

Agriculture & Rural Development in MENA

In the MENA Region, an estimated 70% of the poor live in rural areas, even though rural areas support only 43% of the total population. Most of the poor will still be found in rural areas for at least another 20 years, which makes rural development key to the Bank's mission in the Region. Rural areas will have to provide increased income opportunities as well as improved living conditions in order to ease rural urban migration pressure and create an attractive business environment.

In many parts of the MENA Region, agriculture remains the most important sector for rural income generation. As arid and semi-arid areas, prone to frequent droughts, account for 85% of the total land area and contain 60% of the population, the MENA region and its rural poor are particularly vulnerable to climatic variability, making water resources and risk management important determinants of farm-household decisions. Together with increasing population pressure and resulting farming systems changes, sustainable natural resource management becomes critical for the livelihoods of MENA's rural population.

In many regions, linkages between rural areas and (small) urban centers are strong, requiring joint regional development concepts. Particularly in these cases, separate consideration of agricultural development as a sectoral concept and rural development as a spatial concept is critical. However, remote locations remain to be characterized by low access to quality services and infrastructure such as water, education and information and communication technologies.

Despite the fact that rural space is home to the majority of the Region's poor, urban bias appears to have prevailed, and past policies have led to widespread environmental degradation while doing little to improve the lives of the rural poor.

Objectives and Strategies

The Bank updated (2002) its rural development strategy for the MENA Region and defined the following three main objectives:

- Reduce rural poverty
- Decrease vulnerability of rural populations
- Ensure the sustainable use of natural resources

To achieve these objectives, five strategic directions have been identified. The following table summarizes the action plans for each of the five strategies:

<i>Strategy</i>	<i>Action Plan Component</i>
1) Rationalizing water management and policies	<ul style="list-style-type: none"> · Promote and assist in the development of national water strategies that encompass both rural and urban water needs. · Design and implement projects that include improved demand management (including water pricing) and rationalized water charges, increased system efficiency, greater user participation, infrastructure rehabilitation, and protection of the environment. · For countries and regions with available renewable ground and surface water, encourage the development of small and medium scale irrigation. · Increase the role of user associations in the implementation of water projects.

2) Improving access to social and economic infrastructure	<ul style="list-style-type: none"> · Design and implement rural infrastructure projects that encompass education, rural electrification, rural roads, health, rural water supply and sanitation as appropriate for the country and region. · Ensure rural beneficiary participation in project design and implementation. · Increase access to improved communication and information technology in rural areas.
3) Facilitating agricultural growth and competitiveness	<ul style="list-style-type: none"> · Promote agricultural trade reform, marketing, and price policies and food subsidy systems while at the same time improving the social safety net. · Support land tenure reform initiatives. · Improved market infrastructure including market information systems. · Increased investments in agricultural research and extension adapted to the local production and market conditions and aimed at reducing risk.
4) Enhancing rural non-agricultural and private sector economic activities	<ul style="list-style-type: none"> · Increased emphasis on non-agricultural employment and income generating activities. · Use of micro-credit and other instruments to stimulate non-agricultural rural investments · Increase private sector participation in marketing channels for agricultural inputs and outputs. · Encourage strong private sector role in the expansion of information technology in rural areas.
5) Improving natural resource and environmental management	<ul style="list-style-type: none"> · Compile and disseminate best watershed management and monitoring practices internationally and in the region. · Design and implement water projects as watershed system projects aimed at sustainable water use while improving environmental management. · Ensure that the economic policy set is consistent with the climatic and natural resource reality in the country so that policies are not leading to adverse impacts on the environment and natural resource base. · Reduce soil erosion. · Complete a regional inventory of natural resources and use it as the basis for developing regional and national policy frameworks for long-term sustainable management of natural resources. · Promote reasonable and transparent environmental regulations and standards.

Bank Lending for Agriculture and Rural Development in MENA

Consistent with the Bank-wide trend, the expected higher lending volumes after the first Rural Development Strategy (1997) did not materialize in MENA. On the contrary, in terms of commitment amounts, rural lending showed a steady decline between FY99 to FY02 (Figure 1 and Figure 2). Several explanations have been offered, such as urban bias in governments,

perception of risk in the agriculture and natural resource management sectors, applicability of numerous safeguard policies, complexity of operations, fear of a repetition of the mistakes of past integrated rural development programs, and reluctance by most decision-makers to make long-term commitments. In MENA, however, where many clients are middle-income countries which borrow under IBRD terms, the Bank is perceived as a comparatively expensive source of funds. In addition, governance issues lead to lengthy decision-making processes.

The Bank has responded to these observations and built Regional Rural Alliances to promote cross-sectoral collaboration in rural space in lending and analytical work. To support and direct future investment operations and analytical work in rural space, the Bank has initiated or been involved in a number of critical analytical and advisory activities, such as the Yemen Rural/Local Development Strategy and the Morocco cereal marketing and irrigation management reform. In addition, The Bank is providing increased assistance for agricultural support services and export trade promotion through investments and dialogue in several countries (e.g. Egypt, Tunisia, and Jordan).

However, further mainstreaming of rural space issues into development programs is needed, for example through:

- Promoting cross-sectoral approaches (Figure 3) in lending operations to facilitate an integrated rural development perspective.
- Promoting participatory development in rural areas, with strong involvement of civil society, especially local communities, and the private sector.
- Highlighting rural space issues in Country Assistance Strategies and sector strategies.
- Promoting the collection of quality rural-specific data, especially with respect to MDG indicators.

Project Achievements

Countries in MENA are making impressive efforts on agricultural and rural development. Some examples of Bank-supported activities are as follows:

- Algeria: Second Rural Employment Project
- Egypt: Second Matrouh Resource Management Project
- Iran: Agricultural Policy Note
- Jordan: Horticultural Exports Promotion and Technology Transfer Project
- Lebanon: Agriculture Infrastructure Development Project
- Morocco: Rainfed Agriculture Development Project
- Syria: Conservation of Biodiversity Project (GEF)
- Tunisia: Northwest Mountainous & Forestry Areas Development Project
- West Bank and Gaza: Integrated Community Development Project
- Yemen: Rural/Local Development Strategy

For more detailed information, please refer to the World Bank's project database on the Web: <http://www.worldbank.org/projects>

All dollar figures are in US dollar equivalents.

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