

Document: EB 2014/113/R.20
Agenda: 10(c)(i)
Date: 17 November 2014
Distribution: Public
Original: English

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Investing in rural people

President's report

Proposed loan and grant to the Arab Republic of Egypt for the Sustainable Agriculture Investments and Livelihoods Project

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Executive Board — 113th Session
Rome, 15-16 December 2014

For: Approval

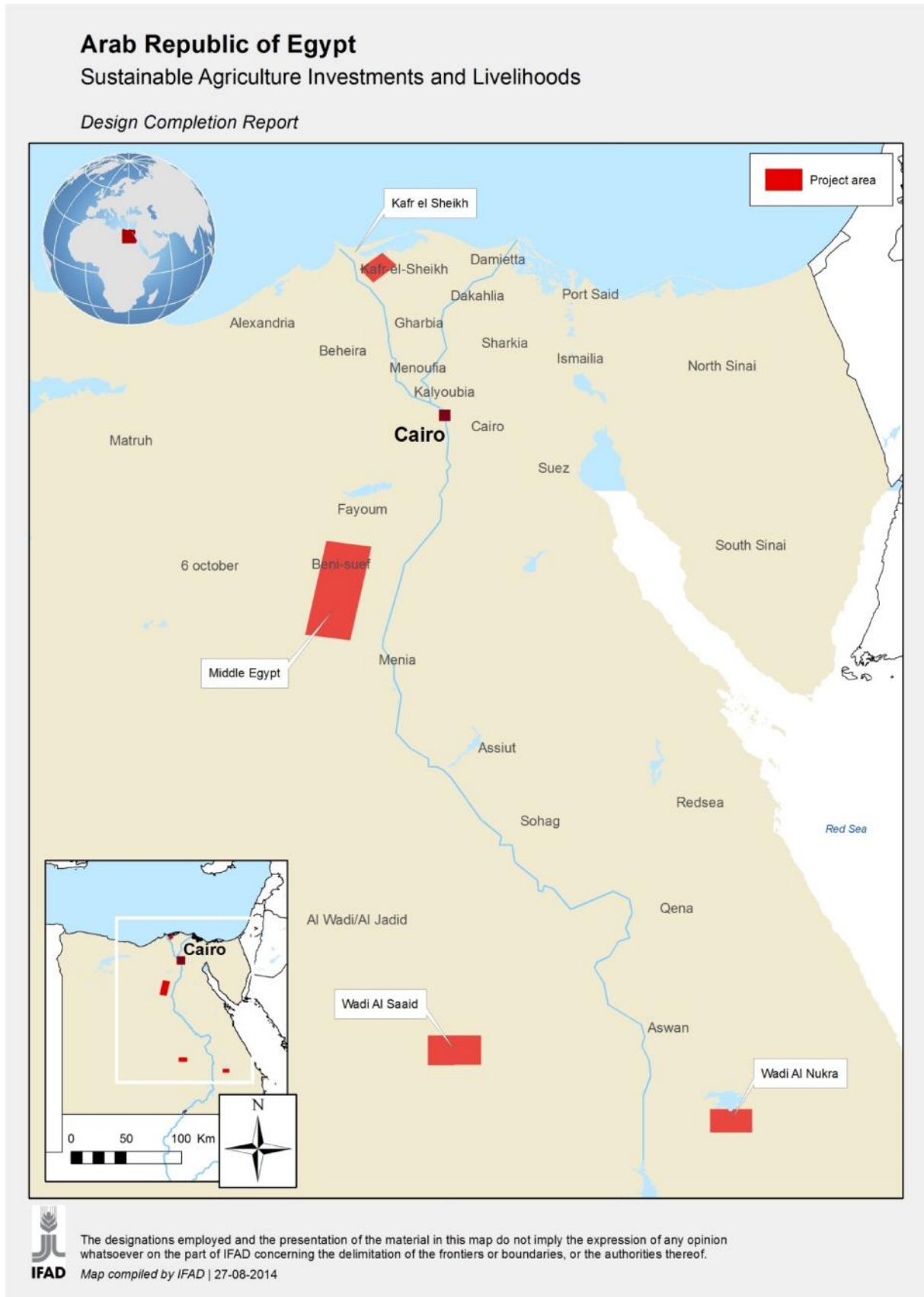
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Abbreviations and acronyms

ARDF	Agricultural Research and Development Fund
AC	agricultural cooperative
ASAP	Adaptation for Smallholder Agriculture Programme
CDA	community development association
CIB	Commercial International Bank
COSOP	country strategic opportunities programme
MA	marketing association
MALR	Ministry of Agriculture and Land Reclamation
MIC	Ministry of International Cooperation
PMU	project management unit
RPMU	regional project management unit
SAIL	Sustainable Agriculture Investments and Livelihoods Project
SFD	Social Fund for Development
WNRDP	West Noubaria Rural Development Programme
WUG	water user group

Map of the project area



Arab Republic of Egypt

Sustainable Agriculture Investments and Livelihoods Project

Financing summary

Initiating institution:	IFAD
Borrower:	Arab Republic of Egypt
Executing agency:	Ministry of International Cooperation
Total project cost:	US\$86.85 million
Amount of IFAD loan:	EUR 50.25 million or SDR 42.65 million (equivalent to approximately US\$63.2 million)
Amount of IFAD grant:	SDR 0.95 million (equivalent to approximately US\$1.4 million)
Terms of IFAD loan:	Ordinary terms with repayment over 18 years, including a grace period of 3 years, with an interest rate equal to the annual reference rate set semi-annually by IFAD
Other grants:	Adaptation for Smallholder Agriculture Programme (ASAP)
Amount of ASAP grant:	SDR 3.38 million (equivalent to approximately US\$5 million)
Contribution of borrower:	US\$15.2 million
Contribution of beneficiaries:	US\$2.0 million
Appraising institution:	IFAD
Cooperating institution:	Directly supervised by IFAD

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed financing to the Arab Republic of Egypt for the Sustainable Agriculture Investments and Livelihoods Project, as contained in paragraph 50.

Proposed loan and grant to the Arab Republic of Egypt for the Sustainable Agriculture Investments and Livelihoods Project

I. Strategic context and rationale

A. Country and rural development and poverty context

1. The population of Egypt was an estimated 81 million in 2012, with a gross national income (GNI) of US\$2,980 per capita. Egypt's GNI per capita increased by about 141 per cent between 1980 and 2012. Agriculture is a key sector in the Egyptian economy, providing livelihoods for 55 per cent of the population and directly employing about 30 per cent of the labour force. Although the sector's contribution to gross domestic product (GDP) has fallen over time, it still accounts for about 13 per cent of GDP and 20 per cent of total exports and foreign exchange earnings. Industries related to agriculture, such as processing, marketing and input supply, account for a further 20 per cent of GDP.
2. Despite the progress made on economic development between 2005 and 2008, when Egypt experienced high GDP growth and poverty fell from 40.5 per cent in 2004 to 35.7 per cent in 2008,¹ poverty remains a major challenge. During the above-mentioned period, it was estimated that about 19.6 per cent of the population were living in absolute poverty, and 21 per cent were near poor. Nearly half the population is vulnerable to external shocks, especially rising food prices. The Central Agency for Public Mobilization and Statistics maintains that Egypt's poverty rate increased over the year 2012/2013, reaching 26.3 per cent compared with 25.2 per cent in 2010/2011,² and that nearly 25 per cent of the population live just above the poverty line.³
3. In its efforts to alleviate poverty and protect vulnerable segments of society, the Government of Egypt has adopted a multi-pronged strategy. The Government has been providing land to unemployed graduates of agricultural and other programmes and households displaced by changes in land tenure arrangements. It has also taken proactive measures in other areas to deal with the problem of growing poverty and inequality.

B. Rationale and alignment with government priorities and RB-COSOP

4. Agriculture in Egypt faces some critical constraints. Land is extremely scarce and holdings are increasingly fragmented. Egypt has one of the lowest land/man ratios in the world. There is a critical need to expand into new areas of growth and settlement to attract people from the overcrowded old lands and provide them with opportunities for productive growth and diversification of livelihoods. Land reclamation has been pursued as an important strategy for growth and development since the 1950s by successive governments and has been adopted to

¹ World Bank, *Economic growth, inequality and poverty: social mobility in Egypt between 2005 and 2008*, 2009, p 4.

² Central Agency for Public Mobilization and Statistics (CAPMAS). Arab Republic of Egypt, 2012.

³ The extreme poverty limit is an annual EGP 3,570 (US\$518) per person, which means approximately EGP 312 per month per person, or EGP 10 (approximately US\$1.5) per day per person.

enhance agricultural production, decrease population growth in the Nile Valley and the Delta, generate employment and alleviate poverty. While the Government has invested considerable resources in building basic infrastructure on newly settled lands, this has deteriorated in the absence of farmers' organizations to properly operate and maintain the investments. These areas also lack access to a range of social services that are essential for the development of rural communities. In addition, the newly settled areas have been unable to attract the private sector and lack access to financial and marketing services.

5. The proposed project will scale up the successful experience of the West Noubaria Rural Development Project (WNRDP) in establishing and strengthening rural institutions in the new lands, especially community development associations (CDAs), agricultural cooperatives (ACs) and within them water user groups (WUGs) and marketing associations (MAs). The CDAs will focus in particular on women, who are virtually excluded from the ACs, and young people, who lack any type of institutional membership. The WUGs and MAs will be set up within the ACs to assist in the operation of irrigation infrastructure and engage in collective marketing with the private sector. Moreover, many of the irrigation channels, drainage structures and pumping stations are functioning at low capacity due to poor maintenance. The project will provide resources for rehabilitating irrigation and drainage systems, in close collaboration and with the participation of WUGs.
6. Egypt is located in an arid region and is expected to suffer severely from the adverse effects of climate change. Enhancing resilience to climate change is therefore closely linked to addressing water scarcity, land productivity and livelihood diversification. Needed are adaptation measures that include ways to improve irrigation techniques and know-how, introduction of tolerant varieties and renewable energy alternatives, and improvements in post-harvest facilities.
7. The vast majority of smallholders do not have access to finance, as the financial institutions have not developed financial products appropriate to their needs or those of rural entrepreneurs. The project will put in place a grass-roots credit guarantee to ensure access to funds for those who are without land and asset collateral but have a strong reputation within the community. Furthermore, the Sustainable Agriculture Investments and Livelihoods Project (SAIL) will design a financial services strategy that incorporates the provision of a range of affordable financial services targeted to poor smallholders in newly settled lands.
8. The project has been proposed by the Government and is fully aligned with the country strategic opportunities programme's (COSOP) three strategic objectives, namely: (i) improve the access of poor rural farmers to better quality services; (ii) enhance the pro-poor sustainable use of natural resources; and (iii) strengthen the skills and organizational capacity of poor rural men and women. The proposed project design was developed in close coordination with the Ministry of International Cooperation (MIC) and the Ministry of Agriculture and Land Reclamation (MALR). The project is aligned with the Government's Poverty Reduction Action Plan, Sustainable Agricultural Development Strategy towards 2030 and Water Resources Management Strategy (2009-2017). There is strong ownership for the project, and the Government has indicated its commitment to contribute.

II. Project description

A. Project area and target group

9. **The proposed project area** will be selected from the sites which the Government has allocated for settlement and rehabilitation over the last 15 to 20 years. These lands are located in Upper, Middle and Lower Egypt. Table 1 below gives a brief overview of the location and land area in each of the three selected regions.

Table 1
Project area and target households

<i>Area</i>	<i>Settlements</i>	<i>Registered households</i>	<i>Estimated number of households</i>	<i>Population</i>	<i>Feddan</i>
Lower Egypt	3	2 271	4 800	33 600	6 185
Middle Egypt	15	9 421	19 600	137 200	50 601
Upper Egypt	12	7 403	15 600	109 200	41 185
Total	30	19 095	40 000	280 000	97 971

10. **Target group:** The profile of the target group is one of poverty, food and nutrition insecurity and vulnerability. While the men are mostly farmers, some are also engaged in various types of casual labour. Women who have moved here have limited opportunities to engage in productive work beyond the farm. Experience under WNRDP tells us that women university graduates, as well as women from small farmer households, play a critical role in the development of new lands. There are virtually no facilities for the young in these new communities for higher learning, entrepreneurship, employment or recreation. Thus, young people will be an important target group in the new project.

B. Project development objective

11. The development goal of the project will be to contribute to poverty reduction and increased food and nutrition security for poor rural women and men in Egypt. The development objective will be to enable smallholder farmers to enhance their incomes, increase profitability and diversify their livelihoods.

C. Components/outcomes

12. The expected outcomes of the project will be: (i) strengthened smallholder institutions; (ii) improved agriculture production and marketing; and (iii) improved capacity for employment and enterprise development.
13. The project will be organized into three mutually supportive components, coordinated by a project management component.
14. **Component 1: Community and livelihood development.** This component will focus on residential areas in newly settled lands, and will have three subcomponents: (i) strengthening CDAs, which are designed to provide the institutional entry point for the inclusion of women and young people in the project; (ii) providing social and physical infrastructure, specifically financing for schools, basic health clinics, community and youth centres, drinking water supply, etc.; and (iii) vocational training and enterprise development to finance the cost of providing community members, especially women and young people, with opportunities for productive employment and enterprise development.
15. **Component 2: Agriculture development and diversification.** This component will have four subcomponents, namely: (i) strengthening ACs, WUGs and MAs, building on the successful experience under WNRDP; (ii) water and energy infrastructure to assist in rehabilitating and upgrading tertiary irrigation channels, pumping stations and drainage systems; (iii) providing extension services and training to farmers using various extension methodologies; and (iv) marketing services for farmer cooperatives that demonstrate potential and interest in collective marketing activities.
16. **Component 3: Rural financial services.** This component will provide access to financial services for the target households, rural enterprises and rural institutions, with special emphasis on enhancing the access of women and young people to a range of affordable financial services and institutional options. Three subcomponents are included, as follows: (i) credit funds for leveraging financial services that will provide funds to participating financial institutions for onlending

to target groups in the project area; (ii) grass-roots credit guarantees for CDAs and ACs, and loans through participating banks to ensure access to funds; and (iii) institutional support for provision of innovative financial services. The project will provide direct facilitation and support services to CDAs and ACs for managing their credit portfolios.

17. **Component 4: Project management.** The project will provide support for the establishment of a project management unit (PMU) to implement the project activities. The PMU will have regional support units (RPMUs) based in Lower, Upper and Middle Egypt.

III. Project implementation

A. Approach

18. **Phased approach:** A phased approach will be adopted to implement the project over nine years. Under this approach the project will start up gradually, beginning in one area prior to expanding to other parts of the country. The project will begin operating in Kafr-El-Sheikh in Lower Egypt and then move to Upper Egypt and thereafter Middle Egypt.
19. **Sequential approach:** A sequential approach will be adopted to ensure that proper groundwork, diagnosis and institutional strengthening are completed before investment, production and marketing activities are initiated. In each location the project will have four stages: stage 1: preparatory and diagnostic work; stage 2: institutional development; stage 3: production and livelihood intensification; and stage 4: sustainability and exit. There is no set time frame for the transition from one stage to the next; there may be some overlapping, and the timing for transitioning will depend upon community readiness and maturity.
20. **Participatory approach:** The implementation approach for SAIL will envisage a high degree of stakeholder participation and grass-roots involvement in order to bring villagers, including women, young people and the less advantaged, into a more coherent and effective force for change and self-reliance.

B. Organizational framework

21. The delivery mechanism envisaged under SAIL will rely on a mix of community, public, private-sector and technical service providers. The beneficiary households will play a lead role in the project through the CDAs, ACs, WUGs and MAs. The CDAs will operate small private health and veterinary services where public-sector facilities are insufficient. The WUGs and ACs will manage on-farm irrigation and drainage systems, as well as collection, storage and packing stations. The public sector will be responsible for managing the main and branch irrigation and drainage canals, as well as management of formal schools.
22. Private technical service providers will be used for organizing specialist training, and private contractors will be employed to design and implement all infrastructure schemes. The private sector will be expected to provide access to agriculture inputs, irrigation and solar energy technologies, as well as output marketing services.
23. The lead agency for the project will be MALR. A project steering committee will be set up with the primary responsibility for guiding project activities and approving annual workplans and budgets (AWP/Bs). The steering committee will be headed by the Minister of Agriculture or a representative. The project will provide support for the establishment of a PMU and RPMU to coordinate project activities at both the national and regional levels.
24. The rural financial services component will be implemented through the Social Fund for Development (SFD) and the Agricultural Research and Development Fund (ARDF) of MALR. The project will use the existing fund management arrangements in ARDF to manage the funds through its agent bank, the Commercial International

Bank (CIB). The CDAs and ACs will be expected to play a key role in providing their members credit which is wholesaled to them through SFD and the ARDF/CIB.

C. Planning, monitoring and evaluation, and learning and knowledge management

25. AWP/Bs and procurement plans will be the project's principal planning instruments. The AWP/B will be used as tool for specifying implementation priorities, projecting inputs needed and procurement requirements, and most importantly, establishing staff workplans both within the PMU/RPMU and with implementing agencies.
26. The M&E system will generate quantitative and qualitative information on the project's performance by comparing physical progress against the planned targets to allow for timely remedial action. The M&E indicators will be gender-disaggregated and will include indicators to measure women's inclusion and empowerment.
27. Given the scaling up and knowledge generation purpose of SAIL, the compilation and dissemination of project information, experiences and results on an ongoing basis for the country and for IFAD headquarters are important. The project will package and disseminate information to the respective stakeholders in the appropriate formats (e.g. brochures, studies, articles, newsletters and internet). This knowledge-sharing process will be supported by a focused series of workshops and joint learning events.

D. Financial management, procurement and governance

28. To determine project-specific control risks, a financial management risk assessment of the proposed project and its fiduciary arrangements has been completed. This assessment included MALR, SFD and ARDF. The assessment found that the financial management arrangements in place were in accordance with principles of good governance and that all were subject to internal and external audits.
29. The SAIL project will have a three designated accounts and will present audited consolidated financial statements on all project activities within six months after fiscal year-end. Each of the implementing partners of the SFD and ARDF as well as the PMU will manage a designated account. A flow of funds chart has been developed. The authorized allocation to the designated account will be sufficient to allow for six months of eligible projected expenditures. Subsidiary loan agreements will be concluded between the Government of Egypt and SFD and ARDF before any advances are paid to them. The terms and conditions of the subsidiary loan agreements will be acceptable to IFAD.
30. Regarding Egypt's overall procurement capacity, assessments by IFAD indicate that procurement capacity is moderate in the areas of managing the bidding process, procurement planning and contract management. The procurement of goods, works and services conducted by PMU/RPMUs, ARDF, SFD and participating banks under CIB and financed by the IFAD loan and grant will be carried out in accordance with the provisions of the borrower's procurement regulations, to the extent they are consistent with the provisions of IFAD procurement guidelines.

E. Supervision

31. The project will be directly supervised by IFAD. Given that the project is dispersed over different regions of the country and it might not be feasible to visit each area every time, several special features are proposed in the supervision arrangements. The first of these is to have local specialists on the ground to provide guidance on an ongoing basis. The second approach is to adopt a country programme approach to supervision and field technical specialists to the country to supervise certain elements common to all ongoing projects.

IV. Project costs, financing, benefits

A. Project costs

32. The total project cost including price and physical contingencies is currently estimated at US\$86.85 million, as follows: (i) component 1: community and livelihood development, US\$13.97 million (16.1 per cent); (ii) component 2: agriculture development and diversification, US\$35.88 million (41.3 per cent); (iii) component 3: rural financial services, US\$27.16 million (31.3 per cent); and (iv) component 4: project management, US\$8.49 million (9.8 per cent). The project will have US\$1.32 million as an unallocated amount.

B. Project financing

33. IFAD will provide a loan of US\$63.2 million on ordinary lending terms. A grant of about US\$1.4 million will be provided by IFAD to contribute to technical assistance and capacity-building for smallholder farmers. ASAP has approved a grant of US\$5 million to enable smallholders to access the tools and technologies that can help to build their resilience to climate change. The Government is expected to provide US\$15.2 million and the participating farmers will contribute US\$2.0 million in labour and inputs for infrastructure, farming and enterprise development.
34. Following the approval by the Executive Board at its 112th session of the terms and conditions of the framework agreement with KfW Development Bank (EB 2014/112/R.14 and EB 2014/112/R.14/Add.1), the Fund expects additional financial resources denominated in euros from the KfW to become available by the end of 2014 for onlending to the Fund's Member States eligible for loans on ordinary terms. Should such resources become available as indicated, the loan will be denominated in euros and extended in the amount of EUR 50.25 million. Otherwise, the loan will be granted with the Fund's regular resources in the amount of SDR 42.65 million.

Table 2

Project costs by component and financier

(Thousands of United States dollars)

	<i>IFAD loan</i>		<i>IFAD grant</i>		<i>IFAD ASAP</i>		<i>The Government</i>		<i>Beneficiaries</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
A. Community and livelihood development												
Strengthening of community development associations	421.3	34.8	616.0	50.8	-	-	174.8	14.4	-	-	1 212.0	1.4
Social and physical infrastructure	5 016.5	41.2	165.7	1.4	-	-	5 663.8	46.5	1 341.0	11.0	12 187.1	14.0
Vocational training and enterprise development	-	-	29.6	5.1	540.4	93.1	10.7	1.8	-	-	580.7	0.7
Subtotal	5 437.8	38.9	811.4	5.8	540.4	3.9	5 849.3	41.8	1 341.0	9.6	13 979.9	16.1
B. Agriculture development and diversification												
Strengthening of farmer-based organizations	1 157.4	63.2	261.2	14.3	270.4	14.8	140.9	7.7	-	-	1 829.9	2.1
Water and energy infrastructure	23 586.6	92.1	-	-	813.2	3.2	1 208.0	4.7	-	-	25 607.9	29.5
Crop and livestock extension services	1 143.0	21.1	-	-	2 799.7	51.8	1 462.2	27.1	-	-	5 405.0	6.2
Marketing services	1 622.4	53.4	-	-	576.3	19.0	137.2	4.5	704.3	23.2	3 040.2	3.5
Subtotal	27 509.5	76.7	261.2	0.7	4 459.6	12.4	2 948.3	8.2	704.3	2.0	35 883.0	41.3
C. Rural financial services												
Institutional support	2 072.6	80.9	327.5	12.8	-	-	162.2	6.3	-	-	2 562.2	3.0
Credit line	24 600.0	100.0	-	-	-	-	-	-	-	-	24 600.0	28.3
Subtotal	26 672.6	98.2	327.5	1.2	-	-	162.2	0.6	-	-	27 162.2	31.3
D. Project management												
Project management	1 980.4	24.1	-	-	-	-	6 249.4	75.9	-	-	8 229.8	9.5
M&E and knowledge management	270.0	100.0	-	-	-	-	-	-	-	-	270.0	0.3
Subtotal	2 250.4	26.5	-	-	-	-	6 249.4	73.5	-	-	8 499.8	9.8
E. Unallocated	1 329.7	100.0	-	-	-	-	-	-	-	-	1 329.7	1.5
	63 200.0	72.8	1 400.0	1.6	5 000.0	5.8	15 209.2	17.5	2 045.3	2.4	86 854.6	100.0

Table 3

Project costs by expenditure category and financier

(Thousands of United States dollars)

	<i>IFAD loan</i>		<i>IFAD grant</i>		<i>IFAD ASAP</i>		<i>The Government</i>		<i>Beneficiaries</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
I. Investment costs												
A. Works	16 870.8	74.2	-	-	-	-	5 569.3	24.5	307.0	1.3	22 747.1	26.2
B. Equipment and materials	13 753.9	86.3	58.6	0.4	656.7	4.1	1 461.6	9.2	-	-	15 930.8	18.3
C. Goods, services and inputs	743.0	28.8	-	-	954.1	37.0	180.8	7.0	704.3	27.3	2 582.3	3.0
D. Credit and guarantee funds	24 970.1	100.0	-	-	-	-	-	-	-	-	24 970.1	28.7
E. Consultancies	2 146.2	88.7	94.1	3.9	178.4	7.4	0.0	-	-	-	2 418.8	2.8
F. Vehicles	255.3	34.8	-	-	-	-	479.3	65.2	-	-	734.6	0.8
G. Training	288.5	7.7	725.6	19.2	2 704.2	71.7	51.5	1.4	-	-	3 769.8	4.3
H. Workshops	182.4	58.4	-	-	130.1	41.6	-	-	-	-	312.6	0.4
I. Unallocated	1 329.7	100.0	-	-	-	-	-	-	-	-	1 329.7	1.5
Total investment costs	60 540.0	80.9	878.4	1.2	4 623.6	6.2	7 742.4	10.4	1 011.3	1.4	74 795.6	86.1
II. Recurrent costs												
A. Operating costs	547.4	12.8	-	-	-	-	2 697.8	63.0	1 034.1	24.2	4 279.2	4.9
B. Salaries and allowances	2 112.7	27.2	521.7	6.7	376.4	4.8	4 769.0	61.3	-	-	7 779.7	9.0
Total recurrent costs	2 660.1	22.1	521.7	4.3	376.4	3.1	7 466.8	61.9	1 034.1	8.6	12 059.0	13.9
Total project costs	63 200.0	72.8	1 400.0	1.6	5 000.0	5.8	15 209.2	17.5	2 045.3	2.4	86 854.6	100.0

C. Summary benefit and economic analysis

35. **Benefits:** The project will improve food security and nutrition in the newly settled areas and reduce poverty by increasing farm and off-farm incomes. Important health benefits are expected, in particular for women and children. The provision of safe drinking water will reduce illness and water-borne diseases, especially for children under five (economic benefits of US\$551,536 over 20 years). Nutrition will be enhanced by crop diversification and livestock development. New schools and literacy classes will bring educational benefits in the form of improved literacy and increased job opportunities.
36. The project will improve agricultural production and profitability and make farmers more resilient to climate change. Strengthening MAs and promoting quality certification for key products will lead to higher farmgate prices. All six farm models analysed in the economic and financial analysis are profitable, with positive net present values before and after financing.
37. The project will improve capacity for self-employment and enterprise development. Last but not least, the project will generate rural employment, both on-farm and off-farm, especially for unemployed young people (424 permanent jobs and 806,462 labour days over 20 years, corresponding to US\$5.7 million).
38. The project will also yield positive social and environmental benefits. The social benefits will accrue mainly as a result of greater social cohesion among smallholders along with greater interaction among a diverse mix of households in the newly settled lands. The project will enable rural households to use scarce water and energy resources much more efficiently by demonstrating several innovative technologies that can provide alternate sources of energy for the agriculture sector.
39. **Net present value and economic rate of return.** The economic analysis includes benefits relating to: (i) crop and livestock production; (ii) micro/small/medium enterprise and processing units; (iii) environmental benefits (CO₂ emissions); and (iv) health benefits (mortality among children under five). The net present value (NPV) of the project is positive (US\$51 million) and the economic internal rate of return (EIRR) is estimated at 20 per cent over a 20-year period at a discount rate of 10 per cent.
40. **Sensitivity analysis:** A sensitivity analysis was conducted to assess the variation in the EIRR and NPV according to various scenarios such as an increase in project costs, including chemical inputs for crop production; a decrease in project benefits, livestock output prices and cash crop prices; and a one- or two-year delay in project benefits. The project remains profitable in all scenarios. The NPV and EIRR are more sensitive to variations in overall project benefits and livestock prices.

D. Sustainability

41. The project will be designed with a clear sustainability and exit strategy in all components. Many of the lessons learned under WNRDP have been built into the design. Some key underlying themes for sustainable project investments are: (i) strengthening rural institutions, skills and capacity-building for improved agricultural productivity; (ii) making clear distinctions in the project approach between public, community and private goods and services and how they will be managed; (iii) having a clear plan for ownership, operation and management of all infrastructure; (iv) ensuring that project investments are socially, technically and environmentally sustainable by incorporating these elements into selection criterion in all cases; and (v) ensuring a clear exit strategy for each subcomponent from the outset.

E. Risk identification and mitigation

42. There are several risks associated with achieving the project objectives. While some are external and beyond the control of the project, such as fluctuations in the price of agricultural commodities, an uncertain political environment and the security situation in the country, others can be mitigated by the various stakeholders involved. Among these are start-up delays in projects in Egypt. This risk will be mitigated by using the capacity of the core project management team built during WNRDP, which has extensive experience with the implementation strategy to be used in SAIL. A second risk is limited institutional capacity among the institutions of the rural poor in the newly settled lands. This risk is being mitigated by adopting a sequential approach to project implementation and developing the institutional capacity of rural institutions. A third risk is the slow disbursement rate of funds under the rural finance component due to the limited institutional options and the low risk appetite of selected partners. This risk is being mitigated by proposing several institutional options that will encourage competition, provision of a grass-roots credit guarantee mechanism and adopting a proactive approach for facilitation between target group and financial institutions.

V. Corporate considerations

A. Compliance with IFAD policies

43. The project approach and implementation modalities are fully consistent with IFAD strategies and policies. Specifically, they support IFAD's fiduciary compliance and are aligned with the IFAD Strategic Framework 2011-2015, rural finance policy, technical note on matching grants, climate change strategy and environment and natural resource management policy, private-sector development and partnership strategy, policy on gender equality and women's empowerment, and targeting policy. Furthermore, the project is fully compliant with the ASAP objectives. The project also used the guidance provided by IFAD's scaling up framework to clearly delineate the models being scaled up under various components.

B. Alignment and harmonization

44. The project is fully aligned with the priorities set forth in the COSOP. The project is also harmonized with the Government's Poverty Reduction Action Plan, Sustainable Agricultural Development Strategy towards 2030 and Water Resources Management Strategy 2009-2017.

C. Innovations and scaling up

45. The proposed project is designed to scale up the successful and innovative experience of WNRDP in establishing and strengthening rural institutions, especially CDAs and ACs, strengthening water management arrangements and establishing MAs. The experience in West Noubaria with strengthening market associations and helping farmers engage in contract farming with the private sector will be used for scaling up. Investing in these rural institutions is of paramount importance given that the Government is planning to reform the law on agriculture cooperatives – giving them much greater flexibility to function as independent, farmer-owned, profit-oriented organizations in the future.

D. Policy engagement

46. The project design draws on the lessons learned from past IFAD interventions and from the experience of other donors, such as: (i) investment in rural institutions should be the key starting point for all project activities; (ii) clear delineation between public, community and private goods is crucial for long-term sustainability; (iii) including the non-farm rural sector is key for employment generation; (iv) greater focus on linking farmers with markets is needed, using specialist expertise; (v) synergies between marketing support activities and provision of rural financial services should be maximized; (vi) a plurality of

institutional arrangements should be used to ensure the delivery of financial services to the different value chain actors; (vii) use of existing institutions and implementation arrangements enhances the sustainability of project interventions; and (viii) dedicating resources and staff for women's and youth participation ensures the likelihood of their inclusion.

VI. Legal instruments and authority

47. A project financing agreement between the Arab Republic of Egypt and IFAD will constitute the legal instrument for extending the proposed financing to the borrower. A copy of the negotiated financing agreement is attached as an annex.
48. The Arab Republic of Egypt is empowered under its laws to receive financing from IFAD and from the IFAD Adaptation for Smallholder Agriculture Programme (ASAP) Trust Fund acting through IFAD in its capacity of Trustee of the ASAP Trust Fund.
49. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VII. Recommendation

50. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on ordinary terms to the Arab Republic of Egypt in an amount equivalent to fifty million two hundred and fifty thousand euro (EUR 50,250,000), with resources to be borrowed from the KfW Development Bank (KfW) or in an amount equivalent to forty-two million six hundred and fifty thousand special drawing rights (SDR 42,650,000) should such KfW resources not be available as needed, and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a grant to the Arab Republic of Egypt in an amount equivalent to nine hundred and fifty thousand special drawing rights (SDR 950,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide an ASAP grant to the Arab Republic of Egypt in an amount equivalent to three million three hundred and eighty thousand special drawing rights (SDR 3,380,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze
President

Negotiated financing agreement: "Sustainable Agriculture Investments and Livelihoods (SAIL)"

(Negotiations concluded on 29 October 2014, Rome)

Loan Number: _____

Grant Number: _____

ASAP Grant Number: _____

Project Title: Sustainable Agriculture Investments and Livelihoods (SAIL) (the "Project")

The Arab Republic of Egypt (the "Borrower")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and both of them collectively the "Parties")

WHEREAS:

A. The Borrower has requested financing from the Fund for purposes of partially financing the Project described in Schedule 1 to this Financing Agreement;

B. The Fund is expecting to receive a Grant from the Global Environment Facility (GEF) which the Fund will make available to the Borrower, in the form of a Grant and in the amount of seven million eight hundred and twelve thousand United States dollars (USD 7 812 000) in accordance with the terms of an Agreement to be entered between the Fund and the Borrower;

C. The Fund will provide five million United States dollars (USD 5 000 000) from the proceeds of the Trust Fund for the Fund's Adaptation for Smallholder Agriculture Programme (ASAP) approved by the IFAD Executive Board at its 105th Session, with the purpose of financing, in the form of a grant ("ASAP Grant"), some components of the Project to enable smallholders to access the information tools and technologies that can help build their resilience to climate change.

NOW THEREFORE the Parties hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1) and the Allocation Table (Schedule 2).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009 and approved by IFAD's Executive Board at its ninety-sixth session, as may be amended from time to time (the "General Conditions") constitutes, and all provisions thereof, an integral part of this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.

3. The Fund shall provide a Loan, a Grant, and an ASAP Grant to the Borrower (the "Financing"), which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The Financing is composed of:
 - A. A Loan of fifty million, two hundred and fifty thousand Euros (EUR 50 250 000).
 - B. A Grant of nine hundred and fifty thousand Special Drawing Rights (SDR 950 000).
 - C. A Grant from the ASAP of three million three hundred and eighty thousand Special Drawing Rights (SDR 3 380 000).
2. The Loan is granted on ordinary terms and shall have a rate of interest per annum equivalent to one hundred per cent of the variable reference interest rate, as determined annually by the IFAD Executive Board, and shall have a maturity period of eighteen (18) years including a grace period of three (3) years.
3. The Loan Service Payment Currency shall be EUR or any other mutually agreed currency (e.g. USD).
4. The first day of the applicable Fiscal Year shall be 1st July.
5. Payments of principal and interest of the IFAD loan shall be payable on each 15th March and 15th September.
6. The Borrower has designated its Ministry of Finance for the purpose of handling, on behalf of the Borrower, debt service payments with respect to the Loan and in accordance with this Agreement.
7. There shall be three accounts designated to receive Project funds in advance ("Designated Accounts") opened in a bank proposed by the Borrower and acceptable to the Fund.
8. The Borrower shall provide counterpart financing for the Project in accordance with the Annual Work Plan and Budget in cash and in kind.

Section C

1. The Lead Project Agency shall be the Ministry of Agriculture and Land Reclamation (MALR).
2. The following are designated as additional Project Parties
 - (a) Social Fund for Development (SFD); and
 - (b) Agricultural Research and Development Fund (ARDF).
3. The Project Completion Date shall be the eighth anniversary of the date of entry into force of this Agreement.

Section D

The Loan and Grant will be administered and the Project supervised by the Fund.

Section E

1. (a) The following are designated as additional general conditions precedent to withdrawal:

- (i) the Project and Project Management Unit (PMU) staff shall have been recruited in accordance with Schedule 1 hereto, and a suitable financial management system shall have been established;
- (ii) a draft PIM including a financial management section shall have been provided no objection by the Fund; and
- (iii) the Designated Accounts shall have been opened in the name of the Borrower.

(b) The following is designated as an additional specific condition precedent to withdrawal from the Credit and Guarantee Fund cost category as provided in Schedule 2 hereto: The Subsidiary Loan Agreement between the Borrower and the SFD and ARDF respectively shall have been entered into in terms and conditions acceptable to the Fund.

2. This Agreement is subject to ratification by the Borrower.

3. (a) The following are the designated representatives of the Parties:

For the Borrower: The Minister of International Cooperation or any other person that the Minister may designate.

For the Fund: The President of IFAD.

(b) The following are the addresses to be used for any communication related to this Agreement:

For the Borrower: Ministry of International Cooperation (MIC)
8 Adly Street
Cairo, Egypt

With copy to: Ministry of Agriculture and Land Reclamation
1 Nadi El-Said Street,
Dokki, Giza
Egypt

Social Fund for Development
120 Mohie El-Din Abdou El Ezz St. Mohandessin,
Giza, Egypt

Agricultural Research and Development Fund (ARDF)
9 Gamaa Street
Giza, Egypt

For the Fund: International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

This agreement, dated _____, has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the Borrower.

ARAB REPUBLIC OF EGYPT

(Authorized Representative)

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Kanayo F. Nwanze
President

Date: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The Project will target around 40,000 rural households or 280,000 people in the sites which the Government has allocated for settlement and rehabilitation over the last 15 to 20 years, which are located in Upper, Middle and Lower Egypt ("Project Area"). The target group for the Project will be small farmers, graduate farmers, women and youth who have moved to the new lands.
2. *Goal.* The goal of the Project will be to contribute to the reduction of poverty and increase food and nutrition security for poor rural women and men in Arab Republic of Egypt.
3. *Objectives.* The objective of the Project will be enabling smallholder farmers to enhance their incomes, increase profitability and diversify their livelihoods.
4. *Components.* The Project shall consist of the following Components: (a) Community and Livelihood Development Component; (b) Agriculture competitiveness enhancement; (c) Rural Finance Services Component; and (d) Project coordination and management.
 - (a) **Community and Livelihood Development Component:** This component will have three subcomponents:
 - (i) *Strengthening of Community Development Associations (CDA):* The CDAs are designed to provide an institutional entry point for the inclusion of women and youth in Project activities. They are designed in a manner which encourages the participation of women and, where required, separate CDAs will be established for women. In addition, the CDAs will also be used as the mechanism for delivery of financial services to its members through linking with the Social Fund for Development.
 - (ii) *Social and physical infrastructure:* This sub component will finance schools, basic health clinics, community and youth centres, drinking water supply, solid waste management systems, alternate energy solutions, etc. It will be a pre-requisite in all civil work contracts to engage un-skilled, and if available, skilled labour from within the communities for employment generation. Settlements which rank as the poorest and have the least access to services will be given priority in the allocation of resources.
 - (iii) *Vocational training and Enterprise Development:* This sub component will finance the cost of providing community members, especially women and the youth, opportunities for productive employment and enterprise development. The Project will provide grants to groups and individuals for starting small businesses that promote diversification and help in enhancing their adaptive capacities.
 - (b) **Agriculture Development and Diversification Component:** This component will have four sub components:
 - (i) *Strengthening of Farmer Cooperatives & Associations:* Under this sub-component, the Project will strengthen the existing farmer cooperatives and help with the formation of water user groups within the cooperatives.

- (ii) *Water and Renewable Energy Infrastructure*: This sub-component will focus on the agriculture lands reclaimed in the past 15 to 20 years in the Project Area. The Project will assist in the rehabilitation and improvement of tertiary level irrigation channels, rehabilitate pumping stations, improve the efficiency of water conveyance systems and initiate the rehabilitation and cleaning of drainage channels with the help of Water User Groups (WUGs). The sub component will also provide investments in new innovative technologies such as solar water pumps, bio-gas units, etc. The Project will provide technical assistance in the selection and installation of appropriate solar pumping systems which will vary with the geographical location and specific site.
 - (iii) *Agricultural Production Services*: This sub component will provide extension services and training to farmers through various extension methodologies. While the Project will hire specialist staff for this purpose, it will build a cadre of extension workers within the community to provide on-going extension advise, animal health services and Artificial Insemination services for crop and livestock improvement. The Project will support investments that ensure the resilience of the smallholders to challenges such as water scarcity, salinity, increasing temperature, decreased rainfall and other climate change impacts that are predicted to affect the agriculture sector. Access to finance and small grants will be provided to farmers for installation of efficient irrigation facilities, innovative agriculture techniques, post-harvest and value-addition facilities and renewable energy solutions, etc. The Project will use the ASAP Grant for installation of weather stations and the development of a Dynamic Agriculture Information and Response System (DAIRS). This will help improve long-term forecasting to enhance the capacity to cope with climate change related hazards.
 - (iv) *Marketing Services*: In order to ensure a minimum volume of produce to attract the private sector, several agriculture cooperatives (ACs) will be grouped into one Marketing Association. These associations will be facilitated in accessing markets and contract farming arrangements with traders, processors and exporters. The Marketing Associations and their agriculture cooperative members will be provided with training and awareness to prevent post-harvest losses, attract commercial buyers, orient farmers to produce organic produce and high quality products that guarantee high market prices and meet the quality and standards required by different markets.
- (c) **Rural Finance Services Component**: This component will provide access to financial services to the target households, rural enterprises and rural institutions with special emphasis on enhancing the access of rural households, women and youth to a range of financial services and institutional options. This component will have three sub-components, and be implemented by the SFD and the ARDF:
- (i) *Credit funds for leveraging financial services*: This sub-component will provide funds to participating financial institutions for on-lending to the target groups in the Project Area. The Project will stimulate the development and delivery of a range of innovative financial services through inviting competitive proposals from the participating banks for greater financial inclusion of the target households and institutions in the newly settled lands. The mechanisms for delivery will include the following; (a) The Social Fund for Development will be used for loans to rural enterprises, women and youth through the Community Development Associations in the project area and will develop products especially suited for crop and livestock farmers; (b) The Agriculture Research and Development Fund will be used to provide funds to the General Cooperative Society for Reclaimed Lands (GCS) for providing direct access to member ACs in the target area, as well as participating banks which will be

selected through a competitive process for services to smallholder farmers and the private sector players along the value chain.

- (ii) *Grass-roots credit guarantee mechanism*: The Project will provide a credit guarantee facility to the CDAs, Agricultural Cooperatives and loans through the Agricultural Research for Development Fund (ARDF).
- (iii) *Institutional support for provision of innovative financial services*: The Project will provide direct facilitation and support services to the CDAs and ACs for managing their credit portfolios. The Project will provide assistance and training in contacting the target group, providing business services, screening loan applications, delinquency management and monitoring and evaluation. Under this sub-component, the Project staff will be responsible for ensuring that business development services and access to finance are coordinated properly and integrated as a key element of the Project approach. This sub-component will also support the recruitment and training of local loan officers from the CDAs and ACs for a specified period until the volume of credit allows them to be supported from salaries paid directly by the CDAs and ACs.
- (d) **Project Management**: The component provides for coordination and management of Project activities at governorate and national levels, and establishes, operates and maintains a strong monitoring and evaluation system to measure progress and impacts of the Project. The Project will provide support for the establishment of a PMU to implement the Project activities at the national level which will be based in the International Centre for Development and Training (ICDT) in Lower Egypt. The housing of the PMU in the ICDT will help to capitalise on the use of the experienced staff, resources and facilities established under the IFAD- supported West Noubaria Rural Development Project (WNRDP) and be in very close proximity to the National Office of the Graduates on new lands which is also based in Noubaria. The PMU will have regional units based in Lower, Upper and Middle Egypt to support the Project which will be called Regional Project Management Units (RPMU). The RPMU in Lower Egypt will be located in the PMU due to its geographic proximity.

II. Implementation Arrangements

5. *Lead Project Agency (LPA)*. The Ministry of Agriculture and Land Reclamation (MALR) shall be the Lead Project Agency and shall have overall responsibility for Project implementation.

6. *Project Steering Committee (PSC)*. The PSC shall be chaired by the Minister of the MALR or his/her representative, and will have the primary responsibility of: (a) ensuring that Project activities are in compliance with the Borrower's policies; (b) approving consolidated Project Annual Work Plan and Budgets (AWPBs); (c) ensuring that Project interventions are coordinated where appropriate with other development programmes and projects; and (d) generally overseeing the systematic implementation of the Project. The PSC shall provide support for the establishment of a national Project Management Unit (PMU) and three (RPMU).

7. *Project Management Unit (PMU)*. The PMU shall be headed by a National Project Coordinator (NPC) appointed by the LPA. It shall report to the Minister of the MALR and to the PSC, and its staff shall include at least: a Project Manager, a Financial Officer, a Procurement Officer, a Monitoring and Evaluation (M&E) Officer, and Accountant and other ancillary staff. The PMU shall have the overall responsibility for: (a) coordination and liaison with implementing partners; (b) overall Project programming; (c) financial management; (d) contracting implementing partners to execute Project activities; (e) monitoring and evaluation; (f) progress reporting; and (g) liaison with the Borrower,

participating financial institutions, private sector and with the Fund. The PMU shall enter into a Framework for Collaboration Agreement with the Project Parties, which shall be submitted to the Fund prior to its finalization for its no objection.

8. All Project staff will be recruited through open competition. However, Government will capitalise upon the experience of WNRDP by seconding qualified key staff from the WNRDP to the Project provided they qualify on merit. The Project will recruit additional staff on a competitive remuneration package including incentive system emulating the successful management experience of previous projects, where required.

9. *Mid-Term Review.* The LPA, MIC and the Fund shall jointly carry out a review of Project implementation no later than the end of the Project's fourth year. The review shall cover, among other things: (i) physical and financial progress as measured against AWPBs; (ii) performance and financial management of contracted implementing partners; (iii) an assessment of the efficacy of the institutional development and capacity building activities; (iv) progress in infrastructure investments; (v) establishing and delivering of extension services; (vi) delivering of financial services; and (vii) access to markets.

10. *Project Implementation Manual (PIM).* The PMU shall prepare a draft Project Implementation Manual acceptable to the Fund and submit it for approval to the LPA. When so approved, a copy of the PIM shall be provided by the LPA to the Fund. The PIM may be amended or otherwise modified from time to time only with the prior consent of the Fund.

Schedule 2

Allocation Table

1. *Allocation of Loan and Grant Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan, the Grant and the ASAP Grant and the allocation of the amounts of the Loan and the Grant to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Loan Amount Allocated (expressed in EUR)	Grant Amount Allocated (expressed in SDR)	ASAP Grant Amount Allocated (expressed in SDR)	Percentage of Eligible Expenditures to be financed
I. Works	12 340 000	-	-	100% net of taxes, contributions of government and beneficiaries
II. Equipment & Materials	10 250 000	-	400 000	100% net of taxes and contributions of government
III. Credit, Guarantee Funds	18 0260 000	-	-	100%
IV. Consultancies	1 590 000	60 000	108 000	100%
V. Training	370 000	475 000	1 725 000	100% net of taxes and contributions of government
VI. Salaries & Allowances	1 540 000	315 000	230 000	100% net of taxes and contributions of government
VII. Operating costs	940 000		580 000	100% net of taxes, contributions of government and beneficiaries
VIII. Unallocated	4 960 000	100 000	337 000	
TOTAL	50 250 000	950 000	3 380 000	

(b) The terms used in the Table above are defined as follows:

- (i) "Equipment & Materials" – includes vehicles; and
- (ii) "Credit, Guarantee Funds" – includes the investment management fee.

2. *Start-up Costs.* Withdrawals from the Loan account in respect of expenditures for start-up costs included in categories "Equipment & Materials" and "Salaries & Allowances" incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of EUR 80 000.

Logical framework

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions /Risks
Goal:			
Contribute to the reduction of poverty and increase food and nutrition security for poor rural women and men in Egypt. (40,000 households or 280,000 people will be targeted)	At least 60% of households experience reduction in child malnutrition. (Baseline: 27% - 2010 est. in rural areas); At least 40% of targeted households experience an improvement in their household assets;	Bureau of Statistics UNDP/World Bank poverty assessments UNICEF/WFP food security surveys	Stable political and security situation. Macro-economic conditions improve
Project Development Objective:			
Smallholder farmers enabled to increase their incomes, improve profitability and diversify their livelihoods.	Increased incomes by at least 40% for at least 24,000 target households.	Baseline & Impact surveys Case Studies.	Conducive government policies Stability in agriculture prices.
Outcome 1: Strengthened smallholder institutions.	At least 50% of the 30 CDAs established are operational; At least 60% of the 42 targeted Agricultural Cooperatives and the 5 Marketing Associations are functional.	Case Studies Village Profiles. Interviews/focus groups. SAIL MIS System.	Conducive government policies Political stability.
Outputs: 30 Community Development Associations and 20 Youth CDAs established and trained 99 Social infrastructure facilities rehabilitated/constructed (drinking water, clinics, schools, nurseries, youth centers, solid waste management and solar lighting). 42 Agricultural Cooperatives and 5 Marketing Associations formed and trained.	Number of CDAs and youth CDAs established and trained with women in leadership positions. Number and type of social infrastructure facilities established and functioning. Number of Agricultural Cooperatives established and trained with membership disaggregated by gender. Number of Marketing Associations established and trained with membership disaggregated by gender and women in leadership positions.	Interviews/focus groups Case Studies. SAIL MIS System.	No major conflicts in the village to prevent the communities from collaborating with each other.
Outcome 2: Improved agriculture production and marketing reported by at least 24,000 smallholder farmers.	Number of functioning infrastructure Number of farmers with secure access to water resources Number of farmers reporting production/yield increase (at least 40%). No of farmers adopting recommended technologies that reduce or sequester greenhouse gas (GHG) emissions . No of households covered by new or improved climate information services. Number of farmers adopting climate resilient good agriculture practices. Number of farmers adopting alternate energy solutions. Number of farmers engaged in contractual farming, with wholesalers, exporters and processors;	Baseline & Impact survey Interviews/focus groups. Village Profiles. Studies and surveys SAIL MIS System.	Ministry of Irrigation releases the requisite quantity of water Farmers willingness to switch to new technologies. No extreme weather events.
Outputs: 17 pumps on lifting stations rehabilitated reaching 11,067	Number of people trained in infrastructure management. Land under irrigation schemes constructed or	Interviews/focus groups SAIL MIS System.	Salinization risk well managed

1

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions /Risks
<p>households and benefiting 29,026 feddans (12,190 ha) 50,000 meters of mesqas constructed and drainage systems improved covering 4,800 households and 6,185 feddans (2,598 ha) Mesqas improved and constructed benefiting 2,324 households and 6,000 feddans (2,520 ha) Drainage improved for 10,134 feddans (4,256 ha) benefitting 3,839 households 350 Solar water pumps and efficient irrigation systems established benefiting 7000 feddans (2,940 ha) targeting 1400 households; 180 old pumps replaced with new pumps and efficient irrigation systems benefiting 728 households, 3,640 feddans (1,529 ha) 30 flex-biogas, 10 composting and 2 solar dryers units for demonstration purposes; 7,400 people trained in the use of new technologies. 40 lead farmers trained and 4800 men and women trained in Farms Field Schools. 5 weather stations and early warning system installed for monitoring heat waves, wind and pest;</p>	<p>rehabilitated Length of canals constructed and rehabilitated. People trained in climate resilient crop production practices and new technologies. People trained in livestock production practices and technologies. People trained in post-production, processing and marketing. Market facilities constructed and/or rehabilitated</p>	<p>Studies and reports</p>	
<p>Outcome 3: Improved employment and enterprise development.</p>	<p>1,200 jobs generated as a result of vocational training and enterprise development. At least 30% of enterprises operating after 3 years. Number of people accessing financial services.</p>	<p>Baseline & Impact survey Interviews/focus groups Studies and surveys</p>	<p>Political stability.</p>
<p>Outputs: 2000 people provided vocational, income generation and enterprise training. A total of 12000 smallholders provided agricultural loans , of which 5000 women provided loans for livestock. 2000 smallholders provided loans for efficient irrigation systems. 2500 microenterprises (MEs) given access to finance.</p>	<p>Number of people trained in Income Generating/vocational and business development. Enterprises accessing facilitated non-financial services. Enterprises accessing facilitated financial services Number of CDAs and Ag Cooperatives engaged in provision of credit. Number of Financial institutions participating in the project. Number of active borrowers (individuals/enterprises). Value of gross loan portfolio (individuals/enterprises). Number of people trained in financial literacy and financial services. Number of people trained in income generating activities disaggregated by type of activities and gender;</p>	<p>Interviews/focus groups Case Studies. SAIL MIS System.</p>	<p>Government regulation and policy supports the provision of financial services.</p>