

Egypt

Promotion of Rural Incomes through Market Enhancement Project Supervision Report

Main report and appendices

Mission Dates: November 17-30, 2018
Document Date: 26/04/2019
Project No. 1100001571
Report No. 5041-EG

Near East, North Africa and Europe Division
Programme Management Department

Abbreviations and Acronyms

A. Project Overview

Region:	Near East, North Africa and Europe Division	Project at Risk Status:	Not at risk
Country:	Egypt	Environmental and Social Category:	B
Project Name:	Promotion of Rural Incomes through Market Enhancement Project	Climate Risk Classification:	not available yet
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	30/11/2018
Entry into Force Date	10/04/2012	Number of SIS Missions	11
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	Near East, North Africa and Europe Division	\$999,792
	IFAD	\$69,999,767
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 17-30, 2018
Days in the field:	November 19-24, 2018
Mission composition:	Ms. Nedret Durutan Okan, Team Leader Mr Abdel-Latif Mohamed National Implementation Support/ Procurement Specialist (TORs separately defined and agreed in agreement with NEN) Mr. Don Greenberg, Marketing Specialist Ms. Agnese Tonnina, Programme Officer Mr. Arsalan Haneef, Financial Management Specialist

Field sites visited:

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		4

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

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

Relevance	4
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C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

A team from the International Fund for Agricultural Development (IFAD) visited Egypt from 16 to 30 November 2018 to supervise the Promotion of Rural Incomes Through Market Enhancement Project. The 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. The Agreement between the GOE and IFAD was signed on 12 April 2012 and approved by the President of Egypt on October 14, 2012. The completion date is 30 June 2020, and the closing date 31 December 2020. The Project became effective in April 2012, and the FA was amended and thus the start date became 17 February 2103 and the first AWPB was approved in June 2014.

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 is implemented by three agencies: The Ministry of Agriculture and Land Reclamation (MALR), MSMEDA (Medium Small and Micro Enterprise Development Agency) and the Agricultural Development Program (ADP). Coordination and implementation of the grant funds is vested with the National Project Implementation Unit (NPCU) under the MALR. The Project is implemented in 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 purpose of the mission was to assess physical and financial project implementation progress, review the status of Mid-term Review (MTR) mission recommendations, undertake 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.

The mission worked closely with National Project Coordination Unit (NPCU) and visited three of the seven project governorates: Qena, Sohaq and Assiut and discussed the progress with Qena Governor, Director of National Bank of Egypt in Qena, GPCU heads and staff of Governorate Agricultural Departments, MSMEDA Regional Office and concerned staff. The mission had the opportunity to interact with Agricultural Development Programme (ADP) financed enterprises and agricultural cooperatives and MSMEDA financed small and micro size enterprises, project marketing facilitators, Community Development Associations (CDAs), crop farmers, livestock owners and beneficiaries of off-farm loans. The mission also visited farmer's fields where new crops/varieties, crop rotations and agronomic practices are demonstrated by Farming Systems Research Unit (FSRU). The mission was received by Mr. Khaled Rashad of the Ministry of Investment and International Cooperation (MIIC), Ms. Nevine Badr El-Din, Director of Micro-Finance Central Sector of MSMEDA, Mr. Sobhi El Naggar, ADP Executive Director for Loans of ADP. The wrap up meeting was chaired by Prof. Dr. Ezz Elden Abu Steit, Minister of Agriculture and Land Reclamation.

Key Mission Agreements and Conclusions

The mission agreed that although some of the MTR recommendations were addressed, the overall project implementation and management can be improved. A much greater impact could be achieved by strengthening the linkage between the marketing and rural finance components and by supporting investments in both components through capacity building activities.

The marketing component has been most successful in promoting high quality export production and to a lesser extent finding local markets for low quality produce. It has been less successful in building the capacity of farmer associations to identify and take advantage of market opportunities on their own, without substantial handholding from the Project due to an under-resourced, under-managed, and unfocused implementation strategy.

Therefore, the mission recommends that the FA capacity building for Farmer Association Strengthening, Market Intelligence, and Market Oriented Production be outsourced to one or two specialized and experienced contractors. These contractors should also focus on ensuring farmer associations have the capacity to register farms under the Farm Coding system mandatory for export of certain crops, and encouraging private sector provision of key services (esp. mechanization and extension).

There is a "missing middle" of PRIME market support for medium quality produce for local markets which is most acute in Upper Egypt, with limited infrastructure, and remoteness from Cairo. Therefore, the mission recommends a feasibility study (FS) for a wholesale market serving Upper Egypt governorates that will provide a one-stop location for buyers to source graded produce. One promising alternative for this wholesale market is a PPP arrangement whereby a) IFAD through PRIME supports the FS; b) a governorate provides land for a market, and c) the private sector finances and manages the facility.

Overall component 2, as a stand-alone component, is performing satisfactory through its financing channels: ADP and MSMEDA. However, the mission noted that loans should be further complemented with capacity building activities and

should follow up on the impacts generated.

The mission has concluded that the overall M&E system needs to be strengthened and the NPCU should start using it as a decision making tool. M&E staff at both the national and governorates level should be trained to improve their data collection, analytical and reporting skills. The mission recommends to hire an M&E expert, with strong knowledge of IFAD M&E procedures, to: a) support the establishment of an improved M&E system at the GPCUs level; b) train M&E staff at national and governorate level on how to collect data for capturing project's results at outcome, objective and goal levels and conduct a comprehensive analysis; c) prepare a template to be shared with MSMEDA and ADP where all information needed from them in order to define their beneficiaries' profile (i.e. age, number of feddans, income) is included, and d). check on the reliability of data provided in the log-frame.

Regarding gender, targeting and poverty focus of the project, the mission agreed that all executing agencies and implementing partners lacked a consistent strategy useful to engage with the lower segment of the population including poor women, unemployed youth and landless people.

The mission recommends improving this aspect by engaging with CDAs, cooperatives, farmer associations, as well as by enhancing specific capacity development opportunities for these groups as well as availability of micro-credit opportunities.

With regards to fiduciary aspects, the mission agreed that: 1) the project needs to develop a system of measuring, documenting, and reporting on beneficiaries' contribution to truly reflect their contribution; 2) hire one M&E advisor and a full time Accountant in NPCU; 3) establish a simplified reporting template that can generate short but meaningful reports for project's delivery risk mitigation; 4) outsource capacity building facility to meet diverse capacity building needs of target beneficiaries and ensure sufficient provisioning of government counter-funds as per financing agreement.

D. Overview and Project Progress

Under **Component 1. Marketing Support**, farmers' ability to obtain better and more stable prices for their products is supported through four sub-components. The project design intended for marketing support to farmers to be complemented by finance, but this has not occurred. Component 1's greatest success is enabling farmers to produce and market export quality products, especially through contractual arrangements that provide a degree of stability in terms of quantity purchased and price range. Although export opportunities for Egyptian farmers remain robust, a major concern is the ability of smaller farmers to comply with the "export coding" requirements particularly pesticide residue levels and other quality aspects.

In terms of key outputs, Component has targeted 126 farmer associations for support and training out of an overall target 500, and has reached 4,251 farmers out of a target 20,000. In terms of tangible outcomes, as of this Mission, 4,095 farmers from 50 FAs producing on a total of 5,142 feddans were contracted with contract revenues of USD 13.1 million. The estimated net income increases (over alternatives) from the export contracts is approximately 15% of gross revenues for farmers indicating net income increases of USD 2.0 million from contract sales. The project has *not* measured *non-contract* sales revenues (e.g. local market) that resulted from improved quality and production due to the demonstrations and training.

The Component is **moderately satisfactory** in terms of farmers reached and impact on incomes. To its credit, Project management fully addressed one and partially addressed six of the MTR's recommendations, but more is needed to achieve component outcomes. The Component has suffered from weak management, a low rate of use of committed funds and limited coordination between activities under the sub-components, thus reducing impact. The component is meant to be managed by two Cairo-based Marketing Advisors (MAs) but both positions are vacant due to resignation and contract terminations. In the field, the Component is managed by three Marketing Facilitators (MFs) for Upper and Middle Egypt, but two of them were only recruited this year. The terms of service for the MAs and MFs are not attractive for qualified marketing specialists, resulting in difficulties in recruiting experienced staff and high turnover. Neither the MAs and MFs are provided the basic tools to do their job.

As of 30 June 2018, only USD221,000 has been (only 8% of committed funds) used for the Marketing Component. For AWPB 5, the projected spending has increased to USD563,000, a great improvement, but implementation of planned activities remains behind schedule. Accelerating the use of the Capacity Building Facility by revising the AWPB5 will help offset this shortcoming.

C1.1 Organizing and strengthening FAs *An ad hoc*, under-resourced, and scattershot approach to identifying and strengthening FAs has greatly reduced effectiveness and outreach. There has been no apparent effort to work with FAs supported by OFIDO or other IFAD programs. In principle, many of the support activities are sensible, but the quality of service delivery is low. Only marginal improvements in FA management capacity were observed by the Mission.

C1.2 Market Intelligence to improve farmers' capacity to understand market needs and respond effectively and profitably to serve those needs is done through some Farming as a Business (FAAB) training for skills in marketing, investment, crop planning and use credit use. The overall impact of FAAB training remains unsatisfactory because of uneven quality and the lack of an integrated, competency-based approach to building capacity

C1.3 Value Chain Linkages has been the most successful among all sub-components as witnessed by the high number and value of export contracts. The project continues to identify more high-value market opportunities for marketing associations than can be realized, although the market linkage process has slowed down with the absence of the two MAs. Most importantly, without concomitant increases in FA capacity, business skills, and market-oriented production these linkages will not translate into sustainable increases in farmer incomes.

The marketing component has been successful in identifying high quality export markets and to a lesser extent finding markets for lower quality produce sold locally for processing. There is a "missing middle" of PRIME market support to improve marketing of the medium quality produce for local markets particularly in Upper Egypt, remote from Cairo and with limited infrastructure.

C1.4 Market-Oriented Production sub-component supports farmers' ability to produce for the market, especially for the value chain linkages identified in the earlier component, through demand-driven extension activities. Until the MTR, this was implemented almost exclusively through the Farming Systems Research Unit (FSRU), supported by the Governorate extension teams; however, the crops chosen and farming systems demonstrated by FSRU were unrelated to market opportunities identified. While some progress has been made to improve the focus of FSRU on market opportunities, they remain under-resourced, lack business or marketing orientation and skills in many non-traditional crops. Crucially, the ability and motivation of the governorate extension teams to support FSRU's field work remains low. Since the MTR, the project has provided limited resources for other external specialists to provide technical advice, but impact is low due the short-comings these specialists and poor project management.

Recommendations (see Technical Paper for details). The terms of service of the marketing specialist positions needs improvement and the two MA positions must be filled urgently. All specialists must be provided with the basic tools to do their jobs. Resources for all sub-components may be increased annually by USD 1,000,000 for the next two years. These

recommendations should be supported by an international marketing specialist contacted using the CBF.

C1.1 FA Strengthening and C1.2 Market Intelligence: Their implementation should be by an experienced specialist in governorates under the GPCU's supervision. This expert will conduct a comprehensive assessment of association and farmer strengths/weaknesses and develop appropriate modules of support, with a time-bound results oriented work plan that tracks defined competency outcomes. Given the structural issues of FAs and NGO the contractor should also explore alternative means of small FA such as a private company with farmer-shareholders.

C1.3 Value Chain Linkages should continue to be managed by the MAs and FAs and an exit strategy should be developing for this commercially-oriented activity.

A feasibility study (FS) for a wholesale market serving all Upper Egypt governorates to provide a one-stop location for all buyers to source graded produce from farmer associations for domestic consumption (and possibly to support exports via charter or passenger airlines serving Luxor airport). This FS options such as a PPP arrangement.

C1.4 Market-Oriented Production should be implemented in the 7 governorates by a contracted expert experienced in promoting market oriented production with small-scale farmers and FAs, with specific focus on the smaller farmers producing crops with high export potential, i.e. pomegranate, strawberry. A major task of this expert will be to develop a program for FAs (or farmer sub-groups) to obtain the Farm Coding Registration required for export. This may evolve into a "Farm Coding Manual" for small-scale farmers, possibly in partnership with national associations (e.g. HEIA, UEPCH), rolled out on a national basis.

Although the governorate extension system has structural weaknesses that would argue against any significant capacity building efforts by PRIME, the project could establish a system of non-monetary incentives for the dedicated few extension workers that support the project, such as access to vehicles, computers and study tours or training. Furthermore, the contractor will support developing the capacity and willingness of input suppliers and produce buyers to provide technical assistance to farmers should be enhanced.

Under **Component 2 Rural Finance**, increased access to rural finance by target groups along the selected value chains is supported for increased assets and employment for target beneficiaries. ADP and MSMEDA have robust governance, management, and technical capacity to channel funds to the end-beneficiaries. MSMEDA has drawn an amount of USD 31.108 million and lent out 99% (USD 30.9 million) of it to end beneficiaries. ADP has withdrawn an amount of USD 19.28 million out of which USD 16.77 million-or 87% has been disbursed through CIB. ADP is on track to using all of its allocations till 30 June 2019. The performance of the component is rated as **satisfactory**. However, there are persisting shortcomings: i) disconnected rural finance and marketing activities; ii) lack of information about the socio-economic characteristic of the beneficiaries; iii) absence of required M&E capacity to track the impact, and iv) insufficient support of beneficiaries with training and capacity building for utilizing the funds effectively and efficiently. The AWPB5 foresees Pilot Agribusiness Risk Sharing Feasibility Study to be financed by IFAD Grant and a series of training programs and workshops for: i) loan tracking system for partner micro finance intermediaries; ii) improving capacity of the ADP's partner commercial banks on agribusiness finance strategies; iii) development of financial plans for NGOs and writing of financial proposals for credit provider including an enterprise feasibility study; v) NGOs or members in the financial intermediaries to ensure the stability of the financial and economic security of agricultural enterprises and use of financial instruments, and vi) for potential NGO members how to choose, finance, manage and improve an enterprise.

ADP: Commercial International Bank (CIB) is the agent bank for channelling the PRIME funds to the eight participating banks including CIB that also functions as a participating bank. Individuals, companies and agricultural cooperatives are the clients of the ADP receiving short, medium and long-term loans. As of end of 30 October 2018, 418 loans with a total value of EGP 376.6 million was approved and 370 of those utilized by the beneficiaries through the participating banks. The majority of the loans (68%) were for the horticultural and livestock sector (mainly for dairy cows) and 75% of the loans demanded by companies. While short term loans constitute 86% of the loans, cooperatives prefer long-term loans. About 1% of the loans were utilized by the cooperatives. The majority of the loans were used in AI Behira in Lower Egypt (88%) and in Assuit in Upper Egypt (70%). As recommended by the MTR, ADP was requested to provide a copy of the audited/certified financial statements for past three years. Mission was provided a certificate (in Arabic). NPCU may examine whether the certificate covers the whole period for which IFAD requires certification.

MSMEDA provided: i) small sized loans through the National Bank of Egypt (NBE) and ii) micro loans. Two contracts with a total value of EGP 245 million (USD 21,099,997) were signed with the NBE to support the small enterprises by providing loans to establish new small enterprises and expansion of the existing ones, thus resulting in creating/maintaining job opportunities. Loan amounted to USD 21,099,997 was provided for small enterprises and USD 31,029,413 for micro enterprises.

SME Loans were effective in job creation and supporting women beneficiaries. Through the 2,707 loans that were disbursed, 5,839 jobs were created out of which 86% was permanent. On the average 39% of the number of loans were received by the female financed enterprises. The loans were provided mainly for: i) livestock and agribusiness; ii) commercial; iii) industrial and iv) services sectors. In terms of the value of the loans, the distribution among the above listed categories were: 77.8 %,15.2%, 5.6%, and 1.1% respectively. In terms of the number of loans, the livestock&agribusiness category was also the leading one (90.2%) that is followed by commercial loans (8.3%). The

distribution of loans by governorates indicated that the top two governorates were Assuit (37%) and Menia (22%), Sohaq (1%) was at the bottom.

Micro loans. In terms of number of loans, commercial sector and the Menia Governorate utilized the majority, 84% and 42%, respectively. NGOs and Banque Du Caire were the intermediaries for reaching the end beneficiaries. The contract values were EGP 24.79 million, and EGP 150 million, respectively. Through the Intermediary NGO 4.004, and Banque du Caire, 20,305 loans disbursed. The respective share of loans by females were 54% and 39%. The total number of permanent jobs created was 36,488. In case of Intermediary NGOs, majority of the demand (45%) came from livestock sector mainly for buying hybrid breeds. In case of the Bank Du Caire, 92% of the demand was from commercial sector.

Capacity Building Facility (CBF)

The SDR 1.485 million, or USD 2.3 million set aside for the CBF in 2016 has allowed the NPCU to offset the lack of a dedicated capacity building component and provided a flexible funding mechanism to compensate for the lack of domestic budget for project management by supporting the operational expenses of the NPCU, and to a lesser extent the GPCUs.

The guidelines for CBF are flexible allowing all stakeholders' and beneficiaries to benefit. A wide range of component-specific and cross-cutting capacity building activities were suggested by previous missions but the NPCU remains slow or reluctant to mobilize the CBF indicating lack of clarity and indecisiveness on the use of the facility resulting in low disbursement. Instead of the current piecemeal approach, the PRIME would benefit from several capacity building contracts, e.g. for management support, M&E and reporting, training, targeting strategy and impact analysis, and the institution-specific needs of the implementing partners. Two or three service contracts packages would be procured by NPCU using Direct Contracting methods to save time. No Objections would be requested from IFAD for these packages as soon as the ToRs are developed, to be included in the revised AWPB 5.

As of October 2018, only USD 0.201million (or 9%) has been spent from the CBF, for some of the operational expenses of the NPCU, for recruitment of specialized marketing staff, the FRSU's demonstrations and extension activities, and awareness and publicity programs. ADF and MSMEDA benefitted only indirectly through the hiring of a Project Finance Officer at the NPCU. While the results were judged to be positive by the mission, the CBF's impact would have been greater had the NPCU been more proactive and solicited demand from the implementing partners.

In the AWPB 5, the mission appreciated that CBF allocations for all Components increased while ADP and MSMEDA presented the mission with additional proposals to benefit from CBF. A short Technical Annex will be shared with the government as part of this Aide Memoire summarizing the guidelines for CBF's use. Given that the IFAD loan proceeds for credit will be depleted by the end of 2019, accelerating the CBF use would be opportune to improve ADP's and MSMEDA's so far weak linkages with the marketing support of PRIME that has resulted in the disconnect between the Components. Furthermore, the currently low likelihood of scaling-up of the marketing component would benefit from using the CBF would to identify and funds public or private sector stakeholders that have the interest or ability to scale-up activities.

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
Key mission agreements Hire an M&E expert, to support the NPCU and GPCUs on improving data collection and reporting, especially at outcome, objective and goal level.	NPCU supported by IFAD	04/2019
Component 1: Marketing Support Recruit two more MAs, and equip them and the three MFs with smartphone, laptop, and dedicated vehicles.	NPCU	04/2019
Component 2: Rural Finance Finalize capacity building and training proposals from MSMEDA and ADP to be financed from CBF.	NPCU, MSMEDA, ADP	04/2019
Component 2: Rural Finance Improve the linkage between Component 1 and Component 2, giving priority to contracted farming.	NPCU, MSMEDA, ADP	04/2019

Key mission agreements Allocate counterpart funds (USD 944,000) and release at least 25% to the project by the end of December 2018.	Government of Egypt	05/2019
Capacity building Facility (CBF) Prepare proposals for CBF developed by ADP, MSMEDA and FSRU.	MSMEDA, ADF, FSRU, NPCU	05/2019
Key mission agreements Outsource "Capacity Building Facility" to reputed organizations as packages to response to diverse needs of the target beneficiaries.	NPCU	06/2019
Component 1: Marketing Support Implement Market Oriented Production (C1.4) by a single competitively selected contractor under project supervision.	NPCU	06/2019
Component 1: Marketing Support International Horticultural Marketing Specialist under intermittent retainer contract to support implementation esp. C1.3	NPCU	06/2019
Component 1: Marketing Support Implement Farmer Association Strengthening (C1.1) and Market Intelligence (C1.2.) through a single experienced competitively selected contractor under project supervision.	NPCU	06/2019
Component 1: Marketing Support Conduct a FS for Upper Egypt wholesale market to be financed/managed through a PPP arrangement .	NPCU	06/2019
Capacity building Facility (CBF) PIM finalized and elaborates on the CBF mechanism' use.	NPCU	06/2019
Component 2: Rural Finance Conduct Pilot Agribusiness Risk Sharing Feasibility Study.	NPCU	09/2019

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus

Effectiveness

Rating: 4

Previous rating: 4

Justification of rating

The effectiveness maintains the moderately satisfactory rating of the MTR in 2017. According to the M&E data, the project has reached out to 22,713 HHs out of the targeted 50,000, however this figure is under-estimating the actual achievements due to weak M&E system. This mission underlines that actions have to be taken by the NPCU in the log-frame analysis to provide an accurate picture of the project's results. The NPCU still does not report on any overall analysis and its capacity to assess outcomes and impact needs the support of an M&E expert that would be hired to train central and governorate M&E staff and develop a relevant MIS. The log-frame should also include data collected on youth, particularly for assessing Outcome 1.

Log-Frame Analysis & Main Issues of Effectiveness

At MTR, a log-frame in line with the ORMS was developed that has been further refined by deleting some indicators that are irrelevant for Egypt, e.g. indigenous people. The NPCU reports against the outreach indicators that are disaggregated by gender but not by age. The project has not started reporting against the goal and objective indicators but, overall, the outreach indicators point to good progress: 44% of appraisal target achieved by the end of year 4 in June 2018 and more than 50% of appraisal target reached by November 2018.

The log-frame analysis and effectiveness is rated **moderately satisfactory**. The M&E staff at all levels need training on data collection and reporting against the goal and objective indicators, as now there is general confusion on this process. The CBF could be used to hire an M&E expert, familiar with IFAD M&E requirements, to train all staff and to update the log-frame to improve the reliability data included so far. While also ensuring reporting consistency among the different implementing partners. Skipping this important part would necessarily lead to a poor rating of the project at the final evaluation.

As suggested by the MTR mission, a consultant hired by the NPCU prepared an outcomes and impacts report but the data used remains insufficient to provide an accurate assessment of progress. The project has begun to report against Outcome 1 and 2 indicators that also needs improvement. For example, when reporting against some indicators (i.e. % reduction of post-harvest losses, changes in key products' prices or livestock productivity), an average percentage or amount should be used instead of reporting different figures for each crop/animal in one Excel cell only. While Outcome and Output 2 indicators are disaggregated by gender and age, efforts have to be made to do the same for Outcome1 and related Outputs that are currently only disaggregated by gender. The mission assessed that this kind of information is available in the field. The GPCU has to learn the importance of collecting it while the NPCU ensures that this information becomes available in the reports.

A basic baseline was conducted but most of the indicators at outcome and output levels are not available preventing a systematic comparison between appraisal figures and the results.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Development Effectiveness		
Hire an M&E expert, with proven knowledge of the IFAD M&E To support the NPCU and GPCUs on improving data collection and reporting, especially at outcome, objective and goal levels.	NPCU supported by IFAD	01/2019
Revise and improve the M&E system to capture relevant data and outcomes Reporting against all indicators disaggregated by age	NPCU	03/2019

Development Focus

Targeting and Outreach

Rating: 4

Previous rating: 4

Justification of rating

The rating has been maintained from the last mission. PRIME delegates the identification of the beneficiaries to its implementing partners. However, the engagement of the most vulnerable groups and lower socio-economic segments of the population planned at design have not been systematic, especially poor women in marginal areas, the landless, unemployed youth, widows and women-headed households. In addition, the M&E developed by project management and the implementing partners does not track socio-economic characteristics of the beneficiaries making difficult to understand the effectiveness of outreach according to poverty status and the graduation processes enabled by the project.

Main issues

The targeting strategy of the project sets the goal and framework for promoting poverty reduction and inclusion throughout project operations. It is important to avoid elite capture and ensure that services and activities promoted by the Project will not be attractive only to the economically or socially better off. PRIME's management and implementation partners have not taken these aspects into consideration.

Therefore, in these last years of implementation, the project should shift from the output-oriented to a result- and people-centred approach. It should work more with the less-bankable like poor women and vulnerable groups and youth, especially off-school and unemployed that due to their limited access to assets (in particular land and start-up capital) encounter difficulties in starting income generating activities. This can be achieved by scaling-up the engagement with CDAs, cooperatives and FAs as well as targeting specific capacity development opportunities for these groups that, so far, showed good results and pro-poor development focus.

PRIME aims to enhance agriculture productivity and market competitiveness and developed business opportunities and technical skills that have benefited some of the young. However, this engagement has not been strategic, leaving out the unemployed, thus limiting PRIME's transformative potential. In the remaining years of PRIME, it is hoped that the Project also foster the participation of this target group through tailored trainings, mentoring and capacity building activities that also link them to credit and associated business opportunities.

In general, an in-depth assessment is needed to follow-up on achievements to date and understanding of the extent to which the capacities and the social capital of poor women and men have been built, expanded and/or strengthened.

Gender equality & women's participation

Rating: 4

Previous rating: 4

Justification of rating

The mission rates gender focus as moderately satisfactory. Interactions with beneficiaries confirmed that good results have been achieved in all activities implemented in close collaborations with the women's groups, CDAs, cooperatives and farmer associations. However, the transformative potential of the project was limited by the absence of a valid gender mainstreaming strategy, plan, budget and a leading actor or resource person at the NPCU and the lack of value chains identified as gender-sensitive. The results are not systematically monitored and assessed by the M&E system.

Main issues

Gender and Social Inclusion Adviser that was recommended by MTR mission has not been hired. Although data are quantitatively not comprehensive (the project has reached about 110,000 people, of which 25500 are women), visits with beneficiaries and partners confirmed that the activities conducted to enhance agricultural productivity and market profitability contributed to the creation of new job opportunities, micro-enterprises, and new incomes for rural women. Positive results also emerged from the engagement with women's groups and from the investment on capacity development initiatives (especially on livestock and food processing).

Gender inequality issues in the rural areas adversely impact women's participation in PRIME activities. The improvement of market linkages and market-oriented production, capacity building and credit opportunities contributed to increased opportunities for rural women, albeit mostly those already commercially and economically active.

Interactions with beneficiaries confirmed that good results have been achieved in all activities implemented in close collaborations with the women's groups, CDAs, cooperatives and farmer associations. The training sessions organized, although limited for their outreach, contributed to enhance technical capacities and opened job opportunities. The loans facilitated by MFIs when combined with regular technical support, boost its potential and enabled the creation of sustainable income generating opportunities.

The mission is confident that, in the remaining years of project implementation, the introduction of adequate operational modalities with appropriately selected implementing partners and delivery mechanisms will foster PRIME's capability to reach women, especially those located in marginal areas or those more vulnerable i.e. widows, or female-headed households.

All PRIME training and capacity-building should be planned with a view to gender sensitivity requiring a supportive environment to facilitate the full participation of women and poor people. In particular, it is important to understand and address any obstacles that constrain women's opportunities to participate. In this context, women-only sessions may be the most suitable option.

The mission recommends that a full-time Gender and Social Inclusion Adviser be recruited for the NPCU to foster gender, youth and inclusive poverty focus and guide the operationalization of women's empowerment to enhance PRIME poverty focus.

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Recruit a Gender and Social Inclusion Adviser (full time) Recruit a Gender and Social Inclusion Adviser (full time).	NPCU	04/2019
Incorporate socio-economic characteristics Incorporate socio-economic characteristics of the target beneficiaries (including, age, land, income) in to M&E system	NPCU, GPCU	04/2019
Expand collaboration Expand collaboration with women's groups, CDAs, cooperatives and farmer associations	NPCU/Gender Adviser, GPCU	04/2019
Organize tailored training Organize tailored training for women and youth including exchange visits	NPCU, GPCU	05/2019
Conduct Impact assessment Conduct Impact assessment	NPCU, MSMEDA, ADP	06/2019

Agricultural Productivity

Rating: 4

Previous rating: 4

Justification of rating

Although the mission had positive impression about yield increases in the areas visited, agricultural productivity is rated moderately satisfactory mainly due to unavailability of full data. The project development objective is improved production and profitability in horticulture, livestock and medicinal plants. Although high yielding crop varieties, new crop rotations, hybrid cattle/buffalo breeds and information regarding quality standards and business opportunities for marketing are introduced through PRIME provided some yield increase for the direct beneficiaries, agricultural extension and advisory services expected to support the dissemination of information and adoption of such practices in the overall project area, are weak and mainly depend on MARL extension system that slows down overall production and profitability increase in the project area.

Main issues

Currently, PRIME depends on the FSRU, and contracted MAs and MFs for extension and advisory services and public extension system in the governorates. However, these services are hampered by staff shortages, very limited mobility and operational budgets, insufficient training on up-to-date technical knowledge, farming-as-a-business concept, extension management skills and lack of basic office and communication equipment. The diversity of the farmers and the rural life in the governorates and land productivity, labour and assets coupled with the environmental challenges requires diversity in services and approaches. In fact, several type of advisory service providers and approaches exist in the project area e.g. agricultural input suppliers, exporters, processors, associations established through international donors and to a limited extent contracted consultants. However, there has been no effort from MALR side to capitalize on the comparative advantages of different actors that could support PRIME in its interventions to improve agricultural production and profitability.

Substantial currency devaluation in 2017 affected the affordability of inputs for farmers to increase the production as well

as their profitability. However, the impact of such due to lack of data in the M&E system and poor assessment of whatever information is available due to lack of training of project staff. Since, the current M&E focuses on reporting only at output and activity level, project's results and impact on agricultural productivity and profitability has not been measured yet despite limited time is left until project completion.

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Establish dialogue with MALR and other actors in extension Establish dialogue with MALR and other actors in extension.	MALR, IFAD, NPCU	04/2019

Nutrition

Rating: 4

Justification of rating

The mission did not have the opportunity to fully assess the nutritional and diet diversification status of the target population. However, evidence from the field confirms that some awareness sessions for women have been conducted by PRIME mainly on pre- and ante-natal health and family nutrition. However, this was not systematic and consistent across the governorates, with a curriculum consistently applied in the whole project area.

Main issues

The rural population of Egypt is facing serious malnutrition problems with persistently high levels of under-nutrition and micronutrient deficiencies now combined with accelerating over-nutrition and obesity often due to over-reliance on cheap calorie-dense foods by poorer households and low nutritional awareness across all population segments.

Adaptation to Climate Change

Rating: 3

Previous rating: 4

Justification of rating

Adaptation to Climate Change (CC) was not considered at design due to the overarching focus on rural finance and marketing focus of the project. In projects in many developing countries the urgency of CC has been pushed forefront only over the last decade.

Main issues

The mission identified the knowledge gap on how to strengthen smallholders' resilience to current and anticipated impacts of climate variability and change. Capacity development activities for both staff and farmers need to include knowledge on climate impacts on different farming systems. Training and awareness programs need to be developed by NPCU with technical support received under the CBF and delivered through the extension specialists at the GPCUs that specifically target small farmers' and livestock owners.

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Risk assessment of impact of project investments and activities by climate change Risk assessment of impact of project investments and activities by climate change will be carried out by experts.	NPCU, Consultants	04/2019
Develop and deliver capacity development program Develop and deliver capacity development program to strengthen smallholders' resilience .	NPCU, GPCU	05/2019

b. Sustainability and Scaling up

Institutions and Policy Engagement**Rating: 5****Previous rating: 4****Justification of rating**

Institutions and Policy Engagement is rated satisfactory. At the macro level, GOE's policies for food self-sufficiency and export-driven development are supported by PRIME. The project has been instrumental in assisting small farmers to improve incomes by organizing formal or informal marketing-oriented farmer groups, reaching higher up the value chains into export markets. However, the intent to engage with WB with respect to microfinance has not been realized.

Main issues

The marketing support provided has shown that products of the small farmers can reach beyond the local, to national and export markets and the private sector can work with them if appropriate marketing information and knowhow is shared effectively. PRIME has been active at localized and small scale in the uptake of notions of farming as a business for small farmers. The private sector development nature of PRIME activities is already supported by the commercialization policy thrusts of GOE's agricultural strategies. The project has also ensured better involvement of rural women and youth in the development process and the efficient and environmentally sustainable water management by introducing new/appropriate crops in rotation

At the scale of PRIME interventions in the seven governorates, for those beneficiaries reached, PRIME has been successful in: i) strengthening producer/marketing associations; ii) showing the importance of well-disseminated market information; and iii) assisting in the coding of products for export to enforce laws and regulations on product standards. By supporting the FSRU, it has also shown that the private sector could be more effective than traditional MALR extension, assuming the appropriate training, equipment, mobility, and resources are provided in a timely manner. Furthermore, while not implicit among project goals, as a result of legislation changes, CDAs/NGOs are now considered eligible to borrow from the banking system.

Overall, additional efforts are required to further show the results of PRIME's interventions and increase the project's leverage in policy engagement.

Partnership-building**Rating: 3****Justification of rating**

Partnership building is rated as moderately unsatisfactory. The NPCU's constraints on physical, human and financial resources has not allowed the topic to be adequately addressed, remaining a low priority task. Most development agencies and international finance organizations are active in Egypt but the Mission observed no particular thrust by project management to develop relation or share knowledge with these.

Main issues

The updated COSOP has provided guidance on the variety of partnerships that may be built, e.g. with FAO on Good Agricultural Practices (GAP) or USAID for value chain development in Upper Egypt but no action has been taken. In particular, knowledge and experience sharing platforms as meetings, workshops, social media have not been used effectively.

The anticipated partnership and coordination between the MALR and the MIIC is seen as key in the timely allocation of counterpart funds. Poor coordination has hindered the project's management and throttled PRIME'S ability to maintain links between components thus diluting the overall impact of the project.

The NPCU has built strong partnerships for the rural finance component with MSMEDA that supports SMEs, and with ADP, that supports agricultural SMES, in order to promote rural employment f that has performed in a satisfactory manner. The FSRU, with the assistance of the MAs and MFs was instrumental in improving the access of farmers to markets by providing marketing guidance and advice on farming systems/crop rotation in order to produce higher value crops.

Human and Social Capital and Empowerment**Rating: 4****Previous rating: 4****Justification of rating**

Human and social capital and empowerment is rated as moderately satisfactory. Field visits showed that capacity building and credit opportunities provided by PRIME contributed to increase the human and social capital and, at some extend, benefited the empowerment of the people engaged, including for the lower socio-economic segments of the population who managed to access micro loan opportunities and technical assistant. Unfortunately, the lack of a proper targeting

strategy by implementing partners, limited the engagement and the empowerment of women and of the most vulnerable groups such as young people, widows and landless, who have not been systematically reached by project activities. In any case, it is not possible to provide a deeper analysis of the empowerment generated so far since PRIME (and its implementing partners) has not yet monitor outcomes achieved and conduct an impact assessment.

Main issues

The training sessions organized contributed to enhance technical capacities and opened job opportunities, including for women. Also the credit provided when combined with regular technical support, enabled the creation of economically viable micro and small-enterprises. The project should enhance these investments in the human and social capital and empowerment of the lower segment of the population. This can be done enhancing engagement with CDAs, cooperatives, farmer associations, as well as specific capacity development opportunities for women and vulnerable groups that can foster socio-economic empowerment. A deep assessment if also needed to follow-up on what has been achieved so far and understanding of the extent to which the capacities and the social capital of poor women and men have been built, expanded or strengthened.

Quality of Beneficiary Participation	Rating: 4	Previous rating: 4
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Justification of rating

The quality of beneficiary participation is rated as moderately satisfactory. However, the M&E system lacks data on beneficiary participation that could be interpreted and qualified. The in kind or cash contributions of the beneficiaries have not been measured by the M&E system and nor questioned by the NPCU. MSMEDA and ADP do not have reliable data on the cash or in kind contribution of the beneficiaries other than as the percentage of the investments financed.

Main issues

The NPCU relied on the GPCU and associated MALR extension staff to engage with the community and inform them about the key aspects of the project. However, due to the chronic shortcomings of project management to mobilize, it became impossible for the targeted beneficiaries of PRIME to understand the intended links between the two components and understand how these links would function and the benefits that they would bring.

The NPCU does not measure or monitor farmer contribution for any activity. It is also not formally getting data on the financial contributions from beneficiaries and the mission could not verify the amounts reported by NPCU. Furthermore, ADP and MSMEDA also do not quantify their own contributions toward project cost and report it to the NPCU as recommended by the MTR Formulas that could monetize in-kind contributions of the beneficiaries were not developed by either the NPCU or MSMEDA and ADP.

Agreed Action	Responsibility	Agreed Date
Sustainability and Scaling Up		
Beneficiary participation data will be input to the M&E system During improvement thrust, using expert TA to improve the M&E system.	NPCU, M&E expert	02/2019
ADP and MSMEDA will quantify beneficiaries financial participation in loans used Methods to calculate in kind contributions will be used.	NPCU, ADP, MSMEDA	06/2019

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

The Responsiveness of service providers is rated moderately satisfactory where the overall support received from the service providers added value. MALR and MIIC as the GOE partners of IFAD were hindered by macro level budgetary issues and austerity measures that effectively blocked domestic contributions to PRIME's management. The Project engaged ADP and MSMEDA for the Rural Finance component that responded well to the needs of borrowers. The deficiencies in the MALR rural extension service were offset to a limited extent by the FSRU and the contracted Marketing Advisors (MAs) and Facilitators (MFs).

Main issues

The project has a range of service providers including government agencies such as MALR and MIIC as the GOE partners of IFAD. MSMEDA and ADP, through their network associated banks of branches, correspondent banks and participating MFI. ADP's capacity to provide dedicated financial services to the agriculture sector, with established operating links with 11 affiliated commercial banks and MSMEDA's comparative advantage in working with non-bank financial institutions and considerable experience of working with IFAD have translated well to their responsiveness.

In the absence of effective MALR extension service, the FSRU made efforts to respond to the technical advisory needs of smallholders but lacked the experience and vision to guide producers in adopting farming-as-a-business. Furthermore, the contracted Marketing Advisors (MAs) and Facilitators MFs, supported by the FSRU, provided agricultural extension support. Unfortunately, unsatisfactory employment conditions for the MAs and MFs prevented continuity of service.

PRIME was instrumental in initiating linkages with national service providers such as UPECH that represent producers and HEIA that represents exporters. The AEC (an advisory council to the Ministry of Trade and Industry for the agricultural sector) has also been contacted for improving the marketing opportunities of the target producers.

The CDAs/NGOs are nascent in the PRIME areas and their responsiveness depended on the MAs/MFs and PCMUs capacity to provide support particularly in business orientation. The CDAs were further hampered in accessing finance due to the new law on NGOs for using loans. Capacity building for the Marketing Associations and CDAs was constrained by poor project coordination and lack of resources for mobilization of the extension teams. This hurdle may be overcome with effective use of the CBF.

Environment and Natural Resource Management

Rating: 4

Previous rating: 4

Justification of rating

Environment and natural resource management is rated moderately satisfactory. Through FSRU water saving crop rotations (i.e. reducing sugarcane) and irrigation methods (drip irrigation), PRIME contributes to the efficient use of natural/agricultural resource base. Farm Coding Guidelines (FCG) concerning requirements for lowering pesticide and chemical use are applied to all agricultural products from the project area that is destined for the EU. The MAs and MFs assisting producers to comply with the FCG requirements. The small and medium-enterprise loans is used for investments in processing facilities that reduce wastes and generate no hazardous waste nor threaten the environment.

Main issues

Criteria for selection of investments under the Rural Finance component do not take environmental impact into consideration. Since the majority of the loans provided by MSMEDA and ADP are still in the agricultural sector and to a limited extent in diversifying employment opportunities in off-farm enterprises, the pressure on the limited agricultural land remains.

PRIME would benefit from: i) NPCU's using an environmental overlay when screening the proposed activities during AWPB preparations; ii) incorporating few relevant indicators regarding environment into the M&E, iii) including environmental and natural resource management concerns and mitigation measures into the capacity building program, and iv) include a simple environmental impact (EI) valuation in MSMEDA and ADP financing applications to at least assure that the investment supported is environmentally benign. MSMEDA and ADP may apply to use the CBF to develop capacity for staff to this end.

Agreed Action	Responsibility	Agreed Date
Sustainability and Scaling Up		
Training of Governorate Extension staff on environmental impact Training of Governorate Extension staff on environmental impact.	NPCU	04/2019
Make provisions to evaluate basic EI valuation in all AWPB and rural finance activity proposals Make provisions to evaluate basic EI valuation in all AWPB and rural finance activity proposals.	NPCU	04/2019

Exit Strategy

Rating: 4

Previous rating: 4

Justification of rating

The exit strategy is rated as moderately satisfactory. The project has implementation partners with in-built exit strategies such as ADP and MSMEDA with their own ample resources and associated on-lending platforms that as sustainable rural finance structures will remain active in the project Governorates. Improvements in overall targeting is expected to be realized if the CBF is efficiently used to bolster targeting and impact assessment that will further improve the capacity of these to reach a new client base, i.e. the small producers that have begun to adopt farming as a business. However, the marketing structures (MAs, coops, CDAs, etc.) that support income generation for the small farmers have been disconnected from the rural finance opportunities offered under the project due to poor project coordination and weak government extension services. Thus, risks remain in farmers' future access to extension services and marketing advice that will maintain their nascent links with larger or export markets.

Main issues

There are achievements such as the Marketing Association structures that may benefit from a more explicit and systematic exit strategy that should be built into the AWPBs in the upcoming years. The MALR is aware that more institutional commitment is needed to maintain these structures to sustain or improve farmers' newly established links with markets.

There are several activities, such as introducing sugar beet, sweet potato or garlic into the crop rotation (Farming Systems), that are expected to be replicated either through pro-active dissemination of information by the PRIME advisory teams and MAs or through interpersonal communication among farmers (farmer-to-farmer extension), which should support and inform the exit strategy for the marketing component.

Attention should be given to develop farmers' skills in climate resilient sustainable agricultural practices, including integrated crop protection. An exit strategy is recommended for commercially-oriented activities through partnerships with national industry or producer associations such as HEIA, UEPCH, the AEC, etc. with a vested interest in identifying and promoting export linkages with FAs. The CBF will allow follow-up training and technical assistance to MFIs and the banks for maintaining support to beneficiaries that have been reached to date.

The project management has no resources other than those of the PRIME but its sustainability is not critical. The marketing support team (advisors and facilitators) have the opportunity to make consultancy arrangements with MAs and NGOs to enhance their sustainability and ensure survival after PRIME closes.

Agreed Action	Responsibility	Agreed Date
Sustainability and Scaling Up		
Develop benchmarks for MAs, CDAs and MALR exit strategy in AWPBs Assist to identify risks for sustainability after closure of PRIME.	NPCU	

Potential for Scaling-up

Rating: 4

Previous rating: 4

Justification of rating

Potential for scaling up is rated as moderately satisfactory. Both MSMEDA and ADB stated interest to use the CBF to establish the link between credit and marketing activities by developing capacity in identifying and targeting the smaller and poorer agricultural producers. MSMEDA's newly expanded mandate that supports MSMEs in the sector with value-chain driven investment financing would strengthen IFAD's thrust to improve welfare of small producers. There is unmet demand for the scale and categories of rural finance available and as the notions of farming as a business and the importance of market access gain priority, opportunities to scale up exists for all future beneficiaries. The partnering institutions, namely MALR, ADP and EDA all understand that sustainability of the food supply of Egypt hinges on sustainable, efficient and reliable agricultural production.

Agreed Action	Responsibility	Agreed Date
Sustainability and Scaling Up		
Improve M&E Improve M&E to provide impact assessments that guide future investments.	MALR, NPCU, ADP, MSMEDA	05/2019

c. Project Management

Quality of Project Management	Rating: 3	Previous rating: 4
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Justification of rating

Project management is rated as moderately unsatisfactory. Overall project coordination is poor. Chronic staff shortages at the NPCU and GPCUs, lack of basic project management infrastructure such as vehicles, computers, MIS software for effective M&E are pervasive. Insufficient coordination, ineffective vertical and horizontal communication have contributed to the broken links between the components and service providers such as ADB and MSMEDA. The PIM remains incomplete.

Main issues

The NPCU at MALR/Cairo remains responsible for overall project implementation and coordinating of field activities through the Governorate PCUs (GPCUs). With the exception of the full time NPCU Head, staff at the NPCU and GPCUs are seconded from MALR and work on part time or as-needed basis. Turnover is high resulting in staff shortages at all levels and locations. Unpaid staff allowances, negligible technical support from the NPCU, lack of vehicles and basic office infrastructure such as computers, printers hinder implementation and coordination support in the GPCUs.

Poor responsiveness to mission recommendations, weak M&E capacity, lack of RIMS-related training coupled with low levels of staff enthusiasm prevail in this 5th year of implementation where improvements reported by previous missions have been sporadic and temporary. Current M&E system allows basic data collection at input and output levels while poor evaluation capacity using the LF makes reporting of outcomes/impacts and general implementation progress unreliable and unresponsive. Lack of M&E proficiency and absence of indicator-driven linkages between the AWPBs and related APRs prevent outcome or impact level comparison.

The original design foresaw project management to be funded from the national budget in all respects but contrary also to the Loan Agreement, such allocations have been severely limited since start-up, with the IFAD Grant and CBF being used to offset the shortfall. Such chronic shortages in counterpart funds and recurrent austerity measures resulting in lack of domestic budget allocations have hindered progress and reduced impact. The unpredictable availability of counterpart funds and /or domestic budget decreases accuracy between the planned and actual implementation.

Adequate data is collected and interpreted by the M&E system on the Farming Systems and demonstrations – specifically by the FSRU - and Marketing Components activities while those for Rural Finance are overly summarized. The GPCUs collect information only on the marketing activities and do not have any mandate given by the CPCU regarding the Rural Finance Component. Therefore, there is no monitoring of the progress of this component at the field level. Such data are supplied directly to the NPCU channelled through ADP or EDA, as relevant.

Training programs and study tours for the GPCU staff designed to improve performance have been limited, with NPCU getting the lion's share of the benefits of participation. The mission, however, found that such preferential treatment not resulted in much added value in terms of outputs from the NPCU. Communication among the GPCUs for M&E and experience sharing is good while poor infrastructure compels some to still use faxed handwritten messages as official correspondence where WhatsApp dominates. The GPCUs seldom receive IFAD reports and their M&E is decoupled from the RIMS/ORMS and consists of basic data collection on behalf of the NPCU. The disconnect for reporting also applies to MSMEDA and ADP. The PIM has not been completed.

Both ADP and ADP/CIB have robust governance arrangements and sufficient managerial and technical capacity to manage IFAD's funds properly. However, financial management at the NPCU continues to suffer from many weaknesses: i) fragmented in two offices and ii) the head of the in Alexandria office is part-time.

Agreed Action	Responsibility	Agreed Date
Project Management		
Implementation arrangements for Capacity Building Component Implementation arrangements for Capacity Building Component will be developed	NPCU	04/2019
Secure funding for operations and infrastructure at N/GPCU Use CBF, IFAD Grant, national budget.	NPCU, MALR	04/2019

Knowledge Management	Rating: 4	Previous rating: 4
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Justification of rating

Overall, knowledge management (KM) is rated moderately satisfactory. The mission appreciated PRIME's attention to knowledge sharing and learning activities, including: workshops organized with (and for) different value chain actors; exhibitions and market fairs; creation of a project website and the recent recruitment of a part-time communication consultant. Initial efforts have also been noticed in the dissemination of the improved techniques supported by PRIME. However, the lack of a clear methodology and comprehensive KM and communication plan (with outputs, expected results, detailed budget and an indication of the resource people involved by the different executing agencies) combined with the limited human resources allocated risk to limit the scope and the potential of PRIME in this domain.

Main issues

The Project is entering its last two years of implementation; the mission underlines the importance to capitalize on good practices and foster dissemination and adoption of the improved farming practices introduced. It also recognizes that, in this phase, PRIME should reflect on the lessons generated and results achieved to give them visibility within and outside the country.

Extra efforts are expected in: (a) KM, communication and awareness raising to enhance local technical know-how and support the adoption of improved farming practices; (b) documentation and dissemination, within and outside the country, of the knowledge captured and/or generated by the project; (c) assessing the results achieved and mapping project activities across the 7 governorates (e.g. through geo-referenced GIS mapping).

The mission has provided support to guide the PRIME to capitalize on and disseminate successes by preparing simple guidance tools to develop: (i) KM and Communication Implementation Plan; (ii) Crop Production Handbook for selected crops i.e. pomegranate, garlic, sweet potato; (iii) success stories from the field; and (iv) blog posts/web articles.

Collaboration with IFAD HQ can ensure that stories and lessons captured by PRIME in the forthcoming months are disseminated through IFAD communication channels (e.g. IFAD Corporate Newsletter, Gender Newsletter, IFAD Blog and website).

Agreed Action	Responsibility	Agreed Date
Project Management		
Responsibilities for communication and KM-related activities Responsibilities for communication and KM-related activities to be reflected into the Project Implementation Manual.	NPCU	03/2019
Development of Crop Production Handbooks Development of Crop Production Handbooks starting with pomegranate .	Technical expert/Communication consultant/NPCU coordinator	04/2019
Develop a KM and Communication Plan for 2019 Develop a KM and Communication Plan for 2019 with outputs, expected results, detailed budget and an indication of the resource people involved by the different executing agencies.	Communication consultant/NPCU/ADP/MSMEDA	05/2019
Develop knowledge products for target audiences At least 5 knowledge products developed for target audiences (e.g. web articles/blogs, video tutorials, communication and awareness raising packages, farming guides).	Communication consultant/NPCU	06/2019

Justification of rating

Value for money is rated moderately satisfactory. Although the project M&E system should be improved and begin reporting against outcomes to better determine the value for money that the project is generating, the mission's findings are positive about the overall value generated by the different components' activities. Nonetheless, a greater impact and value for money could be achieved by investing more in component 1, and specifically in capacity building activities and by linking the rural finance and marketing component, which at the moment are completely disconnected. The mission anticipates that the impact of effectively using the CBF by the NPCU to re-establish some of the linkages between rural finance and marketing components on improving the value for money is likely to be positive.

Main issues

The marketing support component reached about 4,000 beneficiaries producing on 4,430 feddans with a total investment of EGP 3.75 million. According to the project data, this investment generated about EGP 60 million in contract farming revenues. Although this amount seems positive considering comparatively the low cost of the investments, much greater results would have been achieved had the marketing component been adequately funded and supported with additional capacity building activities. Additional value for money could have also been generated if the marketing component maintained the anticipated link to the rural finance component at design; currently the two are totally disconnected.

The rural finance, as a quasi-standalone component, is performing well. In particular, the EGP 245 million investments in MSMEDA as a revolving fund mechanism, represents good value for money which will continue generating additional benefits even after the total allocated amount has been disbursed (Table below). The 2,707 SME loans that were disbursed by MSMEDA have created 5,813 jobs out of which 86% was permanent.

Type of enterprises	Lent to SA	Re-lent to end beneficiaries		
	Amount (EGP)	%	Amount	%
Small	175.790.000	42	371.160.475	60
Micro	245.000.000	58	244.434.960	40
Total	420.790.000	100	615.595.435	100

Similarly, ADP has disbursed 418 loans, which have contributed to the creation of viable economic activities, with a total value of EGP 376.6 million. These funds have revolved *seven times*, substantially increasing the value for money of the investment.

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: 3

Previous rating: 4

Justification of rating

The coherence between the AWPBs and implementation reflected in the Annual Progress Reports (APRs) is rated moderately unsatisfactory. The AWPBs and their respective APRs are difficult to compare on a one-on-one basis as the formats, details, structure and the links to the planned outputs, outcomes and impact differ and not consistent. These issues result from the shortcomings of the M&E system where staff lack the training to create the linkages between the Log Frame, AWPBs and APRs. The observed shortcomings in the participation of implementing partners in the AWPBs' preparation has further contributed to the disconnect between the components.

AWPB Inputs and Outputs Review and Implementation Progress

The format of the AWPBs allow acceptable detailing but the respective APRs would benefit from using parallel formats with the addition of three columns: i) rate of progress, ii) expenditure, iii) impact. Project assessment requires tracing the origin of data that has not been properly qualified. Quantification for physical progress and actual expenditure vs planned should be supported by: i) comments qualifying the impact on beneficiaries disaggregated by gender and age, ii) outcomes, using indicators derived from the log-frame.

The process for the AWPBs and APRs are financed using the PRIME Grant proceeds as opposed to the GOE budget for the NPCU. Detailed reporting on the Farming Systems and Marketing activities dominate the APR for 2017-18, with sparse information and broad-based disbursement data are given for Rural Finance.

The mission confirms that the AWPBs are prepared with input from the GPCUs, FSRU and the Marketing Advisor(s) at meetings in the NPCU. Written inputs are provided by ADB and MSMEDA but the finalized AWPBs are not shared, as is the case with the GPCUs who's short stays (48 hours) in Cairo also constrain staff interaction for systematically discussing implementation issues. Furthermore, low per diems and tiring overland travel by train or bus – despite availability air transport from some Governorates - are disincentives for travel.

Agreed Action	Responsibility	Agreed Date
Project Management		
Adopt an inclusive and participatory approach for the AWPB and APR Adopt an inclusive and participatory approach for the AWPB and APR.	NPCU, ADB, EDA	03/2019
Develop standard AWPB and APR formats Develop standard AWPB and APR formats by M&E expert .	NPCU, M&E expert	05/2019
AWPB 5 AWPB 5 updated with inputs from ADP, MSMEDA and FSRU to also accommodate demand for CBF.	NPCU, GPCU, implementing partners	

Performance of M&E System

Rating: 3

Previous rating: 4

Justification of rating

The M&E system is rated moderately unsatisfactory. Currently the system reports only on basic inputs and outputs indicators and needs improvement to cover the broader indicators for capturing outcomes and the overall impact of the project. NPCU and GPCU staff should urgently be supported by a short-term M&E expert to upgrade the system as a functional MIS and train all staff to improve their M&E skills. MSMEDA and ADP have shown interest to access the CBF to conduct an impact assessment and improve their overall M&E capacity; the AWPB 5 has made some provisions to this effect.

M&E System Review

M&E activities comprise compiling of quarterly and annual progress data focusing on activities. The GPCUs and MSMEDA, and ADP, submit updates to the NPCU on a quarterly and semi-annual basis, respectively. The NPCU compiles data received from the GPCUs, FSRU and the rural finance institutions. There is no robust MIS in place that would be expected to be the backbone of the M&E system where software and hardware (computers, printers) are largely absent, old or lack suitable software. At the GPCUs, data is maintained as Excel spreads by part-time M&E staff and sent to the NPCU for consolidation. Some GPCUs' staff do not have computers and fax handwritten reports. While NPCU's M&E staff must travel to the governorates to validate the GPCU data and improve their analytical skills, vehicles that are critical field work are not in place, old or often lack funds to buy fuel.

Reporting on the marketing activities is to some extent results-oriented but a full-time M&E staff should be hired to strengthen the NPCU to analyse and assess the available information to draw conclusions for management decisions. The GPCU should follow up and systematically report on the results and impact of all activities but do not (or cannot) conduct any analysis to cross check missing and inaccurate data or whether data is properly recorded at the NPCU. The beneficiary profiles have also not been clearly defined and the data available does not help identify these.

The rural finance component relies solely on data from ADP and MSMEDA that mainly report on the number of loans disbursed, with topical distribution. The GPCUs do not have any M&E responsibility for rural finance activity and do not

collect related data. Training of M&E staff should emphasize that information to measure the impact of the loans on beneficiaries is needed to assess implementation performance. The NPCU should ensure that GPCU also record: i) incremental profits of farmers derived from marketing contracts support; ii) number and value of marketing finance extended by financial institutions to farmer marketing associations and, iii) impact on net profit that the FAs and the farmers derive from the loans.

The mission recommends that the NPCU contract an M&E expert, with strong knowledge of the IFAD M&E system to: a) improve the M&E system at all levels; b) train all M&E staff on data collection and analysis for results at outcome, objective and goal levels and, c) prepare a reporting template for MSMEDA's and ADP's beneficiaries' profiles to improve targeting. The GPCU staff have participated in training on M&E systems and processes in July 2018 which contributed to improving their basic understanding. Additional trainings are needed for both the GPCUs and NPCU' M&E staff to strengthen their analytical skills.

Agreed Action	Responsibility	Agreed Date
Project Management		
Contract an M&E expert with proven knowledge of the IFAD M&E system To support the NPCU/GPCU on improving data collection and reporting, at especially at outcome, objective and goals and impact assessment that guide future investments.	NPCU	03/2019
Hire/second and train M&E full time staff at N/GPCUs Staff must be full time an trained by contacted expert.	MALR/NPCU	03/2019
Purchase necessary equipment for M&E staff (especially at GPCU level) Compensate for lack of computers, office equipment, vehicles, etc.	MALR/NPCU/GPCU	03/2019
Collect and catalogue data in MIS to clearly define the beneficiaries' profile Collect and catalogue data in MIS to clearly define the beneficiaries' profile Information available on PRIME beneficiaries at MSMEDA, ADP and FSRU to be included.	NPCU/ADP/MSMEDA	04/2019

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

Rating:

d. Financial Management & Execution

Disbursement by financier

Type	Name	Current Amount	Disbursed Amount	Actual Rate
Domestic Financing breakdown	Beneficiaries	\$17,742,688		
	National Government	\$7,550,985		
	Other Domestic	\$11,926,864		

Acceptable Disbursement Rate

Rating: 4

Previous rating: 4

Justification of rating

In terms of SDR, disbursement jumped from 51.7% in October 2017 to 79% as of end October 2018. It is set to further increase to 85% when IFAD transfers USD 3.99 million to ADP against WA No. 12 in December 2018. Cumulatively, USD 51.6 million (inclusive of initial advances) has been spent as of end October 2018 against a total IFAD Loan allocation of USD 70 million. Of this, 45% (USD 23.3 million) has been spent since October 2017. MSMEDA has drawn USD 31.108 million of which 99% (USD 30.9 million) was on-lent to beneficiaries. ADP has drawn USD 19.28 million out of which USD 16.77 million (87%) was disbursed through its managing agent, Commercial International Bank (CIB). The AWPB execution rate for 2017-18 was 99%.

Main issues

Mission notes that while MSMEDA has disbursed 99% of its allocated funds and ADP is on track to using all of its allocations by 30 June 2019. It is, however, difficult to verify that the funds channeled through these institutions have actually reached out to the target beneficiaries and made intended impact. The project continues to lack the requisite M&E capacity to track project results.

The project spent only USD 0.201 million (9%) of the funds available under IFAD: Capacity Building Facility (total USD 2.3 million). During field visits, the mission noted that rural financing has made only negligible impact so far on the capacity of FAs to understand and respond to market trends and create more value for stakeholders. The project acknowledges the "disconnect" between rural financing and marketing components but it has yet to hammer out a concrete plan to overcome this problem. The project has also failed to use the IFAD Grant (USD 1 million) effectively as total disbursement under this component is only USD 236,000 (24%).

Aside from low organizational capacity within the NPCU, lack of clarity on the purpose of CB facility and Grant and absence of an efficient mechanism to direct funds toward critically needed activities explain poor utilization rates. With current approach, the project is unlikely to utilize these funds for the intended purposes. Without interrupting the flow of activities, the NPCU may consider exploring other options such as "outsourcing" of the CB facility for faster and more effective use of funds. Since now project is heading toward its last phase, the decision on outsourcing needs to be executed on war footing to minimize looming project delivery risk.

The Project Director of the NPCU has retired on 6th October 2018 but continues to manage work. As per the Financing Agreement, the government has to ensure that key positions are filled with competent staff.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Packaging of capacity building needs for sourcing by CBF The requirements may be packaged for direct contracting of the best suited organizations/individuals with payments tied to deliverable milestones	NPCU	04/2019

Fiduciary Aspects

Quality of Financial Management

Rating: 3

Previous rating: 4

Justification of rating

The quality of financial management is rated moderately unsatisfactory. Both MSMEDA and ADP/CIB have robust governance arrangements and sufficient managerial and technical capacity to manage IFAD's funds properly. However, financial management at the NPCU continues to be weak. Mission notes that only one (1) out of nine (9) actions recommended by the MTR have been implemented. The positions of Accountant are vacant in two Governorates, the accounting system is not operational and the NPCU does not have any back up for expenditure data and the financial reporting and results measurement are missing. Furthermore, the project is neither getting any counterpart funds nor is the beneficiaries' contribution properly recorded and reported.

Main issues

Project management lacks sufficient HR and infrastructure (computers and peripherals, vehicles etc) to perform the financial management (FM) functions effectively. The positions of Accountant in Sohag and Assuit are vacant and the Assistant Accountant in the NPCU is not equipped for the job. The FMU is headed by a part-time Finance Manager, supported by an Accountant. The contract staff have no health insurance coverage.

The projects ADP and MSMEDA finance require that beneficiaries make cash or in-kind contributions. However, NPCU is

not formally getting data on these contributions from and the mission could not verify the amounts reported by NPCU. Furthermore, ADP and MSMEDA also do not quantify their own contributions toward project cost and report it to the NPCU as recommended by the MTR.

The project is using ADVAC Software but the accounting system was not operational and the mission could not verify if it allows recording and reporting of all receipts and payments by funding source, component and expense category, etc. There is no back up of data, puts the project at risk of losing the data in case of any incident. The FMU has not uploaded expenditure data from 2015-16 and earlier to the system and the accounting system cannot generate updated reports. Project's FM remains fragmented with two offices - the FM Unit (FMU) in Alexandria managed by the NPCU in Cairo that the FMU Accountant in Alexandria visits periodically to input data. Supporting documents for transactions are not available at both and travel between the two is required to physically to review records and assess documentation quality. A parallel manual accounting system for the project is also maintained by the NPCU.

Review of SOEs at MSMEDA and records of transfers at ADP indicate sufficient record is being maintained, reflecting traceability of operations and transactions to the individual beneficiary. The amounts lent to the ADP and MSMEDA for re-lending are properly accounted for; in fact they have increased over time as a consequence of the large devaluation of the EGP in 2017 and interest earned on revolving loans. The NPCU needs to assess every month that the funds transferred from ADP to CIB are not being parked for profit. The SOE Review at NPCU shows that expenditures examined was both eligible and fully documented.

Financial reporting to IFAD and other stakeholders on overall project expenses by component and sources of funds continue to be weak despite past supervision missions' cautions to this effect. For the financial year 2017-18, the NPCU has shared the financial statements with the external auditor but not yet with IFAD.

The last mission noted an overpayment of EGP 35,563 to M/s Zanatay firm where IFAD gave a No Objection for EGP 320,062 whereas the NPCU paid EGP 355,625. The difference should be treated as an ineligible expense and the GOE be asked to refund this amount to the Grant Account as per the Financing Agreement.

Details of the SOEs' review—including the methodology and scope of this exercise and list of transactions examined are shared with IFAD separately as part of the FMAQ.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Allocate sufficient government counterpart funds 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
Update project expenditure record with full backup	NPCU	12/2018
Account for all partners' and final borrower' contributions Estimate and report each fiscal year's contributions in cash and in-kind	NPCU, ADP, MSMEDA	01/2019
Produce quarterly reports using finalized reporting template Finalize in consultation with IFAD	NPCU	01/2019
Refund ineligible Expenditures for M/s Zanatay To be refunded into the Grant Account	NPCU	03/2019
Strengthen NPCU and GPCUs Hire a full-time Accountant and a senior M&E Advisor	NPCU	03/2019

Quality and Timeliness of Audit

Rating: 4

Previous rating: 4

Justification of rating

The audit report and management letter were received 36 days after the submission deadline. The audit was carried out in accordance with international standards on auditing.

Main issues

The auditors (KPMG) expressed three unqualified opinions on financial statements, statement of expenditures and designated accounts. The financial statements and accompanying notes were found to be substantially in compliance with agreed TORs and IPSAS cash basis. Moreover, some mandatory statements were not included in the report such as budget vs actuals and fixed assets.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Project to adhere to deadline of submission of audit reports	NPCU Director	12/2018
Project and auditors to adhere to new IFAD guidelines on auditing and financial reporting	NPCU and Auditors	12/2018

Counterparts Funds

Rating: 2

Previous rating: 2

Justification of rating

Counterpart funds is rated unsatisfactory. As per the Financing Agreement, the GOE has to provide US 7.551 million as Counterpart Funds during the life of the project. Against this commitment, the GOE has only provided USD 101,000 till the end of 31 October 2018 which is 1.3% of the commitment. For the financial year 2018-19, the government has not allocated any amount for this purpose. The counterpart funds were required to pay for salaries of staff and buy equipment, vehicles, etc. for the project. Lack of counterpart funding has made project implementation very difficult.

Main issues

The project has spent 73.8% of the IFAD financing till the end of October 2018. At this rate, the government should have chipped in approximately USD 5.5 million toward implementation. Since the project lacks basic equipment and support resources (computer, fax machines, printers, vehicles etc.) which were to be procured/provided through counterpart funds, it is unable to implement project activities effectively. As a result, the project is facing a significant delivery risk. Non-provisioning of the counterpart funds also creates significant reputational risk for the GoE. Persistent non-compliance with the requirement of counterpart funding will make it difficult for IFAD to maintain its current level of financing for the GoE.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Sufficient allocation of government counterpart funds 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
Estimation of counterpart funds requirement for the project Estimation of counterpart funds requirements for the AWPB 2017-18 i.e. (equipment, vehicles, POL, office furniture etc.)	NPCU	02/2019

Compliance with Loan Covenants

Rating: 4

Previous rating: 4

Justification of rating

Compliance with loan covenants is rated moderately satisfactory. The project has complied with many of the provisions of the Loan Covenants. However, the government is not providing any counterpart funds to the project (Section B-Para 8.02) and a Project Implementation Manual (PIM) to ensure that operational procedures—including the M&E framework - are clearly understood and implemented (Schedule 1, Para 8) has yet to be developed. Further, the project does not have an effective progress reporting system as per the in terms of Section 8.03 of the Loan Covenants.

Main issues

The issues have already been highlighted in the previous sections. Partial or non-compliance with the loan covenant reflects that the provincial government is not fully committed to the partnership forged through this loan for poverty alleviation in the province. This also makes bargaining for additional financing/new projects through IFAD a little more difficult to the detriment of the poor.

The provincial government needs to take immediate action(s) proposed earlier to ensure full compliance with the loan covenants.

Procurement		
Procurement	Rating: 4	Previous rating: 4

Justification of rating

Procurement is rated moderately satisfactory. However, the mission was pleased to find that Procurement was often in compliance with IFAD prior review requirements and application of procurement procedures is in general transparent, despite that there have delays in procurement and in submission of the procurement plan, as well as an incomplete procurement filing system.

Procurement Review

Structure of the Procurement Unit. The procurements in PRIME are being handled by the Project Associate Coordinator in the NCPU who is experienced in managing procurement activities especially at the level of planning and the selection of consulting services for firms and individuals. However, he was not able to carry out the procurement function effectively because of the heavy workload.

Procurement Planning. The 2018-19 procurement plan was examined and met the basic requirements. However, the mission noted the following areas for improvement: (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 needs to be realistic; (iv) appropriate procurement method for Non-Consulting Services 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.

Bidding Documents. The project has adopted one of the World Bank RFPs for the consultancy assignments addressing consulting firms, which was found satisfactory and meets the basic requirements.

Procurement Progress. The 2018-2019 procurement plan included two Goods and two Non-Consulting transactions and 21 consultancy assignments to be implemented, with total cost estimate USD 343,763.78 (most of the enrolled transactions were carried over activities from the previous year). As of November 26, 2018, the NPCU had not yet completed the procurement of any transactions anticipated for 2018-2019.

Contract Register. The Mission noted that the PMU does not maintain any format for Contracts Register. It is extremely important to maintain a complete Contracts Register and submit it to IFAD on monthly basis as stipulated by the LTB.

The procurement filing system. The mission was pleased to learn that the NPCU established a procurement filing system. However, the mission noticed that some important documents are missing. In line with good procurement practices and to ensure efficient and smooth contract management, the procurement filing system must include the following: (i) annual procurement plans; (ii) procurement requisitions; (iii) copies of bidding documents; (iv) evaluation reports; (v) IFAD No-Objection documents and approvals; (vi) contract award letters; (vii) signed Contracts; (viii) invoices, acceptance/progress reports and payment documents; (ix) Contract amendments and (x) Contract tracking sheets.

Project Implementation Manual (PIM). The PIM not yet completed and should include a Procurement Section to incorporate the different steps to be followed for the different categories, i.e. Goods, Consulting services and Non-Consulting services.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Develop the register of contracts Develop the register of contracts.	NPCU	03/2018
Expedite the implementation of procurement plan and submit a monthly progress report Expedite the implementation of procurement plan and submit a monthly progress report.	NPCU	03/2019
Ensure documentation of all procurement processes is kept Files must be kept for all procurement-related documents including records of transactions implemented by other partners.	NPCU	03/2019
Update of procurement plan on continuous basis Plan update must include actual implementation against planned.	NPCU	03/2019
Recruit a qualified Procurement Consultant Support the NPCU in project procurement.	NPCU	04/2019
Develop the procurement section of the PIM Reflect the different steps to be followed for different categories.	NPCU	05/2019

F. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
Key mission agreements Hire an M&E expert, to support the NPCU and GPCUs on improving data collection and reporting, especially at outcome, objective and goal level.	NPCU supported by IFAD	04/2019
Component 1: Marketing Support Recruit two more MAs, and equip them and the three MFs with smartphone, laptop, and dedicated vehicles.	NPCU	04/2019
Component 2: Rural Finance Finalize capacity building and training proposals from MSMEDA and ADP to be financed from CBF.	NPCU, MSMEDA, ADP	04/2019
Component 2: Rural Finance Improve the linkage between Component 1 and Component 2, giving priority to contracted farming.	NPCU, MSMEDA, ADP	04/2019

Key mission agreements Allocate counterpart funds (USD 944,000) and release at least 25% to the project by the end of December 2018.	Government of Egypt	05/2019
Capacity building Facility (CBF) Prepare proposals for CBF developed by ADP, MSMEDA and FSRU.	MSMEDA, ADF, FSRU, NPCU	05/2019
Key mission agreements Outsource "Capacity Building Facility" to reputed organizations as packages to response to diverse needs of the target beneficiaries.	NPCU	06/2019
Component 1: Marketing Support Implement Market Oriented Production (C1.4) by a single competitively selected contractor under project supervision.	NPCU	06/2019
Component 1: Marketing Support International Horticultural Marketing Specialist under intermittent retainer contract to support implementation esp. C1.3	NPCU	06/2019
Component 1: Marketing Support Implement Farmer Association Strengthening (C1.1) and Market Intelligence (C1.2.) through a single experienced competitively selected contractor under project supervision.	NPCU	06/2019
Component 1: Marketing Support Conduct a FS for Upper Egypt wholesale market to be financed/managed through a PPP arrangement .	NPCU	06/2019
Capacity building Facility (CBF) PIM finalized and elaborates on the CBF mechanism' use.	NPCU	06/2019
Component 2: Rural Finance Conduct Pilot Agribusiness Risk Sharing Feasibility Study.	NPCU	09/2019
Development Effectiveness		
Hire an M&E expert, with proven knowledge of the IFAD M&E To support the NPCU and GPCUs on improving data collection and reporting, especially at outcome, objective and goal levels.	NPCU supported by IFAD	01/2019

Revise and improve the M&E system to capture relevant data and outcomes Reporting against all indicators disaggregated by age	NPCU	03/2019
Recruit a Gender and Social Inclusion Adviser (full time) Recruit a Gender and Social Inclusion Adviser (full time).	NPCU	04/2019
Incorporate socio-economic characteristics Incorporate socio-economic characteristics of the target beneficiaries (including, age, land, income) in to M&E system	NPCU, GPCU	04/2019
Expand collaboration Expand collaboration with women's groups, CDAs, cooperatives and farmer associations	NPCU/Gender Adviser, GPCU	04/2019
Establish dialogue with MALR and other actors in extension Establish dialogue with MALR and other actors in extension.	MALR, IFAD, NPCU	04/2019
Risk assessment of impact of project investments and activities by climate change Risk assessment of impact of project investments and activities by climate change will be carried out by experts.	NPCU, Consultants	04/2019
Organize tailored training Organize tailored training for women and youth including exchange visits	NPCU, GPCU	05/2019
Develop and deliver capacity development program Develop and deliver capacity development program to strengthen smallholders' resilience .	NPCU, GPCU	05/2019
Conduct Impact assessment Conduct Impact assessment	NPCU, MSMEDA, ADP	06/2019
Sustainability and Scaling Up		
Beneficiary participation data will be input to the M&E system During improvement thrust, using expert TA to improve the M&E system.	NPCU, M&E expert	02/2019

Training of Governorate Extension staff on environmental impact Training of Governorate Extension staff on environmental impact.	NPCU	04/2019
Make provisions to evaluate basic EI valuation in all AWPB and rural finance activity proposals Make provisions to evaluate basic EI valuation in all AWPB and rural finance activity proposals.	NPCU	04/2019
Improve M&E Improve M&E to provide impact assessments that guide future investments.	MALR, NPCU, ADP, MSMEDA	05/2019
ADP and MSMEDA will quantify beneficiaries financial participation in loans used Methods to calculate in kind contributions will be used.	NPCU, ADP, MSMEDA	06/2019
Develop benchmarks for MAs, CDAs and MALR exit strategy in AWPBs Assist to identify risks for sustainability after closure of PRIME.	NPCU	
Project Management		
Responsibilities for communication and KM-related activities Responsibilities for communication and KM-related activities to be reflected into the Project Implementation Manual.	NPCU	03/2019
Adopt an inclusive and participatory approach for the AWPB and APR Adopt an inclusive and participatory approach for the AWPB and APR.	NPCU, ADB, EDA	03/2019
Contract an M&E expert with proven knowledge of the IFAD M&E system To support the NPCU/GPCU on improving data collection and reporting, at especially at outcome, objective and goals and impact assessment that guide future investments.	NPCU	03/2019
Hire/second and train M&E full time staff at N/GPCUs Staff must be full time an trained by contacted expert.	MALR/NPCU	03/2019
Purchase necessary equipment for M&E staff (especially at GPCU level) Compensate for lack of computers, office equipment, vehicles, etc.	MALR/NPCU/GPCU	03/2019

Implementation arrangements for Capacity Building Component Implementation arrangements for Capacity Building Component will be developed	NPCU	04/2019
Secure funding for operations and infrastructure at N/GPCU Use CBF, IFAD Grant, national budget.	NPCU, MALR	04/2019
Development of Crop Production Handbooks Development of Crop Production Handbooks starting with pomegranate .	Technical expert/Communication consultant/NPCU coordinator	04/2019
Collect and catalogue data in MIS to clearly define the beneficiaries' profile Collect and catalogue data in MIS to clearly define the beneficiaries' profile Information available on PRIME beneficiaries at MSMEDA, ADP and FSRU to be included.	NPCU/ADP/MSMEDA	04/2019
Develop a KM and Communication Plan for 2019 Develop a KM and Communication Plan for 2019 with outputs, expected results, detailed budget and an indication of the resource people involved by the different executing agencies.	Communication consultant/NPCU/ADP/MSMEDA	05/2019
Develop standard AWPB and APR formats Develop standard AWPB and APR formats by M&E expert .	NPCU, M&E expert	05/2019
Develop knowledge products for target audiences At least 5 knowledge products developed for target audiences (e.g. web articles/blogs, video tutorials, communication and awareness raising packages, farming guides).	Communication consultant/NPCU	06/2019
AWPB 5 AWPB 5 updated with inputs from ADP, MSMEDA and FSRU to also accommodate demand for CBF.	NPCU, GPCU, implementing partners	
Financial Management & Execution		
Develop the register of contracts Develop the register of contracts.	NPCU	03/2018

Sufficient allocation of government counterpart funds 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
Allocate sufficient government counterpart funds 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
Update project expenditure record with full backup	NPCU	12/2018
Project to adhere to deadline of submission of audit reports	NPCU Director	12/2018
Project and auditors to adhere to new IFAD guidliness on auditing and financial reporting	NPCU and Auditors	12/2018
Account for all partners' and final borrower' contributions Estimate and report each fiscal year's contributions in cash and in-kind	NPCU, ADP, MSMEDA	01/2019
Produce quarterly reports using finalized reporting template Finalize in consultation with IFAD	NPCU	01/2019
Estimation of counterpart funds requirement for the project Estimation of counterpart funds requirements for the AWPB 2017-18 i.e. (equipment, vehicles, POL, office furniture etc.)	NPCU	02/2019
Expedite the implementation of procurement plan and submit a monthly progress report Expedite the implementation of procurement plan and submit a monthly progress report.	NPCU	03/2019
Ensure documentation of all procurement processes is kept Files must be kept for all procurement-related documents including records of transactions implemented by other partners.	NPCU	03/2019
Update of procurement plan on continuous basis Plan update must include actual implementation against planned.	NPCU	03/2019

Refund ineligible Expenditures for M/s Zanatay To be refunded into the Grant Account	NPCU	03/2019
Strengthen NPCU and GPCUs Hire a full-time Accountant and a senior M&E Advisor	NPCU	03/2019
Recruit a qualified Procurement Consultant Support the NPCU in project procurement.	NPCU	04/2019
Packaging of capacity building needs for sourcing by CBF The requirements may be packaged for direct contracting of the best suited organizations/individuals with payments tied to deliverable milestones	NPCU	04/2019
Develop the procurement section of the PIM Reflect the different steps to be followed for different categories.	NPCU	05/2019

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 (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	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	22 652	107 901	54				
	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	5 663	22 713	45.4				
	1 Persons receiving services promoted or supported by the project							M&E reports, baseline and completion	Baseline and Completion	NPCU/M&E	
	Males										
	Females										
	Total number of persons receiving services		21 528	50 000	5 663	22 713	45.4				
	Group receiving project services										
	Groups			210							
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 (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Weight for height										
	Weight for height										
	Height for age										
Objective Development Objective: Increased incomes for targeted HHs	Increased average annual income for 50,000 HHs							2015 Baseline assessment for baseline; completion survey for target	Baseline and completion	M&E Unit	Average increase in incomes of about 20%.
	EGP	15 895		19 074							

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Outcome Outcome 1: Increased agricultural and livestock production and profitability	Increased crop yield							CAPMAS (baseline) and crop mapping studies	Annually	M&E Unit	Crop productivity is measured for a large number of crops. However, the IFAD ORMS system only allows the input of one indicator. Therefore, the productivity of tomatoes has been chosen as a representative indicator. Livestock productivity is measured across animals and different dimensions. However, the IFAD ORMS system only allows the input of one indicator. Therefore, the productivity of cows has been chosen as a representative indicator. Post harvest losses to be reduced by 50%
	Yield increase (tons)	18		20							
	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	1 200	92.3				
	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	7	7	31.8				
	Increased prices of key products							Obour Wholesale Daily Prices Report	Annual	M&E unit	
	Increase in Tomato price (EGP)	1		2	4.5	4.5	225				
Output Output 1.1: Strengthening of Farmer Marketing Organizations	2.1.3 Rural producers' organizations supported							M&E Systems Reports	Annually	M&E unit	
	Rural POs supported		126	200	6	132	66				
	Total size of POs				18 979	96 689					
	Males				11 421	74 818					
	Females				7 558	21 871					

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Women in leadership position										
	2.1.4 Supported rural producers that are members of a rural producers' organization							M&E Systems Reports	Annually	M&E	
	Males		63 397	5 880	11 421	74 818	1 272.4				
	Females		14 313	2 520	7 558	21 871	867.9				
Output Output 1.2: Training and capacity building in production technologies, required standards, use of cultivars and other marketing activities.	2.1.2 Persons trained in income-generating activities or business management							M&E Systems Reports	Annually	M&E Unit	
	Males		3 421	3 500	1 951	4 874	139.3				
	Females		1 000	800	1 256	1 890	236.2				
	Persons trained in IGAs or BM (total)		4 421	4 300	3 207	6 764	157.3				
Outcome Outcome 2: Increased access to sustainable financial services in project targeted areas for enhancing rural investments.	2.2.1 New jobs created							M&E Systems Reports, SFD	Mid term and Completion	M&E Unit, SFD	
	Number of new jobs				25 428	26 838					
	Job owner - men				14 920	15 809					
	Job owner - women				10 508	11 029					
	Job owner - young				11 645	12 241					
	Job owner - not young				13 783	14 497					
	Farm				2 896	4 098					
	Non-farm				22 532	22 740					

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	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										
	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										
Output Output 2.1: Strengthening of financial service providers in project targeted areas	1.1.5 Persons in rural areas accessing financial services							M&E Systems Reports, SFD/ADP/CIB	Annually	M&E Unit, SFD/ADP/CIB	
	Women in rural areas accessing financial services - savings				10 508	11 029					
	Young people in rural areas accessing financial services - savings				11 645	12 341					
	Not young people in rural areas accessing financial services - savings				13 783	14 497					
	Men in rural areas accessing financial services - savings										
	Men in rural areas accessing financial services - credit										
	Women in rural areas accessing financial services - credit				14 920	15 809					

Results Hierarchy	Indicators							Means of verification			Assumptions	
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility		
	Young people in rural areas accessing financial services - credit				10 508	11 029						
	Not young people in rural areas accessing financial services - credit				11 645	12 341						
	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	20	24	240					

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

Mission Dates: November 17-30, 2018
Document Date: 26/04/2019
Project No. 1100001571
Report No. 5041-EG

Near East, North Africa and Europe Division
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Appendix-1: Actual financial performance by financier, component and category

Table 1-A: Actual financial performance by financier until 31 October 2018

Financier	Appraisal (USD '000)	Actual (USD '000)	% Disbursement
IFAD Loan	67,700	51,400	76%
IFAD Loan: Capacity Building Facility	2,300	201	9%
IFAD Grant	1,000	236	24%
Government	7,551	101	1%
ADP (1)	150	105	70%
MSMEDA (2)	100	100	100%
Beneficiaries	17,742	15,100	85%
Total	96,543	67,243	70%

Notes:

1. The in-kind contribution of ADP has been amended by MTR mission to be USD 150,000 instead of USD 10.9 million.
2. The in-kind contribution of MSMEDA (formerly SFD) has been amended by MTR mission to be USD 100,000 instead of USD 1.0 million.

Table 1-B: Financial Performance by financier and by component as at 31 October 2018 (in USD '000)

Component	IFAD Loan			IFAD Grant			Govt.			ADP			MSMEDA			Benf.			Total		
	App.	Act.	%	App.	Act.	%	App.	Act.	%	App.	Act.	%	App.	Act.	%	App.	Act.	%	App.	Act.	%
Marketing support Component	2,300	201	9%	948	138		1987	0		125	84	67%	40	30		0	0		5,400	453	8%
1 Organising and strengthening Farmer Groups/Associations	0	86	0.0	455	64	15%	627	0	0%	30	22	73%	0	0	75%	0	0	0	1,112	172	16%
2 Market Intelligence	0	63	0.0	206	31		762	0		36	27	75%	0	0		0	0		1,004	121	12%
3 value chain linkage	0	52	0.0	217	23		96	0		5	3	60%	40	30		0	0		358	108	30%
4 Marketing Ordinated Production	0	0	0.0	70	20		502	0		55	32	58%	0	0		0	0		627	52	8%
Rural Finance	67,700	51,400	76%	52	0		45	0		18	15	83%	29	30		17,742	15,100		85,586	66,545	78%
Marketing based credit R&D	0	0	0.0	0	0	0%	45	0	0%	10	7	70%	27	22	103%	0	0	85%	82	29	35%
2 Credit facilities	67,700	51,400	76%	52	0		0	0		0	0	0%	0	0		17,742	15,100		85,494	66,500	78%
3 Strengthen financial institutions	0	0	0.0	0	0		0	0		8	8	100%	2	8		0	0		10	16	160%
Project Management & Coordination		0	0.0	0	97		5519	101		7	6	86%	31	40		0	0		5,557	244	4%
1 National project coordination unit	0	0	0.0	0	60	0%	1258	96	0%	1	1	10%	8	12	129%	0	0	0%	1,267	169	13%
2 Gover project coordination units	0	0	0.0	0	37		4261	5		6	5	83%	23	28		0	0		4,290	75	2%
Total	70,000	51,601	74%	1000	235	24%	7551	101	1%	150	105	70%	100	100	100.0	17,742	15,100	85%	96,543	67,242	70%

Table 1-C(a): IFAD Loan Disbursement as at 31 October 2018 (in SDR '000)

Category	Initial Allocation	Disbursement	Balance	% Disbursement
Credit facility	42,540,000	28,544,863	13,995,137	67.10%
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%
Total	44,140,000	34,800,118	9,339,882	78.84%

Note: A Withdrawal Application for USD 3.99 million is under process with IFAD for replenishment of ADP's Credit Line. In terms of SDR--at the rate applied to last application by IFAD (DEN/USD = 1.3822, this means an additional disbursement of XDR 2.82 million in December 2018. With that the disbursement rate increases to 85% in terms of SDR

Table 1-C(b): IFAD Grant Disbursement as at 31 October 2018 (in SDR '000)

Category	Allocation	Disbursement	Balance	%Disbursement
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%
Total	630,000	441,486.02	188,513.98	70.08%

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Appendix 2: Physical progress measured against AWP&B

Mission Dates: November 17-30, 2018
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Appendix 1: Physical progress measured against AWP&B

For the period 1 July 2017 - 30 June 2018[illegible]

Rural Financial Services									
Active borrowers Enterprises (SFD/ADP)	number	0			0	0			1,225
Active borrowers Individuals (SFD) (men)	number	0	15,923		0				772
Active borrowers (women)	number	0	11,151		0	0			453
Active borrowers (men/women)	number	0	27,074		0	27,074		SFD: Total Number of Beneficiaries in Repayment Phase till 30/6/2016	0
Financial Institutions participating in project (SFD/ADP)	number	9	24	267%	61	25	41%	SFD: Contracted with 1 bank through small enterprises component	1
Staff of financial Institutions trained (SFD) (men)	number	0	0		634	0	0%	SFD: The financial insituions had been trained on Credit Certificate Acquisition & Agricultural Value Chain Finance through another	0
Staff of financial Institutions trained (women)	number	0	0		272	0	0%		0
Staff of financial Institutions trained (men/women)	number	0	0		906	0	0%		0
Value of gross loan portfolio (individuals) (SFD/ADP)	USD	285,000,000	471,130,935	165%	#####	#####	2480%		0
value of gross loan portfolio (enterprises) (SFD/ADP)	USD	0	0		0	0			12,989,714

(*) SFD obtained IFAD's No-Objection on 08/04/2014 to combine both loans of small and medium enterprises in one component.

(**) Concerning the small and medium enterprises component, only one financial institution participated in the project (National Bank of Egypt - NBE) with 2 contracts as follows: 111 1- on Aug. 8, 2015 for a total amount of LE 105 Million on 16/08/2015 and 01/09/2015 respectively.

2- on March 26, 2017 for a total amount of LE 140 Million.

(***) AWP&B 2016/2017 for the Small Enterprises component was "0" as this component (with original allocation) was fully implemented before July 2016. (Which was before the re-allocations , as during IFAD mission (in Nov. 2016) Finance enterprises component to Small Enterprises Component.

(****) Concerning Micro-Finance enterprises component, the project started lending in the 2nd half of 2016

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Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: November 17-30, 2018
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Appendix 3: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section B Para 7	There shall be three Project accounts for the benefit of the NPCU, the ARDF, and the SFD	As soon as possible	Complied with	
Section 7.01 Para ii & iii	A consolidated Annual Work Plans and Budgets for the loan and grant, with procurement plan, to be submitted for its review and comments.	No later than 60 days before beginning of each Fiscal Year	Complied with	
Section B Para 8	The Borrower shall make adequate budgetary allocations for the Project in accordance with AWPB.	Annually	Not complied with	The Government is not allocating counterpart funds. Only USD 0.101 million has been spent so far. Lack of funds has made it difficult to implement the project effectively.
Section 8.02	The NPCU shall establish and thereafter maintain an appropriate information management system in accordance with the Fund's Guidelines for project monitoring and evaluation with which it shall monitor the project, in accordance with this agreement		Not complied with	Failure to establish an information management system largely explains why the project is not able to track project outcomes effectively.
Schedule 1, Para 6	Establish a NPCU in Cairo and appoint the national project coordinator and all positions following a transparent and competitive process		Complied with	
Schedule 1, Para 7	A small Project Coordination Unit at governorate level (GPCU) to be established in each governorate. Each GPCU shall be located in the Governorate Directorate of Agriculture and shall report to the NPCU.		Complied with	
Schedule 1, Para 10	A mid-term review to be jointly carried out by MALR, MOPIC and the Fund no later than the end of the Project's fourth year.		Complied with	
Schedule 1, Para 8	A draft Project Implementation Manual to be prepared by the NPCU and submitted for approval to MALR. The PIM may be amended or otherwise modified from time to time only with the prior consent of the Fund.		Not complied with	Non-compliance explains why project is not being implemented, monitored and reported on properly.
Section 7.05	Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 2.		Complied with	

Section 8.01	The borrower/recipient shall ensure that the project parties maintain records and documents adequate to reflect their operations in implementing the Project until the Project completion date, and shall retain such records and documents for at least ten (10) years thereafter.	Complied with	
Section 8.03	The NPCU shall furnish a periodic Progress Reports on the Project, in such form and substance as the Fund shall reasonably request.	Complied with	The progress reports are not capturing performance as they should.
Section 9.01	The Project parties shall maintain separate accounts and records in accordance with consistently maintained appropriate accounting practices adequate to reflect the operations, resources and expenditures related to	Partially Complied with	The project does not have an efficient accounting and financial reporting system. Currently, it is struggling to implement an accounting software and manual accounting system side by side.