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**E**



## **President's report**

## **Proposed loan and grant**

## **Arab Republic of Egypt**

## **Sustainable Transformation for Agricultural Resilience in Upper Egypt**

Project ID: 2000002202

### **Note to Executive Board representatives**

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Executive Board — 128<sup>th</sup> Session  
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**For: Approval**

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### Programme delivery team

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|                                     |                      |
|-------------------------------------|----------------------|
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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

|                                            |                                                                                                                                                                                  |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Initiating institution:</b>             | IFAD                                                                                                                                                                             |
| <b>Borrower/recipient:</b>                 | Arab Republic of Egypt                                                                                                                                                           |
| <b>Executing agency:</b>                   | Ministry of Agriculture and Land Reclamation                                                                                                                                     |
| <b>Total programme cost:</b>               | US\$269.64 million                                                                                                                                                               |
| <b>Amount of IFAD loan:</b>                | US\$63.23 million                                                                                                                                                                |
| <b>Terms of IFAD loan:</b>                 | Ordinary<br>18 years, including a grace period of 3 years, with an interest rate equal to the IFAD reference interest rate including fixed spread                                |
| <b>Amount of IFAD grant:</b>               | US\$1.30 million                                                                                                                                                                 |
| <b>Cofinanciers:</b>                       | African Development Bank (AfDB)<br>OPEC Fund for International Development (OFID)<br>World Food Programme (WFP)<br>Adaptation Fund (AF)<br>Private financial institutions (PFIs) |
| <b>Amount of cofinancing:</b>              | AfDB: US\$90.04 million<br>OFID: US\$20.00 million<br>WFP: US\$9.88 million<br>AF: US\$2.87 million<br>PFIs: US\$54.10 million                                                   |
| <b>Terms of cofinancing:</b>               | Loans and grants                                                                                                                                                                 |
| <b>Contribution of borrower/recipient:</b> | US\$15.46 million                                                                                                                                                                |
| <b>Contribution of beneficiaries:</b>      | US\$12.76 million                                                                                                                                                                |
| <b>Amount of IFAD climate finance:</b>     | US\$16.57 million                                                                                                                                                                |
| <b>Cooperating institution:</b>            | 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.<sup>1</sup> However, these reforms came at the cost of more borrowing, amounting to US\$96.6 billion<sup>2</sup> 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 cent<sup>3</sup> 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 cent<sup>4</sup> (2015–2016). A further 25 per cent of the population lives just above the poverty line<sup>5</sup> 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 135<sup>th</sup> out of 149 countries in the 2018 Global Gender Gap Index. Women's labour force participation is 24 per cent compared to 42 per cent<sup>6</sup> 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

<sup>1</sup> Central Bank of Egypt, Monthly Statistical Bulletin February, 2019

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

<sup>3</sup> International Center for Agricultural Research in the Dry Areas working paper, Water and Agriculture in Egypt, 2011

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

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

<sup>6</sup> 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 unemployed<sup>7</sup> 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

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<sup>7</sup> 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         | %            |
| <b>1. Strengthening rural institutions, enterprises and markets</b> |               |             |              |            |               |            |               |             |               |             |               |             |              |             |              |            |               |             |                |              |
| 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         |
| <b>Subtotal</b>                                                     | <b>22 178</b> | <b>43.0</b> | <b>1 276</b> | <b>2.5</b> | <b>689</b>    | <b>1.3</b> | <b>3 004</b>  | <b>5.8</b>  | <b>2 508</b>  | <b>4.9</b>  | <b>5 742</b>  | <b>11.1</b> | <b>9 874</b> | <b>19.2</b> | <b>809</b>   | <b>1.6</b> | <b>5 440</b>  | <b>10.6</b> | <b>51 521</b>  | <b>19.1</b>  |
| <b>2. Improvement of smallholder productivity and resilience</b>    |               |             |              |            |               |            |               |             |               |             |               |             |              |             |              |            |               |             |                |              |
| 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         |
| <b>Subtotal</b>                                                     | <b>37 546</b> | <b>17.7</b> | <b>30</b>    | <b>-</b>   | <b>12 075</b> | <b>5.7</b> | <b>10 218</b> | <b>4.8</b>  | <b>87 532</b> | <b>41.3</b> | <b>14 258</b> | <b>6.7</b>  | <b>-</b>     | <b>-</b>    | <b>1 543</b> | <b>0.7</b> | <b>48 658</b> | <b>23.0</b> | <b>211 860</b> | <b>78.5</b>  |
| <b>3. Programme management and policy engagement</b>                |               |             |              |            |               |            |               |             |               |             |               |             |              |             |              |            |               |             |                |              |
| 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          |
| <b>Subtotal</b>                                                     | <b>3 505</b>  | <b>56.0</b> | <b>-</b>     | <b>-</b>   | <b>-</b>      | <b>-</b>   | <b>2 236</b>  | <b>35.7</b> | <b>-</b>      | <b>-</b>    | <b>-</b>      | <b>-</b>    | <b>-</b>     | <b>-</b>    | <b>519</b>   | <b>8.3</b> | <b>-</b>      | <b>-</b>    | <b>6 260</b>   | <b>2.3</b>   |
| <b>Total costs</b>                                                  | <b>63 230</b> | <b>23.4</b> | <b>1 306</b> | <b>0.5</b> | <b>12 764</b> | <b>4.7</b> | <b>15 457</b> | <b>5.7</b>  | <b>90 041</b> | <b>33.4</b> | <b>20 000</b> | <b>7.4</b>  | <b>9 874</b> | <b>3.7</b>  | <b>2 871</b> | <b>1.1</b> | <b>54 097</b> | <b>20.1</b> | <b>269 641</b> | <b>100.0</b> |

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         | %            |
| <b>I. Investment costs</b>                |               |             |              |            |               |            |               |             |               |             |               |            |              |            |              |            |               |             |                |              |
| 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         |
| <b>Total investment costs</b>             | <b>60 820</b> | <b>23.0</b> | <b>1 306</b> | <b>0.5</b> | <b>12 764</b> | <b>4.8</b> | <b>13 161</b> | <b>5.0</b>  | <b>90 041</b> | <b>34.1</b> | <b>20 000</b> | <b>7.6</b> | <b>9 874</b> | <b>3.7</b> | <b>2 352</b> | <b>0.9</b> | <b>54 097</b> | <b>20.5</b> | <b>264 416</b> | <b>98.1</b>  |
| <b>II. Recurrent costs</b>                |               |             |              |            |               |            |               |             |               |             |               |            |              |            |              |            |               |             |                |              |
| 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          |
| <b>Total recurrent costs</b>              | <b>2 410</b>  | <b>46.1</b> | <b>-</b>     | <b>-</b>   | <b>-</b>      | <b>-</b>   | <b>2 295</b>  | <b>43.9</b> | <b>-</b>      | <b>-</b>    | <b>-</b>      | <b>-</b>   | <b>-</b>     | <b>-</b>   | <b>519</b>   | <b>9.9</b> | <b>-</b>      | <b>-</b>    | <b>5 225</b>   | <b>1.9</b>   |
| <b>Total costs</b>                        | <b>63 230</b> | <b>23.4</b> | <b>1 306</b> | <b>0.5</b> | <b>12 764</b> | <b>4.7</b> | <b>15 457</b> | <b>5.7</b>  | <b>90 041</b> | <b>33.4</b> | <b>20 000</b> | <b>7.4</b> | <b>9 874</b> | <b>3.7</b> | <b>2 871</b> | <b>1.1</b> | <b>54 097</b> | <b>20.1</b> | <b>269 641</b> | <b>100.0</b> |

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       | %        | Amount         |
| <b>1.Strengthening rural institutions, enterprises and markets</b> |              |           |               |           |               |           |               |           |               |           |               |           |              |          |                |
| 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         |
| <b>Subtotal</b>                                                    | <b>3 177</b> | <b>6</b>  | <b>10 530</b> | <b>20</b> | <b>12 586</b> | <b>24</b> | <b>11 038</b> | <b>22</b> | <b>8 113</b>  | <b>16</b> | <b>3 304</b>  | <b>6</b>  | <b>2 772</b> | <b>6</b> | <b>51 521</b>  |
| <b>2. Improvement of smallholder productivity and resilience</b>   |              |           |               |           |               |           |               |           |               |           |               |           |              |          |                |
| 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         |
| <b>Subtotal</b>                                                    | <b>2 636</b> | <b>1</b>  | <b>8 549</b>  | <b>4</b>  | <b>58 447</b> | <b>28</b> | <b>73 438</b> | <b>35</b> | <b>44 424</b> | <b>21</b> | <b>19 350</b> | <b>9</b>  | <b>5 016</b> | <b>2</b> | <b>211 860</b> |
| <b>3. Programme management and policy engagement</b>               |              |           |               |           |               |           |               |           |               |           |               |           |              |          |                |
| 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          |
| <b>Subtotal</b>                                                    | <b>1 748</b> | <b>28</b> | <b>866</b>    | <b>14</b> | <b>799</b>    | <b>13</b> | <b>753</b>    | <b>12</b> | <b>756</b>    | <b>12</b> | <b>777</b>    | <b>12</b> | <b>560</b>   | <b>9</b> | <b>6 260</b>   |
| <b>Total costs</b>                                                 | <b>7 561</b> | <b>3</b>  | <b>19 945</b> | <b>7</b>  | <b>71 833</b> | <b>27</b> | <b>85 229</b> | <b>31</b> | <b>53 293</b> | <b>20</b> | <b>23 430</b> | <b>9</b>  | <b>8 348</b> | <b>3</b> | <b>269 641</b> |

### 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.<br>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.                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Overall</b>                 | <b>Medium</b>      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

### 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 will be tabled at the session.
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 sixty-three million two hundred and thirty thousand United States dollars (US\$63,230,000) 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 million three hundred thousand United States dollars (US\$1,300,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. HOUNGBO  
President



## **Negotiated financing agreement**

To be tabled at the session

## 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<br>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<br>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-WEAI 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<br>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                                                                              |          |          |            |                                                             | Annually                     | NPCU M&E unit                           |
|                                                                                                                                                                                                                                                       | Percentage - Percentage (%)                                                                                                  | 0        | 10       | 30         |                                                             |                              |                                         |
| Output<br>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<br>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<br>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               |                                                       |          |            |                                                                |                    |                       |
|                                                                        | Households - Percentage (%)                                                          | 0                                                     | 20       | 60         |                                                                |                    |                       |
| Output<br>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<br>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<br>Output 3.1 Engagement in Policy dialogue and knowledge management          | Policy 1 Policy-relevant knowledge products completed |          |            |                                                                |                    |                       |
| Number - Number                                                        |                                                                                      | 0                                                     | 2        | 5          |                                                                |                    |                       |