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Investing in rural people

President's report

Proposed loan and grant

Arab Republic of Egypt

Sustainable Transformation for Agricultural Resilience in Upper Egypt

Project ID: 2000002202

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Contents

Abbreviations and acronyms	ii
Map of the programme area	iii
Financing summary	iv
I. Context	1
A. National context and rationale for IFAD involvement	1
B. Lessons learned	2
II. Programme description	3
A. Objectives, geographical area of intervention and target groups	3
B. Components, outcomes and activities	3
C. Theory of change	4
D. Alignment, ownership, and partnerships	5
E. Costs, benefits and financing	5
III. Risks	8
A. Risks and mitigation measures	8
B. Environment and social category	8
C. Climate risk classification	9
D. Debt sustainability	9
IV. Implementation	9
A. Organizational framework	9
B. Planning, monitoring and evaluation, learning, knowledge management and communications	9
C. Implementation plans	10
V. Legal instruments and authority	10
VI. Recommendation	11

Appendices

- I. Negotiated financing agreement
- II. Logical framework

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Abbreviations and acronyms

AF	Adaptation Fund
AfDB	African Development Bank
AWP/B	annual workplan and budget
CFI	cooperating financial institution
GPCU	governorate programme coordination units
IFAD11	Eleventh Replenishment of IFAD's Resources
KM	knowledge management
M&E	monitoring and evaluation
NPCU	national programme coordination unit
OFID	OPEC Fund for International Development
PFI	private financial institution
STAR	Sustainable Transformation for Agricultural Resilience in Upper Egypt Programme

Map of the programme area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.
Map compiled by IFAD | 08-07-2019

Financing summary

Initiating institution:	IFAD
Borrower/recipient:	Arab Republic of Egypt
Executing agency:	Ministry of Agriculture and Land Reclamation
Total programme cost:	US\$269.64 million
Amount of IFAD loan:	EUR 57.44 million equivalent to approximately US\$63.23 million
Terms of IFAD loan:	Ordinary 18 years, including a grace period of 5 years, with an interest rate equal to the IFAD reference interest rate including a fixed spread
Amount of IFAD grant:	EUR 1.18 million equivalent to approximately US\$1.30 million
Cofinanciers:	African Development Bank (AfDB) OPEC Fund for International Development (OFID) World Food Programme (WFP) Adaptation Fund (AF) Private financial institutions (PFIs)
Amount of cofinancing:	AfDB: US\$90.04 million OFID: US\$20.00 million WFP: US\$9.88 million AF: US\$2.87 million PFIs: US\$54.10 million
Terms of cofinancing:	Loans and grants
Contribution of borrower/recipient:	US\$15.46 million
Contribution of beneficiaries:	US\$12.76 million
Amount of IFAD climate finance:	US\$16.57 million
Cooperating institution:	IFAD

Recommendation for approval

The Executive Board is invited to approve the recommendation contained in paragraph 50.

I. Context

A. National context and rationale for IFAD involvement

National context

1. **Political and economic context.** In 2014, the Government of Egypt initiated a series of reforms to overcome the economic slowdown following the 2011 revolution. These reforms have shown positive results: in 2018, the GDP growth rate was 5.4 per cent, inflation stood at 14 per cent, and the unemployment rate was 11 per cent.¹ However, these reforms came at the cost of more borrowing, amounting to US\$96.6 billion² in foreign debt, prompting the Government to introduce a range of austerity measures.
2. **State of fragility.** The rapid population increase, from 65 million in 1998 to 98.5 million in 2018, has added to the pressure on natural resources in Egypt's farmlands, resulting in land fragmentation, incidences of water salinity and increased water shortages. Egypt's population is projected to reach 150 million in the next 20 years, raising concerns about water and land scarcity, low productivity and widespread food shortages. Irrigation systems suffer from inadequate investments and maintenance. Farmers continue to use surface irrigation, resulting in only 50 per cent³ water efficiency. Climate change and upstream dam construction in Ethiopia are likely to cause fluctuation in the availability of Nile water in the future.
3. **Poverty** has increased from 17 per cent (1999–2000) to 27.8 per cent⁴ (2015–2016). A further 25 per cent of the population lives just above the poverty line⁵ and may slide back into poverty if faced with minor shocks. Disparities in the incidence of poverty follow geographic and gender lines. High population pressure, land fragmentation, illiteracy and unemployment have caused a high level (56 per cent) of rural poverty in Upper Egypt. Youth unemployment (34 per cent) and the lack of women's economic engagement (51 per cent unemployment) have caused high levels of dependency, leading to poverty. In 2015, the Ministry of Social Solidarity launched the "Takaful and Karama" scheme to transfer cash to poor families to subsidize costs of education, health care and family planning.

Special aspects relating to IFAD's corporate mainstreaming priorities

4. In line with Eleventh Replenishment of IFAD's Resources (IFAD11) mainstreaming commitments, the programme has been classified as:
 - Climate-focused;
 - Gender transformational;
 - Nutrition sensitive; and
 - Youth-sensitive.
5. **Gender and social inclusion.** Egypt ranked 135th out of 149 countries in the 2018 Global Gender Gap Index. Women's labour force participation is 24 per cent compared to 42 per cent⁶ for men. Illiteracy is higher in rural areas. Women suffer from limited mobility and lack of access to skills development training, entrepreneurial opportunities, finance, financial education, nutritious food and

¹ Central Bank of Egypt, Monthly Statistical Bulletin February, 2019.

² <https://tradingeconomics.com/egypt/external-debt>.

³ International Center for Agricultural Research in the Dry Areas working paper, Water and Agriculture in Egypt, 2011.

⁴ <https://data.worldbank.org/topic/poverty?locations=EG>.

⁵ Central Agency for Public Mobilization and Statistics, 2012. National poverty line is US\$1.5/day, US\$45 per month.

⁶ World Bank (2017).

dietary diversity. Women are mostly engaged in animal husbandry (95 per cent in Upper Egypt) and fattening small ruminants, and generate additional income from milk, cheese, butter, eggs and poultry.

6. **Youth.** With a youth population (ages 18–35) of 24 per cent, Egypt is facing a youth bulge. The youth population is higher in rural areas. About 34 per cent of youth are unemployed⁷ compared to the 13 per cent national unemployment rate. About 38 per cent of unemployed young people hold university degrees. The main concern for rural youth is lack of access to entrepreneurial opportunities, finance, training and job qualifications.
7. **Nutrition.** Malnutrition is a growing public health concern, with high rates of stunting, micronutrient deficiencies, overweight and obesity. The proportion of undernourished has increased from 3.7 per cent to 4.6 per cent over the last decade. Obesity is increasing, compounded by high prices of healthy food, changing lifestyles, and poor nutritional awareness. Also, 31 per cent of adults and 48 per cent of rural women older than 15 are obese.
8. **Climate and environment.** Analysts forecast a temperature increase of 1.5–2.0° C by 2040, which could significantly decrease the production of cereals, cash crops and vegetables. Desertification will increase. High temperatures will cause acute water scarcity, soil degradation and loss of soil fertility. Variation in the Nile water flow due to climate change is already being felt. Egypt suffers from an annual shortfall of 21 billion cubic metres between water consumption and production. In 2019, decreasing annual rainwater in the Ethiopian highlands increased this gap by 5 billion cubic metres.

Rationale for IFAD involvement

9. About 56 per cent of the population in Upper Egypt is poor due to the prevalence of traditional farming practices in highly fragmented land areas (less than 1 feddan). These smallholders suffer from meagre marketable surplus, low incomes, limited access to market information and value addition opportunities, underdeveloped marketing infrastructure, lack of access to affordable finance, weak extension services and deteriorating irrigation infrastructure. Despite the high threat of water scarcity, the practice of surface irrigation prevails due to the lack of incentives to adopt water conservation technologies. Women suffer from limited economic opportunities, moderate levels of malnutrition, poor education and lack of dietary diversity. Youth unemployment is high and youth engagement in microenterprises and rural sector jobs is restricted due to limited skills and limited access to finance.
10. The Sustainable Transformation for Agricultural Resilience in Upper Egypt Programme (STAR) will address these challenges, building on IFAD's vast experience in Egypt since 1979 in developing rural institutions, improving productivity and supporting resilient livelihoods. The IFAD-supported projects in the old lands in Upper Egypt have built the capacity of several marketing associations and linked them to buyers through contract farming and rehabilitated irrigation in 20,000 feddans. STAR will benefit from IFAD's "convening capacity" which will support the Government's strategy to coordinate with other development agencies and anchor joint investment by the Government and other development partners in the rural sector in Upper Egypt.

B. Lessons learned

11. The lessons from ongoing IFAD projects indicate that: (i) implementation in different parts of the governorates by different implementing partners without following any specific pattern can hamper the connectivity between project components; (ii) the sustainability of the community institutions is threatened by the absence of a long-term vision of their capacities; (iii) project implementation by government employees with other responsibilities affects the quality of the

⁷ Educated but Unemployed: The Challenge facing Egypt's Youth; Brookings Policy Brief, July 2016.

results; and (iv) limited consultation and non-transparent dealings with the communities can delay implementation. STAR will overcome these challenges by following a command area-based geographic clustering approach; supporting village implementation plans jointly developed by the implementation partners; using long-term business plans to engage communities in institution development; implementing activities through a separate national programme coordination unit (NPCU) set up in Cairo, with staff recruited on a competitive basis; and reaching transparent implementation agreements with communities before starting activities.

II. Programme description

A. Objectives, geographic area of intervention and target groups

12. The **programme goal** is to contribute to improved living standards of smallholder farmers and poor and vulnerable women and youth in the rural areas of Upper Egypt.
13. STAR's **development objective** is to improve the income and resilience of smallholder and landless families. This will be done through better marketing linkages, sustainable and climate change-adapted agricultural intensification; development of small rural businesses; and inclusive policies and strategies that build on the untapped potential of women and youth as resources for family resilience.
14. **Duration.** The programme duration is seven years.
15. **Outreach.** STAR will provide services to 240,000 poor rural households, of which 160,000 smallholder households will receive the full set of STAR services and 80,000 households will benefit from the STAR-supported rehabilitated water infrastructure.
16. **Geographic area of intervention.** STAR will be implemented in three governorates of Upper Egypt: Menya, Asyut and Sohag. Around 12 million people live in rural regions of these governorates. The poverty levels are: 66 per cent in Asyut; 66 per cent in Sohag and 57 per cent in Menya. STAR will follow an irrigation command area-based clustering approach, superimposing the branch canal mapping with high or medium incidence of poverty.
17. **Programmatic approach.** STAR will follow a programmatic approach. The current IFAD funding cycle will support phase 1 in two implementation stages: the calibration stage (years 1 to 4), focusing on programme preparation and on consolidating and showcasing the achievements of other development partners and IFAD projects; and the scaling-up stage (years 4 to 7), supporting the implementation of the full range of interventions across the programme area.
18. **Target groups.** The direct beneficiaries are classified into six target groups. These are: (i) very poor households who are landless or near landless (less than 0.5 feddan); (ii) poor subsistence households who practise subsistence agriculture (0.5–1 feddan); (iii) market-oriented smallholder households, who own 1–3 feddans and are considered borderline poor; (iv) better-off households who are lead farmers (3 feddans plus); (v) youth, comprising those currently engaged in rural activities and those unemployed (or seasonal workers at minimum wage) interested in exploring better opportunities; and (vi) women with limited opportunities for economic engagement.

B. Components, outcomes and activities

19. **Component 1: Strengthening rural institutions, enterprises and markets.** This component will increase the marketing of nutrient-dense produce and profitability of target households by strengthening their community institutions and microenterprises, linking these to domestic and export markets. **Subcomponent 1.1: Strengthening marketing institutions** will increase the profitability of the

target households by developing community institutions, facilitating business plan development and credit support to implement the business plans, brokering improved marketing linkages, facilitating smallholders' access to marketing infrastructure, promoting post-harvest technologies and supporting digital marketing technologies. **Subcomponent 1.2: Microenterprise development** will reduce the dependence of women and youth on their families and increase smallholder family resilience to income shocks by engaging them in income-generating and microenterprise activities. STAR will provide entrepreneurship and skills training, create youth enterprises, promote income-generating activities for women and raise nutrition awareness.

20. **Component 2: Improvement of smallholder productivity and resilience.** This component will improve smallholder crop producers' resilience to climate change, secure their access to water resources, and enhance the efficiency and sustainability of soil and water resources. It will also support the lowering of production costs, compliance with market standards and production of safe, pesticide residue-free food. **Subcomponent 2.1: Investments in irrigation infrastructure and management** will improve water management and supply in branch canals and on-farm irrigation efficiency in the command areas through improved irrigation water planning and management, strengthening of water users' associations and improved on-farm irrigation systems. Digital technologies in water management will be introduced. **Subcomponent 2.2: Improved crop farming practices** will facilitate smallholders' adoption of improved crop cultivation practices, achieved through the strengthening of public, private and digital extension services, participatory analysis of crop production challenges, capacity-building of farmers' groups, and improving access to machinery. It will also support the adoption of practices that build resilience against heatwaves and adoption of actions responding to early warning of reduced Nile water availability.
21. **Component 3: Programme management and policy engagement.** This component will focus on programme management (component 3.1, see section IV) and policy dialogue (component 3.2). Policy engagement will be pursued through evidence-based policy dialogue to strengthen the regulatory environment for community institutions, promote inclusive rural financial systems, foster interministerial collaboration on irrigation water management and identify digital solutions for agricultural and rural development.

C. Theory of change

22. The two key developmental challenges in the programme area are: (i) high poverty levels, limited economic opportunities for women and youth, moderate levels of malnutrition and lack of dietary diversity in smallholder farmer households; and (ii) threat of severe water scarcity and groundwater depletion.
23. STAR will address the underlying issues by building on opportunities that exist in Upper Egypt, such as increasing agribusiness interest in the region; successfully tested development concepts and techniques by development partner projects; and opportunities for digital solutions for extension, aggregation, market identification and price transparency. Component 1 will improve the income and resilience of smallholders by building an enabling environment through improved value addition and marketing linkages, strengthening community institutions, improving access to credit, providing post-harvest support, supporting women's economic engagement, increasing nutritional awareness and creating jobs for youth. Component 2 will secure access to water and promote efficient management of water resources, irrigation rehabilitation, supporting sustainable agricultural intensification and digital agriculture solutions to promote agricultural development. Interventions will be implemented in an integrated manner to increase produce-marketing and the poor smallholders' profits and encourage the development of resilient and healthy livelihoods.

D. Alignment, ownership, and partnerships

24. STAR is aligned with Sustainable Development Goals 1, 2, 5, 6 and 15. It is also aligned with the development strategies of the Government, IFAD11 commitments and IFAD's Strategic Framework 2016-2025.
25. **Synergies and partnerships.** STAR will partner with: (i) the World Food Programme (WFP) to sensitize community institutions, demonstrate climate-resilient microenterprises and establish revolving funds; (ii) the African Development Bank (AfDB) to rehabilitate irrigation infrastructure; (iii) the OPEC Fund for International Development (OFID) to support marketing infrastructure investments; (iv) the Adaptation Fund (AF) to undertake climate risk analysis; and (v) private financial institutions (PFIs) to design and deliver STAR-oriented financial products.

E. Costs, benefits and financing

26. As per the Multilateral Development Banks Methodologies for Tracking Climate Adaptation and Mitigation Finance, the total amount of IFAD climate finance for this programme is estimated at US\$16.57 million under component 2.

Costs

27. Total costs including physical and price contingencies are estimated at US\$269.64 million over a seven-year period, with component 1 representing 19.11 per cent of total programme costs, component 2 representing 78.57 per cent and component 3 representing 2.32 per cent.

Table 1
Programme costs by component and subcomponent and financier
(Thousands of United States dollars)

	IFAD loan		IFAD grant		Beneficiaries		Government		AfDB		OFID		WFP		AF		PFIs		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Strengthening rural institutions, enterprises and markets																				
1.1 Strengthening marketing institutions	5 508	34.5	1 276	8.0	-	-	2 483	15.6	-	-	5 742	36.0	661	4.1	282	1.8	-	-	15 953	5.9
1.2 Microenterprise development	16 671	46.9	-	-	689	1.9	520	1.5	2 508	7.1	-	-	9 213	25.9	527	1.5	5 440	15.3	35 568	13.2
Subtotal	22 178	43.0	1 276	2.5	689	1.3	3 004	5.8	2 508	4.9	5 742	11.1	9 874	19.2	809	1.6	5 440	10.6	51 521	19.1
2. Improvement of smallholder productivity and resilience																				
2.1 Investments in irrigation infrastructure and management	9 662	6.8	30	-	8 353	5.9	1 759	1.2	84 529	59.6	14 258	10.0	-	-	-	-	23 331	16.4	141 922	52.6
2.2 Improved crop farming practices	27 885	39.9	-	-	3 722	5.3	8 459	12.1	3 004	4.3	-	-	-	-	1 543	2.2	25 326	36.2	69 938	25.9
Subtotal	37 546	17.7	30	-	12 075	5.7	10 218	4.8	87 532	41.3	14 258	6.7	-	-	1 543	0.7	48 658	23.0	211 860	78.5
3. Programme management and policy engagement																				
3.1 Programme management unit	2 577	49.8	-	-	-	-	2 084	40.2	-	-	-	-	-	-	519	10.0	-	-	5 181	1.9
3.2 Policy engagement	928	86.0	-	-	-	-	151	14.0	-	-	-	-	-	-	-	-	-	-	1 079	0.4
Subtotal	3 505	56.0	-	-	-	-	2 236	35.7	-	-	-	-	-	-	519	8.3	-	-	6 260	2.3
Total costs	63 230	23.4	1 306	0.5	12 764	4.7	15 457	5.7	90 041	33.4	20 000	7.4	9 874	3.7	2 871	1.1	54 097	20.1	269 641	100.0

Table 2
Programme costs by expenditure category and financier
(Thousands of United States dollars)

	IFAD loan		IFAD grant		Beneficiaries		Government		AfDB		OFID		WFP		AF		PFIs		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
I. Investment costs																				
A. Technical assistance and consultancies	7 474	32.1	350	1.5	-	-	1 620	7.0	13 404	57.6	-	-	37	0.2	383	1.6	-	-	23 267	8.6
B. Goods, services and inputs	23 787	33.6	417	0.6	3 722	5.3	9 793	13.8	3 004	4.2	-	-	3 287	4.6	1 442	2.0	25 326	35.8	70 777	26.2
C. Trainings, workshops and meetings	5 144	69.1	539	7.2	-	-	1 116	15.0	-	-	-	-	641	8.6	-	-	-	-	7 439	2.8
D. Civil works	7 100	5.5	-	-	8 353	6.5	633	0.5	71 125	55.5	17 589	13.7	-	-	-	-	23 331	18.2	128 131	47.5
E. Grants and subsidies	17 316	49.8	-	-	689	2.0	-	-	2 508	7.2	2 411	6.9	5 910	17.0	527	1.5	5 440	15.6	34 801	12.9
Total Investment costs	60 820	23.0	1 306	0.5	12 764	4.8	13 161	5.0	90 041	34.1	20 000	7.6	9 874	3.7	2 352	0.9	54 097	20.5	264 416	98.1
II. Recurrent costs																				
A. Salaries and allowances	2 405	70.0	-	-	-	-	731	21.3	-	-	-	-	-	-	300	8.7	-	-	3 436	1.3
B. Operating costs	5	0.3	-	-	-	-	1 565	87.5	-	-	-	-	-	-	219	12.3	-	-	1 789	0.7
Total recurrent costs	2 410	46.1	-	-	-	-	2 295	43.9	-	-	-	-	-	-	519	9.9	-	-	5 225	1.9
Total costs	63 230	23.4	1 306	0.5	12 764	4.7	15 457	5.7	90 041	33.4	20 000	7.4	9 874	3.7	2 871	1.1	54 097	20.1	269 641	100.0

Table 3
Programme costs by component and programme year (PY)
 (Thousands of United States dollars)

	PY1		PY2		PY3		PY4		PY5		PY6		PY7		Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
1.Strengthening rural institutions, enterprises and markets															
1.1 Strengthening marketing institutions	1 969	12	3 176	20	4 731	30	4 115	26	1 826	11	137	1	-	-	15 953
1.2 Microenterprise development	1 208	3	7 354	21	7 855	22	6 924	19	6 288	18	3 167	9	2 772	8	35 568
Subtotal	3 177	6	10 530	20	12 586	24	11 038	22	8 113	16	3 304	6	2 772	6	51 521
2. Improvement of smallholder productivity and resilience															
2.1 Investments in irrigation infrastructure and management	764	1	4 817	3	50 543	36	54 081	38	25 836	18	5 881	4	-	-	141 922
2.2 Improved crop farming practices	1 872	3	3 733	5	7 905	11	19 357	28	18 588	27	13 468	19	5 016	7	69 938
Subtotal	2 636	1	8 549	4	58 447	28	73 438	35	44 424	21	19 350	9	5 016	2	211 860
3. Programme management and policy engagement															
3.1 Programme management unit	1 572	30	748	15	660	13	630	12	631	12	631	12	309	6	5 181
3.2 Policy engagement	176	16	119	11	139	13	123	11	125	12	146	14	251	23	1 079
Subtotal	1 748	28	866	14	799	13	753	12	756	12	777	12	560	9	6 260
Total costs	7 561	3	19 945	7	71 833	27	85 229	31	53 293	20	23 430	9	8 348	3	269 641

Financing and cofinancing strategy and plan

28. The total programme cost is estimated at US\$269.64 million, of which US\$64.53 million (23.90 per cent of the total cost) will be financed by IFAD through a loan and a grant. The Government will contribute US\$15.46 million (5.70 per cent) mainly as salaries of programme staff and taxes. The AfDB will contribute US\$90.04 million (33.40 per cent), OFID US\$20.00 million (7.40 per cent) and WFP US\$9.88 million (3.70 per cent); the AF may provide cofinancing of US\$2.87 million (1.10 per cent). PFIs will contribute US\$54.10 million (20.10 per cent). Beneficiaries' contribution will amount to US\$12.76 million (4.70 per cent). In the case of a financing gap, the programme will be re-dimensioned geographically to ensure that the full package of activities is not compromised.

Disbursement

29. Funds will be disbursed through: (i) the NPCU, whereby funds managed by IFAD (IFAD loan and grant, AF and OFID) will be transferred either to respective designated accounts for each financier or to a Ministry of Finance Treasury Single Account on a ring-fenced basis using unique codes for each source of finance; and (ii) credit wholesalers: in the event that credit wholesalers involved in current IFAD-funded projects are selected as rural finance partners after programme start-up, IFAD will channel funds to their designated accounts opened at bank(s) suitable to the borrower/recipient, directly or through the NPCU.

Summary of benefits and economic analysis

30. Benefits to the target group will accrue from: (i) increased water availability for productive use; (ii) diversification of productive activities and sources of income; (iii) increased food availability for rural poor people; (iv) increased value added of agricultural outputs; (v) enhanced processing efficiency through innovative technology and improved infrastructure; (vi) improved quality of processed products; (vii) increased employment; and (viii) increased tax revenues as a result of increased volume of taxable production.
31. The programme will be a technically and economically viable investment to the economy as a whole. The economic net present value of the net benefit stream, discounted at 10 per cent, is 941 million Egyptian pounds (US\$57

million) producing an economic internal rate of return of 18 per cent for the base case scenario and resulting in a payback period of 10 years.

Exit strategy and sustainability

32. STAR's exit strategy and sustainability are built on developing partner capacity and its cooperation with relevant ministries, leveraging the STAR credit funds to crowd in additional finance, strengthening community-level institutions and human capacities, developing a network of service providers and widely disseminating the success stories and their implementation mechanisms using digital technologies.

III. Risks

A. Risks and mitigation measures

33. The key risks are: (i) weak rural institutional and business capacities of smallholder communities, which will be addressed through technical and business capacity-building inputs; (ii) low capacity of government staff implementing previous IFAD projects, which will be addressed through the establishment of a centralized NPCU with dedicated technical staff hired from the open market; (iii) absence of synergies between components in previous projects, which will be addressed by focusing implementation within programme clusters and developing village implementation plans that integrate activities from all components and harmonize actions; and (iv) extreme weather events, which will be mitigated by using digital early warning systems and through the introduction of early maturing varieties.

Table 4
Risks and mitigation measures

<i>Risks</i>	<i>Risk rating</i>	<i>Mitigation measures</i>
Political/governance	Low	Political stability for the past five years.
Macroeconomic	Medium	Moody's last review for Egypt highlighted the high debt burden, low debt affordability and significant annual financing needs.
Sector strategies and policies	Medium	Policy dialogue to inform policy/decision makers in addressing some of the sector-related policy gaps. Contributions from IFAD and the Food and Agriculture Organization of the United Nations towards the revision of the Agriculture Development Strategy in 2020.
Institutional capacity	Medium	Stronger coordination between institutions and stakeholders through innovation platforms to establish a basis for continuous dialogue.
Portfolio	Medium	Village implementation plans developed jointly by the implementation partners with technical assistance. IFAD and the Government have experience with similar projects/programmes. STAR will be implemented in a relatively smaller area (three contiguous governorates). Cooperating financial institutions (CFIs) will be selected by the credit wholesaler from a shortlist already prepared by STAR based on assessment of the suitability of the CFIs in the programme area.
Fiduciary		
Financial management	High	Specific anticorruption, good governance measures and audit arrangements incorporated into programme design. Strong linkages between financial and monitoring and evaluation (M&E) reports can play an important mitigating role.
Procurement	Medium	A dedicated procurement team and technical support provided by IFAD to overcome any bottlenecks and accelerate procurement processes.
Environment and climate	Medium	Mitigation measures in place in the Social, Environmental and Climate Assessment Procedures review note.
Overall	Medium	

B. Environment and social category

34. The main environmental challenges in Upper Egypt are uncertain water availability, varying water quality, and soil salinity in some areas. The main social issues are the exclusion of women from economic and income-generating activities;

increasing poverty; moderate malnutrition; and youth unemployment. The rehabilitation of branch canals and on-farm irrigation systems will ensure sufficient water availability and efficient water use. Marketing interventions will have youth- and gender-sensitive approaches. STAR will address an adaptation gap and will prevent irreversible or unprecedented social or environmental adverse impacts. STAR is classified as **a moderate risk programme: category B**.

C. Climate risk classification

35. Egypt is vulnerable to climate change impacts due to increasing temperature, sea level rise, variability in the Nile flow and higher frequency of extreme events, in particular, heatwaves. These changes have negative impacts on agricultural productivity, crop water supply, water use and scarcity in the programme area. STAR's interventions will contribute to increasing the adaptive capacity of smallholder farmers and their families through improved water-efficient irrigation systems, economic diversification and digitalized early warning systems. The programme's climate risk classification is moderate.

D. Debt sustainability

36. The International Monetary Fund's recent Debt Sustainability Analysis indicates that Egypt's debt is sustainable but subject to significant risks. Under the baseline scenario, debt is projected to decline to about 71 per cent of GDP by 2023/2024. The main risks are a sustained increase in interest rates due to a further tightening of global financial conditions, weaker growth and less ambitious fiscal consolidation. Contingent liabilities arising from state-owned enterprises and government guarantees present additional risks. Sustained fiscal consolidation in combination with structural reforms to boost growth is needed to put Egypt's debt on a steady declining path.

IV. Implementation

A. Organizational framework

Programme management and coordination

37. The lead programme agency will be the Ministry of Agriculture and Land Reclamation. A national programme steering committee will be set up, and a governorate steering committee will be formed in each STAR governorate. An NPCU, with staff competitively recruited, will be established in Cairo to serve as the unified coordination unit for managing all IFAD programmes/projects in Egypt, including STAR. A governorate programme coordination unit (GPCU) will be established in each of the three governorates.

Financial management, procurement and governance

38. The financial management team will consist of an NPCU finance manager, a finance coordinator, an accountant and an accounts assistant. The NPCU will procure an accounting software system to generate reliable financial reports automatically.
39. The annual external audit will be carried out by a private audit firm, in accordance with the International Standards on Auditing. The terms of reference for the audit firm will be prepared by the NPCU annually in accordance with the IFAD Handbook for Financial Reporting and Auditing of IFAD-financed Projects.

B. Planning, monitoring and evaluation, learning, knowledge management and communications

40. **Planning.** The main planning tool for STAR will be the annual workplan and budget (AWP/B), prepared using a participatory approach within the clusters. The NPCU will submit the AWP/B to the programme steering committee for review and approval. The committee will ensure the inclusion of STAR under the national budget. The draft AWP/B will be sent to IFAD for review and no-objection 60 days before the start of each implementation year.

41. **Monitoring and evaluation.** The M&E unit at the NPCU will be responsible for implementing the M&E system through a results-based approach. The Operational Results Management System will be incorporated within the M&E system and with the annual outcome survey. M&E activities will comprise the finalization of the programme implementation manual, baseline survey, production of progress reports, midterm review and programme completion survey. Geo-referencing will be applied.
42. **Learning, knowledge management (KM) and communication.** Building on lessons learned, STAR will ensure that: (i) programme launch is effective for visibility; (ii) KM indicators are included in the M&E system; (iii) solid information management systems (e.g. electronic archives) are set up; (iv) KM-related roles and responsibilities are clear in the NPCU and GPCUs; and (v) internal programme learning and cross-project exchanges are facilitated. A KM and communication strategy will be developed and integrated into STAR management.

Innovation and scaling up

43. STAR will introduce **process innovations** such as the establishment of the NPCU and GPCUs for harmonized implementation of the programme components, using CFIs to finance on-farm irrigation activities; and **technical innovations** such as a digital market platform, visual agricultural marketing, online produce ordering, rural e-commerce, digital finance, digital water metres, digital pump starters and digital extension to increase target groups' opportunities and incomes.
44. **Partnership innovations** will include coordination with other ministries – such as the Ministry of Water Resources and Irrigation, and the Ministry of Supply and Internal Trade – and cofinancing with other development partners and specific STAR programme support to build the capacity of young officers at the Ministry of Agriculture and Land Reclamation.

C. Implementation plans

45. An NPCU and GPCUs will be established to, among other things, oversee the selection of the command areas-based village clusters and orient relevant ministries towards the command area-based clustering approach. The first set of branch canals to be rehabilitated will be selected in coordination with AfDB. The credit wholesalers will be familiarized with the partnership modalities and process for selecting PFIs.

Supervision, midterm review and completion plans

46. Supervision will be carried out directly by IFAD. The midterm review will be carried out at the end of year 4. The lead programme agency, the Ministry of Agriculture and Land Reclamation, will organize the programme completion review and submit it to the Fund after the programme completion date but no later than the financing closing date.

V. Legal instruments and authority

47. A financing agreement between the Arab Republic of Egypt and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement is attached as appendix I.
48. The Arab Republic of Egypt is empowered under its laws to receive financing from IFAD.
49. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. 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 of fifty seven million four hundred and forty thousand euros (EUR 57 440 000) 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 a grant to the Arab Republic of Egypt in an amount of one hundred eighty thousand euros (EUR 1 180 000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. Hougbo
President

Negotiated financing agreement: "Sustainable Transformation for Agricultural Resilience in Upper Egypt"

(Negotiations concluded on 5 December 2019)

Loan No: _____

Grant No: _____

Programme name: Sustainable Transformation for Agricultural Resilience in Upper Egypt ("STAR" or "the Programme")

The Arab Republic of Egypt (the "Borrower/Recipient")

and

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

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

WHEREAS the Borrower/Recipient has requested a loan and a grant from the Fund for the purpose of financing the Programme described in Schedule 1 to this Agreement;

WHEREAS, the Borrower/Recipient is expected to receive contributions from co-financiers to finance the Programme;

WHEREAS, the Borrower/Recipient has undertaken to provide fifteen million five hundred thousand United States dollars (USD 15 500 000) equivalent in Egyptian Pound to the Programme;

WHEREAS, the Fund has agreed to provide financing for the Programme;

NOW THEREFORE, the Parties hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Programme Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2018, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.

3. The Fund shall provide a loan (the "Loan") and a grant (the "Grant") (collectively the "Financing") to the Borrower/Recipient, which the Borrower/Recipient shall use to implement the Programme in accordance with the terms and conditions of this Agreement.

Section B

1. A. The amount of the Loan is fifty seven million four hundred forty thousand Euros (EUR 57 440 000).
B. The amount of the Grant is one million one hundred eighty thousand Euros (EUR 1 180 000).
2. The Loan is granted on ordinary terms and shall be subject to interest on the principal amount outstanding of the Loan rate equal to the IFAD Reference Interest Rate including a fixed spread, payable semi-annually in the Loan Service Payment Currency, and have a maturity period of 18 years, including a grace period of 5 years, starting from the date as of which the Fund has determined that all general conditions precedent to withdrawal have been fulfilled.
3. The Loan Service Payment Currency shall be in EUR.
4. The first day of the applicable Fiscal Year shall be 1 July.
5. Payments of principal and interest shall be payable on each 15 March and 15 September.
6. The arrangements for the Designated Accounts denominated in EUR opened by the Borrower/Recipient through which the proceeds of the IFAD Loan and Grant shall be channelled as well as the operational bank accounts for the purposes of the Programme shall be detailed in the Letter to the Borrower/Recipient.
7. The Borrower/Recipient shall provide cash and in-kind counterpart financing for the Programme in the amount of fifteen million five hundred thousand United States dollars (USD 15 500 000) equivalent in Egyptian Pound for the financing of the Programme.

Section C

1. The Lead Programme Agency shall be the Ministry of Agriculture and Land Reclamation ("MALR").
2. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Programme.
3. The Programme Completion Date shall be the seventh anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be 6 months later, or such other date as the Fund may designate by notice to the Borrower/Recipient.
4. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower/Recipient's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines, as these may be amended from time to time.

Section D

1. The Financing will be administered by the Fund and the IFAD-financed Programme activities supervised by the Fund.

Section E

1. The following is designated as additional ground for suspension of this Agreement:
 - (a) The Programme Implementation Manual (PIM) and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower/Recipient, has determined that it has had, or is likely to have, a material adverse effect on the Programme.
2. The following are designated as additional general conditions precedent to withdrawal:
 - (a) the IFAD no objection to the PIM shall have been obtained;
 - (b) the National Programme Coordination Unit shall have been established, under conditions satisfactory to the Fund;
 - (c) key Programme staff including the National Programme Manager, STAR Programme Technical Specialist, Finance Manager, Monitoring and Evaluation Coordinator, Knowledge Management & ICT Specialist and Procurement Manager shall have been duly recruited;
 - (d) An agreement, satisfactory to the Fund, shall have been entered into by and between the Lead Programme Agency and the Ministry of Water Resources and Irrigation to define the principles of engagement, flow of funds and reporting requirements.
3. The following is designated as additional specific condition precedent to withdrawal:
 - (a) Feasibility studies including the necessary environmental and social impact assessment surveys, satisfactory to the Fund on the Programme activities concerning infrastructure-related works to be financed by the Fund under component 2, shall have been completed prior to requesting any withdrawal for the implementation of such works.
4. This Agreement is subject to ratification by the Borrower/Recipient.
5. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower/Recipient:

Minister of Investment and
International Cooperation
Ministry of Investment and
International Cooperation

For the Fund:

The President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

This Agreement, [dated _____], has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower/Recipient and shall enter into force on the date the Fund receives the instrument of ratification.

ARAB REPUBLIC OF EGYPT

Minister of Investment and
International Cooperation

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Gilbert F. Hougbo
President

Date: _____

Schedule 1

Programme Description and Implementation Arrangements

I. Programme Description

1. *Target Groups.* The STAR direct beneficiaries shall be classified into six target groups: (i) very poor households who are landless or near landless; (ii) poor subsistence households who practice subsistence agriculture; (iii) market-oriented smallholder households, who own 1-3 feddans and are considered borderline poor; (iv) better-off households who are lead farmers; (v) youth, comprising those currently engaged in rural activities and those unemployed; and (vi) women with limited opportunities for economic engagement. It is expected that approximately 160 000 households will directly benefit from STAR interventions.

2. *Programme Area.* The Programme shall be implemented in the rural areas of the three governorates of Menya, Asyut and Sohag, in the Upper Egypt (the "Programme Area").

3. *Goal.* The goal of the Programme is to contribute to improved living standards of the Target Groups in the Programme Area. The Programme will support the target households in developing resilience to future water scarcity and climate risks by increasingly adopting efficient production and irrigation technologies, improving the quality and productivity of their produce, enhancing their profitability through better market linkages and diversifying their income through a range of microenterprises.

4. *Development objective.* The development objective of the Programme is to improve the income and resilience of smallholder and landless families. This will be done through better marketing linkages, sustainable and climate change adapted agricultural intensification, development of small rural businesses and inclusive policies and strategies, building on women and youth potentials as untapped resources for family resilience.

5. *Components.* The Programme shall consist of the following Components:

5.1 *Component 1: Strengthening rural institutions, enterprises and markets.* This component shall increase the marketing of healthy and nutritious produce and the profitability of the target households by strengthening their community institutions (CIs) and microenterprises, and linking these institutions to domestic and export markets. This component will consist of:

- (i) *Sub-component 1.1: Strengthening marketing institutions and partnerships.* This sub-component will increase the profitability of the target households by strengthening CIs, facilitating business plans (BPs) development and credit support for BPs implementation, brokering improved marketing linkages, facilitating access to marketing infrastructure, promoting post-harvest technologies and supporting digital market technologies. STAR will promote knowledge exchange visits and events for institutional strengthening.
- (ii) *Sub-component 1.2: Microenterprise development.* This sub-component will reduce women and youth dependence on their families and increase smallholder family resilience to income shocks by engaging them in income generation and microenterprise activities. STAR will provide entrepreneurship and skills training, create youth enterprises and promote women income-generation activities and nutrition awareness, in addition to professional certification in quality and food safety standards.

5.2 *Component 2: Improvement of smallholders' productivity and resilience.* This component will improve smallholder crop producers' resilience to climate change, secure their access to water resources and enhance the efficiency and sustainability of soil and water

resources. It will also support the lowering of production costs, compliance with market standards and production of safe, pesticide residue-free food. This component will consist of:

- (i) *Sub-component 2.1: Investments in irrigation infrastructure and management.* This sub-component will improve climate-adaptive water management and supply in branch canals and on-farm irrigation efficiency in the command areas through improved irrigation water planning and management, strengthening of water users associations and improved on-farm irrigation systems. Digital technologies in water management resources will be introduced.
- (ii) *Sub-component 2.2: Improved crop farming practices.* This sub-component will facilitate smallholders' adoption of improved crop cultivation practices, achieved through the strengthening of public, private and digital extension services, participatory analysis of crop production challenges, capacity building of farmer groups, and improving access to machinery. It will also support the adoption of practices that builds resilience to climate change especially against heatwaves and the adoption of actions responding to early warning of reduced Nile water availability.

5.3 *Component 3: Programme management and policy engagement.* This component will consist of:

- (i) *Sub-component 3.1: Programme management.* This sub-component will support the setting up of Programme management, including monitoring and evaluation and knowledge management.
- (ii) *Sub-component 3.2: Policy engagement.* Policy engagement will be pursued through evidence-based policy dialogue to strengthen the regulatory environment for CIs, promote inclusive rural financial systems, foster inter-Ministerial collaboration on irrigation water management and provide digital solutions for agricultural and rural development.

5.4 The Financing provided by IFAD will be used to support all three Programme components.

II. Implementation Arrangements

6. *Lead Programme Agency.* The Lead Programme Agency shall be the Ministry of Agriculture and Land Reclamation ("MALR") and shall have overall responsibility for the execution of the Programme. MALR shall closely cooperate with the concerned Line Ministries.

7. *Programme Steering Committee (PSC).*

7.1 *Establishment and composition.* An inter-ministerial PSC shall be set up at the national level, composed of representatives as listed in the PIM. The Chair of the PSC shall be designated by the Minister of MALR.

7.2 *Responsibilities.* The PSC shall provide strategic guidance on Programme implementation activities and in all matters of Programme policy. The PSC shall, among other things, be responsible for: ensuring that the Programme activities are in line with the Government's policies; approving the consolidated STAR AWPBs; overseeing and monitoring the systematic implementation of the Programme and recommend changes where necessary in coordination with the Fund.

8. *Governorate Steering Committees (GSCs).*

8.1 *Establishment.* A Governorate Steering Committee (GSC) shall be established in each of the three governorates of the Programme, composed of representatives as listed in the PIM. The Head of the MALR in the Governorate shall chair the GSC.

8.2 *Responsibilities.* Each GSC shall, among other things, oversee planning, review progress and remove bottlenecks affecting smooth implementation.

9. *National Programme Coordination Unit (NPCU).*

9.1 *Establishment and composition.* A NPCU, headed by a National Programme Manager, shall be established at the national level in Cairo at the MALR. All NPCU staff shall be competitively selected in accordance with the PIM.

9.2 *Responsibilities.* The NPCU shall serve as the unified coordination unit for managing all IFAD projects in Egypt, including STAR. As a centralized apex unit, the NPCU will have the mandate to manage the flow of funds from IFAD and all co-financiers. The NPCU shall assume responsibility for the overall implementation of the Programme on the ground and shall, among other things, be responsible for consolidating the AWPBs and the progress reports prepared by the GSCs, and for submitting them to the PSC and to the Fund.

10. *Governorate Programme Coordination Units (GPCUs).*

10.1 *Establishment and composition.* Three GPCUs shall be established, one in each Programme governorate, as separate offices within the Directorate of MALR and will be headed by a Governorate Programme Coordinator from the MALR Directorate.

10.2 *Responsibilities.* The GPCUs shall be dedicated only to the implementation of STAR. GPCUs shall carry out the Programme implementation at the village level with the support of partner entities.

11. *Monitoring and Evaluation.* The results-based approach will be adopted through the M&E system. This will be through accounting for progress against AWPB targets; and periodic assessments of movement towards achievement of beneficiary impact. The key responsibilities for Monitoring and Evaluation (M&E) shall rely on the M&E unit at the NPCU, while all other implementation agencies at governorate, district and cluster level will play important roles in collecting and analysing data to assess outcomes and impact of programme activities. The Operational and Results Management System (ORMS) will be incorporated within the M&E system.

12. *Knowledge Management.* A knowledge management and communication strategy will be developed and integrated into STAR management. The strategy will include which thematic areas of learning (e.g. economic development cluster approach, multi-stakeholders platforms, access to markets, credit guarantee schemes, etc.) and outline how the knowledge generated will be disseminated through appropriate channels. The NPCU shall coordinate the overall implementation of the strategy.

13. *Programme Implementation Manual.* MALR shall finalise the PIM and forward it to the Fund for no objection. MALR shall adopt the PIM, substantially in the form approved by the Fund, and MALR shall promptly provide copies thereof to the Fund. The Borrower/Recipient shall carry out the Programme in accordance with the PIM and shall not amend, abrogate, waive or permit to be amended, abrogated or waived, the aforementioned manual, or any provision thereof, without the prior written 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 and the Grant and the allocation of the amounts of the Loan and the Grant to each Category. The percentages of expenditures for items to be financed in each Category is detailed in b below:

Category	Loan Amount Allocated (expressed in EUR)	Grant Amount Allocated (expressed in EUR)
I. Works	5 806 000	-
II. Goods and Services	20 310 000	340 000
III. Consultancies, and Workshops and Training	10 315 000	722 000
IV. Credit facility	13 295 000	-
V. Operating Costs	1 970 000	-
Unallocated	5 744 000	118 000
TOTAL	57 440 000	1 180 000

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

Category I "Works" to be financed 100% from IFAD loan net of taxes, counterpart and co-financiers contributions.

Category II "Goods and services" to be financed 100% net of tax and duties from IFAD loan and grant net of taxes, counterpart, co-financiers and beneficiaries contributions.

Category III "Consultancies and Workshop and Training" includes: (i) Technical assistance and (ii) Training and Workshops to be financed 100% net of tax and duties, counterpart and co-financiers contributions.

Category IV "Credit Facility" to be financed 100% from IFAD loan net of beneficiaries and co-financiers contributions.

Category V "Operating Costs" to be financed 100% from IFAD loan net of taxes, counterpart and co-financiers contributions.

Schedule 3

Special Covenants

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower/Recipient to request withdrawals from the Loan/Grant Account if the Borrower/Recipient has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Programme:

1. Within 6 months of entry into force of the Financing Agreement, the Borrower/Recipient through the Lead Programme Agency will procure and install a customized accounting software as it is the practice in IFAD on-going supported projects, to satisfy International Accounting Standards and IFAD's requirements.
2. Within six (6) months of entry into force of the Financing Agreement, the Borrower/Recipient through the Lead Programme Agency will enter into Memoranda of Understanding (MoU), as may be required, with key implementing partners, satisfactory to the Fund, that will structure the collaboration, define roles, responsibilities and duties with regards to implementation, financial management, accounting and reporting.
3. *Planning, Monitoring and Evaluation.* The Borrower/Recipient through the Lead Programme Agency shall ensure that (i) a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement.
4. *Land tenure security.* The Borrower/Recipient through the Lead Programme Agency shall ensure that the land acquisition process has already been completed and that compensation processes were consistent with international best practice and free prior and informed consent principles.
5. *Compliance with the Social Environmental and Climate Assessment Procedures (SECAP).* The Borrower/Recipient through the Lead Programme Agency shall ensure that the IFAD financed Programme activities will be implemented in compliance with IFAD SECAP, as may be amended from time to time. The Borrower/Recipient shall follow the Programme's Environmental and Social Management Plan and its monitoring framework.
6. *Environment and Social Safeguards.* The Borrower/Recipient through the Lead Programme Agency shall ensure that: (a) all IFAD-financed Programme activities are implemented in strict conformity with the Borrower/Recipient's relevant laws/regulations; (b) all IFAD-financed Programme activities give special consideration to the participation and practices of ethnic minority population in compliance with IFAD's *Policy on Indigenous Peoples*, as appropriate; (c) proposals for civil works include confirmation that no involuntary land acquisition or resettlement is required under the Programme. In the event of unforeseen land acquisition or involuntary resettlement under the Programme, the Borrower/Recipient shall immediately inform the Fund and prepare the necessary planning documents; (d) women and men shall be paid equal remuneration for work of equal value under the Programme; (e) recourse to child labour is not made under the Programme; (f) the measures included in the Gender Action Plan prepared for the Programme are undertaken, and the resources needed for their implementation are made available, in a timely manner; and (g) all necessary and appropriate measures to implement the Gender Action Plan to ensure that women can participate and benefit equitably under the Programme are duly taken.

7. *Anticorruption Measures.* The Borrower/Recipient, the Lead Programme Agency shall comply with *IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations*, as may be amended from time to time.
8. *Sexual Harassment, Sexual Exploitation and Abuse.* The Borrower/Recipient, the Lead Programme Agency and the implementing partners shall ensure that the IFAD-funded Programme activities are carried out in accordance with the provisions of the *IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse*, as may be amended from time to time.

Logical framework

Results Hierarchy	Indicators				Means of Verification		
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility
Outreach	1.b Estimated corresponding total number of households members				Programme Reports	Annual	NPCU M&E unit and GPCU M&E focal points
	Household members - Number	0	400000	800000			
	1.a Corresponding number of households reached				Programme Reports	Annual	NPCU M&E unit and GPCU M&E focal points
	Households - Number	0	80000	160000			
	1 Persons receiving services promoted or supported by the project						
	Females - Number	0	72000	144000			
	Males - Number	0	88000	176000			
	Young - Number	0	65600	131200			
Not Young - Number	0	94400	188800				
Total number	0	160000	320000				
Project Goal Contribute to improved living standards of smallholder farmers and poor and vulnerable women and youth in the rural areas in upper Egypt	Percentage reduction in the number of rural households living below the poverty line in the Programme supported Governorates				CAPMAS/ Baseline and completion surveys	Baseline, MTR and completion	NPCU M&E unit
	Reduction % of HH living below poverty line	0	10	20			
Development Objective Improve the income and resilience of smallholder and landless families through better marketing linkages, sustainable and climate change adapted agricultural intensification, small rural businesses and inclusive policies	New jobs created				Baseline and completion surveys	Baseline, MTR and Completion	NPCU M&E unit
	New jobs - Number	0	4000	12555			
	Percentage increase in Pro-WEAL score over baseline				Baseline MTR and completion surveys	MTR and completion	NPCU M&E officer
	Increase - Percentage (%)	0	10	20			
	Percentage increase in average HH income as a result of services provided by the programme				Baseline and completion surveys	Baseline, MTR and completion	NPCU M&E unit
Increase in average HH incomes - Percentage (%)	0	30	50				
Outcome Outcome 1. Increased marketing of produce and profits to smallholder farmers	Rural producers' organizations reporting an increase in sales				Baseline, MTR and Completion survey/ Annual outcome surveys	MTR and completion	NPCU M&E unit
	Percentage of rural POs	0	20	50			
	Women reporting improved quality of their diets				Annual outcome surveys	Annually	NPCU M&E unit
Percentage - Percentage (%)	0	10	30				
Output Output 1.1 Marketing institutions strengthened	Rural producers' organizations supported				M&E Data Component reports	Quarterly	GPCU M&E focal points
	Rural POs supported - Number	0	580	1160			
	Supported rural producers that are members of a rural producers' org.				M&E Data Component reports	Quarterly	GPCU M&E focal points
	Males - Number	0	46500	93000			
	Females - Number	0	28500	57000			
	Young - Number	0	30750	61500			
	Not Young - Number	0	44250	88500			
	Households provided with targeted support to improve their nutrition				M&E Data / Component reports	Semi-annually	M&E officer /Component officer
	Males - Number	0	46500	93000			
	Females - Number	0	28500	57000			
Young - Number	0	30750	61500				
Not Young - Number	0	44250	88500				
Output Output 1.2 Microenterprises developed	Rural enterprises accessing business development services				M&E Data Component reports	Quarterly	GPCU M&E focal points
	Rural enterprises - Number		800	1650			
	Persons trained in income-generating activities or business management				40,000 M&E Data and Training reports	Quarterly	GPCU M&E focal points
	Females - Number	0	15000	30000			
	Males - Number	0	5000	10000			
	Young - Number	0	10000	20000			
	Not Young - Number	0	10000	20000			

Results Hierarchy	Indicators				Means of Verification		
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility
	Persons trained in IGAs or BM (total) - Number	0	20000	40000			
	Number of persons reporting improved knowledge, attitudes and practices on nutrition				M&E Data and Training reports	Quarterly	GPCU M&E focal points
	Males - Number	0	10000	25000			
	Females - Number	0	30000	50000			
	Young - Number	0	20000	40000			
	Total number of people	0	40000	75000			
Outcome Outcome 2 Improved resilience of smallholder crop producers	Households reporting an increase in production				Baseline, mid-term and Completion Survey/Annual outcome survey	MTR and completion	NPCU M&E unit
	Households - Percentage (%)	0	30	60			
	Households reporting reduced water shortage vis-à-vis production needs						
Output Output 2.1 Improved irrigation infrastructure and management	Farmland under water-related infrastructure constructed/rehabilitated				M&E Data Component reports	Annually	GPCU M&E focal points
	Hectares of land - Area (ha)	0	6000	12600			
	Groups supported to sustainably manage natural resources and climate-related risks				M&E Data Component reports	Annually	GPCU M&E focal points
Groups supported - Number	0	190	320				
Output Output 2.2 Improved crop farming practices	Persons trained in production practices and/or technologies				M&E Data and Training reports	Quarterly	GPCU M&E focal points
	Men trained in crop	0	15500	31000			
	Women trained in crop	0	9500	19000			
	Young people trained in crop	0	10250	20500			
	Not young people trained in crop	0	14750	29500			
	Rural producers accessing production inputs and/or technological packages				M&E Data Component reports	Annually	GPCU M&E focal points
	Females - Number	0	9500	19000			
	Males - Number	0	15500	31000			
	Young - Number	0	10250	20500			
	Not Young - Number	0	14750	29500			
Total rural producers	0	25000	50000				
Output Output 3.1 Engagement in Policy dialogue and knowledge management	Policy 1 Policy-relevant knowledge products completed				Knowledge products	Annually	NPCU KM and ICT specialist
	Number - Number	0	2	5			