

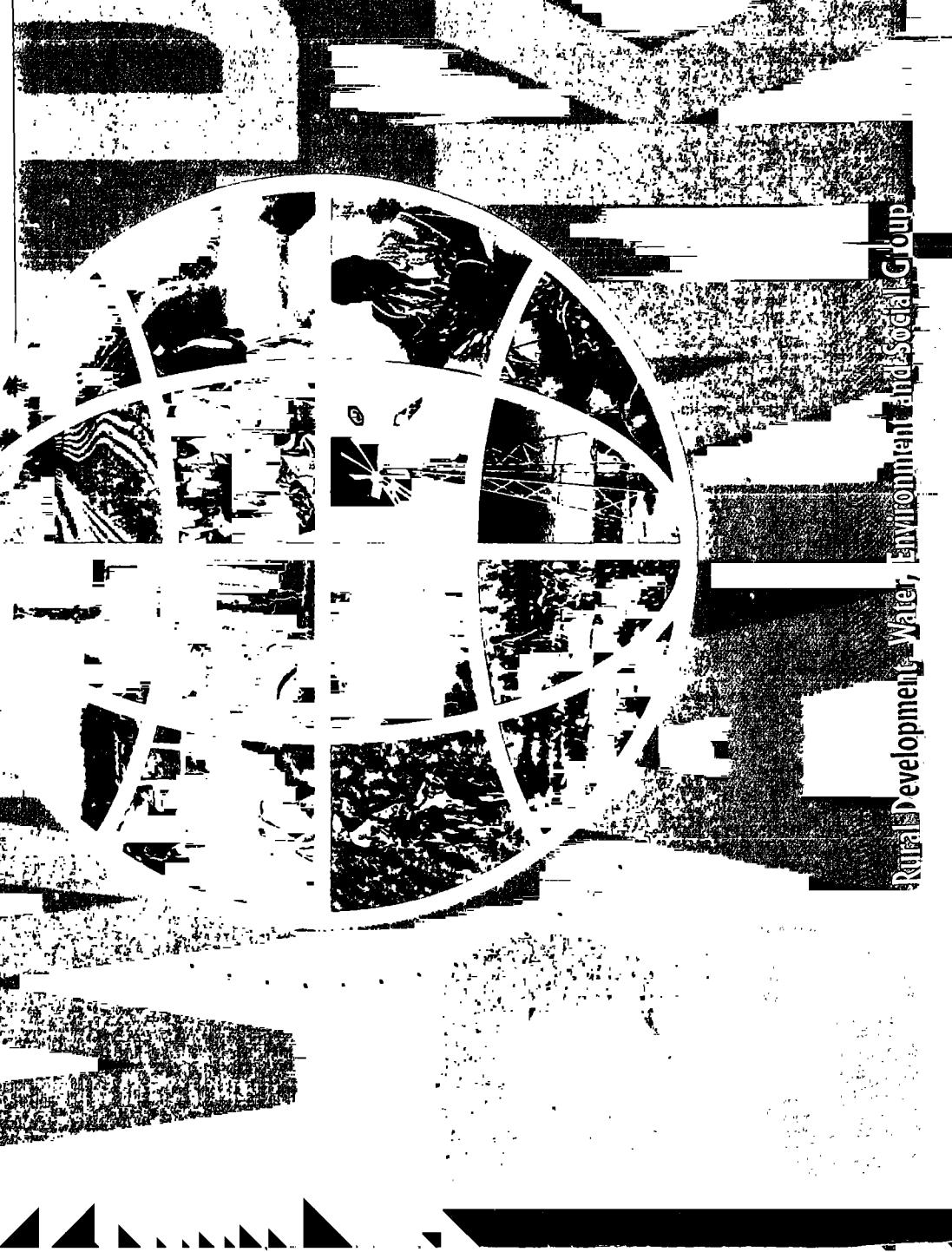


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# Rural Development strategy

Designing the Rural Poor in the  
Middle East and North Africa Region

24531  
July 2002



Rural Development, Environment and Social Group

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*Rural Development Strategy  
Regional Development Strategy*

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# **Reaching the Rural Poor**

*A Rural Development  
Strategy for the Middle East  
and North Africa Region*



*Work in Progress*

*Rural Development, Water, Environment  
and Social Group  
Middle East & North Africa Region  
The World Bank*

First printing: July 2002  
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This paper is a contribution to the draft rural development strategy for the World Bank, which is currently pending approval by the Board of Executive Directors. The findings, interpretations, and conclusions are the author's own and should not be attributed to the World Bank, its management, its Board of Executive Directors, or the countries they represent. Some of the numbers quoted are estimates or approximations, and may be revised at a later stage.

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## Abbreviations and Acronyms

AFPPF	Agriculture and Fisheries Production Promotion Fund	IFAD	International Fund for Agricultural Development
ADS	Social Development Agency	LSI	Large-Scale Irrigation
APL	Adaptable Program Lending	LWCP	Land and Water Conservation Project
AUEA	Association des Usagers des eaux Agricoles	MENA	Middle East and North Africa
BAJ	Social Priorities Program (Morocco)	NEAP	National Environmental Action Plan
CAS	Country Assistance Strategy	NGO	Non Governmental Organization
CDD	Community driven development	NRM	Natural Resource Management
CDF	Comprehensive Development Framework	NWRA	National Water Resources Authority
CDP	Community Development Project	O & M	Operation & Maintenance
CNCA	Caisse Nationale de Crédit Agricole (National Agricultural Credit Bank)	PBDAC	Principal Bank for Development and Agricultural Credit
CPPR	Country Portfolio Performance Review	PHRD	Policy and Human Resources Development
ESW	Economic and Sector Work	PM	Prime Minister
EU	European Union	PWP	Public Works Project
FAO	Food and Agricultural Organization	PSMAC	Public Sector Management Adjustment Credit
AFD	Agence Française du Développement	RBA	River Basin Agency
FDR	Rural Development Fund	RDF	Rural Development Fund
GAREW	General Authority for Rural Electricity and Water	SAL	Structural Adjustment Loan
GDP	Gross domestic Product	SASP	Seeds and Services Project
GEF	Global Environment Facility	SFD	Social Fund for Development
GNP	Gross National Product	SME	Small & Medium Enterprise
IAAS	Irrigated Areas Agricultural Services	SPPF	Special Project Preparation Facility
ICR	Implementation Completion Report	UN	United Nations
IDA	International Development Association	WB	West Bank
IDAS	Innovation and Development in the Agriculture Sector (GTZ Project)	WBI	World Bank Institute
		WSIL	Water Sector Investment Loan
		WTO	World Trade Organization
		WUA	Water Users' Association

## Acknowledgments

This document is one in the series of regional development strategies developed for the 2001 update of the World Bank's Rural Development Strategy, *Reaching the Rural Poor*. The Rural Development Strategy for the Middle East and North Africa Region was prepared through a process of active participation of many individuals and institutions and consultations in and outside the Region. The Strategy was formulated by a Core Regional Team led by Petros Akhilu, Sector Manager, Rural Development, Water, Environment and Social Department (MNSRE) and comprising, Vahid Alavian, Sr. Water Resources Specialist, Joan Collier-Von Eden, Program Assistant, Salah Darghouth, Sector Manager, Water and Environment, Ndiane Diop, Economist, YP, Matthias Grueninger, Agricultural Economist, Douglas Lister, Sr. Agricultural Economist (also representing the Region in the Bank-wide Steering Committee), Kutlu Somel, Sr. Economist and Madani Tall, Sr. Agricultural Economist (MNSRE). Regina Bendokat and David Steel, Human Development (MNSHD), Mohammed Feghouli, Finance, Private Sector and Infrastructure (MNSIF) and Dipak Dasgupta and Shaha Riza, Social and Economic Development (MNSED), also provided valuable inputs. The Principal Author is Professor Wallace Tyner of Purdue University, assisted by Adair Morse. Other MNSRE staff, including Country Cluster Coordinators and members have also made valuable contributions. The draft Strategy was reviewed in a Regional meeting chaired by Mustapha Nabil, Chief Economist and Director, MNSED. A panel headed by Csaba Csaki, the Bank's Senior Advisor for Rural Strategy and Policy comprising Rural Development Department (RDV) and Development Economics (DEC) staff also provided useful comments on the first draft of the Strategy. Overall guidance for the Strategy's formulation was provided by Doris Koehn, former Director, MNSRE.

In March 2001, two Regional Consultations were held--one in Montpellier, France for Morocco, Algeria and Tunisia, and another in Beirut, Lebanon for Egypt, Jordan, Lebanon, West Bank and Gaza, Syria and Yemen. These consultations were attended by government, NGO, academic and farmer organizations, as well as EU, FAO, IFAD, AFD and Islamic Development Bank representatives. The Region is grateful to the Governments of France and the Netherlands for the financial assistance they provided for various studies conducted for the Strategy and for the two regional consultations.

## **Foreword**

The key word for describing the process followed to develop this rural development strategy is teamwork. Development of the strategy involved literally hundreds of people both inside and outside the World Bank. The work began with a review of relevant Bank documents pertaining to the MENA countries and projects over the past five years. Data on the current context of rural development activities in MENA countries was also collected and analyzed. From this data and literature review, the team extracted some important lessons learned from completed Bank operations in the region.

Given the context and lessons learned, key objectives and strategies were formulated for the region's "rural space," referring to the geographic area (as opposed to sector) where agriculture plus other rural development activities designed to alleviate poverty take place, including natural resource management, rural transport, water and sanitation, telecommunication, education, health and other social services. This was an iterative process that involved participation and feedback from scores of people both within Rural Development and from other sectors. Once we agreed upon the three MENA objectives to: reduce rural poverty; decrease vulnerability of rural populations and ensure the sustainable use of natural resources; we identified five strategic directions and created rural development implementation plans.

Implementation plans were developed for the region as a whole covering thematic areas, and for each MENA country. Implementation plans provide specific actions and performance indicators for each of the five MENA strategies. Thus, the implementation action plans, particularly the country plans constitute the heart of the MENA strategy. The indicative country plans will provide the point of departure for more detailed discussions with each of the MENA countries.

Very useful feedback was obtained from the two regional consultations which enriched the final version of the document. In addition, external reviewers provided useful comments.

Thus, through the hard work and active participation of many people from all over the world, we now have the MENA Rural Development Strategy. The region is fully committed to implementing the program outlined in this strategy. But in a sense the work is just beginning. The key to success will be in implementation, which requires the support of cross-sectoral inputs, and we now dedicate ourselves to implementing the strategies and achieving the goals contained in this document.

Jean-Louis Sarbib  
Vice President  
Middle East and North Africa Region

Ian Johnson  
Vice President  
Environmentally and Socially  
Sustainable Development Network

# Executive Summary

In 1997 the World Bank issued its rural development strategy, *Rural Development: From Vision to Action*. The purpose of this exercise is to update that strategy and to render it much more region-specific and action-oriented than the previous undertaking.

Our approach is to characterize the current situation in MENA countries, examine the implementation of the Vision to Action strategy in MENA, develop a series of lessons learned from Bank activities in recent years – and then use all that material in developing the objectives, strategies, action plans and implementation approach for the development of MENA’s “rural space,” referring to the geographic area (as opposed to sectors) where agriculture and other rural development activities designed to alleviate poverty take place. This includes natural resource management, rural transport, water and sanitation, telecommunication, education, health and other social services. This framework is illustrated in figure 1 in chapter 1.

In MENA, an estimated 70% of poverty is in rural areas, even though rural areas support only 43% of the population. Most of the poor will still be in rural areas for at least another twenty years. Rural development is crucial to MENA not only for directly reducing rural poverty but also for making rural areas more attractive places to live and thus easing rural-urban migration pressure.

## Box A Objectives for rural development in the Middle East & North Africa

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

Variability in climate and rainfall is a significant issue in most MENA countries. The rainfall variability is a major source of variability in crop production and rural household incomes. It is one important reason why a large portion of the population is considered vulnerable in MENA.

Water is a precious and increasingly scarce commodity in MENA. Every country in the region has major issues in irrigation, water policy, water demand management, and water resource allocation. Closely related to water are all the issues dealing with sustainable use of natural resources.

## Box B Five strategies for rural development

1. Rationalize water management and policies
2. Improve access to social and economic infrastructure
3. Facilitate agricultural growth and competitiveness
4. Enhance rural non-agricultural and private sector economic activities
5. Improve natural resource and environmental management.

Community driven development and policy reform are the key implementation instruments associated with all five MENA strategies for rural development. Ensuring community participation in

the design implementation, operation and maintenance of projects and programs, and implementing policy and regulatory reforms linked to the strategies are critical.

## Current Situation in MENA Countries

### *Economy, Policy, and Agriculture*

Per capita income in MENA (excluding the Gulf countries) averages about \$2,000 and ranges from \$350 in Yemen to \$3,700 in Lebanon.

Agricultural GDP growth has generally ranged between 2 and 5 percent per year, but for Morocco, Jordan, and WB & Gaza, it has been zero or negative for the decade of the 1990s.

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Variability in agricultural income from year to year is high in MENA, with the standard deviation of the agricultural GDP growth rate reaching 33% and 25% for Morocco and Jordan respectively. Thus countries with high variability have been experiencing negative growth or stagnation in agricultural value added over the decade.

Following are production systems typical of the MENA region:

- Rainfed mixed
- Dryland mixed
- Pastoral
- Irrigated
- Highland mixed

Although water availability is crucial to all agricultural systems in MENA, variability, and thus vulnerability, varies significantly across production systems.

Water policies are crucial in all MENA countries. Other important policy areas include natural resource degradation, land tenure issues, food subsidies, and rural infrastructure.

For the development of the irrigated and humid mixed system, access to export markets is also essential. The largest trading partner for most MENA countries is the EU. The EU's policies are quite restrictive and limit export expansion by MENA countries.

### *Social*

Illiteracy rates are high, especially for women. On average, half of the women are literate in the region. In rural areas, literacy rates fall even from these levels. In Yemen and Morocco, only half of school-age children in rural areas are in school, as compared with 80-90% in urban areas.

Access to safe drinking water and sanitation for the rural population is quite low in many MENA countries and well below access in urban areas.

Public social safety nets are generally quite weak in rural areas, a problem which is accentuated by the high variability in rainfall and agricultural production, and which leaves a large fraction of the rural population vulnerable.

*Vision to Action* Impact on MENA Activities and Lending - The 1997 *Vision to Action* themes are still valid, but our interventions have evolved over time and reflect: i) strong sector analysis (e.g. water and agriculture sectors in Yemen and rural development in Morocco); and ii) beneficiary/user and community participation (rural water supply, natural resource management, irrigation/drainage operations) based on social assessments.

### **Lessons Learned**

The Bank has learned valuable lessons in its operations over the past few years. These lessons contribute significantly to the formulation of strategies for improving success in future rural development operations.

1. **More attention needs to be paid to political constraints and institutional capacities.** There is a need for Bank activities to accurately assess the political and institutional setting in planning and implementing rural development projects.
2. **Non-lending activities should have greater importance in some countries.** By emphasizing its comparative advantage in analytical and policy advice, the Bank can make strides in rural development. Lending activities should have built-in flexibility, and analytical work should serve as support to that flexibility.
3. **Variability in climate and incomes has differential effects on policy decisions in the MENA region.** Many governments seek consumer and producer price stability as an objective, but the

economic and agricultural policy frameworks may not match the climatic variability and production conditions in the country.

4. **Encourage private sector and mandate community participation.** A need for local participation for sustained success is not a new theme. However, unsatisfactory project results across varying rural development programs are often caused by a lack of community participation.
5. **A greater emphasis on small-scale projects in rural infrastructure and natural resource management is warranted.** Small-scale rural infrastructure projects have at least four desirable traits applicable to rural development in the MENA region:
  - They often are more labor-intensive than large-scale projects.
  - They tend to involve the community more in their implementation.
  - They may be more sustainable in that rural associations may have the ability to carry out operation and maintenance.
  - From MENA experience, small-scale projects have the advantage of generally being able to target poorer quintiles of the population.
6. **The Bank needs to be sensitive to the negative implication of accepting a status-quo stance on issues requiring long-term, re-institutionalizing efforts.** Decades may be required in certain instances to implement policy change. Thus, the Bank should launch and continue dialogue on issues, even when it is only marginally effective in bringing about immediate change. This may particularly be the case for natural resource management, but is also true in MENA for regulatory and tariff reform. In the latter cases, the lesson may be that disbursements made that ignore compliance with an agreed reform agenda may send the same signal of a lack of concern by the Bank.
7. **The Bank's awareness of the need for integrated water management should be reflected in policy dialogue with governments and users.** The Bank needs to ensure that all projects involved with supply creation or restoration are integrated with a participatory demand management element.
8. **A lack of indicators for rural development is inhibiting project planning and evaluation.** Often projects cannot be adequately planned or measured simply because the data do not exist. The capacity to understand deficiencies in rural areas is often hindered by remote locations. Yet, policies are made to raise income and address issues in such places where little prior analysis can be done to offer insights on sustainable income opportunities.

### *Objectives*

*Reducing rural poverty.* Rural poverty reduction is our overall objective. This objective is the real guiding principle by which all other rural development objectives and policies are implemented.

*Reducing vulnerability in rural areas.* Income variability in rural areas is high, which means that the percentage of the population that is vulnerable to income swings is quite large. Reducing vulnerability is not synonymous with poverty reduction and goes beyond policies that endeavor to bring the poor to an acceptable minimum level of consumption. It also means putting in place a safety net to prevent the non-poor from falling below the poverty line, along with the creation of opportunities that will help improve living conditions for the poor and non-poor.

*Ensuring the sustainable use of natural resources.* There are four important components of the natural resource base of rural life to address – water, land, forests, and pastoral areas. These resources are scarce and fragile and our objective is to ensure the long term sustainable use of these natural resources.

## *Strategies*

*Rationalizing water management and policies.* In MENA, efficient and effective water use is absolutely critical for success in rural development. Improving performance and productivity in water management requires institutional, policy, and planning system reforms. This strategy calls for an examination and possible revision of legislative, policy, and institutional framework for water resources, along with actions to strengthen the role of rural communities, the public, and the private sector.

*Improving access to social and economic infrastructure.* Social infrastructure here encompasses especially health care and education for rural areas. Economic infrastructure includes rural roads, rural water supply, and rural electrification, and today also, access to information technology. To increase rural agricultural and non-agricultural incomes, it is imperative to increase access to both social and economic infrastructure in rural areas. Particular attention needs to be paid to enhancing women's access to these services. Egypt, Morocco and Yemen provide encouraging examples where school enrollments in rural areas for girls are increasing.

*Facilitating agricultural growth and competitiveness.* Reversing deteriorating agriculture performance and facilitating growth to increase rural income (farm and non-farm) is a fundamental means of realizing poverty reduction. Policy change, secure land tenure, creation of economically viable and efficient farms, facilitating the emergence of competitive and farmer-friendly processing and marketing infrastructures, and support of farmer-induced technological change in agriculture are critical for the promotion of competitiveness in the region.

Increasing growth in agricultural exports, requires the removal of anti export bias, namely high protection of importable agricultural or industrial goods and real exchange rates overvaluation. In MENA, increasing agricultural exports also will require changes in the protectionist policies of its primary trading partner, the European Union.

Formulating agricultural pricing and trade policies that consider reducing farm income variability as one of the strategic priorities (see Lesson Learned three). Agricultural policies must be better aligned with the climatic reality of the region, which is high rainfall variability and frequent drought.

Agricultural research and extension must be responsive to farmers' production constraints and improved especially in adapting crop varieties to the drought-prone regions (and associated climatic variability) plus research on efficient use of irrigation water and irrigation techniques appropriate to each crop and region.

Land tenure reform – Land tenure issues in some MENA countries have become a major impediment to agricultural productivity growth. Rural development programs must address these issues.

Investments are needed in developing the public institutional capacity in policy analysis, particularly related to agriculture and natural resources.

*Enhancing rural non-agricultural and private sector economic activities.* A full integration of non-agricultural rural activities is one of the major challenges of this exercise. Following are some actions that can serve to effectively enhance the non-agricultural rural economy:

Agricultural policies can promote non-farm activities such as agro-processing and the other industrial, commercial and service sectors that characterize modern agriculture. Projects and policies aimed at promoting the non-farm economy should not just focus on improving the *capacity* of households to become involved in the non-farm economy, but should also stimulate the *engines* that pull rural households into the non-farm economy. Engines of non-farm growth that offer employment to women in particular should be emphasized.

Local government and institutional participation will have to be engaged in a whole variety of capacities, ranging from land-use planning, education provision, infrastructure investment, regulation, training and financing.

Facilitating the growth of small urban poles for regional development may be an attractive means of creating non-agricultural employment and incomes.

*Improving natural resource and environmental management.* Sustainable rural development is inextricably linked with sustainable natural resource management. Examining the impacts of projects on the sustainable use of natural resources must be a part of the design and implementation of all of our activities. Water is very scarce in MENA, and the productive agricultural areas, particularly pastoral zones, are increasingly threatened by human interventions.

### *Action Plans*

Indicative action plans are prepared for each country and major themes in MENA. The country plans are linked to the five strategies mentioned above and will serve to guide Bank actions linked to those strategies. The plans also include monitoring and performance indicators tied to the specific actions. In other words, the actions constitute the specific implementation measures for the five strategies, and the monitoring and performance indicators will help determine in what measure success has been achieved in future years. These action plans will be further elaborated in line with evolving issues, changing country priorities, and intervention by other donors. These plans are summarized in table 1.

The action plans are cross-sectoral. Hence, successful implementation will depend upon strong support for cross-sectoral units in the Bank, technical ministries in client countries, the private sector, non-governmental organizations and other agencies.

While these plans were developed by Bank staff to guide Bank actions, they also are presented to stimulate discussion and collaboration with governments and the development community as a whole. The Bank will need to look for synergies and partnerships with other lenders and donors to implement the plans.

Monitoring implementation of action plans will depend on having effective country teams within the Bank and client country support for acquisition of data on rural, social and economic indicators.

### *Implementation*

In implementing these action plans, the Bank and other donors must recognize the diversity of situations in rural areas of MENA countries, both across countries and even within the same country. This diversity means that instruments must be tuned to the specific region, with its unique economic, social, and cultural characteristics. Therefore, flexibility will be essential in developing programs tailored to each unique region.

The evolving experience in allowing communities to participate effectively in seizing opportunities to improve their well-being is an encouraging approach for rural development. Our approach will be to promote locally and spatially focused rural development (holistic approach to rural well-being) with strong community participation. Sectoral interventions would generate maximum development impact if they are appropriately coordinated and communities are part of the decision-making process (see figure 2 in chapter 7). For example, for a given region of a country, we might have an education project supported by the education sector in the Bank in conjunction with the Ministry of Education and local authorities in the country. At the same time and in the same region, there might also be irrigation, health, or other projects. These projects will operate in parallel, with collaboration across sectoral departments in the Bank and similar collaboration among line agencies in client countries. Another approach is the Rural Development Fund (RDF) being piloted in Morocco. Based on demand from the beneficiaries as expressed through a participatory planning process, the RDF would be used by the Governors of selected provinces, on the advice of a Provincial Rural Development Committee composed of relevant line ministry representatives, to complement or fill gaps in existing sectoral programs in a coordinated way, based on demand from communities, without any predetermination of funding by line ministry. These holistic, multi-sectoral approaches constitute a major component of the MENA implementation strategy

for accomplishing our rural development objectives. It will also entail improving local institutional mechanisms for planning, coordinating, and implementing projects with greater community participation.

Another important issue for implementation is the implication for MENA staffing and resource allocation. We foresee a growing demand for MENA staff to work with client countries in strategic sectoral issues, economic policy analysis and knowledge sharing. For example, experience in other regions indicate that quick policy notes are increasingly proving very effective compared with the traditional sector reports. We may not need to build full in-house capacity for all such services but to have the resources to be able to tap the best technical services on short notice. We also need to foster cross-sectoral task teams to address effectively our rural poverty reduction objective.

To enhance development assistance effectiveness, close collaboration among bilateral and international agencies is imperative. Interagency collaboration could take various forms. The most conventional method is participating in financing operations. Many MENA countries have access to grant and concessionary resources from bilateral and international agencies. The Bank is well positioned to avail its technical expertise for policy analysis and project formulation with a view to developing a multi-donor financing plan for an agreed rural development program. Collaboration among the international community could also be enhanced by improving the exchange of information on country strategies and programs.

#### *Additional Materials*

In the course of preparing this Strategy, background studies were prepared on MENA farming systems, macroeconomic issues, analysis of the MENA loan portfolio, sustainable natural resource management, dryland agriculture and other issues. These studies are available upon request.

**Table A Summary of action plans and performance indicators for the MENA region**

<b>Strategy</b>	<b>Action Plan Components</b>	<b>Performance Indicators/Monitoring</b>
Rationalizing water management and policies	<ul style="list-style-type: none"> <li>• Promote and assist in the development of national water strategies that encompass both rural and urban water needs.</li> <li>• 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.</li> <li>• For countries and regions with available renewable ground and surface water, encourage the development of small and medium scale irrigation.</li> <li>• Increase the role of user associations in the implementation of water projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Development and adoption of national water plans.</li> <li>• Implementation or strengthening of water use efficiency through appropriate water charges and other measures.</li> <li>• Transfer of operation and maintenance to beneficiaries.</li> <li>• Rehabilitation of irrigation infrastructure.</li> <li>• Extent of increase in small and medium scale irrigation.</li> </ul>
Improving access to social and economic infrastructure	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Ensure rural beneficiary participation in project design and implementation.</li> <li>• Increase access to improved communication and information technology in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Level of rural school enrollment and increases in literacy in rural areas by gender.</li> <li>• Changes in access to health care in rural areas.</li> <li>• Extent of increased investment in rural infrastructure.</li> <li>• Degree of participation of local citizens in infrastructure project implementation.</li> <li>• Amount of increase in communication and information technology in rural areas.</li> </ul>

**Table A Summary of action plans and performance indicators for the MENA region**

<i>Strategy</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
Facilitating agricultural growth and competitiveness	<ul style="list-style-type: none"> <li>• Promote agricultural trade reform, marketing, and price policies and food subsidy systems while at the same time improving the social safety net.</li> <li>• Support land tenure reform initiatives.</li> <li>• Improved market infrastructure including market information systems.</li> <li>• Increased investments in agricultural research and extension adapted to the local production and market conditions and aimed at reducing risk.</li> </ul>	<ul style="list-style-type: none"> <li>• Market and price policy reforms implemented.</li> <li>• Market based land reforms initiated.</li> <li>• Improvements in marketing infrastructure.</li> <li>• Level of investment in locally adapted farmer demand based agricultural research and extension.</li> </ul>
Enhancing rural non-agricultural and private sector economic activities	<ul style="list-style-type: none"> <li>• Increased emphasis on non-agricultural employment and income generating activities.</li> <li>• Use of micro-credit and other instruments to stimulate non-agricultural rural investments</li> <li>• Increase private sector participation in marketing channels for agricultural inputs and outputs.</li> <li>• Encourage strong private sector role in the expansion of information technology in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Extent of increase in rural non-farm income and employment.</li> <li>• Development of sustainable rural financial systems for rural investment.</li> <li>• Extent of privatization of marketing channels for agricultural inputs and outputs.</li> </ul>
Improving natural resource and environmental management	<ul style="list-style-type: none"> <li>• Compile and disseminate best watershed management and monitoring practices internationally and in the region.</li> <li>• Design and implement water projects as watershed system projects aimed at sustainable water use while improving environmental management.</li> <li>• 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.</li> <li>• Reduce soil erosion.</li> <li>• 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.</li> <li>• Promote reasonable and transparent environmental regulations and standards.</li> </ul>	<ul style="list-style-type: none"> <li>• Dissemination of best watershed management practices information.</li> <li>• Degree of incorporation of sustainable natural resource management and environmental improvement in watershed system management plans.</li> <li>• Implementation of policy reforms to ensure that economic incentives are aligned with long-term natural resource and environmental preservation.</li> <li>• Extent of reduction of soil erosion.</li> <li>• Completion of natural resource inventory and plans.</li> <li>• Implementation of transparent and effective environmental regulations.</li> </ul>

# 1. Setting the Stage for Rural Development

This document provides an update of the 1997 *Rural Development: From Vision to Action for the Middle East and North Africa Region (MENA)*. The update is designed to build upon the implementation of lessons learned from the 1997 rural development strategy and to render the regional dimension much more specific and action-oriented.

*Rural poverty reduction is our primary objective.<sup>1</sup>* Because of high climatic variability in many MENA countries, reducing vulnerability (especially to drought) also is a second objective, and coupled with the critical role of water, sustainable use of natural resources is the third objective. Most (70%) of MENA's poor live in rural areas; thus, rural, social and economic development are essential to achieve our poverty reduction objective.

## Box 1 Vulnerability

As traditionally defined and measured, poverty is a static concept--a snapshot in time. But insecurity and vulnerability are dynamic--they describe the response to changes over time. Insecurity is exposure to risk; vulnerability, the resulting possibility of a decline in well-being. The event triggering the decline is often referred to as a shock, which can affect an individual (illness, death), a community, a region, or even a nation (natural disaster, macroeconomic crisis.)

Risk, risk exposure, and vulnerability are related but not synonymous. Risk refers to uncertain events that can damage well-being--the risk of becoming ill, or the risk that a drought will occur. The uncertainty can pertain to the timing or the magnitude of the event. For example, the seasonal fluctuation of farm income is an event known in advance, but the severity is not always predictable. Risk exposure measures the probability that a certain risk will occur. Vulnerability measures the resilience against a shock--the likelihood that a shock will result in a decline in well-being. Vulnerability is primarily a function of a household's asset endowment and insurance mechanisms--and of the characteristics (severity, frequency) of the shock.

World Development Report, 2000-01, p. 139.

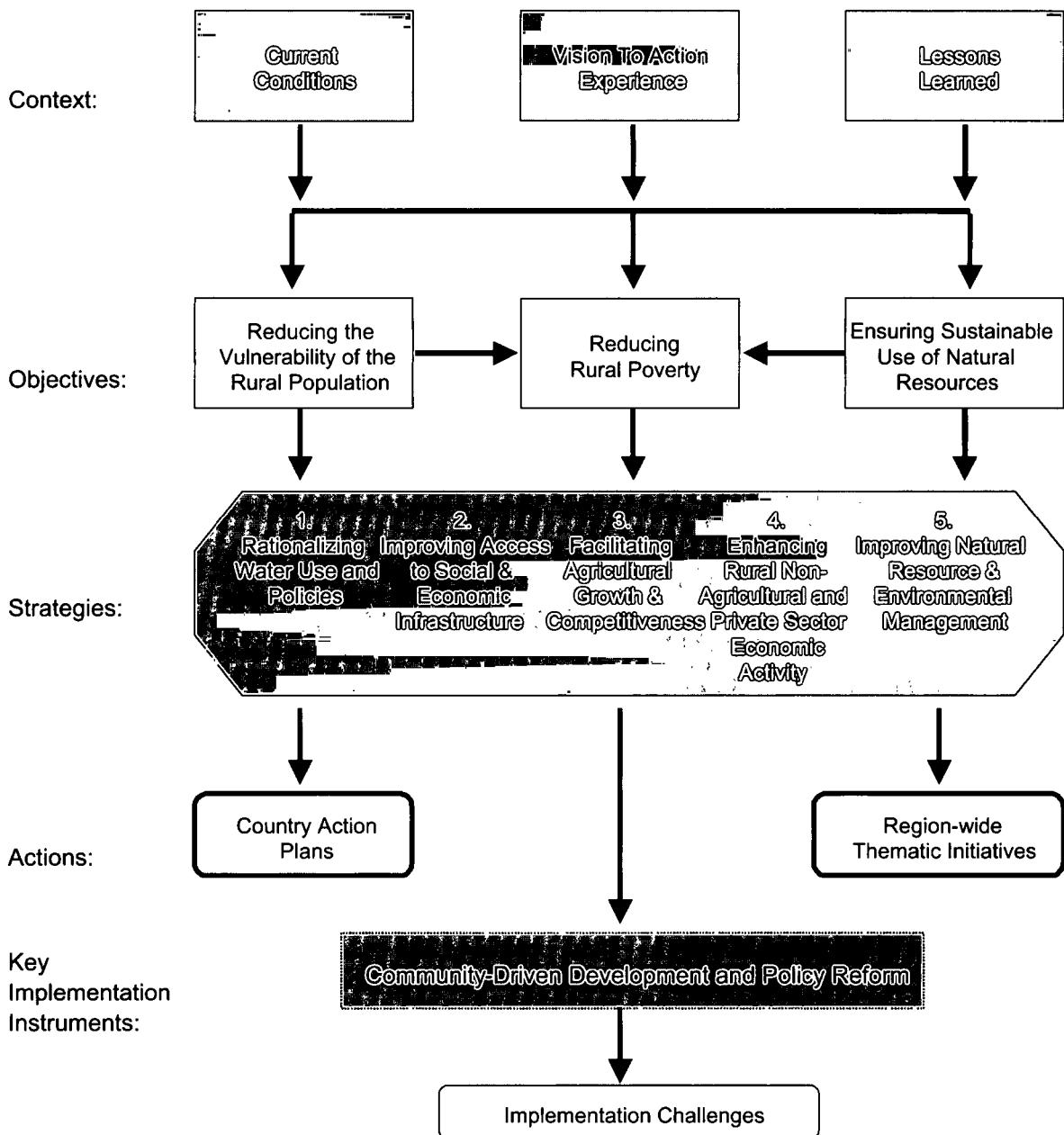
Figure 1 illustrates the overall structure of the approach used in this document. Section II presents the current situation in MENA countries, followed by a section with an assessment of what has happened in MENA since the 1997 Vision to Action document was issued. In Section IV we examine the lessons learned in recent Bank operations in MENA. Within this context, we derive in Section V the three major objectives of rural development in MENA. These objectives and the other contextual material form the basis for the MENA rural development strategies. Community driven development and policy and regulatory reform are important instruments for implementing all the strategies. In turn, these strategies are the starting point for the action plans, presented in Section VI for each MENA country and several cross-cutting themes. These action plans are the heart of the MENA rural development programs. The final section deals with the challenges in implementing the action plans and the underlying strategic directions.

Rural development is critical to make rural areas more attractive places to live and work. The incidence of poverty is much greater in rural areas than in urban areas – about 70 percent of the poor live in rural areas. Most of the poor still are expected to be in rural areas twenty years hence. To achieve our poverty reduction objective requires development of rural areas.

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<sup>1</sup> The World Bank's mission is "To fight poverty with passion and professionalism." Our focus in this document is on rural poverty.

**Figure 1 Framework for Rural Development Strategy Formulation**



The proportion of people living in rural areas in MENA is falling and could reach 25 percent by 2025, but rapid urbanization is a major concern of MENA region governments. Rural development is focused on poverty reduction in rural areas, which at the same time, eases rural-urban migration pressure.

## **2. Selected Economic, Social, and Rural Development Indicators**

### **General Economic Indicators**

Some general economic indicators for selected MENA countries are provided in Table 1. Additional economic and social indicators are contained in Appendix 1. Per capita income in the Bank client countries in the region averages about \$2000, but there is wide variability among countries. Yemen clearly is the poorest country with per capita income of \$350. Syria, Morocco, and Egypt are at \$970, \$1,200, and \$1,400 respectively. Jordan, Algeria, West Bank and Gaza, and Iran range between \$1,500 and \$1,760. Tunisia (\$2,100) and Lebanon (\$3,700) have the highest incomes in this set of countries. When measured in purchasing power parity terms, Yemen, Syria, Morocco, Egypt, and Jordan are still the poorest in the region, with the rest of the progression being Lebanon, Algeria, Iran, and Tunisia, ranked from lowest to highest. By comparison, the 1999 U.S. GNP/capita (using both measures) was \$30,600.

Over the decade of the 1990s, the fastest growing economies in terms of GNP were Lebanon, Syria, Jordan, Tunisia, and Egypt. Countries with the slowest growth rates were Algeria, Yemen, WB & Gaza, and Morocco. In terms of growth in GNP/capita, the fastest growth rates were for Lebanon, Tunisia, and Egypt, whereas Algeria, WB & Gaza, and Yemen all had negative growth rates in per capita income.

A substantial share of the population in the MENA region lives in rural areas – 43 percent for the region as a whole, with a range of 11 to 76 percent. Poverty rates, while lower than some other regions, are still substantial, with most countries having a fifth to a fourth of the population living in poverty. Poverty is predominantly in rural areas with 60 to 70 percent of the poor in many countries living in rural areas.

Agricultural GDP (value added) generally grew 2-5 percent over the previous decade, but three countries (WB & Gaza, Jordan, and Morocco) had negative or zero growth rates. The share of agriculture in total national income varies considerably among MENA countries, but agriculture is a major source of employment in most countries. Variability in agricultural incomes also is an important factor in MENA. This is particularly true in Morocco and Jordan where the standard deviation of agricultural growth is 33 and 25 percent respectively. The high variability in agricultural incomes also means a much larger percentage of the population is vulnerable.

### **Social Indicators**

Throughout the MENA region there is a significant disparity between rural and urban areas not only in terms of levels of incomes but also in terms of access to social services, infrastructure, and social safety nets. Education is one important area of disparity. Illiteracy rates are high in the region, especially for adult females. On average, half of adult females in the region are illiterate. The percentage in rural areas is considerably higher. In Yemen and Morocco about half of school-age children are in school in rural areas, compared to 80-90 percent in urban areas. Many studies have shown that education, especially primary and secondary education, is critical to achieving improved economic well being.

Access to economic and social infrastructure also is biased towards urban areas in many MENA countries. Access to safe drinking water and sanitation in rural areas is quite low in many MENA countries. In Morocco, for example, most urban dwellers have access to safe water, but only 30 percent of rural inhabitants. Two-thirds of urban citizens in Morocco have access to sanitation, but less than one third in rural areas. Urban bias in social service delivery is prevalent in many countries. However, for countries like Lebanon and West Bank & Gaza, the urban/rural distinction is less meaningful, as there are many who work in urban areas and live in rural areas.

**Table 1 Key economic indicators in selected MENA countries**

Country/ Indicator	GNP/capita atlas method	GDP/capita Growth Rate (1990- 99)	GDP Growth Rate - % (1990-99)	Rural population (% of total)	Agr. GDP (value added), ave. annual growth (1990-99)	GNP/capita PPP method	% in Poverty		
	(1999 US\$)					(1999 US\$)	Rural	Nat.	Urban
Algeria	1550	-0.6	1.6	40	3.0	4753	30	23	15
Egypt	1400	2.5	4.4	55	3.1	3303		27	
Iran	1760	1.8	3.4	39	3.8	5163		15	
Jordan	1500	0.4	4.8	26	-4.6	3542		12	
Lebanon	3700	5.8	7.7	11	3.5*	4129		15	
Morocco	1200	0.5	2.3	45	0.0	3190	27	19	12
Syria	970	2.8	5.7	46	Na	2761			
Tunisia	2100	2.9	4.6	35	2.1	5478	14	7	4
WB & Gaza	1610	-1.8*	2.1*	Na	-9.8*	Na		26	
Yemen	350	-1.0	3.0	76	5.0	688		25	

\* These figures correspond to the period 1995-98

Sources: World Bank SIMI data base, World Bank, *World Development Report 2000* and other sources.

### Macroeconomic and Rural Development Policy Environment

A strong and competitive agricultural sector requires a stable macroeconomic environment. In effect, the macroeconomic environment sets up the overall incentive framework within which economic activities take place. A stable macroeconomic environment symbolized, *inter alia*, by the absence of excessive fiscal and current account imbalances and low inflation facilitates long-term planning of the private agents (including rural producers), avoids the crowding out of private investment by the public sector, promotes high aggregate savings, raises the country's creditworthiness in international markets, and supports trade and exchange rate policies. Moreover, it sends direct positive price incentive signals to agricultural producers by keeping domestic inflation at low levels.<sup>2</sup>

International trade and access to markets for exports is critical to growth in agricultural exports. The largest trading partner for most MENA countries is the European Union, which accounts for 31 percent of exports and 44 percent of imports. The U.S. and Japan each accounts for 15 percent of MENA exports. Only 8 percent of exports and 7 percent of imports represent intra-MENA trade. The fact that so little is traded among MENA countries is explained in part by the fact that they produce and export many of the same commodities, especially in agriculture. Since about a third of MENA exports are destined to the EU, the trade environment with the E.U. is critical for future export growth, especially for agricultural goods. Unfortunately, **current EU policies are quite restrictive and severely limit export expansion by MENA countries**. Quotas, restrictive tariffs, and non-tariff barriers form major obstacles to trade with the EU for several MENA countries.

The policy environment varies considerably among the MENA countries, but there are also similarities. Table 2 provides a qualitative assessment of whether or not several important policy areas are considered to be critical in selected MENA countries. Food subsidies are considered an important issue in five of the nine countries. High border protection for agricultural commodities is a major issue in four of the countries (Algeria, Iran, Morocco, and Tunisia).

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<sup>2</sup> A separate paper entitled "Macroeconomic Dimensions of Rural Development in MENA Countries" is available upon request.

**Table 2 Policy Areas Important in the Countries of the Middle East & North Africa Region**

<i>Country</i>	<i>Food Subsidies</i>	<i>High Border Protection</i>	<i>Land Tenure Issues</i>	<i>Urban Bias in Social Services</i>	<i>Natural Resource Degradation</i>	<i>Water Policy</i>	<i>Rural Infrastructure</i>
Algeria	x	x	x	x	x	x	x
Egypt	x		x	x		x	
Iran	x	x			x	x	
Jordan				x	x	x	
Lebanon					x	x	
Morocco	x	x	x	x	x	x	x
Tunisia		x	x		x	x	x
WB&G			x		x	x	x
Yemen	x		x	x	x	x	x

Water policy and issues related to natural resource degradation are considered critical in most of the countries. In several countries environmental issues arise both from expanding dry land agricultural production and also from irrigated agriculture. Water management and scarcity are the leading issues throughout the region.

### **Agriculture in the Middle East & North Africa Region**

Recent evidence has emerged demonstrating a strong link between agriculturally led growth and rural poverty reduction. Datt and Ravallion (1998), Timmer (1997), and Mellor (1999) have completed research which demonstrates that agricultural growth is closely linked with rapid poverty reduction.<sup>3</sup> It is mainly the indirect or multiplier effects of agricultural growth which trigger non-farm income generating activities that bring about poverty reduction. Furthermore, Mellor concludes that, "The same cross national data show little effect on poverty reduction of urban growth or of growth in the manufacturing sector. Typically, high rates of agricultural growth bring a reduction by half in poverty levels in a 15 to 20 year period.<sup>4</sup> Despite this strong evidence, we are cognizant of the fact that other non-agricultural interventions are equally critical for rural poverty reduction.

The MENA region covers an area of 10.5 million km<sup>2</sup> and includes a wide diversity of environments, from the wetter coastal regions to high mountain plateaus and to drier steppes and desert in the interior. However, apart from a narrow strip close to coastlines, which receives moderate rainfall, over much of the region rainfall is low and variable. The long history of human settlement and unequal access to land has led to moderate to severe degradation of land and forest resources through much of the region.

The humid areas account for about two percent of the land area and about 12% of the population, whereas the arid and semi-arid areas account for 85% of the land area and contain 60% of the population. These averaged figures mask the fact that there are centers of population in arid and semi-arid areas, and there are intensively irrigated areas carrying high population densities in these arid zones as well.

The characteristic features of the "mediterranean" environment are the long summer droughts and the mild, wet winters. Crops are either grown with rainfall through the winter period or with irrigation during the summer or year round. The main rainfed crops are wheat, barley, legumes, olives, vines, fruit trees and vegetables. Many subtropical crops are also grown with irrigation in the summer months. Livestock, mainly sheep and goats, are now an important feature of many farming systems and provide an important

<sup>3</sup> To the extent that agricultural growth depends heavily on irrigation and water use is already approaching or exceeding sustainable levels, e.g., Yemen, agriculturally led growth may not be a viable approach.

<sup>4</sup> John Mellor, 1999.

link between and within the different farming systems, from extensive pastoralism to feed lots in peri-urban agriculture.

The major, broad farming systems have been identified based on annual rainfall amounts, cereals, livestock, altitude and access to supplementary or full irrigation, around which there is considerable heterogeneity. Off-farm incomes are an important characteristic of many of the farming systems throughout the region. The intimate linkages between the main types of farming systems make it difficult to define sharp boundaries. The principal systems used in this analysis (table 3 and box 2) are rainfed mixed, dryland mixed, pastoral, irrigated, and highland mixed. It is in the context of these farming systems that rural development projects and actions must function. While other systems constitute over half the total land area, there is little potential for agricultural growth or poverty reduction under those systems.

While rainfed agriculture is very important in the region in terms of number and percentage of people involved in agriculture (and of the poor in the region), irrigated agriculture is responsible for a large share of total value of production, especially for high-value and export crops. That will continue to be the case in MENA, but water availability to agriculture in the future is likely to shrink because of competing demands from urban and industrial users. Thus it will be critical for agriculture to use the available water at the highest efficiency possible.

**Table 3 MENA land area and population by farming system**

<i>Farming System</i>	<i>Rainfall</i>	<i>Length of growing period (days)</i>	<i>Total Land Area (m. ha.)</i>	<i>Cultivated Land Area (m. ha.)</i>	<i>Land Area (% of region)</i>	<i>Population</i>		
						<i>Total (mil.)</i>	<i>Total Rural (mil.)</i>	<i>Ag. Pop. (% of region)</i>
Rainfed mixed	300-1000	180-365	24.3	14.2	2	38.9	19.8	11
Dryland mixed	150-300	120-180	44.6	17.2	4	41.5	20.0	12
Pastoral	<150	0-365	273.0	3.8	26	88.0	22.0	23
Irrigated	Variable	365	20.5	6.6	2	53.2	17.3	11
Highland mixed	200-800	0-180	79.0	18.9	7	60.9	50.0	37
Other systems			608.6		58	32.3	9.0	6
Totals			1050.0	60.7	100	323.0	129.1	100

Source: "Global Farming Systems Study: Challenges and Priorities to 2030, Volume 3: Regional Analysis – Middle East and North Africa Region," U.N. Food And Agricultural Organization, 2000.

## **Box 2 Farming Systems in Middle East & North Africa**

**Rainfed mixed.** The system is primarily rainfed, although some in areas supplementary irrigation on wheat and full irrigation for summer cash crops, is developing rapidly. This system may be considered to be of two phases which differ only in the amount of rainfall received and often closer access to markets. The more humid phase (1000 to 600mm) has 270 to 365 growing days. This system can support tree crops, olives, fruits (trees and melons) and also vines. There may also be protected cropping with supplementary irrigation for potatoes, sugar beet, vegetables and specialist crops and flowers. In the drier end of this range, there are fewer trees apart from more drought resistant ones. This is considered moist, sub-humid and has a growing period of 180 to 269 days. Rainfall is generally between 500mm and 300mm. Common crops are wheat and barley, together with fodder crop, vetches, medics and some supplementary irrigation for vegetable and cut flower production.

**Dryland mixed.** This system is dry sub-humid with 20 to 180 days growing period. Annual rainfall is usually between 300 to 150mm. The main rainfed cereals are barley with some wheat with annual or two year fallows. Sheep and goats interact strongly with the cropping and fodder system. Local barley varieties are particularly well adapted to this system.

**Pastoral.** Pastoral systems, mainly involving sheep, are found across large areas of semi-arid steppe lands. They are usually found away from coastal zones and are characterized by a growing season of between 1 and 119 growing days. In such areas rainfed barley is grown as a whole crop fodder or in good years, for both grain and fodder. Such systems have strong linkages to other farming systems, both in wetter areas and with large feedlots located in urban areas. The animals are involved in seasonal migration which is dependent on the availability of grass, water and crop residues. These systems are often partially controlled and financed from urban capital.

**Irrigated Large-scale irrigated agriculture.** Large in this context means that there is a relatively large area being irrigated, although ownership and tenant patterns may be quite varied, and include small holders. The systems are found across all zones and include high value cash/export cropping, intensive vegetable and fruit cropping, and irrigation for cereals and sugar. Efficiency of resource use varies greatly, but often water is not used effectively, and there are major problems linked to falling water tables and rising levels of salinisation and alkalinity.

**Small-scale irrigated systems.** These systems occur in many places across the region and although they may not be significant in terms of numbers of people involved or in the amount of food and other crops produced, they are a significant element in the survival of people in dry areas. Such systems develop at oases and boreholes, or are built around flood and spate irrigation activity. The major crops found are mixed cereals and vegetable cropping. These water abundant places always provide a focal point for the interaction between livestock owners, with camels and cattle and settled agriculture within dry areas.

**Highland mixed.** There are two, sometimes interlocking systems here. The first is dominated by rainfed cereal and legume cropping. Tree crops, fruits and olives can be found on terraces, together with vines. In Yemen the production of Qat and coffee are the most important tree crops in mountain regions. The second type of system is based on livestock (mostly sheep) which are found on communally managed lands in several countries. In some cases, livestock, and the people who control them, are involved in a transhumance system - alternating seasonally between lowland steppe and uplands in the wet season. Such systems still exist in Iran and Morocco.

### **3. Analysis of Recent Bank Lending**

#### **Lending Within the Context of From Vision to Action**

Appendix 2 classifies recent MENA sector work and lending activities according to the themes of the 1997 *Vision to Action* program envisioned for MENA. The 1997 themes are still valid, but our interventions in rural development have evolved over time and reflect: i) strong sector analysis (e.g. water and agriculture sectors in Yemen and rural development in Morocco); and ii) beneficiary/user and community participation (rural water supply, natural resource management, irrigation/drainage operations and provision of agricultural services) based on social assessments.

Consistent with the Bank-wide trend, the expected higher lending volumes under *Vision to Action* did not materialize in MENA. In FY99 and FY00, however, considering “Agriculture +3” (defined as agriculture + natural resource management (NRM) + rural roads and water supply and sanitation) as an indicator of total lending in “rural space,” the proportion of such lending in MENA has been high compared to other regions, second only to South Asia Region. Lending in rural space was 34% of total lending in MENA in FY99 and 39% in FY00, compared to 20% and 27%, respectively, Bankwide. As a share of total lending to rural space, however, lending to agriculture + NRM declined from 84% to 43% between FY99 and FY00.

Across the Bank, a number of factors are often cited to explain the drop in lending for agriculture and rural development, including: (a) in the current “client-oriented” environment, priorities are often set by Ministries of Finance and Planning who may not attach the same importance to agriculture and rural development lending as the sectoral ministries who are more attuned to rural interests; (b) agricultural and rural development loans are perceived as riskier than many other areas of Bank lending, due to the inherent riskiness of agriculture as a sector, with the variability of commodity market prices and of weather conditions, and to the fact that many safeguard policies have their direct impact in rural areas, resulting in risk averse behavior on the part of Bank staff; and (c) the great complexity of rural development must of necessity involve multiple ministries in government and sectors in the Bank, but historically multi-sectoral projects have had a higher incidence of problems, especially the top-down Integrated Rural Development (IRD) ones of 20 years ago which were judged as failures and abandoned; and (d) agricultural development and rural poverty reduction require a very long-term commitment which contrasts with the very short time horizon of most decision-makers.

In MENA, however, the causes of the decline seem to be more related to the external environment. With the exception of Yemen, the only IDA country, the Bank is a relatively expensive source of funds, compared to cheaper bilateral and multilateral sources. Even if our clients do appreciate the strategic thinking and policy advice which is almost unique to the Bank, they may perceive Bank lending rates as too expensive, especially for rural development projects. In some countries, Bank lending was also delayed by lengthy decision-making processes (e.g. Morocco) and/or effectiveness delays (e.g. Egypt).

In terms of “outcome domain,” about 70% of MENA lending volume is considered to have supported “policies and actions which promote sustainable livelihoods.” An additional 28% is considered to have supported “better education, health and opportunities for rural people,” and 2% is considered to have supported “protection and better management of natural and physical environment.” Based on the further breakdown of lending within these categories, MENA is considered to have had a low level of lending for nutrition, conflict resolution and NRM.

In terms of poverty, 50% of MENA projects in rural space are classified as “inclusive” (defined as broad-based actions which improve opportunities and services generally, and also address issues of equity and barriers to participation or access of poor people), while 39% are classified as “focused” (defined as

predominantly focused on the rights, interests and needs of poor people) and 11% are classified as “enabling” (defined as supporting the policies and context for poverty reduction and elimination). All of the projects rated “focused” are also tagged for the Program of Targeted Interventions (defined as having either a specific mechanism for targeting the poor and/or the proportion of the poor among project beneficiaries is significantly larger than their proportion in the overall population).

Diagnosis of poverty is rarely discussed in Project Appraisal Documents (PAD) in MENA. The quality of analysis of poverty is weak, with minimal treatment of the distribution of poverty, including the non-income dimensions of poverty, sources of vulnerability and livelihood options. Although presentation of strategy is linked to the CAS, fewer than one in five projects are reported to be associated with ESW. Links to other projects are commonly made, but references to Bank operations dominate over other donors and national actions, and strategy options are not well presented.

Treatment of institutional development and sustainability issues lacks a pro-poor focus. Project objectives and indicators are improving with the logframe, but many indicators are hard to measure and are weak on poverty-related performance, including indicators of access, use and satisfaction with services and institutions. Arrangements for monitoring and evaluation are mainly supply-driven and are not integrated into management and lesson-learning.

Nevertheless, it is clear that *Vision to Action* had a significant impact on sector work, especially in Morocco where, through the Rural Development Strategy, the Region tried to apply the holistic vision of rural development advocated in *Vision to Action* to a “focus country.” Although the rural development report was never officially issued as a Bank document, it served its purpose in the sense that the Government published its own “2020 Rural Development Strategy” drawing heavily on the Bank report. The adoption of this strategy, in turn, led to the preparation of a series of new-style integrated rural development type projects with greater emphasis on decentralization and beneficiary participation: Irrigation Based Community Development, Rainfed Agriculture Development Project, Rural Infrastructure and, in the future, Integrated Rural Development Based on Improved Natural Resources Management. There has also been significant progress recently on liberalizing the market in oilseeds and vegetable oils, consistent with Bank advice.

## Rural Development Reflection in the CASs

Several CASs (Egypt, Lebanon, Morocco, Tunisia, Yemen) explicitly recognize spatial disparities in the countries, quantify rural poverty, and identify rural poverty alleviation and raising rural incomes as explicit objectives for development. Yet, high unit cost of service delivery in remote rural areas and sometimes low economic returns on investment due to their long-term orientation may discourage countries from financing rural investments on external foreign resources if these are to be procured at close to market conditions. In the MENA region, where only Yemen is left to be eligible for borrowing under IDA terms, this issue may be of significant importance. In addition, the extreme water scarcity and overwhelming significance of water resources management issues in the region lead to a situation where other sectoral concerns in rural areas receive less attention.

In general, the treatment of rural development in the CASs reflects well the current discussion within the Bank on understanding rural development as a spatial rather than a sectoral concept.

## **4. Lessons Learned from Bank Operations in the Countries of the Middle East & North Africa Region**

The 1997 *Vision to Action* document (pp. 5 and 33-34) identified six major areas where we have learned from past mistakes:

- “Integrated rural development” – top down centralized programs
- Credit support to specific crops or sectors
- Frontier settlement programs
- Large-scale irrigation programs
- Seed production through parastatals
- Public sector production, distribution, processing, or marketing<sup>5</sup>

These lessons are still applicable today but are covered quite well in the 1997 document and need not be further discussed here. Rather, our objective is to glean from recent MENA experience any additional lessons learned in rural development and poverty reduction in the MENA region.

An evaluation of Bank experiences in rural development across the MENA region leads to a series of eight lessons that reflect both successes and failures of Bank assistance programs. This section presents the general lessons (see box 3). Appendix 3 provides a more complete description of the experience in MENA countries from which the lessons are taken.

### **Box 3 Lessons Learned from operations in Middle East & North Africa**

- More attention needs be paid to political constraints and institutional capacities;
- Non-lending activities employing the Bank’s strong analytical talent may be more important in some countries;
- Variability in climate and incomes affects policy decisions in the MENA region in different ways;
- Projects need to involve more private sector and/or community participation;
- A greater emphasis on small-scale projects in rural infrastructure and natural resource management is warranted;
- The Bank needs to be more sensitive to the negative implication of accepting a status-quo stance on issues requiring long-term, re-institutionalizing efforts;
- The Bank’s awareness of the need for integrated, water resource management should be reflected in policy stances with governments;
- A lack of indicators for rural development is inhibiting project planning and devaluation.

More attention needs be paid to political constraints and institutional capacities. There are many country examples testifying to the need for Bank activities to accurately assess the political and institutional setting in planning and implementing rural development projects. Generally the difficulty arises from optimistic assumptions regarding institutional capability or the pace at which institutional or political reform can progress. To the extent that project success depends upon implementation capability of local institutions, realistic assumptions regarding that capability must be used in project design. And where that capacity clearly does not exist, adequate resources and sufficient time must be provided for improving institutional capacity. Also, consensus building is often a long-term process, which is related to institutional capacity.

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<sup>5</sup> World Bank (1997d).

*Non-lending activities employing the Bank's strong analytical talent may be more important in some countries.* By emphasizing its comparative advantage in analytical and policy advice, the Bank can make strides in rural development. Lending activities should have built-in flexibility, and analytical work should serve as support to that flexibility. The testimony from country studies reflects these lessons.

In Egypt, which in the past focused on structural adjustment, the Bank's emphasis should be redirected toward non-lending services complemented by high priority investments.

Likewise, in Tunisia's previous CAS (1997-1999), the Bank turned more effort toward non-lending activities. In particular, support was given for structural reform and competition promotion that accompanies structural reform, human capital improvements via education, health and social safety net programs, and modernization of services with emphasis on banking and agricultural services. Water sector studies led to the Water Sector Investment Loan.

In Yemen, the Bank engaged in a serious and in-depth partnership with Government in sector analysis culminating in two major Bank Economic and Sector Work (ESW) reports (water and agriculture), both of which were the basis of national policy papers subsequently adopted by the Council of Ministers. A third initiative in institutional reform resulted in the "Aden Agenda" for change in institutional structure, personnel and financial resources.

Analytical work on Morocco scored a tremendous success in late 1999 with the publication of the Government's "2020 Rural Development Strategy." This document drew heavily on the Bank's earlier green cover Rural Development Strategy which, in turn, was heavily inspired by the Bank's 1997 "Rural Development – Vision to Action" report. The strategic framework was thus established for a new more holistic approach to rural development activities extending beyond traditional agricultural operations to include rural roads, water supply, electrification, health and education, all on a demand-driven, integrated basis.

*Variability in climate and incomes affects policy decisions in the MENA region.* On the one hand, many governments seek consumer and producer price stability as an objective, and in a different sense, in many cases, the economic and agricultural policy framework does not match the climatic variability and production conditions in the country.

Reliance on irrigation for agriculture reduces the variability resulting from weather conditions. The huge difference between Morocco and Egypt in variability of agricultural income growth makes this abundantly clear. Egypt has a very low variability and relies heavily on irrigation, while Morocco has a very high variability in agricultural production and incomes and relies much more on rainfed agriculture. In addition, cereal cultivation in Morocco and other MENA countries has been encouraged by high support prices that have led to increased cereal area on marginal lands and even higher variability in production.

However, as irrigated agriculture in many MENA countries moves toward non-subsistence crops and away from basic cereals, the risks grow for variability in living standards resulting from fluctuations in world prices of agricultural imports, cereals in particular, and from agricultural export values. Most of the MENA Mediterranean countries export fruits and vegetables and import cereals.

Another avenue for variability to negatively impact the rural poor is via fluctuations in remittances of the population working abroad. This has been particularly important in the MENA region as labor migrated to meet oil extraction needs in the Gulf and Arabian Peninsula as well as basic labor needs in Europe.

*Projects need to involve more private sector and/or community participation.* The lesson learned that projects must have local participation for sustained success is not a new theme for strategic program planning. However, cases of unsatisfactory project results across varying rural development programs caused by a lack of community participation add evidence to the significance of this point. Also, there are

country success stories where changes made to increase community participation have led to more satisfactory results.

*A greater emphasis on small-scale projects in rural infrastructure and resource management is warranted.* Small-scale rural infrastructure projects have at least four desirable traits applicable to rural development in the MENA region: 1) they often are more labor-intensive than large-scale projects; 2) they tend to involve the community more in their implementation; 3) they may be more sustainable in that rural associations may have the ability to carry out operations and maintenance; and 4) small-scale projects have the advantage of generally being able to target poorer quintiles of the population relative to large-scale programs.

*The Bank may need to be sensitive to the negative implication of accepting a status-quo stance on issues requiring long-term, re-institutionalizing efforts.* The lesson from all our work on policy for natural resource management – and this is particularly drawn from the Yemen experience – is that changing national policies on natural resources and environment is a very long term affair. The lessons for the Bank are:

be provident and proactive to identify the problem as soon as possible – this demands a real investment in sector work, as we have done on water in Yemen, Tunisia and Jordan;

coordinate carefully within the Bank, as water issues particularly involve several units;

be clear, consistent and honest with Government, exploiting windows of opportunity like a drought or a city running dry to drive the message home; and

back up words with investment – a lending operation is a good vehicle for dialogue, creates incentives, and focuses the agenda for at least the period of the operation.

There is a greater need for better understanding and consideration of land tenure deficiencies in agriculture and irrigation projects. The basic idea is that if incentives are not aligned for farmers to think of their land as a long-term sustainable resource, then project success will not be maximized. Where land tenure is uncertain, rural development projects need to account for the lack of strong land ownership incentives.

*The Bank's awareness of the need for integrated, water resource management should be reflected in policy stances with country governments.* The simple idea that water is running out in much of the MENA region is not a new revelation. Neither is the fact that a supply-driven focus of water policies – dams, pumping systems, reservoirs, desalination, etc. – does not, by design, solve the allocation problem of the scarce water resource. The lesson here is that the Bank needs to ensure that all projects involved with supply creation or restoration are integrated with a demand management element. In fact, this approach has been predominant since the 1994 MENA water strategy was adopted.

Rural development in MENA is challenged and constrained by multiple-dimension water-related issues. MENA, as the most arid region of the world, faces water constraints in all aspects of development. Water-related projects in MENA suggest the following key points:

Competition for water among multiple users has increased the pressure on agricultural water uses requiring a dramatic increase in irrigation efficiency.

This is particularly evident in competition for water between urban growth and agriculture.

Heavy reliance on groundwater, as facilitated by tube-well and other technologies, in all sectors has led to unsustainable withdrawals.

Continued extensive state involvement in the water sector, particularly in irrigation water delivery, has led to unsustainable economics and management of water resources.

The political economy of water in the MENA countries is not conducive to rapid policy and institutional reforms, particularly in the private sector.

*A lack of indicators for rural development is inhibiting project planning and evaluation.* Often projects cannot be adequately planned or measured simply because the base data do not exist. The capacity to understand deficiencies in rural areas is often hindered by the remote locations. Yet, policies and projects are designed to raise income and address issues in such places where little prior analysis can be done to offer insights on sustainable income opportunities. As a consequence, the opportunity for more informed project and policy decisions is lost.

## **5. Rural Development Objectives and Strategies**

MENA confronts major challenges of rural development as we enter the 21<sup>st</sup> century. This section elaborates objectives and strategies for rural development in the MENA region. The three major objectives are:

- Reduction of rural poverty;
- Reducing vulnerability in rural areas; and
- Ensuring the sustainable use of natural resources

These objectives will guide rural development programs in the region. There are five specific strategies for achieving these objectives:

- Rationalizing water management and policies;
- Improving access to social and economic infrastructure;
- Facilitating agricultural growth and competitiveness;
- Enhancing rural non-agricultural and private sector economic activities;
- Improving natural resource and environmental management.

Community driven development and policy reform are a part of each of these strategies and at the same time instruments for implementing the strategies. Intended beneficiaries should participate both in project planning and implementation, including operation and maintenance. Likewise, policy reform is a means of implementing at least part of each of the strategies. These specific strategies are tied to all three regional objectives.

### **Objectives**

#### *Reducing rural poverty*

This objective is the real guiding principle by which all other rural development objectives and policies are implemented. Of course, increasing rural economic growth is linked to poverty reduction. In fact, all the international development objectives adopted by the Social Summit in the Hague relate to poverty reduction. To be serious about poverty reduction, we cannot ignore the rural economy in national investment allocation, and maintain the current urban bias in public policy. It will also mean that we focus operations on the relatively poorer countries and on poor regions within wealthier countries. To do that will require that we obtain better information on poverty indicators in rural areas (see the eighth lesson learned above). One step in better understanding rural poverty is to construct poverty profiles providing a general description of poverty in the country, and answering questions such as, “Who are the poor, where are they, and what are the main challenges they face?” Table 4 contains a simplified poverty profile for Morocco and Yemen.

#### *Reducing vulnerability in rural areas*

Income variability in rural areas is high, which means that the percentage of the population that is vulnerable to income swings is quite large. In Morocco, for example, while 27 percent of the rural population is considered to be poor, almost 50 percent is considered to be vulnerable. No wonder that many MENA governments are quite concerned about income variability in formulating policies (see the third lesson learned above). Reducing vulnerability is not synonymous with poverty reduction and goes beyond policies that endeavor to bring the poor to an acceptable minimum level of consumption. It also means putting in place a safety net to prevent the non-poor from falling below the poverty line, along with the creation of opportunities that will help improve living conditions for the poor and non-poor.

Reducing vulnerability implies improving social safety nets, improving targeting in food subsidy programs, providing health and nutrition assistance for infants from poor families, improving our understanding of how poor farmers cope with potential variability in agricultural income/consumption flows, among other endeavors. Policy incentives have to be right so as not to expand cereal production to marginal areas causing environmental degradation.

**Table 4 Abbreviated poverty profiles for Morocco and Yemen**

<i>Poverty Characteristic</i>	<i>Morocco</i>	<i>Yemen</i>
General poverty Description	<ul style="list-style-type: none"> <li>The percentage in overall poverty increased from 13% in 1990/91 to 19% in 1998/99. The poverty rate in rural areas is 27%. The percentage considered economically vulnerable (at or below 50% above the poverty line) is 44%, or 12 million people.</li> <li>In rural areas, one out of four is poor compared to one out of ten in urban areas. In total, 66% of the poor live in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>At the national level, 25% of the population are in poverty. Of that, over 80% live in rural areas.</li> <li>Yemen has the lowest life expectancy (51 years), lowest adult literacy rate (38%), highest fertility rate (7.5), and the highest infant mortality rate (11.7%) of all MENA countries.</li> <li>Access to basic services is much better in urban areas than rural: water supply- 87% urban, 31% rural; electricity- 92% urban, 24% rural; sewage- 54% urban, 0% rural.</li> </ul>
Who are the rural poor?	<ul style="list-style-type: none"> <li>About 44% of the poor are children under 15. The poverty incidence among children is 1.5 times that of adults.</li> <li>Most of the poor households are headed by men (91%).</li> <li>Poor rural households engaged in productive activities typically have access to agricultural land, but their holdings are small, rarely irrigated, and often low in productivity</li> <li>Larger household size is associated with a greater incidence of poverty</li> <li>Other categories of rural poor include landless laborers and agro-pastoralists</li> </ul>	<ul style="list-style-type: none"> <li>Poverty is widespread, and the poverty percentage mirrors the percent living in rural areas (81%).</li> <li>Household size is larger for poor households.</li> <li>Literacy rate is lower for poor households.</li> <li>Groups of poor include: 1)Somali refugees of Yemeni descent, 2)Foreign refugees from Somalia who live in camps, 3)Disposed farmers in southern Yemen, and 4)the Akhdam ethnic group.</li> </ul>
Location of the rural poor	<ul style="list-style-type: none"> <li>Most of the poor live in the Center-north, Center-south and North-west regions.</li> </ul>	<ul style="list-style-type: none"> <li>Al-Mahweet, Al-Beida, and Dhamar governorates have the highest poverty rates at around 35%.</li> <li>Poverty tends to be concentrated in areas with the highest concentration of small farms.</li> <li>Rural poverty is widespread, but the percentage is lower near the border with Saudi Arabia.</li> </ul>
Main challenges faced by the rural poor	<ul style="list-style-type: none"> <li>Poor natural resource base and degradation of the environment</li> <li>Climate variability (drought)</li> <li>Limited asset base (human and physical)</li> <li>Access to social and economic infrastructure</li> <li>Access to credit</li> </ul>	<ul style="list-style-type: none"> <li>Access to social and economic infrastructure</li> <li>Agricultural productivity and water access and use</li> <li>Natural resource and water management and conservation</li> </ul>

Sources: Most of the Morocco information was taken from a draft World Bank document, *Kingdom of Morocco Poverty Update*, June 2000. The Yemen information is taken from World Bank reports, *Republic of Yemen, Rural Development: Key Issues* (September 2000) and *Republic of Yemen Poverty Assessment* (Report 15158-YEM, 1996).

## *Ensuring the Sustainable Use of Natural Resources*

There are four important components of the natural resource base of rural life to address – water, land, forests, and pastoral areas. These resources are scarce and fragile and our objective is to ensure the long term sustainable use of these natural resources. Box 4 describes some of the natural resource issues in MENA.

### **Box 4 Natural Resource Management Issues in Middle East & North Africa**

*Water.* The first natural resource we must consider in the MENA region is water – both ground water and surface water. The major issues are the need to: (1) improve water resource management;(2) improve productivity of water use in agriculture; (3) improve access to safe water and sanitation; and (4) facilitate water transfers. Agricultural production requires large amounts of water. Irrigated agriculture uses 87% of the water in MENA and accounts for about 30 percent of total used arable land. Maintenance of irrigation facilities, water pricing, efficiency of water use, and crop pricing and production policies are important issues in many MENA countries. With economic growth, competition arises between agriculture and non-agricultural uses by cities and factories. Scarcity of water is becoming the most binding constraint on agricultural production in the 21<sup>st</sup> century. Hence improving water use efficiency and savings in both agricultural and non-agricultural uses is high priority agenda for MENA countries.

*Soil.* In some MENA countries, current agricultural policies have encouraged agricultural production to move onto fragile lands not suited for crop production, which accentuates soil erosion and land degradation problems. Moreover, as economic growth occurs, competition for land grows among agriculture; construction of cities, factories and roads; and environmental amenities.

*Forests.* MENA has the lowest per capita forest land in the world. It is equally important to recognize that forestry and agriculture compete for land with other economic development. As successful economic growth occurs, demand for wood based products also grows, including fuelwood, lumber for construction, poles, furniture, and paper. In addition to these economic benefits, forests also provide important environmental and social benefits. Tree roots help stabilize soil in hilly and mountainous areas, thereby reducing soil erosion; in flat terrains trees are effective at reducing wind erosion of the soil. Forests also provide wildlife habitat and the home for abundant biodiversity, and they sequester carbon from the atmosphere, thereby reducing the accumulation of carbon dioxide, a greenhouse gas whose accumulation contributes to global warming. Finally, forests provide a social benefit in their contribution to recreation activities. In MENA, defensive forestry generally is much more important than economic forestry.

*Pastoral areas.* MENA has a significant land area in pasture, much of it being very fragile. In recent years, there has been significant pressure on pastoral areas with some of it being converted to crop production. There are significant environmental and productivity issues associated with use patterns in pastoral areas in MENA. Close attention needs to be paid to the linkage between agricultural policies and preservation and sustainable use of the pastoral areas.

## **Strategies**

Five specific strategies have been identified to accomplish the three objectives in MENA's "rural space," referring to the geographic area (as opposed to sector), where agriculture plus other rural development activities designed to alleviate poverty take place, including natural resource management, rural transport, water and sanitation, telecommunication, education, health and other social services.

### *Rationalizing water management and policies*

In MENA, efficient and effective water use is absolutely critical for success in rural development. Improving performance and productivity in water management requires institutional, policy, and planning system reforms. The key concepts of integrated water resource management, as articulated in the 1994 MENA Water Strategy, should guide the rationalization of water use in the rural space. This strategy calls for an examination and possible revision of legislative, policy, and institutional framework for water resources, along with actions to strengthen the role of rural communities, the public, and the private

sector. It also calls for systematic management of land and water resources at the basin level to adequately address the increasing tension over water between rural agriculture and urban growth. This management should include institutional structures for the widespread participation of all stakeholders, the provision of information to all, and procedures for conflict resolution.

#### *Improving access to social and economic infrastructure*

Social infrastructure here encompasses especially health care and education for rural areas. Economic infrastructure includes rural roads, rural water supply, and rural electrification, and today also access to information technology. For several MENA countries, levels of health care, education (especially women), and rural electrification are lower than for other countries of comparable income per capita. To increase rural agricultural and non-agricultural incomes, it is imperative to increase access to both social and economic infrastructure in rural areas. Particular attention needs to be paid to enhancing women's access to these services. Traditionally, national-level social sector operations have had little rural focus. Recent social sector assistance in MENA is increasingly focusing on the rural sector, and we intend to increase awareness of rural conditions and problems. As an example, the MENA Education Strategy (1998) has a strong focus on ensuring universal basic education. In countries where enrollment in basic education is low - and that affects mainly rural areas and girls -, the Bank is supporting government efforts to improve access and quality of basic education through projects as well as sector work and policy dialogue to ensure the sustainability of these efforts. Egypt, Morocco and Yemen provide encouraging examples where enrollments in rural areas and for girls are increasing.

The social cost of promoting competitive agriculture in MENA countries likely will require various forms (including provision of market-based skills development) of social protection for the poor and marginal farmers adversely affected by policy changes.

Rural infrastructure improvement is very important for success in rural development. Research has shown that rural roads are a key ingredient in increasing growth in rural incomes. Rural infrastructure needs to be upgraded with the local communities participating in the decisions on how resources are allocated for infrastructure in their region.

#### *Facilitating agricultural growth and competitiveness*

Reversing deteriorating agriculture performance and facilitating growth to increase rural income (farm and non-farm) is a fundamental means of realizing poverty reduction. Policy change, secure land tenure, creation of economically viable and efficient farms, facilitating the emergence of competitive and farmer-friendly processing and marketing infrastructures, and support of farmer-induced technological change in agriculture are critical for the promotion of competition in the region. The increasing water scarcity in MENA likely will mean less water will be available for agriculture and greater movement towards higher valued crops and improved water efficiency.

The form and structures of farming are rather diverse throughout the region. Typical farming systems in MENA were described in box 2. The results and efficiency of various farming operations vary to a great degree, by ownership, organizational form, and scale.

The speed of technological change in agriculture in the 21<sup>st</sup> century is becoming an ever more critical element of agricultural growth. To gain competitiveness, the MENA region needs to continue its support for cutting age agricultural research and high quality production.

Facilitating agricultural growth and competitiveness also requires a combination of macro, sectoral and microeconomic policies. At the macro level, trade liberalization represents a major opportunity to achieve higher agricultural growth and better management of shocks. It breaks the limits imposed by small internal markets and provides new opportunities. But it also implies:

Increasing growth in agricultural exports, which requires the removal of anti export bias, namely high protection of importable agricultural or industrial goods and real exchange rates overvaluation. In MENA, **increasing agricultural exports also will require changes in the protectionist policies of its primary trading partner, the European Union.**

An adaptation to the new international trade environment currently being shaped by WTO rules and regional trade agreements (erosion of preferential access to some markets, new opportunities, etc.).

Formulating agricultural pricing and trade policies that consider reducing farm income variability as one of the strategic priorities (see lesson learned three). **Agricultural policies must be better aligned with the climatic reality of the region, which is high rainfall variability and frequent drought.** There are many instances of perverse impacts of current and recent past agricultural policies because of the failure to adequately address the climatic variability issues in policy formation.

Agricultural research and extension must be improved especially in adapting crop varieties to the drought prone regions (and associated climatic variability) plus research on efficient use of irrigation water and irrigation techniques appropriate to each crop and region. **National agricultural research systems in most MENA countries are weak and need strengthening.** The way in which research and extension are decided, financed, managed, and delivered needs to be rethought to involve farmers and farmer groups much more, to tap private sector capacity and financing, and to create efficiency and demand-responsiveness through competition between service providers.

We need to consider innovative uses of information technologies in delivery of information to farmers and agricultural businesses in the region.

More emphasis is needed on crop/livestock systems and environmental sustainability of those systems. The interplay between different livestock systems and highly variable climatic (drought prone) conditions needs to be better understood. Livestock production potentially is one means of reducing vulnerability.

Land tenure reform – **Land tenure issues in some MENA countries have become a major impediment to agricultural productivity growth.** Rural development programs must address these issues. There may be lessons learned from other countries that would be useful in this regard.

Investments are needed in developing the public institutional capacity in policy analysis, particularly related to agriculture and natural resources.

#### *Enhancing rural non-agricultural and private sector economic activities*

A full integration of non-agricultural rural activities is one of the major challenges of this exercise. We need to bring rural infrastructure, the development of rural education, and health, and other social services, as well as the rural non-agricultural business activities into the mainstream of rural development activities. We must do this with appropriate attention to the rural – urban interface.

The rural economy components upstream and downstream to agriculture are also essential determinants of the well being of rural populations. Recent policy reforms in MENA have facilitated a prominent role for the private sector in input supply, farmer services, agro-processing and marketing. Private sector development is crucial for the success in improving rural well being (see lesson learned four). Mobilizing the private sector to provide investment capital, production, and services will continue to be our challenge. In many MENA countries, exports to the EU are important, which means that greater attention must be paid to food safety and quality. In Yemen and Tunisia, we are gradually building a consensus in defining the respective role of the public and private sectors in the delivery of support services to farmers. Establishing and respecting “rules of the game” which are transparent would encourage the development of a competitive private sector.

To provide work to household members that cannot be productively employed in agriculture, an increasing proportion of the employment will have to be provided by non-agricultural activities. But imperfect or missing credit markets impede diversification into non-farm activities characterized by investment entry barriers. For instance, rural households typically cannot afford purchasing a truck to

enter the long-haul transport niches of the food marketing channel. These niches tend indeed to be monopolized by well connected "semi-rural" notables, or rural families with strong social capital (typically having some members of the family in big towns or abroad).

Following are some actions that can serve to effectively enhance the non-agricultural rural economy:

Agricultural policies can promote non-farm activities such as agro-processing and the other industrial, commercial and service sectors that characterize modern agriculture. Policies (technology generation and diffusion, education, agrarian reform, credit, etc.) should be designed and developed with these links in mind.

Projects and policies aimed at promoting the non-farm economy should not just focus on improving the *capacity* of households to become involved in the non-farm economy, but should also stimulate the *engines* that pull rural households into the non-farm economy. Tourism and manufacturing are examples of engines that are not traditionally viewed as part of the rural landscape. **Engines of non-farm growth that offer employment to women in particular should be emphasized.**

Local government and institutional participation will have to be engaged in a whole variety of capacities, ranging from land-use planning, education provision, infrastructure investment, regulation, training and financing.

Efforts must be expended to assure that public institutions with responsibilities pertaining to non-farm activities (e.g. education, housing, public works, small-scale industry, etc.) coordinate efforts and look beyond their traditional competencies to include the non-farm economy. Education and transport infrastructure in particular, must receive concerted attention.

Facilitating the growth of small urban poles for regional development may be an attractive means of creating non-agricultural employment and incomes.

Richer and poorer zones must be treated differently, with less emphasis in richer zones on subsidization and more on reducing transactions costs. In poorer zones public intervention to provide the basic enabling environment will continue to be required.<sup>6</sup>

#### *Improving natural resource and environmental management*

In part because rural development and agricultural productivity have not advanced as much as needed, natural resource systems in many MENA countries are under tremendous pressure. Water withdrawals in several countries exceed 100 percent of sustainable rates. Crop and livestock production has encroached on fragile lands not suitable for those activities. Deforestation is advancing. Sustainable rural development is inextricably linked with sustainable natural resource management. Of the eight lessons learned described above, at least five have major implications for natural resource management: greater private sector and community participation in projects, more emphasis on small scale projects, importance of long-term re-institutionalizing efforts, need for integrated water resource management, and improved indicators for rural development and natural resource management.

Examining the impacts of projects on the sustainable use of natural resources must be a part of the design and implementation of all of our activities. Water is very scarce in MENA, and the productive agricultural areas, particularly pastoral zones, are increasingly threatened by human interventions.

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<sup>6</sup> Peter Lanjouw and Gershon Feder, "Rural Non-Farm Activities and Rural Development: From Experience Towards Strategy," draft World Bank (December 2000), p. 47.

## **Key Implementation Instruments**

All of the strategies will adopt community driven development and policy reform as key instruments in implementing the strategies. Increasing reliance on community driven development has been one of the major changes since the 1997 *Vision to Action*. MENA will continue to seek the appropriate balance between government and community management of development in key sectors (e.g., health, education, agriculture, and infrastructure). We will continue to promote actions which transfer power and resources to local governments and to community groups in a ‘balanced’ way, and help local governments be accountable to communities in providing elected community representation, audits, and revenue sharing. At the same time, we must be careful to make sure that adequate local institutions and capacity exist. Toward this end, we must improve our knowledge of local informal and formal institutions to identify the organizational bases for community driven development and decision-making and implementation responsibilities and accountability of community groups (see lessons learned one and four).

Determining what is the appropriate unit for “rural space” will be an important issue. The RAFAC study phrased the question well: “The question that is posed is to know what is the space sufficiently large to be able to reap the gains from intersectoral complementarities and sufficiently small to be able to have true local management.” The French program LEADER attempts to create zones based on villages having a “common spirit of community development.” In Morocco, zones are based on geography, similar culture, and a common history.<sup>7</sup>

While there is general agreement on the importance of a community driven development approach, we must not underestimate the complexity and social and institutional changes necessary for successful implementation. Also, the strengthening of human and institutional capacities is fundamental, along with mobilization of substantial resources that will be necessary. In addition, we must recognize that we do not have all the answers and that experimentation and pilot projects will be necessary. We must learn from experiences in other regions and countries. See **Boxes 5 and 6** for a summary of community driven development experiences in Tunisia and West Bank and Gaza.

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<sup>7</sup> Réseau Agricultures familiales comparées (RAFAC), p. 600.

### **Box 5 Successful Rural Development Experiences In Tunisia**

In Tunisia, the majority of the poor live in rural areas, with over one third of these people living in the Northwest of the region. The high state of poverty in the region is largely attributable to low agricultural productivity, resulting from the high soil erosion. The problem is compounded by the poor vegetative cover which means that large tracts of land are left exposed and therefore susceptible to erosion and subsequent degradation. In addition, forest areas in Tunisia remain highly degraded and suffer from constant deforestation and overgrazing. The poor infrastructure base in the northwest further limits the local populations' access to other basic resources.

The Northwest Mountainous Areas Development Project was designed to contribute to the alleviation of these problems. The 5-year project became effective in 1994 and was closed on June 30, 2001, after a one year extension. The principal objectives of the project are to alleviate poverty, improve the living conditions of the population, and to reduce the degradation of the natural resource base in the mountainous Northwest region. The project adopted a participatory approach to promote increased involvement of the local population – and hence sustainability. In view of the satisfactory nature in which the project has been implemented and the quality of investments, it is expected that the Development Objectives will be attained.

#### **Lessons learned:**

1. The decentralized structure of ODESYPANO, a small central unit coordinating the project's planning, implementation and monitoring and evaluation is efficient, and allows for a more intimate contact with the participating populations.
2. The implementing unit must have access to good management tools, such as a Management Information System (MIS) and Geographic Information System (GIS).
3. Periodic training both in and outside of the project's context is important for building capacity, but also acts as an incentive for the implementing agency.
4. To induce participation it is important to develop an approach, which takes into account the socio-economic parameters of the target population. The approach should also allow these populations to be involved in its development. The participatory approach used should be dynamic and flexible to allow for rapid changes so as not to lose the population's acceptance.
5. The possibility of long term sustainability of investments is increased through participation of local communities. A survey carried out on investments made in the NWDP and the previous project showed better maintenance of investments in areas where there was high ownership.
6. Developing technical packages that are easily adopted by the populations should be a key objective. A key finding was also the importance of involving farmers in the selection of research topics and subsequent demonstrations mounted to disseminate the information.
7. Partnerships are important at two levels: 1)with other local agencies, NGOs, and professional groups, and 2)with other donors, such as with GTZ and KfW, which implemented similar projects in the same zone.

### **Box 6 Community Driven Development in the West Bank & Gaza**

Since 1994 the World Bank has been closely involved in the effort to rehabilitate and upgrade infrastructure services in West Bank and Gaza (WBG). Over the last three years the Palestinian Authority with the assistance of the World Bank and other donors is focusing on assisting rural and smaller municipalities of WBG. Two such initiatives under taken by the Bank are the Community Development Projects I and II. These projects addressed the needs of small municipalities and villages by rehabilitating and upgrading social and economic infrastructure services through microprojects. The projects placed heavy emphasis on cost-sharing and project sustainability, thereby helping to build institutional capacity, preserving public assets and creating an enabling environment for the private sector participation in the reconstruction process.

The project has thus far implemented over 300 labor-intensive small infrastructure projects, costing between US\$20,000 and \$150,000, using local contractors, suppliers and laborers. The projects include improvements in water supply, sanitation and solid waste management, as well as rehabilitation of local health clinics, primary schools and feeder roads. Poverty maps and poverty studies have been used as the basis for targeting interventions

Beneficiary Impact Assessment (BIA) conducted periodically on the program has concluded that projects under CDP are meeting their development objectives and are being well received by the beneficiaries. Lessons from the BIAs have been constantly fed back into the design of follow-up operations.

#### **Lessons Learned**

Promotional activities are extremely crucial for successful implementation of community based projects.

Monitoring and Evaluations on a regular basis are essential for continuous improvements in project implementation and follow-up activities.

Transparency and accountability are cornerstones for building trust among the beneficiaries, which contributes to their active participation in the success of the program.

Communities are willing to participate in program formulation and contribute directly (up to 25% of project costs) for projects which directly benefit them. The willingness to pay was in most cases linked to the project's impact on the target population. Basic infrastructure projects such as roads, sewage, schools, and water projects attracted the highest direct community contribution.

Empowerment of the implementing agency and other stakeholders are cornerstones for project ownership and sustainability. After the detailed review of the first batch of subprojects, the Bank moved to ex-post review thereby putting the responsibility for subproject selection on the implementing agency. Not only did the implementing agency meet the challenge but also was able to carry out many innovations on appraisal and monitoring.

Policy and regulatory reforms are also needed in each of the strategy areas. Water policy and regulations clearly are high priority for action. But each of the strategies encompass actions requiring some form of policy change ranging from trade policy reform to property rights and land reform (see lessons learned two and seven).

## **6. Indicative Priority Actions and Associated Performance Indicators**

The real task at hand is to translate these objectives and strategies into an action plan for MENA. Our Action Plan has two parts: country-specific and region-wide. The region-wide component consists of topical cross-country initiatives. Table 5 contains a summary table of the major country and regional action plans and performance indicators. Table 6 provides information on the cross-cutting themes for MENA - water, natural resource management, dryland agriculture, the environment, gender, and information technology.. Appendix 4 contains a matrix of individual country strategies with specific implementation plans and performance indicators for Algeria, Egypt, Iran, Jordan, Lebanon, Morocco, Syria, Tunisia, Yemen, and West Bank and Gaza.

Not only in the MENA region but across the Bank, there is insufficient attention being paid to rural development indicators and data acquisition and analysis (see lesson learned eight). For example, the Bank publishes each year *World Development Indicators* with hundreds of data elements for countries and regions. Only one of these hundreds of data elements is specifically rural. While it is true that there are more rural indicators in the Bank's internal data base, it is still the case that our information base for improving lending and resource allocation decisions for rural areas is woefully inadequate. Improving this information deficit is imperative.

The overall approach will be for country teams to work with host governments to improve data acquisition and monitoring of indicators of living conditions and social and economic well-being in rural areas. In many cases data does not exist on rural areas to be able to effectively monitor progress or even to make good decisions on development priorities. While we have provided some specific indicators that need to be monitored for the various action plans, it is often the case that this data does not exist. For Bank operations but mainly for host government actions, it is imperative that quantitative indicators be developed that can be linked to each objective, strategy, and action area.

**Table 5 Summary of action plans and performance indicators for the MENA region**

<i>Strategy</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
Rationalizing water management and policies	<ul style="list-style-type: none"> <li>• Promote and assist in the development of national water strategies that encompass both rural and urban water needs.</li> <li>• 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.</li> <li>• For countries and regions with available renewable ground and surface water, encourage the development of small and medium scale irrigation.</li> <li>• Increase the role of user associations in the implementation of water projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Development and adoption of national water plans.</li> <li>• Implementation or strengthening of water use efficiency through appropriate water charges and other measures.</li> <li>• Transfer of operation and maintenance to beneficiaries.</li> <li>• Rehabilitation of irrigation infrastructure.</li> <li>• Extent of increase in small and medium scale irrigation.</li> </ul>
Improving access to social and economic infrastructure	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Ensure rural citizen participation in project design and implementation.</li> <li>• Increase access to improved communication and information technology in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Level of rural school enrollment and increases in literacy in rural areas by gender.</li> <li>• Changes in access to health care in rural areas.</li> <li>• Extent of increased investment in rural infrastructure.</li> <li>• Degree of participation of local citizens in infrastructure project implementation.</li> <li>• Amount of increase in communication and information technology in rural areas.</li> </ul>
Facilitating agricultural growth and competitiveness	<ul style="list-style-type: none"> <li>• Reform agricultural trade, marketing, and price policies and food subsidy systems while at the same time improving the social safety net.</li> <li>• Land tenure reform.</li> <li>• Improved market infrastructure including market information systems.</li> <li>• Increased investments in agricultural research and extension adapted to the local production and market conditions and aimed at reducing risk.</li> </ul>	<ul style="list-style-type: none"> <li>• Market and price policy reforms implemented.</li> <li>• Market-based land reforms initiated.</li> <li>• Improvements in marketing infrastructure.</li> <li>• Level of investment in locally adapted farmer demand-based agricultural research and extension.</li> </ul>
Enhancing rural non-agricultural and private sector economic activities	<ul style="list-style-type: none"> <li>• Increased emphasis on non-agricultural employment and income generating activities.</li> <li>• Use of micro-credit and other instruments to stimulate non-agricultural rural investments</li> <li>• Increase private sector participation in marketing channels for agricultural inputs and outputs.</li> <li>• Encourage strong private sector role in the expansion of information technology in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Extent of increase in rural non-farm income and employment.</li> <li>• Development of sustainable rural financial systems for rural investment.</li> <li>• Extent of privatization of marketing channels for agricultural inputs and outputs.</li> </ul>
Improving natural resource and environmental	<ul style="list-style-type: none"> <li>• Compile and disseminate best watershed management and monitoring practices internationally and in the region.</li> <li>• Design and implement water projects as watershed system projects aimed at sustainable water use while improving environmental management.</li> </ul>	<ul style="list-style-type: none"> <li>• Dissemination of best watershed management practices information.</li> <li>• Degree of incorporation of sustainable natural resource management and environmental</li> </ul>

**Table 5 Summary of action plans and performance indicators for the MENA region**

<i>Strategy</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
management	<p>water use while improving environmental management.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Reduce soil erosion.</li> <li>• 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.</li> <li>• Promote reasonable and transparent environmental regulations and standards.</li> </ul>	<p>improvement in watershed system management plans.</p> <ul style="list-style-type: none"> <li>• Implementation of policy reforms to ensure that economic incentives are aligned with long-term natural resource and environmental preservation.</li> <li>• Extent of reduction of soil erosion.</li> <li>• Completion of natural resource inventory and plans.</li> <li>• Implementation of transparent and effective environmental regulations</li> </ul>

**Table 6 Action plans and performance indicators for MENA cross-cutting themes**

<i>Cross-Cutting Theme</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
Water	<ul style="list-style-type: none"> <li>▪ Promote and assist with the development of national water strategy, including rural water and sanitation.</li> <li>▪ Promote regional cooperation, knowledge sharing, and capacity building on water management through seminars, workshops, study tours, etc. using the Regional Water Initiative as a vehicle. Specifically, emphasize groundwater management, water reuse, water quality management, efficiency of irrigation water delivery, private sector participation, rural water supply and sanitation, and water pricing. Prepare best practices manuals.</li> <li>▪ Encourage investment in multi-sectoral water projects to address the competition between rural water needs (mainly agriculture) and urban water requirements</li> <li>▪ Compile the best watershed management and monitoring practices internationally and in the region and disseminate the lessons learned to the client countries.</li> <li>▪ Promote inclusion of watershed management components and activities in new and ongoing projects.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Complete and/or update rate of water strategy documents;</li> <li>▪ Degree to which elements of the strategy are included in projects.</li> <li>▪ One regional event each year with a specific focus;</li> <li>▪ Degree of client support and use of output;</li> <li>▪ Degree to which the outcome is reflected in policy development and Bank project development; and</li> <li>▪ Increase in the number of professionals with integrated water management training in client countries.</li> <li>▪ Issues related to water allocation and compensation are explicitly incorporated in new projects and phased into existing activities.</li> </ul>

**Table 6 Action plans and performance indicators for MENA cross-cutting themes**

<i>Cross-Cutting Theme</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
Natural Resource Management	<p>Carry out a regional inventory of natural resources including estimate of monetary value.</p> <p>Develop regional and national policy frameworks for long-term management of natural resources.</p> <p>Review policies to determine those having an adverse impact on sustainable resource management.</p> <p>Community participation is imperative for successful planning for sustainable resource management. Develop partnerships with both public and private sector organizations to improve natural resource management.</p> <p>Women must be an integral part of the participatory planning process for natural resource management.</p> <p>Review land tenure arrangements to ensure that soil conservation and other sustainable practices are encouraged and agriculture becomes more competitive.</p>	<ul style="list-style-type: none"> <li>▪ Documents prepared and distributed.</li> <li>▪ The degree to which an integrated approach is mainstreamed.</li> </ul> <p>Completion of natural resource inventories Region and national frameworks developed. Policies changed as needed to prevent adverse NR impacts. Effective participation of local residents, especially women in natural resource planning activities. Realization of public-private partnerships. Land tenure reform implemented.</p>
Dryland Agriculture	<ul style="list-style-type: none"> <li>• In countries with available renewable ground water, small and medium scale irrigation can be viable, especially as a source of supplementary irrigation, which can reduce risk associated with dryland agriculture.</li> <li>• Improved roads are important for marketing diversified agricultural production from (often remote) dryland areas.</li> <li>• Improved health care and education is important to make dryland rural areas more attractive places to live.</li> <li>• Research on development of more drought tolerant varieties, improved grain and straw quality, and shorter seasonal varieties.</li> <li>• Research on crop/livestock integration with the goals of risk reduction and sustainability of systems</li> <li>• Development of conservation methods that must be implemented collectively by farmers in a region to be effective – such as wind erosion control through windbreaks, water harvesting methods, etc.</li> <li>• Changes in regulations and controls to encourage private sector provision of inputs, including improved seeds, and marketing of outputs.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in farmer owned or small cooperative irrigation.</li> <li>• Increased road length and quality leading to improved marketing opportunities.</li> <li>• Introduction and adoption of varieties more suited to the climate and natural resource base of the region.</li> <li>• Greater implementation of conservation practices.</li> <li>• Increased private sector participation in agricultural input and output markets and auxiliary enterprises.</li> <li>• Implementation of policy changes.</li> </ul>

**Table 6 Action plans and performance indicators for MENA cross-cutting themes**

<i>Cross-Cutting Theme</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
Environment*	<ul style="list-style-type: none"> <li>•Changes in price policies to limit the encouragement of farmers to cultivate crops on marginal lands, suited only for pasture.</li> <li>•Ensuring that the economic policy set is consistent with the climatic and natural resource reality in the country such that the natural resource base and environment can be preserved.</li> </ul> <ul style="list-style-type: none"> <li>•improving water quality in water canals for re-use in agriculture and irrigation; and integrating in all water and wastewater related projects, a monitoring and enforcement component for water quality improvement in rivers, waterways and groundwater aquifers;</li> <li>•expanding the financing of wastewater treatment plants and developing wastewater guidelines (where appropriate) based on estimated pollution loads and WHO guidelines for water re-use in order to reduce the negative health impact from inadequate wastewater re-use;</li> <li>•financing cost-effective sanitation measures and hygiene education activities in poor rural areas;</li> <li>•mitigating the impacts of droughts and floods.</li> <li>•strengthening the involvement of local communities in monitoring and enforcing water quality standards, and ensuring the widespread sharing of information on water quality among NGOs, local communities and farmers; and</li> <li>•strengthen national and local institutions in the enforcement and monitoring of environmental regulations and activities;</li> <li>•assist countries to shift from project-specific environment assessment to sector or regional EAs whenever a multi-year program is planned for financing operations in a specific sector;</li> <li>•build-up the capacities of concerned institutions to develop emergency plans for floods, droughts and earthquakes as appropriate;</li> <li>•include an environmental awareness component and strengthen the role of governance in community development projects, in social funds, in agriculture/irrigation, educational and in health projects; and</li> <li>•involve NGOs and community leaders in the design and implementation of the above projects.</li> <li>•increasing integrated watershed protection from water and wind erosion; and work with Bank-wide Natural Resources Management (NRM) networks to pursue a unified</li> </ul>	Adoption and implementation of MENA Environmental Strategy

**Table 6 Action plans and performance indicators for MENA cross-cutting themes**

<i>Cross-Cutting Theme</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
	<p>program;</p> <ul style="list-style-type: none"> <li>•establishing reliable baseline data for water and soil contamination from agricultural runoff;</li> <li>•improving access to energy services in poor rural areas to reduce the dependency on firewood; and</li> <li>•developing effective methods to control agricultural pollution.</li> </ul>	
Gender	<ul style="list-style-type: none"> <li>•Ensure that interventions in rural areas relating to health, education, transportation, and infrastructure take gender concerns into account.</li> <li>•Examine the gender impact of agricultural reforms in terms of equity, efficiency, and sustainability and design policy interventions accordingly.</li> <li>•Prepare country briefs on agricultural issues pertaining to gender issues in the agriculture sector (i.e. rural women's labor productivity; women's access to rural credit; women's land ownership; promotion of women's access to agricultural training);</li> <li>•Help overcome existing productivity constraints for women farmers by removing barriers to their access to information, inputs, credit and services;</li> <li>•Strengthen women's participation in community-based development (i.e. draw on women's knowledge base in agricultural production in research and extension to improve productivity);</li> <li>•Cooperate with gender coordination units within government agencies concerned with the agriculture/rural development sector</li> </ul>	<ul style="list-style-type: none"> <li>•Incorporation of gender concerns (i.e. training, safety nets, etc.) in policy, project and program documents.</li> <li>•Inclusion of gender disaggregated data in agriculture policy, project and program documents (i.e. employment; division of labor; intensity of labor; production and consumption of extension services; decision making; land ownership; access to agriculture credit; etc.).</li> <li>•Establishment of effective gender disaggregated monitoring and evaluation systems.</li> <li>•Evidence of consultations with women groups and gender units in policy and project design and implementation.</li> </ul>
Information Technology	<ul style="list-style-type: none"> <li>•An important part of the infrastructure needed in rural areas in MENA is improved information and communication technology. Determining how best to adapt the technology to the current situation in each region will be a part of the design of rural development projects.</li> <li>•Information and communications technology can be instrumental in improving the functioning of agricultural markets and market information systems. Effective market information systems are vital for achieving efficient agricultural markets.</li> <li>•Information and communication technologies represent a potential source of rural non-ag employment. While most MENA countries have emerging IT sectors in urban areas, we need to consider how best to grow those private sector activities in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>•Incorporation of appropriate information and communication technologies in project design and implementation.</li> <li>•Development of timely and usable market information systems for actors in the agricultural marketplace.</li> <li>•IT jobs generated in rural areas.</li> <li>•Evidence of local consultation on IT issues in project design and implementation.</li> <li>•IT sector growth in rural areas.</li> </ul>

**Table 6 Action plans and performance indicators for MENA cross-cutting themes**

<i>Cross-Cutting Theme</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
	<ul style="list-style-type: none"> <li>•In rural development projects, we will want to obtain input from local citizens on the appropriate role of information and communication technologies.</li> <li>•In order to retain the agility and flexibility inherent in the new technologies, they must be provided by the private sector. Our projects need to assure private sector provision in this area.</li> </ul>	

\* This section is drawn from the "Middle East and North Africa Region Environment Strategy Summary" (Draft, November 2000). It contains only the environmental strategy components directly relevant to the rural development strategies identified in this document.

## **7. Implementation of the Rural Development Action Plan**

The country and region-based thematic matrices lay out a very ambitious set of action plans. Clearly, these plans represent a selected rural development agenda calling for joint country (government and civil society), Bank and external agencies collaboration. These plans represent what could be considered a challenge to the development community at large to support the region's agenda. Toward this end the Bank will look for synergies and partnerships with other lenders and donors.

In implementing these plans, the Bank and other donors must recognize the diversity of situations in rural areas of MENA countries, both across countries and even within the same country. This diversity means that instruments must be tuned to the specific region, with its unique economic, social, and cultural characteristics. Therefore, flexibility will be essential in developing programs tailored to each unique region.

### **What are the Challenges for the Bank?**

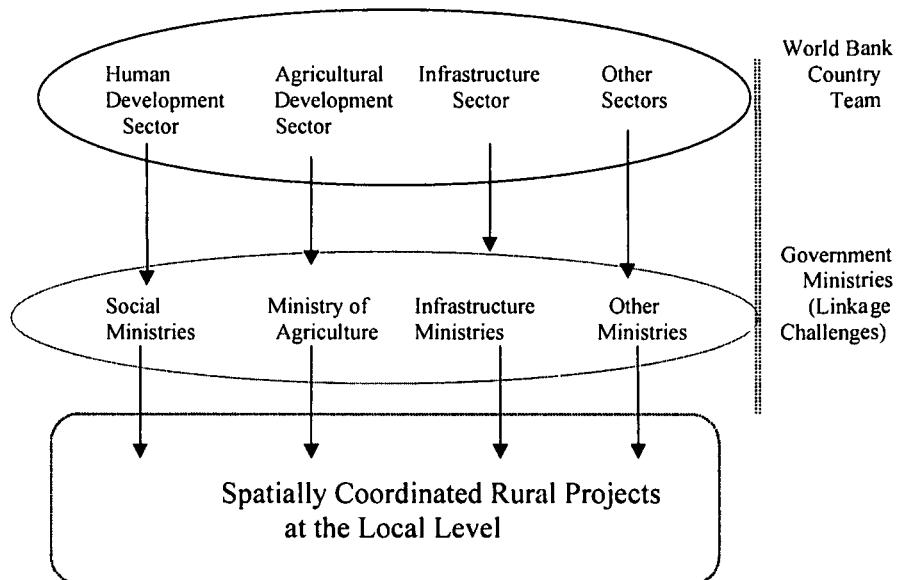
In the past, top down “integrated rural development” was tried in many parts of the developing world without replicable success. Over time the Bank has gained a clear comparative advantage in promoting alternative approaches for rural development. Based on its experience of the last 25 years, the Bank has a much better understanding of the rural issues and recognizes the strong links between agriculture and non-agricultural interventions for rural poverty reduction. More recently, the evolving experience in empowering communities to participate effectively in seizing opportunities to improve their well being is an encouraging approach for rural development. **Our approach will be to promote locally and spatially focused rural development (holistic approach to rural well being) with strong community participation.** Sectoral interventions would generate maximum development impact if they are appropriately coordinated, and communities are part of the decision making process (Figure 2). For example, for a given region of a country, we might have an education project supported by the education sector in the Bank in conjunction with the Ministry of Education and local authorities in the country. At the same time and in the same region, there might also be irrigation, health, or other projects. While these operations are prepared and implemented in parallel, it is imperative that the sectoral agencies coordinate their resource allocation decisions at the national/sub-national levels with significant community participation. This holistic, multi-sectoral approach constitutes the cornerstone of the MENA implementation strategy for accomplishing our rural development objectives. This approach will entail improving local institutional capacities and mechanisms for implementing projects with greater community participation. Understanding institutions including the incentives required for mobilizing the appropriate staff skills and performance are the key issues for rural institutional development.

Our concept of rural development has also shifted from a sector to a spatial-people centered concept--thus becoming a multi-dimensional challenge. Reducing rural poverty and improving rural well being demand various measures-- improving incomes from agricultural and non-agricultural sources, improving access to social and economic services, adopting policies that do not discriminate against the rural areas and finally empowering the target communities to take the center stage in decision making. Does our organizational setup lend itself to delivering a coordinated multi-dimensional assistance to our client countries? The Bank's organizational structure is based on sectoral lines on one hand and the country units on the other. Given that the vast majority of the poor in MENA live in rural areas, the first order of business is to ensure that the rural space figures prominently in the Region's Country Assistance Strategies (CAS'). A number of CAS' will be prepared in the coming two fiscal years and the Update should serve as a basis for making the case for adequate treatment of rural issues suitably modified to meet specific country circumstances. This is the rural advocacy objective of the Update. The establishment of functioning country teams in MENA (aimed at loosening the sectoral barriers) would

facilitate the setting of priorities for Bank assistance. It is imperative for the rural member in the country teams to take the lead in demonstrating the unmet basic needs of the rural population and seek broad support from the Country Team. The Country Action Plans do not advocate the packaging of all rural interventions in singular rural development operations for every country. However, the gradual emergence of community driven development (CDD), as an effective development instrument may serve as a vehicle to avail resources to rural communities for setting their multi-sectoral development priorities.

The added challenge for the Bank is to engage in long-term rural development policy dialogue with our Clients with a view to defining key policy reform and structural issues and prepare quick and focussed policy notes. A good recent example is the Region's quick response to a request from Lebanon for a policy note on sugar and wheat subsidy. With most of the MENA countries entering negotiations for WTO admission and EU trade agreements, the Bank is well placed to provide timely technical advice. Furthermore, the World Bank Institute (WBI) has the tools to tailor region-specific training programs on rural development, trade negotiations and share the experiences of other regions. Toward this end, the WBI has plans to develop workshops on rural development, and agricultural trade issues with case studies from Tunisia, Egypt and Syria. MENA has also organized a regional conference on "Sustainable Investment in Dryland Ecosystems" in May 2001 with a view to raising awareness of senior policy makers in the Region on the issues related to the potential of drylands where the vast majority of the poor in the region live. Similarly, the Region will explore further collaboration with WBI to hold seminars on this Update and selected rural topics. Policy dialogue with our client countries requires resources to prepare selected policy notes. In view of the likely continued tight internal budgets and competing priorities, the Update should be viewed as a cross-sectoral agenda to which the country teams would extend their continued support. The proposed action plans will be discussed with each client country and further elaborated as a live document. These action plans also reinforce the region's environmental strategy, which is aimed at 'mainstreaming' environment as an integral part of all development activities. The resource requirements to implement the country and the cross-regional action plans should not be underestimated. Support from each country team and regional management team is *sin quo non*.

**Figure 2 Parallel project orientation**



We would also seek partnership with other external agencies for the preparation of policy notes. Lessons from our past engagements in policy dialogue strongly point to the need for long-term commitment and follow-through backed by investment assistance. Experience with policy reforms related to water tariff adjustments, consumer and producer subsidies, and rural finance, and institutional reforms requiring changes in the roles of public and private sectors demonstrate the need to maintain a long-term horizon. Beyond the economic rationales of policy and institutional reforms, governments often follow their own timetables and seize opportunities when they arise. Hence, linking conditionalities to loans have not produced encouraging results. Under these circumstances, we propose to widen our audience for policy dialogue beyond the public sector and play a more pro-active role by holding seminars and sharing lessons from other countries.

With the exception of Yemen and Djibouti, all the MENA countries are not eligible for the Bank's concessional financing. For such non-IDA countries, the Bank's growing challenge is how to leverage concessionary bilateral or EU resources with its technical know-how particularly in project design and formulation, and policy analysis. The Region will vigorously seek partnership with regional Banks, IFAD, bilateral aid agencies, and the EU. This effort would require institutional commitment to developing close working relationships at staff and management levels.

Another important issue for implementation is the implication for MENA staffing and resource allocation. We foresee a growing demand for MENA staff to work with government officials in strategic sectoral issues, economic policy analysis and knowledge sharing. For example, experience in other regions indicates that quick policy notes are increasingly proving very effective compared with the traditional sector reports. We may not need to build full in-house capacity for all such services but to have the resources to be able to tap the best technical services on short notice. Toward this end, the Rural Unit has been carefully planning and managing the staffing requirements with a view to having the flexibility for the evolving specialized demands of our clients. We also need to foster cross-sectoral task teams to address effectively our rural poverty reduction objective. The formation of real Country Teams would facilitate crossing Unit boundaries.

The Performance Indicators identified in the Action Matrices will measure our implementation performance. All the indicators are not quantifiable and the achievements or failures would be captured by qualitative assessments. As the actions to be taken depend on various actors, the Rural Sector Unit in the Bank will be in the front line to closely monitor implementation. At the country level, the indicators would be reflected in projects and would form part of the reporting under the respective project monitoring and evaluation. To follow-up with the experience of Morocco, a focus country under the 1997 *Vision to Action*, Yemen has been selected as a focus country for the Update and will be part of the Bank-wide pilot for establishing a set of indicators for a "Rural Score Card".

## **What are the Challenges for the Countries?**

The approach to and speed of implementation will vary considerably among countries. In some countries, the most urgent need is the adoption of a rural development action plans. In that case, the Bank can play a constructive role in working with government officials and other interested parties in elaborating a country specific rural development action plan. In other cases, such as Morocco, the country has a well developed rural strategy and action plan and is piloting community driven development instruments. The challenge for Morocco is how to accelerate the implementation of its comprehensive rural strategy. In Tunisia, the Government is promoting rural development with community participation with a view to upscaling its successful models.

The Bank's clients also face similar sectorally based institutional arrangements for rural development as described above. Does a people-centered holistic rural development approach require complete overhaul of the institutional setups in our client countries? Parallel sectoral structures exist both within the World Bank and most client countries and they are likely to remain functioning along sectoral lines. (as

illustrated in figure 2) No single Ministry (except may be in Egypt's Ministry of Local Development) has the sole responsibility for rural development. In Morocco the recent establishment of the Inter-ministerial Committee for Rural Development, chaired by the Prime Minister, brings together the relevant line ministries to focus on the challenges to improve rural living conditions and to decentralize decision-making to local governments and communities.

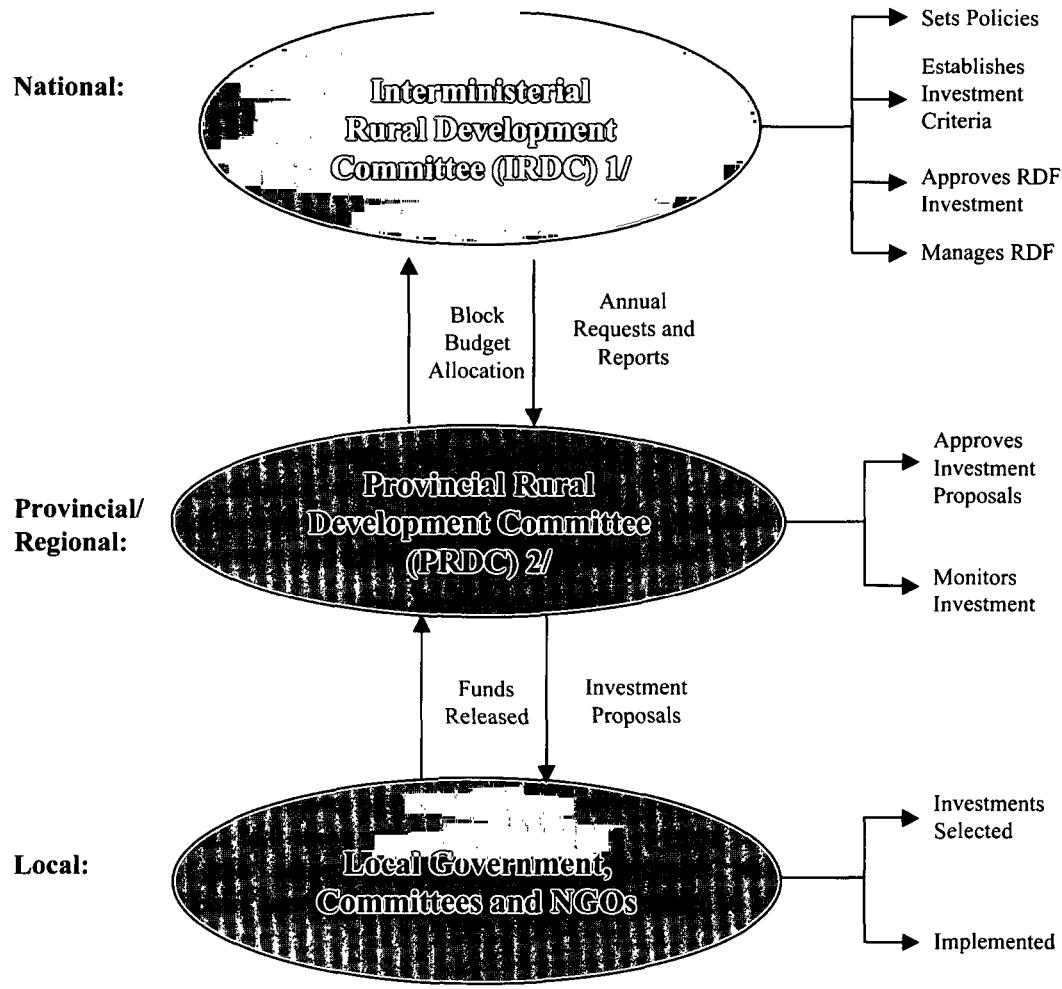
As a way of operationalizing their new holistic vision of participatory, integrated rural development, the Moroccans have also recently reactivated the Rural Development Fund (RDF) under the Prime Minister (see figure 3). Based on demand from the beneficiaries as expressed through a participatory planning process, the RDF would be used by the Governors of selected provinces, on the advice of a Provincial Rural Development Committee composed of relevant line ministry representatives, to complement or fill gaps in existing sectoral programs in a coordinated way, without any predetermined of funding by line ministry. For example, if the Ministry of Agriculture, Rural Development, Water, and Forests already planned to rehabilitate a small and medium irrigation scheme, but the Ministry of Public Works had no plans for rural road access from the nearby village, the Governor could call upon the RDF to finance the additional road, with the usual beneficiary contribution to the capital and O&M costs. Over time it is expected that the operations of the RDF would be expanded to include existing as well as new investments in selected areas. Ultimately, all investments in rural areas throughout the country would be done on a decentralized, participatory basis, without preallocation by line ministry.

Where line ministries are used to controlling even the smallest, most remote investments directly from the capital, a lot remains to be done to develop a consensus for the new “bottom up,” community driven development. Compared with the relative security of budgets allocated from the center, some line ministries are hesitant to open themselves up to an un-predetermined investment selection through the participatory process, much less coordinate with their fellow ministries in such activities as locating roads so as to serve agricultural areas, or water and electricity supplies near to schools. The shift to this type of resource allocation mechanism is a challenge for many countries to adopt. In many MENA countries, the level of local expertise in technical areas is also increasing to the point that such expertise can be used effectively in preparing the new investment style projects/programs with maximum community participation. However, the role of outside catalyst is still an important function for the Bank other agencies.

## **Collaboration with Bilateral and International Aid agencies**

To enhance development assistance effectiveness, close collaboration among bilateral and international agencies is imperative. How do we avoid competition and benefit our client countries from the comparative advantage of all aid agencies? The Bank's Comprehensive Development Framework (CDF) is an attempt to foster such collaboration. The Poverty Reduction Strategy Papers for Yemen and Djibouti are under preparation. We should establish links with other international initiatives like the outcome of the Social Summit with a consensus on a series of poverty reduction and social targets for 2015, the UN sponsored Global Compact where global business, labor and civil society leaders pledged to help build “..a more robust global community”. Interagency collaboration could take various forms. The most conventional method is participating in financing operations. Many MENA countries have access to grant and concessionary resources from bilateral and international agencies. The Bank is well positioned to avail its technical expertise for policy analysis and project formulation and its global knowledge and expertise with a view to developing a multi-donor financing plan for an agreed rural development program. Collaboration among the international community could also be enhanced by improving the exchange of information on country strategies and programs. The increasing representation of the Bank in Field Offices would facilitate closer interaction with other aid agencies. Also, the Bank and other donors may want to consider working with an independent organization such as CIHEAM in Montpellier to help facilitate collaboration.

**Figure 3 Rural Development Fund (RDF) for Community Driven Development**



1. Comprising Finance and other key line ministries, chaired by the PM Office, with Ministry of Agriculture as Secretariat

2. Comprising provincial finance and sector departments chaired by provincial governors, with agriculture departments as Secretariat.

To promote the cross-regional themes in water, dryland agriculture, natural resource management, environment, information technology and gender, the Bank will continue its collaboration with bilateral aid agencies and other international organizations. For gender and information technology, where we do not have ongoing cross-regional initiatives, the challenge will be to mobilize international support to help mainstream gender issues as part of the development agenda. Similarly, closing the 'digital divide' is a challenge for the expansion of information technology in the rural space. In a pipeline integrated community development operation in West Bank and Gaza, we are exploring the prospects for including an information technology component with a view to linking community centers to the world wide web with possible private sector collaboration under the Global Compact. These cross-regional issues are of common interest to the MENA countries, and we would explore possible collaboration with MENA regional financial institutions to promote these initiatives.

## Appendix 1 Data Tables

### Population

**Table A1.1. Population density**

<i>Economy</i>	<i>Population million</i>	<i>Urban population, % of total</i>	<i>Rural Population, % of total</i>	<i>Survey Area thousands of sq km<sup>2</sup></i>	<i>Population density people per km<sup>2</sup></i>
	<i>1999</i>	<i>1999</i>	<i>1999</i>	<i>1999</i>	<i>1999</i>
Algeria	33	60	40	2,382	13
Egypt, Arab Rep.	62	45	55	1,001	63
Iran, Islamic Rep.	63	61	39	1,633	39
Jordan	5	74	26	89	53
Lebanon	4	89	11	10	418
Morocco	28	55	45	447	63
Syrian Arab Rep.	16	54	46	185	85
Tunisia	9	65	35	164	61
Yemen, Rep.	17	24	76	528	32
World	5,975	46	54	133,572	46
Low & Middle Income	5,084	41	59	101,487	51
Middle East & North Africa	291	58	42	11,024	29

Source: World Development Indicators

**Table A1.2 Population growth**

<i>Economy</i>	<i>Total Million</i>		<i>Avg. annual Growth rate (%)</i>		<i>Age 15-64 Millions</i>	
	<i>1980</i>	<i>1999</i>	<i>1980-90</i>	<i>1990-99</i>	<i>1980</i>	<i>1999</i>
Algeria	18.7	30.5	2.9	2.2	.9	18
Egypt, Arab Rep.	40.9	62.4	2.5	1.9	23	98
Iran, Islamic Rep.	39.1	63.0	3.3	1.6	20	38
Jordan	2.2	4.7	3.7	4.4	1	3
Lebanon	3.0	4.3	1.9	1.8	2	3
Morocco	19.4	28.2	2.2	1.8	10	18
Syrian Arab Rep.	8.7	15.7	3.3	2.8	4	9
Tunisia	6.4	9.5	2.4	1.6	3	6
Yemen, Rep.	8.5	17.0	3.3	4.0	4	8
World	4,430.2	5,974.7	1.7	1	2,5595	3,761
Low & Middle Income	3,641.0	5,084.2	1.9	1.6	2,090	3,166
Middle East & North Africa	174.0	290.9	3.1	2.3	91	171

## Economy

**Table A1.3 Gross national product**

<i>Economy</i>	<i>Billion of dollars 1999<sup>a</sup></i>	<i>Rank 1999</i>	<i>Average Annual Growth rate (%) 1998-99</i>
Algeria	46.5	52	2.8
Egypt, Arab Rep.	87.5	38	5.7
Iran, Islamic Rep.	110.5	33	2.1
Jordan	7.0	97	0.8
Lebanon	15.8	75	1.0
Morocco	33.8	57	0.6
Syrian Arab Rep.	15.2	77	-1.5
Tunisia	19.9	63	6.2
Yemen, Rep.	5.9	105	-1.9
World	29,232.1		2.7
Low & Middle Income	6,310.8		2.9
Middle East & North Africa	599.3		

Source: World Development Indicators, 2002. World Bank.

**Table A1.5 GNP measured at purchasing power parity**

<i>Economy</i>	<i>Billions of Dollars</i>	<i>Per Capita</i>		<i>Growth of Private Consumption per Capita,</i>	
		<i>Dollars 1999</i>	<i>Rank 1999</i>	<i>(%) 1980-98<sup>a</sup></i>	<i>Distribution corrected</i>
Algeria	142.3	4,753	101	-2.3	-1.5
Egypt, Arab Rep.	206.2	3,303	127	2	1.4
Iran, Islamic Rep.	325.2	5,163	95	0.5	"
Jordan	16.6	3,542	124	-1.5	-1
Lebanon	17.6	4,129	113	"	"
Morocco	90.1	3,190	131	1.9	1.2
Syrian Arab Rep.	43.2	2,761	139	0.9	"
Tunisia	51.8	5,478	91	1.1	0.7
Yemen, Rep.	11.7	688	197	"	"
World	38,804.90	6,490		1.3	
Low & Middle Income	17,329.90	3,410		1.9	
Middle East & North Africa	1,337.50	4,600		"	

a. Average annual growth rate

Source: World Development Indicators, 2000.

**Table A1.4 Labor force**

<i>Economy</i>	<i>Total Millions</i>		<i>Avg. annual Growth rate (%)</i>		<i>Female % of labor force</i>		<i>Children aged 10-14 % of age group</i>
	<i>1980</i>	<i>1999</i>	<i>1980-90</i>	<i>1990-99</i>	<i>1980</i>	<i>1999</i>	<i>1980</i>
Algeria	5	10	3.7	4.0	21	27	7
Egypt, Arab Rep.	14	24	2.5	2.9	27	30	18
Iran, Islamic Rep.	12	20	3.0	2.4	20	27	14
Jordan	1	1	4.9	5.2	15	24	4
Lebanon	1	1	2.9	3.1	23	29	5
Morocco	7	11	2.4	2.7	34	35	21
Syrian Arab Rep.	2	5	3.3	4.0	24	27	14
Tunisia	3	4	2.7	2.8	29	31	6
Yemen, Rep.	2	5	3.6	4.7	33	28	26
World	2,035.0	2,892	1.9	1.7	39	41	20
Low & Middle Income	1,679.0	2,459	2.1	1.9	39	40	23
Middle East & North Africa	54.0	97	3.1	3.1	24	27	14

## Social Indicators

**Table A1.5 Public expenditure on education and health**

<i>Economy</i>	<i>Education</i>		<i>Health</i>
	<i>% of GNP</i>		<i>% of GDP</i>
	<i>1980</i>	<i>1997</i>	<i>1990-98</i>
Algeria	7.8	5.1	3.3
Egypt, Arab Rep.	5.7	4.8	1.8
Iran, Islamic Rep.	7.5	4	1.7
Jordan	6.6	6.8	3.7
Lebanon		2.5	3
Morocco	6.1	5	1.3
Syrian Arab Rep.	4.6	3.1	
Tunisia	5.4	7.7	3
Yemen, Rep.		7	2.1
World			2.5
Low & Middle Income	3.5	4.1	1.9
Middle East & North Africa	5	5.2	2.4

Notes: For data comparability and coverage, see the technical notes. Figures in italics are for years other than those specified.

a. UNESCO enrollment estimates and projection as assessed in 1999.

a. Data are for most recent year available. b. Official estimate. c. Estimates based on survey data. d. Estimate by the World Health Organization and Eurostat. e. Estimate by UNICEF.

**Table A1.6 Education indicators**

Economy	<i>Net enrollment ratio<sup>a</sup></i>		<i>Percentage of cohort % of relevant age group</i>		<i>reaching grade 5</i>		<i>Expected years of schooling</i>		<i>Adult illiteracy rate, 1998<sup>b</sup></i>		
	<i>Primary</i>		<i>Secondary</i>		<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Males</i>	<i>Females</i>	
	<i>1980</i>	<i>1997</i>	<i>1980</i>	<i>1997</i>	<i>1980</i>	<i>1996</i>	<i>1980</i>	<i>1996</i>	<i>1980</i>	<i>1997</i>	<i>1980</i>
Algeria	82	96	43	69	90	94	85	96	10	12	7
Egypt, Arab Rep.	72	95	43	75	92	88			12		35
Iran, Islamic Rep.	72	90	50	81	92	89			12		18
Jordan	73	68	53	41	100	98	12		12	6	17
Lebanon		76								9	21
Morocco	62	77	36	38	79	76	78	74	8	5	40
Syrian Arab Rep.	90	95	48	42	93	93	88	94	11	10	8
Tunisia	83	100	40	74	89	90	84	92	10	7	21
Yemen, Rep.										34	77
World										18	32
Low & Middle Income	78	89	53	63						18	33
Middle East & North Africa	74	87	46	66	88	84				26	48

a. UNESCO enrollment estimates and projections as assessed in 1999.

**Table A1.7 Access to water and sanitation**

Economy	<i>Access to improved water source</i>		<i>Access to Sanitation</i>		<i>Sanitation in urban areas</i>	
	<i>% of population</i>		<i>% of population</i>		<i>% of population</i>	
	<i>1982-85</i>	<i>1990-96</i>	<i>1982-85</i>	<i>1990-96</i>	<i>1990-96</i>	"
Algeria						"
Egypt, Arab Rep.	901	64		11	20	
Iran, Islamic Rep.	71	83	65	57	89	
Jordan	89	89	91	95	"	
Lebanon	92	100	75	100	100	
Morocco	32	52	50	40	69	
Syrian Arab Rep.	71	85	45	56	77	
Tunisia	89	99	52	96	100	
Yemen, Rep.		39		19	40	
World	W	w	w	w	"	
Low & Middle Income				29	"	
Middle East & North Africa	68				"	

Note: Data are for most recent year available.

Source: World Development Indicators, 2000.

**Table A1.8 Child and maternal health**

<i>Economy</i>	<i>Contraceptive prevalence rate, % of women Age 15-49</i>	<i>Total fertility rate, births per woman</i>		<i>Maternal mortality ratio, per 100,000 live births</i>	<i>Infant mortality rate, per 100,000 live births</i>		<i>Under-5 mortality rate, per 1,000</i>		<i>Prevalence of child malnutrition<sup>d</sup></i>	<i>Life expectancy at birth, 1998</i>	
	<i>1990-98<sup>a</sup></i>	<i>1980</i>	<i>1998</i>	<i>1990-98<sup>a</sup></i>	<i>1980</i>	<i>1998</i>	<i>1980</i>	<i>1998</i>	<i>1992-98</i>	<i>Males</i>	<i>Females</i>
Algeria	51	6.7	3.5		98	35	139	40	13	69	72
Egypt, Arab Rep.	48	5.1	3.2	170 <sup>e</sup>	120	49	175	59	12	65	68
Iran, Islamic Rep.	73	6.7	2.7	37c	87	26	126	33	16	70	72
Jordan	50	6.8	4.1	41 <sup>b</sup>	41	27	"	31	5	69	73
Lebanon		4	2.4	100 <sup>c</sup>	48	27	"	30	9	68	72
Morocco	59	5.4	3	230 <sup>c</sup>	99	49	152	61	10	65	69
Syrian Arab Rep.	40	7.4	3.9		56	28	73	32	13	67	72
Tunisia	60	5.2	2.2	70	69	28	100	32	9	70	74
Yemen, Rep.	21	7.9	6.3	350 <sup>c</sup>	141	82	198	96	46	55	56
World	49	3.7	2.7		80	54	123	75	30	65	69
Low & Middle Income	48	4.1	2.9		87	59	135	79	"	63	67
Middle East & North Africa	55	6.2	3.5		95	45	136	55	15	66	69

Note: For data comparability and coverage, see the technical notes. Figures in italics are for years other than those specified.

Data are for most recent year available. b. Official estimate. c. estimate based on survey data. d. % of people 15 and above

Source: World Development Indicators, 2000

## Agriculture and Natural Resources

Table A1.9 Agricultural land use

Economy	Land under permanent crops % of land area		Irrigated land % of cropland		Arable Land Hectares per capita	
	1980	1997	1979-81	1995-97	1979-81	1995-97
Algeria	0.3	0.2	3.4	6.9	0.37	0.26
Egypt, Arab Rep.	0.2	0.5	100.0	99.8	0.06	0.05
Iran, Islamic Rep.	0.5	1.0	35.5	37.7	0.36	0.29
Jordan	0.4	1.5	11.0	19.5	0.14	0.06
Lebanon	8.9	12.5	28.3	36.0	0.07	0.04
Morocco	1.1	1.9	15.2	13.1	0.38	0.33
Syrian Arab Rep.	2.5	4.1	9.6	20.5	0.60	0.33
Tunisia	9.7	12.9	4.9	7.6	0.51	0.32
Yemen, Rep.	0.2	0.2	19.9	31.3	0.16	0.09
World	0.9	1.0	17.8	19.2	0.24	0.24
Low & Middle Income	1.0	1.2	21.9	21.9	0.20	0.21
Middle East & North Africa	0.4	0.7	25.8	23.5	0.29	0.21

Source: World Development Indicators, 2000.

Table A1.10 Agricultural productivity

Economy	Agricultural machinery Tractor per thousand Agricultural workers		Agricultural productivity Per agricultural worker 1995 dollars		Food production Index 1989-91 = 100	
	1979-81	1995-97	1979-81	1996-98	1979-81	1996-98
Algeria	27	41	1,411	1,943	67.6	129.4
Egypt, Arab Rep.	4	11	721	1,189	68.0	139.7
Iran, Islamic Rep.	17	40	2,570	4,089	61.1	144.7
Jordan	48	34	1,178	1,431	57.3	152.5
Lebanon	28	100		27,409	59.2	138.2
Morocco	7	10	1,146	1,836	55.9	107.2
Syrian Arab Rep.	29	66			94.2	148.7
Tunisia	30	39	1,743	2,959	67.6	121.4
Yemen, Rep.	3	2		338	75.0	120.7
World	18	20			75.7	130.3
Low & Middle Income	4	8		568	71.6	134.7
Middle East & North Africa	12	25			70.1	138.0

Source: World Development Indicators, 2000

**Table A1.11 Freshwater resources**

Economy	Freshwater resources <i>Cu. meters</i>		Annual freshwater withdrawals				Access to an improved water source <i>% of population with access 1996</i>	
	<i>Per capita</i>	<i>Billion</i>	<i>% of total</i>	<i>% for</i>	<i>% for</i>	<i>% for</i>	<i>Urban</i>	<i>Rural</i>
	<i>1998</i>	<i>Cu. m<sup>a</sup></i>	<i>Resource<sup>a</sup></i>	<i>Agriculture<sup>a</sup></i>	<i>industry<sup>b</sup></i>	<i>Domestic use<sup>b</sup></i>		
Algeria	485	4.5	31.5	60	15	25		
Egypt, Arab Rep.	949	55.1	94.5	86	8	6	82	50
Iran, Islamic Rep.	1,339	70.0	85.8	92	2	6		
Jordan	198	1.0	51.1	75	3	22		
Lebanon	1,140	1.3	26.9	68	4	28	100	100
Morocco	1,080	11.1	36.8	92	3	5	98	118
Syrian Arab Rep.	2,926	14.4	32.2	94	2	4	92	78
Tunisia	439	2.8	69.0	86	2	13		
Yemen, Rep.	254	2.9	71.5	92	1	7	74	14
World	8,354			70	22	8		
Low & Middle Income	8,114			82	10	7		
Middle East & North Africa	1,045			89	4	6		

a. Refers to any year from 1980 to 1998, unless otherwise noted. b. Unless otherwise noted, sectoral withdrawal percentages are estimated for 1987.

Source: World Development Indicators, 2000.

**Table A 1.12 Deforestation and protected areas**

<i>Economy</i>	<i>Annual deforestation 1990-95</i>		<i>National protected areas 1996</i>	
	<i>Square Kilometers</i>	<i>Avg. annual % change</i>	<i>Thousand Square km</i>	<i>% of total Land area</i>
	234	1.2	58.9	2.5
Egypt, Arab Rep.	0	0.0	7.9	0.8
Iran, Islamic Rep.	284	1.7	83.0	5.1
Jordan	12	2.5	3.0	3.4
Lebanon	52	7.8	0.0	0.0
Morocco	0.3	0.7		
Syrian Arab Rep.	52	2.2	0.0	0.0
Tunisia	30	0.5	0.4	0.3
Yemen, Rep.	0	0.0	0.0	0.0
World	101,724	0.3	5,543.5	6.6
Low & Middle Income	113,418	0.4	5,249.3	5.3
Middle East & North Africa	800	0.9	242.1	2.2

Source: World Development Indicators, 2000.

## Information and Technology

**Table A 1.13 Access to information**

<i>Economy</i>	<i>Per 1,000 people</i>						<i>Internal hosts Per 10,000 people January 2000</i>
	<i>Daily Newspapers 1996</i>	<i>Radios 1997</i>	<i>Television sets 1998</i>	<i>Telephone Main lines 1998</i>	<i>Mobile telephones 1009</i>	<i>Personal computers 1998</i>	
Algeria	38	241	105	53	1	4.2	0.01
Egypt, Arab Rep.	40	324	122	60	1	9.1	0.73
Iran, Islamic Rep.	28	265	157	112	6	31.9	0.09
Jordan	58	287	52	86	12	8.7	1.27
Lebanon	107	906	352	194	157	39.2	10.93
Morocco	26	241	160	54	4	2.5	0.33
Syrian Arab Rep.	20	278	70	95	0	1.7	0.00
Tunisia	31	223	198	81	4	14.7	0.10
Yemen, Rep.	15	64	29	13	4	1.2	0.02
World		418	247	146	55	70.6	120.02
Low & Middle Income		263	172	69	17	15.6	5.40
Middle East & North Africa	33	274	135	81	8	9.9	0.55

Data are from the International Telecommunication Union's (ITU) World Telecommunication Development Report 1999. Please cite the ITU for third party use of these data; and World Development Indicators, 2000.

**Table A 1.14 Science and technology**

<i>Economy</i>	<i>Engineers in R&amp;D</i>	<i>High-technology exports % of mfg. exports 1998</i>	<i>No. of patent applications filed<sup>a</sup> 1997</i>	
	<i>Per million people 1987-97<sup>d</sup></i>		<i>Residents</i>	<i>Nonresidents</i>
Algeria		1	34	206
Egypt, Arab Rep.	459	0	504	706
Iran, Islamic Rep.	560		418	
Jordan	94			
Lebanon				
Morocco		0	90	237
Syrian Arab Rep.	30			
Tunisia	125	2	46	128
Yemen, Rep.				
World		22	798,007	3,602,785
Low & Middle Income		17	149,914	1,465,458
Middle East & North Africa		1	509	1,207

a. Other patent applications filed in 1997 include those filed under the auspices of the African Intellectual Property Organization (31 by residents, 26,057 by non-residents), African Regional Industrial Property Organization (7 by residents, 25,724 by non-residents), European Patent Office (44,604 by residents, 53,339 by non-residents), and Eurasian Patent Organization (258 by residents, 26,207 by non-residents). The original information was provided by the World Intellectual Property Organization (WIPO). The International Bureau of WIPO assumes no liability or responsibility with regard to the transformation of these data.  
Source: World Development Indicators, 2000.

## Appendix 2 Middle East and North Africa: Matrix of Priorities and Achievements

<i>Issues and Background</i>	<i>Proposed Action in V2A 1997 (Targets)</i>	<i>Achievements through MENA's Portfolio</i>
<p>Water</p> <p>Agriculture has to adjust to using less and more expensive water more efficiently:</p> <p>Water scarce</p> <p>Agriculture high and inefficient user</p> <p>Water charges low; O&amp;M inadequate</p> <p>Intersectoral water transfers inevitable and entail political and policy decisions backed by sound information</p> <p>User participation weak.</p>	<p>Water Sector Investment Loan</p> <p>Integrated water resource management studies and projects</p> <p>Specific irrigation, drainage and sanitation projects</p> <p>Sector adjustment loans and ESW for policy dialogue on water pricing, O&amp;M</p> <p>Water Action Plan: establishing a MENA water fund</p>	<p>ALGERIA – Rural and Local Development Project</p> <p>ALGERIA – Water Sector Strategy</p> <p>EGYPT – Irrigation Improvement Project</p> <p>EGYPT – Water Sector Notes on Water Quality and Private Sector Involvement</p> <p>EGYPT – National Drainage II Project</p> <p>EGYPT – Pumping Station III</p> <p>IRAN – Water Supply and Sanitation Project</p> <p>JORDAN – Irbid and Zarqa Water and Wastewater Mgt Project</p> <p>MOROCCO – Water Resources Management Project</p> <p>SYRIA – Irrigated Agricultural Sector Note</p> <p>TUNISIA – Water Sector Investment Loan (WSIL)</p> <p>TUNISIA – Water Sector Report (PHRD)</p> <p>WEST BANK and GAZA – Agricultural Strategy Note</p> <p>YEMEN – Water Strategy Study</p> <p>YEMEN – Rural Water Sector Study</p> <p>YEMEN – Irrigation Sector Note</p> <p>YEMEN – Irrigation Improvement Project</p> <p>YEMEN – Sana'a Water Supply and Sanitation Project</p> <p>YEMEN – Sana'a Basin Water Management</p>
<p>Rural development and poverty alleviation</p> <p>Poverty higher in rural areas</p> <p>A politically sensitive issue</p> <p>Extensive despite progress</p> <p>Limited access to land, and insecurity of tenure</p> <p>Poor access to basic infrastructure, and productive and social services, especially health, education, potable water</p> <p>Poor rural women even more disadvantaged</p> <p>Poor social development indicators.</p>	<p>Increased lending for rural participatory development, including poverty alleviation</p> <p>Rural development and employment strategy and projects</p> <p>Increased private sector involvement</p> <p>Emphasize rural health and education, particularly for women, as well as other services (roads, electrification, potable water)</p> <p>Mountainous areas development</p> <p>Rainfed agriculture development</p>	<p>ALGERIA – Rural and Local Development Project</p> <p>EGYPT – Basic Education Improvement Project</p> <p>EGYPT – East Delta</p> <p>EGYPT – Agricultural Services</p> <p>EGYPT – Sohag Rural Development Project</p> <p>IRAN – Primary Health Care and Nutrition Project II</p> <p>IRAN – Water Supply and Sanitation Project</p> <p>LEBANON – General Education Project</p> <p>MOROCCO – Lakhdar Watershed Management Pilot Project</p> <p>MOROCCO – “2020 Rural Development Strategy”</p> <p>MOROCCO – Irrigation Based Community</p>

<i>Issues and Background</i>	<i>Proposed Action in V2A 1997 (Targets)</i>	<i>Achievements through MENA's Portfolio</i>
		<p>Development APL  MOROCCO – Rainfed Agriculture Development Project  MOROCCO – Rural Water Supply and Sanitation Project  MOROCCO --Basic Education Project  MOROCCO --Basic Health Project  WEST BANK &amp; GAZA - Community Development Project II  WEST BANK and GAZA – Host Employment Generation Program  YEMEN – Agricultural Strategy Note  YEMEN – Aden Agenda for Sector Reform  YEMEN – Sana'a Water Supply and Sanitation Project  YEMEN – Child Development Project  YEMEN – Basic Education Expansion Project  YEMEN – Social Fund II Project</p>
Competitiveness of agriculture Rural finance Inadequate agricultural and rural credit from official sources System finances itself but at a high cost including inefficiency. Food price stability for urban consumers has led to: Distortions due to market controls and subsidies Dominance of state enterprises in agricultural marketing and transformation Inadequate marketing organization and infrastructure for domestic and export market development Inefficient price formation and transmission Rent seeking intermediaries Insufficient product and market diversification. Food security Region is net importer of basic foodstuffs (cereals, milk, sugar, cooking oil). Food self-sufficiency is low and concern about food security is increasing in the face of rising cereal prices as a consequence of trade liberalization. Support for cereal production	<p>Redefine public goods; focus on institutions and incentives to promote the private sector (services, marketing, agribusiness, exports).  New approaches needed to revitalize rural finance projects.  New instruments need to be utilized along with investment projects (guarantees, non-balance of payment support sector adjustment loans targeting private sector development, for example, Industrial Renovation project in Tunisia).  Adjustment lending on the decline; needs to be resuscitated.  Need to increase lending for private sector development, competitiveness in agriculture, marketing and agroindustry in the light of increased global trade liberalization.  Rainfed agriculture needs special focus, especially research and extension, and balance between production support and social transfers.  Close coordination needed with EU/European Investment Bank, Germany, Netherlands, and France.</p>	ALGERIA – Cereal Sector Strategy Study ALGERIA – Privatization Strategy for Agricultural Public Enterprises ALGERIA – Cooperative Sector Strategy ALGERIA – Agricultural Credit Study EGYPT – Private Sector and Agricultural Development Project EGYPT – Agricultural Export-Oriented Strategy LEBANON – Sugar and Wheat Subsidy Study MOROCCO – “Colloque National de l’Agriculture et du Developpement Rural”, 19-20 juillet 2000, covering land tenure, investment code, etc. MOROCCO – Agricultural Policy Note MOROCCO – CNCA Reform SAUDI ARABIA – Divestiture of Grain silos and Flower Mills Study TUNISIA – Agricultural Competitiveness Study TUNISIA – Marketing of Fruits and Vegetables TUNISIA - Agricultural Sector Investment Loan II YEMEN – Agriculture Strategy Note YEMEN - Aden Agenda for Sector Reform YEMEN – Farmer Services Project

<b><i>Issues and Background</i></b>	<b><i>Proposed Action in V2A 1997 (Targets)</i></b>	<b><i>Achievements through MENA's Portfolio</i></b>
<p>Targets mainly in low rainfall areas.</p> <p>Heavy budgetary burden.</p> <p>No incentive to increase productivity due to inadequate research and extension.</p> <p>These supports entail social subsidies to producers who have few alternatives to cereal production.</p> <p>EU agenda</p> <p>Proximity of EU has advantages, but EU trade barriers limit diversification towards higher value crops for export.</p>	<p>Macro agenda should include liberalization of internal and external marketing, privatization of state marketing companies</p>	<p>YEMEN – Public Sector Management Adjustment Credit Project (PSMAC II)</p>
<p>Natural resource management and environment</p> <p>Arable land resources have reached their limit under current irrigation and rainfed water availability.</p> <p>Productivity increases are the only way to increase production.</p> <p>Require efficient and sustainable use.</p> <p>Common land resources (steppes, ranges fallow) are overexploited for livestock production (links land tenure).</p> <p>Soil erosion a major environmental problem (importance of forestry).</p> <p>Desert encroachment and desertification a problem.</p> <p>Overexploitation of groundwater a major problem in some countries.</p> <p>Watershed management inadequate; participatory approaches needed as top-down approaches are not effective</p>	<p>Soil, watershed, and rangeland projects.</p> <p>Natural resource management and environment lending needs to be maintained.</p> <p>Participatory approaches need to be an integral part of projects.</p> <p>Rainfed agriculture should not be overlooked.</p> <p>Governments need to reassert control over groundwater</p>	<p>ALGERIA – Agro-Ecological Study</p> <p>IRAN – Watershed Conservation Project</p> <p>LEBANON - Regional Initiative for Dryland Management (Desertification)</p> <p>MOROCCO – GEF Protected Areas Management Project</p> <p>SYRIA – GEF Biodiversity Project</p> <p>YEMEN – Towards a Water Strategy Study</p> <p>YEMEN – GEF Coastal Protection Grant</p>
<p>Land Tenure</p> <p>Politically sensitive</p> <p>Small landholders predominate, for many farm size may be economically inadequate, especially with fragmentation.</p> <p>Insecurity of tenure and lack of land titles cause inefficient and unsustainable exploitation, as well constraints in access to official credit (collateral issue).</p> <p>Historical and social factors lead to smaller farm sizes through division for inheritance.</p>	<p>Bank is timid in this area, including policy dialogue.</p> <p>Should the Bank get involved?</p> <p>If Bank decides not to get involved, we have to live with the consequences in that what we do in other areas may have limited effectiveness due to constraints posed by land tenure.</p>	<p>ALGERIA – Agricultural Land Tenure Study</p> <p>TUNISIA – Land Tenure Note</p> <p>YEMEN – Southern Governorates Project</p>

<i>Issues and Background</i>	<i>Proposed Action in V2A 1997 (Targets)</i>	<i>Achievements through MENA's Portfolio</i>
<p>Common lands are exploited without any titles but through customary rights.</p> <p>Much of the agricultural land has not been surveyed for cadastre and this process moves slowly due to the cadastre techniques used.</p> <p>Land markets are virtual nonexistent and are encumbered by costly and time consuming bureaucratic processes.</p>		

## **Appendix 3 Lessons Learned from Bank Operations in Countries of the Middle East & North Africa Region**

The 1997 *Vision to Action* document (pp. 5 and 33-34) identified six major areas where we have learned from past mistakes:

“Integrated rural development” – top down centralized programs

Credit support to specific crops or sectors

Frontier settlement programs

Large-scale irrigation programs

Seed production through parastatals

Public sector production, distribution, processing, or marketing<sup>8</sup>

These are covered quite well in the 1997 document, are still valid today, and need not be mentioned further here. Rather our objective is to glean from our more recent experience any additional lessons learned in rural development and poverty reduction in the MENA region.

A preliminary evaluation of Bank experiences in rural development across the MENA region leads to a series of eight lessons that reflect both successes and failures of Bank assistance programs. This section presents the general lessons and places them in context with cases taken from Bank programs in the MENA region. The major lessons learned are as follows:

More attention needs be paid to political constraints and institutional capacities

Non-lending activities employing the Bank’s strong analytical talent may be more important in some countries

Variability in climate and incomes affects policy decisions in the MENA region in different ways

Projects need to involve more private sector and/or community participation

A greater emphasis on small-scale projects in rural infrastructure and natural resource management is warranted

The Bank needs to be more sensitive to the negative implication of accepting a status-quo stance on issues requiring long-term, re-institutionalizing efforts

The Bank’s awareness of the need for integrated, demand and supply-driven water management should be reflected in policy stances with governments

A lack of indicators for rural development is inhibiting project planning and evaluation

i. *More attention needs be paid to political constraints and institutional capacities.* There are many country examples testifying to the need for Bank activities accurately to assess the political and institutional setting in planning and implementing rural development projects. The lessons of this section thus are perhaps the most obvious.

Aid to Yemen has been less than that to other developing countries with similar economic and social indicators mainly due to economic crisis and limited implementation capacity. For projects that were undertaken in the 1980s and 1990s, lending assistance was directed at reaching the largest number of people via health, education and infrastructure projects. As Yemen lacked a strong central government, lending in rural development and agriculture focused on developing regional agencies to provide services

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<sup>8</sup> World Bank (1997d).

and to develop and maintain irrigation systems. Attempts through projects to reinforce institutional capacity in the public sector were not very successful as the civil service was in a critical condition of overstaffing and plummeting real value of salaries. The regional agencies did not focus on the sustainability of projects and services, and when a fiscal crisis developed during the 1990s operation, maintenance and service delivery all suffered. Since the mid 1990s, the Bank has given effective assistance to implementation through the CPPR/SPPR process and through the presence of a field office. Recently, policy work has reflected the Bank's growing ability to be effective in policy dialogue. For example, the Bank's recommendations were instrumental in the government's creation of a national water authority, in the adoption of a national water strategy and of a national agricultural strategy, and in the reform of the financial sector.<sup>9</sup> Government programs now are more demand-driven. Relying more on community and private sector initiative and capacity, they try to achieve financial and environmental sustainability. This background has led to a strong rural and natural resource program in the CAS, including five new projects in the three year lending program.

Lessons from Algeria reinforce the role of understanding institutional capacity, particularly for rural areas. Both government and donor agricultural extension efforts have suffered from institutional difficulties. Even though government offers new agricultural service providers monetary incentives to take over previously state-dominated roles, the genesis of a private sector has not occurred. The Bank's Agricultural Research and Pilot Extension Project was unable to generate expected results because a significant amount of time and money was spent addressing unanticipated institutional barriers rather than procuring needed equipment and employing needed research and making field contacts.<sup>10</sup>

In Morocco, early sector adjustment loans (SALs) and a subsequent sector investment loan (SIL) had some success, notably in the partial liberalization of the cereals market, but left behind an agenda of "unfinished business." Despite recent progress of on oilseeds, domestic output prices for "strategic commodities" (wheat and sugar) are still protected by high import tariffs, and irrigation water remains heavily subsidized. Initial integrated rural development programs also made some progress, notably in terms of rural infrastructure construction, but were handicapped by lack of beneficiary participation and shortage of counterpart funds. Although the Government's new "2020 Rural Development Strategy" places greatly increased emphasis on "bottoms up," integrated programming, implementation and monitoring of rural development activities, developing a consensus for this new holistic approach with the other ministries concerned, notably the Ministry of Equipment, has proven time-consuming. As a result, the Government has not yet been able to put its new strategy into practice on the ground. Local administration is relatively weak in Morocco, hindering attempts to decentralize. Thus, lending for institution building, outreach, and formation of new partnerships and new instruments are being incorporated as new approaches for carefully managing further lending, ensuring that at least a third be reserved for social and rural programs.<sup>11</sup>

In Egypt in the early 1990s, the Bank employed structural adjustment lending with conditionality. Government resistance compromised Bank participation in integrated development planning. However, intellectual transfer in agriculture and human resources has remained strong throughout the relationship. Privatization assistance and poverty programs are areas where the Bank has influence. Additionally, the Bank now assists the government with integrated planning for agricultural and rural development.<sup>12</sup>

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<sup>9</sup> World Bank (1999k).

<sup>10</sup> World Bank (1998a).

<sup>11</sup> World Bank (1997d).

<sup>12</sup> World Bank (1997c).

Weakness in loan disbursement has been a problem in Lebanon. Although efforts have been made to hasten the process, each Bank loan for Lebanese projects took a long time to become effective without Parliamentary approval. Thus, lags have been debilitating program efforts. For example, the 1994 Irrigation Rehabilitation Loan Program disbursed only \$5.5 million out of a program budget of \$57.2 million in the first four years of operation. Likewise, the Agriculture Infrastructure Program of 1997 went entirely undisbursed in its first year of operation.<sup>13</sup>

Jordan has social programs in labor insurance, pensions and social assistance. World Bank loans and direct assistance have supported a series of projects under these programs. In particular, the Community Infrastructure Program aims to improve living conditions for 1.3 million Jordanians in rural villages. Additionally, projects already in implementation or in pilot phases offer employment training, support for micro-enterprises and direct aid for the critically poor. Investment loans have been granted in infrastructure, health, tourism, export development, housing finance, and human resource projects. However, institutional hindrances created by legal deficiencies, fiscal mismanagement, and administrative delays, have reduced the impact of such programs on economic growth. To help with institutional constraints while continuing active social sector lending, the Bank is providing non-lending support for capacity building within the Department of Statistics and the Ministry of Planning for social sector data collection and analysis.<sup>14</sup>

Across the region, social safety programs tend to be urban biased. All population groups benefit from the social safety net programs across the MENA region. However, in absolute terms, the high-income groups benefit more than do the poor and urban consumers more than rural. The lesson is clearly not that safety programs are ineffective at reducing poverty, but that care should be taken to ensure at least some social security reaches the remote poverty areas. It is much more difficult to design and implement programs for the dispersed rural population than for urban areas. Data exist from most of the MENA countries on inefficient targeting and on failure of the safety net to cover adequately rural areas. However, there are also examples from most countries of successful programs such as work for food and child nutrition programs.

*ii. Non-lending activities employing the Bank's strong analytical talent may be more important in some countries.* By emphasizing its comparative advantage in analytical and policy advice, the Bank can make strides in rural development. Lending activities should have built in flexibility, and analytical work should serve as support to that flexibility. The testimony from country studies reflects these lessons.

The lesson from the programs in Egypt, which in the past focused on structural adjustment, is that the Bank's emphasis should be redirected toward non-lending services complemented by high priority investments. This strategy of assistance will emphasize the value of analytical assistance to the government without tensions from meeting lending criteria of structural reform. Although the Bank will emphasize its non-lending services in Egypt, Bank lending is an affordable way for the government to meet certain capital needs. Also, Bank guarantees can be used to entice investment.<sup>15</sup>

Likewise, in Tunisia's previous CAS (1997-1999), the Bank turned more effort toward non-lending activities. In particular, support was given for structural reform and competition promotion that accompanies structural reform, human capital improvements via education, health and social safety net programs, the modernization of services with emphasis on banking and agriculture services, and the management of scarce resources. Lending that is enacted should include pilot projects whenever feasible,

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<sup>13</sup> World Bank (1997e).

<sup>14</sup> World Bank (1999d).

<sup>15</sup> World Bank (1997c).

and flexibility should be built into any projects. Additionally, lending activities are offered in projects that incorporate general policy objectives and that make gainful use of private infrastructure.<sup>16</sup>

In Yemen, the Bank did not process any new operations in the rural sector for the last three years. During this period serious implementation problems were resolved through CPPR and SPPR and through the creation of the Resident Mission, and the Bank engaged in a serious and in-depth partnership with Government in sector analysis culminating in two major Bank ESW reports (water and agriculture), both of which were the basis of national policy papers subsequently adopted by the Council of Ministers. A third initiative in institutional reform resulted in the “Aden Agenda” for change in institutional structure, personnel and financial resources. On the strength of this shared work and vision, Government and Bank agreed during the participatory CAS process of 1999 on a strengthened lending program for the sector.

Analytical work on Morocco scored a tremendous success in late 1999 with the publication of the Government’s “2020 Rural Development Strategy.” This document drew heavily on the Bank’s earlier green cover Rural Development Strategy which, in turn, was heavily inspired by the Bank’s 1997 “Rural Development – Vision to Action” report. The strategic framework was thus established for a new more holistic approach to rural development activities extending beyond traditional agricultural operations to include rural roads, water supply, electrification, health and education, all on a demand-driven, integrated basis. Operationalizing this new approach, however, has proven more time-consuming than expected, due to the need to build consensus with the other ministries involved, notably the Ministry of Equipment. Achievements in terms of reform of the pricing and incentives framework have been less spectacular, although the Government recently decided to significantly reduce producer price protection and consumer subsidies on oilseeds.

*iii. Variability in climate and incomes affects policy decisions in the MENA region in different ways.* This lesson of variability is perhaps less stated in explicit program results, but, nevertheless, it may be emerging as a major driving force of project outcome. Cases describing the impact of rural income variability illustrate the diversity of situations in which external fluctuations can have implications, particularly for the rural poor. On the one hand, many governments seek consumer and producer price stability as an objective, and in a different sense, in many cases, the economic and agricultural policy framework does not match the climatic variability and production conditions in the country.

Price supports in the Algerian wheat sector have not induced the desired productivity improvement due to both the risk involved with technology adoption and the subsistence role of wheat production. Investment involved in implementing new technologies is too risky given sustenance needs. Thus, technology diffusion programs have had little impact.<sup>17</sup>

Reliance on irrigation for agriculture dampens the variability resulting from weather conditions. The huge difference between Morocco and Egypt in variability of agricultural income growth makes this abundantly clear. Egypt has a very low variability and relies heavily on irrigation, while Morocco has a very high variability in agricultural incomes and relies much less on irrigation. Figure A-1 illustrates how bread wheat (blé tendre) area and yield have evolved over the past three decades in Morocco. Variability has always been an issue, but with the significant increase in area of bread wheat in the mid 1980s, the variability has increased even more. And the impact of this variability is larger than cereals alone. Figure A-2 illustrates the linkage between cereal production and total agricultural GDP. Clearly, in Morocco and similar countries in MENA, variability in crop production has a huge impact on the rural economy.

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<sup>16</sup> World Bank (2000h).

<sup>17</sup> World Bank (1998a).

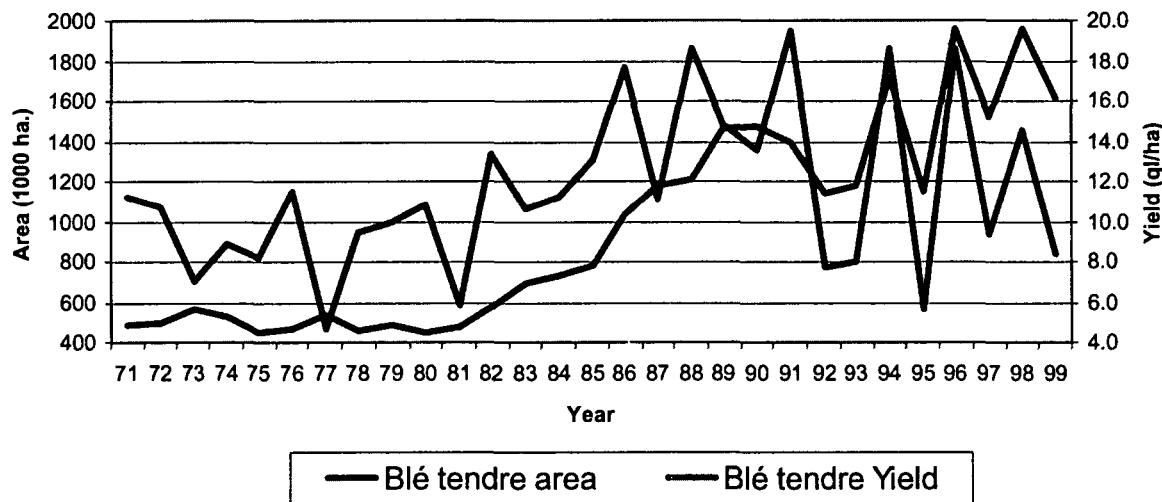
However, as irrigated agriculture in many MENA countries moves toward non-sustenance crops and away from basic cereals, the risks grow for variability in living standards resulting from fluctuations in world prices of agricultural imports, cereals in particular, and from agricultural export values. Most of the MENA Mediterranean countries export fruits and vegetables and import cereals.

Research and extension programs will need to be better targeted to focus on drought resistant varieties and on crops that are better suited to the existing climatic variability in the region. Also, research and extension programs need to do a much better job of involving farmers and farmer groups in decision making.

A final avenue for variability to negatively impact the rural poor is via fluctuations in remittances of the population working abroad. This has been particularly important in the MENA region as labor migrated to meet oil extraction needs in the Gulf and Arabian Peninsula as well as basic labor needs in Europe. However, as the economic climate in Europe and oil prices have fluctuated, so has the demand for foreign workers. In most MENA countries, this variability translates into income disruptions for families relying on remittances. The most outstanding example of this effect in the region is Yemen, where remittances accounted fifteen years ago for three quarters of export earnings, and dropped to negligible levels in 1990 after the Gulf War. The place of remittances has been taken by oil revenues that now represent up to three quarters of export earnings. This change has had the effect of transferring a huge volume of rural development capital from private hands to the government. Because of this change, we have seen the proliferation of funds and projects to re-inject this capital back into rural areas and new types of community organizations to spend and manage these funds.

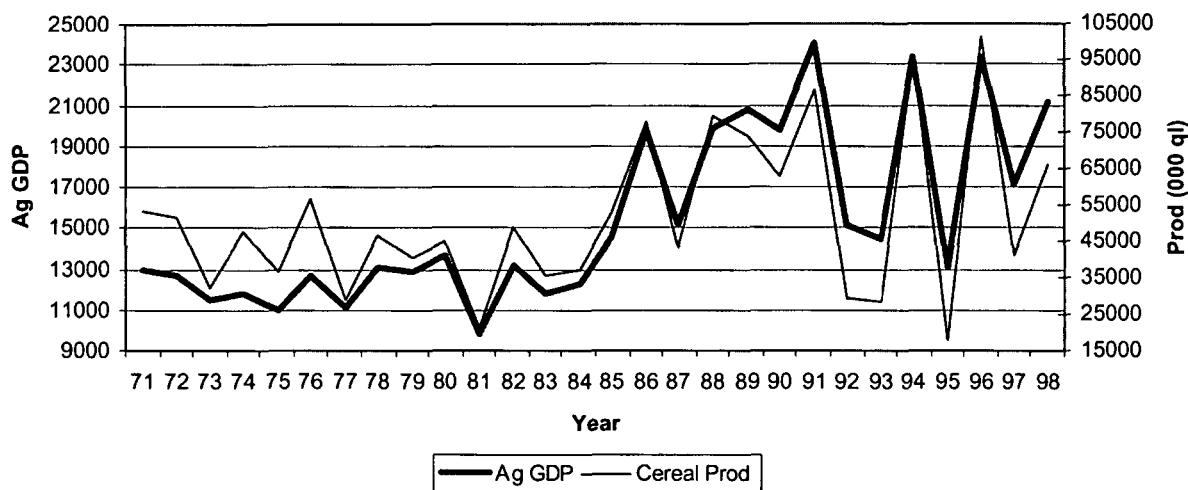
Lebanon has been particularly susceptible to such fluctuations on two counts. First, Lebanese working abroad have provided large sources of income to the war-torn state. Second, in that Lebanese labor wages are high by MENA norms, workers from abroad have found jobs in rebuilding Lebanon, undercutting domestic labor.<sup>18</sup>

**Figure 3A.1 Evolution of Blé Tendre Area and Yield in Morocco**



<sup>18</sup> World Bank (1997e).

**Figure 3A.2 Moroccan Cereal Production and Agricultural GDP**



iv. *Projects need to involve more private sector and/or community participation.* The lesson learned that projects must have local participation for sustained success is not a new theme for strategic program planning. However, cases of unsatisfactory project results across varying rural development programs caused by a lack of community participation add evidence to the significance of this point

Algeria offers a relevant example of misdirected lending efforts in rural infrastructure. Many past irrigation projects have proved largely unsustainable. Only 22% of the area equipped for large-scale irrigation is actually being irrigated. The performance of past irrigation investment has been inadequate due to a lack of user involvement, compounded with weak operation and maintenance resulting from institutional deficiencies.<sup>19</sup> Efforts in ongoing small and medium scale irrigation (PME) maintenance should be coordinated with the Water Users Associations and should remain a private sector activity despite the need to rely on a central planner for the provision of maintenance parts and the coordination of technologies across the country.<sup>20</sup> However, institutional and technical agencies need to be developed to support such activities. Priority should be given to reducing system losses. More recently, encouraging steps have been made by the government of Algeria in coordination with Bank advisory service. Specifically, the New Water Code of 1996 offers concessions for private and communal management of water services.<sup>21</sup>

The Taiz Water Supply Pilot Project is under test phase as an effort to improve the implementation of technology for groundwater use in Yemen using communal management. Water in Yemen is not subject to ownership right, and thus groundwater is an open access resource. Reflecting the inherent conflict between water scarcity and the reality of use, a program for educating farmers for participation in irrigation management is being supported by the Bank. Over a fifteen year period, there was a major Bank effort with the regional development agencies in Yemen, which successfully did the job of developing infrastructure – but which were all “top down” and which now face two critical problems: (1)

<sup>19</sup> World Bank (1998a).

<sup>20</sup> World Bank (1998a).

<sup>21</sup> World Bank (1998b).

of ensuring the sustainability through participation of the assets they have created; and (2) of becoming demand responsive service agencies working with farmer organizations.

A water-sewage project in Tunisia has been implemented to re-use water from municipal sewage for private agricultural purposes. However, private participation by agricultural buyers has been slow to happen due to the noninvolvement of the potential private end-users in the project planning. This being said, however, it is worth noting the Bank is supporting our extremely productive work in Tunisia via participatory and privatization programs in such sectors as natural resources management and transport.<sup>22</sup>

Morocco has had a series of irrigation, agricultural development, and integrated rural development projects that encountered difficulties because of the low level of local involvement in planning and execution. Examples include Fès-Karia-Tissa, Loukkos, Middle Atlas, and Oulmes-Rommani.<sup>23</sup> However, the pending Irrigation Based Community Development project is incorporating the lessons learned from these past projects in terms of greater community involvement at each stage of the project. The Moroccan “2020 Rural Development Strategy” also underlines the need for decentralization and integration among sectoral programs at the local level.<sup>24</sup>

v. *A greater emphasis on small-scale projects in rural infrastructure and natural resource management is warranted.* Small-scale rural infrastructure projects have at least three desirable traits applicable to rural development in the MENA region: they often are more labor-intensive than large-scale projects; they tend to involve the community more in their implementation; and they may be more sustainable in that rural associations may have the ability to carry out operations and maintenance. Naturally, an overlap exists between Lessons iv and v. Also, small-scale projects have the advantage of generally being able to target poorer quintiles of the population relative to large-scale programs.

Promotion of labor-intensive, private sector growth is one of major objectives of the Algerian government. The Rural Employment Project has partially supported the government’s program to address agro-ecological problems through the Algerian government’s relatively new agency, the General Directorate of Forestry. In the early years of this agency, programs were implemented with capital-intensive projects. However, as the government has shifted its emphasis to utilizing labor-intensive approaches, the Bank’s lending will have direct employment-creating effects in the rural areas.<sup>25</sup> Additionally, the shift will allow communities to be more directly involved with their resource management and allow lending to be focused to sectoral-specific strategies.<sup>26</sup>

Another example of the importance of smaller-scale infrastructure projects from Algeria is the case previously mentioned regarding the poor performance of large-scale irrigation projects enacted in prior decades. In addition to the unsustainability of these works, there also arises a question as to what income group such projects benefit in that typically large scale irrigation is used on the relatively high yielding, larger farms in the north of Algeria.<sup>27</sup> Reflecting an awareness of the issue, the Forestry and Pilot Watershed Management project and the Rural Employment Project both support small-scale resource management at a communal level.<sup>28</sup>

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<sup>22</sup> World Bank (2000h).

<sup>23</sup> World Bank (2000i).

<sup>24</sup> Conseil Général du Développement Agricole, Royaume du Maroc.

<sup>25</sup> World Bank (1998a).

<sup>26</sup> World Bank (1998b).

<sup>27</sup> World Bank (1998b).

<sup>28</sup> World Bank (1998a)

Egyptian studies have concluded that poor post-harvest facilities and weak marketing channels have hampered agricultural growth. Increasing the effectiveness of such infrastructure will make the sector attractive for investment. For rural development to occur, such facilities must be of the scale such that the small farmer can gain access.<sup>29</sup>

*vi. The Bank may need to be sensitive to the negative implication of accepting a status-quo stance on issues requiring long-term, re-institutionalizing efforts.* This lesson is also the least evidenced by cases to reference. However, a lack of much explicit recognition may not dampen this lesson's significance.

The lesson from all our work on policy for natural resource management – and this is particularly drawn from the Yemen experience – is that changing national policies on natural resources and environment is a very long term affair. It is well known that from first emergence of the signs of a problem to effective national mobilization of action can take twenty years – or more. The lessons for the Bank are: (1) be provident and proactive to identify the problem as soon as possible – this demands a real investment in sector work, as we have done on water in Yemen, Tunisia and Jordan<sup>30</sup>; (2) coordinate fiercely within the Bank, as water issues particularly involve several units – this means commitment to team approaches, pooling resources, being willing to let go sometimes; (3) be clear, consistent and honest with Government, exploiting windows of opportunity like a drought or a city running dry to drive the message home relentlessly – this means having a budget and assignment of responsibility for the activity; and (4) back up words with investment – a lending operation is a good vehicle for dialogue, creates incentives, and focuses the agenda for at least the period of the operation.

An unintended consequence of the way sectoral adjustment loans played out may have been to perpetuate the power of government institutions. Conditionality associated with agricultural sector lending often was not met, but the funds were disbursed anyway. In many MENA countries, there is an emerging debate between the government and the private sector (that they have closely regulated in the past). Providing funds for the government without achieving regulatory and tariff reforms can be (and has been) seen as slowing down the much needed policy reform to promote the role of the private sector.

There is a greater need for better understanding and consideration of land tenure deficiencies in agriculture and irrigation projects. The base idea is that if incentives are not aligned for farmers to think of their land as a long-term sustainable resource, then project success will not be maximized. Where land tenure is uncertain, rural development projects need to account for the lack of strong land ownership incentives. More attention could be paid to countries' plans to secure ownership rights to land. Land tenure is complex, with legislation originating from tribal, communal, colonial and other origins. In 1987, the government of Algeria transferred much of then state-owned land to individuals and collective farms. However, formal property deeds for these lands as well as for other existing private farms have yet to be issued. Additionally, Algeria faces depletion of natural resources on tribal common lands, evoking the issue of re-evaluation of the unchecked rights to these lands. Bank involvement in assisting and training governments with the slow process of issuing deeds and performing necessary surveys may be warranted. The evolving land titling experience in East Asia could provide some useful lessons.

*vii. The Bank's awareness of the need for integrated, demand and supply-driven water management should be reflected in policy stances with governments.* The simple idea that water is running out in much of MENA is not a new revelation. Neither is the fact that a supply-driven focus of water policies – pumping systems, reservoirs, irrigation projects, desalination, etc – does not, by design, solve the allocation problem of the scarce water resource. The lesson here is that the Bank needs to ensure that all projects involved with supply creation or restoration are integrated with a participatory demand

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<sup>29</sup> World Bank (1997c).

<sup>30</sup> World Bank (1999f).

management element. In fact, this approach has been predominant since the 1995 MENA water strategy was adopted.

The examples from the Region of this transformation already occurring are numerous. For instance, the recently approved Water Sector Investment Loan of Tunisia and the proposed Irrigation Based Community Development Project of Morocco call explicitly for such demand management. The Second Pumping Station Rehabilitation Project in Egypt, a supply restoration loan, includes in its agenda governmental capacity building in evaluating costs and benefits of the pumping station and, more generally, development of an environmental unit in governmental agriculture and water engineering groups. In this context, demand management goes beyond efforts to bring water pricing in line with economic costs.

In Jordan, the government has negotiated with farmers in the Disi region to eliminate cereal cropping in that the irrigation input is too costly for the value added. However, there are large social issues created from such action in that this area was originally developed for irrigated agriculture and now supports large numbers of people.<sup>31</sup>

In Algeria, the demand for large-scale irrigation is managed via rationing. It is thought that the management of such irrigation would improve if it were transferred to private concessions and Water Users Associations. Small-scale irrigation is characterized already by private or collective ownership of wells and bore holes. Economic recovery is difficult to administer in micro level water supplies.<sup>32</sup>

The Bank's water resources strategy contains the principles necessary for meeting challenges posed by the current fragmented approach to management of water at the country and regional scales. These principles have been reasonably well-mainstreamed in country strategies, economic and sector work, policy papers, and water sector reviews in the region. Implementation of the principles of comprehensive water management remains a challenge in many countries in the region. The Bank must now ensure that these principles are translated into prioritized, practical recommendations consistent with the needs of each country, as well as the region.

Rural development in MENA is challenged and constrained by multiple-dimension water-related issues. MENA, as the most arid region of the world, faces water constraints in all aspects of development. Water-related projects in MENA suggest the following key lessons: a) Competition for water among multiple users has increased the pressure on agricultural water uses requiring a dramatic increase in irrigation efficiency. This is particularly evident in competition for water between urban growth and agriculture; b) Heavy reliance on groundwater, as facilitated by tube-well and other technologies, in all sectors has led to unsustainable withdrawals; c) Continued extensive state involvement in the water sector, particularly in irrigation water delivery, has led to unsustainable economics and management of water resources; and, d) The political economy of water in the MENA countries are not conducive to rapid policy and institutional reforms, particularly in the private sector.

*viii. A lack of indicators for rural development is inhibiting project planning and evaluation.* Often projects cannot be adequately planned or measured simply because the base data do not exist. The capacity to understand deficiencies in rural areas is often hindered by the remote locations. Yet, policies are made to raise income and address issues in such places where little prior analysis can be done to offer insights on sustainable income opportunities. The bank's vision in Jordan includes helping the Department of Statistics and Ministry of Planning with information gathering. This seems to be a worthy activity in light of these shortcomings.

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<sup>31</sup> World Bank (1997a).

<sup>32</sup> World Bank (1998b).

Water is a common theme in any discussion of the region. In Algeria for example, although most irrigated farms are served by small-scale irrigation, with degradation of the structures, the quality of the water comes into question.<sup>33</sup> No measurements exist to determine the degree of contamination or salination in such water supplies. Another data issue that is frequently questioned is regarding water supply and transport. The accounting for water losses across irrigation and transport structures is cited in Jordanian studies as an area for improvement.<sup>34</sup> The Sana'a report on regional groundwater issues also underlined the importance of improving data and information on water issues.<sup>35</sup>

In Morocco, the 1992 Agriculture Sector Loan was recently rated unsatisfactory because of the lack of benchmarks *ex ante*. Without these references, the project was rated “of limited relevance”.<sup>36</sup> Resulting from this experience, the lesson is clear: not only must appropriate and measurable indicators exist, but the use of these measures should be in line with the government’s objectives in its policy. Indicator specification and agreement *ex ante* is perhaps the best test to assess whether the aims of the government coincide with Bank’s goals.

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<sup>33</sup> World Bank (1998b).

<sup>34</sup> World Bank (1997a).

<sup>35</sup> Swiss Development Corporation and World Bank (2000).

<sup>36</sup> World Bank (1999e).

## Appendix 4 Country Action Plans

**Table A4.1 Action plan and performance indicators for Algeria**

<b>Strategy</b>	<b>Action Plan Components</b>	<b>Performance Indicators/Monitoring</b>
Rationalize water management and policies	<ul style="list-style-type: none"> <li>▪ Changing water use methods and policies in Algeria is a long term process. The World Bank intends to continue the dialogue with the Government in order to develop a water strategy covering:</li> <li>▪ Actions on policies and programs for integrated and sustainable management of water resources focused on demand management and investment planning, priority being given to the rehabilitation of existing infrastructure</li> <li>▪ Improvement of the operation &amp; maintenance (O&amp;M) of GH infrastructure, most of which is in an advanced state of deterioration.</li> <li>▪ Insist on the higher importance of PMH in water resources management .</li> <li>▪ As now permitted by law, take advantage of the potential offered by AUEs and the private sector to entrust them with more responsibility in the management and O&amp;M of irrigation infrastructure.</li> <li>▪ Technical and management retraining in the fields of water infrastructure rehabilitation and water management (cost pricing and recovery).</li> <li>▪ Rehabilitation actions of purification systems to reduce groundwater pollution and encourage the use of wastewater.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Adapt the dialogue to the realities on the ground</li> <li>▪ Investments in rehabilitation to be financed with Bank support</li> <li>▪ Rehabilitation investments with Bank support</li> <li>▪ The water resources management improvement process to be launched with Bank support</li> <li>▪ Better follow-up on sub-surface water</li> <li>▪ More WUAs</li> <li>▪ Water tariffs increase, almost reaching O&amp;M fees in GH</li> <li>▪ PMH expansion is controlled and its equipment modernized through private investments, to increase water usage efficiency</li> </ul>
Improve access to social and economic infrastructure		
Facilitate agricultural growth and competitiveness	<ul style="list-style-type: none"> <li>▪ The agricultural sector development plans must be based on competitiveness criteria as well as natural resources management, on a sustainable basis</li> <li>▪ Wheat subsidies are both instruments of social and economic policy. One should consider options for reaching social policy objectives at a lower cost</li> <li>▪ Settling of land titling problems would improve the efficiency and competitiveness of agriculture. However, these problems are very complex in Algeria, and solving them will take a long time. Legislation of land reform is underway and should the law be voted, the Bank could play a part in organizing the market and related rules</li> <li>▪ The cereal sector needs to be restructured for more efficiency, as it is now dominated by a structure of public enterprise subsectors</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cost pricing policies of the cereal sector are allowed to depend more on the market, with public interventions based on settlement, and foreseeable to stabilize the market.</li> <li>▪ PEs that hold monopolies limit their interventions and role in the market.</li> </ul>

**Table A4.1 Action plan and performance indicators for Algeria**

<i>Strategy</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
Reinforce non-agricultural and non private sector rural economic activities	<ul style="list-style-type: none"> <li>▪ Develop an agriculture sector strategy</li> <li>▪ The Rural Employment Project (Loan 4143-AL) uses environment-focused work and is based on the shift from cereal monoculture to shrubbery for the creation of direct and indirect jobs.</li> <li>▪ The cereal policy reform could lead to higher non agricultural employment in rural areas.</li> <li>▪ The cereal subsector is made of public enterprises and there is potential for more efficiency and higher employment through the creation of smaller and more flexible units. Such restructuring would allow an easier entry into the private sector.</li> <li>▪ The agricultural and agro-industrial sectors show very high levels of private sector activity in the economy, but a few subsectors are still dominated by the spectrum of the PE.</li> <li>▪ Proposed Rural Employment Project</li> </ul>	<ul style="list-style-type: none"> <li>▪ Constant support to GRN projects with labor-intensive activities.</li> <li>▪ Incentives to SMEs from the cereal sector policies</li> <li>▪ Elimination of barriers at entry thanks to the dominance of EPs on the market.</li> <li>▪ Improvement of policies, structures and access to financial sector.</li> </ul>
Improve water resources and environment management	<ul style="list-style-type: none"> <li>▪ Soil erosion is the most serious environmental problem faced by the rural areas. This problem needs to be solved through watershed management activities and through intensive labor as well as participatory approaches. Activities for the defense of forest and fruit trees (such as reforestation and terracing) are major activities for the fight against soil erosion</li> <li>▪ Surface and sub-soil protection (dams and groundwater).</li> <li>▪ Fight against desertification.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Material intervention rate in reforestation, conversion from cereal monoculture to fruit trees, flood control structures, etc.</li> <li>▪ Better management of water resources.</li> <li>▪ Controlled impact of desertification.</li> </ul>

**Table A4.2 Action plan and performance indicators for Egypt**

<i>Strategy</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
Rationalizing water management and policies	<ul style="list-style-type: none"> <li>▪ Increasing efficiency in agricultural water use and cost-sharing O&amp;M costs through water charges are high priority actions.</li> <li>▪ Rehabilitation and modernization of priority irrigation and drainage systems. (Government targets for 2017 are 3.5 m feddans and 3.9 m feddans respectively)</li> <li>▪ Develop a sector reform strategy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased areas with improved management of irrigation and drainage systems.</li> <li>▪ Partnership with potential donors to meet Government's requirement for 40% grant element with Bank loans</li> </ul>
Improving access to social and economic	<ul style="list-style-type: none"> <li>▪ <b>Sohag, Matruh, and East Delta Projects</b> are designed to empower rural populations in the definition of their priority needs and subsequent implementation of rural infrastructure development.</li> <li>▪ Basic Education Improvement Project and <b>Education Enhancement</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Improvement in economic and social indicators especially for rural women.</li> <li>▪ Increases in enrollment ratios disaggregated by gender, by governorates</li> </ul>

**Table A4.2 Action plan and performance indicators for Egypt**

<i>Strategy</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
infrastructure	<b>Program Project</b> are designed to improve access to, quality and efficiency of the basic education system, especially for girls. Measures include targeted school construction program and community participation in rural villages.	and urban rural locations.
Facilitating agricultural growth and competitiveness	<ul style="list-style-type: none"> <li>▪ Continued liberalization of prices and marketing channels for high export potential products</li> <li>▪ Significant transport investments and policy changes are needed to remove barriers to agricultural exports, both via air and ship.</li> <li>▪ Implementation of the Private Sector Development Project</li> </ul>	<ul style="list-style-type: none"> <li>▪ Adoption of the action plan based on the <b>Agricultural Export-Oriented Strategy</b> recommendations.</li> <li>▪ Increased access to rural credit and financing of investments for improved on-farm technology and marketing services.</li> </ul>
Enhancing rural non-agricultural economic activities	<ul style="list-style-type: none"> <li>▪ Implementation of the Private Sector Development Project</li> <li>▪ Implementation of Sohag Rural Development Project</li> <li>▪ Develop and integrated rural development strategy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased access to rural credit and financing of non-farm investments.</li> <li>▪ Implementation of PBDAC's institutional reform agenda.</li> </ul>
Improving natural resource and environmental management	<ul style="list-style-type: none"> <li>▪ Launch the second <b>Matruh NRMP</b></li> <li>▪ Natural resources management through the National Environmental Plan</li> <li>▪ Reduction of urban and industrial pollution (Pollution Abatement Project)</li> <li>▪ Develop GEF Projects and CDM study</li> <li>▪ Mainstream environmental actions in sectoral activities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sustainable use of marginal areas and improved incomes;</li> <li>▪ Improved water quality;</li> <li>▪ Reduced land degradation.</li> <li>▪ Global concerns integrated into local environmental management.</li> <li>▪ Environmental compliance .</li> </ul>

**Table A4.3 Action plan and performance indicators for Iran**

<i>Strategy</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
Rationalizing water management and policies	<ul style="list-style-type: none"> <li>▪ Prepare Water Management Strategy Note</li> <li>▪ Consistent with current FYDP, prepare new Water Resource Management Project designed to address issues of watershed management based on a river basin management approach including:</li> <li>▪ Water management and agricultural development in the lower reaches of the river basin; and</li> <li>▪ Watershed management of the upper reaches of the river basin</li> </ul>	<ul style="list-style-type: none"> <li>▪ Better understanding of water management issues</li> <li>▪ Higher agricultural productivity</li> <li>▪ Reduced soil erosion and land degradation</li> </ul>

**Table A4.3 Action plan and performance indicators for Iran**

<b>Strategy</b>	<b>Action Plan Components</b>	<b>Performance Indicators/Monitoring</b>
Improving access to social and economic infrastructure	<ul style="list-style-type: none"><li>▪ Provide community-based infrastructure under Social Fund Project</li></ul>	<ul style="list-style-type: none"><li>▪ Improved access by communities</li></ul>
Facilitating agricultural growth and competitiveness	<ul style="list-style-type: none"><li>▪ Prepare Agricultural Policy Review Note</li></ul>	<ul style="list-style-type: none"><li>▪ Better understanding of sector potential and constraints</li></ul>
Enhancing rural non-agricultural and private sector economic activities		
Improving natural resource and environmental management	<ul style="list-style-type: none"><li>▪ Strengthen the Environmental Organization in the formulation, implementation and enforcement of environmental policies through a new Environmental Management Project</li></ul>	<ul style="list-style-type: none"><li>▪ Enhanced environmental monitoring and enforcement capacity, including adequate equipment for monitoring</li></ul>

**Table A4.4 Action plan and performance indicators for Jordan**

<b>Strategy</b>	<b>Action Plan Components</b>	<b>Performance Indicators/Monitoring</b>
Rationalizing water management and policies	<p><i>The major action item is to increase the efficiency of water use in agriculture.</i></p> <ul style="list-style-type: none"><li>▪ Water pricing needs to increase and operation and maintenance improved.</li><li>▪ Watershed management needs to be the focus.</li><li>▪ Water sector update</li></ul>	<ul style="list-style-type: none"><li>▪ Implementation of plans to increase agricultural water use efficiency.</li></ul>
Improving access to social and economic infrastructure	<ul style="list-style-type: none"><li>▪ Social and economic infrastructure in many rural regions is weak and must be considered in creating a rural development strategy.</li></ul>	<ul style="list-style-type: none"><li>▪ Inclusion of improvements of social and economic infrastructure in an overall rural development strategy.</li></ul>
Facilitating	<ul style="list-style-type: none"><li>▪ Land tenure changes are necessary to encourage investments in land</li></ul>	<ul style="list-style-type: none"><li>▪ Changes in existing land tenure laws</li></ul>

**Table A4.4 Action plan and performance indicators for Jordan**

<b>Strategy</b>	<b>Action Plan Components</b>	<b>Performance Indicators/Monitoring</b>
agricultural growth and competitiveness	<p>improvement and sustainable management.</p> <ul style="list-style-type: none"> <li>▪ Agricultural price and market policies need to be reformed based on an analysis of the impacts of alternative policy sets.</li> <li>▪ Promote agricultural exports to Europe and Gulf markets</li> <li>▪ Implementation of Horticultural Export Development Project</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implementation of new agricultural price policies and market regulations.</li> <li>▪ Improvements in the market infrastructure implemented.</li> </ul>
Enhancing rural non-agricultural and private sector economic activities	<ul style="list-style-type: none"> <li>▪ Rural credit delivery systems need strengthening.</li> <li>▪ Cultural heritage tourism is a priority.</li> <li>▪ Adoption of the Cooperative Law.</li> </ul>	
Improving natural resource and environmental management	<ul style="list-style-type: none"> <li>▪ A plan for efficient and sustainable management of natural resources is the highest priority.</li> <li>▪ Common land resources are over-exploited and soil erosion is a major problem needing attention.</li> <li>▪ Water quality management, including improving prospects for reuse, is a priority</li> </ul>	<ul style="list-style-type: none"> <li>▪ Adoption and implementation of a plan for sustainable natural resource management.</li> </ul>

**Table A4.5 Action plan and performance indicators for Lebanon**

<b>Strategy</b>	<b>Action Plan Components</b>	<b>Performance Indicators/Monitoring</b>
Rationalizing water management and policies	<p><i>The highest priority is development of a water master plan. To develop such a plan, it will be necessary to improve the water resources data base on availability, demand, and water quality by river basin;</i></p> <ul style="list-style-type: none"> <li>▪ Increased water charges to at least cover O&amp;M.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Preparation of the master plan;</li> <li>▪ Implementation of water charges covering O&amp;M;</li> <li>▪ Establishment of regional water authorities.</li> </ul>
Improving access to social and economic infrastructure	<ul style="list-style-type: none"> <li>▪ Implementation of the Community Development Project (CDP) would improve access to and quality of services;</li> <li>▪ Support consensus building and increase Government's preparedness to invest in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regional and sectoral budget allocation;</li> <li>▪ Restoration of economic and social services in Southern Lebanon;</li> <li>▪ Improved social services in relatively poor areas.</li> </ul>
Facilitating agricultural growth and	<ul style="list-style-type: none"> <li>▪ The highest priority need is for an analysis of agricultural competitiveness and development of an agricultural and rural development strategy for the country: an Agricultural Policy Note</li> </ul>	<ul style="list-style-type: none"> <li>▪ Completion of agricultural competitiveness analysis and agricultural and rural development strategy;</li> </ul>

**Table A4.5 Action plan and performance indicators for Lebanon**

<i>Strategy</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
competitiveness	<ul style="list-style-type: none"> <li>▪ Adaptive research needs to target export oriented crops;</li> <li>▪ Promote private sector agricultural services;</li> <li>▪ Launch the planned Rural Development Project.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Production and Exports of competitive crops expand.</li> </ul>
Enhancing rural non-agricultural economic activities	<ul style="list-style-type: none"> <li>▪ Access to credit in rural Lebanon is limited. The European Union is preparing an income generating operation ( social fund) for rural and urban areas;</li> <li>▪ Promote private sector in the provision of information technology telecommunication, marketing infrastructure and vocational training in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Share of non-agricultural income generating resources in rural areas;</li> <li>▪ Private sector investment in areas outside Greater Beirut.</li> </ul>
Improving natural resource and environmental management	<ul style="list-style-type: none"> <li>▪ Timely implementation of the streamlined Solid Waste and Environment Management Project;</li> <li>▪ Integrate environmental criteria in rural investment projects.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implementation of the Environmental Assessment recommendations for the Litani area.</li> </ul>

**Table A4.6 Action plan and performance indicators for Morocco**

<i>Strategy</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
Rationalizing water management and policies	<ul style="list-style-type: none"> <li>▪ Complete establishment of Oum er R'bia River Basin Agency (RBA) under ongoing Water Resources Management Project;</li> <li>▪ Based on completion reports for <b>Second Large-Scale Irrigation Project (LSI 2)</b> and <b>Irrigated Areas Agricultural Services Project (IAAS)</b>, formulate strategy for future large-scale irrigation development with emphasis on institutional aspects, including separation of public service functions (e.g. research and extension) from commercial activities (e.g. provision of irrigation water), measures needed to achieve managerial autonomy and financial viability, etc.;</li> <li>▪ Institutionalize Rural Development Fund (FDR) as a demand-driven, non-preallocated funding mechanism by negotiating and launching Phase I of <b>Irrigation Based Community Development Program (APL)</b>, with emphasis on local participation and integration of sector programs.</li> <li>▪ Develop a water resource strategy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Issuance of outstanding decrees on water charges and pollution fees;</li> <li>▪ Preparation of Intensive Learning Implementation Completion Reports (ICRs) for LSI-2 and IAAS Projects and Workshop on future of large-scale irrigation sector;</li> <li>▪ Access by project beneficiaries to complementary community infrastructure financed by Rural Development Fund on a participatory basis, not predetermined by line ministry.</li> </ul>
Improving access to social and	<ul style="list-style-type: none"> <li>▪ Continue implementing ongoing rural infrastructure programs: <b>Rural Water Supply and Sanitation</b>, <b>National Rural Roads</b>, <b>Rural Electrification</b>, <b>BAJ</b> (Education, Health and Coordination), with particular emphasis on women and small-scale fisheries infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improved coverage of rural areas in terms of water supply and sanitation, rural roads, rural electrification, access to basic education of better quality clinics, etc.</li> </ul>

**Table A4.6 Action plan and performance indicators for Morocco**

Strategy	Action Plan Components	Performance Indicators/Monitoring
economic infrastructure		
Facilitating agricultural growth and competitiveness	<ul style="list-style-type: none"> <li>▪ Extend recent removal of consumer subsidies and reduction of tariff protection on oilseeds to sugar and subsequently to wheat, together with social "safety net" measures to ease the transition for the poor;</li> <li>▪ Complete Agricultural Policy Note, including land tenure;</li> <li>▪ Strengthen CNCA for lending to larger commercial farmers.</li> </ul>	<ul style="list-style-type: none"> <li>▪ % reduction in consumer subsidies and tariff protection for sugar and wheat, and increased funding and better targeting of social "safety net" programs;</li> <li>▪ Issuance, internal review and dissemination of Agricultural Policy Note;</li> <li>▪ Separation of CNCA's viable commercial banking activities from its assistance activities to poor farmers on behalf of the Government.</li> </ul>
Enhancing rural non-agricultural and private sector economic activities	<ul style="list-style-type: none"> <li>▪ Following recent enactment of new law on micro-credit, continue efforts to involve NGOs in partnership with farmers' organizations in non-agricultural activities under new projects (e.g. <b>Rainfed Agriculture Development Project, Protected Areas Management Project</b>);</li> <li>▪ Support establishment of Social Development Agency (ADS) in rural areas;</li> <li>▪ Develop Agricultural Water Users Associations (AUEA).</li> <li>▪ Develop a fisheries strategy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Partnership agreements between farmer organizations and NGOs to develop off-farm activities supported by micro-credit;</li> <li>▪ Increase in ADS financed activities in poor, marginalized rural areas;</li> <li>▪ Nos. of AUEA formed.</li> </ul>
Improving natural resource and environmental management	<ul style="list-style-type: none"> <li>▪ Develop consensus for environmental assessment law;</li> <li>▪ Draw lessons of experience from Lakhdar Pilot Watershed Management Project;</li> <li>▪ Based on these lessons launch preparation of Integrated Rural Development Based on <b>Natural Resource Management</b> (IRD-NRM);</li> <li>▪ Adapt agricultural research and extension to deal with drought as the rule rather than the exception</li> <li>▪ Supervise GEF Protected Areas Management Project;</li> <li>▪ Develop proposal for GEF Coastal Zone Management Project.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Seminars on Environmental Assessment Law;</li> <li>▪ Mid-term Review of Lakhdar Pilot Watershed management Project;</li> <li>▪ Consultants/FAO-IC to begin preparation of IRD-NRM;</li> <li>▪ Drought component of Rainfed Agriculture Development Project;</li> <li>▪ Regular supervision of Protected Areas Management Project;</li> <li>▪ Identification/preparation mission for <b>GEF Coastal Zone Management Project</b>.</li> </ul>

**Table A4.7 Action plan and performance indicators for Syria**

<b>Strategy</b>	<b>Action Plan Components</b>	<b>Performance Indicators/Monitoring</b>
Rationalizing water management and policies	<ul style="list-style-type: none"> <li>▪ Work with the government to implement, in a phased manner, main recommendations of the Irrigated Agriculture Sector Note including -</li> <li>▪ water demand management policies and programs;</li> <li>▪ agricultural policy reform;</li> <li>▪ Improvement in irrigation efficiencies including on-farm irrigation management;</li> <li>▪ Promote user participation in irrigation management, and groundwater management in particular; and</li> <li>▪ Strengthen links between extension and irrigated agriculture</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reduced water demand in agriculture and shift out of low-value to high-value crops in the long-term;</li> <li>▪ Decline in groundwater overdraft and improvement in water quality;</li> <li>▪ Water conservation through increased adoption of water-saving technologies;</li> </ul>
Improving access to social and economic infrastructure		
Facilitating agricultural growth and competitiveness		
Enhancing rural non-agricultural and private sector economic activities		
Improving natural resource and environmental management	<ul style="list-style-type: none"> <li>▪ Continue the dialogue with the Ministry of Environment and mobilize donor support for the implementation of priority actions outlined in the NEAP;</li> <li>▪ Continue implementation of the GEF Conservation of Biodiversity and Protected Areas Management Project</li> </ul>	<ul style="list-style-type: none"> <li>▪ Priority NEAP projects are funded and implemented;</li> <li>▪ Regular supervision of GEF project;</li> </ul>

**Table A4.8 Action plan and performance indicators for Tunisia**

<i>Strategy</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
Rationalizing water management and policies	<p>The <b>Water Sector Investment Project-WSIP</b> (2001-2005) will be the main instrument to implement water use rationalization measures and policies. In particular, the project would (a) promote effective integrated water resource management by: (i) implementing a sound institutional framework and sector reform measures for demand management (revised tariff policy, new institutional arrangements) as shifting programs from supply to demand management is the main thrust of the Government's strategy in the sector, (ii) improving the capacity of the Government, water Users Associations (WUAs) and private operators to efficiently manage resources, and facilitating real-time management of ground and surface water (from conventional and non-conventional sources); and (b) promote conservation of water resources and protection of the environment. These two areas of intervention are expected to significantly improve the productivity of agriculture and access to safe water in rural areas.</p>	<p>On the <u>institutional front</u>, monitor: (i) the effectiveness of institutions involved in the water sector (including WUAs) as a result of better defined mandates, improved skills-mix and additional training; and (ii) the degree of successful transfer of operation, maintenance and replacement functions to beneficiaries. On the <u>financial front</u>, monitor (i) the impact of policies, as they pertain to cost recovery, and sustainability of maintenance mechanisms; reduction of subsidies to the Ministry of Agriculture Regional Units and impact of reforms; and (ii) the impact of an expansion of recent water pricing reforms and water savings policies (programme national d'économie d'eau). On the <u>physical front</u>, monitor (i) water use efficiency in relation to water availability from surface and groundwater sources. Another set of indicators will monitor: (i) the sustainability of water use (quality and allocation parameters) through more effective instruments and water allocation between perimeters and/or subsectors (agriculture, tourism and industry).</p>
Improving access to social and economic infrastructure	<p>The ongoing <b>Natural Resource Management Project</b> (which has three years left) coupled with the upcoming <b>Rural Development Project</b> would help improve rural infrastructure and empower rural populations in the definition of their priority needs and subsequent implementation of their development plans. These development plans could/would include health and education-related infrastructure, rural road/tracks rehabilitation, and a number of productive/economic infrastructure destined to improve revenue-earning potential at the rural household level. Specific interventions targeting women have been designed in the NRM project to ensure that women's access to these infrastructure is not undermined.</p>	<p>These indicators focus on (i) the level of involvement of major stakeholders, (ii) the level of infrastructure build-up, (iii) the level of revenue expansion in the project areas, and (iv) a number of quality of life indicators.</p> <p>A local development information network has already been established to monitor progress, and reporting will be accomplished twice yearly.</p>
Facilitating agricultural growth and competitiveness	<p>We will continue to engage the Government on policy dialogue on competitiveness issues (focus on subsectors/crops which have a competitive advantage, trade liberalization, removal of certain subsidies, promotion of agri-business, water pricing, research, etc.). The <b>Agriculture Services Support Project</b> which would focus on producer groups active in the export markets would also contribute significantly to enhancing agricultural competitiveness in Tunisia. Dialogue on <u>Land Tenure</u> issues will be initiated in 2001. While the Government</p>	<p>Key performance indicators will include (i) increases in farm productivity and profits, (ii) private sector-financing of extension and research, (iii) contribution of Ag. Exports to GDP, and (iv) number of land consolidation operations. These would be monitored during Bank supervision missions.</p>

**Table A4.8 Action plan and performance indicators for Tunisia**

<i>Strategy</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
	does not foresee any fundamental changes in land management practices anytime soon because of the sensitivity of the issue, it is open to “informally” opening up the debate on land issues, and has begun to test, as pilots, a number of land consolidation operations. Some of these are supported by the ongoing <b>North-West Development Project</b> . Lessons learned from these pilot operation would be mainstreamed into a future lending operation.	
Enhancing rural non-agricultural and private sector economic activities	The <b>Water Sector Investment Project</b> involves a greater role for the private sector and Water Users Associations in the management of surface and ground water resources.	A key indicator will be the extent to which management has been turned over to the water users associations.
Improving natural resource and environmental management	Actions in this area will be carried out through (i) the <b>Water Sector Investment Project</b> , (ii) the <b>Natural Resource Management Project</b> , (iii) the <b>Biodiversity Conservation Project</b> , and (iv) the <b>Gulf of Gabès Protection Project</b> . Through policy dialogue in the context of CAS and overall sector monitoring, the Government also will be engaged on strategic discussions on the future of forests in Tunisia, and water resource management in particular.	Key performance indicators will include (i) improved surface and groundwater management, (ii) sustainable management of natural resources, size of protected areas, and (iii) the reduction of coastal pollution levels.

**Table A4.9 Action plan and performance indicators for West Bank and Gaza**

<i>Strategy</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
Rationalizing water management and policies	Water investments would include the following: <ul style="list-style-type: none"> <li>▪ terracing to conserve water and reduce soil erosion as well as to rehabilitate the abandoned farming areas;</li> <li>▪ rehabilitate water storage cisterns to collect water runoff for supplemental irrigation to rainfed agriculture and for local drinking water;</li> <li>▪ projects piloting reuse of wastewater.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Area converted to terracing plus area rehabilitated from abandoned agricultural production zones;</li> <li>▪ Numbers of cisterns rehabilitated;</li> <li>▪ Amount of wastewater reused for productive purposes.</li> </ul>
Improving access to social and economic infrastructure	<ul style="list-style-type: none"> <li>▪ Projects that involve building/rebuilding roads to provide faster and reliable access from villages to the market—Community Development and NGO II Projects.</li> <li>▪ Complete the ongoing Community Development Project aimed at community-based rehabilitation, construction of community infrastructure.</li> <li>▪ Prepare an integrated community development project reflecting lessons from on-going operation.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Kilometers of rural roads rehabilitated or constructed.</li> </ul>

**Table A4.9 Action plan and performance indicators for West Bank and Gaza**

<i>Strategy</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
Facilitating agricultural growth and competitiveness	<ul style="list-style-type: none"> <li>▪ Develop and manage land and water resources to conserve and increase productivity;</li> <li>▪ Improve marketing facilities and market information</li> <li>▪ Promote private sector investments in research and extension</li> <li>▪ Develop an agricultural export strategy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increases in productivity of land and water resources;</li> <li>▪ Implementation of market information systems;</li> <li>▪ Improvements in market facilities.</li> </ul>
Enhancing rural non-agricultural and private sector economic activities	<ul style="list-style-type: none"> <li>▪ Increase access of rural population to non-farm employment activities such as tourism.</li> <li>▪ Take advantage of information technology to generate jobs and as a means of accomplishing other rural development objectives.</li> <li>▪ Build NGO capacity to deliver economic and social services (ongoing NGO I Project and proposed NGO II Project.).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Number of non-farm jobs generated through targeted activities;</li> <li>▪ Use of information technologies in developing new information systems;</li> <li>▪ Number of jobs created in information technology.</li> </ul>
Improving natural resource and environmental management		

**Table A4.10 Action plan and performance indicators for Yemen**

<i>Strategy</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
Rationalizing water management and policies	<ul style="list-style-type: none"> <li>▪ Continue to work with Government on the implementation of the national water strategy (Bank ESW report 1997, national strategy adopted by Council of Ministers in 1998);</li> <li>▪ correct macro policies affecting water use, especially diesel price and trade policy (through ESW and macro dialogue)</li> <li>▪ pass water law with appropriate recognition of water rights, large role for community self-management, and practical regulatory role for Government (through Sana'a project)</li> </ul>	<p>Overall Outcomes:</p> <ul style="list-style-type: none"> <li>▪ Return per unit of water used increases</li> <li>▪ Technology is developed to improve water use efficiency and returns to irrigated agriculture</li> <li>▪ Groundwater overuse declines and efficiency improves</li> </ul> <p>Outputs:</p>

**Table A4.10 Action plan and performance indicators for Yemen**

<i>Strategy</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
	<ul style="list-style-type: none"> <li>▪ build capacity for water planning, monitoring and (ultimately) regulation (through Sana'a Project)</li> <li>▪ adopt community driven partnership approach to water resources management, beginning in “hot spots” (through Sana'a and Taiz Projects)</li> <li>▪ promote irrigation productivity (a) in spate through participation and (ultimately) irrigation management transfer (Irrigation Improvement Project); (b) in groundwater (through Groundwater and Soil Conservation Project); and (c) through research and extension through Farmer Services Project.</li> <li>▪ promote efficient urban water supply and sanitation through decentralization and privatization (APC)</li> <li>▪ promote increased rural access to safe water and sanitation through the adoption of institutional decentralization and demand-driven approach (through RWSSP)</li> <li>▪ promote integrated watershed management (through Sana'a Project)</li> <li>▪ New focus on demand driven development and community organizations:</li> <li>▪ Government and NGOs will work with users and local communities to develop practical proposals for local groundwater management, starting from existing rights systems and management practices (Sana'a Project, Taiz)</li> <li>▪ Community groups will be the main actors in rural development project (SFD), Southern Governorates, RWSSP</li> <li>▪ Farmer organizations and cooperatives will be promoted as principal partners in farmer services.</li> <li>▪ Develop a water sector reform strategy</li> </ul>	<ul style="list-style-type: none"> <li>▪ diesel price at border parity, trade control on fruit and vegetables lifted</li> <li>▪ adequate water law enacted</li> <li>▪ NWRA produces effective water management plans for hot spot areas (inc. Sana'a and Taiz) and implements national water monitoring program</li> <li>▪ community participation is effective in Sana'a and Taiz</li> <li>▪ Irrigation Improvement project is implemented on schedule;</li> <li>▪ (b) GSCP has broad coverage and promotes sustainable approach; and (c) flow of technologies adopted by farmers</li> <li>▪ APC policy changes implemented and effective</li> <li>▪ RWSS project accomplishes objectives, and approach is generalized as national code of practice.</li> <li>▪ at least one successful model for sustainablalae least cost watershed management is developed by 2004.</li> </ul> <p>Outcomes:</p> <ul style="list-style-type: none"> <li>▪ Level of local participation in water use decisions and increase in efficiency of water uses</li> </ul> <p>Outputs:</p> <ul style="list-style-type: none"> <li>▪ water users groups achieve some degree of self-regulation in Sana'a and Taiz</li> <li>▪ projects are effectively implemented and sub-projects are sustained.</li> <li>▪ farmer organizations are effective partners for the project and are sustained.</li> </ul>
Improving access to social and economic	<ul style="list-style-type: none"> <li>▪ Prepare rural and local development strategy;</li> <li>▪ continued support to decentralized community-led rural development (through Social Fund, Southern Governorates, AFPPF, PWP, IDAS) but</li> </ul>	Overall outcome: strong local ownership of development process and improved rural standard of living.

**Table A4.10 Action plan and performance indicators for Yemen**

<i>Strategy</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
infrastructure	<p>(through Social Fund, Southern Governorates, AFPPF, PWP, IDAS) but with improved coordination and an “industry code of practice”;</p> <ul style="list-style-type: none"> <li>▪ Special focus on rural water and sanitation, and or rural roads (new IDA projects);</li> <li>▪ Possible new IDA projects on rural development, linked to decentralized agenda;</li> <li>▪ Implement the new Basic Education Expansion Project; and,</li> <li>▪ Implement the new Child Development Project; (Basic Health and Education, Water Supply;</li> <li>▪ Implement Social Fund for Development II.</li> </ul>	<p>Outputs:</p> <ul style="list-style-type: none"> <li>▪ strategy with Implementation Plan adopted;</li> <li>▪ projects continue, code of practice in place;</li> <li>▪ projects successfully implemented;</li> <li>▪ project included in lending program;</li> <li>▪ AFPPF reforms approved;</li> <li>▪ Increase in enrollment, esp. for girls in grades 1-6;</li> <li>▪ Community participation in school construction/management;</li> <li>▪ Better coverage of services;</li> <li>▪ Community participation.</li> </ul>
Facilitating agricultural growth and competitiveness	<ul style="list-style-type: none"> <li>▪ Remove policy disincentives, especially for rainfed cereals;</li> <li>▪ Improve research and dissemination, livestock services and farmer organization for self help, with particular focus on the poorer rainfed and livestock systems and adopting a demand driven and participatory approach.</li> <li>▪ Improve essential public service functions of Government through administrative reform, decentralization etc. Specifically: (a) institutional restructuring to improve efficiency; (b) personnel downsizing, improvement in incentives, training and promotion ; and (c) improve quality of public expenditures. These will be promoted through: Agenda 21, Civil Service Reform Project, Public Expenditure Review .</li> <li>▪ Local private investment and ownership in farming and services, through: <ul style="list-style-type: none"> <li>▪ (i) privatization and private sector promotion in seeds and input supply (under SASP)</li> <li>▪ (ii) actively promote all forms of private organization (companies, merchants, groups, associations, WUAs cooperatives) under all projects, (especially Groundwater and Soil Conservation Project, Sana'a)</li> <li>▪ (iii) develop an agricultural export strategy</li> </ul> </li> </ul>	<p>Outcomes:</p> <ul style="list-style-type: none"> <li>▪ Rainfed cereals production increases;</li> <li>▪ Technology is adapted to improve productivity of traditional production;</li> <li>▪ Productivity and incomes from livestock would improve.</li> </ul> <p>Outputs:</p> <ul style="list-style-type: none"> <li>▪ distortions removed;</li> <li>▪ project successfully implemented as designed;</li> <li>▪ reforms take place as agreed.</li> </ul> <p>Outcome:</p> <ul style="list-style-type: none"> <li>▪ Progressive Government withdrawal and a profitable and self-sustaining private sector in water management, irrigation efficiency, farmer services etc.</li> </ul> <p>Outputs:</p> <ul style="list-style-type: none"> <li>▪ SASP successfully implemented.</li> <li>▪ commercial outfits and farmer groups work well and develop rapidly under project influence.</li> </ul>

**Table A4.10 Action plan and performance indicators for Yemen**

<i>Strategy</i>	<i>Action Plan Components</i>	<i>Performance Indicators/Monitoring</i>
Enhancing rural non-agricultural economic activities	<ul style="list-style-type: none"> <li>▪ Diversification out of agriculture is necessary, so donors need to focus on alternative rural enterprises and a safety net for rural communities.</li> <li>▪ continue current programs (Southern Governorates Project, SFD, AFPPF etc) and evaluate their outcomes, before developing a code of practice</li> <li>▪ possible new IDA project on rural development</li> <li>▪ Yemen is notable for active involvement of local private investment and ownership in farming and services. This will be strengthened</li> <li>▪ Continue privatization and private sector promotion in seeds and input supply (under SASP);</li> <li>▪ Actively promote all forms of private organization (companies, merchants, groups associations, WUAs cooperatives) under all projects (esp. FCDP, GSCP).</li> </ul>	<p>Outcome:</p> <ul style="list-style-type: none"> <li>▪ Increasing share of rural incomes from non-agricultural sources.</li> <li>▪ Projects are effectively implemented and sub-projects are sustained</li> <li>▪ Progressive Government withdrawal and a profitable and self-sustaining private sector in water management, irrigation efficiency, farmer services etc.</li> </ul> <p>Outputs:</p> <ul style="list-style-type: none"> <li>▪ SASP successfully implemented</li> <li>▪ Commercial outfits and farmer groups work well and develop rapidly under project influence.</li> <li>▪ Movement of water use towards a sustainable basis</li> </ul>
Improving natural resource and environmental management	<ul style="list-style-type: none"> <li>▪ Community management of natural resources and efficiency pricing are necessary for sustainable water supplies and reduced environmental degradation. Actions are listed above</li> </ul>	

## Appendix 5 Matrix for Implementing the Corporate Strategy in the Middle East & North Africa Region

	<i>Bank Actions (FY02-07)</i>	<i>Activity Indicators</i>	<i>Outcomes</i>	<i>Baselines &amp; targets</i>
<b>Thrust 1 – Integrating the needs of the Rural Poor in National Policy Dialogues</b>				
Support the development of national rural strategies and advocacy processes	Provide support to at least one country per year on rural strategy formulation, capacity building and advocacy  Improve sequencing of rural intervention support to PRSP, CAS and PER processes	Annual list of countries to be presented to the RSB  Provisional list for FY 02-03:  PRSP Yemen Djibouti CAS Yemen Algeria	Broad based ownership of rural poverty reduction agenda. Rural organizations actively engaged  Strong representation of needs of the rural poor in PRSPs, CASs and national processes of those countries and reflected in PERs  Outcomes impact on pipeline of rural lending	Minimum X1 country/year  Region participates in PREM/RDV reviews  Regional CAS reviews
Increase support for poverty focused ESW at thematic, country and multi-country levels	Increase support for rural PA's and ESW and other critical analytical work through the FAO/CP and other funding sources in at least X1 country or theme/year	List compiled annually for RSB and activities implemented  Provisional list for FY 02-05:  Aligned to above  Policy papers – issues  - seek to develop better indicators for rural development in key countries  - comprehensive water resources policy and planning- country regions	Better coverage and increased national and external assistance for rural development in PERs and increased funding of activities in rural space in CASs	CAS and PER reports
<b>Thrust 2 – Scale-up Investments in Rural Development</b>				
Mainstream good practice in pro-poor investments	Coordinate with wider Rural Family program in good practice development, sharing and mainstreaming.  Document regional case studies of good practice and share at country and regional levels, especially with respect to CDD and comprehensive water resource management	Annual work plan linking corporate and regional good practice programs.  Work with at least X1 thematic area of good practice development and outreach/year  Provisional list for FY02 – 04  - poverty focused micro-finance services in Egypt  - expand participatory and targeted approaches to CDD in Tunisia, WBG, Lebanon and Egypt	Increase in scope and number of Bank operations in identified pro-poor good practice  Increase in numbers of rural poor benefiting from good practice  Development partners and national agencies adopt mutually develop good practice	Current coverage (investment level of good practice activities over FY99-01 period) increased five percent per year over baseline.  Ten percent increase per year over FY 99-01 of poor benefit from good practice uptake, based in documentation review

	<i><b>Bank Actions (FY02-07)</b></i>	<i><b>Activity Indicators</b></i>	<i><b>Outcomes</b></i>	<i><b>Baselines &amp; targets</b></i>
		<ul style="list-style-type: none"> <li>-expand multi-sectoral approaches to NRM in other areas including Tunisia and Morocco</li> <li>- land tenure reform and administration</li> <li>Workshops held at sub-sectoral/thematic level in region with partners and clients</li> <li>Develop baseline for monitoring FY02</li> </ul>		
Take forward innovation in approaches to rural poverty reduction including new modes of multi-sectoral operation	Develop approaches to enhance pace of lesson learning in new and innovative areas /approaches relevant to the region	<ul style="list-style-type: none"> <li>Develop work plan that combines central and regional interests in lesson learning through innovation minimum X2 themes/year</li> <li>Provisional list for FY02 – 04</li> <li>- rural non farm economy with focus on women employment</li> <li>- rural-urban linkages – develop new institutional arrangements for broader based planning</li> <li>- enhance social inclusion in particular of women and girls</li> </ul>	<ul style="list-style-type: none"> <li>Staff willing with clients to innovate and apply learning processes within investments</li> <li>Better use of bank instruments/working with other partners for innovation</li> </ul>	<ul style="list-style-type: none"> <li>Portfolio reviews</li> <li>Targets for innovation as above</li> </ul>
<b>Thrust 3 – Improve the Quality and Impact of Bank Operations in Rural Space</b>				
Sharpen poverty focus	With support from PREM/RDV/WBI participate in learning events and clinics	<ul style="list-style-type: none"> <li>Minimum one workshop and two clinics/year</li> <li>Numbers of Bank and counterpart staff trained</li> </ul>	<ul style="list-style-type: none"> <li>Improved framework and methods for rural poverty diagnosis and strategy/investment choice</li> <li>Project preparation includes mandatory M&amp;E framework for examining poverty reduction impacts</li> <li>Increased evidence of spatial, equity and vulnerability considerations in PADs</li> <li>Improved poverty focus of ESW</li> </ul>	<ul style="list-style-type: none"> <li>Based on RDV pro-poor rural portfolio review indicators at project level achieve average score of 50 percent satisfactory rating for combined diagnosis, strategy and design</li> </ul>
Increase sustainability and institutional development (ID) impact	<ul style="list-style-type: none"> <li>Staff trained in sustainability and ID</li> <li>Greater management focus and support to ID and sustainability issues in review processes</li> </ul>	One workshop/ one clinics/year	<ul style="list-style-type: none"> <li>ID and sustainability mainstreamed into project preparation</li> <li>Corrective action taken during project implementation of ID and sustainability issues as required</li> </ul>	<ul style="list-style-type: none"> <li>OED satisfactory rating for agriculture to ensure corporate rating of 60 percent in Y5</li> <li>OED satisfactory ID rating for agriculture to ensure corporate rating of 50 percent in Y5</li> </ul>

	<b>Bank Actions (FY02-07)</b>	<b>Activity Indicators</b>	<b>Outcomes</b>	<b>Baselines &amp; targets</b>															
Improve quality at entry and supervision quality	QERs organized annually Annual supervision plans developed and monitored and appropriate actions taken for non-performance in critical areas	Minimum two QERs/year	Quality of ESW and project supervision improved	QAG/OED satisfactory ratings improved as follows for the agriculture sector <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Item</th> <th>Base FY00</th> <th>Goal Y5</th> </tr> </thead> <tbody> <tr> <td>QAE*</td> <td>67</td> <td>100</td> </tr> <tr> <td>QSPN</td> <td>100</td> <td>100</td> </tr> <tr> <td>ESW**</td> <td>100</td> <td>90</td> </tr> <tr> <td>OED</td> <td>100</td> <td>80</td> </tr> </tbody> </table> <p>* Base FY 98 ** Base FY 99</p>	Item	Base FY00	Goal Y5	QAE*	67	100	QSPN	100	100	ESW**	100	90	OED	100	80
Item	Base FY00	Goal Y5																	
QAE*	67	100																	
QSPN	100	100																	
ESW**	100	90																	
OED	100	80																	

#### **Thrust 4 - Implementing Global Corporate Priorities and Enhancing Partnerships**

Increased involvement with International Public Goods	Operationalise trade and trade globalization issues into Bank programs  Maximize Bank and NARS's capacity to utilize opportunities offered by the international research system  Support national rural strategies in taking into account implications of global warming	Participate in training programs X1/annum  Strategic support to minimum two countries /year  Prepare key policy notes in support of national processes, CAS etc  Support to minimum of two countries/year  Guidelines shared and policy debated at country level minimum X2/year	PRSP, CASs better articulate trade issues, implications and actions New investments in agricultural research take advantage of global linkages  Increased capacity of client countries to tackle global public goods issues  National strategies recognize implication of global warming	CAS and PRSP reviews Project and portfolio reviews. Baseline to be determined FY02 CAS/PRSP reviews
Improve International Institutional and other linkages	Establish new and strengthen existing partnerships with other development agencies and private sector and NGO community at country level on rural strategy issues in line with CDF principles	Country and regional partnership reviewed and enhanced  FAO/CP aligned to regional strategy priorities  Country/regional workshop with private sector/NGO on common interest	Investment and lending made by partners reflect impact of joint programs in policy content and process – co-financing, mainstreaming shared practice	Joint (with other partners) periodic project and portfolio reviews Annual review of FAO/CP

#### **Bank Processes, Tools and Instruments: Doing Business better**

##### **Enhancing the Multi-sectoral Operations in Rural space and using proper Instruments with the right focus**

Remove internal barriers to multi-sectoral operation within the Banks' regional division	Establish Multi- Sector Rural Alliance within regional team linked to wider Bank initiative  Address multi-sectoral coordination and coherence recognizing the need for simple and geographically focused projects	Prepare annual work plan for multi-sectoral working  Contribute to CAS reviews on multi-sectoral linkages /coherence and Team leader surveys  Enhance staff training  Demands from Thematic Groups articulated on annual basis	CASs reflect coherence of sectoral alignment in rural space operations Thematic Groups program aligned to meet regional demands	CAS reviews (annual reflect improved understanding and coherence of action for the multi-dimensional nature of poverty reduction Staff retention Annual review of reports of TGs
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	<i><b>Bank Actions (FY02-07)</b></i>	<i><b>Activity Indicators</b></i>	<i><b>Outcomes</b></i>	<i><b>Baselines &amp; targets</b></i>
	Revisit staff skills mix to enhance focus on multi-dimensional nature of poverty reduction			
Improve the mix of lending instruments	Review balance and mix of instruments to meet regional rural strategy demands	Review/reaffirm approach FY02	Staff use better the mix and range of instruments available to meet needs	Annual regional reports
Expand Monitoring and Evaluation of Rural Development Operations				
Improve Monitoring and Evaluation of Rural operations and enhance feedback	Regional portfolio managers strengthen systems for shared learning on portfolio performance	Region contributes to the development and application of new coding systems and utilize outcomes for program enhancement. Training events and clinics X1/year for regional rural teams. Feedback learning	Portfolio quality enhanced	Portfolio review

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