



ADAPTATION FUND

16 February 2024

Adaptation Fund Board

**REQUEST FOR EXTENSION OF PROJECT COMPLETION DATE:
UNITED NATIONS WORLD FOOD PROGRAMME (EGYPT)**

Background

1. The Adaptation Fund Board (the Board) during the intersessional period between the first and second session of its thirty-fifth meeting, approved a three-year project titled “Building Resilient Food Security Systems to Benefit the Southern Egypt Region - Phase 2” submitted by the United Nations World Food Programme (WFP) for a total amount of US\$ 3,094,962 (decision B.35.a-35.b/55).
2. The overall objective of this project is to build the resilience of Southern Egypt farming communities in the face of climate change and variability risks to food security. The project will, in line with the results of the Adaptation Fund, help vulnerable communities to increase their adaptive capacity by promoting solutions to 1) increase productivity of their staple crops such as wheat and maize; 2) diversify their production through intercropping, animal and fish production and agro-processing; 3) increase production through protected agriculture; 4) support the management of their water resources through low-cost water saving techniques and 5) loss reduction in extreme weather events through early warning. The project will also build the institutional capacities of the diversified stakeholders engaged in climate resilience building to upscale and sustain the different solutions introduced by the project.
3. As mandated by the decision, an agreement was prepared and signed between the Board and WFP in February 2021, and the project started implementation on 20 September 2021.
4. The project implementing entity submitted two project performance reports (PPRs), of which one has been cleared by the secretariat and the other is under review. As of February 2024, the trustee has disbursed project funding amount of US\$ 1,813,304 including the project fees, which corresponds to 58.6% of the approved grant.
5. On 15 December 2023, the WFP formally submitted a request for a 12-month no-cost extension of the project completion date from 19 September 2024 to 15 September 2025 (refer to Annex 1 for details). The rationale behind this request, as detailed in the attached memo shared by WFP, is multifaceted. The reasons include: (i) procurement delays attributed to the limited capacity of local suppliers in the project governorate; (ii) fluctuations in the value of the Egyptian Pound; (iii) disruption caused by the Russian-Ukrainian conflict affecting the availability of crucial item; and (iv) the impact of ongoing conflicts in Egypt's neighboring nations on supply chain, and national restrictions on imports.

Secretariat’s review of the request

6. Following a review of the request by the secretariat and considering the explanation provided by WFP, the secretariat is of the view that this 12-month no-cost extension request is justified. As evidenced by the memo provided by WFP (Annex 1), it is noted that this request would allow sufficient time to complete all remaining activities.
7. Finally, the secretariat acknowledges that this no-cost project extension request has been agreed with the Executing Entity and endorsed by the Designated Authority, in accordance with the Adaptation Fund Policy for Project/Programme Delays, as specified in Annex 1.

Recommendation

8. The Board may consider and approve the request for a 12-month extension of the project completion date from 19 September 2024 to 15 September 2025 for the project “Building Resilient Food Security Systems to Benefit the Southern Egypt Region - Phase 2” as requested by WFP.

Annex I - Request for an extension of project completion date from WFP*Request for extension of project/programme completion date*

Implementing Entity Name: World Food Programme (WFP)			
AF Project/programme ID: EGY/MIE/Food/2019/1			
Project/programme Title: Building Resilient Food Security Systems to Benefit the Southern Egypt Region - Phase 2			
Country: Egypt			
Project/Programme Approval (date)	23/09/2020		
Expected Project/programme Completion (date)	19/09/2024	Proposed Revised Completion (date):	15/09/2025

Reasons/justifications for the extension of project/programme completion:

The project is supporting smallholder farming communities and enhancing their resilience in 15 villages of Upper Egypt. Notable achievements so far include the mobilization of 14,574 community members for climate change awareness, engaging 2,173 family farms. Improved irrigation was promoted on 137 feddans and 4 Water User Associations were established. In addition to establishing 100 Household aquaculture units for the first time in such communities allowing for the diversification of income through innovative animal production.

Moreover, activities for strengthening capacities for 15 CDAs and engaging with 400 students at universities as well as the production of 18 knowledge materials were done; utilizing outlets such as radio/TV and social media spaces to disseminate information on climate change adaptation.

After initial delays in project implementation during its first year, joint efforts by WFP and the Executing Agency have led to steady progress towards achieving major outcomes consuming 25% of the project fund until end of the second year. Building on both WFP and the Executing Entity strong presence and expertise in the project's scope and revised workplan, more activities have been set in motion and are in the process of implementation.

It should be noted that the project is implementing activities which require extensive community engagement and support and needed a substantial time investment to mobilize farmers and ensure their ownership and buy-in. Currently the three key activities underway are:

- Upgrading of more Mesqas (Water canals) focusing on improving their efficiency and effectiveness.
- Preparing for the Land consolidation for the upcoming summer season, to ensure maximum agricultural productivity; more efforts are being undertaken to ensure resilient and efficient agricultural systems on the long run.

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- Introducing medium-sized aquaculture units in conjunction with horticulture units. This novel approach faced initial resistance from communities but was later adopted and is being rolled out. The integration of these two practices holds great promise for sustainable food production and economic development, especially with a circularity focus. It represents a unique model that has not been previously implemented in Egypt.

Despite important achievements in Year 2 of the project implementation, the year has witnessed a series of challenges that have affected the rate of implementation. One of the main factors is the Egyptian Pound devaluations (3 times in 2022 and 2023), reaching a low of 30.89 per dollar, driving a sharp increase in inflation rate as well as resulting in drastic price fluctuations. Another devaluation is also highly anticipated in January 2024 following the presidential elections due end of this year. In addition, the Russian-Ukrainian conflict has negatively affected Egypt's economy especially in the sectors of tourism as well as in the availability of strategic food items such as wheat. Furthermore, the recent conflicts in Egypt's neighboring countries are putting the supply chain under immense pressure leading to some of the worst material shortages in recent years. Moreover, national restrictions on imports to limit the crisis of foreign currency availability have also affected the potential for accessing international markets for the procurement of some needed goods.

These factors together have had a ripple effect that adversely impacted on the implementation of the joint WFP-MALR projects, due to the following challenges:

- 1- Price fluctuations and supply shortages for goods and services, such as machinery, seeds, fertilizers and imported items.
- 2- Shortage in supply for certain items due to the ban on imports as well as the lack of foreign currency.
- 3- Limited capacity of local suppliers in the project governorates to take up bulk procurements. As a result, procurement delays occurred due to operating on smaller batches.
- 4- High prices of services, e.g., hotels, transport, fuel and food prices, etc.

In addition, progress on some project outputs that are seasonal and highly dependent on cropping calendar such as irrigation, agriculture and horticultural production are expected to face major shortcomings or are expected to achieve only some of its major outputs within the remaining original timeframe.

WFP is working closely with the Executing Agency to adjust the implementation methodology making it more flexible and dynamic. This involves more regular and direct oversight of WFP and MALR's Management through meetings, field visits, updating plans and revised monitoring processes.

Nevertheless, with the best efforts to expedite the implementation rate it is still projected with high probably that only 73% will be mobilized of the fund by the end of Year 3.

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Therefore, a one year No Cost extension is requested by WFP and the Executing Agency to ensure that the project outputs and outcomes are achieved with the quality and impact expected from this unique setup.

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.

Name & Signature *RFanelli* Country Director, a.i.

Project/programme contact person

Date: (Month, Day, Year)

12/12/2023

Tel. and Email:

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& Country Director
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