

Project Completion Report Validation

Upper Egypt Rural Development Project (UERDP)

Arab Republic of Egypt

Date of validation by IOE: October 2018

I. Basic project data

			Approval (US\$ m)		Actual (US\$ m)	
Region	Near East North Africa and Europe	Total project costs	19.9		19.269	
Country	The Arab Republic of Egypt	IFAD loan and percentage of total	15.1	76%	15.1	78%
Loan and grant number	L-I-716 G-I-C-897	IFAD grant	0.95	5%	0.95	5%
Type of project (subsector)	Credit	Borrower	3.7	19%	3.2	17%
Financing type		Co-financier 1	N/A	N/A	N/A	N/A
Lending terms	Intermediate *	Co-financier 2	N/A	N/A	N/A	N/A
Date of approval	14 December 2006	Co-financier 3	N/A	N/A	N/A	N/A
Financing agreement	7 March 2007	Co-financier 4	N/A	N/A	N/A	N/A
Date of effectiveness	24 September 2007	Other sources				
Financing agreement amendments	1 (8 June 2009)	Number of beneficiaries	20 000 households 80 000 individuals ¹		100 000 (PCR)	
Loan closure extensions	1 (17 March 2015)	Project completion date	30 September 2015		31 March 2017	
Country programme managers	A. Abdouli (2005-2013) A. Hanafi (2013 -2017) A. Sma (current)	Loan closing date	31 March 2016		30 September 2017	
Regional director(s)	M. Bishay (until August 2008) N. Khouri (2008-2012) K. Bouzar (current)	Mid-term review			May 2012	
Project completion report reviewer	Catrina Perch	IFAD loan disbursement at project completion (%)			97%	
Project completion report quality control panel	Johanna Pennarz Fumiko Nakai	Date of the project completion report	31 March 2016		30 September 2017	

Source: PCR and ORMS.

*With a rate of interest per annum equivalent to 50 per cent of the variable reference interest rate and a maturity period of 20 years, including a grace period of five years.

¹ The beneficiary number target is not explicitly stated in design documents. The President's report states that agricultural extension and water management will directly benefit an estimated 350,000 rural households. 100 CDAs, 125 farmers' associations and 75 craft workers' associations will be established or strengthened to help establish 44,000 SMEs and 200 small businesses, thus creating around 30,000 jobs (para. 24). GRIPS on the other hand states that the project would target 20,000 direct households and 130,000 direct beneficiaries, and there would be 160,000 indirect households and 2 million indirect beneficiaries. MTR Appendix 5's RIMS indicators established 20,000 households and 80,000 individuals receiving project services at appraisal. The Supervision Mission (December 2015) reports outreach to currently be 16,359 households and 65,437 individuals. The PCR reports 100,096 direct beneficiaries.

II. Project outline

1. **Introduction**². The Upper Egypt Rural Development Project (UERDP) was the first of a series of projects foreseen under IFAD's new strategic framework for assistance to Egypt – as outlined in the 2006 country strategic opportunities paper (COSOP) – to help reduce rural poverty and unemployment. Given the strong links between agricultural growth, the rural economy and poverty reduction, the President's report argued that there was a good rationale for promoting microfinance and micro enterprises development, marketing and partnerships with the private sector, and more efficient irrigation systems.
2. **Project area.** The target area included selected priority areas of the Governorates of Assiut and Quena located in Southern Upper Egypt. These Governorates had among the highest concentrations of poor in Egypt and a high potential for producing high-value crops and livestock products.³
3. **Project goal, objectives and components.** UERDP's overall objective was to contribute to poverty reduction and improved livelihoods of the target population. The intermediate objectives were to empower the target group to create sustained employment and increase income through (i) small and medium enterprise (SME) development and microfinance; and (ii) farming system research and extension to help small farmers achieve higher returns per unit of land and water.
4. The project had three components: (i) private sector development; (ii) agricultural competitiveness enhancement; and (iii) project coordination and management.
5. **Component 1. Private sector development.** This component included two sub-components: a) Marketing and SME development and b) Financial services.
6. a) Marketing and SME development. The project intended to provide technical assistance and support to the rural communities to promote and assist in the establishment of commodity specific farmers' marketing associations (FMAs) and handicraft marketing associations (HMAs). This was to be achieved with the assistance of service providers and community development associations. The marketing associations would provide the necessary economy of scale for establishing business relationships with larger processors, exporters, and suppliers to the domestic market to better market their products and access training, advisory services and research. The Small Enterprise Development Organization (SEDO), a Social Fund for Development (SFD) subsidiary, would be strengthened to develop methodologies for establishing FMAs/HMAs, value chain analyses, mapping recruitment of companies interested in establishing linkage with FMAs/HMAs and developing market information systems and training service providers.
7. b) Financial services. A credit line would finance the requirements of borrowers through two types of loans, namely, micro credit loans and micro-enterprise loans and would be provided through financial intermediaries such as the Principal Bank for Development and Agricultural Credit (PBDAC) and Community Development Associations (CDAs). Another activity under this sub-component included technical assistance directed towards strengthening the capacity of financial intermediaries and the Microfinance department of the SFD. The aim was to stimulate the access to capital for both SMEs and individuals in a financially and socially sustainable manner to fund on-farm and off-farm activities.
8. **Component 2. Agriculture competitiveness enhancement.** This component would provide agricultural technical assistance (research and extension) to the farmers of FMA's, upon their demand, aiming at maximizing farm income and

² In addition to the PCR, this review is informed by other sources of information. Namely, the Country Strategy Programme Evaluation (CSPE, 2017) which provided ratings on UERDP and the Project evaluation undertaken by the Ministry of International Cooperation's M&E unit.

³ IFAD 2007. Appraisal report, page 17.

reducing the risks of farming high value crops. Agriculture assistance would focus on the verification and transfer of pre-post harvesting technologies related to market qualities of high value crops; and support an increase in milk and meat productivity of livestock, and marketing of milk (cow and buffalo). The component would also create awareness on the effect of Avian Flu on the local poultry industry.

9. **Component 3. Project coordination and management.** Provisions would be made for project coordination and management at governorate and national levels. Moreover, UERDP would establish, operate and maintain a monitoring and evaluation system to measure progress and impacts of the project.
10. **Target group.** The project targeted the poorest segment of the population in the project area, including smallholders cultivating less than about one *feddan* (0.42 hectares), landless labourers, unemployed youth, and woman-headed households.
11. A two-pronged targeting approach was adopted: (i) targeting poor and very poor villages and village clusters, focusing within these on the less endowed communities; and (ii) in the selected areas, targeting people judged to have the skill potential and basic entrepreneurial requirements needed for the marketable products identified jointly with the community.⁴
12. **Financing.** Total project costs at design were US\$19.9 million. IFAD provided US\$15.1 million, on intermediate terms, and a grant in the amount of US\$0.95 million. The contribution of the Government of Egypt (GOE) was US\$3.7 million.

Table 1

Project costs (US\$ '000)

<i>Source of Funding</i>	<i>Estimated amount</i>	<i>Estimated amount (% of total)</i>	<i>Actual expenditure</i>	<i>Expenditure (% of total)</i>	<i>Disbursements (% of appraisal)</i>
IFAD loan	15 183	76	15 111	78	100
IFAD grant	952	5	951	5	100
GOE/SFD	3 714	19	3 207	17	86
In-kind contributions			2 594		
Total financing	19 849	100	19 269	100	97

Source: PCR.

⁴ IFAD 2006, Project appraisal p.2.

Table 2
Component costs (US\$ '000)

<i>Components</i>	<i>Estimated amount</i>	<i>Estimated amount (% of total)</i>	<i>Actual expenditure</i>	<i>Expenditure (% total)</i>	<i>Disbursements (% of appraisal)</i>
Private Sector development					
• Marketing and SME dev	1,052	5	395	2	38
• Farmer and Marketing Associations	198	8	24	12	12
• Micro finance	15,183	76	15,111	78	100
• Inst. Strengthening	267	1.3	-	-	-
Agricultural competitiveness	615	3	258	1.3	42
Project management	2534	13	887	5	35
Total	19,849		19,269	97	

Source: PCR.

13. **Project implementation.** The private-sector development component was implemented by the SFD through its subsidiary organization SEDO and its Microfinance Sector Department (MFS) in the Governorates of Assiut and Quena. Loans were extended through both of these entities, with SEDO focusing on SME loans in excess of 10,000 Egyptian pounds (US\$1,750) and MFS extending loans in smaller amounts. Both entities worked with intermediary institutions: SEDO with commercial banks (PBDAC), and MFS with microfinance institutions, Non-governmental Organizations, CDAs, and farmers' and craft workers' marketing associations that meet best practices criteria.
14. The community animation, mobilization, and community organisation was carried out by Business Development Service Providers (BDSPs) in collaboration with community development associations active in the selected villages.
15. The agricultural competitiveness enhancement component was implemented by the Ministry of Agriculture and Land Reclamation (MALR) through its Governorate-level departments of agriculture. For the demand-driven, on-farm research and extension, the research team and extension agents were recruited from universities or elsewhere in the private and public sectors.
16. Project management was carried out by a small national project coordination unit (NPCU) which operated within MALR, and two Governorate project coordination units (GPCUs) in the Quena and Assiut governorates. A project steering committee (PSC) was created and chaired by the MALR, with institutional members drawn from the two governorates involved.
17. **Significant changes /developments during programme implementation.** Two external factors delayed the project: (i) the 2011 revolution; and (ii) a new microfinance law, which inhibited SFD from lending to Microfinance Institutions (MFIs) until these acquired a new license. The Country Strategy and Programme Evaluation (CSPE) found the changes in the microfinance law to have impacted the project implementation more than the revolution.
18. According to the Project Completion Report (PCR) the above factors contributed to the extension of the project completion date by 18 months to March 2017. In addition, the devaluation of the Egyptian pound also affected implementation.⁵

⁵ IFAD 2017. Project Completion report, page iv.

19. **Intervention logic.** This was a rural credit project. The underlying assumption of the project was that improved access to credit was necessary for improving production and marketing. UERDP sought to strengthen production and marketing systems and provide a framework for the self-organisation of farmers. Specifically, farmer's organisations were seen as important for linking smallholders to Government services and external markets. These activities were further complemented with research and extension services, which were to provide innovations as well as an outreach and communication approach to help farmers understand the implications of the new production systems.
20. **Delivery of outputs.**⁶ The main outputs delivered are presented in detail in annex III and under effectiveness of objectives (para 29-49). Overall the targets for the marketing activities were not met. The micro credit outreach target was met. As can be seen from annex III many targets on training were not met although a few were exceeded.

III. Review of findings

A. Core criteria

Relevance

21. UERDP was fully harmonized with the Government's and IFAD strategies. Specifically, UERDP was aligned with Egypt's sustainable development strategy (SDS) – Egypt's Vision 2030 which had as its overall goal "to reduce poverty and improve the livelihoods of smallholder households, landless laborers, female headed households and the unemployed". All of UERDPs components addressed this goal through improving the target group's access to credit, improving market linkages and conducting research on new varieties and crop intensification models. Furthermore, UERDP was in line with the Sustainable Agricultural Development Strategy towards 2030 which aimed to improve the standard of living in rural areas through, for example, promotion of rural industries to promote job creation and streamlining lending procedures to encourage entrepreneurship.
22. UERDP was designed in line with the COSOP's 2006 objectives which focused on private sector development through small and micro enterprises (SME development, market linkage, export promotion and partnership with the large private sector entities involved in marketing and finance). In addition the COSOP underlined the importance of research and extension systems support to local farmers' organisations and gender.
23. The COSOP 2012 continued a focus on farmer's organisations, farmer marketing associations, and CDAs. Additionally, the recent COSOP focused on participatory demand driven training and agricultural technical assistance and financial services.
24. **Project design.** The project's vision to improve the production system through participatory research and access to credit was relevant to the beneficiaries. Yet, as the PCR highlighted, many of the assumptions were wrong and the design would have benefitted from a better analysis of the underlying causes that prevent poor farmers from access to credit. For example, the project design assumed that the commercial banks, SFD and CDAs would finance farmer organisations, be they informal, semi-formal or formal, such as cooperatives. This assumption turned out to be unrealistic. Likewise, the project design assumed that FMAs and the HMAs would qualify for loans which was not the case. A different issue was that credit lines to the SMEs were unattractive due to competition from other projects which provided better terms.
25. Marketing support was part of the UERDP design but it lacked an adequate package of capacity building and budget. Indeed the PCR observed that greater budget allocations for marketing, capacity development research and extension could have

⁶ Please refer to annex III.

supported the sustainability of outcomes.⁷ Furthermore, targets for the number of marketing associations were overly ambitious (400 were foreseen 50 were established).⁸ Additionally, the agricultural research and extension services focused on crop production and not enough on livestock which was the prime interest of women.⁹

26. **Targeting.** The geographic targeting at the Governorate level was clear.¹⁰ Quena and Asyut were selected for UERDP because they were among the poorest governorates in Egypt, with poverty rates of 61 per cent and 48 per cent respectively in 2008/2009.¹¹ This focus also responded directly to the COSOP (2006) which advocated a move away from Northern (Lower Egypt) towards Upper Egypt (where 37 per cent of the Egyptian population lives).¹² UERDP was the first project to work in the impoverished old lands since the Agricultural Production Intensification Project which had ended in 2005. Unfortunately from project documentation it was not possible to identify how the districts or villages were targeted.
27. The design had some limitations in terms of reaching the most vulnerable. The PCR argues that this is a structural constraint of most rural finance operations which require interest rates to be financially sustainable and cover the cost of servicing rural communities. These charges often make services inaccessible to the poorest segments that may require targeted social assistance. Landless laborers and unemployed youth were among the most vulnerable, but MFIs were often guided by concerns about financial sustainability and the most vulnerable represented a high risk clientele for MFI products, which traditionally is below the MFI target groups.¹³ Whilst UERDP was not able to reach the most vulnerable the small average loan size meant that the micro credit remained attractive to households below the poverty line.¹⁴
28. In summary, the project was aligned with both national and IFAD's priorities. The main areas of intervention were relevant to the poor. However, some key constraining factors to access to credit were not properly understood and therefore not clearly reflected in the project design. Some of the activities planned were not suitable to reach the most vulnerable and women. Based on the above the rating or project relevance is **moderately satisfactory (4)** in line with that of the Programme Management Department (PMD).

Effectiveness

29. **Specific objective 1. To empower the target group to create sustained employment and increase income through SME development and microfinance.** The project established a number of marketing groups and by the end of the project there were 53 FMAs and two HMAs (106 per cent of revised target)¹⁵. The marketing groups comprised of 4,180 members of which 9 per cent (384) were women against a revised target of 21 per cent.
30. According to the project evaluation undertaken by the Ministry of International Cooperation (MIIC), the main support provided by the project was agriculture marketing training (e.g. agriculture and livestock marketing, poultry raising, agriculture contracting, value added activities on agriculture) and institutional support. The PCR notes that 4,180 beneficiaries (119 per cent of target) received training but the MIIC evaluation observed that according to interviews with FMAs

⁷ IFAD 2017.

⁸ Ministry of International Cooperation 2016, Upper Egypt Rural Development Project Evaluation page 11.

⁹ IFAD 2017, Project Completion Report, page 6.

¹⁰ IFAD 2017. Country Strategy Programme evaluation p.25.

¹¹ IFAD 2017. Country Strategy Programme Evaluation.

¹² IFAD 2006. Country Strategic Opportunities Programme.

¹³ IFAD. Project Completion Report page 5.

¹⁴ IFAD 2014. Supervision Report, para 47.

¹⁵ The original target was 280 FMAs and 120 HMA.

the training was only provided to a limited number of beneficiaries and more farmers should have been targeted.¹⁶ It was also highlighted that the workshops were short and too theoretical. The most beneficial training was on post-harvest processing and livestock breeding.¹⁷ Some FMAs were able to participate in trade fairs and exhibitions but according to the MIIC evaluation these were not considered a sustainable marketing channel.¹⁸

31. UERDP also developed a Marketing Operations Manual with a list of contacts and providers for the whole value chain. The MIIC evaluation found that not all FMAs were aware of its existence and it was mostly not considered to be useful by the beneficiaries who knew about it.
32. The approach used to strengthen and create marketing associations was overall ineffective due to poor design, implementation issues and insufficient budget allocation.¹⁹ As a result, marketing proper only started under the follow-on project: Promotion of Rural Incomes through Market Enhancement Project (PRIME) which started in 2011 and is expected to end in 2020.
33. As highlighted in the CSPE, the FMAs were brought in to facilitate market linkages without a clear understanding of their capacities or need for support.²⁰ It was found that crop cultivation and/or marketing continued to be done on an individual rather than on a collective basis through the FMAs. The FMAs faced two major constraints: (i) firstly, their legal status was not clearly defined;²¹ (ii) secondly, the FMAs suffered from a chronic shortage of funds and limited access to finance as they were ineligible for SFD funding.
34. UERDP aimed to provide a package of rural financial services and capacity building to help establish a network of financial institutions that were capable of providing financial services to the target population on a sustainable basis. Hence credit lines to selected financial intermediaries were on-lent to small and micro-enterprises. In addition, technical assistance and training was provided for both primary and selected financial intermediary institutions (SFD and CDA respectively). The major factor limiting the effectiveness of the capacity building activities is that there were no linkages between the activities supporting micro-credit and those supporting marketing. This meant that the CDAs and their beneficiaries did not receive any training on marketing and the FMAs were unable to access micro credit. This severely reduced the effectiveness of the programme as the limited vocational training and the insufficient link with the provision of credit did not provide the expected economic stimulus.
35. Access to finance was good under UERDP. The total number of individual borrowers of microfinance loans provided by CDAs was 50,773 (against an appraisal target of 44,000). These loans were distributed across various sectors including commercial, services, livestock and agriculture as well as manufacturing. Almost 50 per cent of the loans were allocated to livestock production, followed by the commercial sector (33 per cent).²²
36. For the CDAs, there were clear indications that those who borrowed once would continue to have access to credit after the first loan cycle. The impact assessment 2017 found that among borrowers, 85 per cent received loans more than once (disregarding sources of loans), and M&E reports indicated that 26 per cent of

¹⁶ Ministry of International Cooperation 2016. Draft Upper Egypt Rural Development Project Evaluation, page 10.

¹⁷ Ibid.

¹⁸ Ibid, page 11.

¹⁹ IFAD 2017. Country Strategy Programme Evaluation, page 28.

²⁰ Ibid para 332

²¹ The MIIC evaluation of UERDP pointed out that FMAs in Quena were all established under the Cooperative Law number 122/1980 within which their activities were confined to marketing. FMAs in Asyut were originally CDAs established under the Social Affairs law number 84/2002, within which marketing was among their main activities.

²² Ministry of International Co-operation, The Upper Egypt Rural Development Project, p.13.

active borrowers had repetitive loans.²³ This compares with a baseline value of only 3 per cent for Quena Governorate.²⁴

37. By the end of the project there were 18,959 loans outstanding of which 1,988 were under Banque du Caire and 16,971 under CDAs. In terms of volume, the total loan funds of US\$15.1 million were disbursed. Of this, an amount of EGP 5 million or US\$0.9 million was channelled through PBDAC (for SMEs), which revolved the loan only once and then repaid the loan as the margins permitted were insufficient. The Banque Du Caire received a total of EGP 48 million, or US\$2.7 million, which the bank, at the time the PCR was written, was likely to turn around twice. In this case, no interest rate ceiling was applied, and the bank charged microfinance clients about twice the rate other customers were charged, which was necessary to break even. CDAs received about US\$11.5 million in loans from SFD, and converted this over time to EGP 273 million, which implies a turnaround of the loan amounts of 3.8 times at closure.
38. The quality of the microfinance services was perceived by the clients as being very good with most satisfaction rates being above 95 per cent.²⁵ Most beneficiaries found the loan process to be easy and the loan requirements to be acceptable. Physical assets were not generally required as collateral for micro-loans from CDAs (EGP 5,000 loan on average), a guarantor signature was most common. While beneficiaries would like to have had larger loan amounts, most agreed that it was their only option and often their first opportunity to access financing.²⁶ However, as stated in several of the supervision reports, and in the UERDP evaluation report prepared by MIIC²⁷, many borrowers complained about the lack of grace periods for certain investments, in particular livestock, where borrowers do not generate a positive cash flow in the first years. Also the small loan amounts were insufficient to finance any productive activity especially given the increase in prices and the slow evolvment of the amounts (due to the revolving nature of the funds and the existing demand which surpassed the funds available). This prevented real growth of businesses.²⁸
39. Credits were also provided to SMEs and SFD chose PBDAC as the lending partner for this activity because the bank specialized in agriculture and had wide geographical outreach. The bank however, was not effective due to institutional weaknesses. As a result access to SME loans was not very high under UERDP (197 loans). Among the main drawbacks mentioned by bank officials interviewed was the incapacity to foreclose on clients properties due to social reasons.²⁹ The MIIC evaluation stated that PBDAC did not revolve the funds due to the presence of another donor funded credit line that offered loans with better terms and conditions and consequently demand for the UERDP credit was low.³⁰ In addition, the MIIC report identified that beneficiaries found this service of very limited utility (the report did not specify exactly why this was the case).
40. **Specific objective 2. To empower the target group to create sustained employment and increase income through farming system research and extension to help small farmers achieve higher returns per unit of land and water.**

²³ Confirmed by MIIC, p. 31, for the majority of CDAs.

²⁴ MALR: Upper Egypt Rural Development Project. Baseline Survey. Report on first field survey findings. Community questionnaire and household questionnaire. Cairo: 2010, p. 254: only 3 per cent of interviewed households had access to formal or semiformal loans (CDAs or cooperatives) before the UERDP.

²⁵ The PCA 2017 asked the users of CDAs about their opinions on a wide array of quality dimensions. These included the loan duration, interest payable, collateral required, processing time, number of documents required for loan processing, providing guidance on the loan product, answering questions of the client, etc.

²⁶ IFAD 2017. Country Strategy Programme Evaluation para 102.

²⁷ MIIC 2016, p. 21.

²⁸ Working paper on UERDP prepared for the CSPE.

²⁹ MIIC 2016.

³⁰ MIIC 2016, p. 20.

41. Activities under this component included: (i) a demand-driven on-farm research system, led by Farm System Research Unit (FSRU); and (ii) the provision of agricultural extension services, which were coordinated by the PCU. Some support was also directed towards formal registration of FMAs/HMAs and the institutional capacity of existing CDAs, FMAs and HMAs.
42. UERDP built on a successful approach to integrated farming systems research and the use of farmer field schools (FFS) introduced in the Agricultural Production and Intensification Project (APIP). For UERDP the CSPE reports that 131 FFS mobilized about 150,000 farmers per year and 91 field farming systems schools mobilized 88,000 farmers.³¹ Through applied research and demonstration plots, new varieties, as well as new water and fertilizer-saving farming techniques were promoted and tested. Demonstration plots were designed to compare differences in crop varieties and irrigation methods in terms of yield, amount of fertilizer and water used. Seeds of different crop varieties were distributed to interested farmers in the target communities for experimentation on their lands. As per the project documents, the on-farm research trials were expected to take place on FMA members' farms/fields, accommodating their needs and their demand for the service. However, the MIIC evaluation found that none of the FMA members hosted the experimentation on their lands, and only one FMA reported participating in demonstration fields. This points to a disconnect between the research and marketing activities.³²
43. Through UERDP 13 crop models were developed, of which 7 were accepted by farmers. The farming models were developed on 205 plots in 132 on-farm trials from 2010-2017, of which 77 in Quena and 55 in Asyut. Training on crop management was conducted for 2,973 farmers, of which 550 were women (18 per cent) and 2,423 men, representing 38 per cent and 42 per cent respectively of the MTR targets set. As regards livestock, a total of 2,201 people attended these trainings, of which 837 were women (38 per cent) and 1,365 were men, which represents 58 per cent and 24 per cent respectively of the MTR targets set.
44. M&E reports on the adoption rates of farmers (not of FMAs) show 24-65 per cent for the different farming models in 2015/16, with an estimated average of about 40 per cent.³³ This is a significant rate of adoption for new technologies. This was achieved despite the component only receiving 65 per cent of funds that were supposed to be allocated for these activities. However, this also meant that not all agricultural activities were completed.³⁴
45. As regards extension services the activities included administrative and technical training programs designed and delivered to members of FMAs and CDAs. In addition, training and study tours were organized. The trainings covered broad topics including strategic planning, resource management, marketing theories, modern irrigation systems and recycling of agricultural waste. The MTR highlighted that needs assessments were not always carried out and the effectiveness of the training had not been assessed.³⁵ According to the MIIC evaluation the trainings were regarded as beneficial but not practical enough.
46. In terms of outreach the UERDP performance was mixed. The total number of beneficiaries at the time of the CSPE was assessed at 65,437 against 80,000 direct beneficiaries (82 per cent). The PCR assesses that outreach was exceeded (100 000 beneficiaries against an appraisal target of 80 000) but does not

³¹ Ibid para 101.

³² This was also noted in the MTR and supervision (2012) p.29.

³³ It should be noted that the somewhat simplistic question to farmers whether they adopted the FSR recommendations or not is not adequately capturing reality. For this, the question would have had to be on how many feddan cultivated with a specific crop did the farmer apply which of the specific recommendations. This should have been combined with net income realized with the new technical recommendations, which would have let to a deeper insight about the correlation between farming technique and financial result.

³⁴ Ministry of International Cooperation, The Upper Egypt Rural Development Project, p.24.

³⁵ IFAD 2012. Mid-term review and supervision mission p. 29.

distinguish between direct or indirect beneficiaries (see footnote 1, page 1). Most of the documentation assesses the credit outreach as positive with approximately 50,000 borrowers (against a target of 44,000). The outreach to the SMEs was limited with only 197 loans at the time of the CSPE. Equally training outreach was assessed by the CSPE as 30 per cent of the appraisal target. As this latter figure would have included training to FFS it may indicate a quite low outreach of the extension activities.

47. The intermediate objective of empowering the target group through sustained employment and increase in income was only partially met. Specifically, in terms of employment generated the PCR makes reference to 50 jobs created. However, the CSPE found the data unreliable³⁶ and given the limited success of the SMEs and marketing activities the figure seems questionable. There is very limited evidence of empowerment but some evidence of income increases (this will be further discussed in the section on impact para 55-72).
48. Given the above, the overall project goal of reducing poverty and improving livelihoods was also only partially met. In fact the CSPE concluded that while UERDP was successful in building on the farming systems approach of the earlier APIP, the project did not tackle issues of structural poverty, in particular limited access to land, markets and employment.³⁷
49. In summary, in terms of outreach the provision of microcredit was successful. The project reached a large number of beneficiaries although the loan amount should have been higher. There were also positive results with the introduction and adoption of new technologies although the magnitude was likely low. This represented a relatively small investment that reaped huge benefits. On the other hand, the marketing associations and the credit to SMEs were not successful. These investments were smaller (5 per cent and 8 per cent respectively of project costs at design) but of importance to the Government. Moreover, they were important for addressing the structural poverty and generating employment. Finally, the training could have been better targeted. The overall rating on effectiveness is **moderately satisfactory (4)** one rating lower than that of PMD.

Efficiency

50. UERDP was approved 14 December 2006 and declared effective on 14 September 2007 – nine months later. The effectiveness lag from approval to first disbursement was approximately 18 months. UERDP was extended once by one year and a half from its original closing date of 31 March 2016 to 31 September 2017. The project extension was due to slow disbursement for the implementation of marketing activities.³⁸
51. The PCR states that the project experienced implementation delays related to the 2011 revolution, and the introduction of the new legal requirements for CDAs which significantly delayed the micro-lending component.³⁹ Specifically, CDAs had to demonstrate compliance with the requirements for micro-lending institutions, instigated by the 2014 law on microfinance, in order to manage credit funding.
52. No **internal rate of return (IRR)** was calculated at the design stage but the PCR includes a calculation of the IRR of 27 per cent over 15 years. The calculation is done based on Egyptian Pound due to the considerable devaluation to less than one third of the value at design stage. The two main benefit streams generated are those deriving from lending of CDAs to their clients (because of the large number of more than 50,000 borrowers, despite small loan amounts) and those from

³⁶ The 2016 Supervision of UERDP notes that the term “creation of employment opportunities” used in the project design report is not compatible with real employment, measured in full-time job equivalents, and that the method of data generation is questionable

³⁷ IFAD 2017, Country Strategy Programme Evaluation , para 302.

³⁸ Ibid, para 125

³⁹ IFAD 2017. Country Strategy Programme Evaluation, page 28.

research and extension (because of profitability of the new farming models), both of which contributed to about 27 per cent of the total benefit streams. Few benefits emerged from the marketing activities, and lending activities of PBDAC.

53. The **cost per beneficiary** was estimated at US\$189 which compares to an average of US\$615 for the portfolio based on the past eight projects.⁴⁰ The relatively low cost per beneficiary was, according to the PCR, due to the small loan amounts lent by CDAs which ultimately will have been revolved by the CDAs 3.8 times over the amount received, a highly efficient system, even though the average loan duration of CDAs to their clients is about 18 months. Other reasons for the relatively low cost per beneficiary were due to the insufficient allocation of funds for capacity building and technical support, which resulted in the project management spending very little per beneficiary. Much of this was apparently influenced by the perception of project management that IFAD wanted to reach large numbers of people, which the project achieved (for the micro-credit), although with little intensity.⁴¹
54. The **project management costs** were low, at five per cent, as compared to the estimated 13 per cent at design. The CSPE, however notes that the lean coordination structure had trade-offs in terms of weaker effectiveness with insufficient staff capacity affecting efficiency.⁴² The CSPE reported that under UERDP, coordination through the CPMU relied on part-time staff from MALR, though it remained unclear how the technical staff recruited for the programme management units (PMUs) were selected and if their skills met the requirements of the assigned positions. Whilst the use of the existing government staff was cost efficient, it was difficult to provide, and retain, the required expertise and skills for project management, operations and reporting. This was in part due to delayed salary and bonus payments.⁴³
55. Government **counterpart contributions** to the project were allocated on a yearly basis and were mostly neither sufficient nor timely. The Ministry of Planning approved only US\$0.03 million (24 per cent) out of US\$0.13 million requested for the 2015/2016 annual work plan and budget as counterpart contribution. This negatively affected the implementation of the agriculture competitiveness component activities.⁴⁴ The NPCU staff did not receive their yearly incentives as a result.
56. On the positive side, the management costs and cost per beneficiary were low. However, whilst, management costs were low, it had trade-offs on the quality and availability of staff. UERDP also suffered from low counterpart funding, and was delayed due to slow disbursements for the marketing activities and the need for CDAs to comply with the new microfinance law. The low cost per beneficiary is also due to the fact that it did not factor in the appropriate need for capacity building and technical support leading to beneficiaries receiving low intensity support. Based on the above assessment the rating is **moderately satisfactory (4)** one rating below that of PMD.

Rural poverty impact

57. **Household and assets.** The cropping systems introduced reportedly made a contribution to farmers' incomes. According to the FSRU impact study for UERDP (2016), income increases were significant mainly due to savings of fertilizers and water, the use of legumes for soil improvement, and the higher productivity of the new crop varieties.⁴⁵

⁴⁰ Ibid. page 36.

⁴¹ IFAD 2017. Project Completion Report, page 21.

⁴² IFAD 2017. Country Strategy and Programme Evaluation, page 37.

⁴³ Ibid, para 123.

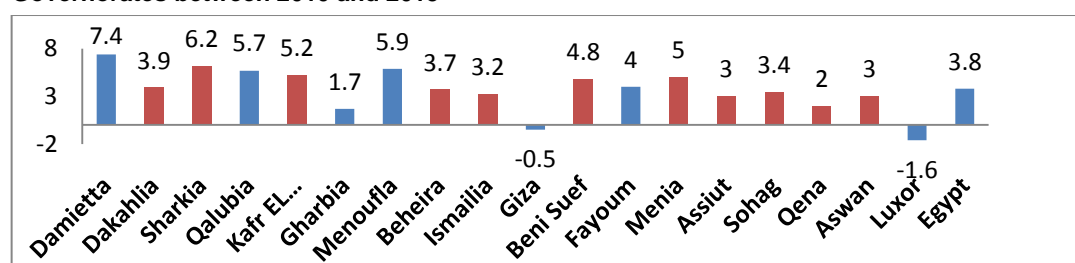
⁴⁴ MIIC 2016, page 21.

⁴⁵ IFAD 2017. Country Strategy Opportunities Paper, page 40.

58. The PCR reports, based on the impact assessment, that the majority of borrowers from CDA achieved higher incomes. Borrowers' income increases were estimated at 30 per cent over their status before borrowing. As for the loan amount, 69 per cent of the loans were below EGP 10,000 and 31 per cent above EGP 10,000.
59. Forty three percent of borrowers stated that they had purchased some new assets. Specifically, when asked about the use of business income, 3 per cent of respondents said it was only for business, 43 per cent only for household expenses, and 54 per cent for both purposes. Of those using business income for both purchasing assets and household consumption, the average share for assets was 19 per cent and the share for household expenses 81 per cent correspondingly.⁴⁶
60. However, only very few of the SME beneficiaries confirmed higher incomes (15 per cent), higher productivity (15 per cent) or purchase of additional assets (8 per cent) as per the MIIC field survey in Asyut.
61. The provision of loans, and in particular SME loans, was expected to create employment opportunities. The PCR makes reference to 50 jobs created but the reliability of data is questioned in both the 2016 supervision report and the CSPE. Also, no detail or analysis of the type of employment created was available. With the overall unsatisfactory performance of the SME loans, the project will not have made a significant impact in terms of generating economic growth and employment. In fact employment rates have worsened between 2010 and 2015 in the two governorates by 3 (Assiut)) and 2 (Quena) percentage points respectively (see figure below).

Figure 1

Change in unemployment rate (in percentage points) in Lower Egypt and Upper Egypt Governorates between 2010 and 2015



Source: CAPMAS Statistical yearbook – 2016.

N.B. Governorates in red are IFAD's intervention Governorates.

62. **Agricultural productivity and food security.** The PCR states that as a result of the research and extension agenda, yields per *feddan* increased significantly, while water and fertilizer use was reduced. The main causes for the positive changes were increased cropping intensity through intercropping, crop rotation, use of improved cultivars and improved and timelier farm work.
63. FSRU monitoring data noted that the project resulted in yield increases of between 1.4 and 50 per cent, depending on crop intensity and the importance of the crop in the farming model. The average productivity gains were in the range of 15-25 per cent. The new crop models also saved on average 7-19 per cent of water and about 25 per cent of fertilizer.⁴⁷
64. The PCR argues that the impacts on food security were positive stating that incomes are part of food security. The CSPE found that 24 per cent of the households reported that their access to better food improved, compared to 5 per cent who reported that it had worsened. The main reasons behind such

⁴⁶ Ibid.

⁴⁷ IFAD 2017, Project Completion Report page v.

improvements were difficult to ascertain, whether they were due to the increase of crop diversification in the beneficiary villages or the increase of incomes.⁴⁸

Human and social capital and empowerment

65. The PCR hardly examines this issue arguing that few funds for investments had been allocated for this purpose.⁴⁹ However, the PCR notes that the CDAs knowledge in micro-enterprise finance was, in a limited way, deepened. The CDAs played a vital role in providing micro loans to end beneficiaries. While beneficiaries were overall satisfied with the services of CDAs they required additional training and particularly needed capacity building to enhance their technical and monitoring capacities.⁵⁰ However, the impact of UERDP on marketing groups was minimal.
66. According to the CSPE, UERDP beneficiaries agreed that loans had had an indirect positive impact on health and education spending. Higher incomes enabled them to purchase medicine or visit a clinic or a doctor. They also indicated that they were able to provide their children with better education services (private lessons, school books, etc.).
67. **Institutions and policies.** As mentioned previously, the CDAs as MFIs, deepened the knowledge of micro enterprise finance, and, as a result of the additional funds received, improved their economies of scale. The amounts related to SFD, PBDAC and BDC Banque du Caire were too small to have any visible impact.
68. **Overall,** the project made a positive impact on agricultural productivity through improved farming systems and the improved water and land management practices. CDA micro-lending enhanced productivity and enabled smallholder farmers to procure inputs and some productive assets, in particular livestock. There is some evidence of increases in agricultural incomes, although due to the high inflation rates, exact levels of increase are difficult to discern. Food availability appears to have improved but how this affects food security is not clear. Because of the insufficient credit outreach to SMEs, the project has not been able to realise the potential impact on non-agricultural diversification and job creation which was stated as its intermediate objective. Impact on men and women's empowerment was mainly through credit outreach and impact on institutions has been minimal. The overall rating is **moderately satisfactory (4)** one rating below that of PMD.

Sustainability of benefits

69. At the time of the CSPE the FMAs established under UERDP had not yet reached a level of effectiveness and even less sustainability, this was due amongst others, to insufficient technical and financial capacities and inadequate links between marketing associations and farmer associations.⁵¹ The FMAs also faced financial and legal constraints as highlighted in paragraph 33.
70. The overall sustainability of CDAs as financial intermediaries appears to be assured, given their reasonable use of the loans, their ability to reach out to the lower segments of society, the good repayment rates, and their level of acceptance in society.⁵² The PCR states that the new regulations pertaining to microfinance will highly likely lead to an overall strengthening of the sector, although only after considerable efforts by all parties and partners to strengthen the capacity of the CDAs. In particular, they will need to improve their efficiency levels in order to reduce their lending rates, which require new operating approaches, Management Information Systems, products and much increased loan volumes. The zero

⁴⁸ IFAD 2017. Country Strategy Project Evaluation page 41.

⁴⁹ IFAD 2017. Project Completion Report page 12.

⁵⁰ e.g. standardising processes for loan management and accounting; exploring software solutions for these activities; better follow up on CDA member income-generating activity by CDA staff; and more sensitisation and repayment models that adequate to borrowers cash flow.

⁵¹ IFAD 2016. Supervision report, para 9.

⁵² IFAD 2017, CSPE p, 45.

investment policy of capacity building pursued under the UERDP is not sustainable.⁵³

71. The approach to rural finance generally is not considered sustainable at the moment because it mainly depends on programme mechanisms (SFD), which only provides loans, capacity building and other services if it is funded externally. There is no cost recovery mechanism (e.g. through collection of fees) and it does not seem to be built into the interest rate. Although repayment rates are good, there is no evidence on the level of loan rotation. No commercial banks were found to function as wholesale lenders, and in the absence of soft loans it is not obvious that commercial banks have the risk appetite for lending to the agricultural sector.⁵⁴ However, the follow-on project PRIME is scaling up the microfinance activities and will provide further finance to SFD including in Qena and Asyut, so in the medium term some sustainability is assured.
72. The loans provided to SMEs through PBDAC were terminated due to the bank's reluctance to revolve the fund.⁵⁵
73. The MIIC evaluation assessed sustainability of the farming models as sustainable based on the good adoption rates.
74. In summary, the sustainability of CDAs and the credit lines are assured in the medium term but the overall approach to rural finance is not sustainable. The agricultural models introduced are sustainable but the FMAs are not. Based on above assessment the rating for sustainability is **moderately satisfactory (4)** in line with the rating of PMD.

B. Other performance criteria

Innovation

75. The PCR identifies two main innovations related to research and extension: (i) the partnership with the FSRU and; (ii) the involvement of researchers in extension activities combined with a Farmer Field School (FFS) approach.
76. This PCR acknowledges the effective approach to integrated farming systems research and extension and the use of FFS. This approach built on APIP⁵⁶ a predecessor project which had successfully created linkages between on-station commodity research, on-farm trials, extension, credit, and farmers. The effective and close collaboration between local extension workers and FSRU staff led to high adoption rates and the new crop models yielded positive impacts, in particular on water and fertilizer requirements. While this model was not new to Egypt, it was new to the Governorates although the agro-ecological zones were the same.
77. The appraisal report identified an innovation in the promotion of sustainable access to financial services in rural areas through partnerships with the SFD (as the apex institution) and community-based financial intermediaries. However, the CSPE found that the provision of SFD microfinance lending through CDAs had been common with other partners since 2006 (e.g. World Bank and African Development Bank).⁵⁷ No other attempts were made to innovate within the rural finance sector, despite the considerable resources spent on this (e.g. delivery methods or financial products). Issues of collateral requirements and small loan sizes remain to be resolved.⁵⁸ Overall, although UERDP has been an important pilot for poverty reduction in the old lands, it did not deliver the expected innovations in micro-

⁵³ IFAD 2015. Supervision Report para 73.

⁵⁴ IFAD 2017, CSPE p, 45.

⁵⁵ MIIC 2016, p 24.

⁵⁶ Which again built on prior agricultural development projects in the old lands (Minya Agricultural development project/ Fayoum Agricultural Development Project.

⁵⁷ IFAD 2017, CSPE p.47.

⁵⁸ IFAD 2017, CSPE, para 183.

finance.⁵⁹ Therefore, the rating for this criterion can only be **moderately unsatisfactory (3)**, one rating below the PMD rating.

Scaling up

78. UERDP has replicated the innovative farming systems developed under APIP. The replication was characterised by a gradual expansion and improvement of e.g. the farming system developed under APIP and replicated by UERDP in two governorates. The credit and marketing activities initiated in UERDP in five new governorates are now being replicated by PRIME. Both are cases of replication rather than scaling up⁶⁰. Activities in PRIME complement and fill in gaps in UERDP by establishing market linkages along selected value chains, rather than scale up an innovative approach.⁶¹ In fact the CSPE concludes that PRIME promotes a rather narrow approach to marketing that does not capitalize on existing good practices nor enable flexible and adaptive solutions to accessing market channels.⁶²
79. UERDP and PRIME also failed to develop innovative funding arrangements for research and extension and hence the funding ratio continues to reduce. The decreasing funding for research and extension diminishes the prospects for further scaling up. This is further impeded by an overall decreasing trend in Government contributions (at design) across three generations of IFAD projects. In APIP the Government contributions were (40 per cent); in UERDP (19 per cent) and in PRIME (7 per cent).⁶³
80. The PCR rating of 5 (satisfactory) appears to be based on the continuation of some credit and marketing activities in the follow-on project PRIME but the complementarities between the UERDP and PRIME are unclear and do not capitalize on existing good practices. Also, as no funding arrangement for research and extension has been established, scaling up of research and extension is not likely to happen and Government contributions are decreasing. The rating for this criterion is therefore **moderately unsatisfactory (3)** two ratings below that of PMD.

Gender equality and women's empowerment

81. UERDP did not have a specific gender mainstreaming strategy.⁶⁴ Due to the lack of focus, of both researchers and project staff, some of the surveys undertaken by the project did not even include outcomes of project activities on women (e.g. in the case of the agricultural competitiveness impact study), or provide a breakdown of results by gender, even though the data existed.⁶⁵
82. Most of the projects achievements on the gender front were related to improving access to rural credit, mainly through the CDA micro loans, less through PBDAC loans to SMEs. Of all loans, 42 per cent were granted to women, and about 40 per cent of total resources went to women. The MIIC evaluation noted that this percentage might be higher due to cultural reasons which meant that men preferred to take the loan in their name even if women were to utilize it for different productive assets.⁶⁶ This achievement can be attributed to the intrinsic dedication and commitment of the CDAs (who were trained predominantly by CARE, the Cooperative for Assistance and Relief Everywhere, in the past) to apply a gender focus and balance.

⁵⁹ MIIC 2017.PPT presentation 2017.

⁶⁰ According to IFAD's definition IFAD interventions will not be viewed as a way of expanding small projects into larger projects" (IFAD 2014, Scaling up Results, page 1)

⁶¹ IFAD 2011, Project Design Report (PRIME), para 46.

⁶² IFAD, Country Strategy Programme Evaluation, page

⁶³ The level of Government Contribution can be an indicator of government ownership.

⁶⁴ IFAD 2017. Country Programme Strategy Evaluation, page 49.

⁶⁵ IFAD 2014. Supervision Report, para 45

⁶⁶ Ministry of International Co-operation, Upper Egypt rural development Project (UERDP) Project Evaluation, page 12.

Table 3

Outreach of financial services under UERDP by gender

<i>Outreach avenue</i>	<i>Men</i>	<i>Women</i>	<i>Subtotal</i>	<i>Outreach to women</i>
CDAs	28 980	21 793	50 773	43%
PBDAC	136	61	197	31%
BDC	1 194	461	1 655	28%
Total	30 310	22 315	52 625	42%

Source: SFD and NPCU.

83. The involvement of women in rural institutions and as decision makers was limited. The PCR states that women's participation in FMAs towards the end of the project was 9 per cent in UERDP against a revised target of 25 per cent. Not surprisingly there were variations regarding women's participation in training according to the topic (e.g. 38 per cent livestock management and 18 per cent crop management). In total, women beneficiaries constituted 23 per cent of total training participants. UERDP also trained female extension workers, but their representation remained low at 17 per cent.⁶⁷The project did not foresee any activities on drudgery reduction.
84. Overall, the project was quite effective in reaching women through micro-credit which will have contributed to some economic empowerment of women, but not transformed their lives. In terms of ensuring the equal voice of women in institutions the project was less successful. The rating on women's equality and empowerment is **moderately satisfactory (4)** in line with that of PMD.

Environment and natural resources management

85. The main focus of the UERDP was on micro and agricultural finance, marketing and development and application of new cropping patterns. No impacts on natural resources and the environment were intended. However, the new crop models developed by FSRU and the farmers had, according to the PCR, a significant positive impact on water and fertilizer requirements. The CSPE found that UERDP contributed to better soil management by promoting organic fertilisation and the inclusion of farming systems that integrate FSRU-developed nitrogen-fixing crops (fava and soy beans) that are able to improve soil fertility. The integrated farming systems ensured considerable savings in fertilizer (between 20-30 per cent) and water (between 7.3 and 18.9 per cent) without any investment in irrigation improvement.⁶⁸ A reduction of water use is of capital importance to Egypt, where 81 per cent of all surface and underground water resources are said to be consumed by the agricultural sector, and where the major source of water is the Nile.
86. The rating is **satisfactory (5)** one rating above that of PMD.

Climate change adaptation

87. Egypt faces two significant climate change risks. The first is sea-level changes that could significantly impact the Delta region and its agricultural activity, and the second is a decrease in Nile water availability due to decreasing rainfall and increased water demand in the Nile basin which impacts both energy production and agriculture. Climate change was not embedded in the project design, but the crop models contributed to some savings of water thereby assisting farmers to in a small way adapt to climate change. The rating is moderately **satisfactory (4)** in line with that of PMD.

⁶⁷ Ibid.

⁶⁸ Ibid. Page 26.

C. Overall project achievement

88. The project was aligned with Government priorities. It was reasonably effective and achieved good results with outreach of micro credit. There were also positive results with extension. However, the links to the SMEs and marketing were not achieved. Nonetheless, the project achieved impacts on agricultural productivity and through the micro-credit enabled borrowers to buy assets and gain some economic empowerment. There were also some good results with NRM through reduced use of fertilizer and water savings. The project replicated the previous project's innovations but concerted efforts to scale these up were not made. Overall project achievements are rated as **moderately satisfactory (4)** one rating below that of PMD.

D. Performance of partners

89. **IFAD.** The PCR assessment is broadly positive about IFAD's role in UERDP. It notes that IFAD supported the GOE by adapting to changes in the environment thereby ensuring that implementation was continued and disbursement rates upheld despite many obstacles (e.g. during 2011-2012).⁶⁹
90. Supervision missions were undertaken regularly and were of adequate quality, raising issues where relevant on both technical and conceptual issues. According to the PCR the quality and depth of interaction between IFAD and the various government institutions improved since the creation of the country office in Cairo.
91. IFAD must however take the responsibility for some of the design weaknesses such as underfunding of capacity building and the absence of support services for some of the cited target groups. The rating is **moderately satisfactory (4)** one rating below that of PMD.
92. **Government.** The PCR contains limited information about the government's performance but is generally positive with the exception of issues around counterpart funding and M&E. This was further corroborated by the CSPE which found the government's counterpart funding unsatisfactory. While counterpart funding flows were within the annual work plan and budget expectations early on in the project, from 2011 the actual flows did not reach allocations. The project attributes this slow down to the revolution and to the resultant budget squeeze and subsequent disruptions in Government operations. The lack of timely counterpart funding had impacts on recurring expenses, as seen in non-payment of staff allowances.⁷⁰
93. M&E was identified in the PCR as one the weakest aspects of project management. M&E mechanisms which had not performed in the earlier projects were replicated in UERDP (and PRIME), with no visible learning or improvement over time.⁷¹ It took time for the project to prepare Result and Impact Management System (RIMS) tables and despite efforts from IFAD they remained of poor quality until the end of the project. Indeed, no final and usable table on achievement rates against all log-frame indicators was available. Moreover, the project did not monitor important issues such as profit rates, efficiency rates, contributions of partners in kind and in cash, etc., which could have been used for project management purposes.⁷² Overall, it was concluded that a sound knowledge management system was missing throughout the implementation period.⁷³
94. Furthermore, the CSPE noted that in UERDP there was a notable lack of follow-up by the supervision missions on previous mission's recommendations. Progress was

⁶⁹ IFAD 2017. PCR p. 19.

⁷⁰ IFAD 2017. CSPE p.74.

⁷¹ IFAD 2017, CSPE, p 76

⁷² For example the 2015 supervision report noted that the reporting format on marketing remained only output oriented and incomplete. The mere reporting of x quantity of a commodity without collecting information about the prices and price differences was not conducive for tracking changes or progress.

⁷³ IFAD 2017. PCR, page 18.

slow to address the large number of recommendations in UERDP. There were also several instances where recommendations were misunderstood and rejected by the PMU.⁷⁴ The PCR noted that compliance was mixed. The implementation of activities that were feasible and which did not require much funding were done quickly; while some activities that required planning took some time. This was according to the PCR due to the hierarchical structure of institutions in Egypt which left little space for decision making at the lower level and points to poor management practices.

95. The CSPE also points out that due to frequent changes in MALR leadership it was challenging to achieve broad based Government ownership for IFAD operations. With the Governments interests being selective this, in particular, affected projects in Upper Egypt.
96. Based on the above assessment the criterion is rated **moderately unsatisfactory (3)** two ratings down from that of PMD.

IV. Assessment of PCR quality

Scope

97. The scope of the PCR is considered moderately unsatisfactory (3) as the PCR covers most evaluation criteria but excludes a specific assessment of gender equity and women's empowerment and has virtually no information on scaling up and government performance.

Quality

98. In terms of analysis, the report is quite analytical but it could have drawn more on available documents such as the MIIC evaluation to complement PCR findings and included a better description of what the project intended to achieve. Also, the main focus of the report is on the rural finance component and related indicators which leads to a quite fragmented analysis and not a comprehensive understanding of the project. The rating is therefore **moderately satisfactory (4)**.

Lessons

99. The PCR includes some good lessons on the following: (i) farming models – enormous economic benefits can be generated with very little funding, if all conditions (as listed for the case of UERDP) are being fulfilled; (ii) loan ceilings - fixing loan ceilings may be fatal in countries with high levels of inflation, or sudden unexpected devaluation; (iii) capacity building - in the absence of solid funding of capacity building through the IFAD grant or loan, it is a fallacy to assume that significant development and institutional development could take place. The rating is moderately satisfactory (4).

Candour

100. The report is candid in its assessment of positive as well as less positive results and the underlying reasons thereof. Some ratings could be better substantiated (e.g. Government performance). The rating is **satisfactory (5)**.

V. Final remarks and lessons learned

101. As with other IFAD projects, adequately ensuring linkages between the different components is crucial to the effectiveness and impact of the project (e.g. between credit and research; credit and marketing and research and marketing). In order to ensure these linkages are working effectively, a proper theory of change needs to be developed as part of the project design so that underlying assumptions on which the project success relies are recognized and understood.
102. Better studies and use of data e.g. longitudinal studies (e.g. on credit) would greatly enhance the learning potential of M&E in the project.

⁷⁴ IFAD 2017. CSPE, p.71.

Definition and rating of the evaluation criteria used by IOE

Criteria	Definition *	Mandatory	To be rated
Rural poverty impact	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.	X	Yes
	<i>Four impact domains</i>		
	<ul style="list-style-type: none"> Household income and net assets: Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value. The analysis must include an assessment of trends in equality over time. 		No
	<ul style="list-style-type: none"> Human and social capital and empowerment: Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grass-roots organizations and institutions, the poor's individual and collective capacity, and in particular, the extent to which specific groups such as youth are included or excluded from the development process. 		No
	<ul style="list-style-type: none"> Food security and agricultural productivity: Changes in food security relate to availability, stability, affordability and access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields; nutrition relates to the nutritional value of food and child malnutrition. 		No
	<ul style="list-style-type: none"> Institutions and policies: The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor. 		No
Project performance	Project performance is an average of the ratings for relevance, effectiveness, efficiency and sustainability of benefits.	X	Yes
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design and coherence in achieving its objectives. An assessment should also be made of whether objectives and design address inequality, for example, by assessing the relevance of targeting strategies adopted.	X	Yes
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.	X	Yes
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.	X	Yes
Sustainability of benefits	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.	X	Yes
Other performance criteria			
Gender equality and women's empowerment	The extent to which IFAD interventions have contributed to better gender equality and women's empowerment, for example, in terms of women's access to and ownership of assets, resources and services; participation in decision making; work load balance and impact on women's incomes, nutrition and livelihoods.	X	Yes
Innovation	The extent to which IFAD development interventions have introduced innovative approaches to rural poverty reduction.	X	Yes
Scaling up	The extent to which IFAD development interventions have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and others agencies.	X	Yes
Environment and natural resources management	The extent to which IFAD development interventions contribute to resilient livelihoods and ecosystems. The focus is on the use and management of the natural environment, including natural resources defined as raw materials used for socio-economic and cultural purposes, and ecosystems and biodiversity - with the goods and services they provide.	X	Yes
Adaptation to climate change	The contribution of the project to reducing the negative impacts of climate change through dedicated adaptation or risk reduction measures.	X	Yes
Overall project achievement	This provides an overarching assessment of the intervention, drawing upon the analysis and ratings for rural poverty impact, relevance,	X	Yes

<i>Criteria</i>	<i>Definition</i> [*]	<i>Mandatory</i>	<i>To be rated</i>
	effectiveness, efficiency, sustainability of benefits, gender equality and women's empowerment, innovation, scaling up, as well as environment and natural resources management, and adaptation to climate change.		
Performance of partners			
• IFAD	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.	X	Yes
• Government		X	Yes

* These definitions build on the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) Glossary of Key Terms in Evaluation and Results-Based Management; the Methodological Framework for Project Evaluation agreed with the Evaluation Committee in September 2003; the first edition of the Evaluation Manual discussed with the Evaluation Committee in December 2008; and further discussions with the Evaluation Committee in November 2010 on IOE's evaluation criteria and key questions.

Rating comparison^a

<i>Criteria</i>	<i>Programme Management Department (PMD) rating</i>	<i>IOE Project Completion Report Validation (PCRVR) rating</i>	<i>Net rating disconnect (PCRVR-PMD)</i>
Rural poverty impact	5	4	-1
Project performance			
Relevance	4	4	0
Effectiveness	5	4	-1
Efficiency	5	4	-1
Sustainability of benefits	4	4	0
Project performance^b			
Other performance criteria	4.5	4	
Gender equality and women's empowerment	4	4	0
Innovation	4	3	-1
Scaling up	5	3	-2
Environment and natural resources management	4	5	+1
Adaptation to climate change	4	4	0
Overall project achievement^c	5	4	-1
Performance of partners^d			
IFAD	5	4	-1
Government	5	3	-2
Average net disconnect			-8/12=-0.66

^a Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.

^b Arithmetic average of ratings for relevance, effectiveness, efficiency and sustainability of benefits.

^c This is not an average of ratings of individual evaluation criteria but an overarching assessment of the project, drawing upon the rating for relevance, effectiveness, efficiency, sustainability of benefits, rural poverty impact, gender, innovation, scaling up, environment and natural resources management, and adaptation to climate change.

^d The rating for partners' performance is not a component of the overall project achievement rating.

Ratings of the project completion report quality

	<i>PMD rating</i>	<i>IOE PCRVR rating</i>	<i>Net disconnect</i>
Candour		5	
Lessons		5	
Quality (methods, data, participatory process)		4	
Scope		3	
Overall rating of the project completion report		4	

Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.

RIMS Data

FIRST LEVEL RESULTS					
	Unit	Cumulative			Comments of the NPCU
		Appraisal	Actual	% of Appraisal	
Total Outreach					
Outreach indicators					
Communities receiving project services	number	387	387	100%	
Households receiving project services	number	20 000	26 281	131%	
Individuals receiving project services(men)	number	60 000	63 436	106%	
Individuals receiving project services(women)	number	20 000	36 660	183%	
Individuals receiving project services(men/women)	number	80 000	100 096	125%	
Small and Micro enterprises					-
Enterprises accessing facilitated financial services (SEDO)	number		197		Under small enterprises component (SEDO) the total allocated amount had been fully disbursed by end of 2009
Enterprises accessing facilitated financial services (MFCS)	number		43 090		
Enterprises accessing facilitated financial services (Total SEDO & MFCS)	number	16 000	43 287	271%	
Marketing groups formed/strengthened	number	50	53	106%	As recommended by the MTR of 2012, the appraisal target was reduced to 50 instead of 400. As of end of Dec 2014, of the 53 MAs, only 41 are active and some of FMAs has been dissolved. And reduced number of members to 3 500 instead of 28 000
People in marketing groups formed/strengthened(men)	number	2 625	3 796	145%	
People in marketing groups formed/strengthened (women)	number	875	384	44%	
People in marketing groups formed/strengthened (men/women)	number	3 500	4 180	119%	
People trained in business/entrepreneurship (men)	number	2 000	458	23%	
People trained in business/entrepreneurship (women)	number	1 000	313	31%	
People trained in business/entrepreneurship(men/women)	number	3 000	771	26%	
Level 2 Results					
Effectiveness Creation of employment opportunities	rating		4		
Likelihood of sustainability of enterprises	rating		5		
Likelihood of sustainability of the marketing groups and/or strengthened	rating		2		
Rural Financial Services					-
Active borrowers (men) SEDO	number		8		Total no of active borrowers represents total number for SEDO =8 in addition to active borrowers for Micro Finance Sector = 5,867. The total of 5,875 active borrowers is representing the number of end beneficiaries in repayment phase (As per agreed with
Active borrowers (women) SEDO	number		0		
Active borrowers (men/women) Total SEDO	number		8		
Active borrowers (men) MFCS	number				
Active borrowers (women) MFCS	number				
Active borrowers (men/women) Total MFCS	number		0		

FIRST LEVEL RESULTS					
	Unit	Cumulative			Comments of the NPCU
		Appraisal	Actual	% of Appraisal	
Active borrowers (TOTAL SEDO&MFCS)	number				Ms Lourdes; number of active borrowers couldn't be calculated as cumulative figure)
Community groups formed/strengthened	number	100	74	74%	
Financial institutions participating in project (SEDO)	number	1	1	100%	SEDO signed one contract with PBDAC on 5/4/2009 for EGP 5 million
Financial institutions participating in project (MFCS)	number	100	81	81%	Includes Banque du Caire
Financial institutions participating in project (total SEDO&MFCS)	number	101	82	81%	
People in community groups formed/strengthened(men) SEDO	number	125	136	109%	People in CDAs formed/ strengthened represent the total number of end beneficiaries who received loans from both SEDO and MFCS
People in community groups formed/ strengthened (women) SEDO	number	75	61	81%	
People in community groups formed/strengthened (men/women) SEDO	number	200	197	99%	* Total number of People in community groups formed/ strengthened (men/women) MFCS as of 31 Dec 2012 has been changed due to continuously verification of data through our internal auditors
People in community groups formed/ strengthened(men) MFCS	number	11 200	24 874	188%	
People in community groups formed/strengthened (women) MFCS	number	2 800	16 201	579%	
People in community groups formed/strengthened (men/women) MFCS	number	14 000	43 090	308%	
People in community groups formed/strengthened (M/W) Total SEDO&MFCS		14 200	43 287	305%	
Staff of financial institutions trained (men)	number	450	216	48%	
Staff of financial institutions trained (women)	number	150	38	25%	
Staff of financial institutions trained (men/women)	number	600	254	42%	
Value of gross loan portfolio (SEDO & MFCS)	US\$		70		
Value of gross loan portfolio (MFCS)	US\$				Amount according to AWP is US\$3 0 million Average loan amount is US\$ 463 79/beneficiary
Effectiveness: Improved access of the poor to financial services	rating		6		Self-rating of project staff
Likelihood of improved performance of the financial institutions (CDAs)	rating		5		
Likelihood of sustainability of the savings and credit groups formed/strengthened (CDAs)	rating		6		
Technology transfer					
People trained in crop production practices and technologies(men)	number	5 760	2 423	42%	
People trained in crop production practices and technologies(women)	number	1 440	550	38%	
People trained in crop production practices and	number	7 200	2 973	41%	

FIRST LEVEL RESULTS					
	Unit	Cumulative			Comments of the NPCU
		Appraisal	Actual	% of Appraisal	
technologies(men/women)					
People trained in livestock production practices and technologies(men)	number	5 760	1 365	24%	
People trained in livestock production practices and technologies(women)	number	1 440	837	58%	
People trained in livestock production practices and technologies(men/women)	number	7 200	2 202	31%	
Staff of service providers trained(men)	number	120	1 380	1150%	
Staff of service providers trained(women)	number	40	286	715%	
Staff of service providers trained(men/women)	number	160	1 688	1055%	
Level 2					
Effectiveness: Improved agriculture and livestock production	rating		6		Self-rating of project staff
Effectiveness: Improved performance of service provider	rating		4		Self-rating of project staff

Source: PCR.

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Abbreviations and Acronyms

APIP	Agricultural Production and Intensification Project
BDC	Banque du Caire
BDSPs	Business Development Service Providers
CDAs	Community Development Associations
CSPE	Country Strategy and Programme Evaluation
COSOP	Country Strategic Opportunities Paper
CPMU	Central Programme Management Unit
Fd	Feddan
FFS	Farmers Field School
FMA	Farmers marketing associations
FSRU	Farm System Research Unit
GOE	Government of Egypt
GPCU	Governorate project coordination unit
HMA	Handicraft marketing associations
IRR	Internal rate of return
MALR	Ministry of Agriculture and Land Reclamation
M&E	Monitoring and Evaluation
MFI	Microfinance Institutions
MFS	Microfinance Sector Department
MFCS	Microfinance Central Sector (of SFD)
MIIC	Ministry of International Cooperation
MTR	Mid-term Review
NGOs	Non-governmental Organizations
NPCU	National project coordination unit
PBDAC	Principal Bank for Development and Agriculture Credit
PCR	Project Completion Report
PMD	Programme management department
PMUs	Programme management units
PRIME	Promotion of Rural Incomes through Market Enhancement Project
PSC	Project steering committee
RIMS	Result and Impact Management System
SDS	Egypt's Sustainable Development Strategy
SEDO	Small Enterprise Development Organization
SFD	Social Fund for Development
SMEs	Small and medium enterprises
UERDP	Upper Egypt Rural Development Project

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