

Egypt

Sustainable Agriculture Investments and Livelihoods Project

Partial Supervision Report

Mission Dates: 10-23 October 2021

Document Date: 29/11/2021

Project No. 1100001745

Report No. 5936-EG

Near East, North Africa and Europe Division
Programme Management Department

Abbreviations and Acronyms

ABE	Agricultural Bank of Egypt
AC	Agricultural Cooperative
ADP	Agriculture Development Program
ARC	Agricultural Research Center
ASAP	Adaptation for Smallholder Agriculture Programme
AWPB	Annual Work Plan and Budget
BdC	Banque du Caire
CC	Climate Change
CCICRE	Climate Change Information Center and Renewable Energy
CDA	Community Development Association
EGP	Egyptian Pound
ESMP	Environmental and Social Management Plan
EWS	Early Warning System
FY	Fiscal Year (1 July – 30 June)
GoE	Government of Egypt
IFAD	International Fund for Agricultural Development
ISM	Implementation Support Mission
GEF	Global Environment Facility
LE	Lower Egypt
MA	Marketing Association
MALR	Ministry of Agriculture and Land Reclamation
ME	Middle Egypt
MFI	Microfinance Institution
MIIC	Ministry of Investment and International Cooperation
MoF	Ministry of Finance
MSMEDA	Medium, Small and Micro Enterprise Development Authority
MTR	Mid-Term Review
M&E	Monitoring and Evaluation
MWRI	Ministry of Water Resources and Irrigation
PMU	Project Management Unit
RPMU	Regional Project Management Unit
PSM	Partial Supervision Mission
PSR	Partial Supervision Report
PY	Project Year
SAIL	Sustainable Agricultural Investments and Livelihoods Programme
SECAP	(IFAD's) Social Environment and Climate Assessment Procedures
UE	Upper Egypt
WNRDP	West Noubaria Rural Development Project
WUA	Water Users' Associations

A. Project Overview

Region:	Near East, North Africa and Europe Division	Project at Risk Status:	Not at risk
Country:	Egypt	Environmental and Social Category:	Substantial
Project Name:	Sustainable Agriculture Investments and Livelihoods Project	Climate Risk Classification:	not available yet
Project ID:	1100001745	Executing Institution:	Ministry of Agriculture and Land Reclamation
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:	16/12/2014	Last audit receipt:	31/12/2020
Signing Date:	19/02/2015	Date of Last SIS Mission:	23/10/2021
Entry into Force Date:	15/06/2015	Number of SIS Missions:	12
Available for Disbursement Date:	16/11/2015	Number of extensions:	0
First Disbursement Date:	20/11/2015	Effectiveness lag:	6 months
MTR Date:	08/09/2019		
Original Completion Date:	30/06/2023		
Current Completion Date:	30/06/2023		
Financial Closure:	not available yet		

Project total financing

IFAD Financing breakdown	IFAD: KfW loan	\$63,200,000
	ASAP Trust Fund	\$5,000,000
	Near East, North Africa and Europe Division	\$1,400,000
Domestic Financing breakdown	National Government	\$15,209,200
	Beneficiaries	\$2,045,300
Co-financing breakdown,	GEF: Special Climate Change Fund	\$7,812,000
Project total financing:		\$94,666,500

Current Mission

Mission Dates: 10-23 October 2021

Days in the field: Remote Mission

Mission composition: Mr. Umit Mansiz, IFAD Programme Officer; Mr Michele Pirazzoli Consultant Mission Leader; Mr. Aziz Tabet Irrigation Specialist, Ms. Olga Tomilova, Rural Finance Specialist, Ms. Stefania Gnoato, Gender and Social Inclusion Specialist, Mr. Nadhem Mtimet IFAD Senior Regional Technical Specialist Rural finance, Markets and Value Chains. Ms Ragya Reyad M&E and KM Manager Central PMU IFAD project in Egypt and Mr. Shaik N. Meera IFAD Senior Technical Expert - Digital Agriculture participated in selected mission meetings

Field sites visited:

B. Overall Assessment

Key SIS Indicator #1	∅	Rating	Key SIS Indicator #2	∅	Rating
Likelihood of Achieving the Development Objective		3.8	Assessment of the Overall Implementation Performance		3.92

Effectiveness and Developmental Focus		4	Project Management		4
Effectiveness		3	Quality of Project Management		4
Targeting and Outreach		4	Knowledge Management		5
Gender equality & women's participation		4	Value for Money		3
Agricultural Productivity		3	Coherence between AWPB and Implementation		3
Nutrition		4	Performance of M&E System		4
Adaptation to Climate Change		4	Social, Environment, and Climate Standards requirements		4

Sustainability and Scaling-up		4	Financial Management and Execution		4
Institutions and Policy Engagement		4	Acceptable Disbursement Rate		3
Partnership-building		5	Quality of Financial Management		5
Human and Social Capital and Empowerment		4	Quality and Timeliness of Audit		3
Quality of Project Target Group Engagement and Feedback		4	Counterparts Funds		5
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		5
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C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

1. A mission from the International Fund for Agriculture Development (IFAD) ^[1] was undertaken from October 10th to 21st, 2021 to provide to undertake a Partial Supervision of the Sustainable Agriculture Investments and Livelihoods Project (SAIL) in the Arab Republic of Egypt.
2. Due to the current COVID-19 situation that prevented field visits in-country, this mission was conducted on a remote basis with daily virtual meetings involving PMU staff, Ministry of Water Resources and Irrigation (MWRI), implementing partners, including the Agriculture Development Program (ADP) and Medium, Small and Micro Enterprise Development Authority (MSMEDA) and its partner Banks. In addition, the mission met with the Food and Agriculture Organization (FAO), which is implementing Farmers Field Schools (FFSs) under a contract with SAIL and with representatives of the German Cooperation (GIZ) starting up a new partnership with the project in the areas of Marketing Support and Agri Value Chains.
3. The purpose of the Partial Supervision Mission (PSM) was to assess the progress made and to follow up on agreements reached at the last Supervision Mission held in May 2021 in respect of two core activities under the Project (Infrastructure and Rural Finance) and to explore opportunities for enhanced implementation prior to the next supervision scheduled in May 2022. The mission took also a forward-looking approach assessing prospects for the SAIL to reach a successful completion in consideration of the remaining implementation period (currently less than two years) and of the willingness expressed by the GoE to request a 2 years extension for SAIL completion date
4. The mission's findings and agreements recorded in this Partial Supervision Report (PSR) were reached during a virtual de briefing session with the PMU led by its Executive Director, Dr Hany Darwish held on 21st October 2021. The relevant background to support the mission conclusions, including also the finalized TORs for the AOS survey are reported in Appendix 4- Technical Background Analysis. The conclusions reported in this PSR remain subject to the endorsement by IFAD senior management.
5. ^[1] Mr. Umit Mansiz, IFAD Programme Officer; Mr Michele Pirazzoli Consultant Mission Leader; Mr. Aziz Tabet Irrigation and drainage Specialist, Ms. Olga Tomilova, Rural Finance Specialist, Ms. Stefania Gnoato, Gender and Social Inclusion Specialist, Mr. Nadhem Mtimet IFAD Senior Regional Technical Specialist Rural finance, Markets and Value Chains. Ms Ragya Reyad M&E and KM Manager Central PMU IFAD project in Egypt and Mr. Shaik N. Meera IFAD Senior Technical Expert - Digital Agriculture participated in selected mission meetings.

Key Mission Agreements and Conclusions

6. SAIL has entered the fourth month of PY7 and has reached some 15,000 HHs (37% of overall outreach target) ^[2]. Aggregate disbursement for IFAD, ASAP and GEF is now at 39%. The incremental disbursement over the last 4 months (from last SM) is about USD 3.6 million. While in consideration of the time elapsed low disbursement remain an issue negatively affecting SAIL ratings, the PSM was provided with evidence of commitments to submit WAs for about USD 4.0 mill to be processed at IFAD before year end, which is just below the best case scenario projections by the IFAD SM in May 2021 of reaching 50% disbursement by year end.
7. **Significant progress was made by the PMU in the implementation of key actions agreed with the May 2021 IFAD SM to sustain and scale up investments in irrigation and drainage infrastructure and to improve targeting of loans under the credit component.** Moreover, the PSM notes that the PMU has made its initial steps in improving planning and documenting results in the areas of Knowledge Management, Partnership Building and Exit Strategy as recommended by successive IFAD Supervisions. **The positive achievements noted during the review period underpin a steady improvement in SAIL performance from the deadlock situation recorded only 2 years ago at MTR in September 2019 ^[3]. This positive trend provides the basis for the GoE to send IFAD prior to the next SM (scheduled in May 2022) a formal request for amendment of the FA for a 2 years extension for SAIL and a consistent reallocation across categories of the IFAD Loan and Grant proceeds as anticipated to the PSM.** The following priorities to put SAIL on track for a satisfactory completion were jointly identified:
 - **Investments in Irrigation:** The prompt start of investment planned in PY7 AWPB (Station 14) requires defining the exact locations for the pumphouse and solar PV modules in collaboration with WUAs in ME. Moreover, a comprehensive assessment of the HHs directly benefitting from the investment pipeline up to project end would require: i) a survey to assess the boundaries of the area benefitting from the proposed investments in drainage channels in UE; and ii) the definition of the boundaries/service areas of investments mesqa lining in LE as well as investments in ME considering both upstream and downstream benefits. Signing of 3 new contracts for mesqa lining in LE shall also be expedited.
 - **Rural Finance:** The continued efforts of the PMU and COs to broker SAIL-supported credit products are actively supporting the concentration of loans in the 30 villages targeted by SAIL. However, failure of BdC to meet by end 2021 the contractual requirement to disburse in the primary target villages at least 25% of the 1st tranche of EGP 25 million received from MSMEDA (currently revolving), would entail immediate termination of the BdC contract.
 - **AOS survey:** While strictly following a QCBS selection method in line with the LtB requirements the PMU has started to explore options for fast tracking this procurement e.g. by applying a single step procurement process with support from the IFAD CO. In parallel to the launch of the procurement process the PMU will further finetune with IFAD support from HQ and from the CPMU based in Cairo the sample resilience scorecard matrix and the related questionnaire that will need to be provided upon contracting the selected service provider.

- **Submission of Withdrawal Applications:** The PMU shall ensure timely submission of WA by all parties on an ongoing basis not only because this affects cashflow management both at the project level and at IFAD level, but also as this is a relevant dimension of SAIL performance assessment according to ORMS ratings.
8. [2] PMU estimate to be validated through ongoing field recollection of outreach data. It constitutes about 75 % of the registered population in the targeted villages.
 9. [3] Disbursement at MTR in September 2019 was 7%

D. Overview and Project Progress

10. The PSM worked jointly with the PMU to assess progress, highlight key issues and define the way forward for implementation focusing on key activities **under SAIL Components 2: Agriculture Production and Diversification and Component 3: Rural Enterprise and Microfinance Development**, requiring specific follow up according to IFAD Supervision Mission of May 2021.
11. **Water and Renewable Energy Infrastructure (sub 2.2)** As per last SM recommendations, the SAIL Management has deployed a significant effort in two directions aimed at: i) enhancing the beneficiaries' consultation in the process started at the first stages of project identification, confirming their agreement with SAIL interventions and their commitment to project's conditions, and ii) the achievement of the pending irrigation and drainage engineering detailed design studies and bidding documents in order to come up with a vigorous investment plan that is expected to inverse the persistent underperformance trend of the Project.
12. Despite the constraints related to the pandemic context, overall, the SAIL Management, through extended meetings and discussions with local authorities reached most of the required agreements from farmers for project's interventions in Middle Egypt (ME) and Upper Egypt (UE) areas. As per project design the foremost commitment consists of that, while the Project is developing the irrigation infrastructure to supply reliable irrigation water up to the farm borders, the farmers will introduce modern efficient irrigation equipment (e.g. drip, sprinkler) on their farm to shift from the current on-farm flood irrigation to highly efficient irrigation methods. This was considered an essential element to ensure a smooth implementation of project interventions during works construction phase and the compliance with the Government nation-wide policy for water control and savings. It was also considered essential in building conditions for ownership and ensuring sustainability through the establishment of Water User Associations (WUAs) supported by a dense training program. The mission proceeded with the screening of all the documentation collected by the PMU and assessed its significance and value in terms of formal administrative reliability.
13. Considering the progress in social mobilization, combined with the progress made in irrigation and drainage improvement studies, bidding documents finalization and works construction planning, the SAIL Management has reached an appreciable level of achievement that would speed up the execution of the currently planned civil works interventions for PY7. Such achievements would enhance significantly the execution of the anticipated irrigation improvement investments for PY8 and possibly beyond. These are summarized herewith and consist of: i) the tendering process for three new civil work contracts for the mesqa rehabilitation of the last 10.5 km of the revised target of 35 km in LE; ii) the launch in ME of the tendering process for civil works (mesqa reconstruction and pumping equipment) and for Goods (supply and installation of solar PV Modules) for irrigation system modernization over an area of 1 240 feddans (Station 14) in El Mynia, and iii) the launch in UE of the tendering for the supply and installation of 50 small scale Solar powered pumping systems (PV Units) in Wady Nokra and Wady Saayda areas. It was agreed that the civil works related to the construction of the intake, the sump and the house of the pumping station will be procured through a separated NCB bidding process. In the same area, the project has developed in collaboration with the EPDAP engineers the elaboration of detailed designs and drawings for the construction of an open drainage channel of about 6 km length commanding an area of about 3 000 feddans that are suffering from excess irrigation water and salinity, contributing at the same time to the relief of the poor population of Samaha (mainly widows and divorced women) and El Shahama villages from continuous flooding of their homes, deleterious to their health, originated by the rising ground water table. The project has also started the preparation of detailed designs and bidding documents for irrigation improvement in additional 2 250 feddans (station 12 and 13) in ME to respond to the large expectations of small holders leaving nearby Station 14 and enduring the same irrigation water scarcity situation particularly as tail enders.
14. Most of the pending key issues have been discussed and settled during the mission's video meetings and continuous contacts with PMU counterparts that would facilitate and accelerate the implementation of actions in progress. The remaining issues of foremost significant importance for ME are: i) the preliminary delineation in the field through benchmarks of required areas on which the contractors, once commissioned, will start the construction of the pumping house and the installation of the solar PV panels; ii) the finalization of the tendering process for consultancy services for the supervision and control; and iii) the setting by SAIL Management of an overarching coordination committee. In UE, the project would conduct a consultation process with the communities concerned by the Project drainage improvement proposal aiming at validating the alignment of the drainage channel and assessing its impact through a simulation of the decreased water level. The wider impact area of ongoing and completed investments in mesqa lining in LE is also to be assessed and reflected in reporting of outreach.
15. **Agricultural Production Services (sub 2.3);** since last supervision the PMU has carried out several bilateral meetings, field visits and coordination workshops with FAO for the re-definition of the work plan under the contract signed for the implementation of FFS in target villages. In a joint meeting between the PMU, FAO and the PSM, the mission was pleased to note the progress achieved as training of Facilitators (so far 68 were trained of which 28 deemed qualified) and planning of modules to include agribusiness and financial literacy as recommended by the IFAD SM in May 2021. The trained facilitators have been instrumental to initiate 22 FFS (out of 32 planned by end 2021). The work plan to initiate 10 additional FFS in UE and 100 more in 2022 is deemed feasible and realistic on the basis of reported progress and staff deployed. At this stage and to keep the momentum gained, the following actions are deemed necessary in order to further enhance FFS's focus on smart agriculture and

innovation and to facilitate consolidated planning and reporting of SAIL interventions by the PMU.

16. **Marketing Services (sub 2.4)** The PMU management is aware about the importance of the marketing subcomponent and is very keen to boost this area that has not received much attention during the first years of the project implementation. There are still a number of contractual, organizational and institutional issues that should be resolved at the MAs level as well as better coordination with other subcomponents of the project. However, since the last supervision mission, some progress has been achieved in relation to finalizing the contracting of West Noubaria Marketing Association (WNMA) in August 2021, which started providing training and capacity building to the two (2) MAs located in in UE (Wadi Noqra and Wadi Saayda). This is a 12-months contract with the objective of supporting signing of 14 new contracts between each MA and buyers. Moreover, an agribusiness specialist was temporarily hired by the PMU using internal resources. The specialist has developed a workplan for the next period (6 months) to build the MAs capacities and improve their linkages to the local and export markets. In total 15 marketing committees were established and their members trained on topics related to the roles and duties of the MAs, feasibility studies, and market linkages. Some production contracts were signed with buyers/processors but a number of them have not materialized because of quality and standards conformity issues. A mapping of the main agricultural crops for the regions related to each MA was done, but there is need to provide more details on the volumes, seasonality of production and prices.
17. During the review period IFAD started discussion with GIZ for potential collaboration with SAIL project in terms of capacity building for its agribusiness officers, and also project beneficiaries, MAs and ACs in terms of market linkages, capacity building, etc. A meeting was held during the PSM and the participants discussed potential collaboration areas. It has been agreed that a follow up meeting will be organized in November with participation of SAIL, GIZ, IFAD and MoA to agree on a workplan and way forward. SAIL will be among the first projects in the Egypt portfolio to work in partnership with GIZ, initially focusing in ME where GIZ is already well rooted with its activities.
18. The 6-months direct contracting process of the agribusiness specialist already cleared by IFAD need to be expedited and the PMU shall immediately start developing the ToRs for the permanent position. It is also important to finalize the process of registration of the permanent marketing board for Motobus MA. This has been lagging behind due among others to the COVID-19 situation. Currently only the two (2) MAs in UE are receiving capacity building and help in market linkages. It is important to also provide support to the other remaining MAs through contracting with other WNMA and also through the capacity development programme that will be discussed with GIZ. SAIL project agribusiness field officers' capacity strengthening is also still pending of specific training activities. The GIZ collaboration programme will/should include such capacity building for the project staff.
19. Both FAO through FFS, SAIL through WNMA activities and though the agribusiness specialist currently being recruited, and in the future the GIZ partnership are/will be all providing capacity building to project beneficiaries and their institutions members (MAs, ACs). It is therefore important to coordinate such activities and enhance collaboration between the partners to avoid duplications and increase efficiency in terms of use of funds and time allocation. Moreover, the PSM highlights that access to funding is crucial for many actors within the value chains not only to enhance production by the primary target groups but also to improve the marketing capacities and outreach. This includes among others producers, MAs, ACs, inputs suppliers, processors, etc. The mission recommends mapping, in each region, the various value chain actors and assess their needs and demand to access financing.
20. **Rural Enterprise and Microfinance Development (comp 3)** Since the previous mission in May 2021, the IFAD Team was pleased to see progress in the component implementation, with expanded lending to the target areas and improved management of the component by the PMU. While not all of the previous mission's recommendations have been fully implemented, the mission notes PMU's and Implementing Partners' commitment to their implementation and the progress achieved on this path.
21. In particular, as of September 2021, ADP additionally disbursed about EGP 5 million, thus cumulatively reaching to over EGP 65 million in disbursements to 256 borrowers (including 2 agricultural cooperatives with 499 members) in the project target areas. In order to boost demand and meet the needs of smallholders, in September 2021 ADP reduced the interest rate to the end borrowers down to 5% p.a. Since outreach to women remains below the target level (at about 4% of the total number of borrowers), ADP also decided to introduce amendments in the loan approval procedures which currently prescribe granting loans only to holders of the land title – who, in most cases, are men. The amendment will allow women to get access to loans while their husbands (holders of the land title) will be able to act as loan guarantors. These are commendable developments which show ADP's commitment to the project. By November, ADP plans to disburse EGP 2.75 million and will be ready to submit a new withdrawal application worth of EUR 650,000 by mid-November 2021.
22. MSMEDA, too, has shown significant progress in reaching the target areas. As part of the improved targeting strategy MSMEDA signed a contract with the Agricultural Bank of Egypt (ABE). By early October, ABE disbursed EGP 20.4 million to 147 borrowers, including 13 women (9%) and has withdrawn the second tranche of EGP 21 million, to be disbursed in the next several months. However, ABE noted new circumstances which may hinder further loan disbursements – namely, the launch of government lending programs to support irrigation (currently being piloted in two regions), at zero percent interest rate.
23. PMU has been actively working to support the activities under the component. Specifically, 2 of the 3 planned loan officers were hired to help market the loans (in UE and ME, the loan officer position in LE is to be readvertised). The loan officers were placed at MSMEDA branches and will be managed by MSMEDA. PMU has also been conducting awareness activities among both potential borrowers and those who already received loans (for the latter, on technical aspects of their activities, such as irrigation, livestock breeding etc.). PMU also worked with borrowers' complaints and provided support to those borrowers who had various issues. PMU has improved reporting on the component, despite difficulties in harmonising the data from the two Implementing Partners. PMU's dedication and progress to the component implementation is commendable.
24. However, the PSM highlights the need to further improve reporting on the component. Since ADP and MSMEDA report on the component performance using different methodologies, the mission recommends adjusting MSMEDA data by comparing the

amounts of the original contracts of MSMEDA's partner financial institutions with the data on disbursements. The resulting ratio showing any disbursement over the original contract amount should be applied to adjust down all of the MSMEDA data (number of borrowers, women borrowers, loans by sectors, jobs created etc.).

25. Other issues affecting the implementation of the component are: i) lack of progress on the part of Banque du Caire, as the 3-month extension granted to the bank to increase outreach to the target areas has not resulted in any progress (MSMEDA requested 3 more months additionally, now that the loan officers were hired by PMU, after which, in case no progress is observed, the contract with the bank should be cancelled); ii) insufficient outreach to women, that is set to improve as the amendments in ADP procedures come into force; and iii) the need to consider expanding the geographical scope of lending activities to agriculture-related businesses to adjacent villages, conditional on evidence of backward or forward linkages with the target areas, in view of competing government lending programs and the risk of insufficient demand in the project target villages.

Agreed Action	Responsibility	Agreed Date
<p>Delivery of Equipment to ACs:</p> <p>The delivery of the first lot of Agricultural equipment to the ACs shall be followed by a thorough assessment on the O&M arrangements and capacity building as required.</p>	PMU	12/2021
<p>Studies for investment plan in irrigation (ME and UE)</p> <p>Detailed studies preparation and bidding document for investment projects in Middle and Upper Egypt should be ready before the end of PY6 for submission to IFAD for consideration as a condition for project financing continuation beyond PY6.</p>	PMU/MWRI El Mynia	12/2021
<p>Designs for investments in Drainage (UE)</p> <p>PMU should clarify with the Drainage Authority in Aswan, the conditions for the preparation of bill of quantities and tender document for secondary drainage system improvement over an area of about 2,300 feddans.</p>	PMU/Drainage Authority in Aswan	12/2021
<p>MSMEDA outreach to target areas</p> <p>MSMEDA partners (Banque du Caire and CDAs) are responsible for the disbursement of funds equal to 25% of the first tranches received, to the target areas, out of the available revolving funds. All further tranches will be conditional on the implementation of the above conditions – the submission of the strategy and reaching out to the target areas with at least 25% of funds.</p>	MOIC, MSMEDA	12/2021
<p>Strengthen linkages between components</p> <p>ADP and MSMEDA should made available, and PMU should maintain lists of borrowers from ADP and MSMEDA, both to maintain the database to support data collection and reporting as per the recommendation above, and to offer relevant trainings and technical assistance to interested borrowers. In turn, PMU should share lists of potential loan applicants with ADP and MSMEDA to link them to loan opportunities. PMU should record and report on beneficiaries of other components who received loans and loan beneficiaries who received training or technical assistance from the Project.</p>	PMU Component Leads, M&E, ADP, MSMEDA	12/2021
<p>Long term investment plan for Irrigation</p> <p>Consolidate the current irrigation investment plan to project end with potential areas of coverage, budgeting requirements by category and timeline for the development of designs during PY7, including those for the areas to be implemented under phase 2 interventions in ME in accordance with the timeline in Appendix 4-1 of the SM report.</p>	PMU/MWRI	12/2021
<p>Training Program revision</p> <p>Revise the training and capacity building activities financed by IFAD GEF and ASAP with a view to simplification and complementarity with FFS trainings under the FAO contract. Start introducing Financial Literacy modules and Digital Solutions where appropriate and introduce exchange visits as required.</p>	PMU	12/2021

<p>Provide a 3-month extension to Banque du Caire to reach the 25% disbursement in target areas [Repeat from Oct 20]:</p> <p>MSMEDA partners (Banque du Caire and CDAs) are responsible for the disbursement of funds equal to 25% of the first tranches received, to the target areas, out of the available revolving funds. Release of the second tranche remains conditional on reaching out to the target areas with at least 25% of funds as agreed at MTR. Support from newly hired loan officers will be available by June 2021.</p>	MSMEDA	12/2021
<p>Middle Egypt El Mynia Civil works:</p> <p>Proceed as soon as possible with the tendering process for the selection of the contractor for civil works and the supplier for the solar PV modules for the irrigation improvement of the 12 Mesqa of Station 14 covering about 1240 feddan.</p>	SAIL PMU	12/2021
<p>Coordination committee for Middle Egypt;</p> <p>The establishment of a coordination committee for the monitoring of the integrated hard and soft project interventions in ME to ensure that the technical, institutional, social and financial dimensions are planned in time and coordinated in their implementation.</p>	SAIL PMU	12/2021
<p>Upper Egypt PV units:</p> <p>Proceed as soon as possible with the tendering process for the selection of a company to supply and install solar pumping system (PV Units)</p>	SAIL PMU	12/2021
<p>Upper Egypt Civil Works</p> <p>Prepare NCB bidding document, technical specifications for the construction of the intakes, sumps and pumphouse for the PV Unit pumping stations.</p>	PMU Engineer	12/2021
<p>Appointment of FAO Project Manager:</p> <p>The vacant position of the FAO project manager shall be filled in and notified to the PMU</p>	FAO / PMU to follow up	12/2021
<p>Access to M&E system for FFS:</p> <p>FAO will give user access to PMU to its online platform for M&E of FFS including curricula</p>	FAO/PMU to follow up	12/2021
<p>Assets transfer</p> <p>Finalize the hand-over of the two (2) pickups to the relevant MAs</p>	PMU	12/2021
<p>Coordination workshop for MA Capacity building</p> <p>Close collaboration between WNMA capacity building activities and Farmers' Field School (FSS) activities should be sought in terms of capacity building for MAs members.</p>	PMU, WNMA, MA FAO, GIZ, IFAD	12/2021
<p>Agricultural Value chains mapping</p> <p>In each region, map the value chain actors and assess their needs/ demands for loans and liaise the interested actors with the participating financial institutions. IFAD will support training of RPMU staff on Value Chain mapping</p>	IFAD/PMU/Agribusiness specialist/ RPMU staff	12/2021
<p>MSMEDA-BdC contract</p> <p>Provide another (final) 3-month extension to Banque du Caire to reach the 25% disbursement in target areas. In case the target is not met, the contract with Banque du Caire should be cancelled.</p>	MSMEDA, PMU	12/2021

<p>Improve ADP's outreach to women</p> <p>ADP will amend banks' lending procedures to allow women to borrow, with their husbands acting as loan guarantors</p>	ADP	12/2021
<p>Support to borrowers and demand assessment</p> <p>Continue providing support to existing borrowers and further develop technical trainings and awareness activities among potential borrowers (including additional workshops, mapping of value chain actors), documenting all activities conducted and their results</p>	PMU in cooperation with ADP and MSMEDA	12/2021
<p>Loan Officers</p> <p>Expand the responsibilities of PMU-funded loan officers to include support to ADP in loan marketing in agreement with ADP and MSMEDA</p>	PMU, ADP, MSMEDA	12/2021
<p>Further improve reporting</p> <p>Adjust MSMEDA datasets for the revolving amounts by comparing the amounts of the original contracts with the data on disbursements. The resulting ratio showing any disbursement over the original contract amount should be applied to adjust down the relevant indicator (number of borrowers, women borrowers, loans by sectors, jobs created etc.)</p>	PMU	12/2021
<p>Upper Egypt Drainage improvement:</p> <p>PMU should arrange with the Drainage Authority in Aswan, the conditions for the finalisation of the bidding document for the construction of the proposed drainage channel in Wady Saayda for the improvement for an area of about 3 000 feddans.</p>	SAIL PMU/Drainage Authority in Aswan	01/2022
<p>Engineering capacity;</p> <p>In view of the heavy workload expected in the field of irrigation and drainage construction works during the next year and beyond, the SAIL Management may need to consider strengthening to capacity of the PMU with the recruitment for a short term period of an irrigation civil engineer preferably seconded from the MWRI.</p>	SAIL PMU	01/2022
<p>El-Karama pipeline</p> <p>The consultant in charge of supervision of El-Karama pipeline to review the proposal for additional works</p>	SAIL PMU / Consultant	01/2022
<p>Innovation and Smart Agriculture in FFS:</p> <p>The PMU and FAO with support with IFAD Expert assistance to operationalize relevant innovations in FFS such as the development of a digital FFS app and/or the development of video modules for enhanced outreach and dissemination. FAO will deploy its experts to develop Smart Agriculture modules</p>	PMU/FAO/IFAD	01/2022
<p>Complete registration of marketing board;</p> <p>The process should be finalized to formally establish a governing body for one remaining MA in Motobus</p>	PMU	01/2022
<p>Upper Egypt Consultation Process of Drainage Beneficiaries:</p> <p>The SAIL Management is requested to undertake a consultation process with the farmers and concerned population in Wady Saayda to assess the current social and agriculture production in the areas affected by waterlogging and salinity</p>	SAIL PMU/ Agriculture Cooperatives	02/2022

<p>WNMA performance assessment;</p> <p>Assess the number of contracts signed between the MAs and the buyers, and also the negotiation and trading capacities of the MAs committee members. Decide on continuing the contracting process or not and also on starting new partnerships with other WNMAs</p>	PMU	02/2022
<p>MSP workshop(s)</p> <p>Organize Multi Stakeholders' Platform (MSP) workshops in each region, specific for a single crop or for crops with similarities and synergies (i.e. horticulture). Consider also MSP involving CDAs and women grants beneficiaries.</p>	PMU with IFAD support, Value chain actors, CDAs, Women grants beneficiaries	02/2022
<p>Advance financial literacy training via project channels such as FFS and business plan development trainings</p> <p>These training, in particular, should include modules on access to finance for business and understanding key loan conditions, including interest rate comparisons (flat versus declining). PMU is encouraged to outsource these training.</p>	PMU, FAO (within the FFS contract)	03/2022
<p>Provide support to struggling borrowers in renegotiating their loan repayment schedules</p> <p>Conduct monitoring of borrowers to identify those in need of loan rescheduling and provide them with information and necessary steps to request rescheduling. Work with banks to ensure their cooperation.</p>	ADP, PMU	03/2022
<p>Repair of cracks in Irrigation Canal N°1:</p> <p>PMU should coordinate with the Irrigation Improvement Department in Aswan for the execution of the repairs works on to the irrigation canal Saayda Branch N°1 as a key element of the proposed drainage project in UE.</p>	SAIL Irrigation Improvement Department Aswan/MWRI	03/2022
<p>Finalize the recruitment of the agribusiness specialist as PMU staff position (1-year renewable)</p> <p>The direct recruitment of the agribusiness specialist for a 6 months period cleared by IFAD should be concluded before end November 2021. In the mean time a standard process should start for competitive recruitment.</p>	PMU	04/2022
<p>Geographical scope of lending activities</p> <p>Subject to finalization of the proposed amendment to the FA develop a proposal for expanding the geographical scope of lending activities to agriculture-related businesses to adjacent villages and beyond, conditional on evidence of backward or forward linkages with the target areas</p>	ADP MSMEDA and Partner banks	05/2022

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus

Effectiveness

Rating: 3

Previous rating: 3

Justification of rating

26. Effectiveness remains moderately unsatisfactory considering the delays encountered during the first years of implementation eventually effecting the timely achievement of development objectives. Although significant progress has been made to design the investments in irrigation and drainage infrastructure and to improve targeting of loans under the credit component, these are yet to be implemented and scaled up to generate meaningful impact on income and job creation.

Log-Frame Analysis & Main Issues of Effectiveness

27. The M&E team is reporting in the Log frame as updated in May 2020 with revised end targets and ASAP indicators. However, some corrections are still required in order to allow uploading the updated Logframe in the IFAD system because of the misalignment between the reporting periods of the PMU based on the FY (July-June) and IFAD corporate reporting based on calendar year (Jan-Dec). In addition, the mission called for the PMU attention on the need to disaggregate outreach by gender and age group (youth) and to record loans extended to the youth under Component 3. These aspects need to be corrected on an ongoing basis to allow uploading of progress on IFAD system. The analysis below refers to the project achievements both in cumulative terms and as compared to last supervision in October 2020.
28. The Project reached 31,427 (28,289 in Oct 20) direct beneficiaries (79% of end target), representing 13,668 (13,031 in Oct 20) households (34% of end target). The M&E team has taken steps to address the occurrence of double counting in reporting, yet some uncertainties persist given the nature of the project with limited demographic source material available of the actual people living in the villages. At output level, the Log frame reports the following results in each component.
29. Component 1: 21 CDAs have been established (no progress since Oct 20), of which 5 for women, with a membership of 2,400 people (63% of cumulative target, 70% for men and 48% for women). Investments in social infrastructure reached a total of 40 facilities built (50% of target) with one additional sewing unit completed since last supervision. 1,354 people have been trained in income generating activities (1,026 in Oct 20), of which 79% are women, with a 4-fold increase compared to PDR target. 130 women received grants (112 in Oct 20) and 2 more demonstrations have been established reaching a cumulative of 36 (56% of end target).
30. Component 2: 22 Agricultural Cooperatives, 5 Marketing Associations and 26 WUAs (no more since last supervision) have been established so far. Concerning supporting and informing farmers on the effect of climate change, 3,157 people have been provided with climate information services, a marginal increase of 100 units since last supervision, reaching only 16% of the overall target.
31. 3,346 people were engaged in NRM and climate risk management activities (17% of end target), of which 406 are women, while 899 households are reported as being supported with increased water availability or efficiency (16% of end target). Training in agricultural and livestock practices and technologies involved 1,976 people (450 women or 54% more than in Oct 20) of which 1,738 trained in agriculture (72%) and 238 trained in livestock (10%).
32. Component 3: 4,774 people (an increase of about 1,500 borrowers since Oct 20) received loans through ADP and MSMEDA, representing 40% of PDR target, including 2,223 women (45% of end target for women)^[3].
33. As for project outcomes, a few results are already available in the Log frame. Under Component 1, 21 CDAs are established and operational and eight community infrastructures are fully functioning. Under Component 3, the PMU reports the creation of 33,107 new jobs (i.e. 1,993 new jobs since Oct 20). However, data on job creation should be used with some caution, as PFIs use a standard formula, which is currently under review by MSMEDA..
34. A consulting firm will be recruited to conduct the first Outcome Survey (MTR survey) in early 2022. The TORs for the MTR survey, as prepared by the project team were discussed with support from IFAD HQ (annotated draft in Appendix 4-8). The outcome survey will also verify what is the actual achievement in terms of job creation and the nature of employment and cross-check with the data reported so far.
35. ^[3] Based on ADP actuals (including members of ACs who received loans indirectly, through coops) and MSMEDA adjusted figures. MSMEDA's figures include revolving funds.

Agreed Action	Responsibility	Agreed Date
Logframe reporting period: The Logframe reporting periods must be aligned with the calendar year as per IFAD corporate requirement. Disaggregation by gender and youth are also to be reflected on an ongoing basis starting from next IFAD mission	M&E team	01/2022
Project Outcomes: Carry out (through a consulting firm) the first Outcome Survey for SAIL according to the TORs which have been further reviewed with the PMU during the mission with support from IFAD HQ (see Appendix 4-8)	M&E team and Consultants	04/2022

Development Focus

Targeting and Outreach

Rating: 4

Previous rating: 4

Justification of rating

36. Targeting & outreach remains moderately satisfactory. Since last mission, SAIL has managed to extend support to about 1,300 additional households in the project target area reaching 37% of the PDR end target (3% increase from last mission) with

continuous appropriate use and application of targeting measures across all activities, and stronger commitment by PFIs in reaching the target areas.

Main issues

37. Proposals for solving the protracted issue of landless counting were identified by the PMU and agreed by the mission. An estimate was elaborated with the support of the land units officials (Moraqaps) from the MoALR which reported that around 2% of the total outreach would consist of unregistered landless HHs. On the open issue of PDR likely overestimation of total project outreach (40,000 HHs vs. documented evidence of only 20,000 HHs in the targeted villages), the mission endorsed PMU proposal to consider the lower figure as its primary end target while starting to provide supported estimates for indirect beneficiaries in a wider project area (e.g. from irrigation infrastructure investments as a result of upstream water savings) to see how this compares to the initial PDR outreach target. It was suggested that in particular the following instances may be explored: i) in LE a possible increase in number of beneficiaries may derive from irrigation improvements involving the whole 6000 feddans; ii) in ME more downstream villages may benefit from the 50% of water savings as a result of irrigation improvement; and iii) lastly, in villages where farmers traditionally share land plots but only one is registered with the project as land owner, the actual number of beneficiaries may well be higher.

Agreed Action	Responsibility	Agreed Date
Outreach Continue considering the 20,000 HHs in the targeted villages as SAIL primary end target while starting to provide supported estimates for indirect beneficiaries in a wider project area	PMU/M&E team	12/2021
Project outreach Find a solution for computing landless HHs beneficiaries and their inclusion in overall SAIL outreach.	PMU	04/2022

Gender equality & women's participation **Rating: 4** **Previous rating: 4**

Justification of rating

38. Gender equality & women's participation remains moderately satisfactory. The project continues having a strong focus on gender with increased field support being extended to women in the target areas, and incremental budget resources earmarked for gender support in the PY7 AWPB. However, tracking progress and achievements on gender remains still challenging given the multiple documents the PMU is currently using which fall short of keeping consolidated data available for analysis. Continued focus on women activities and the successful implementation of the actions below may contribute to upgrading the ORMS rating at the next IFAD SM.

Main issues

39. Over the reporting period, the following progress was noted: i) a new gender specialist was recruited on July 2021 and is proactively engaged in delivering women support across the different project activities; ii) continued progress in women grants through additional EUR 200,000 was secured from ASAP grant funds for 75 women, currently at selection stage in line with IFAD accepted criteria; iii) as per last mission recommendation, a training program on gender mainstreaming and promotion of credit for women began for PFIs staff and relevant officers; iv) a new partnership with United Nation for Population Fund (UNFPA) Youth Peer Education Network (Y-PEER) Egypt was launched last August 2021 to apply the Edutainment technique whereby youth and women are engaged in education activities by entertainment; v) 19 out of 23 new literacy classes planned were registered with 84% women attendees; vi) collection of required documents for ID cards were undertaken in the field for 78 out of the 300 new women ID cards planned in PY7; vii) 9 out of 54 training sessions planned on mother and child care, and hygiene were organized; viii) continued promotion of women as rural leaders through their increased involvement in project activities (e.g., collecting data for the project, leading literacy classes); and ix) one sewing unit from a supported CDA succeeded in signing 4 contracts with small factories and schools in the area.
40. On the qualitative side, there is emerging evidence of increased economic empowerment for women who were able to sell new born cattle, or start a sewing business. Stronger women leadership and more self-standing CDAs, in turn, contribute to increased voice and decision making for women. The AOS, however, will provide an opportunity to further validate these initial findings with the support of quantitative evidence.
41. Moreover, the PSM notes that the low gender outreach reported under Component 3 will be addressed by the proposed measure of amending bank's lending procedures to allow women to borrow with their husbands acting as loan guarantors (see agree action under Component 3).
42. The high incidence of animal diseases recently reported to the PMU and involving women beneficiaries of livestock grants needs continued and close follow up by SAIL management to ensure women receive the needed support to overcome any risk this may bear for their livelihoods. On the other hand, the mission welcomes the idea of opening up to other livestock grant packages (e.g., chickens, ducks) or micro off farm enterprises proposed by the PMU as a result of a need assessment undertaken with women. The PMU should develop a proposal providing the rationale and a plan and share it with IFAD. It was also suggested that given the key relevance of grant support to women and their HHs, the option of contracting an NGO may be considered in the future to increase grant capacity delivery in the remaining implementation period. Furthermore, the PMU highlighted the importance of

considering allocating further resources to this initiative, in order to increase project response to a real need faced by women.

43. The PSM provided support is developing a format for a Gender Strategy to be filled by the project and later revised by IFAD (post-mission).

Agreed Action	Responsibility	Agreed Date
Women grant packages (1) Consider other livestock and micro-off farm entrepreneurship grant packages for women to better respond to their needs and means and submit a proposal to IFAD (with rationale, planned amounts and means of procurement).	PMU / IFAD / MIC	12/2021
Women grant packages (2) Explore possibility of contracting an NGO/s to deliver women grant packages, including the most suitable contractual and procurement arrangements.	PMU/Gender Specialist/Procurement Officer	12/2021
Documentation from the field Grant access to all project documents, including those from the field, to the Gender Specialist.	PMU	12/2021
Finalization of Gender Strategy Filled out the gender strategy and action plan outline provided by the mission.	Gender Specialist	01/2022
Submission of Gender Strategy Send gender strategy and action plan to IFAD for technical review.	Gender Specialist/PMU	01/2022
ADP gender targeting ADP to look into other ways to strengthen its gender targeting strategy.	ADP	02/2022
Women grant packages (3) Consider allocating additional resources for women grants, to the extent possible.	PMU/IFAD	04/2022

b. Sustainability and Scaling up

Partnership-building **Rating: 5** **Previous rating: 4**

Justification of rating

44. During the review period the PMU has not only consolidated in a single table the list of partners involved to date in implementation (full list of 16 partners in Appendix 4), but it has also continued seeking new partnerships (GIZ, UNFPA). In addition, the collaboration under the already existing protocols signed with various departments of the MWRI in Aswan and El Mynia and endorsed by high level MWRI authorities has been intensified and strengthened by involving e.g. specialized agencies. In light of the significant and visible progress in enhancing the effectiveness of partnership arrangements and of the improvements in documenting the wide range of partners actively involved in SAIL implementation, the last SM rating for Partnership Building is increased to Satisfactory.

Main issues

45. SAIL would be among the first projects in the Egypt portfolio to carry out joint activities with GIZ under the framework of a new MOU between GIZ and IFAD CO. The newly established partnership with the United Nation for Population Fund (UNFPA) was established under the Youth Peer Education Network (Y-PEER). Under the partnership with MWRI, for specialized tasks, the project has developed separated protocols or letter of agreement with the Egyptian Public Authority for Drainage Projects (EPADP) and the Drainage Research Institute (DRI) in Upper Egypt and with the MWRI/Central Department for Advisory Services in each region for the establishment and training of WUAs. In the past months both partners for the Rural Finance activities demonstrated progress and commitment to project implementation. Both have also shown significant flexibility and proactiveness, as demonstrated by ADP's initiative to reduce the loan interest rate and a plan to introduce amendments in loan procedures in order to target more women borrowers; and MSMEDA's progress in reaching the target areas through a new partner bank and accepting the task of managing newly hired loan officers.

Agreed Action	Responsibility	Agreed Date
Coordination Technical Committee The SAIL Management is advised to establish a Coordination Technical Committee with key senior officers from the EI Mynia MWRI and MALR local representatives to supervise on a weekly basis the progress of the implementation of the Mission's recommendations	SAIL Director	12/2021

Exit Strategy

Rating: 4

Previous rating: 3

Justification of rating

46. In order to address the challenge of mapping out the large number and variety of SAIL activities hence the approaches to defining exit strategies, as recommended by the May 2021 IFAD SM the PMU has compiled a matrix in line with the relevant IFAD guidelines reporting the key information on the handing over processes, responsibilities and sources of funding for continued post-project operation. (see Appendix 4). This constitutes a first commendable effort by the PMU to collect and consolidate the building blocks of its Exit Strategy document. The last SM rating is increased from moderately unsatisfactory to moderately satisfactory.

Main issues

47. The assessment of sustainability prospects of SAIL interventions varies greatly depending on the specific type of intervention. The exit strategy for investments in social and economic infrastructure is based on formal protocols ensuring smooth hand over and securing budgeting for running costs post-project by Ministries retaining the institutional mandate on delivering services (e.g. MoE and MWRI). For the case of the rural institutions (CDAs – WUAs – MAs- ACs), the rationale behind forming such institutions was to enable them working as players to manage the project assets and social activities after the completion of the project. In such cases the exit strategy may be based on capacity building support or the provision of productive assets or assets for rental or a combination of these. As for the case of FFS, their good prospects for sustainability as presented by FAO to the PSM are based on a rigorous selection process both of participating farmers, facilitators and master trainers. The recent introduction of financial literacy modules in SAIL training activities is also an added element of sustainability as it is geared not only to solicit applications for lending promoted by SAIL, but also to enable farmers tap in the current and future opportunities for financing made available through government sponsored lending programmes.

48. In order to confirm and eventually sustain further improvements in rating, the PMU will need to elaborate (or commission to a consultant) a comprehensive Exit Strategy document to be endorsed by the Government as soon as practicable and in any case prior to project completion.

Agreed Action	Responsibility	Agreed Date
Delivery of Equipment to ACs: PMU to develop a sustainable plan for equipment use. The plan will also justify how the purchase of heavy agricultural equipment will meet GEF requirements and also function as a knowledge management tool documenting successful activities in other ACs. This plan will spell out the basis of the required training and equipment use. Guidance in Appendix 4-3	Project Director/GEF Coordinator/MoARL Machinery Institute	12/2021
Exit strategy matrix: PMU starts consolidating a table reporting for key interventions supported by SAIL: (i) hand over dates and processes; (ii) source of budget for post project operation and; (iii) actions to be undertaken to enhance sustainability prior to handover.	PMU	12/2021
Exit strategy document: Prepare a comprehensive exit strategy document in line with IFAD Guidelines to be endorsed by the GoE (IFAD will provide sample TORS and documents)	PMU / Consultants (if required)	12/2022

c. Project Management

Knowledge Management

Rating: 5

Previous rating: 4

Justification of rating

49. The rating from last supervision is upgraded to satisfactory. The PMU Documentation and KM Unit has continued packaging and disseminating information to its stakeholders using informative formats (e.g., brochures, booklets, magazines and cartoon

movies, georeferenced maps) and documented success stories, of which one published in the IFAD Gender Newsletter (n.34). An important step taken during the review period is the preparation of SAIL first Knowledge Management & Documentation Plan with a total budget of about one million EGP reflected in PY7 AWPB. This plan was prepared based on a participatory approach by applying pre-evaluation and needs assessment to identify the real needs of the project target groups in terms of the knowledge and learning aspects and relied on a SWOT analysis.

Main issues

50. Since the IFAD SM of May 2021, the project has organized a three-days training course through the collaboration with the ARC-CCICRE and PRIME project, in which a total of 21 MAs' members and farmers (30% females) have participated. The training tackled the new Mobile Application (SHARI App) applied by PRIME project and CCICRE on how the farmers could market their products. Moreover, two exchange visits were held for 28 male members of two WUAs in Motobus zone in LE (14 members/visit) to a successful WUA in Sidi Salem in Kafr El-Sheikh governorate. To this effect, knowledge sharing and cross fertilization among projects in the IFAD Egypt portfolio (i.e., PRIDE – PRIME – potentially STAR) is proving increasingly effective also thanks to the recent establishment of a CPMU to facilitate exchange of lessons learned and the identification of common reasons of success or failure through periodic reflection meetings. Moreover the PMU has connected with IFAD Senior Technical Expert in IFAD CO for the development of relevant digital communication tools (e.g. digital video dissemination, extension advisories, digital solutions for aggregation of produce to minimize the transport costs). The collaboration with FAO on the establishment of FFS has also opened up to new opportunities for sharing knowledge and data with FAO which has committed to give the PMU access to their online monitoring tool to track the FFS activities in terms of locations, beneficiaries' practices, etc.
51. SAIL is working with the Media Department under MALR and the project achievements and materials are uploaded regularly on the official platform of the Ministry. Two short documentaries have been produced about the success of two rural women in UE supported by SAIL: the first woman was provided with a loan from MSMEDA and succeeded in opening an outlet to sell the blacksmith tools and dry groceries; the second woman was provided with a grant for two sewing machines allowing her start her own small enterprise for sewing and selling clothes to the village families.
52. The Knowledge Management & Documentation Plan prepared by the project includes variety of KM activities such as creating an official website to the project for knowledge sharing and data storing, producing pamphlets, capturing more success stories and conducting movies. Based on this plan and with the readily available support from the CPMU M&E and KM consultant, the project is now well positioned to finalize a comprehensive Knowledge Management Strategy document to support the project in managing its knowledge in accessible way to its respective stakeholders as well as other development actors.

Agreed Action	Responsibility	Agreed Date
GEF policy documents Prepare a knowledge product on lessons learned from hydroponic and aquaponic agriculture in Egypt.	GEF Coordinator	12/2021
Digital agriculture Digital solutions in support of knowledge management are further explored and a proposal for piloting selected activities developed	PMU/ IFAD	01/2022
KM and COM strategy document: finalize SAIL KM strategy document with support from the CPMU M&E and KM consultant	PMU M&E and KM units / CPMU M&E and KM consultant	02/2022

Performance of M&E System

Rating: 4

Previous rating: 4

Justification of rating

53. The project has duly developed a dashboard as per last year supervision recommendation to report on progress achieved in all activities, including Rural Finance. Some improvements were noted in the reporting on lending activities, as required by last mission, whereby ADP and MSMEDA were recommended to submit their detailed reports as per format provided by IFAD. Notwithstanding, further efforts will be needed (see Component 3 agreed actions). The ORMS rating for the performance of SAIL M&E system is confirmed to be moderately satisfactory.

M&E System Review

54. The Logframe reporting periods have been aligned with the calendar year as per IFAD corporate requirement. It was therefore agreed that the logframe will be next updated in January 2022. The mission ascertained that the logframe is robust and of good quality, however age disaggregation is still missing. Progress was noted also under the pending issue of landless computation in project outreach where the PMU clarified that, according to land authorities within the MoA, 2% of the registered population should be accepted as a good estimate. The mission agreed with this proposal and suggested this figure be validated during the upcoming AOS; as a result, such feature was factored into the AOS TORs.

Agreed Action	Responsibility	Agreed Date
Reporting The M&E unit develops a document, preferably in Excel form, where the progress achieved on all activities, including Rural Finance, is clearly visible and summarized in a dashboard format.	M&E team and IFAD PO	12/2021
IFAD to require detailed performance reports along with each withdrawal application ADP and MSMEDA should submit their detailed reports per the format provided by IFAD along with each WA, with a copy to PMU.	IFAD, ADP, MSMEDA, PMU	12/2021
Update Logframe Update the Logframe to include age disaggregation as applicable and where required.	M&E team	01/2022
Procurement and completion of the AOS Survey Completion of AOS survey as per the approved TORs, including validation of landless estimation of 2% in outreach	PMU / AOS consultant	05/2022

d. Additional Aspects

Revision of Budget Structure

55. Following up on the agreements reached at the last supervision the PMU has continued working on the revision of the SAIL budget structure and allocations by activity. The PMU elaborated the basis for the simplification of the budget structure in consideration of: i) the longlist of investments in infrastructure (works and related goods such as PV units and pumps) to be carried out up to project end to a level of nearly USD 15 million; ii) the FAO contract for FFS implementation (not foreseen at design and to be budgeted as single line item as a consultancy); iii) the identification of over 25 activities under Training and Capacity Building category that were either completed, discontinued or no longer relevant; iv) the revised cost estimates for the agricultural machinery support program for ACs; and v) widened scope for the women grant program. The PMU developed the following summary spreadsheet table outlining the proposed reallocation of the project Financing (in USD and based on USD/SDR and USD/EUR exchange rates at the time of design):

Expenditures Category	APP target USD	Reallocated Budget USD	Total Expenditures till 30/9/2021 USD	Remaining Budget USD
Works	16.871.000	21.751.408	5.797.000	15.954.408
Equipment and Goods	20.677.000	16.775.232	1.475.000	15.300.232
Consultancies	4.100.000	5.618.990	1.942.000	3.676.990
Training & Workshops	4.856.000	2.084.370	837.000	1.247.370
Credit	24.970.000	24.970.000	8.875.000	16.095.000
Operating Costs	547.000	1.632.000	916.000	716.000
Salaries & Allowances	3.281.000	4.581.000	1.605.000	2.976.000
Gov	15.209.000	15.209.000	9.234.000	5.975.000
Benf.	2.045.000	2.045.000	312.000	1.733.000
unallocated	2.111.000	-	-	-
Grand Total	94.667.000	94.667.000	30.993.000	63.674.000

56. The PSM highlights that for the purpose of submitting an amendment to Schedule 2 of the FA, the PMU shall elaborate a table reporting the original and the proposed allocations **by source of financing and in the currency of the Loans and Grants** (EUR and SDR, respectively) in the same format as in the current Schedule 2. The allocations for the balance of IFAD funding in USD shall reflect the current (not the historic) exchange rates. This is estimated to entail a reduction of the financing envelope of nearly USD 5 million. The next IFAD supervision will further support the PMU with a COSTAB resource person to help the project re-define the applicable detailed COSTABs until project end, also in consideration of the possible 2-year extension. A summary of key actions to be undertaken by the PMU in this respect is reported below:

Agreed Action	Responsibility	Agreed Date
Training and Operating Budget: finalize the revision of the capacity building and training budget structure identifying the most relevant budget lines relevant until project end with the associated allocations; explore options to increase overall investment/management cost ratio	PMU	12/2021
Revision of FA Schedule 2 PMU shall elaborate a table reporting the original and the proposed allocations by source of financing and in the currency of the Loans and Grants.	FAO	12/2021
Elaboration of detailed COSTABs: IFAD Supervision will support PMU re-define SAIL's detailed COSTABs until project end	IFAD / PMU	06/2022

Target area for SAIL Loans.

57. With specific reference to the target area of loans provided under SAIL Component 3 the PSM agreed that in light of the difficulties in providing realistic assessments of absorption capacity and nonetheless considering the availability of new financial products (e.g. the presidential initiative of subsidized credit for irrigation equipment) a structured yet flexible approach to the geographic targeting of SAIL supported loans is to be explicitly introduced through an amendment of the FA. The PSM emphasized that the amendment to be introduced in Schedule 1 para 4 C (i) of the FA would specify that: i) on-lending may be extended to agriculture and agrifood processing activities in the areas adjacent to the targeted villages in the New Lands and on the basis of backward linkages and wider economic benefits; and ii) the criteria to maximize benefits and impacts on the primary target group would be defined and modified during the IFAD supervision missions. Such request for amendment needs to be formally submitted to IFAD by the Government in due course also to prevent the risk of ineligible expenditures already flagged at previous supervisions.

Agreed Action	Responsibility	Agreed Date
Finalize request for FA amendment The request FA amendment shall encompass: i) SAIL extension; ii) revised Schedule 2; iii) revision of the target area for SAIL on lending operations; iv) ADP and MSMEDA replacing their predecessors (ARDF and SFD).	PMU / MIC	01/2022

F. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
Delivery of Equipment to ACs: The delivery of the first lot of Agricultural equipment to the ACs shall be followed by a thorough assessment on the O&M arrangements and capacity building as required.	PMU	12/2021
Studies for investment plan in irrigation (ME and UE) Detailed studies preparation and bidding document for investment projects in Middle and Upper Egypt should be ready before the end of PY6 for submission to IFAD for consideration as a condition for project financing continuation beyond PY6.	PMU/MWRI EI Mynia	12/2021
Designs for investments in Drainage (UE) PMU should clarify with the Drainage Authority in Aswan, the conditions for the preparation of bill of quantities and tender document for secondary drainage system improvement over an area of about 2,300 feddans.	PMU/Drainage Authority in Aswan	12/2021

<p>MSMEDA outreach to target areas</p> <p>MSMEDA partners (Banque du Caire and CDAs) are responsible for the disbursement of funds equal to 25% of the first tranches received, to the target areas, out of the available revolving funds. All further tranches will be conditional on the implementation of the above conditions – the submission of the strategy and reaching out to the target areas with at least 25% of funds.</p>	MOIC, MSMEDA	12/2021
<p>Strengthen linkages between components</p> <p>ADP and MSMEDA should made available, and PMU should maintain lists of borrowers from ADP and MSMEDA, both to maintain the database to support data collection and reporting as per the recommendation above, and to offer relevant trainings and technical assistance to interested borrowers. In turn, PMU should share lists of potential loan applicants with ADP and MSMEDA to link them to loan opportunities. PMU should record and report on beneficiaries of other components who received loans and loan beneficiaries who received training or technical assistance from the Project.</p>	PMU Component Leads, M&E, ADP, MSMEDA	12/2021
<p>Long term investment plan for Irrigation</p> <p>Consolidate the current irrigation investment plan to project end with potential areas of coverage, budgeting requirements by category and timeline for the development of designs during PY7, including those for the areas to be implemented under phase 2 interventions in ME in accordance with the timeline in Appendix 4-1 of the SM report.</p>	PMU/MWRI	12/2021
<p>Training Program revision</p> <p>Revise the training and capacity building activities financed by IFAD GEF and ASAP with a view to simplification and complementarity with FFS trainings under the FAO contract. Start introducing Financial Literacy modules and Digital Solutions where appropriate and introduce exchange visits as required.</p>	PMU	12/2021
<p>Provide a 3-month extension to Banque du Caire to reach the 25% disbursement in target areas [Repeat from Oct 20]:</p> <p>MSMEDA partners (Banque du Caire and CDAs) are responsible for the disbursement of funds equal to 25% of the first tranches received, to the target areas, out of the available revolving funds. Release of the second tranche remains conditional on reaching out to the target areas with at least 25% of funds as agreed at MTR. Support from newly hired loan officers will be available by June 2021.</p>	MSMEDA	12/2021
<p>Middle Egypt El Mynia Civil works:</p> <p>Proceed as soon as possible with the tendering process for the selection of the contractor for civil works and the supplier for the solar PV modules for the irrigation improvement of the 12 Mesqa of Station 14 covering about 1240 feddan.</p>	SAIL PMU	12/2021
<p>Coordination committee for Middle Egypt;</p> <p>The establishment of a coordination committee for the monitoring of the integrated hard and soft project interventions in ME to ensure that the technical, institutional, social and financial dimensions are planned in time and coordinated in their implementation.</p>	SAIL PMU	12/2021
<p>Upper Egypt PV units:</p> <p>Proceed as soon as possible with the tendering process for the selection of a company to supply and install solar pumping system (PV Units)</p>	SAIL PMU	12/2021

<p>Upper Egypt Civil Works</p> <p>Prepare NCB bidding document, technical specifications for the construction of the intakes, sumps and pumphouse for the PV Unit pumping stations.</p>	PMU Engineer	12/2021
<p>Appointment of FAO Project Manager:</p> <p>The vacant position of the FAO project manager shall be filled in and notified to the PMU</p>	FAO / PMU to follow up	12/2021
<p>Access to M&E system for FFS:</p> <p>FAO will give user access to PMU to its online platform for M&E of FFS including curricula</p>	FAO/PMU to follow up	12/2021
<p>Assets transfer</p> <p>Finalize the hand-over of the two (2) pickups to the relevant MAs</p>	PMU	12/2021
<p>Coordination workshop for MA Capacity building</p> <p>Close collaboration between WNMA capacity building activities and Farmers' Field School (FSS) activities should be sought in terms of capacity building for MAs members.</p>	PMU, WNMA, MA FAO, GIZ, IFAD	12/2021
<p>Agricultural Value chains mapping</p> <p>In each region, map the value chain actors and assess their needs/ demands for loans and liaise the interested actors with the participating financial institutions. IFAD will support training of RPMU staff on Value Chain mapping</p>	IFAD/PMU/Agribusiness specialist/ RPMU staff	12/2021
<p>MSMEDA-BdC contract</p> <p>Provide another (final) 3-month extension to Banque du Caire to reach the 25% disbursement in target areas. In case the target is not met, the contract with Banque du Caire should be cancelled.</p>	MSMEDA, PMU	12/2021
<p>Improve ADP's outreach to women</p> <p>ADP will amend banks' lending procedures to allow women to borrow, with their husbands acting as loan guarantors</p>	ADP	12/2021
<p>Support to borrowers and demand assessment</p> <p>Continue providing support to existing borrowers and further develop technical trainings and awareness activities among potential borrowers (including additional workshops, mapping of value chain actors), documenting all activities conducted and their results</p>	PMU in cooperation with ADP and MSMEDA	12/2021
<p>Loan Officers</p> <p>Expand the responsibilities of PMU-funded loan officers to include support to ADP in loan marketing in agreement with ADP and MSMEDA</p>	PMU, ADP, MSMEDA	12/2021
<p>Further improve reporting</p> <p>Adjust MSMEDA datasets for the revolving amounts by comparing the amounts of the original contracts with the data on disbursements. The resulting ratio showing any disbursement over the original contract amount should be applied to adjust down the relevant indicator (number of borrowers, women borrowers, loans by sectors, jobs created etc.)</p>	PMU	12/2021

<p>Upper Egypt Drainage improvement:</p> <p>PMU should arrange with the Drainage Authority in Aswan, the conditions for the finalisation of the bidding document for the construction of the proposed drainage channel in Wady Saayda for the improvement for an area of about 3 000 feddans.</p>	SAIL PMU/Drainage Authority in Aswan	01/2022
<p>Engineering capacity;</p> <p>In view of the heady workload expected in the field of irrigation and drainage construction works during the next year and beyond, the SAIL Management may need to consider strengthening to capacity of the PMU with the recruitment for a short term period of an irrigation civil engineer preferably seconded from the MWRI.</p>	SAIL PMU	01/2022
<p>EI-Karama pipeline</p> <p>The consultant in charge of supervision of EI-Karama pipeline to review the proposal for additional works</p>	SAIL PMU / Consultant	01/2022
<p>Innovation and Smart Agriculture in FFS:</p> <p>The PMU and FAO with support with IFAD Expert assistance to operationalize relevant innovations in FFS such as the development of a digital FFS app and/or the development of video modules for enhanced outreach and dissemination. FAO will deploy its experts to develop Smart Agriculture modules</p>	PMU/FAO/IFAD	01/2022
<p>Complete registration of marketing board;</p> <p>The process should be finalized to formally establish a governing body for one remaining MA in Motobus</p>	PMU	01/2022
<p>Upper Egypt Consultation Process of Drainage Beneficiaries:</p> <p>The SAIL Management is requested to undertake a consultation process with the farmers and concerned population in Wady Saayda to assess the current social and agriculture production in the areas affected by waterlogging and salinity</p>	SAIL PMU/ Agriculture Cooperatives	02/2022
<p>WNMA performance assessment;</p> <p>Assess the number of contracts signed between the MAs and the buyers, and also the negotiation and trading capacities of the MAs committee members. Decide on continuing the contracting process or not and also on starting new partnerships with other WNMAs</p>	PMU	02/2022
<p>MSP workshop(s)</p> <p>Organize Multi Stakeholders' Platform (MSP) workshops in each region, specific for a single crop or for crops with similarities and synergies (i.e. horticulture). Consider also MSP involving CDAs and women grants beneficiaries.</p>	PMU with IFAD support, Value chain actors, CDAs, Women grants beneficiaries	02/2022
<p>Advance financial literacy training via project channels such as FFS and business plan development trainings</p> <p>These training, in particular, should include modules on access to finance for business and understanding key loan conditions, including interest rate comparisons (flat versus declining). PMU is encouraged to outsource these training.</p>	PMU, FAO (within the FFS contract)	03/2022

<p>Provide support to struggling borrowers in renegotiating their loan repayment schedules</p> <p>Conduct monitoring of borrowers to identify those in need of loan rescheduling and provide them with information and necessary steps to request rescheduling. Work with banks to ensure their cooperation.</p>	ADP, PMU	03/2022
<p>Repair of cracks in Irrigation Canal N°1:</p> <p>PMU should coordinate with the Irrigation Improvement Department in Aswan for the execution of the repairs works on to the irrigation canal Saayda Branch N°1 as a key element of the proposed drainage project in UE.</p>	SAIL Irrigation Improvement Department Aswan/MWRI	03/2022
<p>Finalize the recruitment of the agribusiness specialist as PMU staff position (1-year renewable)</p> <p>The direct recruitment of the agribusiness specialist for a 6 months period cleared by IFAD should be concluded before end November 2021. In the mean time a standard process should start for competitive recruitment.</p>	PMU	04/2022
<p>Geographical scope of lending activities</p> <p>Subject to finalization of the proposed amendment to the FA develop a proposal for expanding the geographical scope of lending activities to agriculture-related businesses to adjacent villages and beyond, conditional on evidence of backward or forward linkages with the target areas</p>	ADP MSMEDA and Partner banks	05/2022
Development Effectiveness		
<p>Outreach</p> <p>Continue considering the 20,000 HHs in the targeted villages as SAIL primary end target while starting to provide supported estimates for indirect beneficiaries in a wider project area</p>	PMU/M&E team	12/2021
<p>Women grant packages (1)</p> <p>Consider other livestock and micro-off farm entrepreneurship grant packages for women to better respond to their needs and means and submit a proposal to IFAD (with rationale, planned amounts and means of procurement).</p>	PMU / IFAD / MIC	12/2021
<p>Women grant packages (2)</p> <p>Explore possibility of contracting an NGO/s to deliver women grant packages, including the most suitable contractual and procurement arrangements.</p>	PMU/Gender Specialist/Procurement Officer	12/2021
<p>Documentation from the field</p> <p>Grant access to all project documents, including those from the field, to the Gender Specialist.</p>	PMU	12/2021
<p>Logframe reporting period:</p> <p>The Logframe reporting periods must be aligned with the calendar year as per IFAD corporate requirement. Disaggregation by gender and youth are also to be reflected on an ongoing basis starting from next IFAD mission</p>	M&E team	01/2022
<p>Finalization of Gender Strategy</p> <p>Filled out the gender strategy and action plan outline provided by the mission.</p>	Gender Specialist	01/2022
<p>Submission of Gender Strategy</p> <p>Send gender strategy and action plan to IFAD for technical review.</p>	Gender Specialist/PMU	01/2022

ADP gender targeting ADP to look into other ways to strengthen its gender targeting strategy.	ADP	02/2022
Project outreach Find a solution for computing landless HHs beneficiaries and their inclusion in overall SAIL outreach.	PMU	04/2022
Project Outcomes: Carry out (through a consulting firm) the first Outcome Survey for SAIL according to the TORs which have been further reviewed with the PMU during the mission with support from IFAD HQ (see Appendix 4-8)	M&E team and Consultants	04/2022
Women grant packages (3) Consider allocating additional resources for women grants, to the extent possible.	PMU/IFAD	04/2022
Sustainability and Scaling up		
Coordination Technical Committee The SAIL Management is advised to establish a Coordination Technical Committee with key senior officers from the EI Mynia MWRI and MALR local representatives to supervise on a weekly basis the progress of the implementation of the Mission's recommendations	SAIL Director	12/2021
Delivery of Equipment to ACs: PMU to develop a sustainable plan for equipment use. The plan will also justify how the purchase of heavy agricultural equipment will meet GEF requirements and also function as a knowledge management tool documenting successful activities in other ACs. This plan will spell out the basis of the required training and equipment use. Guidance in Appendix 4-3	Project Director/GEF Coordinator/MoARL Machinery Institute	12/2021
Exit strategy matrix: PMU starts consolidating a table reporting for key interventions supported by SAIL: (i) hand over dates and processes; (ii) source of budget for post project operation and; (iii) actions to be undertaken to enhance sustainability prior to handover.	PMU	12/2021
Exit strategy document: Prepare a comprehensive exit strategy document in line with IFAD Guidelines to be endorsed by the GoE (IFAD will provide sample TORS and documents)	PMU / Consultants (if required)	12/2022
Project Management		
GEF policy documents Prepare a knowledge product on lessons learned from hydroponic and aquaponic agriculture in Egypt.	GEF Coordinator	12/2021
Reporting The M&E unit develops a document, preferably in Excel form, where the progress achieved on all activities, including Rural Finance, is clearly visible and summarized in a dashboard format.	M&E team and IFAD PO	12/2021

<p>IFAD to require detailed performance reports along with each withdrawal application</p> <p>ADP and MSMEDA should submit their detailed reports per the format provided by IFAD along with each WA, with a copy to PMU.</p>	IFAD, ADP, MSMEDA, PMU	12/2021
<p>Digital agriculture</p> <p>Digital solutions in support of knowledge management are further explored and a proposal for piloting selected activities developed</p>	PMU/ IFAD	01/2022
<p>Update Logframe</p> <p>Update the Logframe to include age disaggregation as applicable and where required.</p>	M&E team	01/2022
<p>KM and COM strategy document:</p> <p>finalize SAIL KM strategy document with support from the CPMU M&E and KM consultant</p>	PMU M&E and KM units / CPMU M&E and KM consultant	02/2022
<p>Procurement and completion of the AOS Survey</p> <p>Completion of AOS survey as per the approved TORs, including validation of landless estimation of 2% in outreach</p>	PMU / AOS consultant	05/2022
Additional Aspects		
<p>Training and Operating Budget:</p> <p>finalize the revision of the capacity building and training budget structure identifying the most relevant budget lines relevant until project end with the associated allocations; explore options to increase overall investment/management cost ratio</p>	PMU	12/2021
<p>Revision of FA Schedule 2</p> <p>PMU shall elaborate a table reporting the original and the proposed allocations by source of financing and in the currency of the Loans and Grants.</p>	FAO	12/2021
<p>Finalize request for FA amendment</p> <p>The request FA amendment shall encompass: i) SAIL extension; ii) revised Schedule 2; iii) revision of the target area for SAIL on lending operations; iv) ADP and MSMEDA replacing their predecessors (ARDF and SFD).</p>	PMU / MIC	01/2022
<p>Elaboration of detailed COSTABs:</p> <p>IFAD Supervision will support PMU re-define SAIL's detailed COSTABs until project end</p>	IFAD / PMU	06/2022

Egypt

Sustainable Agriculture Investments and Livelihoods Project

Partial Supervision Report

Appendix 7: Integrated Project Risk Matrix (IPRM)

Mission Dates: 10-23 October 2021

Document Date: 29/11/2021

Project No. 1100001745

Report No. 5936-EG

Near East, North Africa and Europe Division
Programme Management Department

Overall Summary

Risk Category / Subcategory	Inherent risk	Residual risk
Country Context	Moderate	Low
<i>Political Commitment</i>	<i>Low</i>	<i>Low</i>
<i>Governance</i>	<i>Low</i>	<i>Low</i>
<i>Macroeconomic</i>	<i>Substantial</i>	<i>Moderate</i>
<i>Fragility and Security</i>	<i>Moderate</i>	<i>Low</i>
Sector Strategies and Policies	Moderate	Low
<i>Policy alignment</i>	<i>Moderate</i>	<i>Low</i>
<i>Policy Development and Implementation</i>	<i>Moderate</i>	<i>Low</i>
Environment and Climate Context	Substantial	Moderate
<i>Project vulnerability to environmental conditions</i>	<i>Substantial</i>	<i>Moderate</i>
<i>Project vulnerability to climate change impacts</i>	<i>Substantial</i>	<i>Moderate</i>
Project Scope	Moderate	Moderate
<i>Project Relevance</i>	<i>Low</i>	<i>Low</i>
<i>Technical Soundness</i>	<i>Substantial</i>	<i>Moderate</i>
Institutional Capacity for Implementation and Sustainability	Substantial	Moderate
<i>Implementation Arrangements</i>	<i>High</i>	<i>Moderate</i>
<i>Monitoring and Evaluation Arrangements</i>	<i>Moderate</i>	<i>Low</i>
Project Financial Management	Moderate	Moderate
<i>Project Organization and Staffing</i>	<i>Moderate</i>	<i>Low</i>
<i>Project Budgeting</i>	<i>Moderate</i>	<i>Low</i>
<i>Project Funds Flow/Disbursement Arrangements</i>	<i>Low</i>	<i>Low</i>
<i>Project Internal Controls</i>	<i>Low</i>	<i>Low</i>
<i>Project Accounting and Financial Reporting</i>	<i>Moderate</i>	<i>Low</i>
<i>Project External Audit</i>	<i>Moderate</i>	<i>Low</i>
Project Procurement	Substantial	Moderate
<i>Legal and Regulatory Framework</i>	<i>High</i>	<i>Substantial</i>
<i>Accountability and Transparency</i>	<i>Substantial</i>	<i>Moderate</i>
<i>Capability in Public Procurement</i>	<i>Moderate</i>	<i>Low</i>
<i>Public Procurement Processes</i>	<i>Moderate</i>	<i>Low</i>
Environment, Social and Climate Impact	Low	Low
<i>Biodiversity Conservation</i>	<i>Low</i>	<i>Low</i>
<i>Resource Efficiency and Pollution Prevention</i>	<i>Low</i>	<i>Low</i>
<i>Cultural Heritage</i>		<i>No risk envisaged - not applicable</i>
<i>Indigenous People</i>		<i>No risk envisaged - not applicable</i>
<i>Labour and Working Conditions</i>	<i>Moderate</i>	<i>Low</i>
<i>Community Health and Safety</i>	<i>Moderate</i>	<i>Low</i>
<i>Physical and Economic Resettlement</i>		<i>No risk envisaged - not applicable</i>
<i>Greenhouse Gas Emissions</i>	<i>Low</i>	<i>Low</i>

Risk Category / Subcategory	Inherent risk	Residual risk
<i>Vulnerability of target populations and ecosystems to climate variability and hazards</i>	<i>Low</i>	<i>Low</i>
Stakeholders	Moderate	Low
<i>Stakeholder Engagement/Coordination</i>	<i>Moderate</i>	<i>Low</i>
<i>Stakeholder Grievances</i>	<i>Moderate</i>	<i>Low</i>
Overall	Moderate	Moderate

Country Context	Moderate	Low
Political Commitment	Low	Low
Risk: SAIL Project is in its fifth year of implementation (as of Jun 2020) and the Government of Egypt is fully committed to complete the Project.	Low	Low
Mitigations: s		
Governance	Low	Low
Risk: There is no governance risks that would undermine project implementation and achievement of project development objectives	Low	Low
Mitigations: s		
Macroeconomic	Substantial	Moderate
Risk: Economic growth is expected to be undermined by COVID-19 and counterpart funding may be further strained jeopardizing the achievement of project objectives.	Substantial	Moderate
Mitigations: MoA is cooperating with other line ministries (i.e. MWRI) and already mobilized substantial funding in the target areas and secured in kind contributions (i.e. land titles from the Ministry of Education). The allocation of IFAD Loan proceeds is forecasted and monitored carefully to ensure sufficient budget is available throughout the project lifecycle for the key activities.		
Fragility and Security	Moderate	Low
Risk: Food and water nexus is vital in Egypt considering the growing population. Sustainable water and food security systems are must to maintain social and political stability, particularly in SAIL targeted areas.	Moderate	Low
Mitigations: The Project activities are well aligned with the needs of the vulnerable communities in terms of sustaining food systems and water efficiency.		
Sector Strategies and Policies	Moderate	Low
Policy alignment	Moderate	Low

<p>Risk:</p> <p>Although SAIL is fully aligned with the GoE 10-year Food and Nutrition Policy and Strategy and the Sustainable Agriculture Development Strategy towards 2030. However, SAIL is investing in multiple sectors including Education, Health, and WASH, which requires strong coordination and engagement with the different government institutions to ensure alignment with both national and regional policies. Weak partnership may jeopardize the success and sustainability of the investments.</p>	Moderate	Low
<p>Mitigations:</p> <p>Steering Committee with the participation of representatives from each relevant institution and close coordination at the field level between PMU and the stakeholders are already achieved. Multi stakeholder platform serving as an advisory committee on technical matters will be established to provide a discussion platform for relevant actors.</p>		
<p>Policy Development and Implementation</p>	Moderate	Low
<p>Risk:</p> <p>Lack of structured and disciplined approach to the development of policies may endanger the sustainability of activities and prevent lessons learned integrating into the national programmes.</p>	Moderate	Low
<p>Mitigations:</p> <p>A high ranking inter-ministerial Project Steering Committee (PSC) is set up for overall policy decisions and guidance at the national level. The PSC will be chaired by the Minister of MALR or his representative, with members representing the Ministry of International Cooperation, Ministry of Irrigation, representatives from the relevant line ministries such as Education and Health and Participants Financial Institutions (PFIs).</p>		
<p>Environment and Climate Context</p>	Substantial	Moderate
<p>Project vulnerability to environmental conditions</p>	Substantial	Moderate
<p>Risk:</p> <p>Water scarcity and reduction in the flow of water in Nile Basin. Soil salinity is also an issue especially in Lower Egypt.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>SAIL is investing in water-efficient irrigation systems and ensuring equitable access to water through mesqa lining. Farmer Field Schools and other capacity building activities are promoting good agricultural practices with regards to water and soil conservation. Support to agriculture cooperatives through machineries is also providing farmers with access to tools for enhanced land management.</p>		
<p>Project vulnerability to climate change impacts</p>	Substantial	Moderate
<p>Risk:</p> <p>Increase in temperature and extreme weather events mainly heat waves are expected to have an adverse impact on agriculture productivity.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>SAIL will increase the adaptive capacity of communities through increased water efficiency through modernised irrigation systems (e.g. drip irrigation) as well as hydroponic and aquaponics irrigation. The early warning system for weather conditions is enhancing farmers' capacities to deal with extreme events. Rural finance contributes to diversified incomes and women empowerment which enhances climate resilience. In addition, the use of renewable energy in irrigation is also contributing to climate change mitigation.</p>		

Project Scope	Moderate	Moderate
Project Relevance	Low	Low
<p>Risk:</p> <p>Project activities may lose their relevance or priority over time during the long period of implementation due to the changing economic and social circumstances.</p>	Low	Low
<p>Mitigations:</p> <p>The activities of SAIL continue to be relevant to the needs of the smallholders in Egypt. The Project focus on irrigation and drainage infrastructure is critical to sustaining the farming communities on Newlands. The provision of basic social sector services is key for the growth and development of the communities on the Newlands.</p>		
Technical Soundness	Substantial	Moderate
<p>Risk:</p> <p>Due to complex nature of activities and the variety, the implementation of technical components may be delayed and/or quality may be jeopardized.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>PMU Procurement unit has been strengthened recently with the hiring of new staff, technical committees established at the Ministry level are responsible from the preparation/review of technical specifications, coordination between different line ministries established and technical matters discussed throughout the course of the implementation, IFAD provides technical support when needed through retainer contract in Procurement and irrigation works and provides TA support through contracting specialists when needed.</p>		
Institutional Capacity for Implementation and Sustainability	Substantial	Moderate
Implementation Arrangements	High	Moderate
<p>Risk:</p> <p>The ADP and MESMEDA and their implementing partners on the ground have limited capacity and motivation to identify potential beneficiaries for the provision of the credit line available under SAIL. This will lead to inclusion and exclusion targeting error, which could be substantial.</p>	High	Moderate
<p>Mitigations:</p> <p>Negotiate and arrange new implementation modalities with MSMEDA. Involve the borrower and revise the bilateral agreement between MIC and MSMEDA. Recruit five field loan officers to facilitate the loan application process with the beneficiaries in target areas. Reassess the situation, and suspend the loan portion to MSMEDA until a feasible solution is agreed by IFAD.</p>		
Monitoring and Evaluation Arrangements	Moderate	Low
<p>Risk:</p> <p>Weak capacities and Systems in place</p>	Moderate	Low
<p>Mitigations:</p> <p>The Central Programme Management Unit (CPMU) will be capacitated with a dedicated M&E team and technical support will be provided by IFAD to setup an effective M&E system and ensure that the M&E function of the project is effective. The staff at the CPMU will be selected on competitive basis with market based salaries to attract good calibres. The CPMU will also have the capacity to use GIS and Remote Sensing to support M&E.</p>		
Project Financial Management	Moderate	Moderate

Project Organization and Staffing	Moderate	Low
<p>Risk:</p> <p>The PMU is headed by a Finance Manager supported by a Chief Accountant and a fresh graduate accountant joined the team on 1 February 2021. All financial management tasks are carried out in Alexandria by PMU. It is anticipated that a large number of transactions and more reporting requirements will be done in the remaining period of the project life especially in case of project extension. Both ADP/CIB and MESMEDA staff have experience of more than 20 years in dealing with credit lines both technically and financially.</p>	Moderate	Low
<p>Mitigations:</p> <p>The mission recommended that another more experienced staff member should join the PMU to strengthen the team capability in order to meet reporting requirements and in view of the expected high volume of transactions in the remaining period of the project life. A refresher training and circulation of IFAD anti-corruption policy to ADP/CIB and MESMEDA are needed.</p>		
Project Budgeting	Moderate	Low
<p>Risk:</p> <p>The AWPB for the year 2019/2020 was sent to IFAD on 11 August 2020. IFAD No Objection was granted on 09 September 2020. MSMEDA did not provide its AWPB. The project included it in the state budget and GOE contribution is available in due time.</p>	Moderate	Low
<p>Mitigations:</p> <p>More coordination between implementing agencies is required in order to have a comprehensive, reasonable and achievable annual work plan and budget</p>		
Project Funds Flow/Disbursement Arrangements	Low	Low
<p>Risk:</p> <p>The PMU uses the direct payment method and replenishments to the special account. The counterpart funds / cash contributions are transferred to one account with the Central Bank. Counterpart funds are always available on time for SAIL project. IFAD loan, 3 grants and local contributions could be easily traced through the project bank accounts. MESMEDA submitted 4 WAs (3 are already spent and received into the Bank account and the fourth one is still in process). CIB/ADP submitted 5 WAs. All implementing agencies used ICP.</p>	Low	Low
<p>Mitigations:</p> <p>To carry on with the same process.</p>		
Project Internal Controls	Low	Low
<p>Risk:</p> <p>PMU to continue its effort to improve and strengthen the internal control environment. Supporting documents for training, workshops and travel are satisfactory except for very few cases. The project follows the governmental rules and regulations regarding fixed assets. The cash payment is limited only to carry out training sessions at the target area and repairs of project cars at local workshops (have to be paid in cash). No proper / regular post loan monitoring from ADP technical side has been made.</p>	Low	Low
<p>Mitigations:</p> <p>The mission recommended that ADP should carry out post loan monitoring exercises in order to ensure that the fund has been utilized by the intended beneficiaries.</p>		
Project Accounting and Financial Reporting	Moderate	Low

<p>Risk:</p> <p>PMU does not provide IFAD with periodic financial reports, with proper supporting documents (e.g. bank statements and bank reconciliations). There is no coordination between PMU financial management team, ADP/CIB and MESMEDA financial teams. PMU staff do not know how the ADP /MESMEDA mechanism is working.</p>	Moderate	Low
<p>Mitigations:</p> <p>The mission stressed the need to abide with previous recommendations in this regard. To ensure comprehensive, accurate and reliable financial reports, there is need to hold regular coordination meetings so that ADP/CIB and MESMEDA financial reports could flow smoothly to the PMU.</p>		
Project External Audit	Moderate	Low
<p>Risk:</p> <p>An annual audit has been carried out by KPMG for the period from 1 July 2019 to 30 June 2020. The audit report issued a qualified opinion, with some internal control recommendations. The draft audit report was not shared with CIB /MESMEDA staff so that they could prepare proper management responses to auditor findings and recommendations."</p>	Moderate	Low
<p>Mitigations:</p> <p>The draft audit report should be formally sent to CIB and MESMEDA to enable them prepare comprehensive management responses to external audit findings and recommendations. This should be done before issuing the final audit report, so that the final version will include the official responses from CIB/MESMEDA.</p>		
Project Procurement	Substantial	Moderate
Legal and Regulatory Framework	High	Substantial
<p>Risk:</p> <p>(i) Absence of national SBD's; (ii) weak procurement monitoring; and (iii) excessive use of non-competitive procurement methods within the National context; (iv) access to procurement information is constrained by the limited amount of data published by the government website of MoFEP</p>	High	Substantial
<p>Mitigations:</p> <p>(i) The project shall continue to use internally developed NCB and Shopping SBD's as well as World Bank's ICB SPD until IFAD releases the new SPD's; (ii) Procurement staff of the PMU attended the recent training workshop on the application IFAD Guidelines; (iii) Procurement and technical staff of the PMU to undergo focused training on procurement process best practices; (iv) IFAD will closely monitor the implementation of the Procurement Plan to ensure that the proper procurement methods are applied in accordance with the thresholds stipulated by the LTB and that activities are grouped together for economies of scale and more competition; (v) The project should establish a reliable website which will include key procurement information elements such as procurement opportunities and contracts awarded instead of relying only on the website of MOFEP.</p>		
Accountability and Transparency	Substantial	Moderate

<p>Risk:</p> <p>(i) Egypt ranks 105 out of 180 countries with score 35 out of 100 in the 2019 Corruption Perception Index according to Transparency International which indicates that integrity and ethical values still require strengthening; (ii) Moreover, despite the fact that the new law introduced new arrangements for the complaints system, the current practice does not show seriousness in applying such arrangements that are already not clearly defined; (iii) appeal bodies do not exercise the authority of suspending procurement activities; (iv) absence of standard procedures for debarment; (iv) despite presence of some anti-corruption entities, none is independent.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>(i) IFAD through its continuous monitoring and follow up will ensure that the project staff as well as bidders and service providers, that is: suppliers, contractors, and consultants shall observe the highest standard of ethics and integrity during the procurement and execution of IFAD financed contracts in accordance with paragraphs 69-71 of the Procurement Guidelines; (ii) The Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations shall apply to the project; (iii) Furthermore, specific training on anti-corruption measures should be provided by IFAD; (iv) The SBD will include particular clauses on the rights of the bidders to complain and the applicable procedure; (v) The Project will ensure the Cross-Debarment list is fully respected in awarding contracts under the IFAD finances and assist IFAD investigations pertaining to the funded activities.</p>		
<p>Capability in Public Procurement</p>	Moderate	Low
<p>Risk:</p> <p>(i) Project procurement officer has limited experience in using Donors Procurement Regulations and Procedures and has a heavy workload; (ii) further improvements to procurement documents are needed;</p>	Moderate	Low
<p>Mitigations:</p> <p>(i) Individual consultant to be recruited on retainer basis to support the implementation of the planned activities and provide focused training and hand-holding for capacity building of the PMU staff and other implementing partners; (ii) the project should organize a tailor-made Procurement Training for the Project Procurement staff as well as other technical persons involved in the procurement process covering the areas of compliance with IFAD Procurement Guidelines, preparation of bidding documents, evaluation processes and contract management/administration.</p>		
<p>Public Procurement Processes</p>	Moderate	Low
<p>Risk:</p> <p>(i) delay in planning and in initiating and completing the planned activities; (ii) technical specifications and evaluation criteria are inadequate or missing; and (iii) weakness in ensuring contract management (supervision)/administration (monitoring) during contract implementation to completion that may result into cost and time overruns coupled with the absence of clear roles and responsibilities in contract management; (iv) very limited role (if any) of procurement staff in procurement planning; (v) absence of shopping in national rules and absence of a minimum number of bidders requirement; (vi) clarification mechanism is absent in shopping and restricted bidding; (vii) bids received before the deadline are not securely stored; (viii) minutes of public bid opening are not distributed to bidders; (ix) evaluation committee members do not have the sufficient capacity to evaluate the technical criteria and post qualification requirements from a procurement perspective; (x) major risks are present because of absence of clear evaluation criteria in some bidding opportunities and the absence or weakness of preliminary examination, detailed evaluation and post-qualification; this causes consequential risks of delays, complaints and mis-procurement; (xi) risks to transparency exist because of absence of any publication of award for methods other than ICB and NCB; (xii) the contract register is not constantly updated and there is no record tracking progress; (xiii) contract management records are dispersed among various Project units.</p>	Moderate	Low

<p>Mitigations:</p> <p>(i) IFAD's oversight of procurement will be done through increased implementation support missions and/or monthly follow up meetings, and will provide procurement hands-on expanded implementation support to help expedite all stages of procurement and ensure compliance; (ii) Procurement and technical staff of the PMU to undergo focused training and handholding on procurement process best practices; (iii) the participation of procurement staff in planning should be reflected in the focused training; (iv) The procurement section in the PIM should be revised to include clear procurement procedures, responsibilities, and process timelines for all methods including clarification mechanisms; (v) the Project should establish and utilize a secure Tender Box for all public procurements; (vi) The indicative time table for the procurement procedures should be incorporated in the PIM and will be closely monitored by IFAD to ensure completion of evaluation during bid validity; (vii) the revised PIM should include clear responsibilities and authorities for the contract manager/management team and the focused training should also illustrate some good examples of the contract management functions and best practices; (viii) the Project shall use IFAD new ICP-online Contract Register to ensure that contract data are updated and uploaded; (ix) for large or complex contracts, the Project should form a Contract management and monitoring team, led by the project director and include Focal persons, including the technical and the procurement teams (x) contract management records must be retained within the procurement team (if not all the original copies, at least replicas) so that all can be inspected in one place.</p>		
Environment, Social and Climate Impact	Low	Low
Biodiversity Conservation	Low	Low
<p>Risk:</p> <p>The project will not operate in areas in any ecologically sensitive or biodiversity-rich areas.</p>	Low	Low
<p>Mitigations:</p> <p>no mitigation measures required.</p>		
Resource Efficiency and Pollution Prevention	Low	Low
<p>Risk:</p> <p>The pollution due to infrastructure development works is expected to be minimal. The increase in production may cause an increase in synthetic pesticides.</p>	Low	Low
<p>Mitigations:</p> <p>The promotion of good agricultural practices is expected to keep such increase minimal. Environment and climate change sensitive training modules are integrated into the FFS and extension programmes.</p>		
Cultural Heritage		No risk envisaged - not applicable
SAIL is not expected to cause significant cultural or physical resource degradation		
Indigenous People		No risk envisaged - not applicable
There is no indigenous people in the project area		
Labour and Working Conditions	Moderate	Low

Risk: SAIL is not expected to cause major exploitative labour practices. Project activities include labor intense works such as construction of mesqa linings, or drainage rehabilitation etc. Contractors may use child labour during the works.	Moderate	Low
Mitigations: The PMU will ensure that the contracts will include a clause on proper working conditions and prevention of child labour. This action will be monitored by the Country Team.		
Community Health and Safety	Moderate	Low
Risk: Exposure of beneficiaries/project staff to COVID-19	Moderate	Low
Mitigations: To ensure the health and safety of everyone involved in the project including the beneficiaries, mitigation measures are being taken: i) cancellation of training and community development activities; ii) mandatory to wear face masks during field visits and minimize the field visits only to essential activities; iii) maintain the social distancing; and iv) using hand sanitizers. The mitigation measures will be assessed periodically and in cooperation with the Government officials.		
Physical and Economic Resettlement		No risk envisaged - not applicable
SAIL is not expected to cause significant adverse physical, social, cultural or economic impacts,		
Greenhouse Gas Emissions	Low	Low
Risk: The project does not include activities that are expected to be of a high Carbon footprint. The risk of emissions are very minimal and will not have significant impact on air quality.	Low	Low
Mitigations: The promotion of the use of solar energy and biogas will contribute to the reduction of greenhouse gas emissions.		
Vulnerability of target populations and ecosystems to climate variability and hazards	Low	Low
Risk: SAIL will not have any interventions that can increase the exposure or vulnerability of target populations' livelihoods, ecosystems, economic assets or infrastructure to climate variability and hazards. On the contrary, SAIL will increase the adaptive capacity through increased water efficiency, diversified incomes and an early warning system for weather conditions.	Low	Low
Mitigations: s		
Stakeholders	Moderate	Low
Stakeholder Engagement/Coordination	Moderate	Low

<p>Risk: SAIL PSC acts as an endorsement mechanism rather than providing sufficient guidance on the strategy and implementation of project activities.</p>	Moderate	Low
<p>Mitigations: An advisory committee (Multi stakeholder platform) to be established with the involvement of representatives from the main public and private institutions for effective cooperation in new lands but also guidance for sustainable solutions.</p>		
<p>Stakeholder Grievances</p>	Moderate	Low
<p>Risk: Lack of grievance mechanism prevents beneficiaries from communicating their feedback and complaints.</p>	Moderate	Low
<p>Mitigations: This issues will be investigated during the Supervision Mission in October 2020 and a proper response plan will be developed.</p>		