



ADAPTATION FUND

AFB/B.42-43/18
19 September 2024

Adaptation Fund Board

**REQUEST FOR NO-COST EXTENSION OF PROJECT
COMPLETION DATE
AND REVISION OF DISBURSEMENT SCHEDULE:
INTERNATIONAL FUND FOR AGRICULTURAL
DEVELOPMENT (IRAQ)**

Background

1. The Adaptation Fund Board (the Board) at its thirty-first meeting, approved a six-year project titled “Building Resilience of the Agriculture Sector to Climate Change in Iraq”, submitted by the International Fund for Agricultural Development (IFAD) for a requested amount of US\$ 9,999,660 (Decision B.31/14).
2. The project objective is to strengthen the agro-ecological and social resilience to climate change in the four target governorates (Muthanna, Qadisiya, Missan and Thi Qar), by enhancing water availability and use efficiency, and promoting adaptive agriculture production systems and technologies for improved livelihoods and food security of rural households. The project is designed to deal with one of the major constraints in the country that centers around the growing scarcity of irrigation water, and to assist the country with strengthening its capacity at the national level for monitoring climate change patterns and providing relevant information to key stakeholders and farmers to enable them to undertake adaptation and risk mitigation measures through an early warning system. This is enabled through implementing a suite of interventions that focus on capacity development to integrate climate change adaptation and risk reduction into agriculture planning and production systems, and climate-resilient agriculture investments.
3. As mandated by the Board decision, an agreement was prepared and signed between the Board and IFAD on 20 September 2018 and the programme started implementation on 10 December 2019.
4. The project Implementing Entity submitted four project performance reports (PPRs), three have been cleared by the secretariat and one is currently under review. As of the date of the issuance of this document, an amount of US\$ 1,300,800 including the project fees, has been disbursed by the trustee, which corresponds to 13 per cent of the approved grant.
5. On 8 August 2024, IFAD submitted the first request for a regular 18-month no-cost extension of the project completion date from 10 December 2025 to 10 June 2027 (Annex I). The submission included a request for change in the project disbursement schedule. As outlined in the Adaptation Fund Project/Programme Delay Policy (AFB/B.34-35/6), an implementing entity may request for a project/programme extension beyond the original completion date for up to 18 months for a concrete adaptation project/programme if (i) no additional funds are required; (ii) the project/programme’s originally approved scope will not change; and (iii) the entity provides reasons and justifications for the extension. The DA must be notified of an extension request.
6. The reasons for this request, as outlined in the memo shared by IFAD, are two-fold: (i) a lack of coordination mechanisms between the three executing entities; and (ii) unfamiliarity with externally financed projects, particularly regarding requirements such as transparency in implementation, consultations and participatory mechanisms, delegations of authority, and regular progress and financial reporting.
7. The request for a revision of the project disbursement schedule stems from low disbursement on the ground, which is attributed to several factors, including Iraq's institutional and political fragility, a weak public sector, and a lack of business standards and coordination

among government executing entities, as outlined in the Extension Request.

8. To expedite the implementation of activities and ensure the efficient and timely utilization of funds, IFAD and the Government of Iraq agreed to contract project activities to specialized service providers. As described in the Extension Request, the Ministry of Agriculture (MoA), as the lead executing agency, has drafted agreements with the World Food Programme (WFP) and the United Nations Office for Project Services (UNOPS) as service providers. Both UN agencies have extensive experience and strong delivery capacities, with a demonstrated ability to ensure rapid on-the-ground implementation. Therefore, in addition to the extension of the project completion date, the pace of execution and related payments will be accelerated within a shorter timeframe to meet the project's objectives.

Secretariat's review of the request

9. Following a review of the extension request by the secretariat, and considering the explanation provided by IFAD, the secretariat finds the request for an 18-month no-cost extension to be justified. As outlined in the memo provided by IFAD (Annex 1), this extension will allow sufficient time for the project to:

- i) Strengthen the program management capacity of the executing entities.
- ii) Engage technical support from UN agencies to deliver project components while building the capacity of the Government; and
- iii) Initiate technical and environmental assessments for a shortlist of irrigation schemes.

10. This extension will compensate for accumulated delays and ensure the achievement of project outputs and outcomes, which aim to strengthen agro-ecological and social resilience to climate change in Iraq's four target governorates (Muthanna, Qadisiya, Missan, and Thi Qar). Additionally, the revision of the project disbursement schedule will increase the pace of execution and associated payments within a shorter timeframe. It is important to note that the disbursement schedule revision pertains only to the amount and frequency of tranches, without impacting the total project budget or the fees for the project implementing or executing entities.

11. Finally, the secretariat acknowledges that this no-cost programme extension request and revision of the project disbursement schedule, 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 A.

Recommendation

12. The Board may consider and decide to approve the request for an 18-month no-cost extension of the project completion date from December 09, 2025, to June 09, 2027, and the revision of the disbursement schedule for the project "Building Resilience of the Agriculture Sector to Climate Change in Iraq (BRAC)," considering the request of IFAD.

**ANNEX A: REQUEST FOR EXTENSION OF CONCRETE ADAPTATION
PROJECT/PROGRAMME**

*Request for extension of project/programme completion date and disbursement
rescheduling*

Implementing Entity Name: International Fund Agricultural Development (IFAD)			
AF Project/programme ID: IRQ/MIE/Agri/2017/1			
Project/programme Title: Building Resilience of the Agriculture Sector to Climate Change in Iraq (BRAC)			
Country: Iraq			
Project/Programme Approval (date)	22 March 2018		
Expected Project/programme Completion (date)	9 December 2025	Proposed Revised Completion (date):	9 June 2027

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

1. The project is designed to strengthen the climate adaptation capacities of most vulnerable communities in areas with highest level of poverty across 4 Governorates in Iraq, in line with the IFAD-funded Smallholder Agriculture Revitalization Project (SARP) in Iraq. The project seeks to enhance water availability and use efficiency and promote adaptive agriculture production systems and technologies for improved livelihoods and food security of rural households. However, since the inception workshop conducted in December 2019, the IFAD-AF BRAC project has faced major challenges and delays resulting in a considerably low level of implementation.

2. Reasons for delays

The experience of IFAD and many other financing institutions that rely on Government apparatus for project delivery has shown that the erosion of governance systems and public sector capacities in the country has been extensive. Compounding the systemic challenges, the project faced challenges resulting from (i) lack of coordination mechanisms between the three executing entities; and (ii) unfamiliarity with externally-financed projects, with their requirements transparency in implementation, consultations and participatory mechanisms, delegations of authority, and regular progress and financial reporting.

In the case of the IFAD-SARP, the project was intentionally formulated in a way that maximized simplicity. Nonetheless, the mid-term review found that the project's efforts to deliver outputs were hampered by bureaucratic constraints and ultimately unsuccessful in overcoming gaps in Government systems, and detrimental to project execution.

Recognizing the systemic nature of the challenges and the failure of agreed actions to resolve the impasses by mid-term review, Government agreed to contract specialized UN agencies in their areas of competence and expertise in Iraq. The engagement of UN service providers and negotiation of contracts has itself required extensive time and effort; but these efforts have now borne fruit.

While it was not the cause of the limitations in implementation, the outbreak of COVID19 pandemic restrained the possibility for face-to-face meetings and interactions between IFAD and Government, among project implementing agencies in Baghdad, as well as with the central and Governorate personnel within each implementing agency, making consensus-building and problem-solving more difficult and thus further compounding the delays faced by IFAD-SARP, and IFAD-AF BRAC.

3. Solutions

IFAD and the Government have been proactively seeking best options to address delays and accelerate delivery of activities. These solutions include:

- Strengthening the program management capacity of executing entities
- Engaging technical support from UN agencies to deliver projects component while building the capacity of the Government.
- Initial technical and environmental assessments of a shortlist of irrigation schemes.

In light of the defined pathways, the executing entities and IFAD have so far reached some milestones towards boosting project's implementation:

- The Ministry of Agriculture (MoA) as lead executing entity has agreed to out-sourcing the implementation of activities under the project's two components to UN agencies.
- The World Food Programme (WFP) and the United Nations Office for Project Services (UNOPS) agreed to be contracted as service providers. UNOPS will be mainly responsible for the rehabilitation of irrigation schemes, and WFP will deliver activities for capacity building in climate change adaptation and livelihoods diversification.
- The Ministry of Environment (MoE, the DA to the AF) has been consulted and agreed to the extension, and engagement of UN agencies.

UNOPS and WFP have both submitted proposal for the delivery of project's activities and the Government has reached draft agreement with both entities, pending final upon extension of the project.

- UNOPS has already completed a preliminary assessment of irrigation sites in the four target governorates and the reports confirms the suitability of the 9 preselected sites for irrigation works and their potential effects.

4. Implications for extension:

While the engagement of UN agencies will significantly accelerate the project's activities due their extensive expertise and solid presence in the field, an extension of the project will be required to provide adequate time for the completion of phased project workplans. An extension would also allow UNOPS to include the requisite 12-month Defect Notification Period (DNP) within the project timeframe, necessary for addressing any defects or flaws by works of sub-contractors. This implies there will be very limited expenditure in the final 12 months, however the period is requested for certifying and reporting on final receipt of outputs.

The Ministry of Agriculture will remain as the lead executing agency, while the UN agencies will act as service providers and receive payments upon delivery of outputs. The extension request does not entail any material change to the project outcomes, outputs, or activities as designed. There would be no change in the budget allocated for activities funded by the Adaptation Fund.

The project extension also implies a revision in a disbursement schedule (see Annex 1), due to a revised and compressed delivery of project activities.

In view of above, IFAD kindly requests the Adaptation Fund Board to approve the following:

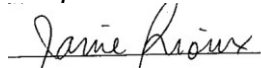
- An extension of 18 months to enable the accomplishment of the project's objectives.
- Amend the disbursement schedule as proposed in Annex 1.

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.

Janie Rioux

Adaptation Fund focal point at IFAD



Date: 9 August 2024

Tel. and Email: j.rioux@ifad.org
+39 3519509554

Annex 1: Request for change in the disbursement Schedule Building Resilience of the Agriculture Sector to Climate Change in Iraq (BRAC) Project

2. Despite being in its fifth year of implementation, physical implementation of activities has not yet started for compounded reasons related among others to Iraq's institutional and political fragility; weak public sector, lack of business standards and coordination among Government executing entities as outlined in the Extension Request. The significant constraints and delays in implementation have impacted Adaptation Fund financing, resulting in notably low levels of funds disbursement. As of April 2024, the disbursement rate for the Adaptation Fund grant stands at 6.4% and 5.4% respectively.

3. The BRAC Project was approved by the Adaptation Board with a phased release of disbursement tranches to IFAD. In order to speed up the implementation of activities and thereby the efficient and prompt utilization of funds, IFAD and the Government of Iraq agreed to contract project activities to specialized service providers. As described in the Extension request, the Ministry of Agriculture (MoA), as lead executing agency, concluded draft agreements with the World Food Programme (WFP) and the United Nations Office for Project Services (UNOPS) as Service Providers. Both UN agencies have extensive experience and strong delivery capacities with demonstrated ability to significantly ensure rapid implementation on the ground. As such, not only an extension of the project completion is needed for the UN agencies to meet the project's objectives, but also the pace of execution, and of associated payments, will be undertaken in a shorter duration.

Accordingly, IFAD requests approving the revision of the project disbursement schedule for as detailed in the below table:

Original Disbursement Schedule								
	Upon signature of Agreement	One Year after Project Start	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Scheduled date	May 2018	May 2019	May 2020	May 2021	May 2023	May 2023	May 2024	
Project Funds	1 200 000	919 000	1 300 870	1 400 000	1 500 000	1 600 000	1 300 000	9 219 870
Implementing Entity Fees	100 800	77 196	109 273	117 600	126,000	134 400	114 521	779 790
Total	1 300 800	996 196	1 410 143	1 517 600	1 626 000	1 734 400	1 414 521	9 999 660
Revised Disbursement Schedule								
	Upon signature	Cumulative Year 1-2-3	Cumulative Year 4-5-6	Total				
Scheduled date	May 2018	September 2024	September 2025					
Project funds	1200000	4400000	3619870	9219870				
IE fees	100800	374921	304069	779790				
Total	1300800	4774921	3923939	9999660				