

Egypt

Promotion of Rural Incomes through Market Enhancement Project Supervision Report

Mission Dates: 19 September - 2 October 2020
Document Date: 30/10/2020
Project No. 1100001571
Report No. 5531-EG

Near East, North Africa and Europe Division
Programme Management Department

Abbreviations and Acronyms

ADP	Agricultural Development Program
AOS	Annual Outcome Survey
APIP	Agricultural Production and Intensification Project
AWPB	Annual work plan and budget
CDA	Community development association
CIB	Commercial International Bank
COI	Core Outcome Indicators
COSOP	Country strategic opportunities program
FAS	Food security and Agribusiness Support
FMA	Farmers' marketing association
FSRU	Farm system research unit
GOE	Government of Egypt
GPCU	Governorate Project Coordination Unit
IFAD	International Fund for Agricultural Development
LDF	Local Development Fund
MALR	Ministry of Agriculture and Land Reclamation
MIIC	Ministry of Investment and International Cooperation
MSMEDA	Micro, Small and Medium Enterprise Development Agency
MTR	Midterm review
MWRI	Ministry of Water Resources and Irrigation

NEN	Near East, North Africa and Europe Division (IFAD)
NGO	Non-governmental organization
NO	No Objection
NPCU	National Project Coordination Unit
PAR	Portfolio At Risk
PBAS	Performance-based allocation system
PBDAC	Principal Bank for Development and Agriculture Credit
PCR	Project completion report
PPE	Project performance evaluation
PRIME	Promotion of Rural Incomes through Market Enhancement Project
SAIL	Sustainable Agriculture Investments and Livelihoods Project
SADS	Sustainable Agricultural Development Strategy: towards 2030 SDS
SFD	Social Fund for Development
SHOROUK	National Programme for Rural Development
SME	Small and medium-sized enterprise
UERDP	Upper Egypt Rural Development Project
USAID	United States Agency for International Development
WA	Women Association
WMC	Women Marketing Committees
WNRDP	West Nubaria Rural Development Project

WUA

Water users association

A. Project Overview

Region:	Near East, North Africa and Europe Division	Project at Risk Status:	Not at risk
Country:	Egypt	Environmental and Social Category:	B
Project Name:	Promotion of Rural Incomes through Market Enhancement Project	Climate Risk Classification:	2
Project ID:	1100001571	Executing Institution:	not available yet
Project Type:	Credit and Financial Services	Implementing Institutions:	not available yet
CPM:	...		
Project Director:	not available yet		
Project Area:	not available yet		

Approval Date:	13/12/2011	Last audit receipt:	17/02/2020
Signing Date:	10/04/2012	Date of Last SIS Mission:	02/10/2020
Entry into Force Date:	10/04/2012	Number of SIS Missions:	15
Available for Disbursement Date:	10/04/2012	Number of extensions:	1
First Disbursement Date:	20/11/2014	Effectiveness lag:	4 months
MTR Date:	not available yet		
Original Completion Date:	30/06/2020		
Current Completion Date:	30/06/2021		
Financial Closure:	not available yet		

Project total financing

IFAD Financing breakdown	Near East, North Africa and Europe Division	\$999,792
	IFAD	\$69,999,767
Domestic Financing breakdown	National Government	\$7,550,985
	Other Domestic	\$11,926,864
	Beneficiaries	\$17,742,688
Co-financing breakdown,		
Project total financing:		\$108,220,096

Current Mission

Mission Dates:	19 September - 2 October 2020
Days in the field:	5
Mission composition:	The mission comprised Mohamed El Ghazaly, IFAD country programme officer and mission leader; Marie Edward Mikhail, marketing expert & IFAD country technical analyst; Alisia Sansoni, M&E specialist, IFAD; Christa Ketting, IFAD gender & social inclusion officer; Olga Tomilova, rural finance consultant, Tarek El Shayeb, financial management consultant, and Nathalie Gebrayel, IFAD senior procurement officer.
Field sites visited:	Benisuef, Menia and Assuit and Zoom meetings with Qena and Souhag

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4.12	Assessment of the Overall Implementation Performance		3.83

Effectiveness and Developmental Focus	4	Project Management	4
Effectiveness	4	Quality of Project Management	4
Targeting and Outreach	4	Knowledge Management	5
Gender equality & women's participation	4	Value for Money	4
Agricultural Productivity	4	Coherence between AWPB and Implementation	4
Nutrition	5	Performance of M&E System	4
Adaptation to Climate Change	4	Social, Environment, and Climate Standards requirements	4

Sustainability and Scaling-up	4	Financial Management and Execution	4
Institutions and Policy Engagement	4	Acceptable Disbursement Rate	4
Partnership-building	4	Quality of Financial Management	4
Human and Social Capital and Empowerment	4	Quality and Timeliness of Audit	3
Quality of Project Target Group Engagement and Feedback	4	Counterparts Funds	3
Responsiveness of Service Providers	4	Compliance with Loan Covenants	4
Environment and Natural Resource Management	4	Procurement	3
Exit Strategy	4		
Potential for Scaling-up	4		

Relevance	4
------------------	----------

C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

The PRIME Supervision Mission took place from 19 September to 1 October 2020, to review the status of implementation since the last implementation support mission in April 2020 and the supervision mission in November 2019.

The mission focused on supporting the project in establishing strong linkages between the 2 technical components as well as the finalization of the exit strategy that would ensure a smooth closure of the project, ensure the sustainability and potential scaling up of PRIME interventions. Additionally, the mission focused on supporting the project in realizing strong linkages with the different value chain actors and actualizing the contracts with farmers/buyers. The supervision mission included field validation visits to Benisuef, Menia and Assuit as well as Zoom meetings with Sohag and Qena. Also, the mission reviewing different documents: (i) a detailed progress report, and updated logframe; (ii) updated status of the last recommendations made by IFAD 2019 supervision mission/ and 2020 implementation support mission (Action Tracker); (iii) status of the implementation of the M&E performance improvement plan; (iv) updated PIM; (v) current exit strategy; and (vi) other documents requested to be developed by last mission.

The mission commenced with a debriefing meeting with NPCU on 20 September 2020, with field visits conducted between 21-25 September and the online meetings with the other 2 governorates on 26-27 September. The mission findings were discussed at the wrap-up meeting on 1 October 2020 and was Chaired by H.E the Minister of Agriculture and Land Reclamation.

Key Mission Agreements and Conclusions

Overall, the project is rated as moderately satisfactory. The majority of agreed actions from the previous supervision mission and implementation support mission were implemented with the exception of financial management. The mission noted improvements in terms of implementation of marketing related activities and linkages between the 2 technical components. The mission was pleased to see the progress observed in this area. Specifically, on *Subcomponent (i) Market Based Credit Research & Development*, the NPCU started documenting the activities performed from the start of the project. The momentum of the project has been slightly affected by the COVID-19 pandemic, though the project management was proactive in taking some measures such as reducing the number of participants in trainings by half to maintain social distancing. The mission appreciates the efforts done in contract farming as well as the approach for linking smallholder farmers with export companies to secure market with high returns. Moreover, the project has completed the project implementation manual and the exit strategy is being finalized to ensure sustainability. However, despite the various achievements by the project, the financial management and procurement function require immediate improvements through adherence to current and previous missions recommendation and agreed actions.

D. Overview and Project Progress

Component 1. Marketing support.

The Marketing support component has four main sub-components: (i) establishing and strengthening Farmer Groups/Associations; (ii) Market Intelligence; (iii) Value Chain Linkages; and (iv) Market-Oriented Production. The project assisted in establishing or strengthening 163 FMAs, representing 81.5% of the final target, with a total membership of 132,510 farmers. A total of 210 Marketing Committees were also formed with 11,490 members. It also established 7 marketing outlets linking FMAs and small farmers with final consumers. In addition, the project supported some contract farming activities, which in turn facilitate marketing the products of farmers, increasing their incomes and allowing better access to the market. In 2020 (to date), a total of 67 contracts were concluded for 46 participating associations (compared to 63 contracts for 35 associations in 2018-2019). It is reported that 32 of these contracts are for high value crops. The number of farmers benefiting from these contract arrangements during this period are around 2,465. It is worth noting that the execution rate is 33.5% of the planned number of this year's contracts. This is due to COVID-19 that led to limited communication with the marketing channels to conclude contracts during this period. The mission recommends concluding these contracts once the situation allows.

In addition to the above, the project provided farming extension activities. It implemented 132 extension demonstration plots and farming systems (ongoing), in addition to technical training sessions and field and harvest days. Implementation of farming systems introduced high value and exportable crops in the cropping patterns to be adopted by the farmers. Technical training is also provided on a number of topics including the cultivation process, improved practices for rationalizing the use of water, pesticides and fertilizers. Activities were carried out under the supervision and follow-up of extension staff and technical experts. Interviewed farmers specified that they expect higher productivity and hence income. It was indicated that neighbouring farmers sometimes express interest in replicating the introduced farming systems. This highlights the importance of the dissemination and transfer of knowledge from the farmers who benefited from the farming system over to other farmers.

It was noted that some demonstration plots were on organic farming techniques for certain crops. Although the farmers

expressed their interest in organic farming and the usefulness of the information received, there were concerns raised regarding profitability and access to the appropriate marketing channels. The mission hence recommends ensuring the provision of the necessary trainings and registration of the organic fields as well as the availability of the proper market linkages. Otherwise, the focus should be on the traditional crops during the remaining period of the project.

Trainings were provided under the four sub-components of the project. Due to COVID-19, some training activities were postponed or were conducted with smaller groups in order to ensure social distance. In total, 254 training sessions out of the planned 554 were delivered to 2,929 participants (out of 8,589 planned) during the period of July 2019- June 2020. FMAs and Marketing Committees' members received technical training on several topics including: enhancing FMAs' administrative, management and marketing skills; developing women's agro-processing capacities; facilitating access to market information and supporting marketing decision-making and negotiation skills; and building sustainable partnerships between FMAs and market actors along the value chain. The project also assisted small farmers to comply with the export coding requirements allowing them to continue to export.

The mission notes progress in the different subcomponents. Activities were successfully executed in terms of establishing the FMAs and Marketing Committees and in terms of farmers reached and technical trainings provided. Another central achievement has been supporting the agriculture associations and Marketing Committees in the establishment of marketing channels with both local and exporting companies and facilitating some contract farming activities. These contractual arrangements provide a marketing window for the small farmers and ensure selling at good market prices.

As noted in previous missions, although the project succeeded in establishing and strengthening the capacities of the FMAs through technical training, the approach followed was not based on a clear implementation strategy. Moreover, most of these organizations have limited commercial viability and poor value chain integration. They also do not have strong financial or organizational capacities, thus limiting their effectiveness and outreach. The previous mission recommended supporting only sustainable organizations with clear commercial focus. In this regard, the project conducted an assessment for the FMAs to determine the active ones. The project classified its supported FMAs according to their effectiveness^[1]. The results showed that 59 of the supported FMAs are active, while 14 are inactive. The remaining ones are classified as moderately active.

The assessment also showed that 46 FMAs (28% of the total) have had experience in contracting farming activities and in conducting contracts with the private sector under PRIME (Table). Nevertheless, the project still did not implement a prioritization approach during this reporting period. Accordingly, the mission continues to stress on the importance of supporting only the organizations that are identified as commercially focused and have good viability to ensure sustainable operation after project closure.

Table 1: FMAs that concluded farm contracts with private sector under PRIME

Category (Evaluation Criteria by number of contracts)	Number of FMAs
Modest: (1-2 contracts)	29
Moderate (3-4 contracts)	8
Active (5-6 contracts)	6
Very active (6+ contracts)	3

In addition to the above activities, the project also established the marketing outlets with the objective of providing a marketing channel for the products of small farmers (fresh vegetables and fruits, dairy products, baked goods, sweets and pickles), hence provide a source of income. These outlets also aim at linking the farmers directly with the consumer without a middleman, and consequently, the product reaches the final consumer at a more reasonable price. Currently, the outlets are under the GPCUs' supervision and are managed and operated through a number of selected FMAs/NGOs that are cooperating with the project. The mission reiterates on the importance of finalizing the Exit and Asset Management Strategy in order to ensure the sustainable operation of the outlets.

The project design had foreseen that the marketing support component would be complemented by financial services from the rural finance component. However, this has not occurred during the implementation of the project. Still, some efforts have been done during this reporting period to ensure better integration between Components 1 and 2. In response, the project sought to raise the financial literacy of the beneficiaries and provide technical support and trainings to the borrowers. Training programs to disseminate financial education content were planned to take place in March 2020. However, due to COVID-19, these programs were postponed. The mission recommends resuming these training

programs once the situation allows it and also continuing to focus more on the integration between the two components in order to further overcome the weaknesses in value chain integration.

Component 2. Rural Finance (USD 89 million).

Implementation of the previous mission recommendations on component linkages. The mission was pleased to see the progress observed in this area. Specifically, on *Subcomponent (i) Market Based Credit Research & Development*, the NPCU started documenting the activities performed from the start of the project, though no new activities have taken place in 2020 mainly due to the COVID-19 pandemic.

NPCU developed printed materials on financial education which they started to disseminate among beneficiaries of both Component 1 and 2, though actual trainings had to be postponed due to the pandemic. Over 20 training programs were organized for borrowers covering various aspects of livestock breeding, in cooperation with the Animal Reproductive Research Institute (on fodder composition, animal husbandry, vaccination etc.), as well as direct provision of technical assistance, such as veterinary services, to some of the beneficiaries who received loans for livestock. The beneficiaries' feedback on these activities has been positive, though some beneficiaries wished that there were follow-up activities to help them implement what they have learned during the trainings. NPCU should continue the activities linking the two components. It is commendable that NPCU has been working on documenting these activities; but it would be necessary to streamline all documentation so that it fully reflects all activities.

Loan disbursement performance. Since the previous supervision mission, ADP continued the disbursement of the remaining funds under *Subcomponent (ii) Credit Facility* (117 loans worth over EGP 145 million since November 2019 through August 2020); the other implementing partner, MSMEDA, disbursed all allocated funding a year ago.

The total disbursement for the Subcomponent from the start of the project, by both MSMEDA and ADP, has been 16,374 loans worth of over EGP 996.7 million. ADP lent 58% of all funds through 8 partner banks, which represented only 3% of the total number loans, as ADP loans were targeted at larger businesses (average loan amount of over EGP 1 million). MSMEDA focused on small and microloans and thus disbursed 97% of all loans through its respective windows (42% of the total loan volume) via the National Bank of Egypt (small loans window) and 22 community development associations (CDAs) as well as Banque du Caire (microlending window). Women received 40% of all loans, which represented only 16% of the disbursed volume – as the vast majority of women were borrowers of small and microloans.

Table 2. Disbursement status as of August 31, 2020, project to date

By PFIs	Disbursed, EGP	Disbursed, # loans	Average loan size, EGP	Disbursed to women, % EGP	Disbursed to women, % loans	PFI % of total, EGP	PFI % of total, # loans
MSMEDA	421,241,079	15,841	26,592	35%	41%	42%	97%
Small loans	245,019,960	2,711	90,380	33%	39%	25%	17%
Micro loans	176,221,119	13,130	13,421	37%	41%	18%	80%
ADP	575,450,000	533	1,079,644	1%	5%	58%	3%
TOTAL	996,691,079	16,374	60,870	16%	40%	100%	100%

In terms of the regional distribution, most of the funding went to Beheira as this is where ADP was most active (43% of all loan volume); followed by Assiut (16%) and Menia (13%). In terms of the number of loans, the picture is different with Menia having the largest number of borrowers (35% of total), followed by Beni Suef (22%) and Kafr El Sheikh (11%) – as this is where most of the CDAs were active in microlending.

Table 3. Disbursement by regions, as of August 31, 2020, project to date

By regions	Beheira	Kafr El Sheikh	Beni Suef	Menia	Assiut	Sohag	Qena
Total, EGP	425,139,300	118,799,300	71,024,000	131,236,619	159,491,900	36,593,580	54,406,400
% of total, EGP	43%	12%	7%	13%	16%	4%	5%
Total, # loans	1,057	1,849	3,599	5,740	1,672	1,198	1,259
% of total, # loans	6%	11%	22%	35%	10%	7%	8%

As noted in previous mission reports, only about 28% of all beneficiaries who received loans are engaged in agriculture (livestock, horticulture/crops, machinery purchase and inputs supply): this has to do with insufficient targeting by CDAs' microloans which were provided for a broad range of purposes, often not related to agriculture, but mainly to small scale commerce (over 63% of all loans disbursed, and 77% of CDA loans). Only 12% of CDAs' loans were disbursed to agricultural sub-sectors. As for the National Bank of Egypt cooperating with MSMEDA and banks working with ADP, 90% and 100% of their borrowers are engaged in agriculture, respectively. In terms of the loan volume, most of the funding - 78% was provided to agriculture due to much larger loans extended through ADP.

Table. Disbursement by sector, as of August 31, 2020, project to date

Loan portfolio quality. There is evidence of loan portfolio deterioration due to the negative effects of the COVID-19 pandemic. The National Bank of Egypt reported 1.4% of the portfolio at risk (PAR) over 30 days as of August 31, 2020. Based on information from the field visits, CDAs may also be experiencing the growth in PAR, but as of August 2020 none of the CDAs had any outstanding project funding (except revolving funds provided by MSMEDA). ADP partner banks do not report any loans as past due, but 223 loans were restructured based on government-granted 6-month postponement of repayment due to the pandemic. Thus, the average PAR, including the loan restructuring, is at about 17% of the total portfolio outstanding. Together with the implementing partners, NPCU should monitor the loan portfolio quality and provide the necessary assistance to borrowers whose loans are past due or have been restructured.

Some of the CDAs interviewed did not have readily available information on their PAR levels, as they may not have the capacity to track it. There are also CDAs which may be offering postponement of repayments informally, without signing contracts on loan restructuring. This confirms previous mission findings on low capacity of CDAs in loan management and the recommendation to focus on strong and sustainable institutions which can offer better value proposition for beneficiaries and advance their financial inclusion.

Reporting on Component 2 activities should be further improved. As before, NPCU has been collecting information on ADP and MSMEDA activities separately but has not been consolidating this information to allow for a comprehensive analysis of disbursements and the state of the loan portfolio. Unfortunately, the full information on the size of the total loan portfolio and PAR was not provided to the mission. In November 2019 the mission developed and provided the project with a form to aggregate lending activities which should be used going forward.

M&E. The mission recognizes the effort done by the NPCU to improve M&E performance by hiring an M&E officer and an IT specialist and developing an Access M&E database. Data stored in the database are collected through Excel tables created by the M&E officer. Although data aggregation remains somehow weak, –one unified table reporting on all project activities still does not exist– the NPCU came a long way since last mission.

Targeting and outreach. The project took multiple measures to improve the targeting by providing additional guidance for the selection of different committees in FMAs and assessing the effectiveness of FMAs. Although no clear and comprehensive targeting strategy was clearly laid down, interaction with beneficiaries, indicate that project support largely reached out to the intended target group.

Fiduciary. Despite the progress and achievements noted in the implementation of project activities and the improvement in several aspects, some issues remain available that need immediate corrective action from the project management. Some issues remain existent in terms of fiduciary aspects, which were raised by previous missions. The **procurement** function within the project need to be strengthened through the following key actions: i) use of appropriate templates and bidding documents; ii) NPCU should be responsible for all Procurement activities and establishment of Contracts; iii) hiring of an additional procurement officer; iv) regular update of the contract register, and V) signing of contracts with governmental entities. Main issues under **financial management** include: i) Limited capacity of the financial management team; ii) No cash advance fiscal count carried out during the monthly monitoring visits made by NPCU team in Cairo nor cash advance register is kept in the governorates or in Cairo office; iii) No periodic financial reports (monthly or quarterly) supported with bank reconciliations; iv) The project is not maintaining registers for the petty cash account and for the advances given to the governorates; v) filing of the project documents is very poor; and vi) some documents are not stamped with “paid stamp”.

[1] The criteria for classification is based on their involvement in a number of activities including: (1) participating in training activities, seminars, workshops, meetings and agricultural exhibitions; (2) displaying products in the local markets; (3) conducting contract arrangements; (4) participating in agricultural extension activities (demonstration plots, farming systems and field and harvest days).

Agreed Action	Responsibility	Agreed Date
Exit Strategy Develop a clear mechanism/action plan for implementing the exit strategies and plans and identify a viable supporting financial framework, including an institution capacity assessment of the FMA's and government partners.	NPCU/ MALR	11/2020
Continue strengthening links between components 1 and 2 Continue the provision of trainings and technical assistance to borrowers; launch financial education activities; document all activities	NPCU	11/2020
Monitor and provide assistance to struggling borrowers Request lists of borrowers whose loans are past due and restructured and develop technical assistance interventions to help them meet their loan obligations	NPCU, ADP, MSMEDA	11/2020
Improve reporting on Component 2 lending activities Consolidate all data from ADP and MSMEDA in the format provided by the mission and ensure availability of data by gender, subsector, and region. Keep track of the total outstanding loan portfolio, past due loans, restructured loans and portfolio at risk (see Excel form)	NPCU based on data from ADP and MSMEDA	11/2020
Focus on active organizations Adopt a prioritization approach to focus only on the organizations that are commercially focused and have good viability to ensure sustainable operation after project closure.	NPCU	12/2020
Exit Strategy Finalize and start implementing the Exit and Asset Management Strategy	NPCU	12/2020

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus

Effectiveness

Rating: 4

Previous rating: 4

Justification of rating

Output targets are being achieved, as over 90% of targets have been met. All targets for component 2 are expected to be achieved. The linkages between the 2 technical components has been improved, however, more emphasis are need to focus on the outcomes and impacts of the project over specially as the project is approaching its end.

Log-Frame Analysis & Main Issues of Effectiveness

In total, 38,440 people were supported by the project (77% of the end target), 10,650 being women (70% of the total).

Logframe indicators at Project Goal and Development Objective level will be measured in the Impact Survey next year.

In Component 1, results at outcome level report a 34% increase in tomato crop yields compared to the baseline figures . The average livestock productivity of 16 associations is 1,263 litres (97% of the expected target), while 11% loss is reported by farmers involved with the project in 2020, against the 22% of non-beneficiaries.. In terms of outputs, under Component 1, 163 associations have been supported, with a membership of 132,510 people (24% women). 16,067

farmers were trained in income-generating activities (30% women), while 2,566 were trained in agricultural practices (11% women) and 652 people in livestock practices (44% women). All output activities under this component have overreached the expected target.

Concerning Component 2, no new activities are reported. The cumulative results of people accessing credit and having new jobs remains 26,838 (114% of the target), of which 41% is for women and 46% for young people.

A more detailed analysis on the project impact can be found in the Annual Outcome Survey (AOS), conducted by the N/GPCU in August 2020. The main findings are summarised as follows:

- The majority of beneficiaries confirmed being satisfied with project activities (62%) and having continued communication with the project team (60%).
- Beneficiaries reporting income increase are 55%, against 9% of non-beneficiaries.
- On food security, almost no beneficiary witnessed any change since last year. However, no one considered their situation being worsened, differently from 29% of non-beneficiaries reporting so.
- The study shows that 87% beneficiaries cultivate high value crops, registering an increase of 40% compared to the 2019 AOS - when only, 5% reported the same. The non-beneficiaries cultivating high-value crops amount to 28%.
- In terms of production increase, 89% beneficiaries and 84% non-beneficiaries reported an increase in agricultural production. Both groups mostly experienced a medium increase, although for 20% of beneficiaries the increase was high, against the 2% of non-beneficiaries.
- New agricultural technologies were adopted by 87% of beneficiaries (mostly use of improved hybrid seeds, reduction of chemical fertilizers and use of post-harvesting techniques), versus 20% non-beneficiaries, who mostly used improved seeds.
- Both groups registered a medium increase in the size of land cultivated, but 23% of beneficiaries reported a high increase, while none of the non-beneficiary affirmed so.
- On access to market, 86% of beneficiaries increased their ability to access the market through contracts with buyers, versus 13% of the non-beneficiaries.
- Access to financial services: 18% beneficiaries and 31% non-beneficiaries accessed loans, the majority coming from friends and NGOs (62%) and the rest from banks. In both groups, the majority of respondents confirmed having already repaid the loans.
- Employment: 29% of beneficiaries have non-agricultural projects, versus 22% of non-beneficiaries. In both groups, the majority of respondents (55% and 81%) does not have any employer supporting him/her, although 40% of beneficiaries affirmed having 1-2 employees, while only 15% of non-beneficiaries did so.

The results of the study show the project had positive impact on its beneficiaries, although many requested stronger support from the N/GPU after activities are implemented. The support mostly concerned farmers' capacity in agriculture, providing information on trainings planned and the options available on credit/loans.

Development Focus

Targeting and Outreach

Rating: 4

Previous rating: 3

Justification of rating

To date, the project was able to reach out to 132,510 beneficiaries as members of farmers organizations (target 13,200) and 38,440 people receiving direct support such as trainings and loans under component 1 and 2. Specifically, under component 1, the project was able to reach out to 22,008 people and 16,347 people were reached under component 2. 000). Since the last supervision mission, the project took multiple measures to improve the targeting by providing additional guidance for the selection of different committees in FMAs and assessing the effectiveness of FMAs.

Main issues

Although no clear and comprehensive targeting strategy was developed, interaction with beneficiaries, indicate that project support largely reached out to the intended target group.

Under component 1, the project targets beneficiaries through Farmers Marketing Organizations (FMAs) and Community Development Associations (CDAs). To date, 163 organizations have been supported by the project who have a total of 132,510 members (21.5% of the members are women). Out of these 132,510 members, 22,008 people received direct support (e.g. training or contractual support) which is an 9,528 additional beneficiaries compared to last year. As recommended by the April 2020 implementation support mission, PRIME assessed the effectiveness of the different FMAs/CDAs benefitting from project support. Based on a number of criteria, such as participation in training activities, contract farming schemes and agricultural extension FMAs were classified. Out of the 163 organizations supported, 58 are classified as active, 91 as moderate and 14 as inactive. During the assessment exercise, it appeared that some organizations ceased to exist which explains the only marginal increase with regards to last year when the SM reports that 161 FMAs/CDAs were supported. Until completion, project activities will primarily focus on the active and moderate FMAs. Though this could mean that the overall outreach target is not achieved, this could be warranted, as the project will have more resources available to deepen the impact with existing FMAs/CDAs.

Since the last supervision, an additional 22 marketing committees were formed making the total number of marketing committees to 210. Consequently, every FMA/CDA has at least 1 marketing committee. Additional guidance was formulated to assure the efficiency of a FMA/CDA as well as the governance structure of a CDA. Criteria that determine whether a committee is formed include e.g. the Feddan that an organization has over its disposition and the potential of high value crops. Selection criteria for committee members include the literacy, numeracy skills as well as negotiation skills. Although a comprehensive targeting strategy was not laid down for component 1, field visits undertaken during this supervision mission indicate that project support was provided to the intended target group. The vast majority of beneficiaries under component 1 received project support were primary producers with small landholdings (either owned or rented). A large number of the male beneficiaries were under 35 years of age. Beneficiaries usually had disposition over basic farming equipment and in a rare occasion they worked with daily labours during peak periods. Although no homogenous targeting strategy seems to be present among the FMAs/CDAs, a variety of targeting methods are used by them to select final beneficiaries for the productivity support as well as market linkages support including self-targeting (willingness of beneficiaries to participate) and direct targeting (based on the poverty levels).

Targeting under component 2 was completely executed by financial institutions receiving support from MSMEDA and ADP. Further to project data, a 16,374 beneficiaries received support under the rural finance component. Out of the total beneficiaries supported by component 2, the vast majority, 13,130 beneficiaries, were supported by the MSMEDA microfinance institutions with an average loan of approximately EGP 13,421 (US\$ 852). The mission notes that PRIME took genuine steps to improve the linkages between component 1 and 2 by organizing for example over 20 trainings on livestock breeding which is a sector with major coverage in the lending sectors as well as the marketing linkage structure. With a view to project completion and in order to share lessons with other IFAD funded projects, the mission recommends to take stock of the targeting methods used by the project.

Agreed Action	Responsibility	Agreed Date
Targeting approaches Take stock of the targeting approaches used for project completion and to share lessons learned.	NPCU	02/2021

Gender equality & women's participation

Rating: 4

Previous rating: 4

Justification of rating

The 2020 supervision mission noted an overall improvement in the project's approach to gender equality and women's participation especially by enhancing the quality of the interventions offered. With a view to sharing lessons learned and the upcoming completion, the mission recommends that the mission maps all gender sensitive activities that were executed by the project.

Main issues

Although last year's supervision missions states that 74% of the beneficiaries were female, the current mission was not able to retrieve and verify this number. M&E data provided to this mission, indicate that PRIME was able to reach out to 28,475 women through farmers organizations under component 1 (22% of the total number of beneficiaries under this component). Also, M&E data indicate that 2,227 women benefited from a variety of training activities under PRIME since the beginning of 2020 – in total, 10,650 women received service activities from PRIME which is 70% of the end target. During the field visits, the mission found that female beneficiaries were generally satisfied with the training provided. PRIME support was used by women to gain additional means and cover for educational expenses, support the overall household expenditure and further expand their businesses.

Since the last supervision mission PRIME established additional Women's Marketing Committees (WMC) who focus on delivering gender sensitive marketing services. For example, the WMC provides training, stimulates women to participate in marketing activities and provides guidance to women in applying for loans. To date, 151 WMC have been formed. In addition, PRIME developed Women's Associations (WA) that offer targeted support to female PRIME beneficiaries. Nine additional WAs have been formed since the last supervision, making the total number of WMS 54. All members of the marketing committees and associations are female. In 2019-2020 they received training on managing and running the organizations. PRIME also aims at increasing women in the leadership position. Thirteen additional women were included in FMA/CDAs leadership since the last mission and trained accordingly which means that the 142 women assumed leadership positions in these organizations (target: 150).

Under Component 2, the project has provided loans to 6,484 women, which represents 40% of all borrowers. Women received 16% of all loans by volume – since the vast majority of female borrowers were recipients of small and micro loans provided through MSMEDA. Among larger enterprise loans provided through ADP, 5% of the loans were extended to women.

Agreed Action	Responsibility	Agreed Date
Empowerment approaches Take stock of the empowerment approaches used for project completion and to share lessons learned.	NPCU	02/2021

Agricultural Productivity

Rating: 4

Previous rating: 4

Justification of rating

The project provided farming extension activities and technical support to help the farmers enhance their agricultural productivity. Implementation of farming systems introduced high value and exportable crops in the farmers' cropping patterns. Interviewed farmers indicated that they received technical support on better cultivation processes, improved practices for rationalizing the use of water, pesticides and fertilizers. They reported the usefulness of the trainings received and their enhanced capacities in raising their agricultural productivity and hence income. Farmers who participated in the organic farming demonstration also specified that they expect higher productivity. Still, as noted, they have concerns over profitability and access to the appropriate marketing channels.

Nutrition

Rating: 5

Previous rating: 4

Justification of rating

PRIME was approved by the Executive Board in December 2011 which was before IFAD included nutrition as a mainstreaming theme in 2018. This could explain why the organization did not have a major focus on Nutrition as per the project design document. In spite of this, 354 women received a combined training on nutrition and agricultural production since the last supervision. Besides the targeted training on nutrition, project activities also increased the availability of multiple nutritious foods.

Main issues

PRIME supported the sweet potato value chain as well pomegranate value chain which directly increases the availability of nutritious food in the local markets. In addition, beneficiaries were able to make a connection between the appropriate use of pesticides and food safety. In spite of the absence of a coherent strategy for nutrition, PRIME did undertake genuine effort to address nutritional problems.

Adaptation to Climate Change

Rating: 4

Previous rating: 4

Justification of rating

Despite the fact that adaptation to climate change was not one of the objectives at design, the project has been proactive through some activities that are addressed to tackle climate change adaptation issues. As part of the farming systems demonstration, the project has introduced heat tolerant varieties for some crops, introducing early cultivation to avoid heat waves, using less amounts of fertilizers and pesticides, and providing training for livestock beneficiaries on how to protect their cattle and small ruminants from heat stress during the summer season. In addition, access to rural finance is expected to increase the adaptive capacities of the target communities through income diversification. Around 63% of all loans disbursed went to off-farm income-generating opportunities.

b. Sustainability and Scaling up

Institutions and Policy Engagement

Rating: 4

Previous rating: 4

Justification of rating

The project adopted an approach to strengthen the farmers organizations and capacitated them for effective management. The project has established and strengthened the community based organizations such as the community development committees which guide the project interventions based on needs of beneficiaries. The NPCU and GPCUs are integrated into MALR structures and thus there is reasonable level of interaction with MALR. In addition, the project has conducted an analysis for FMAs to identify the active ones which the project should continue working with.

Main issues

Upon request of the IFAD Remote Supervision Mission last April 2020, the project classified its supported FMAs according to their effectiveness. Criteria for classification was based on their involvement in the following activities: i) Training activities, seminars, workshops, meetings ...etc; ii) Participation in local markets by displaying products; iii) Visiting national or governorate agricultural exhibitions; iv) Engage in contract farming; and v) Participation in agricultural

extension activities (demonstration plots, farming systems, field & harvest days). The analysis was done for the 166 FMAs on 3 point scale: inactive, moderately active, and active. Results have shown that 14 FMAs are considered as inactive and thus the project will not further work with them. However, 93 were identified as moderately active and 59 were considered as active. The project will use the active ones as pillar for sustainability of the marketing interventions, while for the moderately active ones the project will further provide capacity building for them to ensure that they are market ready (active) by end of FY 2020/2021.

Partnership-building	Rating: 4	Previous rating: 3
-----------------------------	------------------	---------------------------

Justification of rating

In the Marketing Component, the mission acknowledges the efforts done in linking smallholder farmers with export companies to secure market with high returns and in concluding contract arrangements with the traders and private sector companies. The project's support to the farmers to comply with the export coding requirements to allow them to continue to export is also considered a positive contribution to improving access to the export market. However, concerns remain regarding the CDAs and FMAs that have limited commercial viability. In terms of partnership with other projects and development partners, there has been some efforts made to reach out for cooperation such as SAIL.

Main issues

A main priority in the project is to increase commercialisation and drive market integration. However, as noted, many of the supported CDAs and FMAs have limited commercial viability and poor value chain integration. The mission accordingly stresses on the importance of adopting a prioritization approach to focus only on the organizations that are identified as commercially focused and have good viability to ensure sustainable operation.

The previous mission recommended establishing linkages with IFAD-SAIL project and USAID-FAS for agricultural marketing services. The project reported that it established a Cooperation Protocol with SAIL project (Soil and Water Laboratory and Nematode Examination Unit) to carry out routine soil and irrigation water analyses and examination of nematode and molds diseases at the project extension sites in the seven governorates. The project also indicated that PRIME cooperates with USAID-FAS project, where PRIME assists its FMAs in preparing feasibility studies and cost estimates to receive grants from the FAS project.

For Component 2, banks have proved to be most effective partners in terms of disbursing funds for agricultural investments. 100% of all loans through ADP partner banks and 90% of small loans through the National Bank of Egypt, a partner of MSMEDA, were provided for agricultural purposes. Of the total loans disbursed via CDAs and Banque du Caire, only 12% of loans were for agriculture (livestock) representing 7% of the funding disbursed by these partners.

Human and Social Capital and Empowerment	Rating: 4	Previous rating: 3
-------------------------------------------------	------------------	---------------------------

Justification of rating

Further to a recommendation by the last project, PRIME started a procurement process to further research the training needs of FMAs. Unfortunately, the procurement process was cancelled as there were too few respondents for the bid. However, beneficiaries across the board indicated to be satisfied with the support they received. On multiple occasions, beneficiaries stated to gain incremental benefits (e.g. access to higher prices or secure markets) which is an opportunity they would have missed out on when not being included in the projects.

Main issues

In addition, over the last couple of months, the project undertook multiple initiatives to strengthen the capacities of poor rural men, women and their organizations. Notably, PRIME established nine additional Women's Associations and 54 Women Marketing Committees who have an all-female board that were trained on different aspects needed to organize an organization. Additional selection guidelines were formulated so the representatives of farmers organizations were better able to serve the organization. As also mentioned under the targeting section, PRIME continued to strengthen FMAs/CDAs. To target PRIME support, an effectiveness study was undertaken and inactive FMAs/CDAs ceased to receive project support.

Quality of Project Target Group Engagement and Feedback	Rating: 4
----------------------------------------------------------------	------------------

Justification of rating

The 2020 supervision mission is the first mission that will rate this section. PRIME was developed without a SECAP and hence did not include social safeguard mechanisms such as a grievance redress mechanism. Overall, beneficiaries were satisfied with the support the project provided to them and the quality of beneficiary feedback mechanisms for component 1 seems adequate. Under this component, the beneficiaries were trained in small farmers group and indicated that there

was sufficient room to provide feedback on the training material and topics to the lead farmers.

Main issues

Beneficiaries were aware of the benefits of project services and seemed to take a conscious decision to participate in the training. Namely, beneficiaries indicated that participation in contract farming schemes provided them with more market stability and better price guarantees.

Responsiveness of Service Providers	Rating: 4	Previous rating: 4
--------------------------------------------	------------------	---------------------------

Justification of rating

The project focused on socially oriented NGOs. Many of the supported CDAs and FMAs have limited financial or organizational capacities and are not commercially focused, as previously indicated. In addition, former missions noted deficiencies in MALR rural extension service. However, they were offset to a limited extent by the FSRU. For sustainability reasons and to serve the needs of the farmers, it is recommended that the project partners with other extension agents such as the private sector (e.g. input suppliers).

Environment and Natural Resource Management	Rating: 4	Previous rating: 4
----------------------------------------------------	------------------	---------------------------

Justification of rating

The project has not had any significant negative impact on the environment. Due to the nature of the project, there had no focus on improving NRM during the design stage. However, the project has several interventions that have positive impact on the environment and would contribute to better NRM such as the introduction of organic farming and the use of crop residuals for development of products as income generating activities for women. Also, the project has supported some farmers in getting codes for different crops to cope with the export standards. The project is also promoting minimal use of chemicals and pesticides and have collaborated with SAIL project in carrying out soil analysis.

Main issues

In terms of rural finance and as part of the framework agreement between MALR and CIB (ADP agent bank), CIB commits to complying with international standards for the protection of the environment, protection and safety in its financial services. The 28% share of loans that went into the agriculture sector is also expected to improve NRM through increased use of machinery.

Exit Strategy	Rating: 4	Previous rating: 3
----------------------	------------------	---------------------------

Justification of rating

The project has advanced with the draft version that was prepared during the last ISM in April 2020. The current exit strategy is quite comprehensive but still needs more emphasis on the asset management and marketing activities. project has identified the organizations that are commercially active and have good viability to ensure sustainable operation after project closure. As for the marketing outlets, the mission continues to emphasize on the importance of finalizing the Exit and Asset Management Strategy in order to ensure the sustainable operation of the outlets.

Main issues

As noted, many FMAs and Marketing Committees have limited commercial viability and poor value chain integration and do not have strong financial or organizational capacities, which undermine their sustainable prospects. As recommended during the previous mission, the project conducted an assessment for the FMAs to determine the active ones. The assessment classified the supported FMAs according to their effectiveness and their active role in conducting contract arrangements with the private sector. Nevertheless, the project still did not implement a prioritization approach during this reporting period. Accordingly, the mission recommends focusing only on the organizations that are commercially focused and have good viability to ensure sustainable operation.

Agreed Action	Responsibility	Agreed Date
Management Strategy Finalize and start implementing the Exit and Asset Management Strategy	NPCU	12/2020
Prioritization approach Adopt a prioritization approach to focus only on the organizations that are commercially focused and have good viability to ensure sustainable operation after project closure.	NPCU	

Potential for Scaling-up

Rating: 4

Previous rating: 4

Justification of rating

PRIME has high potential for scaling-up the model of market linkages with the support of rural finance to other governorates in Egypt. There has been some good examples with excellent linkages to markets through providing support to small agribusinesses while from the other end linking smallholder farmers to them. The CDA-based models are also not scalable as most of the transactions are performed in cash and thus entail many operational risks and reduce convenience for customers.

Main issues

Component 2: As highlighted in the previous mission's report, lending through banks has the highest potential for scaling up, both in terms of ensuring investment in agriculture, as well as in terms of expanding financial inclusion of beneficiaries. Though dealing with banks, the beneficiaries are able to benefit from other services, such as transactional accounts or savings, as well as develop their credit history. CDAs, on the other hand, do not provide any of these benefits and charge much higher interest rates (up to 28% as compared to 7.5-10% charged by banks) while typically offering standardized, inflexible loan repayment conditions that do not account for specifics of agricultural loan cycles.

c. Project Management

Quality of Project Management

Rating: 4

Previous rating: 3

Justification of rating

The mission notes positive changes in the performance of the project management with adherence to most agreed actions from the previous two missions. Vacant NPCU positions filled, in the M&E, Marketing and Gender, Exit strategy and PIM finalized. The GPCU operational involvement has improved through consultation in the annual AWPB process, communication using WhatsApp groups; and specific capacity building needs within the GPCU are addressed. However, the project management should work on improving the issues related to fiduciary aspects, which are presented below.

Knowledge Management

Rating: 5

Previous rating: 3

Justification of rating

Since the last supervision, PRIME significantly improved its approach to knowledge management by making knowledge widely available, offering a solid knowledge transfer model and generating lessons that can be supported to a wider audience. The implementation of KM and communication activities is guided by a framework that is being updated inline with implementation. The project has a dedicated KM and media officer who is responsible for implementing the KM framework. The project has specific allocations under the AWPB for undertaking several KM activities and developing knowledge products

Main issues

To transfer knowledge under component 1, the project usually trained a "lead farmer" who on its turn transferred knowledge to production groups once every 2 weeks. The lead farmer had disposition over a technical extension worker from the GPCU. During the field visits, beneficiaries indicated to appreciate this model to transfer knowledge as is it was accessible and clear. Where last year, knowledge products were not always accessible in paper, the project made an effort to develop new materials and distribute them to beneficiaries. Also, NPCU developed printed materials on financial education which they started to disseminate among beneficiaries of both Component 1 and 2, though actual trainings had to be postponed due to the pandemic. Over 20 training programs were organized for borrowers covering various aspects of livestock breeding, in cooperation with the Animal Reproductive Research Institute (on fodder composition, animal husbandry, vaccination etc.), as well as direct provision of technical assistance, such as veterinary services, to some of

the beneficiaries who received loans for livestock. This also strengthened the linkages between component 1 and component 2.

To disseminate project results, PRIME developed a YouTube channel, Facebook page and website. Since the last supervision 11 additional success stories have been developed as well as 10 YouTube movies. Finally, PRIME launched an electronic campaign in coordination with Life Vision for Development Association called "How to cultivate right". The campaign prepares and introduces in a simple way a set of extension and educational films, periodicals, field and harvest days, field interviews and provides agricultural technical advice through social media. More than 5600 farmers have been reached through this campaign and PRIME answered more than 100 questions on cultivation through its Facebook page.

The development of different handbooks on organic farming and crops cultivation has been widely appreciated by project beneficiaries. The pamphlets distributed as part of the FSRU trainings which include all key steps for cultivation of the specific crops has been very beneficial, since it is used to disseminate information beyond the direct beneficiaries. Discussions with beneficiaries revealed that they use the pamphlets to show their relatives and neighbours what they are being trained on and how to implement the same practices on their fields.

As per the AWPB, the project will implement the following in addition to others:

- Create a network of communication and cooperation between PRIME project and other IFAD / non IFAD agricultural development partners in Egypt.
- Provide 2-day training sessions to GPCU-Extension Workers to enhance their documentation professional skills through capturing the main field activities by photography and video.
- Develop new success stories and learned lessons based on the project achievements.
- Establish a Documentary Bank for the project activities.
- Enhance the effectiveness of the project marketing services by designing and producing of extension and media materials.
- Producing promotional materials / documentary film on the project overall execution.

Value for Money	Rating: 4	Previous rating: 4
------------------------	------------------	---------------------------

Justification of rating

There is no effective system adopted by the project to undertake analysis for value for money. More than 95 percent is allocated for rural finance. The project has reached out to its intended and the unit costs per beneficiary is reasonable.

Main issues

The MTR did not update the PRIME's Economic and Financial Analysis (EFA). The set of activities and farm models presented still seem to be sound; however, following the substantial currency devaluation in 2017, the prices used in the models no longer reflect current prices and the overall NPV warrants re-calculation. It is therefore recommended to update the EFA analysis in view of the Project completion.

Coherence between AWPB and Implementation	Rating: 4	Previous rating: 4
--------------------------------------------------	------------------	---------------------------

Justification of rating

The AWPB 2019/20 execution rate stands at 69% with the physical progress as reported by the NPCU showing and overall achievement of about 75% of the annual targets. This low utilization of the budget was mainly due to delays in implementation as a result of COVID-19. The NPCU submitted the AWPB 2020/21 by end of June and was approved in July 2020 following clarifications requested by IFAD.

AWPB Inputs and Outputs Review and Implementation Progress

Under the Marketing Support Component (1), the project assisted in establishing or strengthening 163 FMAs, representing 81.5% of the final target, with a total membership of 132,510 farmers. A total of 210 Marketing Committees were also formed with 11,490 members. As part of the value chain linkages subcomponent, the project established 7 marketing outlets as planned to link FMAs and small farmers with final consumers. In addition, contract farming activities as well as farming extension activities were carried out. In 2020 (to date), a total of 67 contracts were concluded for 46 participating associations (compared to 63 contracts for 35 associations in 2018-2019). Around 32 of these contracts are for high value crops. The number of farmers benefiting from these contract arrangements during this period are around 2,465. The execution rate is 33.5% of the planned number of this year's contracts due to COVID-19 that led to limited communication with the marketing channels to conclude contracts during this period. The project also provided farming extension activities. It implemented 132 extension demonstration plots and farming systems (ongoing), in addition to technical training sessions and field and harvest days.

Under the four sub-components, training activities were provided. However, due to COVID-19, many trainings were either

postponed or were conducted with smaller groups. In total, 254 training sessions out of the planned 554 were delivered to 2,929 participants (out of 8,589 planned) during the period of July 2019- June 2020.

Under component 2, all activities were providing loans through revolving funds since MSMEDA and ADP have fully utilized their allocations.

Performance of M&E System	Rating: 4	Previous rating: 3
---------------------------	-----------	--------------------

Justification of rating

The mission recognizes the effort done by the NPCU to improve M&E performance by hiring an M&E officer and an IT specialist and developing an Access M&E database. Data stored in the database are collected through Excel tables created by the M&E officer. Four tables existed before the M&E officer came on-board, now it is more than thirty. The N/GPCU conducted an AOS in August, interviewing 490 beneficiaries and 490 non-beneficiaries (70 per governorate). Data collected during the study have been uploaded in a dedicated Access database. Although data aggregation remains somehow weak, –one unified table reporting on all project activities still does not exist– the NPCU came a long way since last mission.

M&E System Review

Until last year, project data were collected only through Excel forms, which did not cover the width of PRIME activities. After the M&E Officer joined the NPCU, more Excel forms were created and data collected uploaded to an Access M&E database. The database reports on the project outputs, such as: FMAs created/strengthened by the project, Marketing Committees formed, producer groups supported, contracts signed by the FMAs with the buyers and loans disbursed. Since the M&E database does not yet include all data previously collected, the NPCU was requested to create a document in Excel aggregating all data available on project activities under both components. The document helped in having an overview of the areas of intervention and the beneficiaries reached, but data on training delivered to the CDA/FMAs outside of the farming systems and on Component 2 were missing despite numerous requests. For Component 2, the aggregated data on lending activities is not readily available. NPCU collects separate data from ADP and MSMEDA that is presented in different formats, uses different breakdowns, different reporting approaches (for example, MSMEDA typically reports on both original project amounts and revolving funds and uses a formula-based approach to the estimation of the number of jobs created) etc. There is no single source of all data on lending activities, which makes analysis very difficult. It is the responsibility of NPCU to aggregate data from both implementing partners and present them in a streamlined and harmonised format, including project-relevant breakdowns (by gender, region, subsector etc.). The mission has provided a recommended format for data aggregation that NPCU should use going forward (see recommendation to Component 2 above).

Despite the efforts mentioned above, data aggregation remains somehow weak. Data available have just started being aggregated in the Access M&E database or the Excel file requested during the mission. Information is still scattered, particularly on Component 2, which makes validation difficult.

Concerning outcomes reporting, the M&E officer developed a form for livestock and crop farmers to give an account of the increase in production/yields, as well as the losses, witnessed in 2020.

An **AOS** was prepared by the NPCU and conducted in August by the GPCU. The topics covered are: i) household characteristic; ii) participation in the project activities (only for project beneficiaries); iii) livelihood; iv) food security; v) landholding, vi) agricultural production & irrigation; vii) access to market; viii) access to rural financial services, ix) employment. 490 beneficiaries and 490 non-beneficiaries were selected from the project associations & villages involved with the projects. 10 beneficiaries and 10 non-beneficiaries were selected in each of the 49 associations involved with the project – 7 from each governorate. As reported in the “Effectiveness” section, the results of the AOS are overall positive. The study reported a more encouraging feedback from beneficiaries on income and production than in the 2019 AOS; overall, the beneficiaries’ situation resulted better than the non-beneficiaries’. The final report was prepared and translated during the mission, which explains the scruffy format and presentation. However, data reported is easily understandable and the comparison with 2019 AOS data very useful. A full list of question and answer for both treatment and control group is included as well. Since the project is reaching completion next year, it’s recommended to start the preparation of the TORs of the Impact Study using the new IFAD’s Core Outcome Indicators (COI) methodology that will be shared with the NPCU.

Agreed Action	Responsibility	Agreed Date
M&E Excel Master table Complete the NPCU's master table named "Summary – Indicators PRIME", created during the mission, with the missing information on people trained (names, gender, training topic, date and governorate) and all activities concerning C2 (loans disbursed and training conducted), including the past years.	M&E officer	11/2020
Reporting on C2 Harmonize data on C2 in the recommended format provided in 2019, and integrate it with the master table mentioned in the first recommendation	M&E officer	11/2020
TORs Impact Survey Prepare the TORs of the Impact Study using the new IFAD's Core Outcome Indicators (COI) methodology.	M&E officer	11/2020

Social, Environment, and Climate Standards requirements

Rating: 4

Justification of rating

PRIME project was designed before December 2014 and thus it doesn't include a SECAP review note at design. However, the mission has not found any activities executed by the project that could change the project's environmental and social category (Category B). Aspects related to targeting and social inclusion have been well implemented by the project. The project has fairly reached out to its intended target group and has made considerable progress with regards to mainstreaming gender considerations. The project has also introduced some climate change adaptation measures and techniques that would enhance natural resources management. There has not been any evident negative impact on the environment or any complaints from the project's beneficiaries.

d. Financial Management & Execution

Acceptable Disbursement Rate

Rating: 4.0

Previous rating: 5

Justification of rating

The disbursement rate in SDR (inclusive of initial advances) under the IFAD Loan reached 98 % by 31 August 2020. For the IFAD Grant, the disbursement rate remains at 70%. Both MSMEDA and ADP/CIB have utilized the funds received from IFAD to date. The capacity building has utilized 37% of the allocated amount although not fully spent.

Main issues

The disbursement rate in SDR (inclusive of initial advances) under the IFAD Loan reached 98 % by 31 August 2020. For the IFAD Grant, the disbursement rate remains at 70%. Both MSMEDA and ADP/CIB have utilized the funds received from IFAD to date. The capacity building has utilized 37% of the allocated funds although not fully spent.

Fiduciary aspects

Quality of Financial Management

Rating: 4

Previous rating: 4

Justification of rating

No Major changes in the financial management performance of PRIME - NPCU; therefore it is recommended to keep the previous rating. Around 95% of the IFAD funds (USD 67.70 million) are for the credit facility. The credit line is kept by two reputable financial institutions with proper financial management and internal control systems.

Main issues

The financial management team at NPCU have limited capacity and need more training in terms of financial management capacity. There is an improvement in the operation of the software. The mission contacted the service provider (ADVAC Co) which confirmed that with the cooperation of PRIME financial department, the set up of the chart of accounts, the

annual budget, cost centres and different dimensions has been made. PRIME financial team is in live mode now and has already started entering the transactions in the system. They have already finished entering 6 months transactions from 1/7/2019 to 31/12/2019. The General ledger is generated from the system. The financial management team does not prepare periodic financial reports (monthly or quarterly) by source of financing, categories, components and budget vs actual comparison etc. supported with bank reconciliations, trial balance for regular submission to the project manager to enable him to make informed decisions.

Around 95% of the IFAD funds (USD 67.70 million) are for the credit facility, which are subject to normal accounting, internal control, internal audit, and financial reporting systems under MSMEDA and ADP/CIB. The mission examined 50 transactions of the NPCU which are equivalent to EGP 2.3 million representing 43% of the total expenditure recorded through the SOEs (for grant and capacity building loan) from 1 July 2019 to 31 August 2020.

The internal control system in place within the MALR, ADP/CIB and MESMEDA is deemed satisfactory. Segregation of duties exists at the level of NPCU, ADP/CIB and MESMEDA. Payments from project banks accounts, recording and posting of transactions are subject to sufficient levels of controls. Payments currently processed by the NPCU financial manager are reviewed by the financial controller of the Ministry of Finance assigned to MALR (based in Alexandria), and approved by the project manager to certify that the expenditures are eligible and are as per the approved work plan and budget. As required by the law, the financial controller reviews and verifies every transaction against the supporting documents and must certify each transaction before the issuance of bank transfer to the beneficiary.

Despite these controls, some weaknesses need to be taken into consideration:

- The mission noted that the project is not maintaining a register for advances given to the 7 governorates or NPCU. A manual register was then opened with effect from 1 July 2020 to monitor cash advances.
- Although this comment was mentioned in the auditor's management letter for the year 2017/ 2018, the mission noted that some (invoices, attendance sheet for workshop/training) are still not stamped "paid". NPCU does not prepare bank reconciliations on a regular basis.
- In some cases of advance justification participants' attendance sheets for training were still signed by one or two persons. The NPCU clarified that participants, being illiterate, could not sign off their attendance. In several cases, accountants based in the governorates received money on behalf of some participants to trainings, but the mission was not provided with evidence that the money was actually paid to the participants as claimed by the NPCU (no copy of identification is attached as supporting documents).

Agreed Action	Responsibility	Agreed Date
<p>Refund to the Grant Account the ineligible payment made to M/s Zanatay</p> <p>Write a letter to Ministry of Finance for the refund of the amount using the precedent of recovery made in the recent past</p> <p>Feb 2020. This documentation related to this are currently under review to confirm if the amount is ineligible or otherwise.</p> <p>Nothing came to our attention that this issue is resolved</p>	NPCU	01/2020
<p>NPCU to establish petty cash register, carry out petty cash count during the follow up / monitoring visits done by NPCU Cairo office.</p> <p>Partial Done, the project already has a register for advances with effect from 1 July 2020 in all governorates and in NPCU following recommendations from the mission.</p> <p>Maintain documented audit trail of activities in one place</p> <p>Partially done</p>	NPCU	10/2020
<p>Preparation of bank reconciliations on a monthly basis for control purposes</p> <p>Preparation of bank reconciliations on a monthly basis for control purposes</p>	NPCU	10/2020
<p>Improve the filing system</p> <p>As per the financing agreement article VIII Section 8.02/C the project lead agency should keep the files, records and project documents and make them accessible to IFAD, its representatives or agents; therefore it is highly recommended that NPCU establishes a filing system and makes sure that it is organized and traceable for the preparation for project closure and the completion report and for the related missions.</p>	NPCU	10/2020
<p>Produce quarterly reports using finalized reporting template</p> <p>Finalize in consultation with IFAD</p>	NPCU	12/2020
<p>Full backup to be maintained</p> <p>Keep full back up for the financial transactions (transactions are currently recorded either on excel sheets or in manual books without backup).</p>	NPCU	12/2020
<p>Produce financial reports as per IFAD requirements</p> <p>Produce financial reports by components, sub-components, category of expenditure and financier on a monthly basis and share them with IFAD and other relevant stakeholders.</p>	NPCU	12/2020
<p>Finish updating and recording financial transactions from previous years</p> <p>Record financial transactions from previous years in totals and with effect from 1 July 2019, record transactions into the software in order to produce the financial reports as per IFAD requirements.</p> <p>Close cooperation is needed between NPCU, accounting software service provider and the project coordinator regarding the coding being used.</p>	NPCU	12/2020

Quality and Timeliness of Audit	Rating: 3	Previous rating: 3
----------------------------------------	------------------	---------------------------

Justification of rating

The audit report 2018-2019 was submitted with a one month delay whilst the management letter was submitted with one month and half delay.. The audit was conducted in accordance with International standards on auditing

Main issues

The auditors expressed an unqualified opinion on financial statements. The auditors also expressed an opinion on agreed upon procedures. The financial statements and accompanying notes could have been further enhanced by including statement and disclosure of comparison of the budget versus actual expenditure required under IPSAS and fixed assets register.

Counterparts Funds	Rating: 3	Previous rating: 2
---------------------------	------------------	---------------------------

Justification of rating

Counterpart funding is rated moderately unsatisfactory. The project's last AWPB (1 July 2019 to 31 December 2021 approved by IFAD on 26 August 2020 does not include any cash contributions from GoE. The government's counterpart contribution was estimated at USD 7.55 million. As of 31 August 2020 the government contributions amounted to about USD 3.1 million (both cash and in kind contributions represent only 47% of the commitment. The project manager is following up with the Ministers of agriculture and planning to allocate a counterpart budget for the project in the current financial year 2020/2021.

Main issues

Counterpart funding is rated moderately unsatisfactory. The project's last AWPB (1 July 2019 to 31 December 2021 approved by IFAD on 26 August 2020 does not include any cash contributions from GoE. The government's counterpart contribution was estimated at USD 7.55 million. As of 31 August 2020 the government has contributed about USD 3.1 million (both cash and in kind contributions represent only 47% of the commitment. This amount breaks down into 3.750 million EGP equivalent to USD 0.56 million in cash and USD 2.50 million in kind. The project was not included in the state budget neither for the year 2019/2020 nor 2020/2021.

The project manager is following up with the Ministers of agriculture and planning to allocate a counterpart budget for the project in the current financial year 2020/2021.

The amount of in-kind contribution has been worked out by a committee constituted in each governorate to estimate the governorate in kind contribution. The inadequacy of counterpart contribution remains a hindrance to the project implementation and non compliance with the project financing agreement, even if the figures of in-kind contribution are treated as reasonable.

Agreed Action	Responsibility	Agreed Date
PRIME management to follow up with the Ministers of Agriculture and Planning to allocate funds to the project in the State budget The project manager is following up with the Ministers of agriculture and planning to allocate a counterpart budget for the project in the current financial year 2020/2021.	NPCU	12/2020

Compliance with Loan Covenants	Rating: 4	Previous rating: 3
---------------------------------------	------------------	---------------------------

Justification of rating

Compliance with loan covenants has been rated as moderately satisfactory. The project complies with the Financing Agreement's legal covenants with the exception of untimely flow of the counterpart contribution.

Main issues

Procurement

Procurement	Rating: 3	Previous rating: 3
--------------------	------------------	---------------------------

Justification of rating

Processes and procedures applied exhibit significant shortcomings and inconsistencies across some of the requirements.

Project implementation is negatively impacted and delayed; The Procurement Planning is not accurate, the scope of planned activities is not clear and consequently unpredictable, bidding documents, evaluation reports and some of the contracts are of poor quality. Contract register and Procurement Plans are not updated. Implementation support is required; resolution of issues/constraints is likely but will take some time.

Procurement Review

• Procurement Planning

The Procurement Plan (PP) for the fiscal year 2020-2021 was granted IFAD's NO on Aug. 26, 2020. The PP was not submitted through NOTUS due to a problem with the account of the person handling Procurement Planning. This problem was solved during the mission.

The PP does not follow IFAD's template. It does not respect the principle of packaging where each package is supposed to result in one contract making the scope of planned activities not clear and consequently unpredictable. Moreover, the PP is not properly updated. In some cases, the planned procurement methods are not the same one actually used.

The review of the PP also revealed the need to amend the Letter to the Borrower (LTB) to be more descriptive with appropriate Procurement methods and thresholds.

Based on the above, the estimation of the actual percentage of contracted amount compared to the planned ones was difficult and not 100% accurate. For the fiscal year 2019-2020, 54 packages were planned, 26 packages were launched representing 48% of the planned packages and 52.5% of the planned value while 24 contracts were signed representing 44% of the planned packages and 24.47% of the planned value. For the fiscal year 2020-2021, 59 packages were planned, 16 packages were launched representing 27.1% of the planned packages and 41% of the planned value while 11 contracts were signed representing 18.64% of the planned packages and 14.28 % of the planned value.

The comparison of figures between the launched packages and the contracted ones shows clearly that the activities are over budgeted at the level of planning.

• Review of Prequalification and Bidding Processes

The quality of the bidding documents (BD) reviewed is poor. In case of shopping, the BD consist only of a price schedule to be filled by the Supplier. The BD is sent to a list of suppliers provided by the Procurement Sector at the Ministry of Agriculture. They are distributed by the Project's accountant who visits the suppliers in their offices to deliver them. This practice needs to stop immediately. Any contact with the suppliers need to be done by the Procurement staff only and needs to be documented.

The Project needs to consult with IFAD for the provision of appropriate templates for the BDs.

• Review of Evaluation and Contract Award

The evaluation report is very basic and in most cases not accurate. Results of the bidding processes and award are not made public.

In the reviewed cases, no purchase order / Contract were signed. Only a request to provide the supplies was issued to the suppliers

The protocol signed between SAIL and PRIME does not have a No Objection form IFAD

• Review of Contract Administration and Management

The two reviewed contracts were implemented without problems. No problems are reported at the level of other contracts implementation. For the purchase of photocopiers, the Request for payment was issued on March 25, 2020 before the acceptance was made on April 2, 2020.

Moreover, any acquisition from a governmental agency against paid amount (example acquisition of Seeds from the "Agriculture Research Centre) needs to be done through an MOU with proper justification and needs to be subject to Prior Review. It cannot be justified and authorized unless the service provided by this agency is unique.

• Review of project's record retention/procurement filing system and the ease of document retrieval

The Procurement documents are on file however as mentioned before they are of poor quality and very brief. The Contract Register is not updated and needs immediate revision. The register needs to be updated and presented to IFAD on a monthly basis.

Agreed Action	Responsibility	Agreed Date
Provide training to the Procurement staff in the project	IFAD	10/2020
Amendment of the Letter to the Borrower	IFAD	10/2020
The management of the procurement activities must be undertaken by the procurement staff in NPCU only	IFAD	10/2020
Use of Government Institution Services the use of the government owned institutions services, whenever needed and justified, must be done through the establishment of MOU between the MOA and these agencies subject to IFAD prior review	NPCU/IFAD	10/2020
Recruitment of a Procurement Officer	NPCU	11/2020
Submission No objection through NOTUS Project must use NOTUS in submitting the No objection request	NPCU/IFAD	11/2020
Procurement Plan Use of appropriate Procurement Plan template issued by IFAD and apply appropriate packaging and contracting methods as per the instructions of IFAD Procurement Handbook	NPCU	11/2020
Contract Register amend regularly the contract register and present it monthly to the Country Director	NPCU	11/2020
The project need to use more detailed bidding documents covering the needed instructions to bidders, bidding forms, evaluation criteria and draft contracts		
Evaluation Reports the evaluation reports need to be more elaborated including more details on the findings		

e. Key SIS Indicators

Likelihood of Achieving the Development Objective	Rating: 4.12	Previous rating: 4.0
Assessment of the Overall Implementation Performance	Rating: 3.83	Previous rating: 3.0

F. Relevance

Relevance	Rating: 4	Previous rating: 5
------------------	------------------	---------------------------

Justification of rating

Raising agricultural productivity specifically and rural incomes remain an urgent and relevant policy priority and many of the associated outcomes that PRIME is seeking to promote still holds high relevance, both for GoE and IFAD. However,

some of the approaches and institutions used have somewhat diminished the relevance of PRIME, as described above. The relevance is hence moderately satisfactory.

Main issues

The agricultural support component activities have sought to improve the farmers' on-farm productivity and income by organizing more marketing-oriented farmer groups and enhance value chains linkages. The activities also focused on facilitating more access to both local and export markets through the establishment of market outlets and supporting the farmers to comply with the export coding requirements. These activities are considered relevant to the development objective and are in line with IFAD's country strategy and national needs.

For component 2, the development objective is still relevant as access to finance remains an issue for smallholder farmers. However, the implementation approach varies with respect to reaching small/medium enterprises and micro entrepreneurs, with the former being served through banks with loans provided at subsidized interest rates, and the latter – through CDAs on highly commercial terms.

The project has achieved good results in terms of job creation primarily through funding small and medium enterprises via ADP: on average, each loan created 6.6 jobs which has been confirmed through direct monitoring. While MSMEDA reported creating 1.6 jobs per each loan disbursed, this figure includes also existing jobs that were sustained and is based on a formula rather than actual monitoring.

G. Lessons Learned

The best practice of adopting clearly defined strategies for targeting and gender at design should be always and timely ensured

The social and cultural context, and the economic challenges of PRIME geographic areas point to the need of having well defined operational targeting strategies from the design stage to ensure project effectiveness and impact. For a project to be socially, and gender transformative specific strategies that prioritize over activities and budgeting options are key. PRIME undermined these social challenges, especially with regards to women, and fell short of providing guidance in a systemic and systematic manner bringing the project to little achievement in gender.

Proper sequencing of activities is crucial for integration of project components and optimal support of beneficiaries

Component 2 activities started before those under component 1, though the design envisaged the provision of technical assistance and capacity building services before providing access to finance to beneficiaries. This resulted in having two groups of beneficiaries – those who received loans with no training, TA or marketing support, and those who benefitted from component 1 but could not get access to finance. It is crucial for the project management to ensure proper sequencing of project activities to ensure integration of the components and optimal support of the beneficiaries with a comprehensive package consisting of TA and finance.

Importance of direct collaboration with private sector partners for rural finance activities

Two government agencies (ADP and MSMEDA) acted as intermediaries channelling funds to PFIs. ADP also engaged their agent bank, CIB, as another intermediary to disburse to PFIs. Using intermediaries increased both the disbursement time and the cost of funding for PFIs, resulting in higher loan costs for end beneficiaries. Each partner also had their own approach to selecting PFIs, which resulted in highly inequitable lending conditions for different groups of beneficiaries. A more efficient option would be direct engagement of the project with sustainable private sector PFIs to eliminate these extra tiers of the disbursement process. To do this, the project would need to have dedicated component staff who have necessary qualification and expertise in PFI selection and monitoring.

Coordination between component due to lack of implementation guidance

A clear disconnect between components 1 and 2 of the project is evident in the implementation of the project. Although implementation underperformance, especially in the first few years of the project is also evident, it is clear that the main source of this issue originated in the project design stage. A strong linkage was never established in the design stage which added to the mediocre implementation ability in linking both components with each other. On the ground, components 1 and 2 of the project seem like two completely autonomous projects with no inter-component added value. The weak connectivity between the two components severely affected the impact of the project and the added value to beneficiaries.

The fact that a PIM was not developed in the design stage largely contributed to this disconnect and implementation shortcomings. Both gender and KM strategies were never developed resulting in ineffective efforts and low impact. This

also undermined the projects ability to generate measurable results and effectiveness indicators. The continuous use of CDAs as the main channel for providing the project's financial support is seriously affecting the project's overall impact. Relying mainly on CDAs is adding to the financial illiteracy of the beneficiaries and confining them to a high cost source of financing. Moreover, the use of CADs puts the sustainability of the project's impacts in question as the model itself is not well defined and clearly unsustainable.

Pluralism in extension and advisory services should be piloted

The ability of the governorate extension teams to undertake technical and business extension activities in support of PRIME for small scale farmers and associations is stymied by structural, personnel, and resource constraints that can only be resolved partially by projects such as PRIME if pluralism in extension and advisory services is supported. Successful piloting with appropriately targeted and funded capacity building investments as a precursor to other investment activities are needed before changes occur in the longer term. Alternatives means of farmer support, that incorporate private and commercially oriented extension modalities need to be explored, particularly for high-value export crops where any improvement has high and immediate positive cash returns.

Invest to strengthen business orientation of farmer groups

Both the cooperative and NGO modalities of farmer association have structural issues such as weak management structures, poor participation in ownership, and poor business acumen impede commercially-oriented decision making and informed access to finance. Exploration of alternative forms of farmer organization should be explored including formation of private limited company with farmer members as shareholders. The MSMEDA and ADP are well adjusted to provide both the technical support for this as well as meeting the credit needs of such formations.

Public-private-producer partnerships (4Ps) should be examined

In market dynamics, sometimes smallholders are not well equipped to negotiate. The support to public-private-producer partnerships (4Ps) ensures that smallholder producers are respected partners and not relegated to the receiving end of public-private partnerships. This can contribute to higher transparency, fairness and accountability of arrangements, especially when are involved poor smallholders, especially women and young people. Moving in this direction will help to increase PRIME's results.

M&E as a condition of Effectiveness

The push to establish a project management often side lines the establishment of a robust M&E as an afterthought that comes after the baseline whereas without the fundamental M&E in place there no project to manage because information flows for effective management are not reliable. Targeting and poverty focus tracking issues underline the need for a robust baseline that should in place at the beginning of project implementation, in fact become a condition of effectiveness as it more important than a PIM. Adequate training and technical support should be invested in the early stage of project implementation to ensure that the M&E system in place track performance and beneficiary engagement, with gender-sensitive, poverty and social inclusion lens. This will help in the early diagnosis of any adverse impacts of project interventions on women and men, youth and vulnerable groups as well as assist to analyse the trends in women's empowerment and a project's impact on poverty.

1 Early capacity building at all levels of stakeholders

Early capacity building activities for all stakeholders and beneficiaries through the facilitation and oversight of a well-funded, equipped and staffed project management structure is key and is recommended to be a conditionality in all projects. With the aim to maintain disbursement performance, the capacity of the all stakeholders was neglected at the start resulting in the disconnect between the components. Furthermore, an in-house (MALR) project management structure funded from the domestic budget, without any experience and upfront capacity building, was a design fault where risks of GOE as a middle-income country that is comparatively more sensitive to economic and social shocks were not given due consideration.

Sustainable inclusion of the most vulnerable groups

These groups often need extra effort to ensure their access to the key inputs, services and credit. Promotion of agricultural value chains contributes to poverty reduction and food security for producers of all ages and genders through gains in productivity, quality and marketing. However, participation is contingent upon having a minimum level of resources and entry barriers exist for women, youth and for those who are poorly endowed in land, knowledge and capital. Increased access to finance could help smallholder farmers to invest in the necessary infrastructure and equipment that will help them produce, store, process and better market their products and increase their income. However, credit alone does not boost rural transformation if it is not combined with proper technical knowledge, capacity development and regular technical support.

H. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
Exit Strategy Develop a clear mechanism/action plan for implementing the exit strategies and plans and identify a viable supporting financial framework, including an institution capacity assessment of the FMA's and government partners.	NPCU/ MALR	11/2020
Continue strengthening links between components 1 and 2 Continue the provision of trainings and technical assistance to borrowers; launch financial education activities; document all activities	NPCU	11/2020
Monitor and provide assistance to struggling borrowers Request lists of borrowers whose loans are past due and restructured and develop technical assistance interventions to help them meet their loan obligations	NPCU, ADP, MSMEDA	11/2020
Improve reporting on Component 2 lending activities Consolidate all data from ADP and MSMEDA in the format provided by the mission and ensure availability of data by gender, subsector, and region. Keep track of the total outstanding loan portfolio, past due loans, restructured loans and portfolio at risk (see Excel form)	NPCU based on data from ADP and MSMEDA	11/2020
Focus on active organizations Adopt a prioritization approach to focus only on the organizations that are commercially focused and have good viability to ensure sustainable operation after project closure.	NPCU	12/2020
Exit Strategy Finalize and start implementing the Exit and Asset Management Strategy	NPCU	12/2020
Development Effectiveness		
Targeting approaches Take stock of the targeting approaches used for project completion and to share lessons learned.	NPCU	02/2021
Empowerment approaches Take stock of the empowerment approaches used for project completion and to share lessons learned.	NPCU	02/2021
Sustainability and Scaling up		
Management Strategy Finalize and start implementing the Exit and Asset Management Strategy	NPCU	12/2020

Prioritization approach Adopt a prioritization approach to focus only on the organizations that are commercially focused and have good viability to ensure sustainable operation after project closure.	NPCU	
Project Management		
M&E Excel Master table Complete the NPCU's master table named "Summary – Indicators PRIME", created during the mission, with the missing information on people trained (names, gender, training topic, date and governorate) and all activities concerning C2 (loans disbursed and training conducted), including the past years.	M&E officer	11/2020
Reporting on C2 Harmonize data on C2 in the recommended format provided in 2019, and integrate it with the master table mentioned in the first recommendation	M&E officer	11/2020
TORs Impact Survey Prepare the TORs of the Impact Study using the new IFAD's Core Outcome Indicators (COI) methodology.	M&E officer	11/2020
Financial Management & Execution		
Refund to the Grant Account the ineligible payment made to M/s Zanatay Write a letter to Ministry of Finance for the refund of the amount using the precedent of recovery made in the recent past Feb 2020. This documentation related to this are currently under review to confirm if the amount is ineligible or otherwise. Nothing came to our attention that this issue is resolved	NPCU	01/2020
NPCU to establish petty cash register, carry out petty cash count during the follow up / monitoring visits done by NPCU Cairo office. Partial Done, the project already has a register for advances with effect from 1 July 2020 in all governorates and in NPCU following recommendations from the mission. Maintain documented audit trail of activities in one place Partially done	NPCU	10/2020
Preparation of bank reconciliations on a monthly basis for control purposes Preparation of bank reconciliations on a monthly basis for control purposes	NPCU	10/2020
Provide training to the Procurement staff in the project	IFAD	10/2020
Amendment of the Letter to the Borrower	IFAD	10/2020
The management of the procurement activities must be undertaken by the procurement staff in NPCU only	IFAD	10/2020

Use of Government Institution Services the use of the government owned institutions services, whenever needed and justified, must be done through the establishment of MOU between the MOA and these agencies subject to IFAD prior review	NPCU/IFAD	10/2020
Improve the filing system As per the financing agreement article VIII Section 8.02/C the project lead agency should keep the files, records and project documents and make them accessible to IFAD, its representatives or agents; therefore it is highly recommended that NPCU establishes a filing system and makes sure that it is organized and traceable for the preparation for project closure and the completion report and for the related missions.	NPCU	10/2020
Recruitment of a Procurement Officer	NPCU	11/2020
Submission No objection through NOTUS Project must use NOTUS in submitting the No objection request	NPCU/IFAD	11/2020
Procurement Plan Use of appropriate Procurement Plan template issued by IFAD and apply appropriate packaging and contracting methods as per the instructions of IFAD Procurement Handbook	NPCU	11/2020
Contract Register amend regularly the contract register and present it monthly to the Country Director	NPCU	11/2020
Produce quarterly reports using finalized reporting template Finalize in consultation with IFAD	NPCU	12/2020
PRIME management to follow up with the Ministers of Agriculture and Planning to allocate funds to the project in the State budget The project manager is following up with the Ministers of agriculture and planning to allocate a counterpart budget for the project in the current financial year 2020/2021.	NPCU	12/2020
Full backup to be maintained Keep full back up for the financial transactions (transactions are currently recorded either on excel sheets or in manual books without backup).	NPCU	12/2020
Produce financial reports as per IFAD requirements Produce financial reports by components, sub-components, category of expenditure and financier on a monthly basis and share them with IFAD and other relevant stakeholders.	NPCU	12/2020

<p>Finish updating and recording financial transactions from previous years</p> <p>Record financial transactions from previous years in totals and with effect from 1 July 2019, record transactions into the software in order to produce the financial reports as per IFAD requirements.</p> <p>Close cooperation is needed between NPCU, accounting software service provider and the project coordinator regarding the coding being used.</p>	NPCU	12/2020
<p>The project need to use more detailed bidding documents covering the needed instructions to bidders, bidding forms, evaluation criteria and draft contracts</p>		
<p>Evaluation Reports</p> <p>the evaluation reports need to be more elaborated including more details on the findings</p>		

Egypt

Promotion of Rural Incomes through Market Enhancement Project Supervision Report

Logical Framework

Mission Dates: 19 September - 2 October 2020
Document Date: 30/10/2020
Project No. 1100001571
Report No. 5531-EG

Near East, North Africa and Europe Division
Programme Management Department

Promotion of Rural Incomes through Market Enhancement Project

Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members										Assuming equitable distribution across men/ women in HHs. Assuming 6 persons per HH.
	Household members		86 113	200 000	4 933	135 010	67.5				
	1.a Corresponding number of households reached							M&E reports, baseline and completion surveys	Baseline and Completion	NPCU/M&E	
	Households		21 528	50 000	9 528	38 440	76.9				
	1 Persons receiving services promoted or supported by the project							M&E reports, baseline and completion	Baseline and Completion	NPCU/M&E	
	Females			15 220	2 227	10 650	70				
	Males			34 780	7 301	27 790	79.9				
	Total number of persons receiving services		21 528	50 000	9 528	38 440	76.9				
	Group receiving project services										
	Groups			210	5	163	77.6				
Project Goal Project Goal: Rural poverty is reduced in seven Governorates of Lower and Upper Egypt	Reduced share of rural population living below the poverty line							Secondary data (National Statistics, National Poverty Ass., SDG reports)	Baseline and Completion	NPCU/M&E Unit	Based on secondary data (development objective measuring incomes of directly targeted HHs will be measured through surveys)
	Share of population below poverty line	52		45							
	Reduced child malnutrition (under 5)							UNICEF DATA	Baseline and Completion	M&E unit	
	Reduced child malnutrition			20							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Weight for height	7		6							
	Height for age	24		22							
Development Objective Development Objective: Increased incomes for targeted HHs	Increased average annual income for 50,000 HHs							2015 Baseline assessment for baseline; completion survey for target	Baseline and completion	M&E Unit	Average increase in incomes of about 20%.
	EGP	15 895		19 074							
Outcome Outcome 1: Increased agricultural and livestock production and profitability	Increased crop yield							CAPMAS (baseline) and crop mapping studies	Annually	M&E Unit	Crop productivity is measured for a large number of crops. However, the IFAD ORMS system only allows the input of one indicator. Therefore, the productivity of tomatoes has been chosen as a representative indicator. Livestock productivity is measured across animals and different dimensions. However, the IFAD ORMS system only allows the input of one indicator. Therefore, the productivity of cows has been chosen as a representative indicator. Post harvest losses to be reduced by 50%
	Yield increase (tons)	18		20	26.8	26.8	134				
	Increased livestock productivity							Milk Collection Centre Feasibility Study (SFD) for baseline; assessment to be undertaken at completion through survey	Baseline and Completion	M&E unit	
	Increased productivity (kgs) per lactating season	1 000		1 300	1 263	1 263	97.2				
	Reduced post harvest losses							IFAD report on cold chain facilities for baseline; assessment to be undertaken at completion through survey	Baseline and Completion	M&E Unit	
	Reduction of post harvest loss	45		22	11	11	50				
	Increased prices of key products							Obour Wholesale Daily Prices Report	Annual	M&E unit	
	Increase in Tomato price (EGP)	1		2	4	4	200				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Output Output 1.1: Strengthening of Farmer Marketing Organizations	2.1.3 Rural producers' organizations supported							M&E Systems Reports	Annually	M&E unit	
	Rural POs supported		126	200	5	163	81.5				
	Total size of POs			13 200	4 933	132 510	1 003.9				
	Males			10 200	460	100 022	980.6				
	Females			3 000	4 473	32 488	1 082.9				
	Women in leadership position			150	29	119	79.3				
	2.1.4 Supported rural producers that are members of a rural producers' organization							M&E Systems Reports	Annually	M&E	
	Total number of persons		77 710	8 400	9 528	137 105	1 632.2				
	Males		63 397	5 880	7 301	106 863	1 817.4				
	Females		14 313	2 520	2 227	30 242	1 200.1				
Output Output 1.2: Training and capacity building in production technologies, required standards, use of cultivars and other marketing activities.	2.1.2 Persons trained in income-generating activities or business management							M&E Systems Reports	Annually	M&E Unit	
	Females		1 000	800	1 251	4 905	613.1				
	Males		3 421	3 500	475	11 162	318.9				
	Persons trained in IGAs or BM (total)		4 421	4 300	1 726	16 067	373.7				
	1.1.4 Persons trained in production practices and/or technologies										
	Total number of attendances to training sessions				3 218	3 218					
	Men trained in crop			4 000	2 282	2 282	57.1				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Women trained in crop			2 000	284	284	14.2				
	Men trained in livestock				363	363					
	Women trained in livestock				289	289					
	Total persons trained in crop			6 000	2 566	2 566	42.8				
	Total persons trained in livestock				652	652					
Outcome Outcome 2: Increased access to sustainable financial services in project targeted areas for enhancing rural investments.	2.2.1 New jobs created							M&E Systems Reports, SFD	Mid term and Completion	M&E Unit, SFD	
	Job owner - men			15 015	0	15 809	105.3				
	New jobs			23 515	0	26 838	114.1				
	Job owner - women			8 500	0	11 029	129.8				
	Job owner - young			8 500	0	12 341	145.2				
	Job owner - not young			15 015	0	14 497	96.6				
	Farm				0	4 098					
	Non-farm				0	22 740					
	1.2.6 Partner financial service providers with portfolio-at-risk ≥30 days below 5%							M&E Systems Reports, SFD/ADP/CIB	Annually	M&E Unit, SFD/ADP/CIB	
	Percentage			100							
	1.2.7 Partner financial services providers with operational self- sufficiency above 100%							M&E Systems Reports, SFD/ADP/CIB	Annually	M&E Unit, SFD/ADP/CIB	
	Percentage			100							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Output Output 2.1: Strengthening of financial service providers in project targeted areas	1.1.5 Persons in rural areas accessing financial services							M&E Systems Reports, SFD/ADP/CIB	Annually	M&E Unit, SFD/ADP/CIB	
	Total number of accesses to financial services				0	26 838					
	Men in rural areas accessing financial services - credit			30 030	0	15 809	52.6				
	Women in rural areas accessing financial services - credit			17 000	0	11 029	64.9				
	Young people in rural areas accessing financial services - credit			17 000	0	12 341	72.6				
	Not young people in rural areas accessing financial services - credit			30 030	0	14 497	48.3				
	Total persons accessing financial services - credit			47 030	0	26 838	57.1				
	Number of financial institutions participating in the project							M&E Systems Reports, SFD/ADP/CIB	Annually	M&E Unit, SFD/ADP/CIB	
	Numer of PFIs			10	0	24	240				

Egypt

Promotion of Rural Incomes through Market Enhancement Project Supervision Report

Appendix 1: Financial: actual financial performance; by financier by component and disbursements by category

Mission Dates: 19 September - 2 October 2020
Document Date: 30/10/2020
Project No. 1100001571
Report No. 5531-EG

Near East, North Africa and Europe Division
Programme Management Department

Appendix 1: Actual financial performance by financier, component and category

Table 1A Actual financial performance by financier as of 31 August 2020 (in USD '000)

Financier	Appraisal (USD '000)	Actual (USD '000)	% disbursement
IFAD Loan	70,000	60,188	86%
IFAD Grant	1.000	492	49%
Government	7.551	3,527	47%
ADP	150	150	100%
MESMEDA	100	100	100%
Beneficiaries	17.742	23,200	131%
Total	96,543	87,657	91%

Notes:

1. The figures are based on the NPCU's record.
2. Both MSMEDA and ADP utilize the full amount transferred to them from IFAD (USD 28.5 million for CIB and USD 31.1 million).
3. The government contribution is calculated till 30 June 2020 as the governmental financial year end comprises (i) USD 0.56 million in cash and (ii) USD 2,967 as in-kind
4. ADP reports it has contributed USD 150,000 (100%) against its revised estimated share of USD150, 000.
5. MSMEDA reports it has contributed 100% of its revised estimated share of USD US\$100,000.
6. Beneficiaries' contribution is provided by MSMEDA and the ADP details of which are not provided.

Table 1B: Financial Performance by financier and by component as at 31 August 2020 (in USD ‘000)

Components	IFAD Loan			IFAD Grant			Contribution by other Financiers'												Total		
							Govt.			ADP			MSMEDA			Beneficiaries					
	App.	Act.	%	App.	Act.	%	App.	Act.	%	App.	Act.	%	App.	Act.	%	App.	Act.	%			
Marketing support Component	2300	560	24%	948	492	52%	1987	0	0%	125	125	100%	40	30	75%	0	0	0%	5400	1207	22%
1. Organising and strengthening Farmer Groups/Associations	0	255	0%	455	220	48%	627	0	0%	30	26	88%	0	0	0%	0	0	0%	1112	501	45%
2. Market Intelligence	0	171	0%	206	89	43%	762	0	0%	36	32	90%	0	0	0%	0	0	0%	1004	292	29%
3. Value chain linkage	0	134	0%	217	102	47%	96	0	0%	5	4	72%	40	30	75%	0	0	0%	358	270	75%
4. Marketing Ordinated Production	0	0	0%	70	81	116%	502	0	0%	55	38	70%	0	0	0%	0	0	0%	627	119	19%
Rural Finance	67700	59628	88%	52	0	0%	45	0	0%	18	18	100%	29	30	103%	17742	23200	131%	85586	82876	97%
1. Marketing based credit R&D	0	0	0%	0	0	0%	45	0	0%	10	8	84%	27	22	81%	0	0	0%	82	30	37%
2. Credit facilities	67700	59628	88%	52	0	0%	0	0	0%	0	0	0%	0	0	0%	17742	23200	131%	85494	82828	97%
3. Strengthen financial institutions	0	0	0%	0	0	0%	0	0	0%	8	10	120%	2	8	400%	0	0	0%	10	18	176%
Project Management & Coordination	0	0	0%	0	0	0%	5519	3527	64%	7	7	103%	31	40	129%	0	0	0%	5557	3574	64%
1. National project coordination	0	0	0%	0	0	0%	1258	0	0%	1	1	120%	8	12	150%	0	0	0%	1267	13	1%
2. GPCUs	0	0	0%	0	0	0%	4261	0	0%	6	6	100%	23	28	122%	0	0	0%	4290	34	1%
Total	70000	60188	86%	1000	492	49%	7551	3527	47%	150	150	100%	100	100	100%	17742	23200	131%	96543	87657	91%

App. = Appraisal, Act. =Actual,

Table 1C (a): IFAD Loan Disbursement (in SDR '000) as at 31 August 2020

Category	Initial Allocation	Disbursement	Balance	% disbursement
Credit facility	42,540,000	37,344,912	5,195,087	87,79%
Salaries and allowances	115,000	0.00	115,000	0
Workshops	1,485,000	0.00	1,485,000	0
Authorized allocation Designated account ADP	0.00	2,878,429	-2,878,429	0
Authorized allocation Designated account EDA	0.00	2,322,011	-2,322,011	0
Authorized allocation Designated account NPCU	0.00	588,335	-588,335	0
Total	44,140,000	43,133,687	1,006,313	97.72%

Table 1C (b): IFAD Grant Disbursement (in SDR '000) as at 31 August 2020

Category	Allocation	Disbursement	Balance	%Disbursement
Studies, workshops & training	630,000	313,325	316,675	0
Advance of funds	0.00	128,161	-128,161	0
Total	630,000	441,486	188,514	70,08%

Egypt

Promotion of Rural Incomes through Market Enhancement Project Supervision Report

Appendix 2: Physical progress measured against AWP&B

Mission Dates: 19 September - 2 October 2020
Document Date: 30/10/2020
Project No. 1100001571
Report No. 5531-EG

Near East, North Africa and Europe Division
Programme Management Department

Appendix 2: Physical progress measured against AWP&B

Unit		Period ending: 1 July19-30 June 20			Cumulative		
		AWP&B	Actual	% of AWPB	End Target	Actual	% of End Target
Total Outreach							
Outreach indicators							
Communities receiving project services	number	20	32	160%	1 156	434	38%
House -holds receiving project services	number	2347.6	9 528	406%	50 000	38 440	76.88%
Individuals receiving project services (men)	number	8845	7 301	83%	34 780	27 790	79.90%
Individuals receiving project services (women)	number	2893	2 227	77%	15 220	10 650	69.97%
Individuals receiving project services (men/women)	number	11738	9 528	81%	50 000	38 440	76.88%
Marketing Support							
Marketing groups formed / strengthened	number	10	5	50.0%	200	163	81.50%
People in marketing groups formed / strengthened (men)	number	4 480	4 473	99.8%	10 200	100 022	980.61%
People in marketing groups formed / strengthened (women)	number	1 120	460	41.1%	13 200	32 488	246.12%
People in marketing groups formed/strengthened (men / women)	number	5 600	4 933	88.1%	13 200	132 510	1003.86%
People trained in post-production ,processing and marketing (men)	number	3 126	559	17.9%	1 900	3 776	198.74%
People trained in post-production ,processing and marketing (Women)	number	1 340	280	20.9%	400	876	219.00%
People trained in post-production, processing and marketing (men / women)	number	4 466	839	18.8%	2 300	4 652	202.26%
People trained in business and entrepreneurship (men)	number	800	7	0.9%	1 600	1 664	104.00%
People trained in business and entrepreneurship (women)	number	432	284	65.7%	400	1 578	394.50%
People trained in business and entrepreneurship (men / women)	number	1 232	291	23.6%	2 000	3 242	162.10%

Unit		Period ending: 1 July19-30 June 20			Cumulative		
		AWP&B	Actual	% of AWPB	End Target	Actual	% of End Target
People trained in crop production practices and technologies (men)	number	432	2 282	528.2%	4 000	6 095	152.38%
People trained in crop production practices and technologies (women)	number	184	284	154.3%	2 000	722	36.10%
People trained in crop production practices and technologies (men / women)	number	616	2 566	416.6%	6 000	6 817	113.62%
Active borrowers enterprises ADP	number	0	596	100	NA	596	100
MSMEDA	number	0	7141	1	0	33979	1
Active borrowers individuals (men) ADP	number	0	560	100	NA	560	100
MSMEDA	number	0	4163	1	0	19972	1
Active borrowers (women) ADP	number	0	47	0	50	47	94
MSMEDA	number	0	2978	1	0	14007	1
Active borrowers (men/women) ADP	number	0	607	0	100%	100	100
MSMEDA	number	0	7141	1	0%	34520	1
Financial institutions participating in project ADP	number	8	8	100%	8	100%	
MSMEDA	number	9	24	267%	61	25	41%
Staff of financial institutions trained (men) ADP	number	7	7	100%	7	7	100%
MSMEDA	number	0%	0	0%	63400%	0%	0%
Staff of financial institutions trained (women) ADP	number	1	1	100%	1	1	100%
MSMEDA	number	0	0	0	272	0	0

Unit		Period ending: 1 July19-30 June 20			Cumulative		
		AWP&B	Actual	% of AWPB	End Target	Actual	% of End Target
Staff of financial institutions trained (men/women) ADP	number	8	8	100%	8	8	100%
MSMEDA	number	0	0	0%	906	0%	0%
Value of gross loan portfolio (individuals & Coops) ADP	USD	25 million	24.97	100%	25	25	100%
MSMEDA	USD	0	138 091 344				
Value of gross loan portfolio (enterprises) ADP	USD	131 million	131.12	100%	131	131	100%
MSMEDA	USD		138 091 344				

Egypt

Promotion of Rural Incomes through Market Enhancement Project Supervision Report

Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 19 September - 2 October 2020
Document Date: 30/10/2020
Project No. 1100001571
Report No. 5531-EG

Near East, North Africa and Europe Division
Programme Management Department

Appendix 3: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
				Nil
Section B Para 7	There shall be three Project accounts for the benefit of the NPCU, the ARDF, and the SFD	As soon as possible	Complied with	
Section 7.01 Para ii & iii	A consolidated Annual Work Plans and Budgets for the loan and grant, with procurement plan, to be submitted for its review and comments.	No later than 60 days before beginning of each Fiscal Year	Complied with	The last AWPB was submitted on time
Section B Para 8	The Borrower shall make adequate budgetary allocations for the Project in accordance with AWPB.	Annually	Not complied with	The Government has not made any budgetary allocation since financial year 2016-17. This adversely impacted implementation.
Section 8.02	The NPCU shall establish and thereafter maintain an appropriate information management system in accordance with the Fund's Guidelines for project monitoring and evaluation with which it shall monitor the project, <u>in accordance with this agreement</u>		Partially complied with	The system is almost finalized with the exception of entering historical data
Schedule 1, Para 6	Establish a NPCU in Cairo and appoint the national project coordinator and all positions following a transparent and competitive process		Complied with	
Schedule 1, Para 7	A small Project Coordination Unit at governorate level (GPCU) to be established in each governorate. Each GPCU shall be located in the Governorate Directorate of Agriculture and shall report to the NPCU.		Complied with	Nil
Schedule 1, Para 10	A mid-term review to be jointly carried out by MALR, MOPIC and the Fund no later than the end of the Project's fourth year.		Complied with	Nil
Schedule 1, Para 8	A draft Project Implementation Manual to be prepared by the NPCU and submitted for approval to MALR. The PIM may be amended or otherwise modified from time to time only with the prior consent of the Fund.		Complied with	Nil

Section 7.05	Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 2.	Partially Complied with	Procurement expert has found significant gaps in processes
Section 8.01	The borrower/recipient shall ensure that the project parties maintain records and documents adequate to reflect their operations in implementing the Project until the Project completion date, and shall retain such records and documents for at least ten (10) years thereafter.	Complied with	Nil
Section 8.03	The NPCU shall furnish a periodic Progress Reports on the Project, in such form and substance as the Fund shall reasonably request.	Complied with	The progress reports are not capturing performance as they should.
Section 9.01	The Project parties shall maintain separate accounts and records in accordance with consistently maintained appropriate accounting practices adequate to reflect the operations, resources and expenditures related to	Complied with	Nil

Egypt

Promotion of Rural Incomes through Market Enhancement Project Supervision Report

Appendix 5: Mission preparation and planning, TORs, schedules, people met

Mission Dates: 19 September - 2 October 2020
Document Date: 30/10/2020
Project No. 1100001571
Report No. 5531-EG

Near East, North Africa and Europe Division
Programme Management Department

Annex V Terms of Reference for Consultants and other persons hired by IFAD to participate in missions under a non-staff contract

MISSION DETAILS	
Country of Assignment/Location:	Egypt, Cairo with travel to Upper Egypt
Mission Name:	Remote Supervision Mission for the Promotion of Rural Incomes through Market Enhancement Project (PRIME)
Mission Start Date:	19 September 2020
Mission End Date:	2 October 2020
Division/Department:	NEN/PMD
Reports to (name and title):	Dina Saleh, Country Director/Sub-Regional Director <i>Dina Saleh</i>

MISSION COMPOSITION (Team members' full name and specialization)	
Name:	Specialization:
Mr. Mohamed El Ghazaly	Country Programme Officer and Team Leader, NEN
Ms. Marie Edward	Country Technical Analyst, PMI
Ms. Olga Tomilova	Rural Finance Specialist, consultant
Ms. Nathalie Gebrayel	Senior Procurement Officer, NEN
Ms. Alisia Sansoni	M&E Specialist, consultant
Ms. Christa Ketting	Social Inclusion Analyst, NEN
TBD	Financial Management Specialist (FMD contract)

MISSION SCHEDULE		
Date	Action	Comment
20 September	Meetings in Cairo via zoom	Meetings with the MALR, MIIC and NPCU.
21 – 25 September 21 September	Travel and meetings in Upper Egypt, if there is no travel restrictions within the country (only Mohamed El-Ghazaly) Meetings in Cairo	Meetings with representatives of MALR, MSMEDA offices and beneficiaries Meetings with MSMEDA, ADP, CIB and NBE.
26- 28 September 22 – 27 September	Parallel meetings via zoom Travel and meetings in Upper Egypt	Meetings with representatives of MALR, MSMEDA offices and beneficiaries
29 September 28 September	Drafting the aide memoire Travel to Cairo	
29 -30 September -02 October	Wrap up meetings via zoom Drafting the aide memoire	Wrap up meetings with NPCU, MSMEDA, ADP, MALR, MIIC.
Ms. Nathalie Gebrayel will undertake the mission between 14-23 September, 2020		

BACKGROUND

The development objective of the Promotion of Rural Incomes through Market Enhancement Project (PRIME) is to increase the incomes of 50,000 rural households including smallholder farmers, landless labourers, women, unemployed youth, small and medium entrepreneurs by integrating them in the agriculture value chain. The Project would be implemented in seven Governorates (Qena, Sohag, Assiut, Menia and Beni Seuf in Upper Egypt and Beheira and Kafr-el-Sheikh in Lower Egypt). The PRIME project would include two components namely; (i) Marketing Support Component, and; (ii) Rural Finance Component. The PRIME budget is amounting to US\$ 108.22 million (IFAD loan US\$ 70 million, IFAD grant US\$ 1 million, Government US\$ 7.55 million, Agricultural Development Programme US\$ 10.9 million, Social Fund for Development US\$ 1 million, beneficiaries US\$ 17.7 million). The Project became effective in April 2012, and the FA was amended and thus the start date became 17 February 2103 and the first AWPB was approved in June 2014.

IMPLEMENTATION TO-DATE:

The Promotion of Rural Incomes through Market Enhancement Project is a joint eight-year investment by the Government of Egypt (GOE) and the International Fund for Agricultural Development (IFAD). It comprises two financing instruments of IFAD, i.e. Loan No. I-860 and Grant No. I-C-1338 EG. PRIME is implemented by three agencies: the MALR, SFD and the ADP, formerly the Agricultural Research and Development Fund (ARDF) under the Agricultural Research Council (ARC). Coordination and implementation of the grant funds is vested with the National Project Implementation Unit (NPCU) under the MALR. The project is directly supervised by IFAD.

The Agreement between the GOE and IFAD was signed on 12 April 2012 and approved by the President of Egypt on October 14, 2012. The completion date is 30 June 2020, and the closing date 31 December 2020. The current disbursement rate is about 97% on IFAD financing. On April 2020, following a request from GOE, the project was extended for 12 months with completion date 30 June 2021 and the closing date 31 December 2021.

In addition to Project Management and Coordination provided by the NPCU, the PRIME project includes the following two technical components:

- a) Marketing Support Component, with four subcomponents (Organising and strengthening Farmer Groups/Associations; Market Intelligence; Value Chain Linkages; and Market Oriented Production);
- b) Rural Finance Component, with three subcomponents (Market Based Credit Research & Development; Credit Facility; and Strengthening Financial Intermediaries).

The last IFAD implementation support mission conducted in April 2020 assessed the status of project implementation since the previous supervision mission held in November 2019. Due to the situation with COVID-19 pandemic, the mission was conducted remotely and involved desk review and online presentations and meetings.

The mission noted progress in implementation compared with the supervision mission of November 2019 with more focus given to Component 1 and ensuring better linkages between the two technical components. The M&E system has improved and PRIME team is implementing the M&E performance improvement plan with all agreed actions either completed or on track. Other developments included drafting of the exit strategy, as well as the gender and targeting strategy. However, some issues remain persistent such as the data quality, more focus on sustainability and strengthening the capacities of FMAs.

MISSION OBJECTIVES AND OUTPUTS

On or about 19th of September 2020, the PRIME remote Supervision Mission will take place, to review the status of implementation since the last implementation support mission in April 2020 and the supervision mission in November 2019.

The review will also take into consideration the findings of the country program evaluation, the COSOP and feedback from reviews and the Executive Board, as well as the recommendations made by November 2019 Supervision mission and April 2020 remote follow-up mission. Accordingly, the individual tasks may be updated to reflect these developments and learning in the country program.

The mission will focus on supporting the project in establishing strong linkages between the 2 technical components as well as the finalization of the exit strategy that would ensure a smooth closure of the project, ensure the sustainability and potential scaling up of PRIME interventions. Additionally, the mission will support the project in realizing strong linkages with the different value chain actors and actualizing the contracts with farmers/buyers. The supervision mission may include field validation visits, in case there is no travel restriction within the country, otherwise, remote interviews or surveys to validate project progress as well as reviewing different documents. Such documents should be prepared by the project and shared with IFAD ahead of the mission: (i) a detailed progress report, and updated logframe; (ii) updated status of the last recommendations made by IFAD 2019 supervision mission/ and 2020 implementation support mission (Action Tracker); (iii) status of the implementation of the M&E performance improvement plan; (iv) updated PIM; (v) current exit strategy; and (vi) documents requested to be developed by last mission.

The mission will be completed on 2nd October 2020.

INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES	
Full Name of Consultant:	Mohamed El Ghazaly
Expected Start Date of Assignment:	19 September 2020
Expected End Date of Assignment:	2 October 2020
Total number of working days (max. 240 in a 12-month period):	14 days (5 travel)
GENERAL DESCRIPTION OF TASK(S) AND OBJECTIVE(S) TO BE ACHIEVED	
<p>Expected Activities:</p> <p>Will oversee the overall work of the mission and support the Country Director in overall coordination of the mission. will be responsible for assessing the relevance, effectiveness, efficiency, impact and sustainability of PRIME Project; in particular, will:</p> <ul style="list-style-type: none"> a) Lead the mission and be responsible for coordinating its activities; b) Review in close consultation with the team, the performance of the entire project and propose relevant and realistic recommendations. Assess the progress of the implementation of previous mission recommendations; c) Review the PRIME physical and financial progress against the AWPB; d) Review the operations and performance of the IFAD PRIME National Project Coordination Units (NPCU) and Governorate Project Coordination Units (GPCU); in this process, identify the decentralised structures that could serve well under the newly proposed Consolidated Programme Management Unit; e) Review the project sustainability and discuss its exit strategy with the implementing agency; f) Support and monitor the work of the mission members to ensure coherence in the findings and the development of concrete recommendations as to the achievement of project effectiveness and sustainability; g) Lead the preparation of the supervision report, delineating the main findings and an action plan for adjustment, to the extent needed; h) Review all strategic issues related to the project, recommend actions that would ensure smooth closure of project in 2021; i) Draft the management letter; j) Review the performance of contracted implementing institutions and service providers for PRIME; k) Conduct any additional task required by the country director 	
KEY PERFORMANCE INDICATORS	
Expected Outputs (please include any travel if applicable):	Required Completion Date:
Draft AM	29 September, 2020
Submit Supervision report to Country Director	3 October, 2020
Travel to Upper Egypt	22-25 September, 2020

INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES	
Full Name of Consultant:	Marie Edward
Expected Start Date of Assignment:	19 September 2020
Expected End Date of Assignment:	2 October 2020
Total number of working days (max. 240 in a 12-month period):	14 days (homebased)
GENERAL DESCRIPTION OF TASK(S) AND OBJECTIVE(S) TO BE ACHIEVED	
<p>Expected Activities:</p> <p>Will be responsible for assessing the relevance, effectiveness, efficiency, impact and sustainability of the market access and development aspects of PRIME; in particular, you will:</p> <ul style="list-style-type: none"> (a) Review the PRIME physical and financial progress against the AWPBs focusing on component 1- marketing support; (b) Conduct a detailed assessment of the implementation of the last PRIME supervision mission recommendations; (c) Review the operations and performance of the PRIME National Project Coordination Unit (NPCU) and GPCU's related to project activities that focus on Farmers' Marketing Associations, Market Linkages and Enterprise Development, Establishment/Support of Marketing Associations, Market Linkages and Enterprise Development, Farmers Marketing Associations formation approach and Access to credit and the role of traders; (d) Review the progress of PRIME project, propose necessary adjustments and provide technical support related to component 1 - Marketing Support, with emphasis on Organising and strengthening Farmer Groups/Associations, Market Intelligence, Value Chain Linkages and Market-Oriented Production; 	

<ul style="list-style-type: none"> (e) Following the recommendation of the remote implementation support mission in April, 2020, review the progress of PRIME in relation to contract farming and established linkages with private sector and provide strategic guidance to the NPCU of sustaining those linkages to ensure sustainability after project closure in December 2021. (f) In preparation for the project completion in 2021, assess the knowledge generated by the project under the marketing component and guide the project in documenting the lessons learnt, success stories and best practices. (g) Review the performance of contracted implementing institutions and service providers for PRIME; (h) Review the NPCU monitoring and impact assessment system and progress reporting mechanism related to Component 1; (i) Contribute to the preparation of the Aide-memoire and supervision report, delineating the main findings and an action plan for adjustment, to the extent needed; (j) Review all strategic issues related to the project and in particular your component, recommend any necessary adjustments as needed on components, project structure, rationale that would contribute to the Exit strategy to ensure a smooth completion ; and (k) Conduct any additional task required by the country director/ country team 	
KEY PERFORMANCE INDICATORS	
Expected Outputs (please include any travel if applicable):	Required Completion Date:
Draft AM Submit supervision report contributions to team leader	29 September, 2020 2 October, 2020

INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES	
Full Name of Consultant:	Olga Tomilova
Expected Start Date of Assignment:	19 September
Expected End Date of Assignment:	2 October
Total number of working days (max. 240 in a 12-month period):	14 days (homebased)
GENERAL DESCRIPTION OF TASK(S) AND OBJECTIVE(S) TO BE ACHIEVED	
Expected Activities:	
<p>Will be responsible for assessing the relevance, effectiveness, efficiency, impact and sustainability of the rural finance aspects (component 2) of PRIME; in particular, you will:</p> <ul style="list-style-type: none"> a) Assess the performance and the progress of PRIME rural finance component (component 2), propose necessary adjustments and provide technical support; Particular attention needs to be paid to the findings of the IFAD 2017 study on Egyptian rural finance and the findings and recommendations of the COSOP. b) Review the PRIME physical and financial progress against the AWPBs focusing on component 2- Rural Finance; c) Conduct a detailed assessment of the implementation of the last PRIME supervision mission recommendations; d) Review the operations and performance of the PRIME National Project Coordination Unit (NPCU) and GPCU's related to project activities that focus on component 2; e) Within the context of the PRIME Exit Strategy, review the progress of PRIME project, propose necessary adjustments and provide technical support related to component 2, as well as identify the critical capacity building needs in financial literacy in contributing to the Exit Strategy in ensuring a smooth project completion; f) In view of the programmatic shift in delivering RF services, liaise with other projects to ensure coherence between rural finance activities in the entire IFAD country program; g) In preparation for the project completion in 2021, assess the knowledge generated by the project in terms of rural finance and guide the project in documenting the lessons learnt, success stories and best practices. h) Conduct any additional task required by the country director/ country team 	
KEY PERFORMANCE INDICATORS	
Expected Outputs (please include any travel if applicable):	Required Completion Date:
Draft AM Submit supervision report contributions to team leader	29 September, 2020 2 October, 2020

INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES	
Full Name of Consultant:	Nathalie Gebrayel
Expected Start Date of Assignment:	14 September
Expected End Date of Assignment:	23 September
Total number of working days (max. 240 in a 12-month period):	10 days (homebased)
GENERAL DESCRIPTION OF TASK(S) AND OBJECTIVE(S) TO BE ACHIEVED	
<p>Expected Activities:</p> <p>Will be responsible for assessing the PRIME project procurement system. In line with Module IV of the IFAD Procurement Manual the Consultant should carry out the following tasks:</p> <ul style="list-style-type: none"> a) Review the current Procurement Plan in order to assess it has been fully updated and upgraded, ascertain its completeness, its concurrence with the AWPB, and its consistency with the country systems and/or IFAD Procurement Guidelines and Handbook; b) Provide support, advice and recommendations on the following: <ul style="list-style-type: none"> o The thresholds, ceilings and preferences to be applied in the implementation of procurement under the project; o The contract types and contractual arrangements for goods, works and consulting services required to implement the projects; o The proposed methods of procurement; o The related IFAD review procedures and provide suggestions to improve the overall quality of the procurement processes; c) Review a minimum sample of 10% of all procurement contracts for compliance; d) Carry out spot checks on past procurement activities and assess the extent these adhere to Government and/or IFAD Procurement Guidelines and Handbook; in particular, verify that the goods, services and works procured correspond with the approved AWPB and Procurement Plan, in terms of quality and quantities; e) Review the procurement, contracting and implementation processes and timeliness and appropriateness of procurement actions; f) Assess contract administration and management procedures; g) Assess the procurement capacity of all entities to be reviewed in terms of manpower, levels of training of procurement staff, work environments and independence of procurement staff to carry out their statutory assignments; h) Conduct specific analysis of value for money (VFM) at all levels and the reasonableness of prices for: <ul style="list-style-type: none"> o Goods, equipment, etc using available price indicators; o Civil Works, compared to locally accepted standards and prices; and o Services compare quality-output to international standards and prices; i) Determine whether adequate systems are in place for procurement planning, implementation and monitoring, and whether documentation are maintained as per required standards and can be relied upon; j) Verify to the extent possible, whether goods, works and consulting services contracted were supplied/completed according to the required specifications and technical standards; k) Review issues identified in the previous procurement review and aide-mémoire and procurement related issues identified in project audit reports; l) Identify deficiencies and make recommendations for improvements and control mechanisms in the procurement procedures and processes; m) Conduct a review of any significant changes in the borrower/recipient's procurement system and practices, and ensure project procurement procedures and systems are updated accordingly; n) Review/update the Procurement Risk Assessment, using the IFAD Procurement Risk Matrix (Module I of the IFAD Procurement Manual); o) Assess further procurement staff training needs and ensure relevant training is planned and provided to project management and procurement staff in a timely manner; provide on-site training as may be necessary; p) Submit an assignment report (as per IFAD format), and any other relevant ancillary documents; q) Conduct any additional task required by the country director 	
KEY PERFORMANCE INDICATORS	
Expected Outputs (please include any travel if applicable):	Required Completion Date:

Draft AM Submit supervision report contributions to team leader	23 September, 2020 26 September, 2020
--------------------------------------------------------------------	------------------------------------------

INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES	
Full Name of Consultant:	Alisia Sansoni
Expected Start Date of Assignment:	19 September
Expected End Date of Assignment:	29 September
Total number of working days (max. 240 in a 12-month period):	11 days (home based)
GENERAL DESCRIPTION OF TASK(S) AND OBJECTIVE(S) TO BE ACHIEVED	
Expected Activities:	
<p>Will be responsible for assessing the M&E systems and processes, results measurement and results achieved, physical progress of PRIME; in particular, you will:</p> <ul style="list-style-type: none"> a) Review the overall adequacy and performance of the PRIME M&E systems and processes in terms of planning, timely monitoring and reporting quantitative & qualitative outputs and outcomes b) Assess the M&E capacity of the project and provide relevant on-site training; c) Review the logframe for coherence and accuracy and revise it in view of any possible adjustments; d) Review rigour and accuracy of M&E data, physical progress, data; e) Estimate the Project outreach in terms of direct beneficiaries and compare with the initial target set at Design for project completion; f) Assist the M&E officer in developing the ToRs for the impact assessment study and ensure it will provide all necessary data for the PCR planned in the 2nd / 3rd quarter of 2021 g) Assess the linkages between the M&E and KM and how the data generated by the M&E system has provided the basis for knowledge generation. h) i) Conduct any additional task required by the country director/country team 	
KEY PERFORMANCE INDICATORS	
Expected Outputs (please include any travel if applicable):	Required Completion Date:
Draft AM Submit supervision report contributions to team leader	29 September, 2020 2 October, 2020

INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES	
Full Name of Consultant:	Christa Ketting
Expected Start Date of Assignment:	19 September
Expected End Date of Assignment:	2 October
Total number of working days (max. 240 in a 12-month period):	14 days (homebased)
GENERAL DESCRIPTION OF TASK(S) AND OBJECTIVE(S) TO BE ACHIEVED	
Expected Activities:	
<p>Will be responsible for assessing the targeting approaches, gender mainstreaming and women's empowerment approaches in the project through available documents review; in particular she will:</p> <ul style="list-style-type: none"> a) Review the gender mainstreaming and women's empowerment approaches and achievements of the project. b) Assess the targeting approach in line with IFAD requirements and the poverty and gender focus of the Project's activities and suggest measures for improvement; c) In preparation for the project completion in 2021, derive lessons on the targeting approach on the PRIME project and inclusion of youth and women. Support the project in documenting the lessons learnt, success stories and best practices related to gender and targeting. d) Assess the quality of the targeting applied and the level of women and youth inclusion in the project activities based on the progress reports and available evidence and give guidance on improving the level of participation and sustainability of the interventions; 	

- e) Review the achievements in terms of training and strengthening of the smallholders' capacity and the gender/poverty focus;
- f) Ensure integration of gender concerns in the loan portfolio and products; Review the targeting strategy of the project, review targeting and outreach to CDAs. In view of the programmatic shift in delivering IFAD-funded services, liaise with other projects/ MAPR officials to ensure coherence between gender and targeting strategies followed in the entire IFAD country program;
- g) Contribute to the reporting on lessons learned;
- h) Conduct any additional task required by the country director/ country team

KEY PERFORMANCE INDICATORS

Expected Outputs (please include any travel if applicable):	Required Completion Date:
Draft AM Submit supervision report contributions to team leader	29 September, 2020 2 October, 2020

Please note: add further INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES tables as required.

DOCUMENTATION

Project Design report
Last Supervision report/ Last Implementation support report
Exit Strategy
Project Implementation manual
Progress report 2019-2020
Updated AWPB and PP
Gender and Targeting Strategy

Clearance by COM if TORs include communication activities (see section 4.7.iii):

Name: **Signature:** **Date:**

Clearance by ACD if TORs include financial management responsibilities:

Name: **Signature:** **Date:**

IMPORTANT NOTE:

IFAD will accept only reports that have been properly formatted by using the template, which will be provided separately. The team leader is responsible for preparing the main report and annexes in the required format, and ensuring that the working papers submitted by the individual team members are consolidated in one single document and in the correct format. S/He will compile the full report, including her/his own contributions and those of all the mission members into one consistent final and complete report and submit it to IFAD on or before the agreed deadline.

Egypt

Promotion of Rural Incomes through Market Enhancement Project Supervision Report

Appendix 6: Procurement

Mission Dates: 19 September - 2 October 2020
Document Date: 30/10/2020
Project No. 1100001571
Report No. 5531-EG

Near East, North Africa and Europe Division
Programme Management Department

Technical Annex – 6 Procurement

PRIME Supervision Mission – October 2020

I. Review of Procurement Plan

The Plan for the fiscal year 2020-2021 was granted IFAD's No Objection on August 26, 2020. The Procurement Plan was not submitted through NOTUS due to a problem with the account of the Person handling Procurement Planning. This problem was solved during the mission.

The Procurement Plan does not follow IFAD's template. It does not respect the principle of packaging where each package is supposed to result in one contract. Actually, the Plan is used as a budget table where budgets are mentioned per activity rather by Contract. Some of the budget lines mentioned in the Procurement Plan are partially paid based on contracts and the remaining balance is paid based on invoices. All payments resulting from packages listed in the Procurement Plan needs to be linked to a contract \ purchase order.

In some cases, it was noted that the planned procurement methods are not the same one actually used. Also, payments related to subsistence allowance are mentioned under the plan as procurement activities. These figures need to be removed from the plan. Moreover, the procurement plan was not properly updated.

The review of the procurement plan also revealed the need to amend the Letter to the Borrower (LTB) to be more descriptive with appropriate Procurement Methods and thresholds.

Based on the above, the estimation of the actual percentage of contracted amount compared to the planned ones was difficult and not 100% accurate. Moreover, since the procurement plan of the fiscal year 2020-2021 was cleared end of August 2020 and since most of the reviewed period fall within the fiscal year 2019-2020, the procurement progress analysis was prepared for both fiscal years. Tables 1 and 2 summarize the findings of the analysis.

The figures in the below tables show the following:

Table 1 for the fiscal year 2019-2020:

54 packages were planned, 26 packages were launched representing 48% of the planned packages and 52.5% of the planned value while 24 contracts were signed representing 44% of the planned packages and 24.47% of the planned value.

The comparison of figures between the launched packages and the contracted ones shows clearly that the activities are over budgeted at the level of planning.

Table 2 for the fiscal year 2020-2021:

59 packages were planned, 16 packages were launched representing 27.1% of the planned packages and 41% of the planned value while 11 contracts were signed representing 18.64% of the planned packages and 14.28 % of the planned value.

The comparison of figures between the launched packages and the contracted ones shows clearly that the activities are over budgeted at the level of planning.

Table 1 - Procurement Plan 2019-2020

Planned				Launched					Contracted				
	Packages	EGP	US\$	Packages	%	EGP	US\$	%	Packages contracted	%	EGP	US\$	%
Consultancy	43	13 521 144.96	861 219.42	18	41.9	6 096 145	388 289.49	45.09	17	40	2 620 929	58 862.28	6.83
Non-Consultancy	6	2 600 000.00	165 605.10	3	50	1 700 000.00	108 280.25	65.38	3	50	924 137.80	58 862.28	35.54
Goods	5	1 405 000.00	89 490.45	5	100	1405000	89 490.45	100.00	4	80	743 138.00	58 862.28	65.77
Total	54	17 526 144.96	1 116 314.97	26	48.1	9 201 144.96	586 060.19		24		4 288 205.18	176 586.84	

1 US\$ = 15.7 EGP

Table 2 - Procurement Plan 2020-2021

Planned				Launched					Contracted				
	Packages	EGP	US\$	Packages	%	EGP	US\$	%	Packages contracted	%	EGP	US\$	%
Consultancy	44	11 357 000.00	723 375.80	13	30	4 535 000.00	29505.53	39.93	10	22.73	1 938 821	123 491.78	17.07
Non-Consultancy	6	144 127	9 180.08	0	0	0	0	0	0	0	0	0	0
Goods	9	2 422 000	154 267.52	3	33.33	1 212 000	77 197.45	50.04	1	11.11	49 850.00	3 175.16	2.06
Total	59	13 923 127	886 823.39	16		5 747 000.00	106702.98	41	11		1 988 671	126 667	14.28

1 US\$ = 15.7 EGP

II. Review of Prequalification and Bidding Processes

The quality of the bidding documents reviewed is poor. They consist only of a price schedule to be filled by the Supplier. The Request for Quotations is sent to a list of suppliers provided by the Procurement Sector at the Ministry of Agriculture. The Bidding documents are distributed by the Project's accountant who visits the suppliers in their offices to deliver the bidding document. The Project was informed during the wrap up meeting of the necessity to stop this practice immediately. Any contact with the suppliers need to be done by the Procurement staff only and needs to be documented.

Most of the Procurement is done using Shopping. Out of the 16 contracts listed on the Contract register that are signed during the reviewed period, only one contract was advertised which is "Hire consultant to facilitate the Electronic Digital Marketing of PRIME films".

Clauses on "IFAD policy to preventing and responding to sexual harassment, sexual exploitation and abuse" and "Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations" do not appear in the Bidding Documents or Contracts.

The Project needs to consult with IFAD for the provision of appropriate templates for the bidding documents. The Procurement Consultant mentioned in paragraph VIII will work with the NPCU on adopting the Standard bidding documents that will be issued soon by IFAD.

III. Review of Evaluation and Contract Award

The evaluation report is very basic and in most of the cases not accurate. In one reviewed case for the acquisition of photocopiers, one model was considered compliant while it had major deviation however award was made to the bidder offering the lowest evaluated model. Results of the bidding processes and award are not made public.

In the reviewed cases, no purchase order / Contract were signed. Only a request to provide the supplies was issued to the supplier.

The protocol signed between SAIL and PRIME does not have a No Objection form IFAD

IV. Review of Contract Administration and Management

The two reviewed contracts were implemented without problems. No problems are reported at the level of other contracts implementation. For the purchase of photocopiers, the Request for payment was issued on March 25, 2020 before the acceptance was made on April 2, 2020.

Moreover, any acquisition from a governmental agency against paid amount (example acquisition of Seeds from the "Agriculture Research Centre) needs to be done through an MOU with proper justification and needs to be subject to Prior Review. It cannot be done unless the service provided by this agency is unique.

The Contract Register is not updated and needs immediate revision. The register needs to be updated and presented to IFAD on a monthly basis.

V. Review of project's record retention/procurement filing system and the ease of document retrieval

The Procurement documents are on file however as mentioned before they are of mediocre quality and very brief.

VI. Review of issues identified in the previous review and aide-mémoire and procurement related issues identified in project audit reports

Agreed Action	Responsibility	Agreed Date	Findings during this mission
Procurement Plan Revise the Procurement Plan to drop less important transactions and focus on the essential activities needed for the proper completion	NPCU	11/2019	The Plan is not well prepared. It is based on activities rather than contracts
Update contracts Update the register of contracts to include all signed contracts/POs	NPCU	11/2019	Not done properly
Documentation Ensure that complete documentation of procurement processes is kept on procurement files, including proof of receipt of goods, works and services by the ultimate beneficiaries and shall retain such records and documents for at least ten (10) years thereafter.	NPCU	12/2019	Done although the documentation is very basic
Expedite the implementation and follow up Expedite the implementation of the transactions enrolled in the revised plan and submit a monthly progress report on procurement covering the actions taken during the month and the anticipated steps during the next month.	NPCU	12/2019	No procurement reports were submitted

No procurement related issues were mentioned in the Auditors report.

VII. Review of any significant changes in the Borrower/Recipient's procurement system and practices

A new procurement law was made effective at the end of 2018. The Procurement Consultant to be hired by IFAD and mentioned in paragraph VIII shall perform a detailed assessment of Borrower/Recipient's procurement system and practices as part of the reviews needed for the preparation of the Project Procurement Risk Matrix and will report on the changes if any.

VIII. Assessment of further procurement staff training needs

The Procurement functions are vested in the Project National Associate Coordinator who is also responsible for the overall planning of the program, preparing progress report, following up with ME and Procurement. As mentioned in the previous mission report, the coordinator is unable to carry out the procurement function effectively because of the heavy workload. For this purpose, the mission recommends the recruitment of a Procurement Officer to assist the coordinator in carrying out the

procurement functions. Both, the Project National Associate Coordinator and the Procurement Officer to be recruited shall receive extensive on the job training to be delivered remotely and ensured by a Procurement consultant to be hired by IFAD.

IX. Key findings and conclusions from the PRM assessment update

No Procurement Risk Matrix (PRM) was prepared for the project as part of this mission due to the inaccuracy of the Project Contract Register and the difficulty to follow up on the documentation of the project during the limited time of the mission which is done remotely. In order to prepare an accurate PRM, a detailed Contract register and proper documentation needs to be established. This will be one of the tasks of the Procurement Consultant to be hired by IFAD and introduced in paragraph VIII above.

X. Procurement performance indicator rating and justification

Procurement Performance Area	Rating (1-6)	Justification
Procurement Planning Process:	3	Procurement planning exhibits significant shortcomings and inconsistencies across some of the requirements. The Procurement Plan does not follow the updated IFAD template and does not include recommended packaging. Project implementation is negatively impacted and delayed; implementation support is required; resolution of issues/constraints is likely but will take some time.
Processes and Procedures from Prequalification to Bidding:	3	Processes and procedures applied exhibit significant shortcomings and inconsistencies across some of the requirements. Bidding documents do not cover the minimum requirements. Project implementation is negatively impacted and sometimes delayed; implementation support is required; resolution of issues/constraints is likely but will take some time.
Processes and Procedures for Evaluation and Contract Award:	3	Processes and procedures applied exhibit significant shortcomings and inconsistencies across some of the requirements. The evaluation process is very basic and not detailed. Project implementation is negatively impacted and delayed; implementation support is required; resolution of issues/constraints is likely but will take some time.
Contract Management and Administration:	4	Processes, procedures and systems for administration, supervision and management of contracts exhibit some weaknesses. Implementation support is required, however, prompt resolution of issues/constraints is likely.
Records Retention:	3	The records are very basic and not complete electronically at time of the start of the mission.
Overall Performance	3	Processes and procedures applied exhibit significant shortcomings and inconsistencies across some of the requirements. Project implementation is negatively impacted and delayed; The Procurement Planning is not accurate, the scope of planned activities is not clear and consequently unpredictable, bidding documents, evaluation reports and some of the contracts are of poor quality. Contract register and Procurement Plans are not updated. Implementation support is required; resolution of issues/constraints is likely but will take some time.

XI. Recommendations for improvement and follow-up actions for the Borrower/Recipient and/or IFAD

Title of Proposed action	Responsibility	Deadline	Proposed / Agreed
Recruitment of a Procurement Officer	NPCU	31-Oct-2020	
Provide training to the Procurement staff in the Project	IFAD	15-Oct-2020	
Amendment of the Letter to the Borrower	IFAD	31-Oct-2020	
The Project must use NOTUS in submitting the No Objection requests	NPCU/IFAD	Immediate	
The management of the Procurement activities must be undertaken by the Procurement staff in NPCU only.	IFAD	Immediate	
The Project needs to use more detailed bidding documents covering the needed instructions to bidders, bidding forms, evaluation criteria and draft contracts			
The evaluation reports need to be more elaborated including more details on the findings			
The use of the government owned institutions services, whenever needed and justified, must be done through the establishment of MOU between the MOA and these agencies subject to IFAD Prior Review	NPCU/IFAD	Immediate	
Use of appropriate Procurement Plan template issued by IFAD and apply appropriate packaging and contracting methods as per the instructions of IFAD Procurement Handbook.	NPCU	Immediate	
Amend regularly the Contract register and present it monthly to the Country director	NPCU	Immediate	

Annex 1

Post Review Checklist – Procurement Planning & Contract Registers

#	Description	Check ¹	Remarks
A	Procurement Planning (for entire PP)		
1.	Is the Plan template consistent with IFAD's?	No	
2.	Did IFAD provide its No Objection on the current version of the Plan?	Yes	
3.	Are there planned dates for all procurements?	Yes	
4.	Are the planned dates consistent with the procurement processes and methods?	No	
5.	Are the procurement methods consistent with the estimated budget for each procurement?	Yes	
6.	Is the reviewed Procurement Plan an updated one?	Yes	
7.	How many updates of the current Procurement Plan was submitted for the year?	0	
8.	How many upgrades of the current Procurement Plan was submitted for the year?	0	
B	Contract Register (for entire Project)		
1.	No	Yes	
2.	Is the register updated?	No	

¹ Use Y for Yes, use N for No, and N/A for Not Applicable. All No's should have a remark

M IV Annex 5: Post Review Checklist – Procurement Process

#	Description	Check ²	Remarks
	7 Photocopiers		
A	Bidding Process (for each procurement)		
1.	Is the item in the Procurement Plan?	Yes / No	The items procured are part of a procurement package mentioned as “Limited Tender” with a total value of EGP 180,000 . The Contract value of the Photocopiers is 91,000
2.	Is there a formal Procurement Requisition that initiates the process?	No	
3.	Is the Method proposed in the PP used?	Yes	
4.	Is enough done to demonstrate that competition was achieved?	Yes	The method used is Shopping
5.	Is there time provided for bidders to request and receive clarifications, before the submission deadline?	No	
6.	Is there sufficient time allotted for bidders to prepare quotations, bids and proposals		Not clear on file
7.	Ensure that no late bids were accepted	Yes	
B	Evaluation Process (for each procurement)		
1.	Was Preliminary Examination done?	No	
2.	Are there objective and justifiable reasons for rejections at Preliminary Examination?	N/A	
3.	Was Technical Evaluation done?	Yes	Wrong technical evaluation,. Some models should have been rejected but in fact they weren't
4.	Are there objective and justifiable reasons for rejections at Technical Evaluation?	N/A	
5.	For QCBS and QBS was a Technical Evaluation Report submitted to and no-objected to by IFAD before the Financial Proposal(s) was/were opened?	N/A	
6.	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?	N/A	Its was not advertised because it is shopping and the result was not public
7.	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?	N/A	
8.	Were bidders given enough time to submit a challenge/protest?	No	
9.	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?	N/A	

² Use Y for Yes, use N for No, and N/A for Not Applicable. All No's should have a remark

#	Description	Check ²	Remarks
	7 Photocopiers		
10.	Was Financial evaluation done and properly?	Yes	
11.	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the bidders were (i) notified and (ii) accepted the correction?	N/A	
12.	Are there objective and justifiable reasons for rejections at Financial Evaluation?	N/A	
13.	For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded sufficient time to challenge/protest?	N/A	
14.	Were challenges/protests received? Were they handled properly?	N/A	
C	Award and Negotiations (for each procurement)		
1.	Was award done after all challenges/protests were received?	N/A	
2.	Ensure that negotiations were not held for Goods and Works	Yes	
3.	Ensure that negotiations were held for consulting services?	N/A	
4.	Did the negotiations significantly alter (i) the scope, (ii) the duration and (ii) the prices?	N/A	
D	Contract, Contract Administration and Management Process (for each procurement)		
1.	Information about the Contract 1.1 Contractor \ Supplier \ Consultant Name: 1.2 Original Contract Value: 1.3 Revised Contract Value: 1.4 Date of Contract Signature: 1.5 Original Contract Completion Date: 1.6 Revised Contract Completion Date	1.1 "Sharikat Mesr li Mahamat Al Makateb" 1.2 91,000 EGP 1.3 N/A 1.4 No purchase order; just a letter where the date is not clear 1.5 "Immediate" 1.6 N/A	
2.	Was the Contract signed by both parties? (A copy must be evident in file)	No	
3.	Was a Performance Security presented in line with the Contract Requirement	N/A	
4.	Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?	No	
5.	Is the procurement requirement (terms of reference, description of services, schedule of requirements, technical specifications) expressed in the contract as consistent with the	No	

#	Description	Check ²	Remarks
	7 Photocopiers		
	successful bidder's bid, evaluation report and negotiated outcome?		
6.	Was a Contract amendment made to extend time/add funds/add scope?	N/A	
7.	If the answer to the above is YES, is there an IFAD No-Objection for each amendment that exceeds the contract percentage thresholds (for prior review procurements)?	N/A	
8.	Were payments done on time as consistent with contract provisions?	NO	Payment order was signed before Acceptance of equipment
9.	Value for Payments disbursed up to date		91,000 EGP

#	Description Consultant to facilitate the Electronic Digital Marketing of PRIME films	Check ³	Remarks
A	Bidding Process (for each procurement)		
8.	Is the item in the Procurement Plan?	Yes	Ref 1.2.1.6.6
9.	Is there a formal Procurement Requisition that initiates the process?	No	
10.	Is the Method proposed in the PP used?	YES	No evaluation or negotiations were done
11.	Is enough done to demonstrate that competition was achieved?	Yes	Advertised on May 1 for 2 weeks
12.	Is there time provided for bidders to request and receive clarifications, before the submission deadline?	No	
13.	Is there sufficient time allotted for bidders to prepare quotations, bids and proposals		Not clear
14.	Ensure that no late bids were accepted	Yes	
B	Evaluation Process (for each procurement)		
15.	Was Preliminary Examination done?	No	
16.	Are there objective and justifiable reasons for rejections at Preliminary Examination?	N/A	
17.	Was Technical Evaluation done?	No	Just shortlisting of CVs
18.	Are there objective and justifiable reasons for rejections at Technical Evaluation?	N/A	
	For QCBS and QBS was a Technical Evaluation Report submitted to and no-objected to by IFAD before the Financial Proposal(s) was/were opened?	N/A	
19.	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?	No	
20.	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?	N/A	
21.	Were bidders given enough time to submit a challenge/protest?	No	
22.	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?	N/A	
23.	Was Financial evaluation done and properly?	No	
24.	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the bidders were (i) notified and (ii) accepted the correction?	n/A	
25.	Are there objective and justifiable reasons for rejections at Financial Evaluation?	N/A	
26.	For consulting services under QCBS, were bidders provided the results of the combined	N/A	

³ Use Y for Yes, use N for No, and N/A for Not Applicable. All No's should have a remark

#	Description	Check ³	Remarks
	Consultant to facilitate the Electronic Digital Marketing of PRIME films		
	evaluation and accorded sufficient time to challenge/protest?		
27.	Were challenges/protests received? Were they handled properly?	N/A	
C	Award and Negotiations (for each procurement)		
5.	Was award done after all challenges/protests were received?	N/A	
6.	Ensure that negotiations were not held for Goods and Works	Yes	
7.	Ensure that negotiations were held for consulting services?	No	
8.	Did the negotiations significantly alter (i) the scope, (ii) the duration and (ii) the prices?	N/A	
D	Contract, Contract Administration and Management Process (for each procurement)		
10.	Information about the Contract 1.1 Contractor \ Supplier \ Consultant Name: 1.2 Original Contract Value: 1.3 Revised Contract Value: 1.4 Date of Contract Signature: 1.5 Original Contract Completion Date: 1.6 Revised Contract Completion Date	1.1 Mahmoud Kandil 1.2 100,000 EGP 1.3 N/A 1.4 June 1, 2020 1.5 December 10, 2020 1.6 n/A	
11.	Was the Contract signed by both parties? (A copy must be evident in file)	Yes	
12.	Was a Performance Security presented in line with the Contract Requirement	N/A	
13.	Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?	Yes	
14.	Is the procurement requirement (terms of reference, description of services, schedule of requirements, technical specifications) expressed in the contract as consistent with the successful bidder's bid, evaluation report and negotiated outcome?	Yes	
15.	Was a Contract amendment made to extend time/add funds/add scope?	N/A	
	If the answer to the above is YES, is there an IFAD No-Objection for each amendment that exceeds the contract percentage thresholds (for prior review procurements)?	N/A	
16.	Were payments done on time as consistent with contract provisions?	Yes	
17.	Value for Payments disbursed up to date		10,000 EGP