such as owner operator, sharecropper, owner sharecropper, tenant cash rent-in or owner cash rent out but there has also been an impact on the raised vulnerability of those whose land holdings have been removed, notably among female headed households. That added vulnerability is the result of a combination of reduced access to resources and the removal of institutional guarantees and safety nets for producers, small holders and near landless as co-operative functions have been removed and wage labor opportunities transformed.

Implementation of law 96 led to several changes in the structure of land holding in Egypt. It was proposed by legislators that by the end of the transitional period
1992-1997 many farmers (actually owner-operators) would hand over the land they where renting in to the land lords. It was also expected that many owners repossessed the lands they were renting out. Owner operators who were renting out small parcels of land did not attempt to rent those parcels again as it became unprofitable under the new rent conditions. This transformation in landholding position inevitably led an increase of the ‘clean’ categories of landholding, these are the categories which are characterized with one type of tenancy relations, either owner-operators, or tenants, in the meantime the overlapping tenancy relations decreased to a great extent. Figure two illustrates the tenancy web after implementing the law. The first impression one gets is that the tenancy relations are simplified and the web became less complicated. The figure also indicates a number of engagements in landholding patterns.

Figure two illustrates the changes in landholding after implementing the
law. It is possible to conclude that many of the multiple tenancy relations have been dissolved and disappeared. Owner operators who used to rent-in many tiny parcels of land from very small and poor land owners or widows of deceased land owners found it difficult to keep those parcels at the new higher rent values. The number of those who are engaged in one landholding relation amounted to about 80% of total sample.

The impact of liberalization on the creation of new market for land

The Liberalization or reorganization of the relation between landowners and tenant’s, was the main declared goal of law 96. The creation or activation of a land market was also one of the many expected impacts. Planners made an assumption that the implementation of law 96 would provide the basic conditions for an open and free market where agricultural land becomes the commodity, tenants and others are equally competing for the best market price for selling or renting. Under this assumption is it possible to use the changes in agricultural land acquisition as an indication of a growing land market for purchasing, selling, cash renting, sharecropping and or even inheritance but have these assumptions been exemplified by the evidence on the ground?

Contrary to the assumptions of planners, our findings do not suggest an enhanced or developed land market. There are several factors which offer an explanation as to why this new market did not emerge in the way planners imagined. The first of these is the relative scarcity of land and the demand for agricultural land for building and industrial use. The second is of course that given its relative scarcity and the historical importance of land to small holders its sale is often viewed culturally as a reflection of disgrace, poverty and debt. And finally the cost of land has ensured that only the very wealthy have been in a position to benefit from land sales. But there is an overriding additional reason why the market for land did not suddenly become transformed. This is that land registration, documentation of ownership and titles to land are complicated and
expensive. In many cases land remains registered in the names of the people who owned it at the time of the first cadastre at the start of the twentieth century. Registration only took place if a conflict had previously arisen between a landlord and a tenant. Landlords are often unable to prove ownership of land and do so only effectively by proxy: they produce contracts between themselves and their tenants.
5. Farmers and the Problems of Farming

Small farmers encounter with liberalization and globalization is rigorously manifested through the problems facing them in farming. During the several points of research on farmers and SAP farmers expressed the difficulties there are facing with the different markets of agricultural inputs /outputs. Most of the problems emerged from a delayed institutional reform and a postponed reshaping of the new role of the state as an arbitrator among the different players in the agricultural scene. In the following table includes consolidated findings of the farming problems classified into five categories, under each farmers reported several specific issues:

1. Agricultural inputs related problems
2. Soil, Irrigation & Drainage
3. Diseases & Pests
4. Relation among farmers
5. Institutional problems

Each category

<table>
<thead>
<tr>
<th>Table 10. Problems Facing Farmers in Farming</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qena and Aswan 1995</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>Agricultural inputs</td>
</tr>
<tr>
<td>Soil, Irrigation &amp; Drainage</td>
</tr>
<tr>
<td>Diseases &amp; Pests</td>
</tr>
<tr>
<td>Relation among farmers</td>
</tr>
<tr>
<td>Institutional problems</td>
</tr>
<tr>
<td>No Problems</td>
</tr>
</tbody>
</table>
Agricultural Inputs Related Problems

Performance of farming relies on the inputs from several supporting systems and organizations. The liberalization process of the sector led to many changes in some of such systems while it came short in several others. The implementation of the free market-policy has let the door wide open to the private sector in dealing with agricultural inputs and outputs. Farmers during 1995 and in 2001 are still complaining from the unavailability of inputs at reasonable prices is the main problem which faces small farmers. During the field work in 1995 the farming community suffered from sever a shortage and high prices of fertilizers, in 2007 the shortage of fertilizers are again making the headlines. Although the percentage of farmers who raised the inputs as a major problem has decreased in 2001 compared to 1995 the related topics grouped under Agricultural inputs related issues are still the same. Regarding inputs they include: high prices of inputs, cheating in inputs, unavailability of fertilizers, pesticides, and seeds and lack of machinery, farmers also added lack of trained agricultural workers and high wages of workers among the emerging problems facing them in farming.

The problems which were grouped under Soils, irrigation and drainage category are slightly increasing from 1995 to 2001. Lack of irrigation water became a common complain among small farmers specially those at the tail of the irrigation ditch. The dismantling of the traditional irrigation social system and the spreads of small portable pumps heightened the severity of the irrigation problems. Liberalization of the agricultural sector which has emphasized on the issues of tangible results, neglected the importance of such social systems of work and production and their impact on the agricultural production which is also a tangible result. Diminishing right of small farmers access to resources is among the felt consequences of the liberalization polices as farmers expressed complains about inequality water distribution.

Drainage problems was also mentioned by farmers as affecting their farming efforts, this include use polluted saline drain water fro irrigation, and the bad condition of tile drain network, which leads as farmers mentioned to the high
water table in the soil. The deteriorating soil conditions is also among the mentioned problems including the prevalence of salinity which lowers the soil fertility and productivity

**Institutional problems**

The institutional problems are a group of problems which deals mainly with farmers’ relation with governmental and semi-governmental bodies. It also deals with the actions taken by the government decision which affected the farming community and added to the difficulties which small farmers are facing. The reason we emphasize those type of problems –despite the small percentage- is in the one hand that the percentage has increased from 1.6% in 1995 to 5.3% in 2001 on the other hand they reflect the type of liberalization which the Egyptian government has adopted which to some extent has postponed part of changes which -at that time- were needed to be tackled. Farmers own expression on such problems referred to “weak and absent cooperatives”, “Absence of the assistance of agricultural engineers” which both refer to two main farmers institution withdrawn almost completely from providing services to small farmers.
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11) Yonis Khalid, (1993): The Role of Cooperative within the contemporary Socio-economic Changes (in Arabic), Cooperation Book Series, Cooperation House for Printing and publishing, Cairo.


Annex (1):

List of Primary cooperatives interviewed:

I) Cooperatives selected for interviews in Lower Egypt “Delta”- Dakahliya Governorate:
2) The Agricultural Credit Cooperative Society- Mit Al Haloug Village
3) The Agricultural Credit Cooperative Society- .......
4) The Animal Wealth Cooperative Society, Mansoura, Dakahliya
5) The Fishery Cooperative Society, Nassayma village, Dakahliya

II) Cooperatives selected for interviews in Middle Egypt-Giza Governorate:
6) The Markets of productive village cooperative society
7) The Agricultural cooperative Society-Barnacht village
8) The Agricultural cooperative Society- Mit Rahina village
9) The cooperative productive society for Carpets and Rugs
10)The cooperative productive society for Cargo Transport

III) Cooperatives selected for interviews in Upper Egypt-Minia Governorate:
11)The Agricultural Credit Cooperative, Mansafis.
12)The Agricultural Land Reform Cooperative, Hawasliya.
13)The Agricultural Land Reform Cooperative, Al Matahra Al Qiblia.
14)The Agricultural Credit Cooperative, Al Sahala.
15)Veterinary Productive Cooperative Society for Service and Development
16)Productive Cooperative for Poultry Development.
17)Bee Breeder Productive Cooperative Society.
Annex 2

A Case study on an agricultural cooperative emerged within the era of market economy

Village Markets Productive Society

This productive cooperative society is located in a rural area; of Badrashen district, Giza Governorate, and established in 1998. It was initiated as a response to the felt needs to solve marketing problems facing farmers’ especially young producers, through the dissemination of knowledge and skills, and help them transport the produce to the nearby urban centers.

When the society was established it received a LE 300.000 loan, from the Local Development Fund of the ministry of local development to implement two projects: The first is green houses (protected agriculture), and the second is establishment of outlets for displaying and selling farmers produce in different locations in Giza Governorate (15 outlets are under construction).

Discussion with the Head of the Board of Directors of the Society, during a personal interview, revealed the following:

- Number of the staff currently working in the Society: 25 (16 males, and 9 females). None of them with cooperation educational background, and 3 only (2 males, and 1 female, representing 12%) have attended training courses in management and accountancy skills. Staff and personnel are recruited through personal interviews and tests. Staff turnover are based mainly on seniority and experience.
- Number of members (beneficiaries):145 farmers (85 males, and 60 females), most of them are from the middle class. They own the society.
- Number of beneficiaries targeted by the society services: About 4.000 persons (farmers & consumers), and 350 families.
- Geographic location of the services: Giza Governorate.
• Major areas of activity: processing and marketing farm products, in addition to providing agricultural services.

• Scale of operation is big enough to cover overhead costs since the size of activities (last year) amounted to LE 5 millions. Managerial costs are covered by the returns of these activities.

• The activities of the society are oriented mainly to the local market in Giza governorate.

• Prices of production requirements in the local market are always reviewed and considered when providing these requirements to the members or beneficiaries, and, in turn these prices are sometimes competitive. Yet, international market prices of these requirements are seldom reviewed or considered.

• National market prices of the products, provided by the society to its members, are rarely reviewed or considered, and, in turn, these prices are rarely competitive.

• Financial participation by members includes an annual compulsory payment of LE 25 (around $5), with no effects on members' access to the society services. Voluntary monetary and / or in-kind participation are open and depends on the members' economic status, with, as well, no effects on members' access to the society services.

• The main communication facilities available to the society include: 5 telephone lines, and a fax.

• A security guard is responsible for safeguarding the society buildings and collective property against robbery.

• Non-economic activities, organized (always, or at least sometimes), by the cooperative include: (members and members families training and education, leisure time; gender-related activities directed related to women and girls, health care activities, awareness raising in the areas of workers rights and responsibilities and activities directed to activating the participation among members.
• Horizontal integration and partnership with other local organizations include a project for orphans’ care, with a religious society in addition to conducting extension seminars and meetings, for members and beneficiaries, with civil society for exporting horticultural crops.

• Vertical integration and partnership with other supportive national organizations include coordinating the provided services with the General Union for Civil Societies, conducting extension seminars, meetings, field days and demonstrations with fertilizers and pesticides private companies, in addition to cooperating with Giza Governorate authorities in establishing marketing outlets.

• No international donor has provided the society with grants, loans or other kinds of support.

• The society offers sufficiently attractive working conditions to its staff and workers. It could provide 10 new job opportunities annually. When the marketing outlets are established 15 job opportunities at least, could be provided.

• Among the factors that could help creating new employment opportunities are: a) increasing demand for cooperative products and services, b) an existing strategy for marketing promotion, and, c) availability of capital for investment in new activities.

• Among the factors that could hinder the creation of new employment opportunities are: a) lack of qualified leadership, b) lack of qualified staff, c) lack of demand for society products and services, d) lack of efficiency and marketing strategy, e) lack of investment capital, f) lack of transport and infrastructure, g) women are not allowed to undertake certain activities.

• The society is engaged in different activities to help the small, poor farmers through providing annual monetary support and providing subsidized transportation services for poor producers.

Lessons learned:
1. High perception of the problem and needs that could be resolved by cooperative work is a key factor in a successful formation of a cooperative,

2. Institutional intervention and support by inspired leaders are needed to facilitate the formation of effective cooperatives. This intervention increases the commitment and responsibility among members and beneficiaries of the cooperative toward effective management and operation of its activities.