



ADAPTATION FUND

14 December 2017

Adaptation Fund Board

Approval of request for extension of project completion date: IFAD (Lebanon)

Following the recommendation of the secretariat after its review of the request for extension of the project completion date submitted by the International Fund for Agricultural Development (IFAD) for the project “Climate Smart Agriculture: Enhancing Adaptive Capacity of the Rural Communities in Lebanon (AgriCAL)” contained in document AFB/B.30-31/2, the Adaptation Fund Board decided to approve the request for a 17-month extension of the project completion date, from November 2017 to April 2019.

Decision B.30-31/6

Annex: Document AFB/30-31/2



ADAPTATION FUND

AFB/B.30-31/2
27 November 2017

Adaptation Fund Board

**REQUEST FOR EXTENSION OF PROJECT
COMPLETION DATE: IFAD (LEBANON)**

Background

1. The Adaptation Fund Board (the Board) at its eighteenth meeting, approved the project titled "Climate Smart Agriculture: Enhancing Adaptive Capacity of the Rural Communities in Lebanon (AgriCAL)" submitted by the International Fund for Agricultural Development (IFAD) for a request amount of US\$ 7,860,825 (decision B.18/18). The overall objective of the project is to support the implementation of climate change adaptation measures in the agriculture sector in three highly vulnerable focus areas, targeting the poor smallholders of various communities living in these areas. As mandated by the decision, an agreement was prepared and signed between the Board and IFAD.

2. The first tranche of disbursement for the implementation of the project was released following signature of the agreement, for a total amount of US\$ 1,589,200.

3. In 2014, when preparing the annual performance report (APR) of the Fund for the fiscal year 2014 (FY14), the Adaptation Fund Board Secretariat (the Secretariat) received from IFAD the following update on the Agrical project:

"We have advanced with the Government on the start-up of Agrical, but with the absence of Government and President in Lebanon, we are still having some challenges.

Below is a brief of what has been finalised till now and where the main obstacle remains:

- The MoUs between implementing partners (MoA, LARI, Green Plan) have been finalised and signed*
- The Project staff has been recruited on competitive basis*
- The Project implementation manual and Annual Work Plan and budget have been finalized*

The only remaining challenge is the opening of the Bank Account to transfer the funds to Lebanon. Usually this needs a decree, and without a President in Lebanon for that, the Minister of Agriculture should get the signatures of the 24 Acting Ministers for approval before opening the account. I spoke with him yesterday and he said that they are advancing."

4. The project official inception date was on 15 September 2015.

5. As part of the APR of the Fund for FY16, IFAD had conveyed a letter from the government of Lebanon to the Secretariat (see annex 1) and had reported on the project (see annex 2). The letters reported that progress had been made towards initiating the activities of the project. An Accelerated Action Plan (AAP) to compensate for the delays of 29.2 months between the time of first disbursement of funds to the project and the date of the report was being developed and implemented under the supervision of IFAD.

6. On November 9, 2017, IFAD submitted to the Secretariat a request for extension of the project completion date for 17 months, with an understanding that the project will re-submit a request for an addition extension, since the project steering committee had identified a need for an extension of 30 months overall, due to significant delays since the approval of the project document by the Board (see Annex 3 for the letter from the government of Lebanon to IFAD, Annex 4 for the letter from IFAD to the Secretariat and Annex 5 for the request for extension of the project completion date). The current scheduled project completion date as stated in the project document approved by the Board is November 21, 2017.

Secretariat's review of the request

7. The Secretariat has been following the inception issues of this project since the first year following its approval and has received regular updates from IFAD on this and had subsequently communicated to the Board on an annual basis as part of the Fund's APR. As stated in the letters annexed to this document, administrative issues related among other things to compliance of the government of Lebanon with IFAD's procurement and management system, have caused significant delays to the inception phase of this project. It is expected that the new decree signed by the Ministry of Agriculture and the Ministry of Finance, allowing the use of a lump-sum transfer mechanism, will help alleviate the issue of transfer of funds from IFAD to the project.

8. Given the fact that the official completion date for the project is 21 November 2017, the secretariat's review finds that the current request could be granted, acknowledging an additional 13-month extension request could follow within the next 12 months. The Secretariat is communicating with IFAD in order to establish whether the delays incurred by the project would not have implications on the project's design, including budget implications and/or possible changes in project's expected activities, outputs or outcomes, and their related indicators as per the project's approved results framework.

Recommendation

9. Therefore, the Board may consider and decide to approve the request for an 17-month extension of the project completion date for the project "Climate Smart Agriculture: Enhancing Adaptive Capacity of the Rural Communities in Lebanon (AgriCAL)" as requested by the International Fund for Agricultural Development (IFAD), from November 2017 to April 2019.

Annexes

1. Update letter received from the government of Lebanon in September 2015 about the AF project;
2. Update letter received from IFAD in September 2015 about the AF project;
3. Letter from the government of Lebanon to IFAD, dated September 2017, updating on the execution of the AF project and requesting an extension of project completion date;
4. Letter from IFAD to the Secretariat, dated 9 November 2017, requesting an extension of project completion date;
5. Official request for an extension of project completion date.

Annex 1: Letter received from the government of Lebanon about the AF project



République du Liban
Ministère de l'Agriculture
Ministre

To: Marcia Levaggi
Manager
Adaptation Fund
c/o Global Environment Facility
Mail stop: MSN P-4-400
1818 H Street NW, Washington DC 20433
USA

Subject: Climate Smart Agriculture: Enhancing Adaptive Capacity of the Rural Communities in Lebanon – AgrICal

Dear Ms Levaggi,

First of all, I would like to convey the sincere recognition of the Ministry of Agriculture to the Adaptation Fund for supporting the Government of Lebanon policies through the Project "Climate Smart Agriculture: Enhancing Adaptive Capacity of the Rural Communities in Lebanon – AgrICal (Grant Number: C-AP-1-LS). I would like to extend the Ministry's gratitude to the continuous technical support of IFAD towards the Project.

I would like to inform you that AgrICal has started to formally operate, following the delays that resulted from the deferral of issuing the decrees for approving grants by the Council of Ministers, including AgrICal grant. In particular, the following actions were made in the past few months to start up the project and make sure it makes up for the delay:

- A Coordinator was selected by the Ministry of Agriculture to ensure the overall project management. Senior Technical Experts were also appointed to manage the Component (1) and (2) respectively led by the Green Plan (GP) and the Lebanese Agricultural Research Institute (LARI).
- The Steering Committee was established with designated representatives from the Ministry of Agriculture, Ministry of Environment, Council for Development and Reconstruction, GP and LARI.
- Discussions were undertaken with all project partners to better understand the challenges and need to exert all efforts for implementation.
- A financial auditor was also identified and his details were communicated to IFAD.
- A bank account was open at the Central Bank of Beirut. Signatories were amended to enable GP and LARI to manage their respective sub-accounts.
- GP has kindly agreed to host AgrICal Project and team in its premises, in addition to GP Key Technical Expert. The offices were handed to the Project Coordinator who operates the Project from there.
- The 18-month AWPB was approved by IFAD.
- The Project Technical Experts are currently preparing an Accelerated Action Plan (AAP) to compensate for the delays faced in the past two years. The Ministry, GP and LARI are deploying all the necessary additional resources and efforts to enable a successful implementation of the AAP.

I would like to point out that a Progress Report will be sent towards the end of this year to detail the actions undertaken. By then, preliminary assessment results of the different components will be available, which could further speed up the planning regarding the intended Project interventions.

I would like to reiterate that the Ministry of Agriculture is committed to make available all the necessary institutional, technical and administrative support to enable Agricul achieve its objectives in the remaining project duration.

Please accept, Ms Levaggi, the assurance of my deepest appreciation.

Akram Shehayeb

Minister of Agriculture

Cc: Adaptation Fund Focal Point, Ministry of Environment
President, Green Plan
Director General, LABI
Agricul Coordinator, c/o Green Plan
IFAD Country Programme Manager

Annex 2: Letter received from IFAD about the AF project in Lebanon



24 September 2015

Dear Ms. Levaggi,

As you well know, the Climate Smart Agriculture: Enhancing Adaptive Capacity of the Rural Communities in Lebanon – AgriCal has faced a long delay, and certainly longer than the six month target after approval, which is also a target that IFAD sets in general for projects to commence disbursement and start implementation of activities.

The main reason for this delay was the political challenge in Lebanon, and with the absence of a President, the ad-interim Government has taken a long time to process the decree for accepting the fund, as the decree had to be approved and signed by each individual Ministry. However, we are happy to inform you that the decree has been signed and IFAD is currently working with the Government of Lebanon to ensure that the Agrical project speeds up implementation and makes up for the lost time.

As communicated to you by the Minister of Agriculture, there has been a serious commitment on part of the Government to manage this delay. In that respect, the following actions have been undertaken:

- The Project Coordinator and the Component 2 Senior Specialist have already been selected, obtained IFAD No Objection and therefore they have been formally appointed and started to perform their duties. Component 1 Coordinator has been selected and his recruitment is due conclusion. This should ensure the overall project management. A financial auditor TOR is due finalization and the procurement of the auditor service will be concluded soon.
- A financial auditor has been assigned to the Project by GP until the full recruitment of full-time accountant will be concluded.
- IFAD has already provided its No Objection to the TORs for recruiting the remaining Project staff. The TORs were announced on two employment websites and will be shortly advertised in Lebanese newspapers.
- The Steering Committee has already been established; basically it is the same committees for the ongoing HASAD Project, with two more representatives from the Ministry of Environment and LARI.
- A Project bank account was opened and signatories were identified and reported to IFAD.
- The project Office at the GP is being equipped.
- The 18-month Annual Work Plan and Budget and Procurement Plan were approved by IFAD.

Ms. Marcia Levaggi
Manager - Adaptation Fund
c/o Global Environment Facility
Mail stop: MSN F-4-4C0
1818 H Street NW, Washington DC 20433 - JSA

IFAD is providing guidance relevant to the preparation of an Accelerated Action Plan (AAP) to compensate for the delays faced in the past two years. IFAD is in daily contact with the project team, and there is full commitment towards making Agrical successful. We will also field another mission towards the end of November to accelerate the work and identify any further needed support. We also have our finance and procurement team at Headquarters who are providing technical support to the Project whenever needed.

I would like to reiterate that IFAD is committed to make available all the necessary support to enable Agrical achieve its objectives in the remaining project duration.

Appreciating the continuous support of the Adaptation Fund,

Best Regards,



Khalida Bouzar
Director
Near East, North Africa and Europe Division

Ms. Marcia Levaggi
Manager
Adaptation Fund
c/o Global Environment Facility
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1818 H Street NW, Washington DC 20433 - USA

Annex 3: Letter from the Government of Lebanon to IFAD

6-9-2012



Republic of Lebanon

Ministry of Agriculture

Minister

№ 2281 / 3

Dr. Khalida Bouzar

Director

Near East, North Africa and Europe Division

International Fund For Agriculture Development (IFAD)

Rome, Italy

Subject: Climate Smart Agriculture: Enhancing Adaptive Capacity of the Rural Communities in Lebanon - AgriCAL - Request for Extension.

Dear Dr Bouzar,

The Ministry of Agriculture reassures the appreciation of the continuous cooperation with the International Fund of Agriculture Development (IFAD) and the valuable support for the "Climate Smart Agriculture: Enhancing Adaptive Capacity of the Rural Communities in Lebanon" – AgriCAL Project (Grant Number: C-AF-1-LB).

AgriCAL has already started to formally operate, despite the delays that resulted from the deferral of issuing the decrees of approving grants by the Council of Ministers, including AgriCAL grant. In particular, the following actions were concluded:

- A Coordinator was selected by the Ministry of Agriculture to ensure the overall project management. Senior Technical Experts were also appointed to manage the Component (1), (2) (3) and (4) respectively led by the Green Plan (GP), the Lebanese Agricultural Research Institute (LARI) and the Ministry of Agriculture (MOA).
- The Steering Committee was established with designated representatives from the Ministry of Agriculture, Ministry of Environment, Council for Development and Reconstruction, GP and LARI.
- Discussions were undertaken with all project partners to better understand the challenges and needs to exert all efforts for implementation.

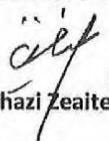
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- A bank account was opened at the Central Bank of Beirut and a withdrawal application of USD 800,000 was validated to the project account.
- MOA is hosting AgriCAL team in its premises; the offices were handed to the Project Coordinator who is operating the Project from there.
- Procurement procedures for the planned activities have started and some are at the final phases.
- The Project Technical Experts prepared an Accelerated Action Plan (AAP) to cover the delays (attached). The Ministry, GP and LARI are deploying all the necessary additional resources and efforts to enable a successful implementation of the AAP.
- A new AWPB be sent to IFAD NO objection.
- A Progress Report was sent to IFAD with all details about the accomplished actions.

Based on the above, we would like to reiterate that the Ministry of Agriculture is committed to make available all the necessary institutional, technical and administrative support to enable AgriCAL achieves its objectives. Therefore, we are requesting an extension for the project's implementation period of 30 months starting from November 22nd , 2017 . Therefore, we look forward for the NO OBJECTION of IFAD.

Please accept, Dr Bouzar, the assurance of my highest considerations.

Minister of Agriculture


Ghazi Zeaiter



Annex 4: letter from IFAD to the Secretariat requesting an extension of project completion date



09 November 2017

Dear Mr. Ndiaye,

I refer to the project *Climate Smart Agriculture: Enhancing Adaptive Capacity of the Rural Communities in Lebanon* (AgriCAL), Grant No. C-AF-I-LB, implemented by IFAD and executed by the Ministry of Agriculture of Lebanon.

The Republic of Lebanon and IFAD signed the project agreement in November 2013. However, due to complex fund management processes imposed shortly thereafter by the Ministry of Finance, compounded by an unfortunate and frustrating sequence of miscommunications internal to the Government, the funding that was made available to Lebanon as advance remained immobilized in Treasury.

The issue has now finally been resolved and the Government of Lebanon has provided clear signs of renewed commitment to the project. The Project Coordination Unit (PCU) was established in March 2017. The project second progress report was submitted to IFAD in August 2017 and a request to extend the project for 30 months (up to mid-2020) was submitted to IFAD in September 2017, accompanied by a work plan for accelerated delivery, considering the long start-up delays that were faced (attached).

An IFAD Team recently went on mission to Lebanon (19-22 September 2017) to assess with the Government the merit of the extension request and the continued relevance of project results. We were comforted by the determination of all partners in Lebanon to rapidly move forward, now that the main obstacle has been overcome, and reassured that appropriate capacity has been put in place.

The full project duration should extend up to mid-2020. However, as per the rules of the Fund, this extension request is for 18 months, with an understanding that this is renewable, such that the project can be satisfactorily completed.

I look forward to receiving your positive response.

With kind regards,

Khalida Bouzar
Director

Near East, North Africa and Europe Division

Mr. Daouda Ndiaye
Adaptation Officer
Adaptation Fund Board Secretariat
Washington, D.C.
U.S.A.

Annex 5: Request for an extension of project completion date



Request for extension of project/programme completion date

AF Project/programme ID: GRANT NO. C-AF-I-LB			
Project/programme: Climate Smart Agriculture: Enhancing Adaptive Capacity of the Rural Communities in Lebanon (AgriCAL)			
Country: Lebanon			
Project/Programme Approval	21-Nov 2013		
Expected Project/programme Completion	21-Nov 2017	Proposed Revised Completion	21 April 2019

Reasons/justifications for the extension of project/programme completion

Since the signature of the Agreement between IFAD and the Government of Lebanon in November 2013, AgriCal has faced a quite extended start-up phase, which has reached almost four years until the present day.

The lengthy delays in activating the project are particularly due to the new fund management procedures that the Government of Lebanon has introduced in 2012 to better regulate and oversee international funding granted to sectoral Ministries. Unlike previous programmes and projects funded by IFAD and administered by the Government of Lebanon which followed simplified fund management procedures, AgriCAL has been among the first internationally funded projects that have witnessed the entry into force of the new fund management processes. This lately introduced approach has resulted in a considerable number of interpretations related to fund and procurement management, registered not only at the Ministry of Agriculture but also in other ministries. Consequently, no expenditure has been charged to AgriCAL until today despite all the preparatory work undertaken by its PCU.

Following 2.5 years of deadlock, the Ministry of Agriculture proposed to adopt a successful mechanism applied by the Ministry of Environment for the management of an internationally-funded project. The mechanism consists of a lump-sum transfer to the budget of sectoral Ministries, using a mechanism referred to as "Section 14" and allowing for AgriCAL to abide by IFAD financial and procurement procedures on the basis of the approval of the Minister of Agriculture.

In September 2017, the Ministry of Agriculture (MOA) and the Ministry of Finance (MOF) jointly drafted and signed a new Decree that embodies the "lump-sum transfer mechanism", and which provisions are finally acknowledged by both entities. The Lebanese Council of Ministers approved and endorsed the new Decree on October 6th, 2017.

During the period spent to resolve the fund management issues, AgriCAL project team has been very active to set the grounds for an immediate implementation of activities as soon as the administrative processes are cleared.

The full Project Coordination Unit (PCU) was established in March 2017, through nominations of a Project Coordinator, a Finance Officer, a Procurement Officer and an Administrative Assistant. MOA has provided the team with the necessary office spaces.

The coordinators of MOA, Green Plan (GP) and the Lebanese Agricultural Research Institutes (LARI) responsible for the management of their respective components were also appointed.

The Head of the Finance Department at MOA is personally following up on all financial procedures with the concerned departments at the Ministry of Finance. The advisor of the Minister of Agriculture keeps constant supervision on all institutional and administrative aspects to ensure that AgriCAL start-up is not undermined by any further unforeseen procedures.

A steering committee was established representing the Ministry of Agriculture, the Ministry of Environment, the Council for Development and Reconstruction, and AgriCAL PCU (as the Secretariat).

A bank account was opened for AgriCAL in 2014. As sub-accounts cannot be opened under the project main account (rules of Lebanon Central Bank), specific accounts to GP and LARI are being opened, which allow both bodies to have direct access to the budget of their respective components without any delay incurred for implementation purposes. Accounts of GP and LARI will be subject to the same audit process applied to the project main account.

An audit company was contracted. The firm submitted three reports covering the years 2013 – 2014, 2015 and 2016 on 11 July 2017.

The first progress report was submitted to IFAD back in November 2016. The report indicated that despite all the challenges, the team was active in conducting initial assessments related to project components (in particular the component led by LARI); establishing synergy between GP-led component and the *Hilly Areas Agricultural Development Project* (HASAD, another IFAD funded project run by GP); and, seeking tender specifications. A work plan for accelerated delivery was prepared by the PCU.

The project second progress report was submitted to IFAD in August 2017. During the reporting period, and under Component 1 (water management-GP), the TORs for the recruitment of IC for the purpose of designs and BOQs were prepared. Two hill lakes executed by HASAD (namely in Nahleh and Ehmej areas) were chosen in order to install the necessary outlet and inlet. Related procurement details were under preparation. Under Component 2 (Roll-out of Adaptation Techniques – LARI), the location of two weather stations was identified respectively in Akkar and North Bekaa regions. Procurement details of the concerned software were under preparation. Under Component 3 (Rangeland Management - MOA), and due to time limitation, it was decided to focus on the rehabilitation of one nursery located in a northern region Lebanon called "Al Abdeh". All technical and procurement matters are ongoing.

The Ministry, GP and LARI have maintained regular meetings between the appointed PCU team to exchange updates and explore means to speed up the implementation of key activities as soon as the funds are made available. The Project Technical Experts prepared an Accelerated Action Plan (AAP) to cover the delays. The time needed to prepare most of the TORs for the technical assistance (TA) and contractors has been already compressed. Proposal to prioritize key and "time feasible" components and related activities were discussed. Further related discussions and decisions took place during the last IFAD mission to Lebanon (19 to 22 September 2017).

MOA sent a request to IFAD asking for the transfer of the amount 600,000\$ (the sum needed to implement the new AWPB). The amount put at the disposal of AgriCAL– now of 800,000\$– intends to cover all the project activities related to the latest AWPB.

In addition, MOA submitted in September 2017 a letter to IFAD to request an extension of AgriCAL project over 30 month duration starting 22 November 2017 (extension until April 2020).

An IFAD mission went to Lebanon from 19 to 22 September 2017, which purpose was to explore together with the Government of Lebanon realistic options to implement AgriCAL that would be accepted by IFAD's Senior Management and the Adaptation Fund. IFAD mission team was comforted by the determination of all partners in Lebanon to rapidly move forward, now that the main obstacle has been overcome, and reassured that appropriate capacity has been put in

Building on GOL commitments, it is certain that the implementation of AgriCAL would need 30 months to complete its outputs and activities. However an extension of 18 months is requested hereby as per the Adaptation Fund rule. It is planned to submit another extension request in 18 months.

The request for AgriCAL extension is built on the following FAM provisions:

- a. The issues that have affected the project performance were closely monitored and raised by PCM during past IFAD missions to Lebanon. As a result to these missions, pressure was exerted over the GOL represented by MOA to find solutions to the challenges related to disbursement procedures. This has been addressed, and
- b. It is important to emphasize that the request for extension has been formulated based on a real commitment and interest to implement the project and attain its objectives. MOA has expressed several times its readiness to implement AgriCAL, as the project directly responds to MOA five year strategy on one hand, and it covers gaps of interventions necessary to meet the needs of the concerned beneficiaries. Since the arrival of the current Minister of Agriculture, MOA has shown its commitment by putting all the necessary resources at the disposal of the project, through involving all the departments and directorates to revise the projects according to the real needs and available capacities, despite the fact that funds were unused in the past period. In addition, the synergies registered between the interventions of AgriCAL and HASAD in addition to the upcoming HALEP project increase the relevance of IFAD portfolio in Lebanon.

As soon as this request for extension is approved, the implementation of AgriCAL outcomes will be based on a better adaptation of the project to:

- a. the newly proposed timeframe, and consequently the capacity of the PCU to execute realistically the activities proposed in AAP and AWPB,
- b. The technical assistance and the outsourcing of activities to service providers are guaranteed by MOA to speed up AgriCAL implementation according to IFAD procurement procedures. The process will be swift in accordance with the disbursement approach of the newly approved Decree,
- c. the prevailing country context including the redefinition of the geographic interventions,
- d. the results of already achieved assessments, particularly from HASAD, and the synergy to build on its activities. Consequently, GP component will start immediately to build upon HASAD results to initiate its activities,
- e. the assessments and preparatory work related to early warning systems that LARI

has already initiated, which will trigger an immediate launching of the activities of its component,

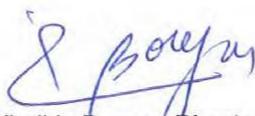
- f. the synergies with other projects implemented by other ministries and/or donors in AgriCAL proposed geographic areas, and
- g. Seasonal factors such as rainfall, accessibility to areas where constructions are to be taken into consideration.

AgriCAL remains a national priority, in light of the climatic changes that are witnessed in Lebanon since few years on one hand, and the socioeconomic and environmental pressures that prevail over Lebanon since the onset of the Syrian crisis. Rural areas and inhabitants are particularly suffering from these combined factors. The project would definitely support in alleviating these pressures.

The Government of Lebanon has recently shown positive signs to activate the project. MOA expedites its efforts to put into operation AgriCAL project. The PCU team is committed and determined to reach the best results by end of the proposed date (subject of the extension request). IFAD is confident that the project's start-up challenges have been overcome and stands ready to assist the Government of Lebanon in order to reach successfully its objectives.

Implementing Entity certification

This request has been prepared in accordance with Adaptation Fund policies and procedures, has been agreed by participating executing entities, and the designated authority (DA) has been notified.



Khalida Bouzar, Director
Near East, North Africa and Europe Division (NEN)
International Fund for Agricultural Development (IFAD)

9 November 2017

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