

## **Egypt**

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### **Sustainable Agriculture Investments and Livelihoods Project**

### **Supervision Report**

### **Main report and appendices**

Mission Dates: 3-20 December 2018

Document Date: 20/05/2019

Project No. 1100001745

Report No. 5002-EG

Near East, North Africa and Europe Division  
Programme Management Department

## Abbreviations and Acronyms

<b>AC</b>	Agricultural Cooperative
<b>ADP</b>	Agriculture Development Program
<b>AI</b>	Artificial Insemination
<b>ARC</b>	Agricultural Research Center
<b>ASAP</b>	Adaptation for Smallholder Agriculture Programme
<b>AWPB</b>	Annual Work Plan and Budget
<b>CC</b>	Climate Change
<b>CCICRE</b>	Climate Change Information Center and Renewable Energy
<b>CDA</b>	Community Development Association
<b>COSOP</b>	Country Strategic and Opportunities Paper
<b>EALIP</b>	Executive Authority for Land Improvement Projects
<b>EGP</b>	Egyptian Pound
<b>FY</b>	Fiscal Year (1 July – 30 June)
<b>GET</b>	Get Ahead for Women (ILO-sponsored entrepreneurship training)
<b>GOE</b>	Government of Egypt
<b>IFAD</b>	International Fund for Agricultural Development
<b>GEF</b>	Global Environment Facility
<b>MA</b>	Marketing Association
<b>MALR</b>	Ministry of Agriculture and Land Reclamation
<b>MFI</b>	Microfinance Institution
<b>MIIC</b>	Ministry of Investment and International Cooperation
<b>MOF</b>	Ministry of Finance
<b>MOH</b>	Ministry of Health
<b>MOP</b>	Ministry of Planning
<b>MSMEDA</b>	Medium, Small and Micro Enterprise Development Authority
<b>MTR</b>	Mid-Term Review
<b>M&amp;E</b>	Monitoring and Evaluation
<b>PMU</b>	Project Management Unit
<b>PSC</b>	Project Steering Committee
<b>RPMU</b>	Regional Project Management Unit
<b>SWRI</b>	Soil and Water Research Institute
<b>UERDP</b>	Upper Egypt Rural Development Project
<b>WUA</b>	Water Users' Associations
<b>PY</b>	Project Year
<b>SAIL</b>	Sustainable Agricultural Investments and Livelihoods Programme
<b>SECAP</b>	(IFAD's) Social Environment and Climate Assessment Procedures
<b>WNRDP</b>	West Noubaria Rural Development Project

## A. Project Overview

Region:	Near East, North Africa and Europe Division	Project at Risk Status:	Potential problem
Country:	Egypt	Environmental and Social Category:	B
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	16/01/2019
Signing Date	19/02/2015	Date of Last SIS Mission	12/04/2019
Entry into Force Date	15/06/2015	Number of SIS Missions	7
Available for Disbursement Date	16/11/2015	Number of extensions	0
First Disbursement Date	20/11/2015	Effectiveness lag	6 months
MTR Date	not available yet		
Original Completion Date	30/06/2023		
Current Completion Date	30/06/2023		
Financial Closure	not available yet		

## Project total financing

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

## Current Mission

Mission Dates:	3-20 December 2018
Days in the field:	8

Mission composition: Ms Dina Saleh, Country Director PM & NENA Hub Coordinator; Mr Marc Fantinet, Senior Investment Support Officer (Economist), FAO/DPIC, Mission Leader/Rural Finance; Ms Chiara Romano, Gender and Targeting Specialist, Consultant, FAO/DPIC; Mr Umit Manziz, Planning, Monitoring and Evaluation Specialist, IFAD Consultant; Mr Arsalan Haneef, Financial Management Specialist, IFAD Consultant; Mr William Critchley, Environment and Climate Specialist, IFAD Consultant; and Mr Mohamed Abdel-Latif, Procurement and Infrastructure Specialist, IFAD Consultant.

The mission was accompanied all through by a strong SAIL PMU delegation (up to 11 staff) headed by Eng. Mostafa El Sayad, SAIL General Director, Head of the Land Reclamation Sector, MALR. Messrs Khaled Rashad, Director General for International Organisations and International Financial Institutions, MIIC, and his colleague Mr Shady Rashad, participated in the field mission to Amreya (SAIL PMU HQ) and Motobus from 4 to 6 December, 2018.

Field sites visited: Amerya (PMU HQ), Motobus (Kafr El Sheikh Governorate), Waadi El Sayada & Waadi El Nuqra (Aswan Governorate), West Fashn and West Safalut (Menia and Beni Suif Governorates)

## B. Overall Assessment

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

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

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

<b>Relevance</b>		<b>5</b>
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## C. Mission Objectives and Key Conclusions

### Background and Main Objective of the Mission

A supervision mission was fielded by IFAD, in collaboration with the Ministry of Agriculture and Land Reclamation (MALR) and the Ministry of Investment and International Cooperation (MIIC), to review the progress of the Sustainable Agriculture Investments and Livelihoods Programme (SAIL) from 3 to 20 December 2018. The mission was accompanied by counterparts from the SAIL Project Management Unit (PMU) and the Regional Project Management Units (RPMUs), as well as from the Directorate General for international organizations and international financing institutions of MIIC[1].

The main purpose of the Mission was to review the implementation progress and provide its recommendations for a smoother and faster implementation of Project activities. The Mission undertook a review of the three components of the Project including its overall management, strategic guidance, targeting and gender and youth mainstreaming procedures, monitoring and evaluation (M&E), knowledge management, procurement and financial management arrangements. The Mission assessed the effectiveness of the Project's activities, efficacy of implementation.

Visits were made to project target sites in Lower Egypt (Motobus in Kafr El Sheikh Governorate), Middle Egypt (West Fashn and West Samalut in Menia and Beni Suif Governorates) and Upper Egypt (Wadi El Sayada and Wadi El Nuqra in Aswan Governorate) to assess project performance and provide guidance to project implementation, including to the RPMU staff. After start up meetings at PMU's headquarters in Amreya on 4 December, the team visited the above-mentioned sites from 5 to 13 December. The team also paid courtesy calls to the Governor of Aswan and the Deputy Governor of Beni Suif, in their respective offices. The mission had several meetings with the partner financial intermediary apex institutions, namely the Medium, Small and Micro Enterprise Development Agency (MSMEDA) and the Agricultural Development Programme (ADP) on 10, 18 and 19 December to discuss outstanding issues and devise solutions to possibly unlock bottlenecks that, so far, dramatically slowed down access of the target groups to adapted rural financial services under component 3. It also met the service providers and a wide range of beneficiaries and stakeholders.

The SAIL aims at enhancing the incomes and livelihoods of the target population (graduates, smallholders, women and youth) in the New Lands in some 30 villages in Upper, Middle and Lower Egypt.. SAIL is targeting about 40,000 households (HH) living in 30 settlements cropping a total agricultural area of 97,970 feddans[2]. The project start-up workshop took place in February 2016. The project implementation period is eight years. The project is now in its fourth year of implementation. The SAIL is comprised of three components; (i) Community and Livelihood Development; (ii) Agriculture Production and Diversification; (iii) Financial Services and Project Management.

The supervision team extends its sincere appreciation and warm thanks to the whole SAIL team led by its General Manager, Eng. Mostafa El Sayed, and to MALR for their hospitality and efforts in organizing a brief, though thorough, mission. The team also kindly thanks MIIC for its collaboration, its participation in the first field visit, and its advice to overcome issues discussed at the pre-wrap up of 13 December, 2018 (see below).

The main findings and recommendations of the mission were discussed at a pre-wrap up meeting with Dr Khaled Rashad, General Manager for international organizations and IFIs, MIIC, and his team, on 13 December 2018. They were further discussed during a wrap up meeting with Dr Hesham Allam, Head, Foreign External Relations Sector, MALR, in Cairo on 20 December, 2018.

[1] Ms Dina Saleh, IFAD Egypt Country Director/NENA Hub Coordinator, provided overall leadership and oversight to the mission and chaired the wrap up meeting with Dr Hesham Allam, Head, Foreign External Relations Sector, MALR, on 20 December, 2018. The mission consisted of: (i) Mr Marc Fantinet, Senior Investment Support Officer (Economist), FAO/TCIC, Mission Leader/Rural Finance; (ii) Ms Chiara Romano, Gender and Targeting Specialist, Consultant, FAO/TCIC; (iii) Mr Umit Mansiz, Planning, Monitoring and Evaluation Specialist, IFAD Consultant; (iv) Mr Arsalan Haneef, Financial Management Specialist, IFAD Consultant; (v) Mr William Critchley, Environment and Climate Specialist, IFAD Consultant; and (vi) Mr Mohamed Abdel-Latif, Procurement and Infrastructure Specialist, IFAD Consultant. Mss Taissir Ahmed Haridy, IFAD's Country Programme Assistant, Radwa El Toudy, Administrative Assistant, FAO-Egypt, and Mona Zaki Mohamed, Programme Assistant, FAO/RNE, provided invaluable support to organize the logistics of the Mission (appointments, internal travel by SAIL and FAO car and by air, security clearances, etc.). The mission was accompanied all through by a strong SAIL PMU delegation (up to 11 staff) headed by Eng. Mostafa El Sayad, SAIL General Director and Head of the Land Reclamation Sector, MALR. Messrs Khaled Rashad, Director General for International Organisations, International Financial Institutions, MIIC and his colleague Mr Shady Rashad, participated in the field mission to Amreya (SAIL HQ) and Motobus from 4 to 6 December, 2018.

[2] For the start-up meeting at the PMU HQ in Amreya on 4 December and the field visit to Motobus site in Kafr-El-Sheikh Governorate on 5 December, 2018.

[3] Estimation at appraisal in 2014, with the following repartition: (i) 3 villages, 2,270 HH and 6,185 feddans in Lower Egypt; (ii) 15 villages, 9,420 HH and 50,600 feddans in Lower Egypt; and (iii) 12 villages, 7,405 HH and 41,185 feddans in Upper Egypt.

## **Key Mission Agreements and Conclusions**

While the PMU is suitably staffed -and the General Manager is providing strategic direction and support, this is not translating into timely and efficient execution of the project. SAIL needs a qualified and experienced Project Coordinator to act as a frontline leader for overseeing project execution on a day-to-day basis and animate the PMU/RPMU staff, under the strategic guidance of the General Manager.

Until the end of November 2018, the project has spent only 5% of its estimated total cost at appraisal in terms of USD (net of advances received). Implementation experience so far however offers a solid basis for taking remedial measures immediately rather than waiting for the Mid-Term review (MTR) for this purpose. The project needs to rapidly: (i) formulate a multiyear work plan and budget for its remaining life, factoring in all lessons learned so far, in preparation of the MTR (tentatively planned in July 2019); (ii) update the PIM; and (iii) send updated proposals for component implementations for IFAD No Objection (NO).

While the project tries to keep key actors informed of its work plans and targets, a more coherent and systemic approach is needed to establish clear points of accountability, and make sure that the PMU, RPMUs, and other partners are communicating and actively involved in implementation planning, monitoring and reporting. A major re-engineering at PMU/RPMU level is needed, including redefinition of individual responsibilities, organizational charts, and lines of commands, communication and reporting.

A major reason for low disbursement is the project's limited capacity to initiate and complete procurement actions. The Mission has noted many instances in which procurement action has taken more than a year primarily because of deficiencies in TORs or/and technical specifications. There is scope of packaging works/services for bidding to avoid doing the same processes time and again. With its current capacity, the PMU would not be able to overcome this significant hurdle to implementation and disbursement.

The Mission also notes some gaps in how the project staff views the PDR, FAs, LTBs and IFAD's principles-based approach to project management. SAIL could profitably organize 2-3 workshops to address the issue and this should be reinforced with follow-up events – backed up with short term technical assistance (TA).

It is extremely important that the IFAD Hub Coordinator/Country Director (and her team) closely monitors project progress and provide closer and more frequent coaching and advice. The Mission recommends that an Implementation Support Mission (ISM) be fielded by April 2019.

## **D. Overview and Project Progress**

### **Component 1: Community and Livelihood Development**

#### **Sub-component 1.1: Establishment and Strengthening of Community Development Associations**

So far, five CDAs have been created (of which three women CDAs). Five training courses were conducted for rural leaders in 2018 and five exchange visits were organized for CDA members. However the impact of such training and exchanges is not adequately tracked. The project should focus on completing the registration of the remaining six CDAs and the five exchange visits and training courses to achieve the set targets. Five sewing units have been equipped (as planned) and women participants were trained. CDA management training were conducted, however CDAs still have weak financial management capacity and market/business orientation. Twenty medical campaigns, 30 health awareness training and eight literacy classes were conducted, as planned.

A systematic characterisation and analysis of existing and new CDAs should be conducted, using known methods for rural institutions/cooperatives performance analysis developed by specialized agencies (i.e. FAO, ILO, SOCODEVI, etc.).

Targeted impact evaluations of activities benefiting CDAs and/or implemented by them (including literacy classes, vocational training in handicraft, etc.) should be done by the PMU M&E staff, with assistance of specialized consultants if needed.

#### **Sub-component 1.2: Social and Physical Infrastructure**

As at now, the project: (i) completed the construction of a new school and youth centre in El-Amal village in Wadi El Nokra, and the rehabilitation works and provision of equipment for three sewing units, one clinic, one women centre and five kindergartens; (ii) initiated the construction of the school and youth centre in Al Karama village. The construction of the youth centre is almost completed and ready for commissioning. The school construction reached 80% physical progress, however with delays.

The constructed school was handed over to the responsible governmental entity and the school is operational. The constructed youth centre is not yet operational due to delays in providing the furniture and necessary equipment by the Youth and Sports Directorate in Aswan. The financial sustainability for small social infrastructure such as nurseries, clinics that will be managed by the CDAs remains questionable as the project did not support the CDAs to prepare a business plan for the operation of these facilities.

The PMU initiated the procurement process for most of infrastructure enrolled in the procurement plan 2018-2019, including the construction of another youth centre, pump stations for supplying drinking water to three villages in Middle Egypt and the rehabilitation of a clinic and a kindergarten in Lower Egypt. It is expected that works will start in the third quarter of the fiscal year.

The mission was informed by the Governor of Aswan that the decision of dumping the effluent of Balana wastewater treatment facility in Wadi Nokra main canal will not be revised which is a major concern. The Mission command the April ISM to agree how to solve the issue with the Borrower.

#### **Sub-component 1.3: Vocational Training and Enterprise Development**

A youth aspirations, employment potential and vocational training needs assessment was conducted by a service provider (IDC). From there, a youth strategy and action plan should be developed for detailing capacity building and enterprise development activities targeting youth, for implementation in coming years.

So far the project conducted 21 vocational training courses for youth, but the individual women enterprise development trainings were not implemented, despite MSMEDA is certified to deliver such trainings.

The Mission noted the urgent need to improve the procedures and tools for subprojects preparation and analysis by both the PMU/RPMU staff, CDAs/ACs and credit agents of PFIs. It recommends to use simple toolkits to assist applicants to prepare their business plans in a participatory and iterative way, such as RuralInvest[1] that includes manuals and exercises for trainers, tutorials, and a software (including in Arabic).

### **Component 2: Agriculture Production and Diversification**

#### **Sub-component 2.1: Strengthening of farmer based organizations**

Activities to strengthen producers' organizations -POs (ACs, WUAs, MAs) remain very limited, lack vision and were not implemented according to agreed business plans. A systematic assessment and scoring of each should be carried out using institution performance analysis tools. POs should also be assisted to prepare their capacity development (CD) and business plan, from where CD activities can be progressively implemented. The mission recommends to hire a firm or NGO to implement this under a multi-year turn-key contract, limiting the role of RPMU field staff to supervision of the consultant, facilitation of reporting and impact evaluation.



## **Sub-component 2.2: Water and Renewable Energy Infrastructure**

As at now, few activities were carried out: (i) the construction of the drainage system for lowering the water table in Al-Iman village reached 75% physical progress (completion was due on 22 November 2018); (ii) the construction of 12 bio-gas units in the three regions; (iii) utilization of the 3 excavators procured under the project for cleaning the drainage channels by the three ACs in Motobus; and (iv) re-tendering the construction of the outflow pipelines of the existing pump station in Al-Karama Village, Aswan.

**Quality and sustainability of works.** The project has not fully implemented the last mission agreed actions regarding the assessment of mesqa lining in Upper Egypt (Motobus). The project took over 8 months to recruit the national expert and his report is not finalized yet. The draft gives clear technical recommendations for mesqa lining, appropriate maintenance techniques and immediate curing measures. However it doesn't explicitly identify the responsibility of the contractors for the poor quality of the works. Moreover, discrepancies were noticed in the lab results for the concrete samples that have been taken. Recommended agreed actions are detailed below. Another issue is the effect of waterlogging on the land. While the project has taken remedial action in Al-Iman village, no progress has been in the other two villages. The PMU has not finalized the TOR for the consultant that will propose appropriate interventions, prepare the detailed design including bills of quantities and cost estimates.

**Planning future infrastructure works.** Beyond the ongoing works, the project has no other irrigation infrastructure works lined up, which is alarming as costs of ongoing works are well under the allocation under the loan (USD 11 million). The PMU should immediately develop a multi-year plan encompassing all needed works. The coming April 2019 ISM should include irrigation specialists/civil engineers and assist in selecting potential sites, drafting the technical specifications, and prepare the cost estimates.

## **Sub-component 2.2: Agricultural Production Services**

**Farmer Field Schools (FFS).** FFS implementation only started in November 2017 and ended in April 2018, but as a very limited pilot (15 FFS). The independent evaluation carried out in October 2018 questioned the implementation approach and achievements so far. The Mission noted that implementation of the pilot by ARC didn't follow the proper FFS methodology and faced administrative and financial hurdles. The Mission (and the PMU) have doubts about ARC's technical, organizational and financial capacity to run the full-fledged FFS programme envisaged in the project (indicatively 500 FFS) in the remaining 4.5 years of the project life. It recommends to go for a multiyear contract with an international organization[2] with proven skills and experience in implementing FFS that could team up with the ARC.

**Veterinary Clinics:** The project has equipped four veterinary clinics which are operational, but they operate free of charge with a plan to introduce fees by mid-2019. The financial sustainability of the clinics should be monitored closely, particularly after these changes, and technical support should be provided accordingly (i.e. bookkeeping, inventory turnover, pricing, etc.).

## **Sub-component 2.3: Marketing Services**

**Marketing Associations (MA).** The project is still working on the registration of one MA, and the need for more MAs is strongly communicated by farmers who look for better contractual agreements and reaching out more buyers. The project should provide MAs with sufficient training activities on harvest and post-harvest losses and production standards (i.e. GAP and HACCP), and organize exchange visits to WNRDP examples. SAIL should also improve access to markets by preparing a list of potential buyers in the region for key agriculture products and distribute them to the ACs and MAs.

## **Component 3: Rural Enterprise and Microfinance Development**

The subsidiary financing agreements between MIIC and resp. ADP and MSMEDA were signed in January 2016, but credit lines to MSMEDA and ADP -which make up more than one third of the IFAD Loan, have not started disbursing, beyond the initial advance made available to both institutions, as no loans to end beneficiaries were granted until early December 2018[3].

This is due to several factors, of which: (i) misunderstanding of the objective of the component e.g. facilitating a sustainable access of the target groups to adapted financial services; (ii) lack of communication between MSMEDA/ ADP and the PMU; (iii) institutional weaknesses, lack of credit worthiness, minimal credit awareness -and sometimes willingness to borrow- of potential borrowers (ACs, CDAs, individuals); (iv) lack of deed that could be used as collateral for loans; and (v) financial services offer from PFIs (and to some extent MSMEDA) not adapted to the varied needs of the target groups.

Agreements reached during the meetings with MSMEDA and ADP were as follows:

- MSMEDA: a) no extension of coverage area beyond the Districts in which SAIL intervenes, as already agreed in 2018 with IFAD; b) consider opening the eligibility to the credit line to individuals/MSMEs, provided that evidence is given that loans to such value chains actors would benefit to the SAIL target groups, through job creation, enhanced markets for raw products coming from the project area to be marketed and/or processed and c) MSMEDA to be much more proactive to support CDAs for raising their credit awareness and worthiness and

- qualify as borrowers with EFSA, as per Egyptian laws and regulations;
- ADP: taking a much more proactive role in facilitating : a) coupling SAIL grants with credit to be extended by Partner Financial Institutions (PFIs) e.g. commercial banks that signed partnership agreements with ADP under the SAIL, notably to access the PVs/modernized irrigation package; b) finding innovative solutions to solve the lack of collateral issue; and c) proposing capacity building activities for both the demand for and supply of credit, benefiting both PFIs and ACs/CDAs;
- for both ADP & MSMEDA: sending rapidly their AWPB 2018-2019 (case of MSMEDA) or a revised proposal (case of ADP), taking into consideration the above recommendations.

The Mission thinks that parallel rural finance (RF) mechanisms, different than those offered by MSMEDA and ADP, are required, including through rural community banks or financial services associations. A practical study of the demand and offer of RF services in the SAIL target areas should be urgently conducted with assistance from an international RF expert. The Mission also recommends: a) to establish with immediate effect a rural finance group within the PMU, to compensate the lack of national expertise; b) the RF group team up with the Central Bank of Egypt (CBE) that leads the inclusive finance agenda, and with donors involved in rural finance; c) systematically share knowledge and experience on RF between implementation partners; d) sign MoUs to clarify the resp. roles of the PMU, ADP/MSMEDA, PFIs, CDAs/ACs; e) hire an international RF specialist to conduct the above-mentioned practical study; and f) ask IFAD backstopping on rural finance.

[1] See: <http://www.fao.org/in-action/rural-invest/en/>

[2] FAO, GIZ and ICARDA were mentioned by the PMU.

[3] The PMU and the Mission were informed that: (i) a EGP 3.1 million loan was about to be extended by MSEMEDA to an MFI in Aswan by the end of December; and (ii) a loan application had been submitted by a PFI to be considered for refinancing by the line of credit administered by the ADP.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Overview and Project Progress</b>		
<b>MSMEDA submit all agreed documents during the Mission</b> MSMEDA submit all agreed documents during the Mission		01/2019
<b>ADP</b> ADP submits its revised AWPB 2018-19 proposal to the PMU (including as above for MSMEDA AWPB)	ADP	01/2019
<b>Send updated proposals for component implementations for IFAD NO</b> Send updated proposals for component implementations for IFAD NO	PMU	03/2019
<b>Irrigation works in Motobus</b> <ul style="list-style-type: none"> <li>Carry out additional concrete samples analysis through a reliable service</li> <li>Based on the results, identify the responsibility of the contractors for the poor quality of the works, and take appropriate actions</li> <li>Finalize the bidding documents for the new mesqa lining works adopting the most feasible technical and economical approach</li> <li>Urgently hire the consulting firm to prepare the design for drainage system</li> </ul>	PMU	03/2019
<b>MSMEDA</b> MSMEDA submit a AWPB 2018-19 proposal to PMU, including implementation strategy, detailed work schedule, use of line of credit and capacity building activities for both RPMU, ACs, CDAs, PFIs etc.	MSMEDA	03/2019

<p><b>Major re-engineering at PMU/RPMU</b></p> <ul style="list-style-type: none"> <li>•Redefinition of staff responsibilities, organizational charts, and lines of commands, communication and reporting</li> </ul>	IFAD/PMU	04/2019
<p><b>AWPB</b></p> <p>Prepare multi-annual work plan and budget (covering period 1/07/2018 until project end)</p>	PMU	04/2019
<p><b>Alternative source of drinking water in Wadi El Nokra.</b></p> <p>Evaluate the technical and social feasibility of alternative source of drinking water in Wadi El Nokra.</p>	PMU / Drinking Water Company	04/2019
<p><b>FFS upscale</b></p> <ul style="list-style-type: none"> <li>• prepare TOR for a full-fledged FFS programme, including total targeted FFS, KPI, work schedule, and exit strategy (notably for certifying lead farmers as FFS facilitators)</li> <li>• select skilled and well-recognized international partner with IFAD NO</li> <li>• award a multiyear contract</li> </ul>	PMU	04/2019
<p><b>Signing tripartite MoUs (MIIC-PMU-ADP or MSMEDA) defining clear roles and responsibilities</b></p> <p>Signing tripartite MoUs (MIIC-PMU-ADP or MSMEDA) defining clear roles and responsibilities, conditions for the use of the lines of credit, KPI, reporting frequency, templates, communication channels, targets to be achieved</p>	PMU /MSMEDA/ ADP	04/2019
<p><b>Study of Rural Finance (RF) services demand and offer</b></p> <p>Hire an international RF specialist to: (i) conduct a survey of the current practices and demand for RF services (credit, savings, micro-insurance, leasing) from the target groups; (ii) map/analyse current offer of RF services through different channels (informal, value chain finance, PFIs, MFIs, family and friends, etc.); (iii) assess the potential for establishing community banks /financial services associations, and propose options. PMU to draft the TOR with assistance of IFAD</p>	PMU	04/2019
<p><b>ADP submits all agreed documents during the mission:</b></p> <p>ADP submits all agreed documents during the mission:</p>	ADP	05/2019
<p><b>Project Executive Director hired</b></p> <ul style="list-style-type: none"> <li>• TOR and selection method prepared by SAIL and sent to IFAD for NO</li> <li>• Advertisement, interviews, and selection report prepared and sent to IFAD for NO</li> <li>• Entry on Duty of the Executive Manager</li> </ul>	MALR	06/2019
<p><b>PIM and IFAD NO</b></p> <p>Revise the PIM and submit it to IFAD for NO (with support from ST technical assistance might it be found necessary by the PMU)</p>	PMU	06/2019

<p><b>Closer project supervision, coaching, and implementation support:</b></p> <ul style="list-style-type: none"> <li>• 1st 2019 Implementation Support Mission</li> <li>• Hire of specialized LT and ST technical assistance, in almost all fields of project intervention</li> </ul>	IFAD	06/2019
<p><b>CDAs and performance indicators</b></p> <p>Characterize CDAs and develop relevant performance indicators</p>	PMU/RPMU	06/2019
<p><b>Small social infrastructure and associated services</b></p> <p>Support CDAs to prepare business plans for the sustainable operation of small social infrastructure and associated services</p>	PMU / CDAs	06/2019
<p><b>Participation in Rural invest training.</b></p> <p>Nominate SAIL staff and partners to participate in the training and mobilize adequate budget for it.</p>	PMU	06/2019
<p><b>Women business skills enhancement</b></p> <p>Ensure delivery of women entrepreneurship training by MSMEDA, and assess the impact of the training delivered so far</p>	PMU	06/2019
<p><b>Youth Action Plan</b></p> <p>Prepare the Youth strategy and action plan.</p>	PMU	06/2019
<p><b>Infrastructure works plan</b></p> <p>Prepare multi-year plan including future need irrigation infrastructure works</p>	PMU	06/2019
<p><b>Impact of activities benefiting CDAs and/or implemented by them</b></p> <p>Assess impact of activities benefiting CDAs and/or implemented by them</p>	PMU/RPMU	12/2019
<p><b>Launch of the youth centre in El-Amal village.</b></p> <p>Agree with the Youth and Sports Directorate in Aswan to launch the youth centre in El-Amal village.</p>	PMU / Youth & Sports Directorate in Aswan	
<p><b>Rural Finance Working group establishment</b></p> <p>Establish rural finance working group (2 M&amp;E officers + the GEF Coordinator) &amp; follow up on all actions agreed with ADP and MSMEDA during the mission</p>	PMU General Manager	
<p><b>Communication issues</b></p> <p>Improving communication and mutual exchange (information, data, reports)</p>	PMU, MIIC, MSMEDA, ADP	

<p><b>Solve the issue of lack of collateral and other bottlenecks limiting the component implementation and effectiveness</b></p> <p>Organize a meeting with the CBE Governor and/or the Inclusive Finance Initiative Head to solve the issue of lack of collateral and other bottlenecks limiting the component implementation and effectiveness</p>	<p>PMU Rural finance group</p>	
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## E. Project implementation

### a. Development Effectiveness

#### Effectiveness and Developmental Focus

Effectiveness

Rating: 3

Previous rating: 4

#### Justification of rating

The Project is its fourth year and is seriously lagging behind. Although most activities envisaged under each component have started, they were implemented on limited scale, with delays and for some of them with technical deficiencies. There is strong evidence that project activities, albeit limited in scope, contribute to poverty reduction and enhancing the incomes and livelihoods of the target groups. Thus the project has potential to achieve most of its goal and targets, only provided it dramatically accelerates delivery and effectiveness (process, procedures, targeting). To achieve it, the project need a major push to get on track, including a thorough reorganization, re-engineering, leadership and implementation arrangements.

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

The development goal of the project is to contribute to the reduction of poverty and increase food and nutrition security for poor rural women and men in Egypt. Its development objective is enabling smallholder farmers to enhance their incomes, increase profitability and diversify their livelihoods. The Project was expected to target around 40,000 households directly through its various components. While records have been kept for the beneficiaries of some of its activities, achievements so far are yet timid.

As per its Logframe (see Annexes 6a & 6b), the project envisages three major outcomes: (i) Strengthened community institutions and improved livelihoods in targeted areas; (ii) Improved agriculture production, diversification and marketing through climate adaptive methodologies and practices; and (iii) Improved employment and enterprise development.

The Project is unlikely to achieve its overall goal and quantitative and qualitative targets if it continues implementation at the current slow pace. In term of outreach, the project stands at about 26% of achievement (10,492 Households out of 40,000 HH target) under the three components. However this figure might be misleading as most of them benefited from social infrastructure and activities (schools, clinics, youth centers, medical campaigns) or were accounted as members of the 14 ACs at target sites (that benefited from capacity building); but in fact much fewer HHs received direct project support in terms of training, participation in a FFS, access to technologies, etc. In addition, there might have been some double counting of HH/beneficiaries between expected outputs.

The project doesn't conduct annual surveys nor annual participatory evaluation and planning workshops to measure the effectiveness of project activities and to which extent they are fully adapted and responsive to the needs of the various target groups. This needs to be introduced.

#### Development Focus

Targeting and Outreach

Rating: 3

Previous rating: 4

#### Justification of rating

The provision of basic public services and infrastructures has reached disadvantaged groups. Activities targeting women, one of the most disadvantaged groups, have been undertaken and focus mostly on social service delivery. Several studies have been conducted to assess the needs and priorities of the target groups but they lack a proper analysis of the livelihoods, including an analysis of farming systems and off farm sources of employment and income. A clear targeting strategy with an in-depth identification of the various target groups, based on a clear description and analysis of their livelihoods characteristics and socio-economic levels, is missing. This potentially implies a risk of elite capture as well as exclusion of entire segments of the rural community.

#### Main issues

The studies related to gender and targeting carried out so far include: (i) a gender analysis; (ii) village profiles (iii) a youth aspirations, employment potential and vocational training needs assessment (iv) the household baseline survey (ongoing; results not yet available). They mostly focus on the needs and priority of beneficiaries with regards to social/public services. They also include some minor data and analysis concerning livelihoods (mainly agriculture) which is relevant to provide the target groups with the appropriated services and interventions. The Mission reiterates the importance to further define the target groups on the basis of their livelihoods characteristics, focusing more on the households' subsistence farming systems/ division of roles/ responsibilities/ income and economic levels. This is key to properly

implement a solid targeting strategy focusing on all segments of the targeted communities (from the poorer to the better off men and women farmers).

Despite the positive outreach of public service delivery and activities under Component 1, a clear targeting strategy based on an in-depth identification of the various target groups, a clear description and analysis of their livelihoods characteristics and socio-economic levels, is still missing. This is a limiting factor for the effectiveness of beneficiaries' identification and selection across the project components and subcomponents. In the absence of a target groups profile and with such weak targeting strategy, the risk of elite capture as well as exclusion of entire segments of the communities (i.e. women engaged exclusively in agriculture production, very poor men and women farmer, landless) is rated medium-high.

The data and results of the ongoing household (HH) baseline survey could support the needed profiling of the target groups. The Mission and recommends to develop HH level profiles and a poverty analysis as complementary sections of the baseline survey and/or the village profile report. A matrix should be prepared by the service provider (IDC) in line with indications provided by the PMU. The Gender expert, hired by the PMU to prepare a gender strategy action plan, should take into account the targeting profile and integrate the findings in the action plan accordingly.

Improving targeting strategy and implementation mechanisms also call for streamlining conditions of access of the target groups to matching grants (MGs) for technology adoption, yet to be initiated. Mechanisms for preparing and appraising project ideas/business plans for applying to MGs and loans as well eligibility criteria, and delivery mechanisms etc. should be described in a revised PIM. The proposed assessment of ACs' performance and capacity development and business plan preparation (see component 1) should conclude whether ACs can be used as intermediaries for MG/loans to farmers or whether to use other delivery mechanisms including direct grant to individuals.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Development Effectiveness</b>		
<b>Matching Grants (MGs) for technology adoption</b> <ul style="list-style-type: none"> <li>• streamline in PIM the work flow, procedures and responsibilities</li> <li>• use RuralInvest or equivalent for business plans preparation and analysis</li> <li>• improve business and communication skills of SAIL field staff</li> <li>• assess ACs' capacity to be grant/loans recipients and study other delivery mechanisms</li> </ul>	PMU (with likely TA support)	04/2019
<b>Profiling Target Groups</b> <p>Complement the baseline/villages profile reports with a description of the target groups based on their livelihoods and poverty characteristics (narrative and matrix) using the available data collected from the field (village profile survey/baseline survey/other sources)</p>	IDC/PMU	12/2019

**Gender equality & women's participation**

**Rating: 4**

**Previous rating: 4**

**Justification of rating**

Overall gender related activities are progressing well. Agreed actions during the last December 2017 supervision mission have been taken: (i) recruitment of a gender consultant to prepare a gender analysis, strategy and action plan (draft almost completed); (ii) follow up on critical issue such as increasing the number of women-led CDAs; and (iii) provide rural women with identity cards. The mission has positively assessed that the following activities have been conducted: literacy trainings, health awareness and trainings for women's leaders. Disaggregated data show that 3,191 women out of a total 3,397 (94%) have participated in the above trainings. Improved selection criteria, adapted curricula and set targets for women FFS are needed to secure women participation in FFS.

**Main issues**

The mission observed that the positive progresses under component 1 are not followed by similar achievements in agriculture production (component 2). Data from the progress report show that agriculture related trainings have benefited about 3,747 men and 542 women, e.g. a women participation of only 13%. Gender has to be mainstreamed in components 2 and 3.

**Women and FFS.** Out of 15 FFS implemented so far, only one is a women-led FFS (focusing on livestock and poultry).

The Mission reiterates that women participation in FFS is a powerful tool to grant them with access to learning opportunities and knowledge regarding both on-farm and off-farm income generating activities. However, so far the selection of participant in FFS has not been conducted in a proper way, relying almost exclusively on ACs' management, in which, as it is well known, women are not members.

The Mission recommends to that FFS facilitators and the FFS service provider: (i) formulate appropriate targeting and selection criteria to ensure women are not excluded and set targets to reach women. It is expected that capacity development activities (including FFS) benefit equally men and women (50%); (ii) increase the number and scope of learning modules/demonstrations of technologies that contribute to reducing women's workloads/time saving; and (iii) better define and adapt FFS curricula to women needs.

**Micro-grants for women.** Support to home gardens (involving conservation agriculture/ vegetable beds/ small-scale composting and green belts of trees) as well as poultry, rabbit breeding, other small ruminants and climate-resilient income generating activities for women should be supported.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Development Effectiveness</b>		
<b>Gender-sensitive curricula for Women FFS</b> <ul style="list-style-type: none"> <li>• Ensure women participation in FFS through appropriate targeting and selection criteria</li> <li>• Define gender-sensitive FFS curricula</li> <li>• Set the target for women FFS in the current and following years AWPBs</li> </ul>	PMU	03/2019

### **Agricultural Productivity**

**Rating: 3**

#### **Justification of rating**

As observed by the last supervision mission, there has still been very little impact on productivity, considering the considerable delay in implementing subcomponent 2.2 (agricultural production services). Impact of productivity cannot be assessed at this stage, as also it wasn't the case in the previous SM report of 2017. Measures have to be implemented urgently to speed up implementation of component 2 (see chapter B) and improve the monitoring and impact assessment of activities concurring to increased productivity (in a wide sense, biophysical and in monetary terms, including for water productivity) and incomes (see chapter D).

#### **Main issues**

Some impact could have been seen if the solar pumps and efficient irrigations networks had been in place immediately after the last SM in December 2017. But this was not the case. This is notably due to the bottlenecks to operationalize the access to loans from PFIs that is supposed to partially cover the cost of the improved irrigation network (drip/ sprinkler etc.). However, some farmers might have funded fully these cost from their own resources, without any loans from the SAIL credit line. Unfortunately, such solution was not tested by the PMU/RPMU. A clear deficit of communication to potential adopters/grantees and between the PMU and RPMU, as well as unclear procedures to fund this package in the PIM, are noted. This needs to be addressed immediately.

Moreover the FFS pilot had some shortcomings (see chapter B) and its impact on productivity -although experienced by interviewed producers - has not been properly captured and documented by the RPMU/PMU. This again calls for a much more professionally-implemented FFS scaled up programme, with a documented baseline before each FFS starts and use of practical and hands-on monitoring and impact assessment tools that participants, FFS facilitators and RPMU/PMU will be able to control and use efficiently to orient implementation as it progresses, and produce knowledge and lessons to improve FFS implementation as it goes.

For other productive (on and off-farm) activities, lack of access to loans has also hampered improved technology adoption and productivity increase and income generation. It is hoped to improve in 2019 with the first loans being extended to local MFIs and through one PFI end December 2018 – provided though that: a) monitoring and impact assessment tools of such loans are put in place by resp. MSMEDA, ADP, PFIs; b) credit delivery institutions (CDAs, local MFIs, branches of PFIs) are incentivized and trained to monitor, collect and analyse the necessary data; and c) the end borrowers are also trained and sensitized to participate in such data collection and analysis.

### **Nutrition**

**Rating: N/A**



**Justification of rating**

SAIL has continued to address climate change (CC) issues but progress is modest since last year. The Early Warning and Response System is operational but the use and relevance of received information by farmers should be assessed. The FFS pilot didn't tackle CC or CSA. For the second year, the recommendation to install efficient irrigation systems beyond demonstrations has stalled due, apparently, to requirements for a series of technical studies. Didactic comic books and videos have been produced nevertheless their content is questionable and has not been subjected to adequate review. A baseline study has been conducted on the carbon status of the project area: this is a positive initiative. Overall, disbursement of GEF and ASAP grant-funded activities is very low and not picking up.

**Main issues**

**Photovoltaic (PV) pumps and modern irrigation.** The Mission reiterates the importance to promote efficient irrigation (solar powered pumps combined with drip/sprinkler irrigation) in combination with crop diversification (especially herbal and aromatic plants). Detailed specifications of PV pumping systems are ready for bidding. Expansion to min. 100 PV should be implemented, but this may require solving the bottlenecks that prevent farmers to access loans through the credit lines through ADP and MSMEDA. Significantly, there is a vibrant demand by farmers (around 350 in Upper Egypt only) who filed their applications.

**Solar drier unit in middle Egypt for herbal and medicinal plants processing** The project conducted two studies (production, processing line) and the third one (business plan, including options for the unit operation and management and pricing of raw material/processed products) was about to start in December 2018. The Mission recommends: (i) to go ahead with the installation of the unit provided studies are validated, and that the required financing for investment and working capital needs (through own resources of promoting CDAs/ACs, MGs and loans from PFIs) is secured - moving away from a non-sustainable grant-only approach; (ii) a technical review committee and a validation process inclusive of all concerned actors be set to improve/validate the studies and use them at best for an effective implementation and success in the long run of the solar drier units.

**Promotion of climate-resilient technologies.** The Mission believes that SAIL should focus on the simpler, more versatile greenhouses/polytunnels (only 2 at present) while more sophisticated and expensive technologies (e.g. hydroponic and aquaponics units), yet interesting to be tested, should be given less attention.

**Early Warning and Response System.** The system has now moved on from establishing the agro-weather stations to digesting and analysing the data, and sending out SMS (and public screen) messages regarding forecasts and required farmer action. The Mission recommends to conduct participatory assessments with farmers to check how they use the received information and its adaptability and responsiveness to their needs, and its impact of possible change of agricultural practices to address climate issues.

**Biogas units.** A quick analysis shows that the initial cost recovery of biogas units is around 3-4 years. These units allow farmers to save energy costs for cooking and significantly decrease the workload of women while reducing pollution. There is demand in the villages where it was piloted, and this is a good case for funding them through a combination of MGs and loans (provided access to credit is solved).

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Development Effectiveness</b>		
<b>Early Warning and Response System</b> <ul style="list-style-type: none"> <li>• conduct participatory assessments as described above</li> </ul>	GEF Coordinator	03/2019
<b>PV pumps &amp; modern irrigation systems</b> <ul style="list-style-type: none"> <li>• clear bureaucratic hurdles</li> <li>• process loans &amp; grants applications with ACs/PBs/ADP/MSMEDA</li> <li>• procure min. 100 PV units 300 if possible) and install at project sites –provided access to credit is solved (see component 3)</li> </ul>	GEF Coordinator & PMU rural finance group	05/2019
<b>Solar drier unit</b> <ul style="list-style-type: none"> <li>• rapidly complete studies, notably the business plan and market study</li> <li>• set a technical review committee and organize a validation of the studies</li> <li>• secure financing of the units based on the prepared business plans, including through mobilizing loans from PFIs under the ADP and/or MSMEDA lines of credit</li> </ul>	GEF Coordinator	05/2019
<b>Promotion of climate-proof technologies</b> <ul style="list-style-type: none"> <li>• put less emphasis on hydroponics/aquaponics units and more on polytunnels</li> </ul>	GEF Coordinator	

## b. Sustainability and Scaling up

<b>Institutions and Policy Engagement</b>	<b>Rating: 3</b>	<b>Previous rating: 4</b>
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### Justification of rating

So far, activities geared to supporting policy change, institutional reform and capacity building, beyond the very localized and limited-in-scope interventions (capacity building of existing CDAs and ACs, support to the establishment a few women CDAs and youth groups, pilot FFS programme, clinics, youth centers) have been very timid, if not existent. However, the potential impact of SAIL interventions for institutional change, learning and replication of good practices /upscale in other “new lands” areas is very high. A clear strategy and long term vision has to be devised and then implemented.

### Main issues

As for other cross-cutting and management issues that SAIL currently faces, maximizing the impacts of SAIL interventions at local, regional and national on institutional changes and reforms, policy setting and monitoring needs strategic thinking skills that are yet lacking or not effective at higher PMU management level. And this calls for profound reforms in management style, operation, communication of the PMU.

The Mission observes there is a lot of potential for more profound institutional support and policy engagement, in link with the partnership strategy and KM and communication improvements that are severely needed (see relevant chapters). For example, on the topic of inclusive finance and access to adapted rural financial services, partnering with the CBE and with national partners (MSMEDA) and donors involved in microfinance and rural finance, thinking out-of-the box, introducing new financing mechanisms, for example community banks, savings and credit associations in rural, contract farming, etc. Also the Mission acknowledges that the all developed new lands - including the SAIL target areas- are administered by the Land Reclamation Sector of MALR, which delivers all services for agricultural development (including extension, linking farmers/land renters to research centers, to PFIs, etc.) through its own dedicated and quite numerous staff (3,000 + staff), benefitting from subsequent own-generated budget (through the land lease payment collection system, a part of it being retained by the LR sector, and some directly operated units such as a large dairy farm and artificial insemination centers) and a relative administrative and financial autonomy, as compared to other Sectors of the MALR. In other words any improvement in the way the LR sector efficiently delivers agricultural services to its “clients” (farmers, youth, women) in the SAIL target areas may have tremendous spill over and multiplier effects, first in the SAIL target areas, but also

beyond, in other new lands managed by the LR Sector.

<b>Partnership-building</b>	<b>Rating: 3</b>	<b>Previous rating: 4</b>
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#### **Justification of rating**

The project had signed MoUs with ministries responsible for social services and works closely with the ARC. However, it failed to engage with the private sector and learn from other IFAD-funded projects which have faced the same implementation difficulties (for ex operationalizing access to adapted financial services and credit delivery through MSMEDA and ADP), procurement, financial management, KM and M&E issues than the SAIL, and also weak planning and strategic thinking capacities. The project would have surmounted many of the bottlenecks that it faces today had it learned from the experience of those projects and leveraged this knowledge to inform implementation. These are lost opportunities which need to be availed ASAP, with a strong push and leadership from the NENA IFAD Hub.

#### **Main issues**

The project had signed MoUs with ministries delivering social services (education, health, youth and sports) and their affiliated institutions (School Building Authority; Drinking Water and Sanitation Company of Aswan Governorate). It continues to work closely with the ARC and in particular with the CCICRE (for the early warning activities). SAIL's engagement with community organisations e.g. (CDAs, ACs, women and youth groups) has deepened over time, as a result of project activities (medical campaigns, drinking water supply initiatives, literacy classes, training, women-centric activities). However, the potential for engaging private partners effectively to establish stronger value chains and market access has yet to be exploited.

The project failed to engage with other IFAD-funded projects (e.g. PRIME and OFIDO). Beyond needed tighter knowledge management/sharing and learning mechanisms with these projects, the SAIL project could significantly benefit from experience, knowledge and tools developed and implemented - in Egypt and elsewhere - by UN and bilateral development agencies and other IFI-funded projects. There is also high potential for establishing and nurturing partnership with the Central Bank of Egypt (on inclusive finance, including sustainable access of the poor and rural target groups to financial services adapted to their needs), FAO, other UN agencies, GIZ (participatory approaches, water user associations - WUAs, farmers' marketing associations -FMAs, 'FFS, and water governance), EU (support to cooperative and micro and small scale enterprises), CGIAR institutions (notably ICARDA), national research centres, the Horticulture Exporters' Association, Chambers of commerce, industry and agriculture, just to name of few.

The Mission fears that partnerships may not develop beyond existing ones until profound reforms in the way the PMU operates, plans, strategizes are adopted, as well as in the way it communicates (rather poorly) internally (within the PMU), with RPMUs, and with third parties and organizations and institutions. This again needs the urgent hire of a Project Coordinator, skilled and fully dedicated to SAIL day-to-day management, operation, improved strategic thinking, planning and communication (see chapter B).

<b>Human and Social Capital and Empowerment</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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#### **Justification of rating**

The project continues to apply a strong social development approach. Awareness and literacy trainings, women's leaders' trainings contribute significantly to their social empowerment. Presence of youth and women's centres, recently renovated, show that activities have considered the dimension of aggregation and social cohesiveness for women and youth groups respectively. Formation and registration of three women-led CDAs is commendable. Support to ACs and provision of training on management and sustainability has been conducted. Nevertheless the Mission found that the Producers' organisations present weaknesses in financial management capacity and market/business orientation. These elements are key to ensure a solid empowerment (social and economic) of involved farmers.

<b>Quality of Beneficiary Participation</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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#### **Justification of rating**

The Mission observed that consultation with communities have been undertaken and it considered equally men, women and youth. Needs and priorities have been expressed and considered in the planning process for social service delivery and infrastructures. Most of the services delivered are benefiting, indeed, all community members. The Mission found in some cases discrepancy between the priority list of beneficiaries and the interventions provided. Furthermore, the Mission was unable to clearly identify the process adopted to prioritize needs and the related planning process. Lack of clarity was also found in selection criteria of men and women farmers to participate in selected activities. In some instances, lack of information about project services and opportunities was also noted.

## Main issues

Participation of beneficiaries in planning and implementation needs more than only consultation. The lower participation of women in the planned on-farm interventions/training is due to multiple factors including weaknesses in the selection process targeting rural institutions where women are not members (Agriculture Cooperatives); creation of women-led institutions (CDAs) focusing exclusively on social services and not on agriculture related activities. Improved knowledge on the opportunities related to agriculture sectors, technologies available and other related aspects would be fundamental for women to make informed decision on potential on-farm investments and hence accessing finance for productive assets they need showing return in terms of time saving/ workload reduce and/or income increased.

To strengthen the demand driven nature of the project interventions, and hence the quality of beneficiaries participation, the Mission recommends that in addition to the broad consultation and mobilisation of community and preparation of a priority list, experienced/trained facilitators on Community Demand-Driven (CDD) methodologies (or other instruments to strengthened participatory / bottom-up models) be hired and work with targeted communities to: (i) support a proper prioritisation process; (ii) document appropriately the process including engaging with communities for self-monitoring processes; and (iii) assist the preparation of Village Development Plans (VDP) that can be used for the planning at community level beyond SAIL intervention, to ensure sustainability.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Sustainability and Scaling Up</b>		
<b>Participatory planning and community engagement</b> <ul style="list-style-type: none"> <li>• Hire an expert specialized in CDD/participatory planning methodologies</li> <li>• Train PMU/RPMU staff in applying such methods and assist communities in preparing their VDP</li> <li>• Map/assess local institutions to should participate in such participatory planning</li> <li>• Set mechanisms for prioritizing &amp; preparing project ideas/business plans for cross-cutting investments and investments at district level</li> </ul>	PMU	03/2019

### Responsiveness of Service Providers

**Rating: 3**

**Previous rating: 4**

#### Justification of rating

The enlisted service providers for the civil works and goods transactions have accomplished their contracts within the stipulated timeframe. Lower performance than expected of civil works contractors was recorded in one case (lining of canals in Motobus) but is also partly attributed to improper design and supervision of works by the PMU. For services, underperformance of ARC implementing the pilot FFS programme in 2017-18 was also noted. Overall, responsiveness of service providers is difficult to rate at this stage considering the delay and limited scope in implementation of many activities thus reduced number of contract with providers than envisaged at design.

## Main issues

As stated in 2017, the main issue with service provision relate to the difficulty to attract enough candidates to express interest and answer bids for consultancy services. Egypt is home to the largest consultancy firms in the region that operate worldwide, are highly competitive because of their recognized technical capabilities and their relatively low payroll costs. In several cases, SAIL experienced a low response from the firms despite being approached directly or through advertisement. For example, the request for proposals (RFP) for conducting the baseline received insufficient bids (or of inadequate quality), and the bidding process has to be relaunched, contributing to explain why the baseline is still not yet finalized while the SAIL is already in its fourth year of implementation. For that particular study, SAIL had eventually to proceed with direct contracting to solve the issue.

### Environment and Natural Resource Management

**Rating: 3**

**Previous rating: 4**

#### Justification of rating

There is no evidence that SAIL is negatively affecting the environment in terms of the agricultural land in the irrigated areas – other than its inability to convert more than 2 of its 30 demonstration plots into 'efficient' irrigation systems (see section on adaptation to climate change for recommendation). The rating is also held back by the delays in initiating a system of supplying grants and loans to ACs in order to purchase equipment that can help farmers make compost efficiently, save water, and improve irrigation and pumping efficiency.

## Main issues

From the environmental point of view these are still early days in the project's life and it is expected that with the modernized and efficient irrigation systems being introduced (as well as the herbal and aromatic plants – and crop diversification away from the water demanding sugar cane) a difference will soon be seen at least on a demonstration basis. This will be supported by the availability of machinery for hire through the ACs. Another positive move would be to step up micro-grants for women to develop home gardens, including intense no-till ('conservation agriculture') with agroforestry and home-made compost. This could - and should - be combined with a policy of 'cross-compliance': namely a condition that these grants should be accompanied by an agreement to keep the households clean - and especially clear of plastic wastes. Such home gardens are much more likely to spread and have rapid impact than (for example) the biogas initiatives currently underway. While biogas plants are excellent in theory, because they are high-maintenance and are for now envisaged to be supplied freely, their sustainability (or adoption) is questionable.

### Exit Strategy

Rating: 4

#### Justification of rating

Currently the project is more concerned with its entry point strategy. Exit strategies for the main activities by subcomponents should be better spelled out and explained in the AWPB and in the progress reports. It would guide thinking on the way activities should be planned and implemented, for ex. making sure from start that: a) drying units seems financially and organisationally sound as per business plans elaborated, b) these units and the PV pumps/modernized irrigation systems are appropriately financed (through own promoter's resources, loans and matching grants), both for investment and working capital requirement; c) services centres (youth, clinics, etc.) will be able to cover their operational costs, etc.

### Potential for Scaling-up

Rating: 3

Previous rating: 4

#### Justification of rating

SAIL was supposed to scale up the successful experience from the WNRDP implemented in West Nubaria. However delay in implementation so far make it difficult to rate the current potential for scaling up of SAIL. If the project management and its way of operation doesn't go through profound reform, reengineering and mobilization of coaching, TA and extended partnerships in order to speed up implementation and achievement of expected targets, the Mission is afraid there will be little from SAIL that could be scaled up by project end.

## c. Project Management

### Quality of Project Management

Rating: 3

Previous rating: 4

#### Justification of rating

Limited technical expertise at PMU/RPMU and the lack of mobilization of short term specialized technical assistance for critical areas has led to poor and delayed implementation of components, lack of synergy and complementarity between them, long delays in procurement, and inability to correctly use the resources made available by IFAD and GEF. The PSC has not played an effective role in guiding the project or exercising its oversight function or facilitating the coordination between the different agencies or resolving outstanding issues.

#### Main issues

The PMU has suffered from shortage of key staff since its start. As per design, it inherited many staff that were previously employed by the West Nubaria Rural Development Project and was expected to complement its staffing through additional recruitments. Staffing at RPMU however was delayed: extension, marketing and community development specialists were only hired in November 2017, and still require training. For civil works the PMU mainly relied on in-house expertise (and on expertise from partner ministries in the case of clinics, schools and youth centers) rather than commissioning specialized engineering consulting firms, which in turn led to improper execution (cf. deficiencies in lining canals at Motobus site). The current staff doesn't have the necessary skills nor is not allocated the needed time and budget travel to guide design and implementation or supervise the contracts at project sites.

More importantly, what hindered project performance are: (i) the lack of a full time and dedicated project manager giving a clear strategic and operational direction to staff and acting as a team builder and facilitator; (ii) lack of internal communication at PMU/RPMU levels (staff meetings or meetings by components are very rarely organized); (iii) lack of clear tasks and absence of work plans for each individual staff member at both PMU/RPMU level; (iv) deficit in

communication with RPMUs which are seen by the PMU as executants but are not given a strong role in strategic thinking and planning (for ex. RPMU staff were not provided with project document, the PIM or other key documents); (iv) weak communication and/or mutual understanding (case of component 3) with implementation partners; (v) misinterpretation of what can or cannot be changed as compared to project design and overemphasis on the PDR document and indicative cost tables resulting in self-limitation of activities, while the only binding agreements between IFAD and the project are the FA/SFAs, the PIM, and the current AWPB (with its attached procurement plan); (vi) limited oversight from the PSC, which could be more efficient in proposing solutions to overcome problems. It is now time for drastic changes and re-engineering the way the PMU/RPMU operate to get the project off ground.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Project Management</b>		
<b>Major re-engineering at PMU/RPMU</b> Major re-engineering at PMU/RPMU	PMU/RPMU	02/2019
<b>Hire of specialized technical assistance for implementation support</b> Hire of specialized technical assistance for implementation support	PMU	02/2019
<b>Project Coordinator</b> Entry on duty of the Coordinator	MALR	03/2019
<b>PIM</b> PIM revised and submitted to IFAD for NO	PMU	03/2019
<b>Participatory planning and community engagement</b> Participatory planning and community engagement	NPCU	03/2019
<b>Provide IFAD (cc MIIC) with quarterly update on AWPB implementation progress and status of implementation of agreed actions during supervision</b>	PMU	03/2019
<b>Provide IFAD (cc MIIC) with quarterly progress update on AWPB implementation progress and status of agreed actions.</b>	PMU	
<b>Procure baseline assessment using direct methods, justified by the significant delay</b> Provide IFAD (cc MIIC) with quarterly progress update on AWPB implementation progress and status of agreed actions.	PMU	
<b>Ensure full-time engagement of project coordinator/ assign full-time deputy</b>	PMU	
<b>Closer project supervision, coaching, implementation support and TA</b>	IFAD	

**Knowledge Management**

**Rating: 3**

**Previous rating: 4**

#### **Justification of rating**

Knowledge Management (KM) is not integrated into the project management systematically and there is no KM plan or a dedicated person in charge. Knowledge sharing usually happens through informal means of communication about the progress of activities limited to the operational aspects of implementation. Before starting up a KM program, it is crucial to formulate a clear strategy guiding the course of planning and implementation throughout the project lifecycle, which

should be achieved in a workshop with key stakeholders. The specific tasks of the KM system based on a clear strategy should be defined and coordinated by the new M&E consultant, which will help the project achieve setting up the foundations of an effective system.

**Main issues**

Building a KM system starts with putting a clear strategy together, which includes the formulation of a logical framework capturing and assessing prominent experiences characterized by target groups, gender & youth cross components, geographic differences, and key thematic issues with a focus on poverty and long-term objectives. The KM plan should be aligned with the strategy to bring cohesion into the overall KM activities. In the absence of an overall KM strategy, it will be difficult to justify the value of initiatives and the project will face the risks of undertaking redundant or irrelevant activities. Therefore, the mission recommends organizing a KM workshop with the participation of key stakeholders to build the foundations of KM value proposition.

KM is led by M&E unit, however, there is no dedicated staff to plan and implement systematic KM program. The responsibility of Planning and Coordination of KM is integrated into the ToR of the new M&E consultant who will be in charge of setting up a system including the preparation of KM plan and budget, in line with the strategy. Without an existing knowledge sharing platform and focal point, the project staff will have no mechanism to communicate the best practices and lessons learned causing opportunity costs and stagnant progress. The mission recommends the establishment of semi-formal Knowledge Management Group (KMG) from key project staff who has access to information. It will be the responsibility of the KMG to plan, collect, and categorize lessons learned, and establish KM oriented discussion platforms to influence decision making as facilitators and guides.

The KM plan needs to be elaborated in terms of its alignment with the strategy, and should include activity schedule, responsibilities, and the allocated budget. The plan should address the main issues with selected methods of intervention, which includes: (i) the organization of exchange visits; (ii) studies and publications; (iii) workshops and learning events; and (iv) cross communication with other projects and institutions. The links between the KM and M&E plan should be evident describing the activities for the creation of knowledge through M&E and the use of knowledge through KM.

There were two exchange visits conducted; one for the livestock producers on the Artificial Insemination techniques, and one for the CDA and AC members to demonstrate the successful organizational models from the WNRDP cases. Such exchange visits should be conducted more frequently. The mission recommends the organization of exchange visits to CDAs managing rural credit schemes in Egypt with MSMEDA and ADP for the newly established and existing CDAs.

Learning from beneficiaries is a valuable knowledge acquisition approach, which should be reflected in all relevant KM and M&E processes. One of the most significant learning channels is the beneficiary complaints and feedback mechanism, which is currently being implemented by GIZ in OFIDO project. The mission recommends project M&E team to communicate with the OFIDO to explore and assess the feasibility of this system.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Project Management</b>		
<b>Knowledge management groups</b> Form semi-informal knowledge management groups from key staff to guide the learning activities	M&E Consultant	01/2019
<b>Communication with OFIDO &amp; FIMP PMU</b> Communicate with OFIDO & FIMP PMU to learn and assess the feasibility of setting up a C&F Mechanism	M&E Consultant	01/2019
<b>KM plan</b> Prepare a clear annual KM plan and budget to be integrated into the AWPB	M&E Consultant	03/2019
<b>SAIL's communication booklets</b> SAIL's communication booklets should now form the basis for the development of further booklets tackling topics that will be covered in field schools.	GEF coordinator	

**Value for Money****Rating: 4****Previous rating: 4****Justification of rating**

The Mission had not enough resources nor time to conduct a rapid analysis to assess the likely financial and economic return of the project activities. The Mission noted that farmers/ACs/CDAs received technical and financial support from SAIL but are not assisted to prepare a rapid baseline and financial analysis nor a business plan to forecast subproject returns and risks, and real cases are not tracked nor documented. Not only the PMU needs to assist beneficiaries to prepare business plans before any investment, it should also encourage beneficiaries and targeted institutions to keep financial records. That would allow to carry out some more meaningful ex-post impact evaluation in the future. This needs appropriate technical assistance and coaching.

**Coherence between AWPB and Implementation****Rating: 3****Previous rating: 3****Justification of rating**

The Project is rated as moderately unsatisfactory with reference to its coherence with its plans and budget for the current year. The project has spent only 7% of the originally allocated budget for the AWPB 2018-19, as at 30 November, 2018. Activities lagging in the rural finance component, and the training and infrastructure activities are also falling short of targets.

**AWPB Inputs and Outputs Review and Implementation Progress**

The project continues experiencing very low execution rate. For the AWPB 2017-18, the project spent only EGP 28 million (26%) against the target of EGP 106 million. The shares of investment and recurrent cost in this amount were EGP 20.5 million (88%) and EGP 7.3 million (12%) respectively. For the AWPB 2018-19, the project has set a target of EGP 210 million of which 91% investment and 9% recurrent cost. Till 30th November 2018, the project has spent only EGP 14 million e.g. 7% (of which 77% on investment and 23% on recurrent cost). Monthly spending rate has only marginally increased from EGP 2.3 million during AWPB 2017-18 to 2.8 million in AWPB 2018-19. Activities lagging are mainly: rural finance, training, infrastructure driven largely because of slow and/or unfruitful procurement processes and deficiencies in planning and strategic thinking to transform plans into activities at ground level.

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

The M&E system is at the early stages of its development and requires immediate improvements to become operational at the desired level. The project has three M&E staff at the PMU level and four staff at the RPMU level; however, their roles are scattered among many other responsibilities including procurement, and day-to-day operational matters. Aligning the roles and responsibilities of the M&E unit with the core M&E functions will restructure the ambiguous work flows and provide focus. The recruitment of new M&E consultant should be finalized immediately to plan for the resources, systems, and methodology. M&E plan should be prepared including specific tasks, schedule, responsibilities, and budget resources annually and embedded into the AWPB.

**M&E System Review**

The PMU M&E staff has good understanding on the overall procedures of an effective M&E system. However, the system is still not fully operational due to the lack of dedicated senior staff who needs to initiate and coordinate the activities. The previous M&E consultant, who had resigned from the project, is currently being considered for the position again. The Mission met with the consultant and was impressed with her qualifications. The recruitment of a dedicated full-time M&E consultant should be finalized as soon as possible (see Annex 4a: TOR of PMU M&E consultant).

The roles of the M&E staff at PMU are ambiguously defined without any clear divisions in responsibilities. The mission recommends the alignment of responsibilities according to the technical core functional areas (data collection and database management, reporting and analysis, assessment and outcome monitoring) based on the staff qualifications and motivation, to achieve the benefits from specialization (see Appendix 4b: M&E Functional Areas).

There are four M&E focal points in the field tasked with monitoring the implementation of field activities, reporting to the component managers, on top of their primary function of community development, leaving them with little interest and time to undertake M&E activities. This practice is ineffective considering that full dedication is a must for effective implementation of field monitoring activities. The Mission recommends hiring two full time Field Monitoring specialists reporting directly to the central M&E unit, through a competitive selection (see Appendix 4c: TOR of Field Monitoring specialists).



The project invests in community development by strengthening CDAs, ACs, women and youth groups, youth centres, etc. through various interventions. The M&E unit could initiate a Community Based Monitoring System (CBMS) through training and empowering selected community members from each institution and help them build their internal monitoring systems.

Standard data forms were prepared by the M&E unit to capture information collected from beneficiaries, which are excellent. However, these forms are only kept in hard copies. All beneficiary data should be immediately transferred into Excel tables.

The Baseline Survey is due by the end of December 2018. However, the questionnaire is poorly designed missing very crucial indicators in crop patterns and yields, livestock production, access to rural finance services, marketing and sales, and irrigation patterns. Since it is not practically possible to redo the baseline survey, the mission recommends conducting an additional survey (targeting 380 households) to capture the missing indicators (see Annex 4d).

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Project Management</b>		
<b>Recruitment of M&amp;E consultant at the PMU</b> Finalize the recruitment process of a dedicated full-time M&E consultant at the PMU	PMU	01/2019
<b>Start the competitive selection of two full time field monitoring specialists using ToR drafted by the Mission</b> Start the competitive selection of two full time field monitoring specialists using ToR drafted by the Mission	PMU	01/2019
<b>Roles and responsibilities of PMU M&amp;E staff</b> Align the roles and responsibilities of PMU M&E staff according to proposals in Annexes	PMU/M&E	01/2019
<b>Plan for training of M&amp;E staff</b> Plan for training of M&E staff	PMU	03/2019
<b>Finalize and initiate the Community Based Monitoring System</b> Finalize and initiate the Community Based Monitoring System based on the provided guidelines by the Mission after recruitments and setting up the M&E infrastructure	M&E/CDA focal points	03/2019
<b>Prepare Excel spreadsheets to capture beneficiary data electronically from paper forms.</b> Prepare Excel spreadsheets to capture beneficiary data electronically from paper forms.	M&E	03/2019
<b>HH baseline data</b> Conduct an addition surveys to complete the HH baseline data for missing indicators	M&E/IDC	03/2019
<b>Outcome surveys</b> Conduct outcome surveys to guide planning decisions for the activities completed in the previous year using the framework provided by the Mission	M&E	03/2019

**Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)****Rating: 4****Previous rating: 4****Justification of rating**

It appeared clearly to the Mission that the findings of last year’s Mission are still relevant. Thus it can be reasserted that because the GEF and ASAP funded aspects of the SAIL project are only still just coming on stream (through a little better integrated into the project as a whole) it is not expected that a SECAP (Social, Environmental and Climate Assessment Procedures) rating can be more than a provisional one. There are no indications (from the social and technical sides) that SAIL is failing to stay on course. But once again it is clear that very little has been achieved in terms of impact. Nevertheless a provisional rating of ‘moderately satisfactory’ has been awarded to indicate that the project is basically on track.

**SECAP Review**

The SECAP review remains as it was assessed at the last November 2017 Supervision Mission. Hence it can be repeated that SAIL was designed (in 2014) just before IFAD’s SECAP were developed (in 2015). Quoting from the Project Design Report (PDR, see Appendix 12) the project “would contribute to environmental conservation and sustainability because of its emphasis on making the new lands more productive and sustainable. It would furthermore follow the existing environmental laws and regulations applicable in the country and represent an environmentally friendly approach to using the natural resource base in the country. Social cohesion would be enhanced due to the strengthening of the CDAs and Agricultural Cooperatives” – though this is yet to be achieved. It must be added, that this year has seen FFS with members from very different cultural backgrounds coming together and learning as a team: that is a positive factor.

SAIL was classified in Category B at the time of design (according to Environmental Assessment). More details of that assessment are given at the end of Appendix 12 of the PDR. There is no indication that any of these provisions/ expectations are out of line, thus the first detailed assessment can only be expected in 2019 – and it is anticipated that it should be at least moderately satisfactory.

**d. Financial Management & Execution****Disbursement by financier**

Type	Name	Current Amount	Disbursed Amount	Actual Rate
<b>Domestic Financing breakdown</b>	Beneficiaries	\$2,045,300		
	National Government	\$15,209,200		
<b>Co-financing breakdown,</b>	GEF: Special Climate Change Fund	\$7,812,000	\$757,389	9.7%

**Acceptable Disbursement Rate****Rating: 2****Previous rating: 3****Justification of rating**

The disbursement rates as of 30 November 2018 for the IFAD Loan, IFAD Grant, ASAP Grant and GEF Grant are 14%, 39%, 17% and 10% respectively. Cumulatively, the project has spent USD4.40 million—or only 5% of the total project resources since its inception till the end of 30 November 2018. As per the design, the project should have spent an estimated amount of USD 40 million(42%) under the project by 30 November 2018 whereas it has actually spent only USD4.40 million(11%) against this estimate. PMU also uses the income from the livestock stations to meet its counterpart contribution’s requirement.

**Main issues**

An amount of USD 43.2 million—46% of the project cost is for procurement of equipment and civil works. PMU does not have sufficient capacity to plan and execute procurements. Several times, PMU had to cancel bids because of gaps in TORs/technical specifications. For the AWPB 2018-19, PMU completed procurement of only USD 49,429 (0.5%) against the targeted amount of USD 9 million. Disbursement rate would not accelerate unless underlying causes leading to deficient TORs/technical specifications, inefficient post-review etc. are properly handled as recommended elsewhere in this report.

ADP is on the verge of releasing a few advances to end-beneficiaries through its agent CIB whereas MSMEDA has yet to

reach this point. Both organizations maintain they target villages that do not have bankable community organizations to work with. The mechanism of “Credit Guarantee System” to overcome the requirement of “land title and asset collateral” has yet to mature to facilitate target beneficiaries’ access to microcredit. The project has not invested enough either directly or through MSMEDA and ADP to support community organizations to become bankable and take full advantage of the available credit lines. The project needs to focus on overcoming these institutional barriers.

Further, communication remains weak between PMU, RPMUs, Project Staff and other stakeholders i.e. ADP, MSMEDA regarding what needs to be done—and most importantly “how”. This makes it difficult to take remedial actions promptly.

PMU still interprets project COSTAB as unchangeable despite the clarifications given by previous missions. For example, the project could not implement 22 aquaponic & hydroponic green-house models under the GEF Grant since the project COSTAB does not reflect this activity.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
<b>Financial Management &amp; Execution</b>		
<b>Strengthen PMU’s capacity</b> PMU should engage TAs (intermittently) covering long time for effectively handling large procurements that are in the pipeline.	FMU/PMU	02/2019
<b>Investing in capacity building of community organizations</b> Project should direct funds at capacity building of community organizations (preferably through MSMEDA and ADP) both to make them bankable and to mobilize credit demand from end beneficiaries	PMU	02/2019

## Fiduciary Aspects

**Quality of Financial Management**

**Rating: 4**

**Previous rating: 4**

### Justification of rating

The quality of financial management has not changed since the last supervision mission. FMU is adequately staffed and an appropriate accounting software is in use for accounting and financial reporting though it is not capturing government’s counterpart contribution. Backup for the software and data is now maintained on an external device which is updated daily. Internal controls are reasonable with few exceptions noted later in this section. The last mission recommended five (5) actions most of which have only partially been implemented.

### Main issues

- **Organization and Staffing:** FMU is adequately staffed but the contractual staff are not paid as per the relevant COSTAB. Almost half of them are getting about 50% or lower than their estimated salaries. Their contracts have not been renewed either. Low salaries have negative bearing on the staff’s performance.
- **Accounting and Financial Reporting:** The accounting software is not being used to prepare monthly and quarterly reports—by sources, categories, components etc. and for analytics. The practice of examining and discussing significant deviations and taking remedial actions is not established. Further, the accounting system is not reporting on government counterpart funds.
- **Internal Controls:** A sample of 37 transactions worth EGP 1.9 million (15%) out of the total amount of EGP 13 million drawn through the SOEs under ASAP Grant, GEF Grant, IFAD Loan and IFAD Grant was examined for eligibility and compliance with other applicable requirements. The Mission notes that PMU complied with relevant requirements with few exceptions. Advances (up to EGP 30,000 or more) are being given for trainings but no timelines are established for the prompt settlement of these advances after trainings. The supporting record does not include (a) training contents; and (b) training report.

Mission notes other control weaknesses in project environment. PMU lacks a position to support Executive Director in effective coordination with components down to the village level. The PIM does not provide sufficient guidance for project implementation. For example, Chapter-11 (Global Environment Facility) does not explain the process of inviting, reviewing, and approving grants estimated at USD 1.53 million (20% of the GEF’s Grant) at design stage. This makes establishing accountability for results difficult. Significant information is not being captured and disseminated up, down and across the project. Clear message/direction is not flowing to the project staff that control responsibilities need to be taken seriously. The project does not hold monthly/quarterly meetings to identify deficiencies in implementation, fix

responsibility for delays, and take remedial measures<sup>[1]</sup>.

- **AWPB:** The project continues experiencing very low execution rate. For the AWPB 2017-18, the project spent only EGP 28 million (26%) against the target of EGP 106 million. The shares of investment and recurrent cost in this amount were EGP 20.5 million (88%) and EGP 7.3 million (12%) respectively. For the AWPB 2018-19, the project has set a target of EGP 210 million—91% investment and 9% recurrent cost. Till 30 November 2018, the project has spent only EGP 14 million—77% investment and 23% recurrent cost. Monthly spending rate has only marginally increased from EGP 2.3 million during AWPB 2017-18 to 2.8 million in AWPB 2018-19.
- **Treasury and funds flow.** It is not clear as to when the “Single Treasury Account (STA) system would become applicable to the SAIL’s project accounts (designated foreign currency and corresponding local currency accounts). PMU needs to closely monitor this issue to ensure any changes to the flow of funds mechanism are communicated to IFAD immediately and the financing agreement amended promptly as needed.
- **Beneficiaries’ contributions:** The AWPB 2018-19 includes a provision of EGP 1.5 million as beneficiaries’ contribution under “Agriculture Development and Diversification” component. A framework for consistent measurement of beneficiaries’ contribution was not provided for review. In the absence of that framework, the risk of such contribution not being recorded and reported consistently is high which will affect the quality of project’s financial statements.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Financial Management &amp; Execution</b>		
<b>Rationalize salary structure</b> An exercise should be carried out to assess gaps between current salaries of the project staff and market rates and compensation package for the staff rationalized.	FMU/PMU	01/2019
<b>Strengthen financial reporting</b> Monthly and quarterly reports should be generated from the system, analyzed for variations, and remedial actions taken based on this exercise.	FMU/PMU	01/2019
<b>Strengthen internal controls on cash</b> A timeline should be established for settling advances after the completion of trainings. Training contents and Training Reports should invariably be obtained when advances are settled.	FMU/PMU	01/2019
<b>implementation of Single Treasury Account System</b> PMU needs to closely monitor this issue to ensure any changes to the flow of funds mechanism are communicated to IFAD immediately.	FMU/PMU	01/2019
<b>Strengthen communication and monitoring</b> A Quarterly Progress Review (QPR) mechanism should be operationalized to (i) increase communication between key actors (ii) closely monitor progress; and (iii) establish accountability for results.	PMU	01/2019
<b>Establish robust system for grant management</b> A simple and transparent process of inviting, reviewing, approving, and monitoring grants should be developed and included in PIM	FMU/PMU	02/2019

Quality and Timeliness of Audit

Rating: 5

Previous rating: 4

Justification of rating

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

#### Main issues

The auditors expressed a qualified opinion on financial statements and in particular those related to the Loan account. The basis of qualification is that the designated accounts of Agriculture Development Programme and Small and Medium Enterprises Agency are maintained under the names of these entities. The financial statements and accompanying notes were found to be comprehensive and useful.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
<b>Financial Management &amp; Execution</b>		
<b>Implementation outstanding audit recommendation</b>	officer or director of the implementation	02/2019

#### Counterparts Funds

**Rating: 5**

**Previous rating: 5**

#### Justification of rating

As per the Financing Agreement, the GOE has to provide US 15.2 million equivalent as Counterpart contribution (in cash and kind) during the life of the project. Cumulatively, the government has already provided an amount of USD 0.36 million (2.4%) against this commitment till 30 the end of November 2018. For the AWPB 2018-19, the government has allocated an amount of EGP 9.50 million which is sufficient to meet the budgetary requirement of EGP 8.00 million indicated in the AWPB 2018-19. An amount of EGP 0.53 million has already been transferred to the project account. This is in addition to the in-kind contribution estimated at USD 0.90 million the details of which are yet to be provided.

#### Main issues

Ministry of Planning is responsible for preparing development budget and it follows a budget cycle which all other ministries and their attached departments must follow. PMU does not work out its local funds need and submit it to Ministry of Planning through MALR as required. This leads to local funds requirement not pragmatically worked out and included in the AWPB. Mission notes that an estimated figure for government counterpart funds is worked out and included in the AWPB and normal planning and budgetary process is not followed for this purpose.

Mission also notes that proper record of counterpart funds is not kept in the PMU though the accounting software has capability to show counterpart funds—both in cash and in kind.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
<b>Financial Management &amp; Execution</b>		
<b>Recording of Counterpart Funds in Accounting System</b> PMU should reflect the Counterpart Funds—Allocations, Releases, Utilization by PMU and also in-kind contribution in accounting system	FMU/PMU	01/2019
<b>Proper Planning and Budgeting for Counterpart Funds</b> PMU should examine its local fund needs properly and submit request for budget through normal budget cycle	FMU/PMU	02/2019

#### Compliance with Loan Covenants

**Rating: 4**

**Previous rating: 5**

#### Justification of rating

The project has complied with many of the provisions of the Loan Covenants, but several provisions have not been complied with. The AWPB was submitted to IFAD in July 2018 and not on 30 April 2018. Project assets are not properly insured. Progress reports are not submitted to IFAD semiannually. Project financial statements could be readily retrieved from the system, but they were not shared with IFAD by 30 October 2018. Contract Register is not being shared with the CPM.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Financial Management &amp; Execution</b>		
<b>Compliance with Loan Covenants</b>  PMU should examine ensure full compliance with all provisions of the Loan Covenants	FMU/PMU	

## Procurement

**Procurement**

**Rating: 3**

**Previous rating: 4**

### Justification of rating

This rating is mainly due to the following (i) Delays have been experienced in procurement in excess of one year and have negatively affected implementation of the project, (ii) Delays in submitting the procurement plan; (iii) The fact that Procurement is not fully complying with IFAD Procurement Guidelines and Handbook especially in what relates to evaluation process; and (iv) incomplete procurement filing system. However, the mission was pleased to find that Procurement often in compliance with the approved procurement plan and IFAD prior review requirements and application of procurement procedures is in general transparent

### Procurement Review

**Staffing.** The Procurement Unit consists of one procurement officer who joined SAIL in July 2018, replacing the previous officer (replacement was done without obtaining IFAD NO). He has experience in procurement planning and process management. Some gaps are identified for the selection of consulting services, implementation of International Competitive Bidding following IFAD guidelines and contract administration functions.

**Procurement Planning.** The 2018-2019 procurement plan (PP) meets the basic requirements but is not used as a monitoring tool to measure implementation performance. Moreover, the PP was not fully respected with regard to packaging.

**Bidding Documents.** SAIL developed standard bidding documents for Goods and Works under National Competitive Bidding and Shopping methods that meet the basic requirements. However, several shopping transactions were implemented using different documents that miss important information such as: deadline for offer submission, delivery schedule, and terms of payment. In several cases, bidding documents were issued with improper technical specifications. This is serious and could lead to poor quality of the delivered goods. A major shortcoming is that PMU doesn't not properly apply the technical evaluation criteria and perform the Post-Qualification process on the evaluated bidders.

**Procurement Progress.** The 2018-2019 PP includes 50 items for a total cost of USD 9 million. Early December, 2018, procurement of only 8 packages (worth USD 0.05 million) was completed, constituting less than 1% of the plan amounts.

**Contracts Register.** The register was reviewed on a sample basis and was found up to date in terms of contracts awarded in the current year and in conformity with IFAD requirements. However, the Mission noted that three contracts were enrolled in the register while they were not part of the PP.

**Procurement filing system.** The PMU established a dedicated procurement filing system, including most of the procurement activities. However, it was noted that some important documents are missing.

**Procurement post review.** A procurement post review has been conducted on a sample basis for the contracts executed in 2018, and the following issues need appropriate corrective actions:

- inadequate evaluation process;
- the contract payment monitoring forms do not exist;
- in one case, the contract was signed with an amount exceeded the allocated budget (by more than 40%) without obtaining IFAD No Objection;
- the procurement files miss some important documents, such as progress reports, invoices, payment vouchers;
- technical specifications were inadequate in most of the reviewed transactions;
- in several cases, improper template for shopping transactions were adopted;
- in some cases, two quotations only were received and evaluated;
- in three cases the procurement packages were not part of the procurement plan; and
- the acceptance process is not well documented in the procurement files.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Financial Management &amp; Execution</b>		
<b>Adopt the cleared template for RFQs/POs in all shopping procurements</b> Adopt the cleared template for RFQs/POs in all shopping procurements	PMU	12/2018
<b>Update of the PP</b> Continuous update of the PP to present actual against planned implementation	PMU	12/2018
<b>Expedite the PP implementation &amp; submit monthly progress reports</b> Expedite the PP implementation & submit monthly progress reports covering the actions taken during the month and the anticipated ones for the next month	PMU	01/2019
<b>Ensure complete documentation is kept on procurement files</b> Ensure complete documentation is kept on procurement files, including all related documents and the records for transactions implemented by other partners	PMU	01/2019
<b>Preparation of bidding documents</b> Adhere to IFAD guidelines with regard to preparation of bidding documents and application of evaluation criteria	PMU	
<b>Avoid launching any procurement activity if not listed on an already cleared PP</b> Avoid launching any procurement activity if not listed on an already cleared PP	PMU	

## F. Relevance

Relevance

Rating: 5

### Justification of rating

The SAIL is highly relevant to the needs of the smallholders in Egypt and is central to the national priorities regarding rural development, poverty reduction, irrigation efficiency and enhanced water use, valorization of reclaiming new lands, income generation through value addition, facilitating sustainable access of smallholders, women and youth to adapted rural finance services, improved food security and nutrition, and creating decent employment notably for women and youth. Proposed interventions are highly relevant but the implementation arrangements should be strengthened if not revisited and better supervised for effective and efficient use of the project resources. The low level of disbursement can be attributed not to lack of demand for project services but to weak implementation capacity and insufficient coaching, close monitoring and supervision and technical assistance in key thematic areas.



## G. Lessons Learned

### Project Design

The SAIL has many components and activities included in its design which seemed rather straight forward and easy to implement, building on the experience of its predecessor project, the WNRDP, implemented by the same PMU, and capitalizing on experience and lessons from other IFAD-funded projects having more or less the same activities than the SAIL and often sharing the same problematics, implementation challenges, local situation and implementation partners. However this proved not to be the case. The need for tight coaching/ supervision and specialized technical assistance (TA) in critical areas where the MALR has less skills, particularly in the first years of project implementation (notably strategic thinking; building partnerships; true community engagement and participation processes; applied financial and economic analysis; preparation of business plans for producers, value chain actors and their organisations in order to access grants and loans; developing adapted rural financial services; planning and M&E, to name a few) has been underscored. This areas are beyond the current capacity of the MALR/PMU and RPMUs and call for urgent tighter and frequent coaching/supervision from IFAD and the rapid mobilisation of short term and/or long term TA in critical areas. It is quite normal than implementation arrangements of subcomponents are not fully finalized at appraisal and are left for the implementation agency to design them in detail, looking at various options, during PY1. Recommendations from previous supervision mission maybe not specific enough on the need for external support and senior management change to redress the situation. Fortunately, it is not too late to act upon it, as the project has another 4.5 year to go and is expected to drastically improve its performance and impact, if adequate measures proposed in the report are implemented timely.

## H. Agreed Actions

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Overview and Project Progress</b>		
<b>MSMEDA submit all agreed documents during the Mission</b> MSMEDA submit all agreed documents during the Mission		01/2019
<b>ADP</b> ADP submits its revised AWPB 2018-19 proposal to the PMU (including as above for MSMEDA AWPB)	ADP	01/2019
<b>Send updated proposals for component implementations for IFAD NO</b> Send updated proposals for component implementations for IFAD NO	PMU	03/2019
<b>Irrigation works in Motobus</b> <ul style="list-style-type: none"> <li>• Carry out additional concrete samples analysis through a reliable service</li> <li>• Based on the results, identify the responsibility of the contractors for the poor quality of the works, and take appropriate actions</li> <li>• Finalize the bidding documents for the new mesqa lining works adopting the most feasible technical and economical approach</li> <li>• Urgently hire the consulting firm to prepare the design for drainage system</li> </ul>	PMU	03/2019
<b>MSMEDA</b> MSMEDA submit a AWPB 2018-19 proposal to PMU, including implementation strategy, detailed work schedule, use of line of credit and capacity building activities for both RPMU, ACs, CDAs, PFIs etc.	MSMEDA	03/2019
<b>Major re-engineering at PMU/RPMU</b> <ul style="list-style-type: none"> <li>•Redefinition of staff responsibilities, organizational charts, and lines of commands, communication and reporting</li> </ul>	IFAD/PMU	04/2019

<p><b>AWPB</b></p> <p>Prepare multi-annual work plan and budget (covering period 1/07/2018 until project end)</p>	PMU	04/2019
<p><b>Alternative source of drinking water in Wadi El Nokra.</b></p> <p>Evaluate the technical and social feasibility of alternative source of drinking water in Wadi El Nokra.</p>	PMU / Drinking Water Company	04/2019
<p><b>FFS upscale</b></p> <ul style="list-style-type: none"> <li>• prepare TOR for a full-fledged FFS programme, including total targeted FFS, KPI, work schedule, and exit strategy (notably for certifying lead farmers as FFS facilitators)</li> <li>• select skilled and well-recognized international partner with IFAD NO</li> <li>• award a multiyear contract</li> </ul>	PMU	04/2019
<p><b>Signing tripartite MoUs (MIIC-PMU-ADP or MSMEDA) defining clear roles and responsibilities</b></p> <p>Signing tripartite MoUs (MIIC-PMU-ADP or MSMEDA) defining clear roles and responsibilities, conditions for the use of the lines of credit, KPI, reporting frequency, templates, communication channels, targets to be achieved</p>	PMU /MSMEDA/ ADP	04/2019
<p><b>Study of Rural Finance (RF) services demand and offer</b></p> <p>Hire an international RF specialist to: (i) conduct a survey of the current practices and demand for RF services (credit, savings, micro-insurance, leasing) from the target groups; (ii) map/analyse current offer of RF services through different channels (informal, value chain finance, PFIs, MFIs, family and friends, etc.); (iii) assess the potential for establishing community banks /financial services associations, and propose options. PMU to draft the TOR with assistance of IFAD</p>	PMU	04/2019
<p><b>ADP submits all agreed documents during the mission:</b></p> <p>ADP submits all agreed documents during the mission:</p>	ADP	05/2019
<p><b>Project Executive Director hired</b></p> <ul style="list-style-type: none"> <li>• TOR and selection method prepared by SAIL and sent to IFAD for NO</li> <li>• Advertisement, interviews, and selection report prepared and sent to IFAD for NO</li> <li>• Entry on Duty of the Executive Manager</li> </ul>	MALR	06/2019
<p><b>PIM and IFAD NO</b></p> <p>Revise the PIM and submit it to IFAD for NO (with support from ST technical assistance might it be found necessary by the PMU)</p>	PMU	06/2019
<p><b>Closer project supervision, coaching, and implementation support:</b></p> <ul style="list-style-type: none"> <li>• 1st 2019 Implementation Support Mission</li> <li>• Hire of specialized LT and ST technical assistance, in almost all fields of project intervention</li> </ul>	IFAD	06/2019

<p><b>CDAs and performance indicators</b></p> <p>Characterize CDAs and develop relevant performance indicators</p>	PMU/RPMU	06/2019
<p><b>Small social infrastructure and associated services</b></p> <p>Support CDAs to prepare business plans for the sustainable operation of small social infrastructure and associated services</p>	PMU / CDAs	06/2019
<p><b>Participation in Rural invest training.</b></p> <p>Nominate SAIL staff and partners to participate in the training and mobilize adequate budget for it.</p>	PMU	06/2019
<p><b>Women business skills enhancement</b></p> <p>Ensure delivery of women entrepreneurship training by MSMEDA, and assess the impact of the training delivered so far</p>	PMU	06/2019
<p><b>Youth Action Plan</b></p> <p>Prepare the Youth strategy and action plan.</p>	PMU	06/2019
<p><b>Infrastructure works plan</b></p> <p>Prepare multi-year plan including future need irrigation infrastructure works</p>	PMU	06/2019
<p><b>Impact of activities benefiting CDAs and/or implemented by them</b></p> <p>Assess impact of activities benefiting CDAs and/or implemented by them</p>	PMU/RPMU	12/2019
<p><b>Launch of the youth centre in El-Amal village.</b></p> <p>Agree with the Youth and Sports Directorate in Aswan to launch the youth centre in El-Amal village.</p>	PMU / Youth & Sports Directorate in Aswan	
<p><b>Rural Finance Working group establishment</b></p> <p>Establish rural finance working group (2 M&amp;E officers + the GEF Coordinator) &amp; follow up on all actions agreed with ADP and MSMEDA during the mission</p>	PMU General Manager	
<p><b>Communication issues</b></p> <p>Improving communication and mutual exchange (information, data, reports)</p>	PMU, MIIC, MSMEDA, ADP	
<p><b>Solve the issue of lack of collateral and other bottlenecks limiting the component implementation and effectiveness</b></p> <p>Organize a meeting with the CBE Governor and/or the Inclusive Finance Initiative Head to solve the issue of lack of collateral and other bottlenecks limiting the component implementation and effectiveness</p>	PMU Rural finance group	
<b>Development Effectiveness</b>		

<b>Gender-sensitive curricula for Women FFS</b> <ul style="list-style-type: none"> <li>• Ensure women participation in FFS through appropriate targeting and selection criteria</li> <li>• Define gender-sensitive FFS curricula</li> <li>• Set the target for women FFS in the current and following years AWPBs</li> </ul>	PMU	03/2019
<b>Early Warning and Response System</b> <ul style="list-style-type: none"> <li>• conduct participatory assessments as described above</li> </ul>	GEF Coordinator	03/2019
<b>Matching Grants (MGs) for technology adoption</b> <ul style="list-style-type: none"> <li>• streamline in PIM the work flow, procedures and responsibilities</li> <li>• use RuralInvest or equivalent for business plans preparation and analysis</li> <li>• improve business and communication skills of SAIL field staff</li> <li>• assess ACs' capacity to be grant/loans recipients and study other delivery mechanisms</li> </ul>	PMU (with likely TA support)	04/2019
<b>PV pumps &amp; modern irrigation systems</b> <ul style="list-style-type: none"> <li>• clear bureaucratic hurdles</li> <li>• process loans &amp; grants applications with ACs/PBs/ADP/MSMEDA</li> <li>• procure min. 100 PV units 300 if possible) and install at project sites – provided access to credit is solved (see component 3)</li> </ul>	GEF Coordinator & PMU rural finance group	05/2019
<b>Solar drier unit</b> <ul style="list-style-type: none"> <li>• rapidly complete studies, notably the business plan and market study</li> <li>• set a technical review committee and organize a validation of the studies</li> <li>• secure financing of the units based on the prepared business plans, including through mobilizing loans from PFIs under the ADP and/or MSMEDA lines of credit</li> </ul>	GEF Coordinator	05/2019
<b>Profiling Target Groups</b> <p>Complement the baseline/villages profile reports with a description of the target groups based on their livelihoods and poverty characteristics (narrative and matrix) using the available data collected from the field (village profile survey/baseline survey/other sources)</p>	IDC/PMU	12/2019
<b>Promotion of climate-proof technologies</b> <ul style="list-style-type: none"> <li>• put less emphasis on hydroponics/aquaponics units and more on polytunnels</li> </ul>	GEF Coordinator	
<b>Sustainability and Scaling Up</b>		
<b>Participatory planning and community engagement</b> <ul style="list-style-type: none"> <li>• Hire an expert specialized in CDD/participatory planning methodologies</li> <li>• Train PMU/RPMU staff in applying such methods and assist communities in preparing their VDP</li> <li>• Map/assess local institutions to should participate in such participatory planning</li> <li>• Set mechanisms for prioritizing &amp; preparing project ideas/business plans for cross-cutting investments and investments at district level</li> </ul>	PMU	03/2019
<b>Project Management</b>		

<b>Knowledge management groups</b> Form semi-informal knowledge management groups from key staff to guide the learning activities	M&E Consultant	01/2019
<b>Communication with OFIDO &amp; FIMP PMU</b> Communicate with OFIDO & FIMP PMU to learn and assess the feasibility of setting up a C&F Mechanism	M&E Consultant	01/2019
<b>Recruitment of M&amp;E consultant at the PMU</b> Finalize the recruitment process of a dedicated full-time M&E consultant at the PMU	PMU	01/2019
<b>Start the competitive selection of two full time field monitoring specialists using ToR drafted by the Mission</b> Start the competitive selection of two full time field monitoring specialists using ToR drafted by the Mission	PMU	01/2019
<b>Roles and responsibilities of PMU M&amp;E staff</b> Align the roles and responsibilities of PMU M&E staff according to proposals in Annexes	PMU/M&E	01/2019
<b>Major re-engineering at PMU/RPMU</b> Major re-engineering at PMU/RPMU	PMU/RPMU	02/2019
<b>Hire of specialized technical assistance for implementation support</b> Hire of specialized technical assistance for implementation support	PMU	02/2019
<b>Project Coordinator</b> Entry on duty of the Coordinator	MALR	03/2019
<b>PIM</b> PIM revised and submitted to IFAD for NO	PMU	03/2019
<b>Participatory planning and community engagement</b> Participatory planning and community engagement	NPCU	03/2019
<b>Provide IFAD (cc MIIC) with quarterly update on AWPB implementation progress and status of implementation of agreed actions during supervision</b>	PMU	03/2019
<b>KM plan</b> Prepare a clear annual KM plan and budget to be integrated into the AWPB	M&E Consultant	03/2019
<b>Plan for training of M&amp;E staff</b> Plan for training of M&E staff	PMU	03/2019

<p><b>Finalize and initiate the Community Based Monitoring System</b></p> <p>Finalize and initiate the Community Based Monitoring System based on the provided guidelines by the Mission after recruitments and setting up the M&amp;E infrastructure</p>	M&E/CDA focal points	03/2019
<p><b>Prepare Excel spreadsheets to capture beneficiary data electronically from paper forms.</b></p> <p>Prepare Excel spreadsheets to capture beneficiary data electronically from paper forms.</p>	M&E	03/2019
<p><b>HH baseline data</b></p> <p>Conduct an addition surveys to complete the HH baseline data for missing indicators</p>	M&E/IDC	03/2019
<p><b>Outcome surveys</b></p> <p>Conduct outcome surveys to guide planning decisions for the activities completed in the previous year using the framework provided by the Mission</p>	M&E	03/2019
<p><b>Provide IFAD (cc MIIC) with quarterly progress update on AWPB implementation progress and status of agreed actions.</b></p>	PMU	
<p><b>Procure baseline assessment using direct methods, justified by the significant delay</b></p> <p>Provide IFAD (cc MIIC) with quarterly progress update on AWPB implementation progress and status of agreed actions.</p>	PMU	
<p><b>Ensure full-time engagement of project coordinator/ assign full-time deputy</b></p>	PMU	
<p><b>SAIL's communication booklets</b></p> <p>SAIL's communication booklets should now form the basis for the development of further booklets tackling topics that will be covered in field schools.</p>	GEF coordinator	
<p><b>Closer project supervision, coaching, implementation support and TA</b></p>	IFAD	
<b>Financial Management &amp; Execution</b>		
<p><b>Adopt the cleared template for RFQs/POs in all shopping procurements</b></p> <p>Adopt the cleared template for RFQs/POs in all shopping procurements</p>	PMU	12/2018
<p><b>Update of the PP</b></p> <p>Continuous update of the PP to present actual against planned implementation</p>	PMU	12/2018

<p><b>Expedite the PP implementation &amp; submit monthly progress reports</b></p> <p>Expedite the PP implementation &amp; submit monthly progress reports covering the actions taken during the month and the anticipated ones for the next month</p>	PMU	01/2019
<p><b>Ensure complete documentation is kept on procurement files</b></p> <p>Ensure complete documentation is kept on procurement files, including all related documents and the records for transactions implemented by other partners</p>	PMU	01/2019
<p><b>Recording of Counterpart Funds in Accounting System</b></p> <p>PMU should reflect the Counterpart Funds—Allocations, Releases, Utilization by PMU and also in-kind contribution in accounting system</p>	FMU/PMU	01/2019
<p><b>Rationalize salary structure</b></p> <p>An exercise should be carried out to assess gaps between current salaries of the project staff and market rates and compensation package for the staff rationalized.</p>	FMU/PMU	01/2019
<p><b>Strengthen financial reporting</b></p> <p>Monthly and quarterly reports should be generated from the system, analyzed for variations, and remedial actions taken based on this exercise.</p>	FMU/PMU	01/2019
<p><b>Strengthen internal controls on cash</b></p> <p>A timeline should be established for settling advances after the completion of trainings. Training contents and Training Reports should invariably be obtained when advances are settled.</p>	FMU/PMU	01/2019
<p><b>implementation of Single Treasury Account System</b></p> <p>PMU needs to closely monitor this issue to ensure any changes to the flow of funds mechanism are communicated to IFAD immediately.</p>	FMU/PMU	01/2019
<p><b>Strengthen communication and monitoring</b></p> <p>A Quarterly Progress Review (QPR) mechanism should be operationalized to (i) increase communication between key actors (ii) closely monitor progress; and (iii) establish accountability for results.</p>	PMU	01/2019
<p><b>Implementation outstanding audit recommendation</b></p>	officer or director of the implementation	02/2019
<p><b>Strengthen PMU's capacity</b></p> <p>PMU should engage TAs (intermittently) covering long time for effectively handling large procurements that are in the pipeline.</p>	FMU/PMU	02/2019
<p><b>Investing in capacity building of community organizations</b></p> <p>Project should direct funds at capacity building of community organizations (preferably through MSMEDA and ADP) both to make them bankable and to mobilize credit demand from end beneficiaries</p>	PMU	02/2019

<p><b>Proper Planning and Budgeting for Counterpart Funds</b></p> <p>PMU should examine its local fund needs properly and submit request for budget through normal budget cycle</p>	FMU/PMU	02/2019
<p><b>Establish robust system for grant management</b></p> <p>A simple and transparent process of inviting, reviewing, approving, and monitoring grants should be developed and included in PIM</p>	FMU/PMU	02/2019
<p><b>Compliance with Loan Covenants</b></p> <p>PMU should examine ensure full compliance with all provisions of the Loan Covenants</p>	FMU/PMU	
<p><b>Preparation of bidding documents</b></p> <p>Adhere to IFAD guidelines with regard to preparation of bidding documents and application of evaluation criteria</p>	PMU	
<p><b>Avoid launching any procurement activity if not listed on an already cleared PP</b></p> <p>Avoid launching any procurement activity if not listed on an already cleared PP</p>	PMU	



## Sustainable Agriculture Investments and Livelihoods Project

### Logical Framework

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members										
	Household members			280 000	7 847	52 460	18.7				
	1.a Corresponding number of households reached										
	Non-women-headed households										
	Women-headed households										
	Households			40 000	1 569	10 491	26.2				
	1 Persons receiving services promoted or supported by the project										
	Males										
	Females										
	Total number of persons receiving services			40 000	1 569	10 491	26.2				
	Poor smallholder household members supported in coping with the effects of climate change										
	Males			8 400							
	Females			5 600							
	Total household members			14 000							

Results Hierarchy	Indicators							Means of verification			Assumptions	
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility		
<b>Goal</b> Project Goal: Contribute to the reduction of poverty and increase food and nutrition security for poor rural women and men in Egypt.	Percentage of households with improvement in assets ownership index							Survey & Impact Assessment/Project Completion	Baseline and Completion	PMU	Stable political and security situation/Macro Economic conditions improvement.	
	% increase in asset ownership			40								
	Reduction in child malnutrition							Survey & Impact Assessment/Project Completion	Baseline and Completion	PMU		
	Weight for height	27		24.3								
	Height for age	27		24.3								
	Weight for height	27		24.3								
	percentage of poor smallholders members whose climate resilience has been increased							Survey & Impact Assessment/Project Completion	Baseline and Completion	PMU		
Households			50									
<b>Objective</b> Development Objective: Smallholder farmers enabled to increase their incomes, improve profitability and diversify their livelihoods	Percentage increase in income for at least 24,000 target households							Baseline Survey& Impact Assessment/Project Completion	Baseline and Completion	PMU	Conducive government policies and Stability in agriculture prices	
	% increase in income			40								
<b>Outcome</b> Outcome n.1: Strengthened community institutions and improved livelihoods in targeted areas	Number of CDAs established and operational successfully							Case Studies, Village Profiles, Interviews/focus grups SAIL MIS system	Annually	PMU	Conducive government policies, political stability.	
	CDAs established			45								
	Number of functioning infrastructure							Case Studies, Village Profiles, Interviews/focus grups SAIL MIS system	Annually	PMU		
	Number of infrastructure			92								

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
<b>Output</b> Output 1.1: Establishment and strengthening of Community Development Associations (CDAs) including for women and youth, promoting women in leadership positions	Number of Community Development Associations established							SAIL MIS system	Semi-annually	PMU	No major conflicts in the village to prevent the communities from collaborating with each other.
	Number of CDAs			30	2	12	40				
	Number of youth/women Community Development Associations established							SAIL MIS system	Semi-annually	PMU	
	Number of CDAs (youth)			15	1	3	20				
	People in CDAs established										
	Males				6	1 188					
	Females				7	247					
<b>Outcome</b> Output 1.2 Construction and rehabilitation of social infrastructure facilities	Number of social infrastructure constructed/ rehabilitated										
	Drinking Water			6	0	0	0				
	Clinics			20	1	5	25				
	Schools			10	1	3	30				
	Nurseries			20	3	7	35				
	Youth Centers			8	1	3	37.5				
	Solid Waste Management			10	0	0	0				
	Solar lighting			18	4	4	22.2				
	Tube well for drinking water			9	0	0	0				
	Sewing units				3	6					
<b>Output</b> Output 1.3: Delivery of vocational and enterprise development trainings	2.1.2 Persons trained in income-generating activities or business management							Training reports	Quarterly	PMU	
	Males			168	135	141	83.9				
	Females			232	102	196	84.5				

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Persons trained in IGAs or BM (total)			400	237	337	84.3				
<b>Output</b> Output 1.4 Provision of grants for starting small business	Grants provided										
	Grants provided			200	0	0	0				
<b>Outcome</b> Outcome 2: Improved agriculture production, diversification and marketing through climate adaptive methodologies and practices	1.2.4 Households reporting an increase in production										Ministry of Irrigation adjusts water supply to requirements as per applied new technologies. No extreme weather events. Sustainable functioning infrastructure created.
	Total number of household members										
	Males										
	Females										
	Households			24 000							
	Percentage of the increase in agricultural production							MTR, Case Studies, Village Profiles	Annually	PMU	
	Households			40							
	Incremental hectares of crop grown							"Mid-term assessment -Case Studies -Village Profiles. -Annual household surveys -Project Progress Reports"	Annually	PMU	
Hectares of land											
<b>Output</b> Output 2.1: Establishment and strengthening of ACs WUAs, and Mas	Number of agriculture cooperatives strengthened										
	Number of Cooperatives			42	0	14	33.3				
	Number of WUAs strengthened										
	Number of WUAs			42	4	26	61.9				
	Number of Marketing Associations established/strengthened										

Results Hierarchy	Indicators							Means of verification			Assumptions	
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility		
	Number of Marketing Associations			5	0	0	0					
<b>Output</b> Output 2.2: Development of water and eco-friendly /renewable energy infrastructure	3.1.2 Persons provided with climate information services										Salinization risk well managed	
	Males			10 000	120	1 673	16.7					
	Females			10 000	15	231	2.3					
	Persons provided with climate info services			20 000	135	1 904	9.5					
	Land under climate-resilient practices											
	Land area			25 000	0	0	0					
	Individuals engaged in NRM and climate risk management activities											
	Total			20 000	135	1 904	9.5					
	Males			10 000	120	1 673	16.7					
	Females			10 000	15	231	2.3					
	Households supported with increased water availability or efficiency											
	Households			11 067	0	248	2.2					
<b>Output</b> Output 2.3: Strengthening of agricultural production services	1.1.4 Persons trained in production practices and/or technologies							Project Progress Reports	Quarterly	PMU		
	Men trained in crop			1 920	89	559	29.1					
	Women trained in crop			480	6	100	20.8					
	Men trained in livestock			600	0	80	13.3					
	Women trained in livestock			1 800	0	20	1.1					
	Total persons trained in crop			2 400	95	659	27.5					

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Total persons trained in livestock			2 400	0	100	4.2				
<b>Output</b> Output 2.4: Development of marketing services	2.1.6 Market, processing or storage facilities constructed or rehabilitated							Project Progress Reports	Quarterly	PMU	Political stability.
	Market facilities constructed/rehabilitated			5	0	0	0				
	Storage facilities constructed/rehabilitated			2	0	0	0				
<b>Outcome</b> Outcome 3: Improved employment and enterprise development	2.2.1 New jobs created							Farmer surveys - Project Progress Reports	Annually	PMU	
	Number of new jobs			1 200							
	Job owner - men										
	Job owner - women										
	Farm										
	Non-farm										
	Percentage of Operating enterprises after 3 years since activity start.										
% operating enterprises			30								
<b>Output</b> Output 3.1: Credit line for leveraging financial services	1.1.5 Persons in rural areas accessing financial services							Project Progress Reports	Quarterly	PMU	Government regulation and policy supports the provision of financial services.
	Women in rural areas accessing financial services - savings										
	Young people in rural areas accessing financial services - savings										
	Not young people in rural areas accessing financial services - savings										

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Indigenous people in rural areas accessing financial services - savings										
	Men in rural areas accessing financial services - savings										
	Non indigenous people in rural areas accessing financial services - savings										
	Men in rural areas accessing financial services - credit			7 000							
	Women in rural areas accessing financial services - credit			5 000							
	Young people in rural areas accessing financial services - credit										
	Not young people in rural areas accessing financial services - credit										
	Indigenous people in rural areas accessing financial services - credit										
	Non indigenous people in rural areas accessing financial services - credit										
	Total persons accessing financial services - savings										

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Total persons accessing financial services - credit			12 000							
<b>Output</b> Output 3.2: Institutional support and capacity building	Staff of financial institutions trained										
	Females										





Investing in rural people

## **Egypt**

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### **Sustainable Agriculture Investments and Livelihoods Project**

### **Supervision Report**

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

Mission Dates: 3-20 December 2018  
Document Date: 20/05/2019  
Project No. 1100001745  
Report No. 5002-EG

Near East, North Africa and Europe Division  
Programme Management Department

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

Table 1-A: Actual financial performance by financier until 30 November 2018

Financier	Appraisal (USD '000)	Actuals (USD '000)	Per cent actuals
IFAD loan	63,200	3,345	5%
IFAD Grant	1,400	207	15%
IFAD ASAP Grant	5,000	248	5%
IFAD GEF Grant	7,812	245	3%
Government contribution	15,209	364	2%
Beneficiaries contribution	2,045	-	0%
<b>Total</b>	<b>94,667</b>	<b>4,409</b>	<b>5%</b>

**Notes:** The expenditure figures are provided by the PMU

**Table 1-B: Financial Performance by financier and by component as at 30 November 2018 (in USD '000)**

Component	IFAD Loan			IFAD Grant			IFAD ASAP Grant			IFAD GEF Grant			Government contribution			Beneficiaries contribution			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
A. Community and Livelihood Development	5,453	1,393	26%	811	114	14%	540	5	1%	941	-	0%	5,849	65	1%	1341	0	0	14,936	1,577	11%
B. Agriculture Development and Diversification	28,102	951	3%	261	93	36%	4,460	243	5%	3,598	214	6%	2,948	129	4%	704	0	0	40,073	1,630	4%
C. Rural Financial Services	27,247	-	0%	328	-	0%	-	-	0%	2,901	-	0%	162	-	0%	0	0	0	30,638	-	0%
D. Project Management	2,299	1,001	44%	-	-	0%	-	-	0%	372	31	8%	6,249	170	3%	0	0	0	8,920	1,202	13%
<b>Total</b>	<b>63,100</b>	<b>3,345</b>	<b>5%</b>	<b>1,400</b>	<b>207</b>	<b>15%</b>	<b>5,000</b>	<b>248</b>	<b>5%</b>	<b>7,812</b>	<b>245</b>	<b>3%</b>	<b>15,209</b>	<b>364</b>	<b>2%</b>	<b>2045</b>	<b>0</b>	<b>0</b>	<b>94,567</b>	<b>4,409</b>	<b>5%</b>

**Table 1-C(a): IFAD Loan Disbursement as at 30 November 2018 (in Euro €'000)**

Category Description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
Authorized Allocation			3,080,000		3,080,000-	
Works	12,340,000		1,081,993		11,258,007	9%
Equipment & Material	10,250,000		612,644		9,637,356	6%
Credit, Guarantee Funds	18,250,000		1,490,415		16,759,585	8%
Consultances	1,590,000		43,314		1,546,686	3%
Training	370,000		30,217		339,783	8%
Salaries & Allow ances	1,540,000		176,558		1,363,442	11%
Operating costs	940,000		280,540		659,460	30%
Unallocated	4,960,000		-		4,960,000	0%
	<b>50,240,000</b>		<b>6,795,681</b>		<b>43,444,319</b>	<b>14%</b>

**Table 1-C(b): IFAD Grant Disbursement as at 30 November 2018 (in SDR '000)**

Category Description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
Authorized Allocation			<b>236,401</b>		236,401-	
Consultances	60,000		23,168		36,832	39%
Training	475,000		41,439		433,561	9%
Salaries & Allow ances	315,000		72,571		242,429	23%
Unallocated	100,000		-		100,000	0%
<b>Total</b>	<b>950,000</b>		<b>373,579</b>		<b>576,421</b>	<b>39%</b>

**Table 1-C(c): IFAD ASAP Grant Disbursement as at 30 November 2018 (in SDR '000)**

Category Description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
Authorized Allocation			394,002		394,002-	
Equipment & Material	400,000		80,499		319,501	20%
Consultances	108,000		-		108,000	0%
Training	1,725,000		66,610		1,658,390	4%
Salaries & Allow ances	230,000		4,570		225,430	2%
Operating costs	580,000		24,864		555,136	4%
Unallocated	337,000		-		337,000	0%
<b>Total</b>	<b>3,380,000</b>		<b>570,545</b>		<b>2,809,455</b>	<b>17%</b>

**Table 1-C(d): IFAD GEF Grant Disbursement as at 30 November 2018 (in USD '000)**

Category Description	Original Allocation	Revised Allocation	Disbursement**	W/A pending	Balance**	Per cent disbursed
Authorized Allocation			500,000.00		500,000.00-	
Consultances	1,681,000.00		98,573		1,582,427	6%
Equipment & Material	2,840,000.00		26,736		2,813,264	1%
Goods, Services and Inputs	101,000.00		11,656		89,344	12%
Grants and Subsidies	1,373,000.00		-		1,373,000	0%
Salaries & Allow ances	270,000.00		39,424		230,576	15%
Workshops and Training	766,000.00		81,000		685,000	11%
Unallocated Costs	781,000.00		-		781,000	0%
<b>Total</b>	<b>7,812,000.00</b>		<b>757,389</b>		<b>7,054,611</b>	<b>10%</b>

## **Egypt**

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### **Sustainable Agriculture Investments and Livelihoods Project Supervision Report**

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

Mission Dates: 3-20 December 2018  
Document Date: 20/05/2019  
Project No. 1100001745  
Report No. 5002-EG

Near East, North Africa and Europe Division  
Programme Management Department

## Annex 1: Physical progress measured against current AWPB (fiscal year 2018-19)

Component/Outcome Sub-component or Output	Indicator	Unit	Period: 01-Jul-2018_to_30-Nov-2018			Cumulative Actual	Appraisal Target	%
			AWP&B	Actual	%			
<b>Component 1 /Outcome: Community and Livelihood Development</b>								
<b>Output 1.1: Establishment and strengthening of Community Development Associations (CDAs) including for women and youth, promoting women in leadership positions</b>								
New/existing CDAs established and strengthened (RIMS 1.6.4 -Level 1)	Carry out participatory village profiles and CDAs' assessment	Village	60	60	100%	60	60	100%
	Equip the existing CDAs	CDA				10	30	33.3%
	Form and register new CDAs	CDA	5	2	40%	2	30	7%
	Form and register the women CDAs	CDA	4	1	25%	3	15	20%
	Carry out Training need assessment on CDA governance, management, gender mainstreaming	Study	1	0	0%	0	1	0%
	Exchange visits for CDAs to share their experiences	Visit	5	0	0%	5		
	Training courses for the rural leaders	Visit	15	5	33.3%	15		
	Purchase vehicles for CLDC	Vehicle				3	3	100%
	Provide Rural Women with ID	Person	300	154	51.3%	300	154	51.3%
<b>Output 1.2: Construction and rehabilitation of social infrastructure facilities</b>								
Social infrastructure facilities rehabilitated/ constructed (RIMS 1.7.4-Level 1)	Repair of drinking water supply	Unit	2	1	50%	1	6	16.7%
	Tubewell for drinking water	Unit				0	9	0%
	Rehabilitation of clinics	Unit	2	1	50%	5	20	25%
	Rehabilitation of nurseries	Unit	6	3	50%	7	20	35%
	Construction of schools	Unit	1	1	100%	2	10	20%
	Construction of youth centres	Unit	1	1	100%	2	8	25%
	Rehabilitate the sewing units	Unit	5	0	0%	1		
	Rehabilitate the rural woman centre	Unit				1		
	Carry out need assessments	Sessions				3	81	4%
	Register literacy classes	Class	14	14	100%	22	1200	2%
	Carry out monitoring visits for the literacy classes	Visit	30	0	0%	69	478	14%
	Training on mother and child care, hygiene	Sessions	30	11	36.7%	71	90	79%
	Medical campaigns	Camp.	30	8	26.7%	42	210	20%
Training courses for the nurses	Sessions	5	5	100%	7	2	350%	

	Operate clinics	Visits	500	1056	211%	1268	7500	17%
<b>Output 1.3: Delivery of vocational and enterprise development trainings</b>								
People receiving vocational training. (RIMS 1.5.2-Level 1)	Individual enterprise development package for women (marketing).	Courses	6	0	0%	0	24	0%
	Vocational training young graduates	Courses	36	13	36.1%	21	12	175%
	Tool Kits	Tools	100	0	0%	0	205	0%
<b>Output 1.4: Provision of grants for starting small business</b>								
Grants provided and recipients by gender and age. (RIMS 1.5.5-Level 1)	Enterprise development and diversification grants	LS	15	0	0%	0	200	0%
	Matching grants for equipm for agric. coop. for climate-proof production, processing & diversif.	LS	15	0	0%		0	
<b>Component 2 / Outcome: Agriculture Development &amp; Diversification</b>								
<b>Output 2.1: Establishment and strengthening of ACs WUAs, and MAs</b>								
Existing and new ACs, and WUAs established/ strengthened (RIMS 1.2.8, 1.1.2 Level 1) and	Establish and strength the cooperatives	Cooper	8	0	0%	14	42	33%
	Purchase dredger	Unit				3	3	100%
	Purchase tractor	Unit				1	1	100%
	Purchase dredger truck	Unit				0	1	0%
Effectiveness of productive infrastructure Incremental feddans (Ha) of crop grown. (RIMS 2.1.2-Level 2)	Training on governance & gender mainstreaming	Sessions				5	14	36%
	Training on management	Sessions	7	4	57%	14	42	33%
	Register WUGs	WUG	6	0	0%	8	42	19%
	Provide the WUGs with equipment	WUG				22	42	52%
	Conduct meetings with irrigation authorities	Meeting.	10	4	40%	18	180	10%
	Training for members of WUGs	Sessions	8	2	25%	7	210	3%
	Technical assistance on cooperatives	Per/mo	1	0	0%	0	4	0%
	Registration of marketing associations	MA	5	0	0%	0	5	0%
Households supported with increased water availability for agricultural production and processing (RIMS 1.2.11), Level 1)	Assessment of salinity	Study				1	1	100%
	Assessment of ground water	Study				3	3	100%
	Carry out Geotechnical investigation and detailed design for Drainage improvement	Study	1	0	0%	1	0	0%
People engaged in climate-risk management activities (RIMS 1.6.10, Level 1).	Baseline information on agro-environmental, Social, climate change resilience and economic issues from the target areas LTA	Study				1	1	100%
	Assessment of good examples related to early warning and response systems to	Study				1	1	100%



		climate risks in agriculture production (LTA) & formulating local climatology modules							
	Households supported with increased water availability for agricultural production and processing (RIMS 1.2.11), Level 1)	Carbon Foot print study (pre and post Assessment of emission load) for the 5 areas.	Study				5	5	100%
		Assessment of good examples of new and Renewable energy (e.g Solar energy) , Design and development of possible modules	Study				1	0	100%
		Market / feasibility study on certification	Study	1	0	0%	0	1	0%
<b>Output 2.2: Development of water and eco-friendly /renewable energy infrastructure</b>									
	People engaged in climate-risk management activities (RIMS 1.6.10, Level 1).	Testing DAIRS implementation in the 4 targeted governorates.	Ls				0	4	0%
		Acquisition of meteo. stations	Ls				0	1	0%
		Dev. of DAIRS model	Ls				0	4	0%
	Households supported with increased water availability for agricultural production and processing (RIMS 1.2.11), Level 1)	Rehabilitation of mesqas	Meter				10500	50000	21%
		Drainage improvement	Meter	10134	0	0%	0	10134	0%
		Mesqa canal construction and improvement (Covering Mesqa )	Feddan	3000	0	0%	0	6000	0%
		Modern and efficient irrigation models (Solar PV)	Ha				0	1.5	0%
	Existing and new ACs, and WUAs established/ strengthened (RIMS 1.2.8, 1.1.2 Level 1)	Agricultural equipment for Al-Samaha village	Set				1	1	100%
		Training on recycling (e.g composting)	Sessions	10	2	20%	18	180	10%
	Households supported with increased water availability for agricultural production and processing (RIMS 1.2.11), Level 1)	Training on using and maintenance of the solar system	Sessions	10	4	40%	18	300	6%
		Study tour on Innovative Technologies	Tour				0	10	0%
		Composting units	Unit				3	30	10%
		Biogas Units	Unit	12	12	100%	12	30	40%
	Households supported with increased water availability for agricultural production and processing (RIMS 1.2.11), Level 1)	Solar water pumps (up to 100 m TDH)	Pump				0	150	0%
		Solar water pumps (up to 50 m TDH)	Pump				0	200	0%
<b>Output 2.3: Strengthening of agricultural production services</b>									

People (including extension workers) trained in livestock and agricultural techniques (RIMS 1.2.1; 1.2.2; 1.2.3-Level 1)	Hold agricultural training on good agriculture practices	Sessions	10	3	30%	25	945	3%
	On-farm demonstrations and approaches of global gap procedures	Demo	20	0	0%	35	490	7%
	Workshops to debate and agree CC and I.C.M (international Crop management)	WK				0	3	0%
People engaged in climate-risk management activities (RIMS 1.6.10, Level 1).	Training to governmental staff on CC and downscaling methodologies including environmental category A,B,C	Training	10	2	20%		17	
People (including extension workers) trained in livestock and agricultural techniques (RIMS 1.2.1; 1.2.2; 1.2.3-Level 1)	Learning visits for Gov staff to good case studies applicable to the Egyptian context	Visits	2	0	0%	0	4	0%
	Training Workshops for local extension agents	WK	9	0	0%		14	
Households supported with increased water availability for agricultural production and processing (RIMS 1.2.11), Level 1)	Training programme on new irrigation technologies (LTA)	Ls	6	2	33%	9	16	178%
	Participatory workshops at the local level to select the best scenario for designing the most suitable irrigation plans	WK	10	2	20%		16	
People engaged in climate-risk management activities (RIMS 1.6.10, Level 1).	Workshops involving all concerned stakeholders , to debate and agree CC adaptation measures	WK	4	0	0%		3	
	Agric. products processing & Distillation unit and connecting lines	Works				5	0	0%
	Solar dryers & Equipment of Distillation unit	Unit	2	0	0%	0	2	0%
People engaged in climate-risk management activities (RIMS 1.6.10, Level 1).	Carry out Dynamic Agriculture information and response system DIARS and metrological units	Unit				0	4	0%
Households supported with increased water availability for agricultural production and processing (RIMS 1.2.11), Level 1)	Establishment and support of FFS including IPC (pest control)	FFS				15	340	4%
	Establishment CC adaptation FFSs (for crop value chain)	FFS				0	170	0%
	Carryout exchange visits	Visit				8	210	4%
	Carry out Farmer knowledge sharing events including HACCP	Event				4	64	6%
	Provide the soil & water lab with the required materials and inputs	Equipme nt	1	0	0%			
	Veterinary days	day	20	3	1.5%	12	4320	0%

		Protective spraying days	day	20	3	1.5%	12	2700	0%
	People (including extension workers) trained in livestock and agricultural techniques (RIMS 1.2.1; 1.2.2; 1.2.3-Level 1)	Training of artificial inseminators (young graduates)	Sessions				0	36	0%
		Tool kits for the artificial inseminators	Kit				0	30	0%
		Equipment of artificial insemination subcenters	Centre				0	4	0%
		Veterinary clinics	Centre				4	4	100%
		Equipment of veterinary clinics	Centre	4	4	100%	4	4	100%
		Purchase motorbikes	Unit				11	12	92%

## **Egypt**

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### **Sustainable Agriculture Investments and Livelihoods Project**

### **Supervision Report**

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

Mission Dates: 3-20 December 2018

Document Date: 20/05/2019

Project No. 1100001745

Report No. 5002-EG

Near East, North Africa and Europe Division  
Programme Management Department

### Annex 3 : Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
<b>Section B.8</b>	The Borrower shall provide counterpart financing for the project in accordance with the Annual Work Plan and Budget in cash and in kind.		Complied with annual work plan and budget amount	Disbursed periodically every quarter.
<b>Section E.1.(a)(i)</b>	The project and project management unit (PMU) staff shall have been recruited in accordance with Schedule 1 hereto, and a suitable financial management system have been established	Disbursement condition	PMU staff have been already recruited with a signed contract	
<b>Section E.1.(a)(ii)</b>	A draft PIM including a financial management section shall have been provided no objection by the Fund; and	Disbursement condition	Partially complied	Some updating has been done but the quality is not up to the mark.
<b>Section E.1.(a)(iii)</b>	The Designated Account shall have been opened in the name of the borrower.	Disbursement condition	Complied with	Separate accounts are operational.
<b>GC Section 4.08</b>	Eligible Expenditures	IFAD financing proceeds to be used exclusively to finance Eligible Expenditures	Complied with	
<b>GC Section 7.01</b>	Annual Work Plans and Budgets and Procurement Plans to be submitted to Fund	No later than 60 days before beginning of each Fiscal Year	Not complied with	The project submitted AWPB 2017-18 along with Procurement Plan on 31 July 2018.
<b>GC Section 7.05</b>	Procurement of goods, civil works and services in accordance with the IFAD Procurement Guidelines	Continuous	Partially Complied with	Gaps noted in post review of contracts. TORs and technical specifications were not clear in several cases leading to cancellation of bids.
<b>GC Section 7.08</b>	Lead project agency shall insure all goods and buildings used in the project against such risks and in such amounts as shall be consistent with sound commercial practice	Continuous	Not complied with	
<b>GC Section 8.02</b>	Monitoring, establishment of information management system	Continuous		

<b>Section</b>	<b>Covenant</b>	<b>Target/Action Due Date</b>	<b>Compliance Status/Date</b>	<b>Remarks</b>
<b>GC Section 8.03</b>	Progress Reports to be submitted to IFAD on a six-monthly basis	No later than six weeks after the end of each six-month period	Not complied with	The project submits progress report once every year
<b>GC Section 8.03</b>	A Mid-Term Review to be carried out jointly by Borrower and IFAD	No later than 36 months after the Effective Date	No due	No due
<b>GC Section 9.02</b>	Submission of Financial Statements	Within 4 months after the end of each fiscal year	Not complied with	The project financial statements were not submitted to IFAD.
<b>GC Section 9.03</b>	Audit Reports on project accounts of each year to be submitted to Fund	Within 6 months after the end of each fiscal year	No due	KPMG has started the external audit of the project. Draft Audit Report is under discussion. The report will be shared on time.
<b>LTB GC 25</b>	All contracts must be listed in the contracts register and the register updated and submitted to IFAD's Country Director on monthly bases	Continuous	Not complied with	Need to be complied with
<b>LTB GC 26</b>	All project financing sources when provided in cash or in the form of tax exemptions must be valued and accounted for in the project financial statements	Continuous	Complied with	