

## **Egypt**

---

### **Promotion of Rural Incomes through Market Enhancement Project Supervision Report**

#### **Main report and appendices**

Mission Dates: November / 2019  
Document Date 20/01/2020  
Project No. 1100001571  
Report No. 5289-EG

Near East, North Africa and Europe Division  
Programme Management Department

## Abbreviations and Acronyms

<b>ADP</b>	Agricultural Development Program
<b>APIP</b>	Agricultural Production and Intensification Project
<b>AWPB</b>	Annual work plan and budget
<b>CDA</b>	Community development association
<b>COSOP</b>	Country strategic opportunities program
<b>FMA</b>	Farmers' marketing association
<b>FSRU</b>	Farm system research unit
<b>LDF</b>	Local Development Fund
<b>MALR</b>	Ministry of Agriculture and Land Reclamation
<b>MIIC</b>	Ministry of Investment and International Cooperation
<b>MSMEDA</b>	Micro, Small and Medium Enterprise Development Agency
<b>MTR</b>	Midterm review
<b>MWRI</b>	Ministry of Water Resources and Irrigation
<b>NEN</b>	Near East, North Africa and Europe Division (IFAD)
<b>NGO</b>	Non-governmental organization
<b>PBAS</b>	Performance-based allocation system
<b>PBDAC</b>	Principal Bank for Development and Agriculture Credit
<b>PCR</b>	Project completion report
<b>PPE</b>	Project performance evaluation
<b>PRIME</b>	Promotion of Rural Incomes through Market Enhancement Project
<b>SAIL</b>	Sustainable Agriculture Investments and Livelihoods Project
<b>SADS</b>	Sustainable Agricultural Development Strategy: towards 2030 SDS
<b>SFD</b>	Social Fund for Development
<b>SHOROUK</b>	National Programme for Rural Development
<b>SME</b>	Small and medium-sized enterprise
<b>UERDP</b>	Upper Egypt Rural Development Project
<b>USAID</b>	United States Agency for International Development
<b>WNRDP</b>	West Nubaria Rural Development Project
<b>WUA</b>	Water users association

## A. Project Overview

Region:	Near East, North Africa and Europe Division	Project at Risk Status:	Actual problem
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:	Dina Saleh		
Project Director:	not available yet		
Project Area:	not available yet		

Approval Date:	13/12/2011	Last audit receipt:	17/03/2019
Signing Date:	10/04/2012	Date of Last SIS Mission:	07/11/2019
Entry into Force Date:	10/04/2012	Number of SIS Missions:	13
Available for Disbursement Date:	10/04/2012	Number of extensions:	0
First Disbursement Date:	20/11/2014	Effectiveness lag:	4 months
MTR Date:	not available yet		
Original Completion Date:	30/06/2020		
Current Completion Date:	30/06/2020		
Financial Closure:	not available yet		

### Project total financing

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

### Current Mission

Mission Dates:	November / 2019
Days in the field:	5
Mission composition:	Dina Saleh, IFAD country director; Mohamed El Ghazaly, M&E & IFAD country programme officer; Marie Edward Mikhail, marketing expert & IFAD country technical analyst; Thoodan Al-Eryani, IFAD knowledge management specialist; Stefania Gnoato, gender & targeting consultant; Olga Tomilova, rural finance consultant, Arsalan Haneef, financial management consultant, Mohamed Abdel-Latif, procurement consultant, and Peter Frøslev Christensen, consultant team leader
Field sites visited:	Beni Suef, Al-Menya, Asyut and Sohag

## B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4	Assessment of the Overall Implementation Performance		3

<b>Effectiveness and Developmental Focus</b>	<b>4</b>	<b>Project Management</b>	<b>4</b>
Effectiveness	4	Quality of Project Management	3
Targeting and Outreach	3	Knowledge Management	3
Gender equality & women's participation	4	Value for Money	4
Agricultural Productivity	4	Coherence between AWPB and Implementation	4
Nutrition	4	Performance of M&E System	3
Adaptation to Climate Change	4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	4

<b>Sustainability and Scaling-up</b>	<b>4</b>	<b>Financial Management and Execution</b>	<b>3</b>
Institutions and Policy Engagement	4	Acceptable Disbursement Rate	5
Partnership-building	3	Quality of Financial Management	4
Human and Social Capital and Empowerment	3	Quality and Timeliness of Audit	3
Quality of Beneficiary Participation	4	Counterparts Funds	2
Responsiveness of Service Providers	4	Compliance with Loan Covenants	3
Environment and Natural Resource Management	4	Procurement	3
Exit Strategy	3		
Potential for Scaling-up	4		

<b>Relevance</b>	<b>5</b>
------------------	----------

## C. Mission Objectives and Key Conclusions

### Background and Main Objective of the Mission

A team from the UN's International Fund for Agricultural Development (IFAD) visited Egypt from 26 October to 7 November 2019 to supervise the Promotion of Rural Incomes through Market Enhancement Project (PRIME).<sup>[1]</sup> The purpose of the mission was to assess project outputs in the field, operational aspects including project management, implementation of activities, the extent to which objectives are being achieved, compliance with the financing agreement and corrective actions to optimise impact. Meetings were held with the national programme coordination unit (NPCU) in Cairo and governorate programme implementation units (GPCUs) in Beni Suef, Al-Menya, Asyut and Sohag. A wrap-up meeting was chaired by Dr. Mona Mehrez, deputy minister of agriculture and attended by Dr. Jihan El-Menoufy, national coordinator of the NPCU, Dr. Saad Moussa, supervisor of External Agricultural Relations, and Prof. Dr. Sobhi El Naggar, executive director for Loans and Financial Coordinator, Agriculture Development Programme. This aide-memoire summarises the mission's main findings and recommendations detailed in the supervision report. The mission would like to thank NPCU and GPCU staff as well as the agricultural directorates for their hospitality and logistical prowess.

The PRIME project is IFAD's 11th investment in Egypt. The project total cost at appraisal was USD 108m financed through an IFAD loan of USD 70m and grant of USD 1m, a government contribution of USD 7.6 USDm, the Agricultural Development Programme (ADP) USD 11m, Micro, Small and Medium Enterprise Development Agency (MSMEDA, formerly Social Fund for Development) USD 1m, and beneficiaries - USD 17.7m. The Project is 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 include two components namely; (i) Marketing Support Component, and; (ii) Rural Finance Component. PRIME became effective in April 2012, and the financing agreement (FA) was amended and thus the start date became 17 February 2013. The first AWPB was approved in June 2014. The completion date is 30 of June 2020 and the closure date is hence 31 of December 2020. The previous supervision mission took place in November 2018 and the progress on the agreed actions from that mission was assessed as part of the mission objectives. Moreover, the mission's objectives also included assessment physical and financial project implementation progress, undertaking field visits to discuss with beneficiaries their perception of the project, the level of their participation, identify actual, emerging and potential problems, propose and agree on implementation support measures to optimise impact.

[1] The mission comprised Dina Saleh, IFAD country director; Mohamed El Ghazaly, M&E & IFAD country programme officer; Marie Edward Mikhail, marketing expert & IFAD country technical analyst; Thoodan Al-Eryani, IFAD knowledge management specialist; Stefania Gnoato, gender & targeting consultant; Olga Tomilova, rural finance consultant, Arsalan Haneef, financial management consultant, Mohamed Abdel-Latif, procurement consultant, and Peter Frøslev Christensen, consultant team leader.

### Key Mission Agreements and Conclusions

A fundamental issue is the **overly reliance on community development associations (CDAs)** to implement both marketing and credit components. In Egypt farming is primarily a commercial enterprise but CDAs are registered as NGOs and tend to be more social and project oriented, financed by a combination of government and other subsidies from donors. They typically offer a multiplicity of services, to a certain extent based on donor demand, but only few are fully commercially focused or specialised.

In the marketing component many of the supported women's groups and some farmers' associations are thus highly donor dependent with limited commercial viability and poor value chain integration. There is often no high volume and quality produce to survive in competitive markets. The project's attempts to create its own value chain, by subsidising production and creating project-specific market outlets which are, in the opinion of the supervision mission, not a convincing pathway to commercial success. There are some more successful attempts among the more focused, market-oriented farmers' associations, especially those where farmers already have strong market integration. Unfortunately, the majority fails to have such a focus. **In the last phase of the project, emphasis should be on the potentially sustainable associations.**

Although the project succeeded in establishing FMAs and marketing committees and in strengthening their capacities through technical training, the approach followed was rather random with no clear implementation strategy. Moreover, most of the FMAs and marketing committees do not have strong financial or organizational capacities, limiting their effectiveness and outreach. 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, but there are some **opportunities to partially rectify this situation by e.g. technically assisting credit-taking livestock farmers who are now in distress.**

A similar trend can be observed in the rural finance component where part of the credit is channelled through CDAs. Again, these CDAs are not specialised financial institutions, they cannot plausibly achieve economies of scale nor offer a broad portfolio of appropriate financial services that could allow for deeper financial inclusion and growth. Due to their limited number of clients, they have high overhead costs translating into high interest rates and clearly have **no credible pathways for delivering more sophisticated and competitive financial services.**

A fundamental challenge lies in ensuring that the activities and set-ups initiated by PRIME continue beyond the project's life. With the project closure just 8 months away, PRIME needs to focus on supporting actions that make project outcomes sustainable. Here PRIME needs to prioritize targeting only those organisations that are commercially focused and have good viability. **The project should use of short-term consultancies to avoid the lengthy process of hiring permanent staff or organizations.**

Finally, the project does not have adequate and credible database for a full and an objective assessment of project results. The **M&E system is only marginally functional** due to continuous lack of systematic data collection and aggregation. The mission was consequently not able to provide full quantitative analysis on different activities/interventions. Secondly, the review of the financial records suggests financial impropriety in utilisation of IFAD grant funds in terms of accuracy and integrity of reported training attendees. The number may have been inflated and deserves further analysis, also in view of the potential fiduciary implications.

## D. Overview and Project Progress

### Component 1. Marketing support (USD 11.5 million).

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 marketing component has only disbursed 18% of the amount planned at design, but reported outreach has accelerated in recent months. The project assisted in establishing and strengthening farmers marketing associations (FMAs) and marketing committees. A total of 218 marketing committees were formed with 1,019 members, which exceeds the number of planned marketing committees to be established (132). Under the value chain linkages subcomponent, the project provided 7 marketing outlets linking FMAs with final consumers. The project also supported contract farming activities as well as farming extension activities. In 2018-2019, a total of 63 contracts were concluded for 35 participating associations, exceeding the planned number of contracts (60). The number of farmers benefiting from the contract farming activities during this period is reported to be 2,292 on a contracted area of 3,097 feddans<sup>[2]</sup> and for 34,777 tons of marketed quantities. As for the farming extension activities, the project implemented 216 extension demonstration plots and farming systems (2017- ongoing) (the planned was 182), in addition to technical support and 36 field and harvest days. Trainings were provided under the four sub-components of the project. According to project documentation, around 228 training sessions were delivered, and a total of 4,043 people participated in these training activities (out of 298 planned training sessions for 5619 trainees). The trainings focused on different matters including: strengthening the capacity of the FMAs; facilitating access to market information and supporting marketing decision making; and building sustainable partnerships between FMAs and market actors along the value chain<sup>[3]</sup>.

The marketing support component is rated as **moderately unsatisfactory**. Activities were successfully executed in terms of establishing the FMAs and marketing committees and in terms of farmers reached and technical trainings provided. However, the approach followed was rather random with no clear implementation strategy. Moreover, poor access to credit and markets were the main obstacles that hindered the capacity of farmer associations to identify and take advantage of market opportunities. Similarly, interviewed farmers and beneficiaries reported the usefulness of the training received and their enhanced capacities in better understanding market needs and the means to raise their agricultural productivity. Nevertheless, their poor access to finance, their limited access to new markets and small-scale production capacity are the main obstacles that hinder their ability to implement the new skills acquired.

Technical training for livestock activities was also provided to farmers and agriculture associations beneficiaries on how to provide better nutrition to their cattle and protect them from the rising temperatures during the summer season. Nevertheless, it was noted during the field visits that some loan borrowers for livestock activities did not receive similar trainings or any technical assistance that would address issues in the livestock. In turn, some borrowers are struggling with ensuring healthy conditions for their cattle and in realizing better productivity, which would in turn hinder their ability of repaying the loan. It is recommended in this regard that technical support be provided to the livestock borrowers, in addition to the necessary veterinary services.

Through the value chain linkages sub-component, the project supported some agriculture associations and marketing committees in the establishment of marketing channels with both local and exporting companies and facilitated some contract farming activities. The association in turn concluded contractual arrangements with the farmers to collect from them the necessary quantities. In this regard, these contractual arrangements provide a marketing window for the small farmers and ensure selling at a good market prices. The project also provided technical support to the smaller farmers to comply with the export coding requirements, particularly pesticide residue levels and other quality standards. This in turn raised their capacity in marketing the products through associations and companies that have contract arrangements with exporters/traders. It should be noted that some associations have been already working on exporting their products prior to the project and that the main support provided by the project in such case was the technical support received by the small farmers. The mission believes that the value chain linkages will not translate into sustainable increases in farmer incomes and marketing opportunities without focusing more on raising the capacity of the agriculture associations and marketing committees, business skills, and market-oriented production. Moreover, there is limited support to improve marketing of the medium quality produce for local markets, particularly in Upper Egypt with limited infrastructure.

A number of marketing outlets has been established by the project. These outlets aim to market the products of small farmers (fresh vegetables and fruits, dairy products, 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. However, it was noted during the field visits that the outlets have limited quantities of products and the sales are not high, which will hinder the continuous operation of these outlets. In addition, there are health concerns since these products are not certified by the Ministry of Health. It was also noted that the outlet products have the PRIME project label. It is recommended to have an exit strategy for the market outlets. The mission suggests that the management of these outlets be transferred to a number of CDAs/FMAs and that a set of guidelines would be prepared in order to ensure their sustainable operation.

The project provided farming extension activities, which comprise extension demonstration plots as well as farming systems. Implementation of farming systems introduced high value and exportable crops in the cropping patterns to be adopted by 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. In some cases, it was reported that neighbouring farmers expressed interest in replicating the introduced farming systems. However, more focus is needed to further ensure the dissemination and transfer of knowledge of the farmers who benefited from the farming system over to other farmers. This would in turn lead to more adoption and replication of these cropping activities and practices in the overall project area. The mission hence recommends more engagement with MALR and the governorate extension teams to ensure the continuation of the farming system activities and support.

## **Component 2. Rural Finance (USD 89 million).**

Component 2 consists of three subcomponents (i) Market Based Credit Research & Development; (ii) Credit Facility; and (iii) Strengthening Financial Intermediaries.

*Subcomponent (i) Market Based Credit Research & Development* was supposed to be implemented by ADP and MSMEDA and includes the development of appropriate loan products for the agriculture sector along the value chain, in a participatory manner together with PFIs and beneficiaries, as well as training PFIs' staff on the delivery of these products. There is little documented evidence on the implementation of this subcomponent. The products offered to beneficiaries range from subsidised small loans offered via ADP (at the interest rate of 7.5-9.5% p.a.) and MSMEDA through the National Bank of Egypt (9-10% p.a.) to very expensive MSMEDA-funded micro loans through CDAs (around 28% p.a.). In some cases, loans offered by CDAs through the project were more expensive than those offered from CDAs' own funding. It is recommended to document past activities performed under this subcomponent and not undertake any new activities.

*Subcomponent (ii) Credit Facility* is being implemented by ADP and MSMEDA as apex institutions. Quantitatively the rural finance component has performed well with about 99% of all funds disbursed by ADP and MSMEDA reaching 16,259 beneficiaries with small and micro loans, for a total amount of EGP 851.4 m. MSMEDA has fully utilized the allocated amount of USD 31.1, while ADP has utilized USD 26.051 m (97%) of the USD 26.8 million. The majority of loans were microloans ranging between USD 300 - 6,000 disbursed by MSMEDA. About 40% of all loans were extended to women borrowers. Investments in agriculture (livestock, crops, agricultural machinery, irrigation etc.) represent about 74% of the total loan volume and about 23% of the number of borrowers due to larger loan sizes of agriculture-related loans. In terms of the number of borrowers, the majority (about 62%) are microloan borrowers engaged in small commerce. The component reports having helped to create or sustain over 28,000 jobs, of which about 25,400 are permanent. Beheira is the project area that received the largest amount of loan funding (about 37%) due to several large loans issued through ADP, followed by Asyut and Menia with 18% and 15% of loans respectively. In terms of the number of loan beneficiaries, the largest is Menia with 38% of beneficiaries. The performance of the component is rated as **satisfactory**.

**ADP** has been disbursing loans, via their agent bank the Commercial Bank of Egypt (CIB), to small and medium-sized companies through 8 commercial banks and 1 agricultural cooperative. To date, ADP disbursed 416 loans worth of EGP 430.13 m (average loan amount of EGP 1.033 m, or approx. US\$ 64,600). Almost all ADP-funded loans (99%) were provided for agriculture (horticulture/ crops/ machinery - 48%; livestock - 30%; inputs supply - 21%). Per ADP, only 25 loans were disbursed to women (6% of ADP-funded borrowers) worth of EGP 6.5 m (2% of disbursement). Most of the ADP funding was disbursed in Beheira (70%) followed by Assiut (15%) and Kafr El Sheikh (9%). ADP reports that the loans have created 2,744 jobs.

**MSMEDA** has fully utilized the allocated funding having disbursed loans via 2 banks and 22 CDAs to 15,843 borrowers, of whom 13,131 (81%) received, on average, EGP 13,400 each (US\$ 837) and 2,712 borrowers (19%) - EGP 90,360 (US\$5,650). Women borrowers represent 41% of MSMEDA-funded beneficiaries, having received 35% of the loan funding. In terms of loan volume, 48% of the loans were provided for livestock (24% borrowers) and 44% - for commerce (64% of borrowers). The largest volume of MSMEDA-funded loans is in Menia - 28% (39% of the number of borrowers). MSMEDA reports having created about 25,436 jobs, of which 22,673 are permanent.

**Low capacity of CDA and agricultural cooperatives** Using CDAs as a vehicle to channel project funds by MSMEDA has not been effective in terms of providing either affordable loan capital to low-income borrowers (CDAs lend at an effective rate of about 28% p.a.) or in terms of linking these borrowers to the formal financial system. On the contrary,

using CDAs for lending appears to contribute to beneficiaries' financial exclusion as these loans do not create the credit history of the borrowers, do not build their financial capability (most CDAs disburse and collect in cash, and borrowers never deal with banks) and offer no other financial services such as accounts, payment or savings. There are also cases when project-funded loans disbursed through CDAs were even more expensive than those offered by the CDAs themselves, which put the project beneficiaries at a disadvantage.

Though agricultural cooperatives used by ADP provide much more affordable loan capital (since the interest rate is capped by ADP at 7.5-9.5% p.a.), they are similar in nature to CDAs. In addition, ADP performs all loan analysis and approval functions for these cooperatives as the latter have neither any experience in lending or dedicated staff. It is thus recommended to discontinue the provision of new loans via agricultural cooperatives and the provision of revolving loans via CDAs.

Most of the loan beneficiaries have low financial literacy and capability, being unable to compare various loan options and, in most cases, even unaware of them. This is aggravated by different price disclosure requirements for banks and non-banks in Egypt - the former disclose loan prices on the declining loan balance, while the latter - on the original loan balance ("flat" interest rate, which should roughly be multiplied by 2 to arrive at the "declining" interest rate). There is also ubiquitous misunderstanding on the part of borrowers or potential borrowers of basic requirements of the banks - for example, most believe that banks require hard collateral for micro and small loans, or charge higher interest rates than CDAs (the latter also has to do with the inability to compare the rates). Neither the implementing partners (ADP and MSMEDA) nor the project have been addressing this issue.

A recent significant drop in livestock prices (including meat, poultry and fish) which was first registered around January 2019, represents a high risk for many beneficiaries who may struggle to repay their loans. There has been no technical assistance on the part of the project that would address issues in the livestock sector despite the fact that this has been the largest portion of the component disbursement (39%) and represents a significant share of loan beneficiaries (23%).

There have been contradictions on the part of the previous IFAD missions with respect to *subcomponent (iii) Strengthening Financial Intermediaries*. During the MTR in 2017, it was decided not to pursue the implementation of this subcomponent given that the extent of support required to build the capacity of financial intermediaries engaged in microlending would be beyond the project scope. The supervision mission of 2018, on the contrary, approved a Pilot Agribusiness Risk Sharing Feasibility Study suggested in AWPB to be financed by IFAD Grant and a series of training programs and workshops for PFIs, including NGOs/CDAs. Considering almost full utilization of the credit line and little remaining time before the end of the project, it is recommended to cancel this subcomponent.

[2] One feddan is equal to approximately 1.04 acres.

[3] The figures are provided by MALR.



<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Promote financial education</b> Use farmer groups/associations as channels to disseminate financial education content (such as dealing with banks, banks' requirements, understanding "flat" and "declining" interest rates, comparison shopping, importance of savings, etc.)	NPCU	11/2019
<b>Address issues of the livestock sector borrowers</b> Re-orient part of the component 1 activities to include the livestock sector in order to address livestock borrowers' challenges	NPCU; ADP and MSMEDA to provide lists of borrowers	11/2019
<b>Training on extension</b> Engage with MALR and the governorate extension teams on continuation of training and farming system activities	NPCU, GPCU, & MALR	12/2019
<b>Promote sustainability</b> Support only sustainable organisations with clear commercial focus (see component 1 and 2 for details)	NPCU	12/2019
<b>Strengthen FMAs</b> Hire short-term consultants to strengthen the role of FMAs and marketing committees	NPCU	12/2019
<b>Address issues in non-credit subcomponents of Component 2</b> Document activities under subcomponent (i) Market Based Credit Research & Development, including their monetary value; do not undertake new activities Cancel subcomponent (iii) Strengthening Financial Intermediaries	NPCU, ADP, MSMEDA	12/2019
<b>Improve commercial viability of marketing outlets</b> Prepare a set of guidelines to ensure the sustainable operation of the market outlets.	NPCU	02/2020

## E. Project implementation

### a. Development Effectiveness

#### Effectiveness and Developmental Focus

Effectiveness

Rating: 4

Previous rating: 4

#### Justification of rating

The project is rated as moderately satisfactory. Some targets are being met, or likely to be met, especially for the credit component (all) while the requirements in terms of ensuring viable development impacts have experienced set-backs, such as poor integration between components and some weaknesses in value chain integration. During the last six months, the new management team has instilled some momentum, driving more outreach and higher levels of delivery. However, there is also a considerable backlog from years of underperformance, especially in the marketing component. More generic and persistent challenges relate to poor guidance from design documentation on synergistic coordination between the rural finance and marketing components as well as limited guidance on targeting.

#### Log-Frame Analysis & Main Issues of Effectiveness

The log-frame envisaged both **components working synergistically** to achieve the overall objectives. However, a main concern is the poor linkages between the different project components and the primary focus on the activities rather than the project outcomes and results. The marketing support component focused on raising on-farm productivity through training and farming extension activities and supporting the establishment of FMAs and marketing committees. However, no apparent linkages have been developed with the rural finance component.

The mission is also concerned that the value chain linkages face limitations due to the poor financial and organizational capacity of the agriculture associations and marketing committees, as well as the small farmers' limited access to finance and new markets. Moreover, there is no clear implementation strategy to ensure the effectiveness of the market outlets. As noted earlier, the market outlets have limited quantities of products and the sales are not high, which cannot ensure their continuous operation

**Financial inclusion and equitable access to finance is a key objective in the logframe** However, CDAs and agricultural cooperatives have not proven to be an effective means for promoting financial inclusion as they do not create any linkages for the borrowers with the formal financial systems and are not able to offer high-quality financial products themselves (such as loans reflecting agricultural business cycle, with appropriate grace periods and convenient disbursement and repayment options; savings options etc.). As a result, the project cannot report any data on the use of savings by beneficiaries and therefore these Logframe indicators cannot be provided.

CDAs have been transferring the costs of their inefficiency to the low-income beneficiaries through charging high interest rates (about 28% p.a.). This has created a situation where better-off borrowers were able to access subsidized loan capital via ADP and MSMEDA-funded National Bank of Egypt (at 7.5-10%), while the poorest borrowers had to pay increased prices for low-quality loan products. In some cases, project beneficiaries borrowing from CDAs had to pay even higher interest rates versus borrowing from CDAs' own funding. The participation of CDAs and agricultural cooperatives in the project should be discontinued and more attention should be paid to the development of beneficiaries' financial education and capability in order to facilitate their inclusion in the financial system and to ensure that they get benefits from it.

## Development Focus

### Targeting and Outreach

**Rating: 3**

**Previous rating: 4**

### Justification of rating

Targeting and outreach is rated moderately unsatisfactory. With the caveat on the reliability of data made available, it is expected that overall project outreach in the intended seven governorates is of approximately 146,741 beneficiaries (73% of end target), of which 126,750 are direct beneficiaries (63% of end target) and 36,979 are women (74% of end target). The project has not adopted a comprehensive targeting strategy, nor has it been systematic in applying the existing basic targeting mechanisms across the different activities. Nonetheless, some anecdotal evidence shows the intended target groups are largely being reached through training, credit and marketing support, although with limited quality at times, particularly in the training services (see results below).

### Main issues

PRIME is being implemented in the seven Egyptian governorates of Qena, Sohag, Assiut, Menia, Beni Suef, Beheira and Kafr el Sheikh. The project target groups include: i) smallholder households cultivating around 3 feddans as their main source of livelihood, with one head of cow and some goats and poultry; ii) landless labour with similar poverty coping strategy of the smallholders; iii) unemployed youth; iv) women and Female Headed Households; and v) small and medium entrepreneurs.

At design, PRIME had foreseen that the targeting strategy would prioritize the same target groups living in those villages where IFAD project OFIDO improved irrigation facilities. However, given the heavy delays encountered in OFIDO implementation, this criterion could not be applied. A second shortcoming noted by the mission, is the lack of participatory approaches used for the initial engagement of rural communities into project activities and the absence of organizational strengthening support to CDAs. Anecdotal evidence supports the conclusion that CDAs, which are of varied capacity levels, were used in a too simplistic, often top-down, manner to channel project services to the intended benefiting villages, rather than as true community participatory mechanisms. A further shortcoming noted by the mission, is the poor application of targeting whereby all activities (from C 1 and 2) would be applied to the same villages. Unfortunately, as noted during the field visits, the continued lacking coordination and integration between the two technical components have to some extent diluted the strength of targeting. Undoubtedly, PRIME's targeting focus has also suffered from lack of implementation guidance, given the absence of a PIM which has left implementing partners largely on their own.

Notwithstanding, the mission believes that, to a large extent, the project has reached out to the intended target groups, particularly the landless through job creation derived from credit investments. It also benefited the smallholder households through the provision of micro loans, mostly for livestock which represents an important step towards improved nutrition at household level and a possible income increase through the sale of dairy products surplus. Technical training in crop production has also shown evidence of increases in produce volumes by smallholders with good potential for income

increase. Specific results include: around 28,000 jobs created, mostly benefiting the landless, unemployed youth and women (not reported, including women headed households); credit facilities extended to over 16,000 households, with 40% of borrowers represented by women and over 3000 being small and medium entrepreneurs, including youth (not disaggregated); anecdotal evidence of increases in production resulted from smallholders training in improved crop production practices, cattle management and market linkages. The current unavailability of data limits any reliable analysis on the impact these activities may have triggered towards the increase of household income.

#### Gender equality & women's participation

Rating: 4

Previous rating: 4

#### Justification of rating

Gender equality and women's participation is moderately satisfactory. Although the project lacks a gender strategy, the project has achieved positive quantitative results on female beneficiaries outreach (74% of end target). The mission believes that gender equality and women participation would have been enhanced through the development of a gender strategy.

#### Main issues

As defined at design, women living in PRIME's geographic area are heavily involved in the cultivation and harvesting of vegetables and in taking care of livestock, with few of them being landholders and many not owning the livestock they care for. While sharing responsibilities and benefits within the households has increased in recent decades, Egypt is still a country where men have most control over household incomes and expenditures, rather than women. As a result, PRIME had foreseen addressing women's needs at the household level through the adoption of activity-specific outreach targets for women (e.g. 30 of credit funds reserved for women), through the support of a gender specialist, but without the development (and adoption) of a clear gender strategy. Furthermore, it was envisaged that women outreach and inclusion would be facilitated by equal representation of women in field extension teams, at the governorate level, and the promotion of women in managerial positions.

Based on the mission findings and M&E data provided, the project has performed quite well from a quantitative standpoint, given the attainment of 74% in overall women outreach and 40% of women representation among (smaller) credit borrowers under Component 2. The same positive feedback seems to stem also from Component 1 findings, especially in terms of women's participation in trainings, however accurate data was not made available by the project. On a more critical standpoint, additional qualitative and anecdotal evidence from field visits and interactions, indicate PRIME could have been more active in responding to women's specific needs. While access to micro-credit (particularly through livestock investments and the local marketing of dairies and milk surplus), and job creation (sex disaggregated data not available) show having contributed to some economic empowerment for women, the poor quality of training delivered under C1 and the disconnect between the two components, have not shown the expected impact for this target group. *Remarkably, no evidence of significant impact for PRIME targeted women was found during field visits and the extensive interactions held with beneficiaries.*

At this late stage of project implementation, there is little scope for reorienting the gender focus of the project. That being said, the mission believes the project would benefit from training in gender empowerment, leadership and entrepreneurial skills (to be delivered from an external gender expert (consultant) with immediate effect and through project closure). IFAD should revise the quality of the training curriculum before it is rolled-out.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Recruitment of the Gender Specialist</b>  Discontinue the recruitment of the Gender Specialist.	NPCU	11/2019
<b>Conduct training</b>  Conduct training in gender empowerment, leadership and entrepreneurial skills for women	NPCU	12/2019

#### Agricultural Productivity

Rating: 4

Previous rating: 4

#### Justification of rating

The project provided farming extension activities and technical support to help the farmers in raising their agricultural productivity. Implementation of farming systems introduced high value and exportable crops in the cropping patterns to be adopted by the farmers. Interviewed farmers specified that they received technical support on better cultivation processes, improved practices for rationalizing the use of water, pesticides and fertilizers. Although many of these activities have only recently been started, the interviewed farmers expect higher productivity and hence income. Agricultural productivity is

rated moderately satisfactory mainly due to unavailability of full data and the difficulty to assess long-term productivity gains at this point.

### **Main issues**

The interviewed farmers reported the usefulness of the training received and their enhanced capacities in better understanding the means to raise their agricultural productivity. Some of them also indicated that neighbouring farmers expressed interest in replicating the introduced farming systems. However, rising prices of inputs are main a limitation to the farmers, which will affect their affordability of inputs to increase the production as well as their profitability. Moreover, PRIME depends on the FSRU, and contracted MAs and MFAs for extension and advisory services and public extension system in the governorates, which possesses significant weaknesses. For sustainability reasons and to cater to the diverse need of different types of farmers PRIME may have to partner with other extension agents such as the private sector (e.g. input suppliers),

<b>Nutrition</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
------------------	------------------	---------------------------

### **Justification of rating**

Nutrition is rated moderately satisfactory. Despite nutrition being of great relevance in rural Egypt, with double burden of under nutrition among children aged between 6 months and 2 years, adolescents and women of reproductive age continuing to increase (WFP 2019), the project did not comprise a specific focus on nutrition. Nonetheless, field evidence confirms some awareness on pre- and ante-natal health and family nutrition for women was conducted, however not in a systematic and consistent way across the different governorates. While nutrition data is unavailable at the project level, and data is expected from the impact survey, field visits showed some anecdotal evidence of improved nutrition as a result of increased livestock investments through micro credit support.

<b>Adaptation to Climate Change</b>	<b>Rating: 4</b>	<b>Previous rating: 3</b>
-------------------------------------	------------------	---------------------------

### **Justification of rating**

Adaptation to climate change was not considered at design. However, some project activities tackle climate change adaptation issues. During the field visits, it was noted that two interchangeable crops were introduced in some farming systems as part of the farming extension activities. The interviewed farmers specified that such cropping patterns imply irrigating both crops at the same time, hence reducing irrigation needs as well as using less amounts of fertilizers and pesticides.

Technical training for livestock activities was also provided to farmers and agriculture associations beneficiaries on how to protect their cattle and small ruminants from heat stress during the summer season. Some interviewed women reported that they use this heat management technique. Given the limited attention and guidance at design, the projects performance on climate change adaptation is judged moderately satisfactory.

## **b. Sustainability and Scaling up**

<b>Institutions and Policy Engagement</b>	<b>Rating: 4</b>	<b>Previous rating: 5</b>
---	------------------	---------------------------

### **Justification of rating**

The NPCU and GPCUs are integrated into the MALR and directorates of agriculture (at governorate level). There is hence a reasonable level of potential interaction between the project and the key policy setter in the agricultural space, MALR. There is some evidence of dialogue on e.g. farming systems and models, as well as the linkages to markets is taking place. Moreover FMAs have been trained in advocacy and policy engagement at local level, thus strengthening their role as providing voice for smallholders. However, there is limited evidence on structured policy dialogue taking place and the design ambition that PRIME, through evidence-based policy dialogue would improve the micro-financial practices of the World Bank and African Development Bank have, fortunately enough, not materialised. Policy engagement and institutions are rated moderate satisfactory.

### **Main issues**

There has been, and still is, scope for policy engagement in terms of the key institutions that PRIME has interacted with. At the local level, the work with FMAs is important for both policy engagement and for strengthening the FMAs as inclusive, yet commercially attractive institutions. However, the mission noted (and previous mission have corroborated) that many of the FMAs are institutionally, financially and socially weak, especially those that have been formed primarily with the objective of accessing external resources from PRIME and other donors. They will face challenges in being seen as legitimate representatives of the smallholders in policy dialogues. At governorate and central level, PRIME has begun rolling out farming systems with ARC assistance, which could catalyse more policy dialogue on e.g. extension content as results emerge.

In the micro-financial space, PRIME had (over) ambitious plans at design for how it would impact on MSMEDA's financial products and engagement with NGOs and CDAs. It was envisaged that PRIME would substantially change MSMEDA's institutional anchoring with clients, through extensive use and involvement of CDAs. By demonstrating the 'superiority' of this approach, it was expected that other donors such as the World Bank and African Development Bank would be duly impressed and also change their engagement with MSMEDA to adopt the NGO/CDA model of rural finance. However, there is limited evidence that MSMEDA changed its policies nor developed new products. Moreover, the use of NGOs and CDAs (intended to become a role model for replication) proved decidedly disappointing and obviously neither the WB nor AfDB found such a model attractive.

<b>Partnership-building</b>	<b>Rating: 3</b>	<b>Previous rating: 3</b>
-----------------------------	------------------	---------------------------

#### **Justification of rating**

The partnership with the private sector has been mixed: In the rural finance component, the engagement with banks has been satisfactory, but the use of CDAs, NGOs and (most) agricultural cooperatives have been detrimental to sound, competitive and private sector driven financial market development. Similarly in the marketing component similar observation can be made regarding the CDAs, whereas the work on coding for export certification and general linking farmers to market is clearly a positive contribution to crowding in the private sector and leverage the 'miracle of the market'. In terms of partnership with other development partners, there has been only few attempts to reach out for cooperation and this remain an underdeveloped area. PRIME is rated moderately unsatisfactory.

#### **Main issues**

Agriculture and wider rural economic development is at its core private sector driven. Hence PRIME should seek to increase commercialisation and drive market integration. However, in some case the opposite has happened, as many of the partners in the marketing component have lacked such a focus and in fact had few incentives for gaining one such, as their business model is basically donor dependent. The marketing support component has thus been assisting small farmers to improve their incomes by organizing more marketing-oriented farmer groups such as the FMAs and marketing committees. The component also contributed to improving value chains linkages and better access to both local and export markets through these groups. However, most have poor institutional frameworks and the financial and organizational capacities of the FMAs and MAs is weak. Moreover, very few of the cooperatives and associations are commercially oriented or have strong market integration

For component 2, banks have proven to be most effective partners in providing loan capital for agricultural investment. By law, banks are required to allocate 20% of their loan portfolio to formal MSME; therefore, supporting the formalisation of informal micro and small enterprises could have provided an incentive for banks to increase lending to this sector - something that the project has not explored to the extent desirable.

In sum the project has not sufficiently engaged in partnerships that could disseminate learnings nor enhance project impact.

There are still options for reaching out to other development partners that may prove able to take forward the useful aspects of PRIME, such as but there are still options to reach out to e.g. FAO on promotion Good Agricultural Practices or USAID for value chain development in Upper Egypt as well as GIZ on rural finance.

<b>Human and Social Capital and Empowerment</b>	<b>Rating: 3</b>	<b>Previous rating: 4</b>
---	------------------	---------------------------

#### **Justification of rating**

Human and social capital and empowerment are downgraded to moderately unsatisfactory. While field visits showed that extensive capacity building, along with credit opportunities, have been provided by PRIME, the poor quality found in the training, the lack of organizational strengthening for FAs, CDAs, etc. (foreseen at design), the limited participation of beneficiaries in local-level decision-making processes including the selection of training, all strongly suggest limited achievements have taken place with regards to human and social capital and empowerment. Further evidence is expected to be provided by the upcoming impact assessment, as currently no project impact data for this criteria is available.

<b>Quality of Beneficiary Participation</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
---	------------------	---------------------------

#### **Justification of rating**

Overall, the quality of beneficiary participation is rated moderately satisfactory. This is largely owed to beneficiary's contributions expected to be within the design range. Having said that, the M&E system continues lacking data on beneficiary participation; particularly, the in kind or cash contributions of the beneficiaries are not being measured, nor required by the NPCU. MSMEDA and ADP continue not having reliable data on cash or in-kind contribution of the beneficiaries other than the percentage of the investments financed.

## Main issues

Specifically, under Component 2, there appears to have been no systematic approach for consultation with beneficiaries with respect to issues encountered in their business or their needs assessment. However, there is evidence that some of the borrowers in the livestock sector may be experiencing difficulties with loan repayment due to the recent livestock price decrease; however, the NPCU seemed unaware of the issue and thus has not been addressing it.

<b>Responsiveness of Service Providers</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
--	------------------	---------------------------

## Justification of rating

The quality of services provided to PRIME is varied, with in the rural finance (constituting the majority of funding) the quality has been acceptable. A main issue is that services provided do not wholly respond to the demands of the rural clientele, in terms of offering credible and transformative pathways out of poverty, but rather retain them in a NGO-type of systems with various services and products offered that does not ensure proper marketing integration. On the more positive side, PRIME engaged ADP and MSMEDA for the Rural Finance component they responded for the most part well to the needs of borrowers. The deficiencies in the MALR rural extension service were offset to a limited extent by the FSRU. The rating is moderately satisfactory.

## Main issues

The main issue stems from a flawed design which placed too much emphasis on socially oriented NGOs, that operated within a donor-driven context, which limited the degree to which they could offer appropriate services to what is essentially a private sector undertaking; agriculture. This has been especially pronounced in component 1 on marketing.

The banks participating in component 2 have proven to be effective means of disbursing loan funds to the target group (about 74% investment in agriculture). They have the required outreach, capacity and products to be able to serve the needs of smallholders. Most banks are using flexible loan guarantee options obviating the need in hard collateral. Some banks (such as the Agricultural Bank of Egypt and Banque du Caire) are also working with micro borrowers with loan amount as low as EGP 6,000 (USD 375) and thus can be used as vehicles for providing loans to this target group instead of CDAs or agricultural cooperatives.

<b>Environment and Natural Resource Management</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
--	------------------	---------------------------

## Justification of rating

PRIME's rating is moderate satisfactory as it continues to encourage better NRM and environmental protection in both components, albeit this has not been a main focus at neither design nor during implementation.

## Main issues

Under the marketing support component, farming extension activities introduced two interchangeable crops. This implies irrigating both crops at the same time, hence reducing irrigation needs as well as using less amounts of fertilizers and pesticides. Technical training was also provided to the farmers to enhance their irrigation techniques and reduce the use pesticides and fertilizers. Some interviewed farmers also reported receiving training on how to recycle agriculture waste to produce compost instead of burning the waste. The project also assisted the small farmers to comply with the export coding requirements, by lowering pesticide and chemical use. These activities hence contribute to more environmentally sound practices and more efficient natural resource management.

In component 2 and as part of the framework agreement between MALR and CIB (ADP agent bank), CIB commits to comply with international standards for the protection of the environment, protection and safety, particularly the international environmental conventions in accordance with the applicable laws and regulations of Egypt. In turn, CIB includes this requirement in the agreements with participating banks. According to ADP, their loan officers have received training on the topic to ensure during the pre-assessment visit that the financed project should not have any adverse environmental impact.

<b>Exit Strategy</b>	<b>Rating: 3</b>	<b>Previous rating: 4</b>
----------------------	------------------	---------------------------

## Justification of rating

This and previous supervision missions and the mid-term reviews have all emphasised the need to accelerate efforts aimed at ensuring better sustainability prospects and with less than one year before project completion, this issue has become of critical importance and an exit strategy needs to be developed as an urgent priority. PRIME has not honoured previous commitments to make one such strategy. The rating is moderately unsatisfactory, although it is now within the AWPB.



## Main issues

The institutional sustainability of participating banks is secured and for MSMEDA PRIME has exited already. All banks make a surplus from operations, and their services are still sought by client and target groups. However, most CDAs and agricultural cooperatives acting as micro lenders face serious sustainability challenges, as they do not have the required competencies, volume and products to operate without subsidies or constant external inflows of funds. In addition, the FMAs and marketing committees do not have strong financial or organizational capacities, which undermine their sustainable prospects and calls for a carefully calibrated exit strategy. The mission recommends to consolidate exit efforts around the most promising and viable initiatives ensuring that either the direct beneficiaries themselves are capable of and, crucially, have the incentives to continue the activities or that other institutions can continue to do so. The strongest incentive is the profit motive and hence efforts should be invested in ensuring that farmers are robustly anchored in commercially viable value chains that delivers higher incomes to farmers. In these instances the exit strategy will center around consolidating value chains (e.g. ensuring proper linkages, certification and coding). For continuation of training activities and the farming systems, the directorates of agriculture at governorate level may continue to support these initiatives, albeit at a lower intensity level, as a part of the exit and consolidation strategy. The marketing outlets that the project created and operated at the governorate level also risk to close down post project completion, without the current subsidies provided. It is hence recommended to have an exit strategy for the market outlets. It is suggested that the management of these outlets be transferred to a number of CDAs/FMAs.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Exit Strategy</b> Develop and implement consolidation and exit strategy	NPCU	12/2019
<b>Organise training</b> Engage with MALR and governorates on continuation of training and farming system activities	NPCU, GPCU, & MALR	12/2019
<b>Commercial viability</b> Focus support on CDAs and FMAs with commercial viability.	NPCU, /GPCU	12/2019
<b>Guidelines development</b> Prepare a set of guidelines to ensure the sustainable operation of the market outlets.	NPCU	02/2020

**Potential for Scaling-up**

**Rating: 4**

**Previous rating: 4**

### Justification of rating

Scaling up potential is mixed but overall rated moderately satisfactory. Under the marketing support component, scaling-up can be considered for the extension farming systems. However, more engagement is needed to ensure the continuation of the farming system activities and the transfer of knowledge of benefitting farmers. The banks engaged in the implementation of component 2 lending activities have the potential to scale up as they have been providing loans for agriculture to the project target group. CDAs have limited scaling up potential. There is also potential for the project to work on helping micro businesses formalise so that banks could have more incentives to lend to them.

## c. Project Management

**Quality of Project Management**

**Rating: 3**

**Previous rating: 3**

### Justification of rating

There have been changes in the project management and some new dynamism has been injected, but overall, the quality is still moderately unsatisfactory. There are still vacant NPCU positions and basic project procedures for e.g. M&E and accounting are still inadequate. The PIM, only finalised in 2019, has not yet been approved.

## Main issues

On the technical support side to marketing and rural finance, progress has been made in terms of delivery and accelerated roll-out of activities. However, in terms of administrative, accounting, M&E, gender, and financial management (all detailed

below) project performance has barely made any progress. What is more, the indications of financial impropriety in the use of IFAD Grant clearly detract from the technical achievements.

Knowledge Management	Rating: 3	Previous rating: 4
----------------------	-----------	--------------------

#### Justification of rating

Knowledge management is rated moderately unsatisfactory. The mission recognizes the noticeable efforts by PRIME to improve the overall approach and implementation of key KM activities. The development of Crop production pamphlets is appreciated, although they could be enhanced to become full-fledged handbooks. The considerable amount of trainings, workshops, extension/demo fields, and technical support must be recognized. Nevertheless, the effectiveness in the targeting of these activities is highly questionable. The lack of a KM and communication strategy directly diluted the value of the implemented activities as no clear measurable results can be identified. Previous recommendations were not fully implemented, resulting in a missed opportunity as the project enters its last year.

#### Main issues

The mission notes that the majority of observed training and technical support beneficiaries were not rural finance beneficiaries; thus, amplifying the implementation disconnect between component 1 and 2 of the project. This indicates a serious flaw in the targeting mechanism which seems to be sporadic and incoherent. Moreover, taking into consideration that 39 per cent of rural finance investments are in livestock projects, more livestock knowledge products should be developed, in addition to offering specific trainings and technical support. The fact that livestock prices have recently dropped significantly, exemplifies the dire need for immediate actions to help the beneficiaries mitigate the risk of defaulting on their loan payments.

The financial literacy component in the knowledge products, trainings, and technical support is non-existent. The fact of the matter is that all offered training courses focus more on business planning and feasibility studies with absolutely no mention of financing options. This was highly evident in the beneficiaries' lack of knowledge of the different available financial channels that they can use to upscale and mitigate the risks of their projects. Simple knowledge products can be produced or obtained through existing financial institutions to support this aspect, in addition to special training aimed specifically at informing the beneficiaries of the various available financing options.

Gender specific trainings offered by the project seem to be basic and ineffective in terms of rural women empowerment. Rural women economic and social empowerment is key for success and should be the main focus of the training and knowledge material as opposed to only offering general health and nutrition topics. Gender expertise should be provided by the project to further enhance the quality and effectiveness of the knowledge products, trainings, and technical support offered to women. The dissemination of project specific knowledge products to women via farmer schools and training courses could be significantly enhanced through conducting a needs-assessment that would identify the specific needs of these women.

The development of a project website and pamphlets is recognized by the mission; however, better management of such important knowledge dissemination tools is highly needed. The pamphlets were not available in the field or at any of the CDAs visited. The pamphlets are completely focused on crop production with no livestock related information. No information on the number of pamphlets printed is available indicating the need for better dissemination of this KM product. The website is incomplete in both languages (Arabic and English) which indicates poor asset management. More success stories must be showcased through the website as there is no lack of examples as observed by the mission. Links to both crop production and livestock tutorial videos and materials should be added. Online training course in marketing, negotiation, and financial management will surely enhance the effectiveness of the activities under component 1. The website is a powerful, low cost, and sustainable knowledge dissemination tool that should be fully utilized by the project to maximize reach and knowledge intake.



<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Pamphlets</b> Dissemination of pamphlets in all 7 Governorates and development of livestock related pamphlets	NPCU	01/2020
<b>Farmers Handbook</b> Develop a full-fledged farmers handbook to include all relevant information	NPCU	02/2020
<b>Gender Specific Knowledge Products</b> Develop gender specific knowledge products to enable economic empowerment	NPCU	03/2020
<b>Website</b> Completing the missing information on the website and adding online training materials and video tutorials	NPCU	03/2020

#### **Value for Money**

**Rating: 4**

**Previous rating: 4**

#### **Justification of rating**

The project has been moderately satisfactory in terms for value for money. Especially the financial component has been of good value for money, reaching over 16,000 beneficiaries with funds being revolved and generally sustainable. It is reported that this has helped to create or sustain over 28,000 jobs, which further bolster the value for money aspects. In the marketing component, a VfM assessment is more difficult due to the weak M&E system (incl. issues of double counting same beneficiaries) and also the variable quality of the training.

#### **Main issues**

Overall the project has reached close to 127,000, the end target being 200,000. The marketing support accounts for the majority of those beneficiaries, not least through support to farmers organisations. However the intensity and quality of support is, based on field observations, highly variable and there have also been instances of same beneficiary may have been counted more than once. What has been of more evidenced and provides robust value for money is the finance component where investments have been made and economic activity catalysed. The participating financing institutions are clearly providing value (some of the MFIs less so, but quantitatively these have only absorbed a minor part of the finance).

Had the two components complemented each other as intended, additional value for money could have also been generated but this never materialised.

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. Benefits in the models still derive from: (i) building well-informed, transparent, vertically integrated and efficient value chains for smallholder horticulture producers; (ii) training smallholder farmers to effectively respond to market signals; (iii) use of appropriate marketing mechanisms and coordination with other actors in the value chain; (iv) use of contract farming; (v) adoption of proper production planning; (vi) improving the quality and volume of horticulture production through improved agronomic practices and better hygiene systems; (vii) use of better post-harvest handling technologies, storage and transport facilities; and (viii) reduction of production costs through collective marketing.

#### **Coherence between AWPB and Implementation**

**Rating: 4**

**Previous rating: 3**

#### **Justification of rating**

The AWPB 2018/19 execution rate stands at 86% with the physical progress as reported by the NPCU showing and overall achievement of more than 150% of the annual targets. This reflects weak alignment between physical and financial planning. The NPCU submitted the AWPB 2019/20 by end of July and was approved in September 2019 following clarifications requested by IFAD. The AWPB will need to be revised by the NPCU given that some project activities have been delayed due to late submission.

## AWPB Inputs and Outputs Review and Implementation Progress

The AWPB 2019/20 has been submitted to IFAD late with a total amount of USD 7.6 million.

By component, the AWPB 2018/19 execution rates stands at 32% for component 1, 89% for component 2, and 74% for component 3.

The marketing component has only disbursed 18% of the amount planned at design, but reported outreach has accelerated in recent months. Under the marketing sub-component (1): organizing and strengthening farmer groups/associations, the project assisted in establishing 218 marketing committees with 1,019 members (910 men and 109 women). This exceeds the number of planned marketing committees to be established which amounts to 132. Around 169 training sessions were delivered to strengthen the capacity of the FMAs. A total of 3,163 people participated in these training activities (1,810 men and 1,353 women). The training sessions that were planned to be conducted under this sub-component were 102 with a total number of trainees of 1920. Hence, the implemented events surpass the planned training sessions and number of trainees.

Under sub-component (2): market intelligence, capacity building and training sessions were also carried out on subjects related to facilitating FMAs and stakeholders' access to market information and supporting marketing decision making. 9 out of 53 planned training sessions were delivered with a total number of participants amounting to 223 (195 men and 28 women) (out of 860 planned number of trainees).

As for sub-component (3): value chain linkages, the project established 7 marketing outlets as planned to link FMAs with final consumers. Moreover, 240 farmers visited 8 national agricultural exhibitions. Trainings were also provided under this sub-component on building sustainable partnerships between FMAs and market actors along the value chain and on strengthening the extension marketing role. A total of 50 training sessions were delivered (out of 143 planned sessions) with a total number of trainees of 657 (547 men and 110 women) (out of 2839 planned number of trainees).

Sub-component (4): market-oriented production, included contract farming activities as well as farming extension activities. In 2018-2019, a total of 63 contracts were concluded for 35 participating associations, exceeding the planned number of contracts, which amount to 60. The number of farmers benefiting from the contract farming activities during this period is reported to be 2,292 on a contracted area of 3,097 feddans and for 34,777 tons of marketed quantities. As for the farming extension activities, the project implemented 147 extension demonstration plots and 69 farming systems (2017-ongoing). This exceeds the planned number of extension demonstration plots and farming system, which account for 126 and 56, respectively. In addition, 44 technical training sessions and 36 field and harvest days were carried out under this sub-component<sup>[4]</sup>.

<sup>[4]</sup> The figures are provided by MALR.

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

### Justification of rating

Apart from training provided to the M&E team in the governorates, the agreed actions from the previous missions were not implemented. There is no systematic capture of data from governorates to be aggregated at the central level in Cairo. The mission was not able to provide quantitative analysis on different activities/interventions due to the lack of data availability. The logical framework was modified several times during the course of the mission, which reflects the lack of availability of a strong M&E system. The quality of the progress reports remains an issue with no clear focus on providing quantitative results.

### M&E System Review

M&E performance has been weak through the course of the project implementation. In the absence of an adequate M&E system, there is no systematic data collection mechanism in place with a clear disconnect between the NPCU and the governorates. There is no M&E plan in place to guide the different M&E activities.

The NPCU does not conduct any analysis of the data received from both ADP and MSMEDA regarding the rural finance component, which is somehow, justifies the gap in linking both components 1 and 2.

The M&E unit is currently being managed by a M&E specialist and assistant. There has been changes in personnel since the last supervision mission in November 2018, with no improvement in the M&E system, which reflects the weak capacity of current staff.

NPCU M&E team does not conduct regular field monitoring visits to validate the data received from the GPCUs. NPCU staff should conduct regular field visits to ensure validity and quality of data received from the field.

In Spite of the implementation of the Annual Outcome Survey as per the last supervision mission recommendation, data analysis and report writing was not conducted which reflects the lack of awareness about the importance of reporting on

the outcomes and impact of project interventions. The report with the required analysis should be finalized in order to provide results at outcome levels

#### **Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)**

**Rating: 4**

#### **Justification of rating**

The project was designed prior to 2014 and thus a SECAP note was not part of the design. However, the mission has not found any activities executed by the project that could change the project's classification from its original category: B. On the contrary, the project has had positive environmental and social impacts as illustrated in the report.

### **d. Financial Management & Execution**

#### **Acceptable Disbursement Rate**

**Rating: 5**

**Previous rating: 4**

#### **Justification of rating**

The disbursement rate in SDR (inclusive of initial advances) under the IFAD Loan has increased from 79% in October 2018 to 95% by 31 October 2019. For the IFAD Grant, the disbursement rate remains at 70%. In terms of USD, the project has spent USD 57.6m (82%) cumulatively by 31 October 2019 against a total IFAD Loan allocation of USD 70m. About 97% of the Loan (USD 67.70 m) is credit facility, which has spent 84%. MSMEDA has exhausted its credit line whereas ADP has used 97% of USD 26.77m. The ADP is likely to use fully its credit line by the end of December 2019. The Capacity Building Facility has disbursed 18%. The IFAD Grant has disbursed USD 0.39 million out of USD 1 million as of October 2019. The AWPB execution rate for 2018-19 was 86%. mated rating based on IFAD disbursement data

#### **Main issues**

The mission examined sample loan applications of end beneficiaries and met several of them during field visits. The review suggests that—to a notable extent, the credit lines have given the eligible people of rural areas access to micro finance which—in turn, is contributing toward poverty reduction in the target governorates. The project, however, does not have a robust M&E system and aggregated data to firmly establish this conclusion. The mission notes that delivering micro finance through CDAs is sub-optimal as they manage financial transactions manually rather than using banking channels which is inherently risky. Further, the mission did not find the CDAs it examined fully transparent in their work. Details are provided in the Rural Finance Component of this report.

The project did not engage a service provider/suitably qualified individual consultants to exploit the Capacity Building Facility effectively as recommended by the last supervision mission. The project has used only USD 0.41 million (18%) out of the USD 2.3 million of this facility since 11 July 2016 when it was provided through reallocation of funds from the Rural Finance Component. On average, the project has spent USD 7,600 per month since then. With the current utilization rate, total spend under this facility would be around USD 470,000 on the project completion date (30 June 2020). It is anticipated that an amount of USD 1.83 million would remain unspent on the project completion date under this facility.

Under the IFAD Grant also, only USD 0.38 million (39%) has been spent since the inception of the project. Average monthly spend works out to be less than USD 5,000. The project is unlikely to use the grant fully by its completion date. The mission has found compliance gaps in several transactions under the IFAD Grant during its review of documentation at the NPCU. Details of the review are provided in next section.

The primary driver of low disbursement under IFAD Grant and IFAD Loan (Capacity Building Facility) continues to be the limited capacity within the PMU to prepare AWPB on time and execute procurements effectively. The project did not submit AWPB 2019-20 on time and the approval thereof took until mid-September. As a result, none of the new procurement actions out of the USD 1.30 million procurement plan could be executed till the end of the mission.

Since the project is nearing completion and the ceilings of initial advances of IFAD Grant and IFAD Loan (Capacity Building) are too large vis-à-vis the spending rate, the project should limit replenishment to the amount it needs to implement activities till project

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Packaging of capacity building needs for sourcing by CBF</b>  The requirements may be packaged for direct contracting of the best suited organizations/individuals with payments tied to deliverable milestones	NPCU	04/2019
<b>Reallocation of Funds to Rural Finance Component</b>  The amount of USD 1.83 million may be reallocated to ADP immediately	NPCU	04/2020

## **Fiduciary aspects**

### **Quality of Financial Management**

**Rating: 4**

**Previous rating: 3**

### **Justification of rating**

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. However, the project's geographic spread, and the complexity of its delivery mechanisms make it difficult to verify that the credit lines are benefiting eligible groups only. The project does not have an effective monitoring system to mitigate related risks. Several problems were noted in the management of the remaining 5% of the IFAD funds amounting to USD 3.3 million (IFAD Grant and IFAD Loan CB Facility) which is the responsibility of the NPCU. Only two (2) of the 12 actions recommended by the mission have been partially implemented by the NPCU.

### **Main issues**

- **Organization and staffing:** Financial management at the NPCU is now led by a full time Chief Accountant based in Cairo but an Accountant—based in Alexandria, maintains accounts. The financial management remains fragmented due to this problem. The finance team has limited financial management capacity.
- **Accounting:** The accounting software (ADVAC) procured for the NPCU in 2017 is not operational. Financial record is not available in one place.
- **Internal controls:** Mission examined 39 transactions of the NPCU amounting to EGP 2.7 million—45% of the total spend recorded through the SOEs since July 2018 to June 2019 and noted:
  1. An instance the NPCU's Petty Cash Account of EGP 25,000 being used to buy "Tyres". Such items should not normally be purchased through the Petty Cash Account;
  1. In several cases of the settlement of advances (each amounting to EGP 25,000), the attendance sheets of participants for training were signed by one or two persons. The NPCU clarifies that participants—being illiterate, could not sign off their attendance and that now for such participants, thumb impression requirement is in place.
- In several cases, accountants based in the governorates got money on behalf of some participants of trainings, but the mission was not provided any evidence that the money was actually paid to those participants as claimed by the NPCU;
  1. The project is not maintaining registers for the petty cash account and for the advances given to the governorates for trainings etc. No timeline is established for the settlement of the account against these advances;
  1. Under an internal regulation, some managers are getting training supervision allowance amounting to EGP 800-1000 per month. The mission is of the opinion that training supervision—being a normal/routine project activity, does not make a strong justification for extra payments to the project managers.
- **AWPB:** The NPCU executed 86% of the AWPB 2018-19. The shares of investment and recurrent expenditure in this expenditure were 98% and 2% respectively. During the AWPB 2019-20, the project has spent USD 2.7 million of which 97% expenditure is through credit lines. The ratio of investment to recurrent expenditure is 97% to 3%. The project's last AWPB was not prepared on time and it was approved in mid-September 2019.
- **Funds Flows:** The flow of funds through the credit lines of MSMEDA and ADP/CIB have been efficient, traceable to end-beneficiary, and most beneficiaries represent the target groups. However, some issues have been noted in the use of IFAD Grant which require an independent review by the external auditors.
- **Financial Reporting and Monitoring:** Monthly and quarterly reports—by sources, categories, components etc.

are not being produced or discussed to make informed decisions. Financial statements also don't contain the budget vs actual comparison and the fixed asset register. No robust monitoring system is in place for end-beneficiaries.

- **Internal Audit:** The NPCU does not have arrangements for internal audit though Ministry of Finance has assigned a Financial Controller to the project who is responsible to independently review expenditure cases.

**ADP/MSMEDA Contribution:** MSMEDA has paid its full contribution (USD 100,000) whereas the ADP has contributed USD 125,000 (83%) against its share of USD 150,000.

**Beneficiaries' Contribution:** An amount of USD 2.3 million (131%) is reportedly contributed by the beneficiaries against their estimated share of USD 1.8 million.

Details showing how the shares of ADP, MSMEDA, and Beneficiaries' have been worked out were not shared with the mission.

**Recovery of overpayment:** The issue of an overpayment of EGP 35,563 to M/s Zanatay—which was treated as ineligible expense because of an IFAD's No Objection, has not been resolved. M/s Zanatay has already paid this amount as tax to the government.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Allocate sufficient government counterpart funds</b> Follow-up on Minister of MALR's and assurance for provision of funds given at mission's meeting to ensure sufficient allocation for 2018-19 and beyond.	NPCU, MALR	12/2018
<b>Update project expenditure record with full backup</b>	NPCU	12/2018
<b>Account for all partners' and final borrower' contributions</b> Estimate and report each fiscal year's contributions in cash and in-kind	NPCU, ADP, MSMEDA	01/2019
<b>Produce quarterly reports using finalized reporting template</b> Finalize in consultation with IFAD	NPCU	01/2019
<b>Refund ineligible Expenditures for M/s Zanatay</b> To be refunded into the Grant Account	NPCU	03/2019
<b>Strengthen NPCU and GPCUs</b> Hire a full-time Accountant and a senior M&E Advisor	NPCU	03/2019
<b>Produce periodic budget vs actual reports</b> Finalize in consultation with IFAD;	NPCU	12/2019
<b>Strengthen internal controls</b> Strengthen internal controls Modify the TORs of external auditor for the audit of financial year 2019-20 to include "agreed upon procedures" for assessing the eligibility/propriety of grant expenditure under advances and petty cash Maintain Register for Advances in all governorates and in NPCU Conduct stringent oversight, random inspection and M&E of training to protect funds against risk of financial impropriety Maintain documented audit trail of activities in one place	NPCU	12/2019
<b>Strengthen Financial Management</b> Locate financial management function in Cairo and arrange for further training of finance team in financial management.	NPCU	12/2019
<b>Refund to the Grant Account the ineligible payment made to M/s Zanatay</b> Write a letter to Ministry of Finance for the refund of the amount using the precedent of recovery made in the recent past	NPCU	01/2020
<b>Contribution of ADP/MSMEDA and End Beneficiaries</b> Work out details for the contribution made by ADP, MSMEDA, end Beneficiaries and share this with IFAD	NPCU, ADP, MSMEDA	03/2020

**Quality and Timeliness of Audit**

**Rating: 3**

**Previous rating: 4**

**Justification of rating**

The audit report and management letter were received 75 days after the submission deadline. The audit was carried out in accordance with international standards on auditing

### Main issues

Auditors expressed a qualified opinion on basis that supporting documents for the following movements that occurred on the project account at CIB Bank: (i) the remittance to hold time deposit in the amount of USD 1 679 000 and (ii) a transfer from the investment account in the amount of USD 855 000.

<b>Counterparts Funds</b>	<b>Rating: 2</b>	<b>Previous rating: 2</b>
---------------------------	------------------	---------------------------

### Justification of rating

Counterpart funding is rated unsatisfactory. The rating is based on the overall provisioning of counterpart contribution (cash and in-kind) to the project by the government since the project's inception. The project's last AWPB (July 2019 to February 2021) does not include any provision under this source of financing. The government's counterpart contribution was estimated at USD 7.55 million against which the government has contributed about USD 3.1 million—41% of the commitment, by the end of 31 October 2019. This is composed of USD 0.56 million in cash and USD 2.50 million in kind. The figure of in-cash contribution is supported by requisite record. The figure of in-kind contribution has been worked out by a committee constituted by the government for this purpose.

### Main issues

Some office equipment has been provided to the NPCU and the GPCUs after the supervision mission of 2018. However, the inadequacy of counterpart contribution remains a hindrance to project implementation. Even if the figures of in-kind contribution are treated as reasonable, the government's overall contribution (in cash and in kind) remains 41% of the committed amount (USD 7.55 million). The issue of low counterpart funding compromising project effectiveness was agitated frequently by previous missions, but no concrete action taken to remedy the situation. The project effectiveness has been compromised because of low level of counterpart funding.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Sufficient allocation of government counterpart funds</b>  As a follow-up on IFAD mission's meeting with Minister for MALR and assurance that he had given for provisioning of funds, engage with the MALR to ensure sufficient allocation for the counterpart funds for current year and for future.	NPCU/MALR	12/2018
<b>Estimation of counterpart funds requirement for the project</b>  Estimation of counterpart funds requirements for the AWPB 2017-18 i.e. ( equipment, vehicles, POL, office furniture etc.)	NPCU	02/2019
<b>Provide support equipment</b>  Arrange to provide for missing equipment at NPCU and GPCUs to facilitate the flow of work	NPCU/MALR	01/2020
<b>Assess the reasonability of estimated in-kind contribution</b>  RAAssess the reasonability of estimated in-kind contribution Review the unit rates used for estimating government in-kind contribution and authenticate the figures	NPCU	01/2020

<b>Compliance with Loan Covenants</b>	<b>Rating: 3</b>	<b>Previous rating: 4</b>
---------------------------------------	------------------	---------------------------

### Justification of rating

Compliance with loan covenants is rated moderately unsatisfactory. The project has complied with many of the provisions of the Loan Covenants. However, the government has not made any cash contribution starting from financial year 2016-17. Project Implementation Manual (PIM) has yet to be approved though the project is nearing completion. A robust M&E framework—which can enable the project to track project results objectively and continuously is not established. Progress reporting system remains weak. These points have been flagged by IFAD's missions in the past too, but the government's response has been lackluster.



## Main issues

The issues have already been highlighted in the previous sections. Partial or non-compliance with the loan covenant reflects that the government is not committed to taking actions that are critical to the success of the project. The AWPB was submitted in July 2019 rather than the end of April 2019. This led to deceleration in implementation.

### Procurement

#### Procurement

Rating: 3

Previous rating: 4

#### Justification of rating

This rating is mainly due to the following (a) Delays have been experienced in procurement in excess of one year and have negatively affected the implementation of the project, (b) excessive use of less competitive procurement methods; (c) the need to ensure that Procurement processes are in compliance with IFAD Procurement Guidelines in what relates to i) the preparation of bidding documents (including the technical specifications and instructions to bidders); ii) improper evaluation process; and iii) the weak contract administration.

#### Procurement Review

**Structure of the Procurement Unit.** The Procurement tasks of PRIME related to the consultancy services are being handled by the Project Associate Coordinator, he has got deep experience in managing this category of procurement. However, he was not able to carry out the procurement function effectively because of the heavy workload. Other Goods transactions were implemented by the Financial Management Specialist. Several gaps are identified at the level of the application of standard procedures for the procurement methods and evaluation process.

**Procurement Planning.** The 2019-2020 procurement plan was examined and met the basic requirements. However, the mission noted the following areas for improvement which were reported last year also: (i) The plan should include the issue number of the invitation for bids (ii) The contract type for consultancy assignments should be adjusted based on the nature of the assignments; (iii) the implementation schedule was unrealistic and some transactions were planned to be implemented after the project completion date; (iv) The proper procurement method for Goods should be adopted; and (v) The procurement plan should be updated periodically and utilized as a monitoring tool to measure implementation performance against the initial planning.

**Procurement Process.** The project has adopted one of the World Bank RFPs for the consultancy assignments addressing consulting firms, which was found satisfactory and meet the basic requirements. For Goods transactions, the project issued RFQs which were found insufficient with respect to ITBs and General Conditions. Apart from the bidding documents, the Mission noted several gaps in the PRIME procurement functions: (i) in several cases, the bidding documents were issued without or with inadequate technical specifications; ; (ii) failure to comply with the National regulations with respect to the application of Limited Tender Method; (iii) several transactions were implemented while it were not part of the PP; (iv) improper evaluation procedures; (v) inefficient contract management and administration.

**Procurement Progress.** The 2019-2020 procurement plan included 6 Goods and 6 Non-Consulting transactions and 43 consultancy assignments to be implemented during 2019-2020 with total cost estimate USD 1,292,269.46 (most of the enrolled transactions were carried over activities from the previous years). As of November 1, 2019, the NPCU failed in completing the procurement process of any of the anticipated transactions except the extension of the contracts of three individual consultants. Taking into consideration the limited time until the project completion date and the low performance in handling the procurement activities, the NPCU is highly advised to focus on the essential activities needed for the proper completion.

**Contract Register.** The mission reviewed the project register of contracts – on a sample basis. The register format was found in conformity with IFAD template However, some contracts were missing.

**The procurement filing system.** The mission was pleased to find out that the NPCU established a procurement filing system. However, the mission noticed that some important documents are missing. As stipulated by the General Conditions for Agricultural Development Financing - Section 8.01. Implementation Records “ The Borrower/Recipient shall ensure that the Project Parties maintain records and documents adequate to reflect their operations in implementing the Project (including, but not limited to, copies or originals of all correspondence, minutes of meetings and all documents relating to procurement) until the Project Completion Date, and shall retain such records and documents for at least ten (10) years thereafter”.



<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Procurement Plan</b>  Revise the Procurement Plan to drop less important transactions and focus on the essential activities needed for the proper completion	NPCU	11/2019
<b>Update contracts</b>  Update the register of contracts to include all signed contracts/POs	NPCU	11/2019
<b>Documentation</b>  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
<b>Expedite the implementation and follow up</b>  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

#### e. Key SIS Indicators

<b>Likelihood of Achieving the Development Objective</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
--	------------------	---------------------------

##### Justification of rating

The rating has been maintained as the project interventions have already generated positive impact in orienting and linking some farmers and CDAs to exporters and developing their capacities; more needs to be done in the remaining project life and the approach is to be outlined in the comprehensive exit strategy

<b>Assessment of the Overall Implementation Performance</b>	<b>Rating: 3</b>	<b>Previous rating: 4</b>
---	------------------	---------------------------

##### Justification of rating

The rating has been changed as suggested by the system

#### F. Relevance

<b>Relevance</b>	<b>Rating: 5</b>	<b>Previous rating: 4</b>
------------------	------------------	---------------------------

##### 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 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. Alternative 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**

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
<b>Overview and Project Progress</b>		

<b>Promote financial education</b>  Use farmer groups/associations as channels to disseminate financial education content (such as dealing with banks, banks' requirements, understanding "flat" and "declining" interest rates, comparison shopping, importance of savings, etc.)	NPCU	11/2019
<b>Address issues of the livestock sector borrowers</b>  Re-orient part of the component 1 activities to include the livestock sector in order to address livestock borrowers' challenges	NPCU; ADP and MSMEDA to provide lists of borrowers	11/2019
<b>Training on extension</b>  Engage with MALR and the governorate extension teams on continuation of training and farming system activities	NPCU, GPCU, & MALR	12/2019
<b>Promote sustainability</b>  Support only sustainable organisations with clear commercial focus (see component 1 and 2 for details)	NPCU	12/2019
<b>Strengthen FMAs</b>  Hire short-term consultants to strengthen the role of FMAs and marketing committees	NPCU	12/2019
<b>Address issues in non-credit subcomponents of Component 2</b>  Document activities under subcomponent (i) Market Based Credit Research & Development, including their monetary value; do not undertake new activities Cancel subcomponent (iii) Strengthening Financial Intermediaries	NPCU, ADP, MSMEDA	12/2019
<b>Improve commercial viability of marketing outlets</b>  Prepare a set of guidelines to ensure the sustainable operation of the market outlets.	NPCU	02/2020
<b>Development Effectiveness</b>		
<b>Recruitment of the Gender Specialist</b>  Discontinue the recruitment of the Gender Specialist.	NPCU	11/2019
<b>Conduct training</b>  Conduct training in gender empowerment, leadership and entrepreneurial skills for women	NPCU	12/2019
<b>Sustainability and Scaling up</b>		
<b>Exit Strategy</b>  Develop and implement consolidation and exit strategy	NPCU	12/2019
<b>Organise training</b>  Engage with MALR and governorates on continuation of training and farming system activities	NPCU, GPCU, & MALR	12/2019

<b>Commercial viability</b> Focus support on CDAs and FMAs with commercial viability.	NPCU, /GPCU	12/2019
<b>Guidelines development</b> Prepare a set of guidelines to ensure the sustainable operation of the market outlets.	NPCU	02/2020
<b>Project Management</b>		
<b>Pamphlets</b> Dissemination of pamphlets in all 7 Governorates and development of livestock related pamphlets	NPCU	01/2020
<b>Farmers Handbook</b> Develop a full-fledged farmers handbook to include all relevant information	NPCU	02/2020
<b>Gender Specific Knowledge Products</b> Develop gender specific knowledge products to enable economic empowerment	NPCU	03/2020
<b>Website</b> Completing the missing information on the website and adding online training materials and video tutorials	NPCU	03/2020
<b>Financial Management &amp; Execution</b>		
<b>Sufficient allocation of government counterpart funds</b> As a follow-up on IFAD mission's meeting with Minister for MALR and assurance that he had given for provisioning of funds, engage with the MALR to ensure sufficient allocation for the counterpart funds for current year and for future.	NPCU/MALR	12/2018
<b>Allocate sufficient government counterpart funds</b> Follow-up on Minister of MALR's and assurance for provision of funds given at mission's meeting to ensure sufficient allocation for 2018-19 and beyond.	NPCU,MALR	12/2018
<b>Update project expenditure record with full backup</b>	NPCU	12/2018
<b>Account for all partners' and final borrower' contributions</b> Estimate and report each fiscal year's contributions in cash and in-kind	NPCU, ADP, MSMEDA	01/2019
<b>Produce quarterly reports using finalized reporting template</b> Finalize in consultation with IFAD	NPCU	01/2019

<b>Estimation of counterpart funds requirement for the project</b>  Estimation of counterpart funds requirements for the AWPB 2017-18 i.e. ( equipment, vehicles, POL, office furniture etc.)	NPCU	02/2019
<b>Refund ineligible Expenditures for M/s Zanatay</b>  To be refunded into the Grant Account	NPCU	03/2019
<b>Strengthen NPCU and GPCUs</b>  Hire a full-time Accountant and a senior M&E Advisor	NPCU	03/2019
<b>Packaging of capacity building needs for sourcing by CBF</b>  The requirements may be packaged for direct contracting of the best suited organizations/individuals with payments tied to deliverable milestones	NPCU	04/2019
<b>Procurement Plan</b>  Revise the Procurement Plan to drop less important transactions and focus on the essential activities needed for the proper completion	NPCU	11/2019
<b>Update contracts</b>  Update the register of contracts to include all signed contracts/POs	NPCU	11/2019
<b>Documentation</b>  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
<b>Expedite the implementation and follow up</b>  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
<b>Produce periodic budget vs actual reports</b>  Finalize in consultation with IFAD;	NPCU	12/2019
<b>Strengthen internal controls</b>  Strengthen internal controls Modify the TORs of external auditor for the audit of financial year 2019-20 to include "agreed upon procedures" for assessing the eligibility/propriety of grant expenditure under advances and petty cash Maintain Register for Advances in all governorates and in NPCU Conduct stringent oversight, random inspection and M&E of training to protect funds against risk of financial impropriety Maintain documented audit trail of activities in one place	NPCU	12/2019

<b>Strengthen Financial Management</b>  Locate financial management function in Cairo and arrange for further training of finance team in financial management.	NPCU	12/2019
<b>Refund to the Grant Account the ineligible payment made to M/s Zanatay</b>  Write a letter to Ministry of Finance for the refund of the amount using the precedent of recovery made in the recent past	NPCU	01/2020
<b>Provide support equipment</b>  Arrange to provide for missing equipment at NPCU and GPCUs to facilitate the flow of work	NPCU/MALR	01/2020
<b>Assess the reasonability of estimated in-kind contribution</b>  RAssess the reasonability of estimated in-kind contribution Review the unit rates used for estimating government in-kind contribution and authenticate the figures	NPCU	01/2020
<b>Contribution of ADP/MSMEDA and End Beneficiaries</b>  Work out details for the contribution made by ADP, MSMEDA, end Beneficiaries and share this with IFAD	NPCU, ADP, MSMEDA	03/2020
<b>Reallocation of Funds to Rural Finance Component</b>  The amount of USD 1.83 million may be reallocated to ADP immediately	NPCU	04/2020

## 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 (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	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	18 849	126 750	63.4				
	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	3 770	26 483	53				
	1 Persons receiving services promoted or supported by the project							M&E reports, baseline and completion	Baseline and Completion	NPCU/M&E	
	Females										
	Males										
	Total number of persons receiving services		21 528	50 000	3 770	26 483	53				
	Group receiving project services										
	Groups			210							
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 (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Weight for height										
	Weight for height										
	Height for age										
<b>Development Objective</b> 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							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
<b>Outcome</b> 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	7.6						
	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	1 200						
	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	32.5						
	Increased prices of key products							Obour Wholesale Daily Prices Report	Annual	M&E unit	
	Increase in Tomato price (EGP)	1		2	4.5						
<b>Output</b> 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	25	157	78.5				
	Total size of POs				14 475	111 164					
	Males				11 513	86 331					
	Females				2 962	24 833					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Women in leadership position				90	90		M&E Systems Reports	Annually	M&E	
	2.1.4 Supported rural producers that are members of a rural producers' organization										
	Males		63 397	5 880	11 513	86 331	1 468.2				
	Females		14 313	2 520	2 962	24 833	985.4				
<b>Output</b> 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	1 615	3 505	438.1				
	Males		3 421	3 500	5 244	10 118	289.1				
	Persons trained in IGAs or BM (total)		4 421	4 300	6 859	13 623	316.8				
<b>Outcome</b> 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										
	New jobs										
	Job owner - women										
	Job owner - young										
	Job owner - not young										
	Farm										
	Non-farm										
	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					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	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					
<b>Output</b> 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	
	Women in rural areas accessing financial services - savings										
	Young people in rural areas accessing financial services - savings										
	Not young people in rural areas accessing financial services - savings										
	Men in rural areas accessing financial services - savings										
	Men in rural areas accessing financial services - credit										
	Women in rural areas accessing financial services - credit										

Results Hierarchy	Indicators							Means of Verification			Assumptions	
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility		
	Young people in rural areas accessing financial services - credit											
	Not young people in rural areas accessing financial services - credit											
	Total persons accessing financial services - savings											
	Total persons accessing financial services - credit											
	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								

## **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: November / 2019  
Document Date 20/01/2020  
Project No. 1100001571  
Report No. 5289-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 until 31 October 2019

Financier	Appraisal (USD '000)	Actual (USD '000)	% Disbursement
IFAD Loan	67,700	57,162	84%
IFAD Loan: Capacity Building Facility	2,300	408	18%
IFAD Grant	1,000	386	39%
Government	7,551	3,077	41%
ADP	150	125	83%
MSMEDA	100	100	100%
Beneficiaries	17,742	23,200	131%
<b>Total</b>	<b>96,543</b>	<b>84,458</b>	<b>87%</b>

### Notes:

1. The figures are based on the NPCU's record.
2. MSMEDA exhausted its credit line whereas the ADP has used approximately 93% of the USD 26.770 million it received so far.
3. The government contribution comprises (i) USD 563,017 as cash and (ii) USD 2,513,900 as in-kind
4. ADP reports it has contributed USD 125,000 (83%) 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 October 2019 (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.	%	App.	Act.	%
<b>Marketing support Component</b>	<b>2 300</b>	<b>408</b>	<b>18 %</b>	<b>948</b>	<b>386</b>		<b>1 987</b>	<b>0</b>		<b>125</b>	<b>100</b>	<b>1</b>	<b>40</b>	<b>30</b>		<b>0</b>	<b>0</b>		<b>5 400</b>	<b>924</b>	<b>17%</b>
1. Organizing and strengthening Farmer Groups/Associations	0	171	0%	455	189		627	0		30	26	1	0	0	75%	0	0		1 112	386	16%
2. Market Intelligence	0	130	0%	206	87		762	0		36	32	1	0	0		0	0		1 004	249	12%
3. Value chain linkage	0	107	0%	217	64		96	0		5	4	1	40	30		0	0		358	205	30%
4. Marketing Ordinated Production	0	0	0%	70	56		502	0		55	38	1	0	0		0	0		627	94	8%
<b>Rural Finance</b>	<b>67 700</b>	<b>57 162</b>	<b>84 %</b>	<b>52</b>	<b>0</b>		<b>45</b>	<b>0</b>		<b>18</b>	<b>18</b>	<b>1</b>	<b>29</b>	<b>30</b>		<b>17 742</b>	<b>23 200</b>		<b>85 586</b>	<b>80 410</b>	<b>78%</b>
1. Marketing based credit R&D	0	0	0%	0	0	39 %	45	0	30 %	10	8	1	27	22	103 %	0	0	131 %	82	30	35%
2. Credit facilities	67 700	57 162	84 %	52	0		0	0		0	0	0	0	0		17 742	23 200		85 494	80 362	78%
3. Strengthen financial institutions	0	0	0%	0	0		0	0		8	10	1	2	8		0	0		10	18	160 %
<b>Project Management &amp; Coordination</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0</b>		<b>5 519</b>	<b>3 077</b>		<b>7</b>	<b>7</b>	<b>1</b>	<b>31</b>	<b>40</b>		<b>0</b>	<b>0</b>		<b>5 557</b>	<b>3 124</b>	<b>4%</b>
1. National Project Coordination Units (NPCU)	0	0	0%	0	0		1 258	0		1	1	1	8	12	129 %	0	0		1 267	13	13%
2. Governorate Project Coordination Units (GPCUs)	0	0	0%	0	0		4 261	0		6	6	1	23	28		0	0		4 290	34	2%
<b>Total</b>	<b>70 000</b>	<b>57 570</b>	<b>82 %</b>	<b>1 000</b>	<b>386</b>		<b>7 551</b>	<b>3 077</b>		<b>150</b>	<b>125</b>	<b>1</b>	<b>100</b>	<b>100</b>	<b>100 %</b>	<b>17 742</b>	<b>23 200</b>		<b>96 543</b>	<b>84 458</b>	<b>87%</b>



**Table 1C (a): IFAD Loan Disbursement (in SDR) as at 31 October 2019**

<b>Category</b>	<b>Initial Allocation</b>	<b>Disbursement</b>	<b>Balance</b>	<b>% Disbursement</b>
Credit facility	42,540,000	35,623,512	6,916,488	83.74%
Salaries and allowances	115,000	0	115,000	0.00%
workshops	1,485,000	0	1,485,000	0.00%
Authorized allocation Designated account ADP	0	2,878,429	-2,878,429	0.00%
Authorized allocation Designated account EDA	0	2,788,491	-2,788,491	0.00%
Authorized allocation Designated account NPCU	0	588,335	-588,335	0.00%
<b>Total</b>	<b>44,140,000</b>	<b>41,878,767</b>	<b>2,261,233</b>	<b>94.88%</b>

**Table 1C (b): IFAD Grant Disbursement (in SDR) as at 31 October 2019**

<b>Category</b>	<b>Allocation</b>	<b>Disbursement</b>	<b>Balance</b>	<b>%Disbursement</b>
Studies, workshops & training	630,000	100,005.28	529,994.72	15.87%
Advance of funds	0	341,480.74	-341,480.74	0.00%
<b>Total</b>	<b>630,000</b>	<b>441,486.02</b>	<b>188,513.98</b>	<b>70.08%</b>

## **Egypt**

---

### **Promotion of Rural Incomes through Market Enhancement Project Supervision Report**

#### **Appendix 2: Physical progress measured against AWP&B**

Mission Dates: November / 2019  
Document Date 20/01/2020  
Project No. 1100001571  
Report No. 5289-EG

Near East, North Africa and Europe Division  
Programme Management Department

## Appendix1: Physical progress measured against AWP&B

For the period 1 July 2018 - 30 June 2019									
FIRSTLEVEL RESULTS									
	Unit	Period ending: 1July18-30 June19			Cumulative			Comments	Sum of actual of previous years
		AWP&B	Actual	% of AWPB	End Target	Actual	% of End Target		
<b>Total Outreach</b>									
<b>Outreachindicators</b>									
Communities receiving project services	number	100	181	181%	1,156	583	50.4%		402
<b>House -holds receiving project services</b>	number	1,728	3,770	218%	50,000	26,483	52.9%		22 713
Individuals receiving project services (men)	number	6,912	14,677	212%	150,000	109,762	73.1%	78% of the total benef.	95,085
Individuals receiving project services (women)	number	1,728	4,172	241%	50,000	36,979	73.9%	22% of the total benef..	32,807
Individuals receiving project services (men/women)	number	8,640	18,849	218%	200,000	146,741	73.4%		127,892
<b>Marketing Support</b>									
Marketing groups formed/strengthened	number	14	25	178.5%	200	157	78.5%		132
People in marketing groups formed/strengthened (men)	number	6,720	11,513	171.3%	5,880	86,307	1,468%		74,818
People in marketing groups formed/strengthened (women)	number	1,680	2,013	119.8%	2,520	23,841	946%		21,871
People in marketing groups formed/strengthened (men/women)	number	8,400	14,475	172.3%	8,400	111,097	1,322.5%		96,689
People trained in post-production ,processing and marketing (men)	number	1,865	2,034	109%	1,900	5,251	276.4%		3,217
People trained in post-production ,processing and marketing (women)	number	464	466	100.4	400	1,062	149%		596

## Appendix1: Physical progress measured against AWP&B

For the period 1 July 2018 - 30 June 2019

FIRSTLEVEL RESULTS									
	Unit	Period ending: 1July18-30 June19			Cumulative			Comments	Sum of actual of previous years
		AWP&B	Actual	% of AWPB	End Target	Actual	% of End Target		
People trained in post-production, processing and marketing (men/women)	number	2,320	2,509	108%	2,300	6,322	274.8%		3,813
People trained in business and entrepreneurship (men)	number	1,032	425	41%	1,600	2,082	130%		1,657
People trained in business and entrepreneurship (women)	number	258	1,029	398.8	400	2,323	580%		1,294
People trained in business and entrepreneurship (men/women)	number	1,290	1,454	112.7 %	2,000	4,405	220%		2,951
People trained in crop production practices and technologies (men)	number	1,740	2,785	160%	4,000	6,598	164.9%		3,813
People trained in crop production practices and technologies (women)	number	580	1	20.7	2,000	558	27.9%		438
People trained in crop production practices and technologies (men/women)	number	2,320	2,905	125%	6,000	7,156	119.2%		4,251
<b>Rural Financial Services</b>									
Active borrowers enterprises (ADP) (MSMEDA)	number	0	474 7,141	500	474		94.8		
		0	7,141	100%	0	33,979	100%		26 838
Active borrowers individuals (men) (ADP)	number	0	402	450		402	89.33		
		0	4,163	100%	0	19,972	100%		15 809
Active borrowers (women) (ADP)	number	0	25	0	50	25	50		
		0	2,978	100%	0	14,007	100%		11 029

## Appendix1: Physical progress measured against AWP&B

For the period 1 July 2018 - 30 June 2019									
FIRSTLEVEL RESULTS									
	Unit	Period ending: 1July18-30 June19			Cumulative			Comments	Sum of actual of previous years
		AWP&B	Actual	% of AWPB	End Target	Actual	% of End Target		
Active borrowers (men/women) ( ADP)	number	0		0	100%	100	100	<b>MSMEDA:</b> Total Number of Beneficiaries in Repayment Phase Till 30/6/2019	0
(MSMEDA)		0	7,141	100 %	0	34,520	100%		
Financial institutions participating in project ( ADP)	number	8	8	100 %	8	100%		<b>MSMEDA:</b> Contracted with 1 bank through small enterprises component	
(MSMEDA)		9	24	267%	61	25	41%		
Staff of financial institutions trained (men) ( ADP)	number	7	7	100 %	7	7	100%	<b>MSMEDA:</b> The financial institutions had been trained on Credit Certificate Acquisition	0
(MSMEDA)		0	0	0	634	0	0		0
Staff of financial institutions trained (women) ( ADP)	number	1	1	100 %	1	1	100%		0
(MSMEDA)		0	0	0	272	0	0		0
Staff of financial institutions trained (men/women) ( ADP)	number	8	8	100 %	8	8	100%		0
(MSMEDA)		0	0	0	906	0	0		
Value of gross loan portfolio (individuals) ( ADP)	USD	20 million							0

## Appendix1: Physical progress measured against AWP&B

For the period 1 July 2018 - 30 June 2019

### FIRSTLEVEL RESULTS

	Unit	Period ending: 1July18-30 June19			Cumulative			Comments	Sum of actual of previous years
		AWP&B	Actual	% of AWPB	End Target	Actual	% of End Target		
(MSMEDA)		0	138,091,344						
Value of gross loan portfolio (enterprises)	(ADP)	USD	6.77 million						
	(MSMEDA)		138,091,344						



ADP



MSMEDA

## **Egypt**

---

### **Promotion of Rural Incomes through Market Enhancement Project Supervision Report**

#### **Appendix 3: Compliance with legal covenants: status of implementation**

Mission Dates: November / 2019  
Document Date 20/01/2020  
Project No. 1100001571  
Report No. 5289-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
<b>Section B Para 7</b>	There shall be three Project accounts for the benefit of the NPCU, the ARDF, and the SFD	As soon as possible	Complied with	
<b>Section 7.01 Para ii &amp; iii</b>	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	Not Complied with	The AWPB was submitted in July 2019, which caused implementation delays
<b>Section B Para 8</b>	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.
<b>Section 8.02</b>	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, in accordance with this agreement		Partially complied with	Failure to establish such a system largely explains why the project is not able to track project outcomes effectively.
<b>Schedule 1, Para 6</b>	Establish a NPCU in Cairo and appoint the national project coordinator and all positions following a transparent and competitive process		Complied with	
<b>Schedule 1, Para 7</b>	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
<b>Schedule 1, Para 10</b>	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



<b>Schedule 1, Para 8</b>	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.	Not complied with	Non-compliance explains why project is not being implemented, monitored and reported properly
<b>Section 7.05</b>	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
<b>Section 8.01</b>	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
<b>Section 8.03</b>	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.
<b>Section 9.01</b>	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	Not Complied with	The project procured an accounting system in 2017 but this system has not been operational.

## **Egypt**

---

### **Promotion of Rural Incomes through Market Enhancement Project Supervision Report**

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

Mission Dates: November / 2019  
Document Date 20/01/2020  
Project No. 1100001571  
Report No. 5289-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**

**COUNTRY OF ASSIGNMENT/LOCATION:** EGYPT

**MISSION NAME:**

Supervision Mission for the Promotion of Rural Incomes Through Market Enhancement Project (PRIME)

**MISSION START AND END DATES:** 26 October – 08 November 2019

**REPORT TO:** Dina Saleh Sub Regional Director, Cairo Hub



**MISSION COMPOSITION:**

**(Team members full name and specialization)**

Mr. Peter Christensen, Team Leader

Mr Abdel-Latif Mohamed, National Implementation Support/ Procurement Specialist<sup>1</sup>

Ms. Marie Edward, Country Technical Analyst

Ms. Olga Tomilova, Rural Finance Specialist

Mr. Mohamed El Ghazaly, M&E and Country Programme Officer

Ms. Stefania Gnoato, Gender and targeting specialist

Mr. Arsalan Vardag, Financial Management Specialist

Environment Specialist (TBC) To be added

**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 2013 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. 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 supervision mission conducted in November 2018 assessed project implementation performance to be moderately satisfactory, as benefits continue to be delivered to the target groups, with direct and indirect outreach to date to more than 80,000 people. The report also found (1) a good gender balance in the distribution of benefits under the microfinance component, (2) a satisfactory volume of loans issued, commensurate with the overall implementation progress of the project, most of which have been disbursed to small farming enterprises, (3) the successful involvement of a number of commercial banks in lending to the

---

<sup>1</sup> ToRs prepared separately under retainer contract

agricultural sector, (4) generally satisfactory repayment rates, (5) missing inclusion of farmer associations engaged in contract farming under the Rural Finance component; (6) higher relevance of activities under the Marketing Support component during the past two years, and (7) promising outcomes to be expected under the extension and farming systems research activities under the auspices of the Ministry for Agriculture and Land Reclamation, with the expectation that profits to be realized by farmers adopting the modern technologies will be as high as under the predecessor project (UERDP).

However, the mission highlighted that some key issues of concern could be addressed by the project at this stage to ensure high effectiveness and sustainability, namely: (1) to finalize the directions, quantity and methods of capacity building measures for Farmer Associations under the Marketing Support component, and to deepen and widen contract farming and other marketing operations; (2) the recruitment of staff under the NPCU to ensure proper roll out of activities, in particular of a financial advisor and two marketing facilitators; (3) rural finance aimed at farmer associations, especially those engaged in contract farming, potentially by creating a financial window for them under the ADP; (4) The missing middle market and the disconnect between the rural finance and marketing activities

## **INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES**

On or about 26<sup>th</sup> of October 2019, the PRIME Supervision Mission will take place, where an in-depth assessment of the Project will be conducted and relevant changes/adjustments will be proposed.

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 November 2018 Supervision mission by IFAD. Accordingly, the individual tasks may be updated to reflect these developments and learning in the country program.

While in Egypt, the mission will work closely with the Ministry of International Cooperation, the Ministry of Agriculture and Land Reclamation, as well as other governmental, non-governmental and private entities, as appropriate. The mission will liaise with the United Nations entities and other international donor/partner organizations in Egypt, if necessary. The mission will be completed on 08<sup>th</sup> November 2019 and will comprise desk work.

**IFAD** Country Director will join part of the field mission and provide overall oversight for the mission and will ensure coherence of proposed recommendations as well as their alignment with GoE needs, and IFAD corporate priorities. She will lead the discussion with the GOE and key stakeholders during the entire mission as well as take the lead on review and negotiation of mission's findings during the wrap up meeting .

### **Deliverables:**

You will be specifically responsible for: (i) Providing strategic guidance to the entire mission; (ii) contributing to the definition of a coherent and realistic set of adjustments/recommendations to improve the performance of PRIME.

1. **Mr. Mohamed El-Ghazaly, County Programme Officer**, will accompany the mission throughout and support the Country Director in overall coordination of the mission. Specifically, you will be responsible for assessing the M&E systems and processes, results measurement and results achieved, physical progress of PRIME; in particular, you will:

- a) In collaboration with the Team Leader, finalise any pending issues related to the closure of the project in 2020
  - b) 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
  - c) Assess the M&E capacity of the project;
  - d) Review the logframe for coherence and accuracy and revise it in view of any possible adjustments;
  - e) Review rigour and accuracy of M&E data, physical progress, data;
  - f) Estimate the Project outreach in terms of direct beneficiaries and compare with the initial target set at Design for project completion;
  - g) Document key lessons learned;
- Conduct any additional task required by the country director

### **Deliverables:**

You will be specifically responsible for: (i) Contributing to the review of the Report; (ii) Organize the main activities of the Supervision Mission, and; (iii) Participating in drafting of Appendices 1, 2, 3 and 4 of the Report. Other deliverables and specific deliverables in terms of sections of the aide memoire/ full Report will be communicated by the country director/ country team before the mission.

2. **Mr Peter Christensen, Team Leader**, will be responsible for assessing the relevance, effectiveness, efficiency, impact and sustainability of PRIME Project; in particular, will:

- (a) Lead the mission and be responsible for coordinating its activities;
- (b) Review in close concertation 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);
- (e) Review the PRIME monitoring and impact assessment system and progress reporting mechanism;
- (f) Review the performance of contracted implementing institutions and service providers for PRIME;
- (g) Review the project sustainability and discuss its exit strategy with the implementing agency;
- (h) 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;
- (i) Lead the preparation of the 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, recommend actions that would ensure smooth closure of project in 2020;
- (k) Draft the management letter;
- (l) Conduct any additional task required by the country director/ country team

**Deliverables:**

You will be specifically responsible for: (i) Finalization of the Aide Memoire and the Supervision Report (including the ratings) according to the new reporting format in ORMS, with inputs from team members; (ii) Drafting the relevant sections in the ORMS report on "Sustainability and Scaling and Project Management" ; (iii) contributing to appendix 2 on physical progress against AWPB, and Appendix 4 (Technical Background analysis) with inputs from other team members. Other deliverables and specific deliverables in terms of sections of the aide memoire/ full Supervision Report will be communicated by the country director/ country team before the mission.

3. **Ms Marie Edward, Country Technical Analyst**, 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:

- (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;
- (e) Review the performance of contracted implementing institutions and service providers for PRIME;
- (f) Review the NPCU monitoring and impact assessment system and progress reporting mechanism related to Component 1;
- (g) Contribute to 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 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
- (i) Conduct any additional task required by the country director/ country team

**Deliverables:**

You will be specifically responsible for: (i) Drafting the relevant sections in the Supervision Report related to the Output and Outcomes, Sustainability and Impact of component 1; (ii) contributing to appendices 2, 3 and 4. Other deliverables and specific deliverables in terms of sections of the aide memoire/ full Report will be communicated by the country director/ country team before the mission.

4. **Ms. Olga Tomilova, Rural Finance Specialist**, 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:

- (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) Review the progress of PRIME project, propose necessary adjustments and provide technical support related to component 2 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) Conduct any additional task required by the country director/ country team

**Deliverables:**

You will be specifically responsible for: (i) Drafting the relevant sections in the Supervision Report related to the Output and Outcomes, Sustainability and Impact of component 2; (ii) contributing to appendices 2, 3 and 4. Other deliverables and specific deliverables in terms of sections of the aide memoire/ full Report will be communicated by the country director/ country team before the mission.

5. **Mr. Arsalan Vardag, (FMD) Finance Specialist**, will be responsible for assessing the relevance, effectiveness, efficiency, impact and sustainability of the fiduciary aspects of PRIME; in particular, you will:

- (a) Use the original FMAQ as the basis to review the relevant information to Review actions taken to address recommendations of previous year's Supervision review, recommendations raised by external auditors on previous years' management letters, recommendations raised by FMD during the audit review exercise.
- (b) Perform a Financial Management Performance Assessment, on the basis of the questionnaire as per FMD guidelines. Re-assess the strengths and weaknesses of financial management systems and suggest mitigation actions.
- (c) Review sample Withdrawal Applications and Statements of Expenditure to verify adequacy, completeness and validity of claims (loans issued to end ), using the checklist provided. Note down clearly any ineligible expenditures. You will examine at least 10% of loans provided to end beneficiaries by intermediaries bank, to confirm the compliance with eligibility criteria, procedures and requirements in the Project Operational Manual, Financing Agreement and other relevant documents, with particular attention to eligibility of loans issued.
- (d) Review bank account reconciliations and the status of advances given to implementing partners (if any).
- (e) Follow-up on the introduced disbursement efficiencies (Authorized Allocation, implementation of extended SOEs, minimum WA size etc..) and ineligible expenditures (if any).
- (f) Review and analyse the projects/programmes financial performance (annual and cumulative) and
- (g) Conduct an assessment of the reliability and adequacy of the accounting software and the accounting records.
- (h) Review the adequacy of Internal controls in place in the PMUs including the level of segregation of duties, authorization levels, financial procedures manual/ and periodic account reconciliations.
- (i) Review the most recent Financial Progress Reports. - have periodic progress reports been submitted within the prescribed time limit.

- (j) Review the Internal audit arrangements (if any), including reports and status of recommendations.
- (k) Provide implementation support as necessary.

**Deliverables:**

- Prepare the Financial management risk assessment including an updated Summary of project fiduciary risk (Financial Management Performance Assessment at Supervision and Summary of Project Fiduciary Risk Assessment at Supervision) as per IFAD's guidelines.
- In line with the Supervision Guidelines and FMD guidelines, provide inputs to the Aide-Memoire and supervision mission report as follows:
  - i. Input to Main body of the Aide-Memoire and the Supervision report including the following under section iv. "Financial Management and Execution": i) Disbursement Rate, ii) Quality of financial management, iii) Quality and timeliness of audit including follow up on the finding of the audit review exercise performed by FMD) and iv) Counterpart funds. Assign ratings and record the agreed actions, responsibilities and dates under each section.
  - ii. Appendix 1: Financial: Actual financial performance by Financier; Disbursements by Category and by component: Tables 1A, 1B and 1C.
  - iii. SOE – review log showing the expenditures items reviewed during the SOE review and loans provided to end beneficiaries and observations requiring follow-up, and clearly document any ineligible expenditures identified and their values.

6. **Ms. Stefania Gnoato, Gender and Targeting specialist**, will be responsible for assessing the targeting approaches, gender mainstreaming and women's empowerment approaches in the project; in particular she will:

- a. Review the gender mainstreaming and women's empowerment approaches and achievements of the project. 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;
- b. Assess the quality of the targeting applied and the level of women and youth inclusion in the project activities;
- c. Discuss with Project beneficiaries their perception of the Project, the level of their participation and fairness in benefit/resource allocation; and actively seek their opinion on the Project's performance;
- d. Review the achievements in terms of training and strengthening of the smallholders' capacity and the gender/poverty focus;
- e. Ensure integration of gender concerns in the loan portfolio and products;
- f. Review the targeting strategy of the project, review targeting and outreach to CDAs
- g. 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;
- h. Contribute to the reporting on lessons learned;
- i. Conduct any additional task required by the country director/ country team

**Deliverables:**

You will be specifically responsible for: (i) relevant sections of the Supervision Report; (ii) Ensure gender-disaggregated data is reflected in the Report and appendices (including the logframe and ORMS). Other deliverables and specific deliverables in terms of sections of the aide memoire/ full Report will be communicated by the country director/ country team before the mission.

## A. Tentative Mission Itinerary

Mission Member	Start Date	End Date
Peter Christensen	26 October	08 November
Marie Edward	26 October	08 November
Olga Tomilova	26 October	08 November
Stefania Gnoato	26 October	08 November
Arsalan Vardag	26 October	08 November
Mohamed El-Ghazaly	26 October	08 November
Mohamed Abdellatif	26 October	08 November
Environment Specialist	26 October	08 November

Mission meetings tbc (including MALR, MIIC, NPCU, ADP, MSMEDA)

## B. Tentative Mission Agenda

Date	Action	Comment
26 October	Arrival to Cairo	
27 October	Meetings in Cairo	Meetings with the MALR, MIIC and NPCU.
28 October	Meetings in Cairo	Meetings with MSMEDA, ADP, CIB and NBE.
29 Oct – 4 November	Travel and meetings in Upper Egypt	Meetings with representatives of MALR, MSMEDA offices and beneficiaries
04 November	Travel to Cairo	
05 November	Drafting the aide memoire	
06-07 November	Wrap up meetings	Wrap up meetings with NPCU, SFD, ADP, MALR, MIIC.
08 November	Departure from Cairo	

### DOCUMENTATION

**The following documentation will be made available to consultants prior to the assignment:**

Latest Supervision Mission/ MTR Report and Management Letter

Design Report submitted to EB

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

**Name:** .....**Signature:**.....

**Date:**.....

**Clearance by FMD 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. He will compile the full report, including 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.