

The Republic of South Sudan

Rural Enterprises for Agricultural Development Project

READ Project

Concept Note for GAFSP call for Proposals

Final Draft

September 3, 2021

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Section 1: Basic Data

| | |
|---|---|
| a. Project Name | Rural Enterprises for Agricultural Development (READ) |
| b. Submitting Country/ies | The Republic of South Sudan |
| c. Ministry/ies responsible for implementation | Ministry of Agriculture and Food Security (MAFS) |
| d. Primary Country Contact(s) | <p>Prof. Mathew Gordon Udo, Under Secretary, Ministry of Agriculture and Food Security, udomg28@yahoo.co.uk paitemg28@hotmail.com</p> <p>Mr. Silvano Sapana Bennsion Mulla, Assistant Director of ICT, Ministry of Agriculture and Food Security, silvanobennsion1982@gmail.com</p> <p>Mr. Max Bosco Abucha, Director of Cooperative Education and Training, Ministry of Agriculture and Food Security, abuchajoseph44@gmail.com</p> <p>Ms. Bernadette Mukonyora, Country Director for South Sudan, International Fund for Agricultural Development, b.mukonyora@ifad.org</p> |
| e. Total GAFSP Grant Funding Requested (refer to Annex 1 – Project Budget Table) | <p>Amount Requested: US\$ 21 700 000</p> <p>Minimum Amount Needed: US\$ 17 700 000</p> |
| f. Estimated project start and end date : | November 2022 – November 2028 |
| g. Preferred Supervising Entity | <p>Supervising Entities for Investments and Technical Assistance (Select only one)</p> <p><input type="checkbox"/> African Development Bank (AfDB)</p> <p><input type="checkbox"/> Asian Development Bank (ADB)</p> <p><input checked="" type="checkbox"/> International Fund for Agricultural Development (IFAD)</p> <p><input type="checkbox"/> Inter-American Development Bank (IDB)</p> <p><input type="checkbox"/> World Bank (WB)</p> <p>Supervising Entities for Technical Assistance only (optional^{15F1})</p> <p><input type="checkbox"/> Food and Agriculture Organization (FAO)</p> <p><input type="checkbox"/> World Food Programme (WFP)</p> <p>If more than one Supervising Entity is selected, provide the anticipated cost share between them. [xx] % of the grant will be implemented through the [name of investment Supervising Entity] [xx] % of the grant will be implemented through the [name of Technical Assistance Supervising Entity]</p> |
| h. Has/ve the country/ies previously received a GAFSP grant? | <p><input type="checkbox"/> Yes, please complete <i>Annex 4</i></p> <p><input checked="" type="checkbox"/> No</p> |

¹ Each Proposal must be supported by one investment Supervising Entity (AfDB, ADB, IFAD, IDB, or WB). In addition, a country may choose to engage a separate Supervising Entity for Technical Assistance activities only (FAO or WFP).

Section 2: Project Description

2.1 Project Development Objective

1. The overall goal of the Rural Enterprises for Agricultural Development (READ) project is to 'improve food security, income and resilience among the targeted rural households. The Project Development Objective is to empower Rural Producers' Organizations² (RPOs) as sustainable and resilient value chain players.

2.2. Project rationale and approach

Rationale

2. The Republic of South Sudan (hereafter South Sudan) is classified as the fourth most fragile state in the world, resulting from a long drawn conflict, driven by historical, political, social and economic marginalization. Internal fighting has led to massive cross-border displacements of about 4.3 million people, out of which 1.6 million are displaced in neighbouring countries, mainly Uganda and the Democratic Republic of Congo (DRC). Conflict led to a breakdown of governance structures, law and order, and the disruption of community institutions that supported livelihoods. A new Peace Agreement was signed in September 2018 and a Unity Government formed in February 2020, which represent an important phase of transition from conflict towards peace, stability and the initiation of economic recovery and development.

3. **The Peace Agreement has encouraged the return of the displaced population³**, most of whom are returning to conditions of limited physical and financial assets and weak public and private service coverage, especially women and youth. The agricultural sector is constrained by seasonally impassable community access roads⁴, poor post-harvest and value addition facilities and inadequate irrigation and water harvesting technologies, among other challenges. The context remains fragile, with localized inter-community conflict driven by competition for natural resources, adverse weather conditions and flooding, and a potential humanitarian crisis if adequate livelihood opportunities are not availed to the returnees and the general population. The re-integration of the rural population into viable livelihood opportunities is therefore a critical strategy towards the sustenance of the Peace Agreement in South Sudan.

4. **Women face particularly difficult conditions** both due to the traditional patriarchal system and the consequences of the conflict. The maternal mortality ratio was the highest in the world in 2017 at 1,150 deaths per 100,000 live births, compared to the world average of 204 deaths per 100,000 live births. Over 84% of women in South Sudan are illiterate, and 50% of girls under the legal age of 18 are married. Some 20% of girls drop out of secondary school due to early pregnancy. Sexual and gender-based violence in the country has ranked South Sudan among the highest in the world: about 65% of women and girls report some form of physical or sexual assault in their lifetime. Further, as a result of the conflict, slightly more than one-quarter of all households are female-headed.

5. South Sudan is in dire need of initiatives that provide livelihood and **employment opportunities for the youth**. Youth destitution and lack of inclusion are key aspects of the twofold economic and security issues in South Sudan. The youth (15-35 years) comprise 70 percent of the South Sudanese population; the average being 17 years old. About 60 percent of employed youth are in the agricultural sector, primarily subsistence farming and raising livestock. However, youth employment is dominated by low-productivity and unremunerated/under-remunerated work. The youth literacy rate is 27 percent, and South Sudanese youth lack technical skills in general, and in particular young women, as 60 percent of those who do not go to school are women. Given the absence of viable prospects, young people find themselves in highly insecure and

² In the context of READ project, RPOs are defined as per IFAD toolkit on [How to do Engaging with farmers' organizations for more effective smallholder development](#): *RPOs are autonomous membership-based professional organizations of smallholders, family farmers and rural producers, including pastoralists, artisanal fishers, landless people and indigenous people, that are beyond the grass-roots or community level, at the local, national, regional and global levels, on either a commodity or a territorial basis. They include all forms of producers' associations, cooperatives, unions and federations.* In the context of READ project, RPOs encompasses both cooperatives and lower level organizations of rural producers, clustered as Agriculture Producers' Groups (APGs).

³ From November 2017 to May 2020, UNHCR estimates that some 289,560 South Sudanese refugees have returned to South Sudan, with 168,964 since October 2018 after signing of revitalized peace agreement.

⁴ Lowest road density in Africa with 15 km of road per 1000 square km² of arable land (WB 2021, forthcoming, cit)

vulnerable situations. Many rural youth migrate to urban centres where they engage in low-paying jobs in the informal sector.

6. Access to financial services is a daunting challenge both at demand and supply side, due to the complex economic, policy and regulatory context. In addition, the communities have perpetually been recipients of humanitarian aid, which may impact on their ability to engage in sustainable development initiatives. The community based finance sector, savings and credit cooperatives (SACCO) sector and commercial agriculture finance sector are present in the country, but have all been severely impacted by the recent conflicts, displacements of people, macroeconomic instability including inflation and currency volatility, COVID-19, floods and locusts invasion, and have not yet started to efficiently build back despite the emerging steps of overall economic recovery. In addition, implementation of the Rural Finance Policy (formulated in 2012 with a five-year implementation period) has been inadequate as the existence of very few SACCOs and large number of un-banking population in the rural areas indicate⁵.

7. Despite the enormous challenges, the country is resource rich, with fertile soils and abundant water supplies from the Blue and White Nile rivers. It has a land area of 648,000 km², of which 75 percent is suitable for agriculture and 50 percent is highly suitable for crop cultivation. Currently, agriculture is dominated by low-productivity - subsistence farmers, cultivating on average, one ha. Many smallholder farmers own land but are unable to invest in farming. South Sudan's diverse natural resource base allows for the development of a wide array of crops, livestock and fishery value chains. In addition, South Sudan agricultural potential has increased over the past decade, with increasingly long rainy seasons⁶. Cereals, groundnuts and vegetables have significant potential as well as diverse livestock value chains in particular in areas with abundant pasture and water. Fisheries and aquaculture resources are abundant⁷ and underutilized.

8. Notwithstanding the complex context, there is evidence of rural producers starting to organize themselves into economic interest groups (recent ILO study on Cooperative development⁸). The International Labour Organization (ILO) cooperatives needs assessment⁹ surveyed a total of 142 cooperative enterprises engaged in various value chain processes across the country¹⁰ as at October 2020, serving a total membership of 11,944 registered individual cooperative members, of which 6,026 members constituting 50.4% were women and remaining 49.6% were males. Almost 70% of those cooperatives are engaged in the agriculture sector (cropping activities, fishery, non-timber forestry products, dairy and agro-processing). The existence of various informal groups very often led by women is also acknowledged by the assessment, which highlights the potential to upgrade some of them into well organized and legally registered cooperative enterprises. In addition, ILO's needs assessment identifies challenges to cooperatives' inclusion and participation in agricultural sectors, including efficiency in production, product quality issues related to post-harvesting techniques, limited value chain support services and limited market information. As such, participation can also be promoted by associating non-formalized groups to existing cooperatives, so as to enlarge their base and enable those groups to benefit from cooperatives services.

9. A 2021 World Bank-FAO study¹¹ on approaches for transforming the agriculture sector from humanitarian aid to a development growth path, identifies the following priority areas of intervention: (i)

⁵ ILO (2020, unpublished) Needs assessment report for cooperative enterprises and other similar producer groups.

⁶ World Bank (2021) South Sudan Economic Update – Pathways to Sustainable Food Security.
<https://openknowledge.worldbank.org/handle/10986/35788>

⁷ South Sudan has abundant fishery resources with an estimated total area of 80,000 km² of fishing ground that is centred along the White Nile River system which encompasses the largest permanent wetland in Africa - the Sudd swamp (WB RALP PAD document, 2021)

⁸ ILO (2020, unpublished) Needs assessment report for cooperative enterprises and other similar producer groups.

⁹ A cooperative is defined by the International Co-operative Alliance and the International Labor Organization as “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.” (The ILO Promotion of Cooperatives Recommendation, 2002 (No. 193)).

¹⁰ The geographical coverage of ILO's assessment was Western Equatoria, Eastern Equatoria Region, the Central Equatoria Region, the Upper Nile region and Bahr el Ghazel region.

¹¹ World Bank (2021 forthcoming) Transforming Agriculture from Humanitarian Aid to a Development Oriented Growth Path

investments in social and human capital through community-based approaches ; (ii) strengthening farmer organizations to enable access to technology, inputs and markets; (iii) pursuing territorial approaches to consolidate social and environmental dimensions and contribute to peace; (iv) promote opportunities to support development of a nascent private sector; and (v) restoring human and institutional capacities at various levels. The report highlights the importance of promoting an inclusive path of development for the rural population. Recommended investments in this area include community-based approaches aimed at restoring social fabrics at community level, and the promotion of organizations of rural producers capable of fostering the development of agriculture markets and contributing to meeting the food demand of both rural and urban populations.

Approach

10. The proposed Rural Enterprises for Agriculture Development (READ) project aims at responding to critical growth and development challenges confronted by smallholders by supporting the development of rural producers' organizations (RPOs) as effective value-chain actors and credible partners for upstream and downstream stakeholders¹². The READ project aims at fostering the holistic development of RPOs, by promoting good governance and accountability systems vis-à-vis their constituencies, enhancing their sustainable business models and economic initiatives and strengthening their capacity to provide services to farmers including facilitating access to financial services, technology, inputs and markets. READ also aims to contribute to the peace, recovery and stabilization agenda by strengthening the social fabric within communities and creating livelihood opportunities for the rural population, including returnees and IDPs. READ will be implemented through a conflict sensitive lens, whilst ensuring inclusion and empowerment of youth and women.

11. **READ theory of change** (see diagram on Annex 6): In the post-conflict context of South Sudan, characterized by localized conflicts and insecurity and limited access to productive infrastructure, assets and public and/or private services, including access to finance for productive investments in agriculture, over 50% of households are facing varying levels of food and nutrition insecurity. Government institutions are still weak, while policy and regulatory frameworks remain inadequate to support the Government's vision of transitioning from humanitarian to sustainable development. Within this context, the role of producer organizations is of critical importance to restore individual and collective human capital and assets and contribute to social cohesion and peace consolidation.

12. The most effective approach for the economic empowerment of rural producers is to foster their collective and inclusive actions and strengthen their organizations to provide a strategic range of economic services to their members, such as input supply, storage facilities, collective marketing opportunities, access to financial services, equipment and agricultural advisory services. These services are key to enable smallholders to increase productivity, reduce risk, manage their produce and increase income. In addition, RPOs could play a key role in representing their members' interests in the negotiation of contracts with buyers, gaining a stronger bargaining power by bulking their members' produce.

13. READ will invest in *differentiated* approaches to capacity development of existing rural peoples institutions with the aim of promoting farming as a business. Under Component 1, it will do so through a holistic approach for RPOs development, supporting existing formalized organizations such as cooperatives, and adopting a *graduation* approach for the less structured Agriculture Producers' Groups (APGs), including women and youth groups, to equip them with assets and capacities needed to promote equitable and sustainable market linkages for rural producers. Women's empowerment will be central in the project – given women's prominence in the agriculture sector and their marginal role in decision-making processes, at household, community and at interest groups levels. Project support will place a deliberate focus on economic activities that are capable of improving the nutritional status of RPO members and their households, while strengthening their resilience and adaptation to climate change.

14. Under component 2 the project will invest in the development of inclusive rural financial services, to ensure the RPOs supported under the component 1 have access to long-term viable financial services beyond the READ project period. This will consist, in the target areas, support to Savings and Credit Cooperative initiatives deepening access to credit for agriculture through a partnership with the Cooperative Bank of South

¹² Input dealers, small and medium scale enterprises (SMEs) dealing with food processing and value adding activities, nascent food-retailing initiatives, etc.

Sudan. Furthermore, the project will support effective implementation of the relevant policy frameworks regulating the cooperative sector and rural financial inclusion.

15. These interventions implemented as a coherent package targeting the same end beneficiaries will result in a) RPOs established and empowered, capable to promote women and youth empowerment, food security and resilience to climate change, and eventually to offer services to their members for the strengthening of selected value chains; b) improved and sustainable financial inclusion for vulnerable people; and c) improved oversight functions and policies on cooperative and rural finance frameworks. By promoting effective RPO development and key enabling factors on rural finance inclusion and improved policy frameworks, READ will contribute to improve food security, income and resilience of the targeted rural households.

16. The underlying assumption of READ's approach is that Government of South Sudan (GoSS), with the support of the development community, (i) will continue to intensify efforts to address the underlying causes of conflict and to restore peace and stability across the country, and (ii) will pursue ongoing commitments for economic and public finance management reforms to stabilize the economy, and to ensure the efficient use of public funds.

17. RPOs development as proposed by the READ project will be promoted through a multi-tier approach as follows:

- Value chain development approach: RPOs will be identified on the basis of business and market potential integrated within a conflict/peace lens, and a value chain development approach will aim to build the capacities of RPOs and link them to market opportunities.
- Holistic approach: RPOs will be strengthened by improving their internal governance and accountability vis-à-vis their constituents and by improving their business models. This will be complemented with asset transfers, given the extremely low capital base of smallholders institutions in South Sudan.
- Supporting existing RPOs: READ will promote the development of existing RPOs, such as cooperatives and less structured Agriculture Producers Groups (APGs), using RPOs profiling tools for their participatory assessment, identifying their maturity level, main business model and developing capacity building plans.

Project components and activities.

18. **Outcomes** – READ has three main outcomes: a) RPOs established & empowered to promote women empowerment, climate resilience and improved nutrition, and eventually to offer economic services to their members for the strengthening of selected value chains; b) improved and sustainable financial inclusion for vulnerable people; c) improved policies and oversight functions on cooperative and rural finance frameworks.

19. **Components** – READ's development objective will be achieved through the effective implementation of three technical components¹³: 1) Rural Producers' Organizations development; 2) Inclusive Rural Financial Services; 3) Policy and regulatory framework development.

20. **Component 1 Rural Producers' Organizations Development.** The component's objectives are a) RPOs and Village Savings and Loan Associations (VSLAs) with improved governance and accountability mechanisms, with a specific focus on women and youth; b) RPOs benefiting from participatory business models and sustainable business plans (BP); c) RPOs capable of providing economic services (at production, value adding and/or marketing level) to smallholder producers and provided with physical assets for BP implementation. Component 1 will have a special focus on women (minimum 60 per cent of beneficiaries) and youth (minimum 70 per cent of beneficiaries), and the activities will be tailored accordingly.

21. **Sub-component 1.1 Value chain assessments and group profiling.** A set of preliminary activities will kick-start READ project in the field during the six-month inception phase. These activities comprise a)

¹³ Cross-cutting issues – such as climate resilience, nutrition and gender are duly embedded into the activities considered under the three project components – and their inclusion as well as specific activities are articulated into section 4 of the Concept Note.

gender, youth and nutrition sensitive value chain analysis¹⁴ to better understand RPOs relationships with other value chain stakeholders, identify RPOs constraints for accessing market opportunities, and assess the status of key support functions, including business development service (BDS) providers, extension services and input providers. The value chain analysis will also help identify relevant agricultural value chain sectors where the project's interventions will focus on, with due consideration for the country's food security situation; b) Mapping and Profiling¹⁵ of RPOs and Village Savings and Loan Associations (VSLAs) to assess their degree of maturity and develop tailored capacity building approaches and pathways to women and youth empowerment and improving nutrition of the target beneficiaries c) Peace and Conflict Analysis¹⁶ to inform a *do-no-harm and peace responsive approach* capable of building peaceful co-existence between communities, and to support the development of conflict-sensitive indicators aiming at measuring dialogue and cooperation among RPOs, their members and authorities, as well as the reduction of grievances among all RPOs involved¹⁷; d) development of Capacity Building Modules based on the needs assessment, and adaptation of relevant ILO's training tools and methodologies. The findings of the value chain analysis and RPO profiling will be reflected in sub-component 1.2 and 1.3 to address the identified challenges that RPOs face in accessing markets and opportunities.

22. **Sub-Component 1.2 – Support for Cooperatives business models development.** This sub-component has the objective of strengthening existing Cooperatives in the READ target States and Counties to become sustainable, representative and business-minded value chain stakeholders. The set of activities will be based on the cooperative assessment and VCA undertaken in C1.1 and will comprise a) institutional cooperative development (e.g. development of strategic tools such as constitutional texts and membership databases, revision of coop implementing procedures, ensure effective segregation of roles between coop management and leaderships, regular holding of statutory bodies) b) deepening of cooperative business models (e.g. participatory revision of economic services provided, business plan development and implementation); c) design and implement a matching grant mechanism for business plan financing¹⁸, to facilitate demand driven services by rural producers' organizations to BDS providers and partnerships between cooperatives and other value chain actors. The financing of the cooperatives business plans will be

¹⁴ This activity will benefit from ILO's rich experience in the field of value chain development. For information on ILO's approaches and tools on value chain development please visit: <https://www.ilo.org/empent/areas/value-chain-development-vcd/lang--en/index.htm>

¹⁵ Profiling helps to assess RPOs identified as partners, for example in terms of strengths that can be built on and weaknesses that need to be addressed so that services provided for members and links to market opportunities can be improved, with an impact on their income. Profiling usually consists of: (i) qualitative description; (ii) SWOT analysis; and (iii) quantitative analysis based on indicators for each assessed category. See Module 1 of IFAD 'Toolkit: Engaging with farmers' organizations for more effective smallholder development (https://www.ifad.org/documents/38714170/40309250/Module1_FO_Profiling_web.pdf/2261c6b5-05e4-42f7-a514-13831a6f170a?t=1555409894000)

¹⁶ The approach of the PCA will be based on [ILO's a Peace and Conflict Analysis, Guidance for ILO's programming in fragile and conflict-affected contexts](#). More specifically, the PCA will among others, i) deepen understanding of gendered peace and conflict dynamics and their interactions with decent work issues in the context it operates, ii) articulate how the proposed initiatives can purposefully contribute to peace and avoid exacerbating conflict, and iii) support the development of a baseline and conflict-sensitive indicators, with the guidance of the ILO's Handbook on How to Design, Monitor and Evaluate Peacebuilding Results in Jobs for Peace and Resilience Programmes.

¹⁷ The ILO will apply the ToC for implementing Jobs for Peace and Resilience (JPR) programme, of which cooperatives is a technical areas, in order to ensure provision of both technical inputs concerning coop development and its contribution to a more peaceful society. The TOC is illustrated in the guide [How to design, monitor and evaluate peacebuilding results in Jobs for Peace and Resilience programs \(ILO 2019\)](#) and conflict sensitivity will be promoted following the guidance provided by [Peace and Conflict Analysis, Guidance for ILO's Programming in Fragile and Conflict-affected contexts](#) (ILO, 2021).

¹⁸ The approach for cooperative business plan financing will be either through the direct identification of recipients at early stage and subsequent financing of their business plans, or deployed through a business plan competition. In the latter case, the approach will be based upon ILO approaches related to business plan competition ('ILO's A Guide for Business Plan Competitions: Getting Entrepreneurship Contests Right (https://www.ilo.org/empent/areas/start-and-improve-your-business/WCMS_704346/lang--en/index.htm).

encouraged in the selected value chains (see sub-component 1.1) to promote new business ideas and strategic partnerships for RPOs, as well as the adoption of climate-smart, nutrition sensitive and labour-saving inputs and technologies. The activities under this sub-component will benefit from ILO training modules and approaches for cooperative development to develop the capacity of local service providers through a Training of Trainer approach based on adapted ILO's tools and methodologies in this field (e.g. Think.Coop, Start.Coop, MyCoop¹⁹, GET AHEAD²⁰).

23. The newly trained trainers on cooperative development will then be supported²¹ to provide cooperative training to selected RPOs operating in targeted high potential value chains. Areas to be covered by training will include among others, basics on agricultural cooperatives, supply of farm inputs, cooperative marketing, cooperative service provision, as well as modules on gender equity, climate change adaptation and nutrition sensitive approaches including on healthy diets. Particular attention will be paid to strengthening the capacity of cooperative officers at both national and state levels as they currently represent the main providers of cooperative trainers.²²

24. **Sub-component 1.3 – Support APGs economic initiatives and VSLAs development.** This sub-component provides support to less structured groups and will have two entry points: (i) Agriculture Producer Groups (APG), including women and youth groups, that have initiated or are about to start organizing themselves around joint production and related support services among group members, and that can be supported to further develop their business, and (ii) VSLAs that have initiated or are about to start organizing investment-oriented savings groups at community level, galvanizing community savings behaviour.

25. For APGs development, as for C1.2 sub-component, the set of activities will be based on the cooperative assessment undertaken with C1.1 (profiling). Activities for APG development will follow a comprehensive graduation mechanism including a) Institutional APG development (e.g. development of good governance and accountability tools for APGs transparent functioning, revision of APGs ways or working together, processes and tools for APGs legal recognition and if needed also financial support to key APGs management staff) and capacity development packages to members focusing on modules for gender equity, climate change adaptation and healthy diets. Moreover, 'Women leaders' will be identified and trained to lead dialogues on gender and nutrition issues, and promote adoption of integrated homestead food production to grow indigenous crops.; b) development of APGs business models (e.g. identification of economic services to be provided at production, value adding and marketing level²³, training on business plan development and implementation); c) coaching and support for BP implementation; (d) grant-based financing for assets related to APGs business plans (eligible activities will comprise provision of storage and post-harvest facilities to ensure food safety and reduce food losses, equipment, working capital support, productivity increase at APG level and farmer level, nurseries for nutritious crop seeds, etc.).

26. VSLAs development will be a complementary function to the APG development with the aim to establish and strengthen community-based inclusive financial services among the group members, following the commonly known VSLA method²⁴. The VSLA approach is a well-structured, disciplined and successful approach involving poor rural communities with a high participation by women, including proven results in post-conflict economic development. VSLAs provide a community-managed mechanism for savings, loans and insurance for people who have no or limited access to formal financial services. Activities will have a strong focus on training, coaching and supervision of the groups. To mitigate against currency inflation risk, the cycles of the VSLAs will be short and savings/loans measurement will be continuously adjusted.

¹⁹ For more information on ILO resources for capacity building and training on cooperatives, please visit: https://ilo.org/global/topics/cooperatives/areas-of-work/WCMS_628372/lang--en/index.htm

²⁰ For more information about [ILO's Gender and Entrepreneurship Together training programme](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_762135.pdf), please visit: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_762135.pdf

²¹ A coaching/mentoring phase will be part of the training provided.

²² See component 3 on this.

²³ For a comprehensive list of APGs services please refer to table 5 (p. 14) of the IFAD (2015) toolkit on How to engage with farmers' organizations for more effective smallholder development (https://www.ifad.org/documents/38714170/40309250/HTDN_FO_web.pdf/0454268f-8aca-4f12-86df-f1eb8e78effd?t=1555409865000).

²⁴ See details of the method at: <https://www.vsla.net>

27. **Component 2 – Inclusive Rural Finance Services.** The objective of the Component 2 is to enable the project target groups' long-term sustainable access to inclusive rural financial (IRF) services while utilizing the best practices in IRF to promote fragile context economic and social development. Such practices are well known to IFAD and its partners through a large number of ongoing and closed IRF projects in the ESA region²⁵.

28. To achieve the IRF objectives, proposed activities include: (i) Building the capacity of target groups in the utilization of financial services, (ii) Establishment and strengthening of SACCOs' rural outreach and services, which both aim at long term sustainable access to finance and contribute to re-building social capital eroded by years of conflict, (iii) Strengthening of Co-Operative Bank of South Sudan rural and agriculture finance outreach and service quality. Details of these are explained in the below subcomponents. Given the macroeconomic context of South Sudan, all IRF products and mechanisms will be adjusted so they are resilient to inflation and currency fluctuation. Component 2, in line with Component 1, will have a special focus on women (minimum 60 per cent) and youth (minimum 70 per cent) and the activities under each subcomponent will be tailored accordingly. The two components are implemented as a coherent package so the supported RPOs and value chains under C1 will receive IRF services through C2, with the objective of long-term improved investment capacity of the target groups, beyond the READ project period.

29. **Subcomponent 2.1: Financial literacy trainings.** The project will provide targeted trainings to its target groups, on financial literacy skills, to enable sustainable utilization of IRF services. This activity is a key starting point to sustainable IRF due to low literacy levels in the rural areas and low understanding and trust in IRF institutions. The topics will include training in the functions of finance institutions (Bank, SACCO, VSLA), opening of bank accounts and training on basic banking skills and concepts such as "Saving for a Purpose", borrowing, interest rates, inflation, currency, collateral, transactions, payments, and mobile and digital banking. Special attention will be given to women, with tailored capacity building on leadership, decision making and negotiation skills that also influence key nutrition outcomes in the households. There are several national and international NGOs present in South Sudan with adequate capacity and mandate to support the implementation of this subcomponent, and the most appropriate partners would be identified during the full design mission.

30. **Subcomponent 2.2: Savings and Credit Cooperatives (SACCOs).** SACCOs in South Sudan are small in size (between 20 and 700 members each), and their outreach is constrained by lack of liquidity and skills to effectively develop and deliver appropriate financial services to different entrepreneurs in rural areas²⁶. The sub-component aim is to build the capacity of selected SACCOs in the target areas to establish sustainable rural financial service operations and improve their potential to foster the financial inclusion of the rural population.²⁷

31. The sub-component activities will focus on: (i) management and staff training/technical support; (ii) board members training; (iii) training for SACCO members; (iv) upgrading of the SACCO's Management Information Systems, (v) strengthening of the SACCOs' agriculture finance capacities and service products, use of client assessment, monitoring systems. The support will be tailored based on a needs assessment and mapped demands of SACCOs at various stages of development. The target SACCOs are identified through an existing ILO assessment report, through the National SACCO Union membership, and through an existing list of about 100 client SACCOs of the Co-Operative Bank of South Sudan. The Cooperative Bank of South Sudan has a non-profit technical service unit with the mandate to strengthen SACCO capacities. The National SACCO Union together with the Cooperative Bank of South Sudan will therefore be strengthened to be national centres of excellence for SACCO development and to provide technical services to rural SACCOs.

²⁵ Ongoing IFAD ESA IRF-dedicated projects include RUFIP III/Ethiopia, RUFEP/Zambia, PROFIRA/Uganda, FARMSE/Malawi, REFP/Mozambique and RUFIP III/Ethiopia. There are many more with IRF component.

²⁶ Findings from the Consultation Meeting with SACCOs on 28th July 2021.

²⁷ SACCOs have outreach potential to the most difficult access rural areas, they are member-based, rooted in the local communities, and have close understanding of the rural client profiles including risks and opportunities. Their one-member one-vote governance structure gives equal weight to all members, regardless of income, status, age or gender, and thus can promote equal and inclusive access to rural finance. For reference, see IFAD programmes with strong SACCO interventions in neighbouring countries: PROFIRA in Uganda and RUFIP I, II, III in Ethiopia.

<https://www.ifad.org/en/web/operations/-/project/1100001630>

<https://www.ifad.org/en/web/operations/-/project/2000002344>

32. **Subcomponent 2.3: Co-Operative Bank of South Sudan (CBSS) IRF Services.** Through a special mandate by the Government of South Sudan, CBSS has been requested to partner with the project to increase the bank's rural outreach and strengthen its IRF service quality to the target groups including agriculture cooperatives, farmer groups and rural households. Based on an initial assessment by the Concept Note drafting team, this proposed partnership with CBSS is a promising opportunity to increase IRF services in the project target areas, firstly through direct IRF services by the bank, and secondly through its provision of wholesale services to their client SACCOs present in the target areas, which in turn service the rural clients. The bank has a range of products for rural financial services including a group lending mechanism both for registered and non-registered organizations. Foreseen activities in this subcomponent include: (i) strengthening of CBSS agent network to provide a light banking service package in the READ target areas without physical CBSS branch²⁸, (ii) strengthening of CBSS banking products for group based services, agrifinance services and agriculture cooperative services and their rollout in the READ target areas, (iii) strengthening of CBSS SACCO banking services, and (iv) at design stage, an assessment would be made on opportunities and risks of providing a credit line and/or a credit guarantee scheme to enable CBSS increased lending to the project target groups, under the currently prevailing high risk environment. The target by the CBSS, by support of the project, would be to initiate an Agriculture and Rural Finance portfolio in the volume of USD 15 million, equal to 30% of current total portfolio size. Among these new investments, at least USD 3 million is expected to target the READ Component 1 target groups.

33. The cooperative and APG assets transfers and grants under subcomponents 1.2 and 1.3 will be designed and implemented in partnership with CBSS and the supported SACCOs to further stimulate commercial rural finance in the target areas, by co-financing their rural and agriculture loan-investments, and ensure long-term impact of the MG scheme.

34. **Component 3 - Policy and regulatory framework development.** READ project will support strengthening the national policy framework for agriculture and rural development and also supporting the capacity development of MAFS staff working on cooperative development at county level. Specifically, READ will provide support for the development of: a) National Cooperatives Development Policy Framework, Strategy, cooperative regulations and acts through a participatory approach – this would provide guidance on the formation, growth and development of cooperative enterprises in the country; and b) National Policy Framework for inclusive rural finance; it would guide the delivery of financial services to smallholder producers and resource poor farmers in the rural areas. In relation to capacity development efforts, and in accordance with South Sudan cooperative law, cooperatives officers both at national and state levels are charged with the responsibility of mobilizing people to form cooperatives, provide pre-membership education, and supporting groups during the preparation of legal documents. Their role is of utmost importance to ensure the development of a viable cooperative movement. As part of component 3, capacity of relevant staff of the Ministry of Agriculture and Food Security on cooperative training will be strengthened, with particular attention to women and youth inclusion. The support will include the adaptation and translation of ILO relevant tools on cooperative development as well as office rehabilitation and equipment support for county level offices to enable them to perform their tasks.

35. **Supervising Entity:** IFAD will be the supervising entity for the proposed READ project. IFAD's engagement in South Sudan is underpinned by a Country Strategy Note, which prioritizes investments that '*rebuild rural agricultural livelihoods, improve household resilience and promote stability in rural communities*'. IFAD's engagement is further guided by the Special Programme for Countries with Fragile Situations: Operationalizing IFAD's Fragility Strategy, with a focus on bridging the gap from the humanitarian development nexus and supporting agriculture recovery and income stabilization efforts. Identified activities (support to RPOs, rural financial inclusion and capacity building of public sector) are long-standing areas whereby IFAD has invested in Africa and the East Africa region specifically – as such, lessons learned from both closed and ongoing operation will be gathered to ensure impact, sustainability and resilience from the READ project. In addition, IFAD has had extensive experience supervising GAFSP projects including in Laos, Togo, Burundi, Haiti and Sierra Leone. Full description of implementation arrangements provided on section 5.

²⁸ See more on agent banking best practices:

https://www.cgiar.org/sites/default/files/publications/2019_11_Technical_Guide_Agent_Networks_Last_Mile_0.pdf

2.3 Targeting and geographical coverage

36. **Geographical coverage.** READ's target areas were jointly selected by GoSS and IFAD based on broad consultations with Government representatives, development partners, producer organization stakeholders and previous analytical work²⁹ (including the ILO cooperative assessment and the WB study "Transforming Agriculture"). The selection was based on the following criteria: a) food production corridor approach targeting the high agriculture potential (see annex 7); b) potential to build on previous IFAD investments in Eastern and Central Equatoria and other development partners c) accessibility, stability and low risk of future conflict. States and counties (in brackets) selected at concept stage include the following: Eastern Equatoria State (Magwi and Torit), Central Equatoria State (KajoKeji, Terekeka, Yei), Western Equatoria (Yambio, Tombura, Maridi and Nzara), Jonglei State (Bor), Upper Nile (Renk) and Northern Bar el Ghazal (Aweil Centre). The geographical zone selected at concept stage may be reviewed and narrowed down at full design stage to avoid geographic dispersion and enabling efficient and effective project implementation. READ will also adopt the principles of *phased implementation* with specific triggers to guide gradual expansion, which will be defined at appraisal.



37. **Target groups.** The primary target group are smallholder farmers and agro-pastoral and pastoralist households engaged in fishing, cropping and livestock activities. The project will directly target 37,500 poor households, reaching approximately 221,250 people³⁰. Within this group, special emphasis will be placed on the inclusion of youth (70 percent), women (60 percent), and vulnerable groups (emphasis on returnees and women headed households).³¹

38. In addition, READ will strengthen an estimated 50 SACCOs (to be confirmed at designed stage), one commercial bank (the Cooperative Bank of South Sudan), and the Ministry of Agriculture and Food Security (MAFS) staff both at central and decentralized level through capacity building activities. These activities will predominantly benefit RPO members that constitute the primary target group; as such, these actors are not included in the estimated number of beneficiaries.

39. **Targeting approach:** The project aims to promote economic empowerment and the food and nutrition security of smallholder rural producers, with a focus on women and youth, through their sustainable integration into value chains. The READ targeting approach will focus on existing Cooperatives and Agriculture Producers Groups (APG – meaning rural producers groups not yet formalized but already existing, including women and youth groups) clustered together as Rural Producers' Organizations (RPOs). The ILO Cooperative assessment provides a knowledge base for the existing cooperatives in the project target area, which include at least 142 agricultural cooperatives representing a total of 11,994 individual cooperative members (50.4% women and 49.6% men) in the six states mainly involved in *maize, groundnuts, sesame, dairy and sorghum* value chains among others. READ project will also work with less-organized and not yet legally established APGs (including women and youth groups) and VSLAs, the latter for galvanizing savings and lending behaviours at community level and particularly targeting women. Information assessing the maturity level of cooperatives to be supported is not available, and neither is the mapping and profiling of APGs and VSLAs.

²⁹ ILO Cooperative Assessment (2020), cit, World Bank (2021, forthcoming).

³⁰ The average household size in South Sudan is 5.9 persons per household. See:

<https://population.un.org/Household/#/countries/728>

³¹ Additional data will be collected during the inception phase to confirm indicators and targets.

As such, READ proposes to map APGs and VSLAs and engage in a participatory profiling of targeted RPOs to understand their capacity building needs and establish baseline values.

40. Elements of the targeting strategy include a) direct targeting – mapping and profiling involving identification of cooperatives, APGs, agribusiness initiatives and VSLAs linked to READ project target group; b) geographical targeting with a mapping of existing intervention promoting social capital bonding and possibly phasing READ project with IFAD's South Sudan Livelihoods Resilience Programme (SSRLP)³² operating in the same geographical zones; c) promoting women and youth group development (within existing groups or to-be-formed groups); and d) targeting staff from public sector institutions (including MAFS staff) in the selected states through capacity building. Self-targeting measures will be considered at the full design stage to strengthen women and youth inclusion into RPOs and more broadly in the target value chains, based on a more thorough assessment of RPO economic activities and social inclusion potential. Responsibility for the targeting of SACCOs will be assigned to the Cooperative Bank of South Sudan (CBSS) in close consultation with the Fund Manager; the selection will be based on the potential to reach the project target groups and in particular women and youth.

41. An estimated 132,750 women will be targeted by READ, 10 percent of which will be returnees. At the household level, the project will set a target of 24% women-headed households. READ strategy for the inclusion of women is geared towards women's collective agency, improving their access to and control of development resources and empowering them to make dietary choices for themselves, their children and their families. This approach will also contribute to conflict-prevention, by improving social dialogue and contact while diminishing grievances around inequality of opportunity and resources.³³ To this effect, READ will: a) promote women leadership and their representation in decision-making roles in cooperatives and APGs; b) use of gender sensitive approaches to trainings for both men and women on literacy, financial literacy and community mobilisation; d) promote technologies that reduce the burden on women and enterprises that allow for self-targeting of women through the APGs and Cooperatives; e) support them with homestead food production for diet diversification, nutrition education and SBCC; and f) create awareness on gender-based violence. Village Savings and Loan Associations (VSLAs), which are mainly formed by women members³⁴, will receive specific support under Component 1.

42. The project will target 154,875 youth (60% women, 40% men) aged between 15 and 35 years old. Such target is based on the socio-demographic analysis of population in South Sudan since the youth (15-35 years) comprise 70 percent of the South Sudanese population; the average being 17 years old. Unfortunately, South Sudan has not maximized the youth bulge resulting in several youth being recruited and fighting in the war. Youth's involvement in the civil war is not out of choice but due to lack of options. Youth destitution and lack of empowerment, underpinned by low level of education, limited skills, absence of productive capacities and income generation opportunities are among the principal factors likely to fuel more conflict. Some youth are involved in inter-community and intra-community (inter-clan) conflicts and cattle rustling. Youth targeting will aim at promoting the voice of the youth through representation in decision-making bodies of RPOs, strengthening participation, inclusiveness and dialogue among the participating youth and providing employment opportunities through integration into strengthened RPO economic activities. This approach will provide the youth with a peace dividend in the form of food security and livelihoods, while giving them a voice to express their needs and concerns in a participatory and conflict-sensitive way. The targeting will be articulated through the following quotas: a) at least 60 percent of grants and asset transfers are awarded to youth-led RPOs; b) at least 70 percent of the beneficiaries of capacity building activities are youth; c) at least 50 percent of the trainers engaged in capacity building activities are youth; d) supported RPOs have at least 70 percent of their members qualifying as youths. READ project will also benefit from ongoing and planned AFDB intervention on vocational training and skills' development targeted to youth³⁵

³² For more information on SSLRP, see <https://www.ifad.org/en/web/latest/-/south-sudan-and-ifad-to-boost-productivity-food-security-and-resilience-of-small-scale-farmers-faced-with-climate-change>

³³ Sustaining peace through decent work and employment (ILO PBSO 2021)

³⁴ IFAD's "South Sudan Livelihoods Resilience Programme: Project Design Report"; 1st March 2021; p.9; § 42.

³⁵ Please refer to AFDB [Skills for Youth Employability and Social Inclusion project](#) or the forthcoming AFDB Youth Enterprise Development and Capacity Building (YEDCB) project.

2.4 Supply and Market failures to be addressed through proposed project activities

43. South Sudan ranks number 186th most difficult country for doing business out of the 190 countries evaluated on the “Ease of Doing Business³⁶” report. Private agribusiness sector is hampered in its development by hyper-inflation, poor infrastructure development, lack of proper firm legal base (business registration, agriculture sector policies and regulations, and import/export regulations), limited access to necessary information/data, lack of clear land acquisition processes, limited intellectual property protection, unclear dispute resolution processes, informal taxes and non-transparent taxation regime, informal markets (inputs, outputs and labor) and limited financial services. Years of conflict and economic mismanagement have profoundly disrupted markets and the remaining value chains are rudimentary. Several physical markets have stopped functioning, are poorly integrated and suffer from an underdeveloped road network and lack of security for the transporting of food products.

44. READ project cannot, on its own, address all market failures but would attempt to tackle critical issues, promoting the professional, business oriented, organisation of rural producers from the grassroots, providing them access to equipment, capital, storage facilities either through grant financing or by starting the development of inclusive rural financial services in the rural areas. READ project would start from an in-depth analysis of market constraints, value chains potential, and institutional assessments of existing rural producers organizations so to fine tune project intervention. The project would also work at policy level to provide the country with adequate policy frameworks and oversight capacity in the two focus project areas (the development of the cooperative sector and rural financial services), which will further contribute to the development of a conducive environment for private sector investment in agriculture.

2.5 Private sector solutions and opportunities to address identified market failures

45. READ project lies squarely at the centre of promoting private solutions for rural smallholders’ producers. It will do so by professionalizing rural producers’ organizations, including cooperatives and less organized groups at pre-cooperative stage. It will do so holistically, tackling both RPOs as people institutions, hence promoting accountability, good governance and inclusive organizations, and considering them as enterprises, hence orienting them as business entities, endowing them with business tools and with capital and equipment needed to unfold their businesses. READ would also promote contracts between the supported RPOs and other chain stakeholders, both upstream and downstream, to ensure sustainable RPOs market integration and would, to the extent possible, given the extremely low development of rural financial services, facilitate RPOs linkages with inclusive rural financial services for business expansion.

46. Considering the weakness of the agribusiness sector in South Sudan, the project will also aim at linking supported RPOs to downstream interventions promoted by key development partners. Market access at the local level will hence be promoted by: i) professionalizing RPOs, as detailed above, while enabling them to acquire the capacities, technologies and infrastructures required to meet buyer’s demands (e.g. storage and primary processing facilities); ii) developing synergies with AMVAT and SSLRP to build links with downstream players such as agricultural MSMEs (Micro-small and medium enterprises) and agrodealers supported by these two projects, while leveraging on the transport and aggregation infrastructures developed in overlapping target areas; iii) exploring the possibility of linking supported RPOs to existing WFP school feeding programs through local WFP promoted procurement approaches, given WFP’s important role as a institutional buyer of agricultural produce in the country (see table 1 for further information on READ potential collaborations and partners).

2.6 Measurement of results and M&E description

47. The expected results of READ at output, outcome and impact level are captured in the Theory of Change described above whose diagram is reported in Annex 6. These results will be measured through a set of indicators at each level of the Results Framework, which include selected GAFSP indicators, IFAD’s Core Outcome Indicators (COI) and project-specific indicators (see table below). Both GAFSP and IFAD mandatory requirements have been addressed, including the incorporation of the FIES at impact level (GAFSP), of outreach and stakeholder feedback indicators (IFAD), and the mandatory disaggregation required by the two institutions. Indicators have been selected taking into account the local capacity and challenges; the feasibility of the methodologies (e.g. geo-referencing, type of impact evaluation, and monitoring arrangements) will be further assessed at the project design stage. As baseline data is not yet

³⁶ World Bank Group (2020) Doing Business 2020. <https://www.doingbusiness.org/en/doingbusiness>

available, tentative targets have been set as a percentage increase based on the experience of similar projects in the region.

48. The M&E system and data collection system will be aligned to GAFSP and IFAD's corporate requirements. Overall responsibility of the M&E function and data collection will rest on the IA's M&E Officer who will be supported by State and County focal points. Three outsourced surveys - baseline, midline, and end line - will be conducted at both the household and organizations level (e.g. RPOs and FIs) using IFAD's COI Guidelines as the main methodological tool. The aim will also be to structurally include qualitative participatory methodologies in the M&E system to; i) triangulate the findings from the surveys, and ii) to amplify the voices of vulnerable groups (e.g. women, youth and returnees) that might be otherwise overlooked. This, the design of the surveys, and the possibility of including a control group from the onset, will be defined at the project design stage based on the capacity and situation on the ground.

49. To improve context sensitivity, M&E system will integrate the tracking of social and environmental safeguards compliance, and project risks and safeguards reporting. Community members will also be integrated into the monitoring systems to ensure greater ownership and accountability.

2.7 Evidence that proposed approach and activities will successfully address identified issues

50. **Need for mind-set shift towards *humanitarian-development-peace* nexus.** In South Sudan, development partners need to balance emergency programs with longer-vision programs that support resilience and development as highlighted by most recent analysis of food systems and agriculture for South Sudan³⁷. Since the country's independence in 2011, development partners have focused on emergency programs that address short-term needs — e.g., food aid and providing nutritional support to the most vulnerable segments of the population. These programs have prevented loss of human life and provided social protection to the neediest. Addressing short-term needs can, however, interfere with recovery of productive sectors and work counter to the long-term development needs of the population. While emergency situations may warrant the importation and distribution of free food, which saves lives, the free food can undermine local production of food, while free inputs can destroy markets.

51. Mind-set shift is therefore needed: to foster *humanitarian-development-peace* nexus by promoting a coherent approach to addressing *vulnerability before-during and after crises through growth-oriented approaches* - shifting from a supply approach to a people-centred approach. The most recent (2021) proposed interventions are trying to re-dress such approach (IFAD-South Sudan Livelihood and Resilience Project, AfDB-Agricultural Markets, Value Addition And Trade Development Project, the WB- Resilient Agricultural Livelihoods Project, as well as JICA, EC, GIZ and USAID supported programmes and the READ project complement these approaches by the strengthening of RPOs and key enabling factors (see table 1 on potential collaborations and partners in section 5). READ will contribute to these efforts by empowering RPOs as resilient and sustainable value chain actors capable of participating in the long-term development of their communities and of the country at large, and will build on the assets built by other projects i.e. working with existing cooperatives and RPOs.

52. **Women empowerment.** Women play a critical role in addressing household food insecurity and nutrition goals. It is therefore important that sufficient activities suitable for/oriented towards women are included in project design. In READ, RPOs development will promote active women leadership within the organizations, labour saving technologies will be promoted and VSLAs and financial literacy initiatives will primarily target women. Women will also benefit from nutrition related activities (refer to section 4).

53. **Adapted Implementation Arrangements.** Context characterized by fragility, limited institutional capacities, and inadequacy of coordination mechanisms, requires the identification of a Fund Manager and/or Implementing Agencies for project implementation, under the oversight of the Government. In South Sudan, all International Financial Institutions (IFIs) are using similar arrangements – although this will inevitably increase programme management costs.

54. **Flexibility at implementation.** In fragile contexts situation, flexibility is critical to keep implementation at pace. As such, the project will undertake 'an early' mid-term review following 2.5 years of implementation to understand whether a critical re-orientation is needed and whether changes in terms of implementation arrangements are required. At full design stage a number of triggers for mid-term project implementation will

³⁷ WB (2021), *cit* and WB (2021 forthcoming), *cit*.

be identified for orienting decision making processes at mid-term. In addition, READ foresees modular and phased implementation to ensure that conflict in one geographical location will not impact on the entire project.

2.8 Why should GAFSP provide grant funding to the proposed project

55. South Sudan needs massive investment for rebuilding assets and capacities to drive rural agriculture transformation benefiting people's institutions, and specifically institutions engaged in agriculture value chains' development. The proposed READ project, if approved, **will be the first large investment explicitly focusing on cooperatives and pre-cooperative economic groups in South Sudan and would represent a building block for the country's pathway to stabilization and development oriented growth.**

56. **Grant financing is also the most appropriate financial instruments in support to the development of the agriculture sector.** Country level risks are linked to the uncertainty surrounding future oil prices, given the critical dependence of the country on oil revenues. As such, the IMF recommends³⁸ government authorities to avoid excessive borrowing on non-concessional terms given the high risk of debt distress and risks on debt sustainability.

57. Finally, the proposed GAFSP support will represent a learning opportunity for the development community and an important framework for improving collective knowledge and capacity for people's economic empowerment initiatives in fragile, post-conflict contexts.

Section 3: Context and Policy Environment for the Proposed Project

3.1 State of agriculture and food system in South Sudan

58. South Sudan has an estimated population of 12.3 million with 85 percent living in rural areas, deriving their livelihoods from the agriculture, fisheries & livestock sectors. The country is ranked 185th out of 189 countries in the Human Development Index (HDI), with a score of 0.43339. According to the World Bank's Doing Business 2020, South Sudan ranks 185th out of 190 economies, due to structural challenges derived from decades of war and conflict and economic uncertainty. In addition, value addition is constrained by limited access to raw materials, and a severe lack of power, skilled workers and finance.⁴⁰

59. **South Sudan has high agricultural potential to feed itself and to export food to neighbouring countries too.** The diverse climatic zones, fertile soils and reasonable rainy season offer good conditions for a diversity of food products. However, the country faces significant constraints to agricultural production. Only 1 to 2 percent of the estimated 64 million ha of agricultural land is cultivated in any year, and the prevalence of manual cultivation methods limits the area cultivated by households to less than 2 hectares, depending on labour availability. Furthermore, close to 80% of farm labour is provided by women who combine this activity with their other domestic chores. Mechanization remains marginal and is limited to land preparation and sowing essentially in demarcated medium to large-scale farms⁴¹.

60. **Agri-food sector is the backbone for the majority of people's livelihoods in South Sudan.** The sector is estimated to account for 36% of the non-oil GDP, and employed about 50% of the population in 2018 (some 3/5 of female and 1/3 male employment). In its broader sense, food systems are the primary source of livelihoods to some 88% of the rural households and to about half of urban households. For those households that practice agriculture, it is usually the main source of income (90%), while about 60% of the population is dependent on livestock rearing for food security and income generation⁴².

61. **Despite its agricultural potential, South Sudan has seen a widening grain deficit in recent years⁴³** (Figure 1). National production of cereals and tubers met only 52% of demand in 2019. The production

³⁸ IMF Staff Country Report no. 20/301 - Republic of South Sudan: Request for Disbursement Under the Rapid Credit Facility. <https://www.imf.org/-/media/Files/Publications/CR/2020/English/1SSDEA2020002.ashx>

³⁹ <http://hdr.undp.org/en/countries/profiles/SSD>

⁴⁰ <http://documents1.worldbank.org/curated/en/688761571934946384/pdf/Doing-Business-2020-Comparing-Business-Regulation-in-190-Economies.pdf>

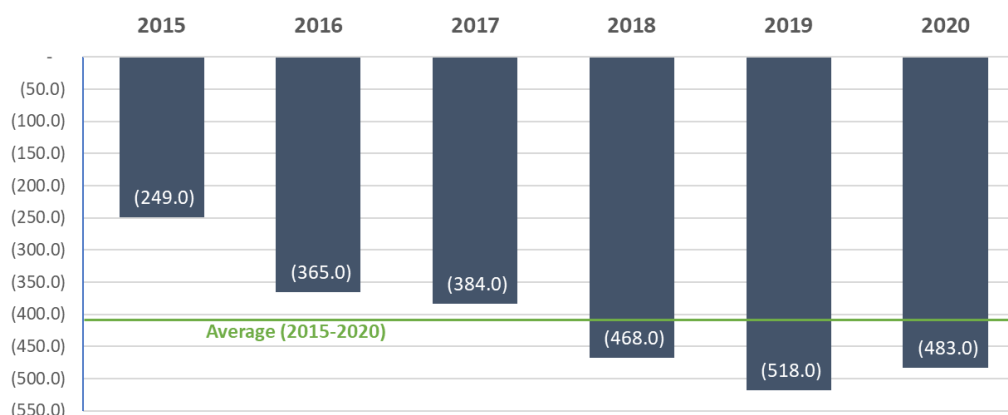
⁴¹ FAO - WFP (2020) Special Report, *cit*

⁴² FAO - WFP (2020) Special Report, *cit*

⁴³ WB (2021, forthcoming) *cit*

gap was largely filled by food imports and food aid. In 2019, South Sudan imported USD 89.6 million of unmilled cereals, making it the tenth largest importer globally.

Figure 1 - Grain deficit in South Sudan from 2015 to 2020 in '000 tons (WB, 2021, forthcoming, *Transforming Agriculture: From Humanitarian Aid To A Development Oriented Growth Path*)



62. Value chains can be rebuilt around the key staples that are critical to the food security of South Sudan. In the current situation, the World Bank Group (2019)'s analysis⁴⁴ of the existing value chains recommends giving priority to sorghum, maize, cassava, beans, and groundnuts because they are core elements of the national food security basket, as well as vegetables, already promoted by NGOs and the United Nations as part of the humanitarian response.

63. **Food availability and access remains a challenge** due to the country's prolonged conflict, disruption of agricultural value chains and displacement of people. Food insecurity has sharply increased since December 2013 according to the Integrated Food Security Phase Classification (IPC), with several geographical areas regularly being at the risk of famine (Figure 2). The latest projections from July 2020 put the number of people at risk at 7.5 million (over 60% of the population). The level of food insecurity is highest in the North East and East of the country, e.g. Jonglei (particularly the counties of Akobo, Duk and Ayod), currently affected by violence worsened by floods, as well as extremely low levels of rural accessibility in some counties⁴⁵.

64. Food insecurity appears mostly driven by the macroeconomic mismanagement, the economic impact of conflict, as well as population displacement, low crop yields, climatic shocks and difficulties of humanitarian access, rather than the violence itself⁴⁶. Indeed, displacement and insecurity have disrupted all elements of the markets that South Sudanese rely on for their livelihoods, from agricultural production to the transformation of produce, trade networks, and demand. With the establishment of the revitalized peace agreement in 2018, the displaced population has begun to return, but their food security remains constrained by limited physical and financial assets, poor public, and private service coverage.

65. **Women are the hardest hit from food insecurity**⁴⁷. South Sudan has a Gender Development Index (GII) of 0.839, due to the strict gender norms and roles that prevail in the country. Women account for 60% of the agricultural labour force in the country, and many female-headed households play a major role in

⁴⁴ World Bank Group (2019) South Sudan - Linking the Agriculture and Food Sector to the Job Creation Agenda, Agriculture Global Practice (GFA13). <https://openknowledge.worldbank.org/bitstream/handle/10986/32103/South-Sudan-Linking-the-Agriculture-and-Food-Sector-to-the-Job-Creation-Agenda.pdf?sequence=1&isAllowed=y>

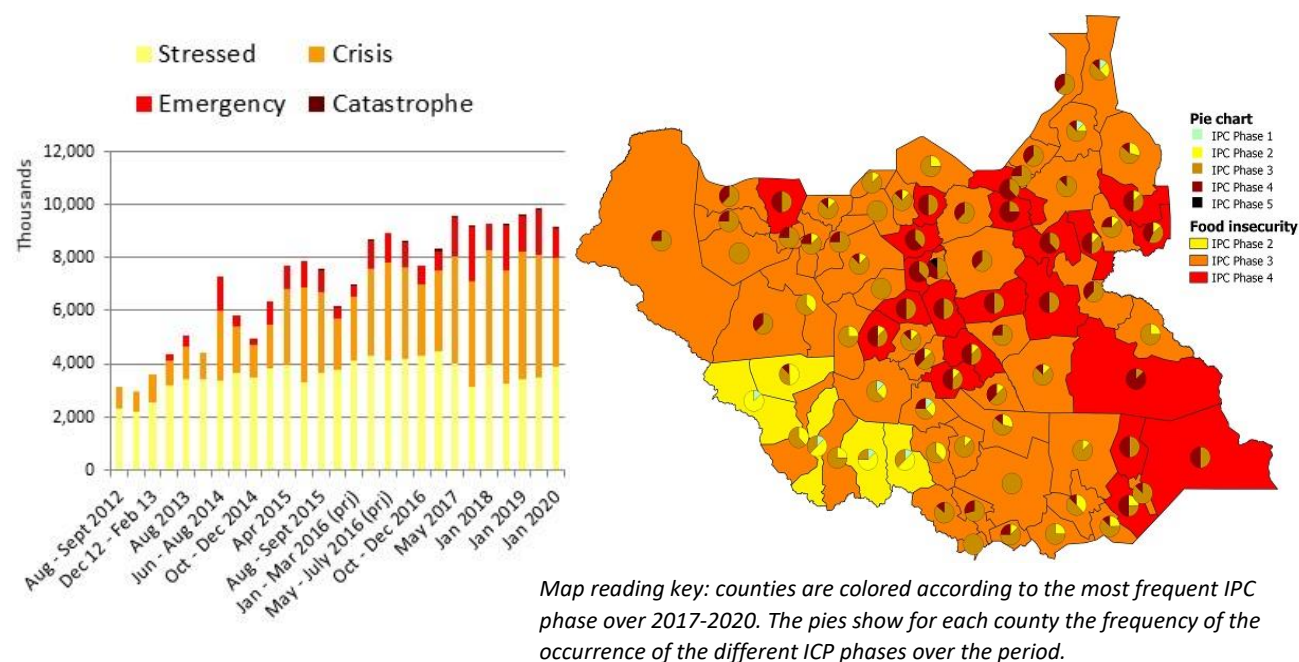
⁴⁵ WB (2021, forthcoming), *cit.*

⁴⁶ World Bank Group (2021c, forthcoming) Agricultural and Food Insecurity Dynamics (2006-2020), in South Sudan Conflict Economy & Integrated Food Security Phase Classification (IPC) (2020) IPC Acute food insecurity and acute malnutrition analysis – South Sudan, January 2020 – July 2020. http://www.ipcinfo.org/fileadmin/user_upload/ipcinfo/docs/IPC_SouthSudan_AFI_AMN_2020Jan2020July.pdf

⁴⁷ IFAD (2020), South Sudan Livelihood and Resilience Project. <https://www.ifad.org/documents/38711624/39485424/South+Sudan+2000002869+SSLRP+Project+Design+Report+March+2021.pdf/a5c3c77e-25d3-a0a3-311f-c1e58791b5db?t=1619026311437>

agricultural production; yet their access to productive assets is limited. As a result, female-headed households are affected by higher levels of food insecurity and poverty than male-headed households (44.5 percent vs 38.3 percent). The ongoing conflict, displacement and pervasive insecurity have also worsened the incidence of gender-based violence (GBV) and contributed to the increased exposure of women and girls to varying forms of violence. Empowering women in agriculture is key to strengthening the economy and improving the level of food and nutrition security of the population.

Figure 2 - Evolution of food insecurity 2012-2020 (left) and most frequent food insecurity phase per county over 2017-2020 (WB, 2021, forthcoming, Transforming Agriculture: From Humanitarian Aid To A Development Oriented Growth Path)



Map reading key: counties are colored according to the most frequent IPC phase over 2017-2020. The pies show for each county the frequency of the occurrence of the different ICP phases over the period.

66. **Undernutrition is widespread in the country**, due to poor dietary diversity and quality alongside poor food utilization⁴⁸. The key drivers of undernutrition are high food insecurity, increased morbidity/disease outbreaks, poor childcare practices⁴⁹, limited access to basic services, healthcare⁵⁰ and poor infrastructure, including clean water supply and sanitation⁵¹. In January 2020, 48 out of total of 79 counties in the country were facing serious malnutrition situation (IPC Acute Malnutrition Phase 3 and above), most of them in the Jonglei and Upper Nile States (READ project target area), with some counties in Eastern Equatoria and Northern Bahr el Ghazal classified as critical (IPC Acute Malnutrition Phase 4).

67. **The impact of climate change on food production is already felt and is predicted to worsen.**⁵² According to the Climate Change Vulnerability Index, South Sudan was ranked among the five most vulnerable countries in the world in 2017. According to the Climate Risk and Vulnerability Assessment report

⁴⁸ Cereal consumption accounts for about 48% of total basic food consumption in term of value, followed by livestock (30%), fish (4%), roots (2%), and seeds (3.8%).

⁴⁹ UNICEF (2021) Nutrition briefing note for Jan-Mar 2021

⁵⁰ 1,300 out of 2,300 health facilities are non-functional. Adrian Cullis (2021) Livestock Economy of South Sudan – Discussion paper

⁵¹ IPC (2020) cit

⁵² Omondi P. (2020) South Sudan and climate change trends – Looking to 2050. Conflict Sensitivity Resource Facility (CSRF) Better Aid Forum Briefing Paper. https://i.emfifiles4.com/cmpdoc/4/7/0/3/8/files/715950_south-sudan-and-climate-change-trends-1.pdf.

(2020) prepared for IFAD SSLRP⁵³, the north most and south east part of the country are highly vulnerable, and the vulnerability in most of the central and eastern part are rated as medium (see Figure 3 on Annex 7). Climate change in South Sudan is generally predicted to reduce rainfall and increase rainfall variability, with a projected rise of the surface temperature between 1.5 and 3 degrees Celsius. However, in some areas, such as northern South Sudan, recent rainfall data shows increasing rainfalls in 2019 and 2020, which has led to serious flooding affecting crop production and forcing people into displacement.⁵⁴ The worst affected states (76 per cent of people affected) were Jonglei, Lakes and Unity. At the same time, decreasing rainfalls combined with temperature increase in Eastern and Southern parts of the country could reduce water availability for agriculture and impact crop production.

68. Despite the massive humanitarian assistance to the country, the food security and nutrition outcomes have deteriorated in recent years. In 2019, South Sudan was the third largest recipient of humanitarian aid after Yemen and Syria. The country has received \$1.6 billion gross ODA (official development aid) in 2018, with United States accounting for 41% of the total amount (OECD 2021). Most of the support took the form of food aid and other humanitarian assistance (71%). Among the largest humanitarian initiatives, the World Food Program (WFP) assisted 5 million people in South Sudan in 2020 through food assistance, cash transfers (over \$27 million to 600 000 people in 2018), school meals, and nutrition outreach⁵⁵.

69. **The cooperative movement has been negatively affected by years of conflict, weak market development, limited access to finance, lack of infrastructure and limited law enforcement.** As reported by a recent ILO study⁵⁶, existing cooperatives are characterised limited membership, weak service provision and almost inexistent higher level organizations. Of the 142 cooperatives surveyed, only 2 are second-level cooperatives at union level, while the remaining 140 are primary ones. Nevertheless, the emerging farmer cooperative movement in South Sudan is an asset to build upon to improve the food security and nutrition of rural populations, their resilience to climate change and increase their access to more profitable markets. A few initiatives have been implemented in support of cooperative business initiatives (e.g. a program by UNADF focusing on peanut paste and organic cooking oil⁵⁷, and a joint project by Nespresso and Technoserve focusing on coffee⁵⁸), with only one FAO initiative supporting the establishment of pre-cooperative groups and the formalization of cooperatives⁵⁹. While building on the lessons learnt from these projects, READ will be the first large-scale project that will address Cooperative challenges across the board and across different value chains, from institutional and business capacity to access to finance and the enabling environment.

70. **Access to finance is a critical constraint to the development of small (household) business activities in South Sudan**, including those of cooperatives and less formalized producer organizations. On the demand side distrust, distance, affordability as well as financial literacy constitute major barriers⁶⁰. On the supply side, key challenges include factors such as weak financial infrastructure, lack of credit infrastructure, burdensome documentation requirements and lack of product innovation. The result is that the uptake of

⁵³ Climate Risk and Vulnerability Analysis prepared for the IFAD supported South Sudan Livelihood Resilience Project (SSLRP). The analysis has been prepared using data on historic and projected climate information for both temperature and rainfall/precipitation. The analysis has used factors such as exposure (rainfall variability and trend, frequencies of dry season and max. temperature), sensitivity (exposure to flood and drought, erosion, land degradation, wildfire, conflict) and adaptive

⁵⁴ It is estimated that floods in 2019 led to the loss of 72,611 tons of cereal, affected 856,000 people and displaced 389,000 people

⁵⁵ World Food Program (WFP)(2021) South Sudan Emergency. Retrieved February 2021.

<https://www.wfp.org/emergencies/south-sudan-emergency>

⁵⁶ ILO - Needs Assessment Report For Cooperative Enterprises And Other Similar Producer Groups (2020 - unpublished).

⁵⁷ Terekeka Peanut Paste and Cooking Oil Capacity Building Project

⁵⁸ Revitalizing South Sudan's Coffee Industry

⁵⁹ Food Security through Commercialization of Agricultural sector in marginalized areas in Kenya and South Sudan under the CAAD framework: see link: <http://www.fao.org/partnerships/resource-partners/investing-for-results/news-article/en/c/1119228/>

⁶⁰ Altai Consulting (2019), *cit*

financial services is extremely weak across the country, with only 8.6% of South Sudanese adults (age 15+) holding a financial account, 3.6% saving in a formal financial institution, and 3.4% borrowing money from it.⁶¹ VSLAs have shown the potential of group-lending models in the context of South Sudan to increase the utilization of financial services at the community level⁶², but has significant limitations when it comes to developing viable entrepreneurs-run agribusinesses.

71. In this regard, the Cooperative Bank of South Sudan (CBSS), represents a valuable asset to increase access to finance for READ's target group. The CBSS was established in 2010 as a subsidiary of Cooperative Bank of Kenya (70% shareholders are Kenyan cooperatives) to support South Sudanese cooperatives to access inputs and sell their products to the markets. To this date, however, Cooperatives only represents 40% of the Bank's business, with 80% of them being Saving and Credit Cooperatives. Specific issues that will need to be addressed in order to increase lending to agricultural cooperatives include increasing outreach to rural areas, developing adapted financing products for RPOs and easing collateral requirements.

72. Such need of deepening the access to inclusive rural financial services is however constrained by the immediate need of fostering South Sudan's initiatives in support to agricultural development. As such, a series of studies on jobs made by the World Bank in 2020, conclude that "**grant financing is likely to be the more reasonable approach for broad business support in the short run. Hardly any firms – large and small – take loans, and businesses make clear that they operate in markets where demand is low and risk high. For early recovery, outright grant funding is therefore likely to be more viable at scale than access to finance support**".

3.2 Addressing medium-to-long term COVID-19 response and recovery of agriculture and food sector

73. **COVID-19.** In South Sudan, the health impact of the COVID-19 pandemic has been relatively limited compared to its impact on regional peers⁶³. With the Government initially instituting a lockdown on March 2020, South Sudan was among the first countries in East Africa to ease movement restrictions (May 2020). However, the situation deteriorated at the start of 2021, after the end of the December/January festive season, during which many people travelled to visit family. Consequently, new partial lockdown measures were imposed in early February 2021 and then lifted on 14 April 2021, following a reduction in the number of new reported infections. While weaknesses in testing and contact tracing have made it difficult to assess the actual extent of the pandemic, the health impact of the pandemic remain nonetheless limited compared to other countries in the region.

74. **Nonetheless, the pandemic has further exacerbated an already dire social and economic outlook.** The pandemic-induced downfall of oil prices, alongside concurrent shocks with floods, locust infestation and conflict, has contributed to a projected contraction of GDP levels by 3.4 percent in 2020/2021.⁶⁴ Disruptions to trade, supply chains, and longer travel time have further contributed to higher prices for essential commodities. Food prices increases and loss of income-generating activities have stretched households' coping strategies and heightened concerns over food security, even in rural areas that were significantly less affected than urban areas where wage labour is more prevalent. The evolving situation has brought to the forefront the urgency of diversifying the economy in order to build back better and ensure resilience to future shocks. Investment in agriculture is widely recognized as a key strategy to achieve this, while also contributing to address food security and the impact of climate change on the country's population. By strengthening the cooperative movement, READ will contribute to increase the resilience of rural producers to this and other shocks.

75. The economic fallout from the COVID-19 pandemic has also created opportunities for South Sudan to break free from a legacy of economic mismanagement and to push through an ambitious macroeconomic and fiscal reform program that is intended to facilitate macroeconomic stabilization and improved public

⁶¹ Findex (2017)

⁶² WB (2021), forthcoming

⁶³ WB (2021), *cit.*

⁶⁴ WB (2021) South Sudan Economic Outlook Update: Socioeconomic Impacts of COVID-19

financial management⁶⁵. Following the establishment of three key structures⁶⁶, the authorities have identified 11 Public Financial management (PFM) priorities and commenced working with a wide range of stakeholders, including those from the Government, development partners, and civil society, to implement the targeted reforms. Such processes are key for the READ project since macroeconomic stabilization and specifically the management of inflation and exchange rate are key for the development of the agriculture sector⁶⁷ and of private sector operations.

76. **Development of public institutions.** *The capacity of States, counties and payams is extremely low.* Until December 2013, donors and partners invested heavily in developing the capacity of the nascent administration, both nationally and at state levels. For instance, the 2007-2013 Sudan Productive Capacity Recovery Program built the capacity of the ministries of agriculture, forestry, livestock, fisheries and animal resources of 5 states (Northern Bahr el Ghazal, Western Bahr el Ghazal, Lakes, Western Equatoria, Central Equatoria and Unity) and 14 counties (FAO 2013). As donors withdrew with the escalation of the conflict, the capacity of government and state ministries declined, accelerated by the economic crisis. Today, staff retention at these levels has become a significant challenge, with trained personnel moving to other sectors since their salaries are not paid. In addition, mandates of the county and payam agricultural departments remain unclear.

3.3 Alignment with South Sudan agriculture and food security strategies

77. **READ alignment with GoSS framework.** READ aligns with the Government's own policy priorities enunciated in the **Comprehensive Agriculture Master Plan (CAMP)** and with its **five development themes**⁶⁸, and the Revitalized Agreement on the Resolution of the Conflict in the Republic of South Sudan (R-ARCSS), which commit to restore economic foundations by generating employment and improving livelihoods. The project will also contribute towards the attainment of the South Sudan Partnership for Recovery and Resilience (PfRR) priorities with a focus on rebuilding trust in people and institutions and restoring productive capacities. It will align to the abovementioned policy frameworks by building up cooperatives, lower level APGs for the effective and sustainable integration of rural producers into value chains. In addition, VSLAs development at community will be key to restore basic financial behaviours of communities, critical for restoring confidence in rural financial services. At the same time, READ project will attempt, in partnership with CBSS, to enable rural households and rural producers long term sustainable access to inclusive rural financial service, acknowledging the current challenges in promoting access to finance and hence promoting also asset transfers and matching grant schemes for the development of APGs and cooperative businesses.

78. Capacity gaps both in terms of policy frameworks in relation to cooperative and rural finance frameworks will be addressed by READ project which will also promote training and capacity building for MAFS cooperative staff both at central and decentralized levels.

⁶⁵ Program focus of is on four critical areas: (i) restoring fiscal discipline; (ii) monetary and exchange rate reform; (iii) debt management; and (iv) strengthening governance.

⁶⁶ Public Financial Management (PFM) Oversight Committee; (ii) the Technical Committee; and (iii) the Secretariat

⁶⁷ See WB (2021) for the analysis of the most recent determinants of food insecurity and the role of instable and rising market prices boosted primarily by the exchange rate fluctuations.

⁶⁸ CAMP, approved on March 7, 2017, has a 25 years long term horizon and it is organized around 5 development themes: (i) reconstruction and recovery; (ii) food and nutrition security; (iii) economic growth and livelihood improvement; (iv) agriculture sector transformation, and (v) the crosscutting and continuing theme of institutional development.

Section 4: Cross-cutting Themes

4.1 Does the project address any of the GAFSP cross-cutting themes?

- ✓ Gender and empowerment of women and girls
- ✓ Climate resilience
- ✓ Improved nutritional outcomes

4.2 Addressing identified thematic focus areas

79. READ project is intending to address the three cross-cutting themes considered by GAFPS Guidelines since all of them are essential in the Sudanese context (see section 3). The three thematic issues should be considered embedded into the technical components 1 and 3, through the support planned under component 1 to the RPOs and VSLAs (and the related asset transfer and matching grant schemes in support of APGs and Cooperatives, respectively) and in relation to policy development (component 3) for nutrition and climate change.

80. In the following sub-sections, the main activities identified are highlighted for each specific thematic issue while the context for the rationale for such inclusion is articulated in section 3.

Improved nutritional outcomes

81. Component 1 will be the main entry point for nutrition mainstreaming, through the following complementary activities

- a. nutrition gap assessment (value chain identification to improve both households' dietary diversity and income) to be conducted by the IFAD-funded South Sudan Livelihood and Resilience Project (SSLRP) project will be used for value chain identification;
- b. trainings at cooperative and APG level will include modules focused on food safety and post-harvest loss reduction;
- c. awareness raising campaigns will be implemented to encourage RPO members to cultivate nutrient-rich crops (in particular indigenous varieties) and animal sourced foods through Integrated Homestead Food Production (IHFP), to be complemented with the provision of inputs through matching grant financing;
- d. business plan orientation will focus on the RPOs economic services that can improve nutrition and reduce post-harvest losses, such as nutrition-sensitive inputs (e.g nutrient-rich vegetable, legume, and tuber seeds, small gardening tools) and post-harvest management technologies (e.g. hermetic storage bags);

82. The potential to link supported RPOs to existing WFP school feeding programs for local procurement approaches will be assessed at the design stage, to promote intended nutrition actions targeting school children (including adolescent girls). The potential of this collaboration will depend on the predicted volume of production of supported RPOs, and on the availability of WFP to collaborate with READ for the quality assurance of the produce.

83. Beyond improving access to nutritious foods, the implementation of Social Behaviour Change Communication (SBCC) will be key to improve dietary practices. In each cooperative/APG, "women leaders" alongside male counterparts will be identified and trained to facilitate dialogue with men and women and unpack the household's challenges that prevent the adoption of healthy diets. Those sessions will include experience and recipes sharing, cooking demonstrations, infant and young feeding practices, maternal nutrition.

84. Additionally, the project will ensure linkages with IFAD SSLRP to leverage nutrition activities like the SBCC mass media campaign, which aims to encourage adoption of nutritious foods among women and young children. The Knowledge Attitudes Practices (KAP) survey findings conducted in the same implementation areas will also be useful to further elaborate the project nutrition interventions at the full design stage.

85. The results will be measured by disaggregating relevant indicators at the outcome and output level by their contribution to improved nutritional outcomes. These includes the monitoring of improved RPO

nutrition services at the outcome level, and the tracking of nutrition-sensitive outputs in training and business plan financing at RPO level.

Climate resilience

86. Institutionalization of climate resilience and green and blue economy⁶⁹ into the RPOs will play a pivotal role in reducing vulnerability and enhancing resilience of the target population. Climate resilience intervention will be mainstreamed through all relevant activities, including capacity building, asset transfer and policy development. Specific activities will include:

- a. the inclusion of a climate resilience/adaptation module in the capacity building activities targeted at RPOs;
- b. climate sensitive business plan development, incorporating climate smart agriculture and elements of climate risk analysis such as enhancement of adaptive capacity and livelihood diversification in the profitability analysis;
- c. orientation of business plans and promotion of climate smart investments such as rainwater harvesting; drought tolerant and early maturing crop varieties; watershed conservation and management; solar and other forms of renewable energy technologies as well as green jobs..
- d. screening of business plan proposals through a set of climate-related eligibility criteria, tools and checklists;
- e. mainstreaming of climate resilience in the new/existing policy frameworks on cooperative development and inclusive rural finance. Given the high reliance of the South Sudanese population on forests for fuelwood and charcoal production, the provision of clean and renewable energy sources and energy saving technologies will be a key focus of supported economic activities.

87. This proposed set of activities will contribute in raising awareness about the impacts of climate change and build the resilience of the targeted RPOs, backing the achievement of the project's goal. Progress in this area will be monitored through disaggregation of the output level indicators tracking the number of RPO members trained and the number of RPO business plans financed, which will be disaggregated by number of climate-smart investments financed.

4.3 Project's Responsiveness to South Sudan's policies and strategies related to cross-cutting themes

88. **Food and nutrition security** is one of the key development themes of the Comprehensive Agriculture Master Plan (CAMP) 2015-2040 of the Ministry of Agriculture and Food Security (MAFS). Building resilience of small producers to increase access to and demand for healthy diets is also at the heart of the South Sudan National Development strategy from 2018⁷⁰. South Sudan also has a National Nutrition Policy and has been a member to the Scaling-Up Nutrition (SUN) Movement⁷¹ since 2016, although the latter is still largely work in progress and lacks specific operational results. The project responds to the challenges identified by these and other policy frameworks by building the capacity and assets of RPOs to improve the nutritional status of their members, through the increase quantity and quality of nutritious foods produced.

89. The policy framework related to **climate resilience**, adaptation and mitigation include the Draft Environmental Protection Policy (2013), the Draft Environmental Protection Bill (2013) and the Intended Nationally Determined Contributions (INDC) (2015). By promoting environmentally sustainable development that simultaneously improves livelihoods and resilience to climate change, READ project will respond to the strategic orientation of above mentioned documents and South Sudan's commitments. By jointly addressing climate resilience and food security, the project will also respond to the orientations of the Food Security Policy

⁶⁹ According to the World Bank, the blue economy is the "sustainable use of ocean resources for economic growth, improved livelihoods, and jobs while preserving the health of ocean ecosystem". In the context of this proposal, blue economy consider 'sustainable use of water resources'.

⁷⁰ 2018 South Sudan National Development Strategy. p.19

⁷¹ Scaling Up Nutrition South Sudan SUN seeks to achieve nutrition justice and end malnutrition in all its forms.

<https://scalingupnutrition.org/sun-countries/south-sudan/>

(2012), which supports initiatives to mitigate the adverse effects and impacts from climate change in the medium and long-term.

90. South Sudan has a **Gender Policy** (2013) which provides an overall context for mainstreaming gender equality in all national development processes, and the comprehensive *draft* National Gender Policy (NGP), which advocates for programmes that have specific impact on the gender mainstreaming and women's empowerment. READ project is aligned with both policy documents by targeting women initiatives, such as specific decision making bodies for women and girls and by promoting labour-saving technologies both in the asset transfer and matching grant schemes.

91. In addition to the MAFS, authorities that will play a key role in designing and overseeing the implementation of the three mainstreaming areas including: (i) the Food Security Council (FSC), to harmonise the nutrition and food security dimension with other initiatives that deal with food security; (ii) the Ministry of Environment and Forestry, specifically for the implementation of the SECAP; (iii) Gender Focal Points or department in the Ministry of Gender, Child, and Social Welfare. In addition, the Government authorities from these technical Ministries will be integrated into the technical steering committee and advisory council to ensure adequate quality assurance of the Annual Work Plan and Budget (AWPB), and other relevant project documents.

4.4 Role and involvement of women and girls in the project

92. READ project will adopt an inclusive approach to ensure that all target group members will benefit from project activities but a specific focus on women empowerment will be developed as it follows:

- a. the application of gender targeting quotas in all relevant activities (40 percent of RPOs to be selected should have women in decision making positions – either at management level or as members of the RPO board; 60 percent of READ training activities should benefit women; SACCOs supported under C2 should have at least 20 per cent of women membership). Although quotas per se won't resolve power dynamics in rural areas, if reached, such targets can contribute to strengthen women's voice and decision-making power within people institutions supported by READ. Gender sensitisation will be also integrated in all the trainings packages to promote awareness to both women and men.
- b. Supporting women initiatives within cooperatives through the establishment of '*colleges des femmes*' (women-led Cooperative Committees, members of the Cooperative Boards, established to identify and support women enterprise initiatives with cooperatives).
- c. orientation of business plans and promotion of labour-saving technologies (e.g. drought resistant seeds, mechanised shellers and threshers) within asset transfer (at APG level) and matching grant (for more mature cooperatives) programmes to encourage a shift towards a more equitable sharing of the household workload.
- d. Use of the Gender Action Learning System (GALS)⁷² methodology with its adaptation on issues related to Gender Based Violence and the importance of women's education for VSLAs support.
- e. the facilitation of women-to-women knowledge sharing groups or listening clubs based on the Dimitra Club model⁷³ to enable the emergence of actions that address women's and girls' challenges, as well as to foster nutritional awareness.
- f. support to VSLAs and financial literacy programmes will be primarily target women and their associations.

⁷² The purpose of the GALS methodology is to give women and men more control over their lives and to catalyse and support a sustainable movement for gender justice. GALS promotes equality in rights and opportunities by: ☐ empowering the most vulnerable women and men to develop, negotiate, implement and monitor their own plans for increasing productivity/quality and incomes, reducing livelihood risks and increasing gender equality within households (https://www.ifad.org/documents/38714170/41377902/hhm_stocktake.pdf/d64f0301-19d5-b210-3ace-765ba0b5f527 for more information on GALS)

⁷³ <http://www.fao.org/dimitra/dimitra-clubs/en/>

93. To track the implementation of the above-mentioned inclusive approach, all people-based indicators will be disaggregated by gender. Proposed indicators will additionally consider: (i) number of women members in groups (Cooperatives, APGs, VSLAs, SACCOs), (ii) number of women in leadership positions (iii) number of women accessing grants and assets provided by the project.

Section 5: Project Implementation, Sustainability and Budget

5.1 Risks and mitigation measures

94. There are a number of potential risks that could have a negative impact on the implementation of READ and on the achievement of its development objective. These include risks related to the political, economic, social and environmental context of the country, as well as risks derived from the limited capacity of public institutions engaged in agricultural development. The project is also prone to create negative externalities, mainly related to interference with local power dynamics and with the environmental impact of activities. This section summarizes the main risks and negative externalities foreseen and the mitigation measures devised by the project to address them; a more detailed account is presented in Annex 3.

95. Considering the weak governance of the agricultural sector in South Sudan and the relative novelty of the proposed approach in the country, one of the main risk foreseen is insufficient implementation capacity and fiduciary systems. The implementation arrangements are designed to mitigate this risk by appointing a third party FM with adequate capacity and systems. The support provided to MAFS under component 3 will concurrently contribute to strengthen its capacity to oversee the project and sustain its results in the long term. Notwithstanding the above-indicated mitigation measures, the context remains fragile, and successful implementation will be dependent on a smooth working relationship between the FM, MAFS and implementing partners.

96. Another major risk is posed by macroeconomic instability, including high inflation and currency volatility. Although some level of currency stabilization is expected following recent developments, this risk is assumed to be highly likely and its impact on project activities potentially high. To mitigate the potential impact of inflation, READ will ensure that most project expenditure is incurred in USD through supply contracts to the FM. IFAD supervision missions will continuously review value for money to address any potential expenditure increases.

97. For what concerns the political instability of the country, the main risk is related to the potential failure of the peace deal and the subsequent resumption of conflict. The likelihood of this occurrence is moderately high, and its potential impact on project activities could be substantial – depending on the affected zones. This risk will be mitigated through the adoption of a flexible implementation approach to allow a rapid response to emerging challenges. To this end, a mid-term review will be conducted after 2.5 years from project start to identify any evolving needs to re-orient activities or change implementation arrangements. Ongoing and future conflicts may also pose a significant security threat to both project staff and beneficiaries. The FM will adopt and implement a Security Management Plan (SMP) for the Project to safeguard all project workers and project-affected parties, and implement mechanisms to ensure early identification of threats and the adoption of adequate mitigation measures.

98. In a highly complex post-conflict environment like South Sudan, the likelihood of generating negative externalities deserves particular attention. Any injection of resources will inevitably reconfigure local power dynamics, which may turn to conflict if adequate measures are not taken. The provision of capital endowments, in particular, runs the risk to create tensions between rival constituencies. To mitigate this risk, READ will adopt a conflict sensitive programming as a cross cutting approach and integration across all levels of the interventions by implementing context specific actions. Throughout its implementation READ will apply a conflict-sensitive and peace responsive approach to ensure the *do no harm* as a minimum and with the intention of contributing to peace; specific Peace and Conflict analysis including through ILO methodology for programming in fragile settings will be applied.⁷⁴ Specific measures will focus on participatory planning and implementation of economic activities through constant consultations with communities (including the displaced), strengthening inter-group mechanisms for conflict resolution, and strengthening monitoring for early detection of risks.

⁷⁴ [Peace and Conflict Analysis, Guidance for ILO's Programming in Fragile and Conflict-affected contexts](#) (ILO, 2021)

99. Although READ will not directly invest in activities that generate negative environmental and social externalities, environmental and social impacts may be expected from the RPO economic activities supported by the project. In line with the IFAD Social, Environmental and Climate Assessment Procedures (SECAP)⁷⁵ and Environmental and Social Management Framework (ESMF)⁷⁶, READ will undertake relevant assessments to identify any potential negative impacts on biodiversity, and will integrate conservation and development **objectives. Any potential negative externality will be addressed through the Environmental and Social Management Plans (ESMPs) and other mitigation measures.** Support to business plan development will mainstream climate resilience and adaptation approaches and business plans will be screened before approval.

5.2 Project sustainability

100. By virtue of its demand-driven approach, sustainability is inbuilt in project activities. Producer groups will be in full control of the entire process, from developing their business models, to identifying their main capacity and investment needs, and overseeing the implementation of the chosen economic activities. They will be capacitated to plan, operate, maintain and monitor the implementation of their business plans, assuming total responsibility for the assets provided to them. In addition, RPOs and VSLAs members will be expected to provide in-kind contribution towards asset financing – about five percent – further increasing the ownership and likelihood of sustainability. Sustainability will be further promoted through a degressive phasing out of project support to the targeted RPOs, SACCOs and VSLAs. Indeed the selected institutions will be initially endowed with assets (with grant funding) and fully supported with capacity building packages that will be comprising the articulation of their business plans but since inception support, a gross margin analysis will be undertaken for the people's institutions supported with the target of reaching business break even following 3 to 5 years of support from the project.

101. Sustainability will be further strengthened through component 3, which will provide the GOSS with key policy tools to sustain their efforts in the long term as well as essential capacity at the level of MAFS to implement them. Rural inclusion activities foreseen in component 2 will additionally ensure that RPOs are able to access the credit they need to sustain their economic activities beyond the project's lifetime.

5.3 Consultations process for the Concept Note development and synergies with partners

102. **The project design team conducted extensive consultations with stakeholders.** These include: (i) MAFS officials; (ii) representatives of donors and NGOs that are active in the country, including potential partners; (iii) leaders of Cooperatives and SACCOs that are active in the project target areas. A full list of all stakeholders met can be found in Annex 10 at the end of the document.

103. Two separate consultations were held with cooperative leaders, and with SACCO leaders respective on 27 and on 28 July. The Cooperative leaders consultation shed light on the challenges currently experienced by RPOs, and on existing opportunities to address them. The comments raised by participants confirmed the relevance of the activities foreseen, especially the capacity development of cooperative officials, the implementation of business-oriented approach and the improvement of access to finance. Additional measures arising from the consultation will be taken into consideration at full design, including: (i) the implementation of exchange visits to farmers organizations in other parts of the country/region; (ii) the possibility of supporting the federation of RPOs into cooperative unions; (iii) the engagement of Apex and cooperative organization in the monitoring and implementation of the project through a third party monitoring modality.

104. The SACCOs consultation convened the leaders of 8 SACCOs alongside representatives of the CBSS. The meeting was instrumental in providing the design team with preliminary information on the situation of SACCOs in the country, including their location, outreach, services and membership, as well as their main challenges. This information has informed the development of the whole proposal and in particular the design and targeting of the Component 2 activities.

⁷⁵ These procedures defined a course of action for assessing social, environmental and climate risks to enhance the sustainability of programmes and projects. They set out the mandatory requirements and other elements that must be integrated throughout the project life cycle.

⁷⁶ The ESMF is prepared when uncertainty remains on the project component or exact location. The Framework establishes a mechanism to determine social, environmental, and climate impacts when conducting the Environmental and Social Impact Assessment (ESIA).

5.4 Proposed project implementation arrangements

105. The Ministry of Agriculture and Food Security (MAFS) will be the lead executing agency for the Project. Building on the lessons learnt and ongoing developments in the country, READ will be implemented through tailored implementation arrangements with the involvement of a **Fund Manager** (see paragraphs 105-107) and involvement of third party **Implementing Partners** (IPs) that will be responsible for READ technical implementation (see paragraph 108 for ILO as technical partner and paragraphs 109-111 for third party implementing partners), through the signature of sub-agreements with the Fund Manager under the oversight of a Government-led Project Coordination Unit (PCU). To gradually build capacities of the MAFS to implement projects, the MAFS will implement the capacity development activities under component 3 with Technical Assistance support.

106. Geographical zones of READ project activities at decentralized level will be informed by C1.1 assessments and then jointly selected with the focal States and Counties that will be involved in the process of selecting the participating Payams, Bomas and groups supported under project components. Country ownership will also be ensured through implementation modalities; the Implementing Partners will work with the County, Boma and Payam Development Committees (to ensure compliance with the County development agenda) and through the frontline cooperative and extension agents where they exist.

107. The **Fund Manager** for READ project is UNDP, which was selected by the GOSS in close consultation with IFAD. The main principles for the selection of the Fund Manager included: (i) institutional comparative advantage to implement the project including staffing in Juba and decentralized offices of interest to the project; (ii) indication of relevant possible technical areas that can be covered by the Fund Manager; (iii) Rural-focused policies/guidelines/frameworks/tools on a) women's economic empowerment, b) nutrition, c) climate change adaptation, d) youth economic empowerment, and e) and social & environmental safeguards; (iv) indication of pricing policy i.e. management costs thresholds and overheads, and v) prior and ongoing projects on value chain development, capacity and business development and ability to co-finance the project (in cash and in kind).

108. The Fund Manager will be responsible for (i) overall project implementation (and possibly implementing part of C1 and C3 - or entering in sub-agreements for their implementation); (ii) preparing and following up on implementation contracts/sub-agreements with Implementing Partners (IPs) involved in the implementation of component activities (see diagram on annex 8), outlining specific deliverables; (iii) procurement, financial management, M&E and meeting all the reporting requirements to GoSS and IFAD; (iv) preparing AWPBs, procurement plans, implementation progress and financial reports for submission to PCU; (v) Project M&E system; (vi) ensuring project procurement for direct implementation (if applicable) and oversight of procurement by Implementing Partners (IPs) and submission of procurement packages to the PCU for transmission to IFAD for No Objection.

109. The Fund Manager will have a Project Management Team (PMT) with an indicative composition of: a) Project Manager; b) 3 Technical Officers (Components 1 and 2 and 3); c) Monitoring, Evaluation and KM Officer; d) Financial Management Officer; and e) Procurement Officer.

110. **ILO will be the technical partner for Component 1**, providing assistance through their training tools for capacity building activities across the component including (*Think.Coop*^[1]) an orientation on the cooperative business model; (*Start.Coop*^[2]) a step-by-step tool to start-up a cooperative; (*Manage.Coop*^[3]) a guiding tool on management and governance of a cooperative; (*My.Coop*^[4]); a training programme to support financial cooperative apex organizations in developing and implementing an effective strategic planning (*ApexFinCoop*^[5]). ILO has been selected by GoSS given its recent collaboration with the MAFS for a needs assessment of cooperative enterprises and other similar producer organizations engaged in agricultural value chain production. Besides, the ILO remains the only specialized agency of the United Nations with an explicit

[1] https://www.ilo.org/global/topics/cooperatives/publications/WCMS_616148/lang--en/index.htm

[2] https://www.ilo.org/global/topics/cooperatives/publications/WCMS_722063/lang--en/index.htm

[3] Forthcoming

[4] https://www.ilo.org/global/topics/cooperatives/publications/WCMS_644824/lang--en/index.htm

[5] https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---coop/documents/genericdocument/wcms_667602.pdf

mandate covering all cooperatives to this day, bringing over a century of sound and state-of-the-art technical, policy, and legal support to the cooperative movement and its Member States.

111. **Third party Implementing Partners (IPs)** for the whole component 1 will be identified and selected at design stage. Preliminary consultations demonstrated that in South Sudan there are a number of NGOs present (CARE, Cordaid, Oxfam, World Vision, GIZ) with knowhow of the national context and with strong international capacity to develop APGs and VSLAs as well as provide comprehensive graduation support to the group members with the overall technical support and back up provided by ILO. Working modalities for the IP(s) to be selected for component 1 will comprise: (a) developing the training modules in partnership with ILO; (b) ToT plan with ILO for the capacity building programme and RPOs business plan development (in strong synergy with the MAFS coop officer training programme under component 3); (c) systematic 6-monthly assessment of the RPOs supported; (d) setting up procurement procedures for the infrastructure and equipment to be provided to RPOs (to be financed with grant financing).

112. For Component 2, the Cooperative Bank of South Sudan (CBSS) is expected to be the main responsible Implementing Partner, with technical support by the READ Fund Manager. GoSS has identified CBSS for this task with the aim to increase the bank's cooperative financial services to more rural and agriculture cooperatives, farmer groups and rural households. Initial assessment by the Concept Note drafting team confirms that CBSS is a promising project partner to ensure sustainable financial services in the READ target areas. This is especially due to the Cooperative Bank's mandate and strategy to service the cooperative sector as well as its regional niche capacity of providing wholesale services to its client SACCOs, which in turn service the rural clients. The CBSS has also confirmed co-financing of the project investments through the bank's core resources, as part of its expansion strategy in the agricultural sector. An indicative amount of USD 3 million in co-financing is expected in the project target area, based on an overall target of USD 15 million by the CBSS at the national level. The design mission will conduct financial assessment of the CBSS capacity to implement a financial instrument as part of C2, i.e. credit line and/or credit guarantee.

113. MAFS will be responsible for the implementation of C3, since it will directly benefit from the related level activities. Training and capacity development activities, as well as the review and development of policy frameworks, will be supported by a Technical Assistance agency to be identified and selected at design stage to avoid delays at project start-up.

114. A governance structure will be set up to provide the oversight function to the project, in line with the model used for the SSLRP project. A National Advisory Committee (NAC) will be established, and will be chaired by the Undersecretary of Cooperative and Rural Development in the MAFS and Co-chaired by the Undersecretary in the Ministry of Finance and Planning (MOFP), with membership of the Undersecretary of Agriculture and Food Security and other Undersecretaries from relevant line ministries. NAC's core responsibility will be to provide overall policy and strategic guidance and advice to the project for effective smooth and accountable implementation. NAC will provide strategic and policy advice on quarterly and annual project progress reports and work plans and approves AWPBs and progress reports before they are submitted to IFAD for No Objection. A National Technical Committee (NTC) will also be part of the governance structure, chaired by the Director General of Cooperative Development and Co-chaired by the Director in the MOFP, with membership of the DG Rural Development, the DG Agriculture Production and Extension Services, the DG Planning and other relevant DGs from relevant line ministries. The NTC's responsibility will be to: a) provide technical guidance of the project; b) update the NAC on technical and operational issues related to the project; c) facilitate technical and operational partnerships with stakeholders within the government to advance operational/coordination issues related to the project; d) coordinate with technical counterparts of other government agents; e) update their undersecretaries on any progress and challenges and plans of the project; f) provide technical and operational guidance to project quarterly and annual progress reports and work plans; and g) participate in periodic monitoring of the project. Local governance structures i.e County, Payam levels will be integrated into the project to support community awareness of the project and conflict resolution as needed.

115. Flow of funding, implementation and contractual arrangements are summarized with a diagram in Annex 8.

5.5 Coordination with other partners

116. **Synergies with development partners.** National level coordination with other development interventions will be organized through the Donor Working Group on Agriculture and Livestock (ALDWG), while coordination at state level will be organized through quarterly meeting with other development

intervention within the same State (chaired by State Level MAFS representative) that will lead to the preparation of complementary AWPBs.

117. READ project will be built and rely upon the achievements of operations in the emergency and humanitarian sector. Development of village level communities, human capital development, infrastructure development (on water, roads, electricity, telecommunications) will be key criteria for the selection of payams, and groups to be supported. In addition, periodic exchanges will be organized by MAFS with WB, FAO (for RALP project – see below table) and AfDB (for AMVAT project – see below table) to coordinate ongoing efforts since READ will rely on social assets development by these two projects and work on RPOs professionalization by working on farmers' organizations development promoted by the two projects (see table 1 below for potential collaborations and partners).

5.6 Overall project budget

118. **The total costs of the project over a period of 6 years, including provisions for physical contingencies and price increase, is USD 24.9 million.** The GAFSP grant amount requested is USD 21,700,000 million, while co-financing from the CBSS and beneficiaries' in-kind contributions amount to USD 3 million⁷⁷ and USD 237,500 respectively. Potential co-financing with AfDB's new initiative on Youth Enterprise Development and Capacity Building (YEDCB) programme was discussed and will be explored at project appraisal stage.

⁷⁷ Total leveraged investment from the CBSS will target USD 15 million at the national level; an indicative amount of USD 3 million is retained for the investment leveraged in the project target area.

Table 1: READ potential collaborations and partners

| Partners | Existing Projects | Potential areas of collaboration |
|--|---|--|
| UNDP | South Sudan Support to Public Financial Management -US\$6,424,927 Peace and Community Cohesion (PaCC) – US\$ 45 million | UNDP will act as the READ project's Fund manager. READ will also seek to leverage on: (i) the comprehensive value chain studies conducted by UNDP in the identified project areas; (ii) the e-commerce hubs and iHubs that UNDP has established in all identified project areas; (iii) the Mobile/Digital Financing Platform for Financial Inclusion and Access to Finance. |
| AFDB | Agricultural Markets, Value Addition and Trade Development Project (AMVAT) - USD 13.7 million Private Sector Development in Fragile Context (PSDFC) - USD 2.14 million Youth Enterprise Development and Capacity Building (YEDCB) - TBC | READ will leverage on AMVAT investments in the project area, exploring linkages between aggregation centres developed by AMVAT and supported RPOs. Linkages with the upcoming PSDFC will be explored to improve access to finance through financial literacy trainings, and the project design team will work with the new YEDCB project to ensure collaboration in the area of entrepreneurship skills, access to finance, and access to markets. |
| FAO | Emergency Livelihood Response Programme for South Sudan – USD 25 million | READ can tap into the extensive studies and analysis of the Food Security system, and Extension methodologies (e.g. FFS) and manuals for capacity building of farmer groups. Additionally, the project will leverage on FAO's experience in fragile and conflict affected countries, and particularly on the 'Caisses de Resilience" approach. Linkages between the project and farmer groups already benefiting from FAO initiatives (seed distribution, livestock health) will also be explored. |
| World Bank | South Sudan Resilient Agricultural Livelihoods Project (RALP) - US\$ 62 million | RALP support will focus on strengthening MAFS capacities to implement Bank projects i.e. technical training, extension, advisory and project management, READ component 3, could therefore tap on RALP experience in building capacities, systems and policies at the government level. |
| WFP | Smallholder Agriculture Market Support (SAMS) WFP South Sudan School Feeding Program | READ could learn from SAMS experience around cooperatives business models development to strengthen existing coop to become business-minded chain stakeholders to further support READ Sub-Component 1.2. The potential to link supported RPOs to existing WFP school feeding programs for local procurement approaches will be assessed at the design stage. |
| IFAD | South Sudan Livelihood Development Project (SSLRP) - US\$27.9 million | READ will be linked to SSLRP interventions in overlapping target areas, to leverage on the project's support to rural roads, processing and storage facilities. READ will also collaborate with SSLRP on nutrition activities described in section 3. |
| UNWOMEN | | READ will seek collaboration with UNWOMEN experience for women empowerment through the integration of VSLAs in the value chains, and the implementation of the GALS household methodology within VLSAs. |
| CARE | Fortifying Equality and Economic Diversification for Resilience - S\$38,500,000 | CARE has extensive experience in providing training on business skills. READ's full design will explore the possibility of collaborating with CARE as implementing partner for training activities under subcomponent 1.3. |
| Conflict Sensitivity Resource Facility – South Sudan | | Integration of conflict sensitivity during READ full design and implementation – conflict analysis, capacity building. |

| | | |
|---------|---|--|
| Cordaid | South Sudan Agribusiness Development Project II (SSADP II) - EUR 10,000,000 | Cordaid has extensive experience on strengthening farmers and agribusiness as well as enhancing market linkage and improvement of cooperatives' access to finance. The possibility of engaging Cordaid as implementing partner for subcomponent 1.3 will be explored at full design. |
|---------|---|--|

Annex 1 – Project Budget Tables

Table A: Summary of Overall Project Funding

| Funding Source | Amount | Has this funding been secured (Yes/No)? |
|--|------------------------|---|
| GAFSP grant amount requested | US\$ 21,700,000 | n/a |
| - Investment | US\$ 21,700,000 | n/a |
| - Technical Assistance | n/a | n/a |
| Government co-financing | n/a | n/a |
| Other Funding Sources | US\$ 3,237,500 | No |
| - Cooperative Bank of South Sudan | US\$ 3,000,000 | Yes |
| - Beneficiaries' in-kind contributions | US\$ 237,500 | No |
| Total Project Funding | US\$ 24,937,000 | n/a |

Table B: Detailed Budget for Investment Project

| Components | Activities | GAFSP Funding Amount Requested (US\$) | Other Funding Sources Amount (US\$) |
|---|--|---------------------------------------|-------------------------------------|
| Component 1: Rural producers' organizations development | Activity 1: Value chain assessments and group profiling | 500,000 | n/a |
| | Activity 2: Development and implementation of cooperatives' business models and business plans | 3,700,000 | 87,500 (*) |
| | Activity 3: Support to APGs economic initiatives and VLSAs development | 6,600,000 | 150,000 (*) |
| Total Component 1 | | 10,800,000 | 237,500 |
| Component 2: Inclusive rural financial services | Activity 1: Financial literacy trainings | 1,300,000 | n/a |
| | Activity 2: Savings and Credit Cooperatives (SACCOs) | 1,700,000 | n/a |
| | Activity 3: Co-Operative Bank of South Sudan (CBSS) IRF Services | 2,800,000 | 3,000,000 |
| Total Component 2 | | 5,800,000 | 3,000,000 |
| Component 3: MAFS capacity development | Activity 1: A more conducive policy and legal environment for both cooperative development and rural finance | 500,000 | n/a |
| | Activity 2: Capacity of relevant staff of Ministry of Agriculture and Food Security strengthened | 2,100,000 | n/a |
| Total Component 3 | | 2,600,000 | n/a |
| Project oversight and implementation arrangements | | 2,500,000 | n/a |
| TOTAL BUDGET FOR ALL COMPONENTS | | 21,700,000 | 24,937,500 (**) |

Note: (*) Beneficiary in-kind contributions

(**) total amount including GAFSP Funding amount requested and other funding sources

Minimum amount needed

The requested GAFSP grant amount will enable the project to reach an estimated 37,500 poor households (approximately 217,500 people). A reduced award would mainly translate in a reduction of the target population. The minimum amount needed to achieve the project development objective is estimated at USD 17,7 million, which would only allow to reach an estimated 28,500 households (approximately 168,150 people). The number of RPOs targeted would be decreased as result from 70 to 55 cooperatives, and from 150 to 115 APGs. Support to MAFS would also be scaled down, resulting in a lower number of staff trained and lower amount of county-level offices supported.

Costing assumptions

Unit costs are derived from major projects currently implemented by IFAD, WB and AFDB in South Sudan (SSLRP, RALP, AMVAT), relevant projects implemented by IFAD in the region (Malawi and Uganda) and interviews with stakeholders. Information obtained from other countries was adapted to the context of South Sudan and all costs were validated with relevant implementing partners (ILO, CBSS).

Component 1: The unit costs for matching grants under subcomponent 1.2 and 1.3 amount respectively to USD 25,000 (for cooperatives) and USD 20,000 (for APGs); in both cases, a 5% beneficiary in-kind contribution was retained. The cooperative training package was costed at USD 25,000 per cooperative by ILO based on their experience in South Sudan and other countries, and includes ToT on relevant training tools, support to enable SPs to deliver support services, and the provision of comprehensive cooperative training programs and coaching/mentoring of cooperatives in collaboration with SPs. The APG capacity development package is costed at USD 20,000 per group and includes training on the different modules, degressive support to governance and management functions, and continuous coaching for business plan development and implementation. VSLA development is costed at USD 1,500 per group in alignment with similar projects being implemented in South Sudan and neighboring countries, and includes advanced business skills development, provision of advanced financial literacy training, focused linkage creation, support to VSLA registration and partnership building activities.

Component 2: For financial literacy trainings, a unit cost of USD 35 per trainee was retained based on the experience of rural finance projects implemented by IFAD in the region. For capacity development of SACCOs, unit costs were adapted from the experience of the IFAD-funded PROFIRA project in Uganda. For each SACCO, costs include USD 17,500 for capacity building, covering a package of six modules (management and staff training/technical support, board members training, training for SACCO members, strengthening of the SACCOs' agriculture finance capacities and service products, use of client assessment, monitoring systems); and 16,800 USD for intermediate MIS upgrading. Costs for subcomponent 2.3 were estimated in consultation with the CBSS, and include USD 1.3 million in technical assistance and USD 1.5 million for a credit line/guarantee scheme. The CBSS' co-financing amount is derived from the Bank's target to invest USD 15 million in the agricultural sector in the next five years; an indicative amount of USD 3 million was retained for the investment that could potentially be leveraged in the project target area.

Component 3: An average unit cost of USD 125,000 was retained for each of the participatory policy processes supported under this component. The unit cost covers consultancy fees, stakeholder engagement and validation workshops, review meetings, communication and technical assistance for the implementation of the activity. Capacity development of MAFS offices and staff was estimated based on information received during consultations, and includes a package of USD 140,000 for each county level office covering office rehabilitation alongside IT, mobility and connectivity equipment. Coordination costs are based on the pricing policy of UNDP and provide for the delivery of key coordination, monitoring and evaluation tasks (alongside the development and implementation of a full Environment and Social Management Framework). A USD 500,000 allowance was retained to contribute to the GoSS oversight capacity, through the functioning of NAC and NTC and support to the establishment of the PCU.

Annex 2 – Proposal Stage Results Monitoring Matrix

Table D: GAFSP Tier 1 and Tier 2 Core Indicators

| # | Tier 1 impact indicators for all GAFSP projects | Check if Yes |
|----|---|-------------------------------------|
| 1 | Food and nutrition security ☐ Mandatory Food Insecurity Experience Scale (FIES) indicator and optional indicators are Food Consumption Score (FCS), Minimum Dietary Diversity-Woman (MDD-W) and Minimum Dietary Diversity -Children (MDD-C) | <input checked="" type="checkbox"/> |
| 2 | Household income | <input checked="" type="checkbox"/> |
| 3 | Crop yield (apply only to those projects with explicit productivity gain goals) | <input type="checkbox"/> |
| # | Tier 2 indicators for all GAFSP projects, <i>Mandatory Breakdowns</i>† (unit) ☐ Indicator notes | |
| 1 | Number of beneficiaries reached, gender disaggregated, percentage who have been helped to cope with impact of climate change†† ☐ People receiving benefits from the project. ☐ Disaggregation for gender and those receiving Climate-Smart Agriculture (CSA)-specific support. | <input type="checkbox"/> |
| 2 | Land area receiving improved production support, <i>percentage of these that are climate smart</i> (ha) ☐ Area that adopted new inputs/practices, new/rehabilitated irrigation services, land registration, etc. ☐ Disaggregation for climate-smart interventions. | <input type="checkbox"/> |
| 3 | Number of smallholders receiving productivity enhancement support, gender disaggregated, climate-smart agriculture support ☐ Number of end-users who directly participated in project activities. ☐ Includes technology/technique adoptees, water users with improved services, those who had land rights clarified, people offered new financing/risk management services. ☐ Using CSA approaches. | <input type="checkbox"/> |
| 4 | Number of producer-based organizations supported (number) ☐ Relevant associations established or strengthened by project. | <input checked="" type="checkbox"/> |
| 5 | Volume of agriculture loans that are outstanding. ☐ Volume of outstanding loans for agriculture and agribusiness in a financial institution | <input checked="" type="checkbox"/> |
| 6 | Percentage of beneficiaries with secure rights to land, property, and natural resources (percent of total beneficiaries) †† ☐ Measured as those with legal documentation or recognized evidence of tenure and those who perceive their rights are recognized and protected. | <input type="checkbox"/> |
| 7 | Roads constructed or rehabilitated, percentage resilient to climate risks (km) ☐ All-weather roads built, reopened, rehabilitated, or upgraded by project. ☐ Percentage that are designed to withstand changes in climate. | <input type="checkbox"/> |
| 8 | Number of post-harvest facilities constructed and/or rehabilitated (number) ☐ Includes markets, agro-processing/storage/quality control facilities. | <input checked="" type="checkbox"/> |
| 9 | Volume of agricultural production processed by post-harvest facilities established with GAFSP support, <i>by food group</i> (tons) ☐ Tons of total produce processed sorted by 10 major FAO food groups. | <input type="checkbox"/> |
| 10 | People benefiting from cash or food-based transfers, <i>gender disaggregated</i> (number of people) ☐ Number of people who benefited from cash or food transfer interventions. | <input type="checkbox"/> |
| 11 | People receiving improved nutrition services and products, <i>gender disaggregated, age disaggregated</i> (number of people) ☐ Number of people who received nutrition counseling/education, recipients of Ready-to-use-Therapeutic Foods, bio-fortified foods, and Vitamin A and micronutrient supplements. ☐ Number of people receiving extension support for nutrition-relevant techniques (e.g., homestead gardens, Farmer Field School support, etc.). | <input checked="" type="checkbox"/> |
| 12 | <i>Direct employment provided; gender disaggregated</i> (full-time equivalent) ☐ Number of direct employees in a client company. ☐ Part time jobs aggregated to full-time equivalent. | <input type="checkbox"/> |
| 13 | Persons receiving capacity development, <i>gender disaggregated, organization type</i> (number of people) ☐ Agricultural and non-agricultural rural training and capacity building support provided. ☐ Distinguishes between individual producers/household members, civil society organization staff, and government officials. | <input checked="" type="checkbox"/> |
| 14 | Number of substantive deliverables on food security processes completed (number) ☐ Measures “soft support” for institutional development provided through discrete deliverables. ☐ Deliverables include policy studies, strategies and plans, best practices, and lessons learned, among others. | <input type="checkbox"/> (*) |

(* 14) Although the project will support institutional and policy development, this indicator was not included as the supported processes do not strictly relate to food security. A related indicator was included under outcome 4: “Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment”.

Table E: Proposal Stage Results Monitoring Matrix

| Indicators | Unit of measurement | Baseline | End-of-project target | Data sources (Data collection instruments) |
|--|---------------------|----------|---|--|
| Project level indicators | | | | |
| Overall goal | | | | |
| Food Insecurity Experience Scale (FIES) – GAFSP 1.1 | Percentage | TBD | 5% decrease over the baseline | Baseline, midline and impact surveys |
| Household income– GAFSP 1.2 | Percentage | TBD | 20% increase over the baseline | Baseline, midline and impact surveys |
| Project development objective | | | | |
| Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities, total number of members (M/F/Y) – IFAD CI 2.2.3 | Percentage | TBD | 50% of supported RPOs | Baseline, midline and impact surveys |
| Rural producers' organizations reporting an increase in sales, total number of members (M/F/Y) – IFAD CI 2.2.5 | Percentage | TBD | 80% of supported RPOs | Baseline, midline and impact surveys |
| Persons receiving services promoted or supported by the project (F/M/Y/returnees) - IFAD CI.1 <ul style="list-style-type: none"> ○ Corresponding number of households (disaggregated by women-headed households) - IFAD CI.1.a ○ Corresponding number of household members - IFAD CI.1.b | Number | 0 | 37,500 persons (60% women, 70% youth) 37,500 households 217,500 household members | Progress reports |
| Stakeholder feedback⁷⁸ | | | | |
| Households satisfied with project-supported services - IFAD SF 2.1 | Number | 0 | 80% | Baseline, midline and impact surveys |
| Households reporting they can influence decision-making of local authorities and project-supported service providers - IFAD SF 2.2 | Number | 0 | 80% | Baseline, midline and impact surveys |
| Component level indicators | | | | |
| Outcome 1: Supported rural producers' organizations providing new or improved services to their members, (disaggregated by nutrition and climate services), total number of RPO members (F/M/Y) - IFAD CI 2.2.4 | Percentage | 0 | 90% of supported RPOs | Progress reports |
| - Output 1.1: Number of producer-based organizations supported, number of PO members (F/M/Y), number of female-headed POs – GAFSP tier 2/4, IFAD CI 2.1.3 | Number | 0 | 220, of which 70 Cooperatives and 150 APGs ⁷⁹ | Progress reports |
| - Output 1.2: Persons receiving capacity | Number | 0 | 24,500 (60% women, 70% | Progress reports |

⁷⁸ Mandatory IFAD requirement.

⁷⁹ Indicative targets, to be reviewed at full design.

| | | | | |
|---|------------|-----|--|---|
| development (M/F/Y, organization type) – GAFSP 2.13 | | | youth), of which 14,000 from Cooperatives, 10,500 from APGs and 3750 VSLAs ⁸⁰ | |
| - Output 1.3: People receiving improved nutrition services and products (M/F/Y, organization type) GAFSP 11 | Number | 0 | 18,750 (80% women, 70% youth), of which 10,750 from Cooperatives and 8,000 from APGs | Progress reports |
| - Output 1.4: Number of business plans developed / financed (disaggregated by climate-smart and nutrition-sensitive investments) | Number | 0 | 220 BPs developed, of which 200 financed | Progress reports |
| - Output 1.5: Number of post-harvest facilities constructed and/or rehabilitated – GAFSP 2.8 | Number | 0 | 50 | Progress reports |
| Outcome 2: RPO membership increase ⁸¹ | Number | TBD | 30% increase over baseline | Baseline, midline and impact surveys, progress reports |
| - Output 2.1: Percentage of members attending statutory meetings (M/F/Y) | Percentage | TBD | 50% | RPO Meeting Minutes - Records of attendance, Progress reports |
| - Output 2.2: Women and youth in RPO leadership and management positions | Percentage | TBD | 50% women, 50% youth | Progress reports |
| Outcome 3: Households reporting using rural financial services, total number of household members - IFAD CI 1.2.5 | Number | TBD | TBD | Baseline, midline and impact surveys |
| - Output 3.1: Persons in rural areas trained in financial literacy and/or use of financial products and services (M/F/Y) - IFAD CI 1.1.7 | Number | 0 | 37,500 | Progress reports |
| - Output 3.2: Financial service providers supported in delivering outreach strategies, financial products and services to rural areas - IFAD CI 1.1.6 | Number | 0 | (TBD) SACCOs, 1 commercial bank (CBSS) | Progress reports |
| - Output 3.3: Persons in rural areas accessing financial services (savings, credit, insurance, remittances, etc.) (M/F/Y) - IFAD CI 1.1.5 | Number | TBD | 11250 ⁸² | Progress reports |

⁸⁰ Total estimated number of supported VSLAs members is 12500; only 30% of them are considered as the remaining 70% will be members of the targeted Cooperatives and APGs, to avoid double counting.

⁸¹ As a proxy of improved accountability and governance.

⁸² Including through commercial banks, SACCOs and VSLAs.

| | | | | |
|---|---------------------|-----|--|---|
| - Output 3.4: Volume of agriculture loans that are outstanding, disaggregate by type of institution ⁸³ - GAFSP 2.5 | Amount in USD | TBD | 3 million (CBSS) 0.5 million (VSLAs and SACCOs) | CBSS annual report |
| Outcome 4: Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment - IFAD Policy 3 | Number | 0 | 4 | Progress reports |
| - Output 4.1: Policy-relevant (conflict sensitive) knowledge products completed - IFAD Policy 1 | Number | 0 | 4 | Progress reports |
| Outcome 5: Target RPOs annually supported by qualified MAFS staff | Percentage increase | TBD | 80% | Progress reports |
| - Output 5.1: Number of MAFS staff trained (disaggregate by state and county level – M/F/Y) | Number | 0 | 600 | Records of attendance, progress reports |
| - Output 5.2: Number of county-level MAFS offices supported | Number | 0 | 10 | Progress reports |

⁸³ For the CBSS, only loans provided to entities in the target area will be tracked.

Annex 3 - Risks and Negative Externalities

The below risk assessment will be complemented at the full design stage, in line with the IFAD Integrated Project Risk Matrix (IPRM) requirements and scales. The final risk assessment will incorporate findings related to the Social, Environmental and Climate Assessment Procedures (**SECAP**) (SECAP Preliminary Project Review Note), project procurement (Procurement Risk Matrix), and project financial management (Financial Management Assessment Questionnaire).

Table F: Project Risk Assessment

| Risk | Likelihood (L, M, H) | Risk rating (L, M, H) | Risk description | Proposed mitigation measures |
|---|----------------------|-----------------------|--|---|
| <p>Technical design⁸⁴: Risk that technical design could affect the project from reaching its objectives</p> | M | M | <p>Due to COVID-19 travel restrictions, the design of this proposal was carried out remotely. This affected the design team’s capacity to collect relevant data to guide project design. Information on the existing agricultural producer groups, in particular, was scarce and the related assumptions will need to be validated during the design stage.</p> <p>The proposal also incorporates unfamiliar processes in the context of South Sudan. The dependency on aid and relief interventions, in particular, might make it difficult to adopt the business-oriented approach proposed by the project. The low educational and literacy level of beneficiaries may further complicate the adoption of the proposed capacity building interventions.</p> | <p>Two MAFS focal points and two field staff from ILO and IFAD were appointed to support the proposal writing process. This significantly contributed to engage local partners and stakeholders, but many assumptions will still need to be validated at full design stage. Rigorous design as well as the profiling of RPOs foreseen at the onset of implementation will provide the opportunity to refine project targeting and approach based on the context.</p> <p>To facilitate the adoption of unfamiliar processes, the project will work with implementing partners with demonstrated competence in the relevant areas. Training modules will be translated in local languages and adapted communication materials developed to ensure that they can be understood even with low literacy.</p> |
| <p>Institutional capacity for implementation⁸⁵: Risk that there is insufficient capacity to implement the project</p> | H | H | <p>The MAFS does not have sufficient capacity and systems to manage the project effectively and adhere to the Financing Agreement and relevant IFAD legal frameworks. Further, M&E capacity, processes and systems remain weak resulting in a limited ability to monitor, validate, analyze and communicate results, capture lessons, and adjust implementation to seize opportunities and take corrective actions in a timely manner.</p> | <p>READ will be managed by a third party FM with a strong track record, systems and capacities and implemented jointly with IPs. The FM will also be responsible for all M&E and reporting.</p> <p>In parallel, the MAFS will be provided with soft and hard capacity support to increase their ability to oversee project activities. The strengthened GoSS PCU will oversee the FM and implementing partners, undertake field verification</p> |

⁸⁴ GAFSP requirement; to be matched to the IPRM ‘Project Scope’ section at full design

⁸⁵ GAFSP requirement; to be matched to the IPRM ‘Institutional Capacity for Implementation and Sustainability’ section at full design.

| | | | | |
|-------------------------------|---|---|---|--|
| | | | Considering the limited development of transport networks and logistic capacity at MAFS, the capacity to reach remote rural areas for implementation is also a challenge. | missions, review M&E reports and submit for approval to the two GoSS oversight bodies, the National Technical Committee (NTC) and the National Advisory Committee (NAC). |
| Political Commitment | M | H | The Transitional Government has a 3-year validity, with elections due in 2022/2023. Any potential conflict may impact on the Peace Agreement, and the ongoing State Building and sustainable development efforts. The Country's ability and commitment to invest in agriculture may be significantly affected as a result. | The project will undertake an 'early' mid-term review after 2.5 years to understand whether a critical re-orientation is needed and whether changes in terms of implementation arrangements are required. At full design stage a number of triggers for mid-term project implementation will be identified for orienting decision making processes at mid-term. |
| Governance | H | H | Capacity and system deficits in public sector institutions, revenue and expenditure systems, legal frameworks, accountability frameworks and systems for provision of services to citizens would negatively impact the effective implementation of READ through Government structures. | Funds will be entirely administered by a third party FM with strong systems and capacities. Additionally, the project will complement ongoing partner projects (SSLRP, RALP) in building MAFS capacity in financial management, internal control frameworks, M&E and procurement, so as to improve its oversight capacity and strengthen its involvement in future donor projects. |
| Macroeconomic | H | H | South Sudan is facing continuous threats to macroeconomic and financial stability, with declining income due to low oil prices producing budget shortfalls and reducing the country's ability to invest in service provision. In addition, the South Sudanese Pound (SSP) is facing high inflation, resulting in volatility of exchange rate and a thriving black market. The discrepancy between official exchange rate and the black market may distort the profitability analysis of the project in the EFA. | Some level of currency stabilization is expected following the USD 52 million IMF emergency loan under the Rapid Credit Facility. Notwithstanding, most project expenditures will be incurred in USD as supply contracts to the FM to mitigate the adverse impact of inflation. At the design stage, profitability analysis for READ will be ran in USD, to mitigate the volatility of the exchange rate and ensure realistic price/expenditure scenarios for internationally sourced goods. IFAD supervision missions will continuously review value for money to address any potential expenditure increases. |
| Fragility and Security | H | H | On-going intercommunity conflict and competition over resources pose significant security threats that may impede project implementation. Beneficiaries, especially women and children, may face significant threats, including violent looting, cattle raiding, and being caught between warring parties. Insecurity can | To address security threats to project beneficiaries, the project will draw on the good practices of UN agencies and NGOs that have been supporting agriculture in the country. This includes, for example, close collaboration with county, payam, and boma authorities, as well as participatory consultations with participating communities, for the |

| | | | | |
|--|---|---|---|---|
| | | | also constrain movements of the implementing partners and stall subproject implementation, and pose a security risk to project staff. The potential failure of the peace agreement and the subsequent resumption of conflict could further complicate these challenges. | early identification of threats and the adoption of adequate mitigation measures. The FM will adopt and implement a Security Management Plan (SMP) for the Project to safeguard all project workers and project-affected parties. IFAD missions will ensure full compliance with Minimum Operational Security Standards (MOSS), and engage third party monitoring modalities in the case of a deterioration of the security context. |
| | | | | |
| | | | | |
| Sector Strategies and Policies | H | M | Foundational policy frameworks for agriculture development exists and align well with the IFAD Strategic Framework and priority areas. However, there is a need to revise these frameworks to ensure full alignment with the emergent focus on the agricultural sector. Lower level policies on cooperative development and inclusive rural finance, as well as on key crosscutting themes, have not been fully developed and/or adopted. | READ is aligned with the available policy frameworks, including the Comprehensive Agriculture Master Plan (CAMP). The project will support the participatory development of additional policy frameworks related to Cooperative Development and Inclusive Rural Finance. The application of IFAD policies (SECAP, Targeting) will ensure alignment with targets related to the crosscutting themes. |
| Environment and Climate Context | H | H | South Sudan is highly vulnerable to the impacts of Climate change. The country has been experiencing severe drought and flood and these are set to continue. There is a perennial risk from climate change and extreme weather events—delayed rains, excessive rain, drought, high temperatures | Climate resilience and adaptation will be mainstreamed through all relevant project activities. Value chains will be identified with due consideration to their potential to increase the resilience of RPOs to climate shocks. Training activities will include modules on climate resilience as well as mainstreaming. The technologies introduced through the MG and asset transfers may additionally help farming families to adapt to environmental and economic variability and manage those risks better in the future. The integration of climate change adaptation into policy documents reviewed and drafted by the project will also be ensured. |
| Project Financial Management | M | M | South Sudan has a Public Financial Management and Accountability Act that guides the public financial management architecture. However, there are no established standards governing preparation of financial statements or | Funds will be entirely administered by a strong FM, which will be supported in hiring a financial manager as well as a project accountant specifically dedicated to the project. IFAD will review the qualifications and experience of the financial management staff assigned to the project to ensure that the |

| | | | | |
|---|---|---|---|---|
| | | | verification of corporate financial reporting. This results in insufficient accountability, a lack of transparency and creates gaps in financial reporting. | requisite qualifications are in place, and provide training on IFAD standards and procedures where required. |
| Project Procurement | H | M | South Sudan adopted a legal and regulatory framework for procurement, but its application is limited by the lack of updated Public Procurement Regulations, standard procurement documents and systems to generate substantial and reliable coverage of key procurement information. | Due to the highlighted legal and regulatory weaknesses, project procurement will exclusively follow the FM's project procurement framework. IFAD and the FM will consult on the possibility of the FM accessing IFAD's systems such as the ICP contract monitoring tool (CMT) and No-Objection Tracking Utility System (NOTUS), to be used for the management of contract implementation and IFAD's No-Objections, respectively. IFAD and the FM will agree on the application of procurement and prior review thresholds reflecting the project procurement risk assessment. |
| Environment, Social and Climate Impact | M | M | A preliminary assessment indicates that the project is unlikely to produce negative impacts on the environment. Some level of social impacts could arise as a consequence of project interventions (especially in relation to competition over project benefits and with regards to gender dynamics). | The IFAD Social, Environmental and Climate Assessment Procedures (SECAP) will be deployed at the full design stage to assess any adverse impacts resulting from the project and to define measures to address them. More information on how the project will address environmental and social externalities is provided below. |
| Stakeholder Grievances | M | H | The project will work among highly marginalised rural communities, which the Government has inadequate capacity to reach. Potential grievances may arise around the selection of project sites and the identification of beneficiaries. | The project will apply IFAD's targeting strategy, including transparency on selection criteria. READ will facilitate intensive public consultation with local communities and administrators, and representation from different groups including women and youth. Beneficiary satisfaction will be continuously monitored through a project level indicator. A Grievance Redress Mechanism (GRM) will be deployed to address any potential localized conflict. |

For Likelihood: L (low probability), M (moderate probability), or H (high probability).

For Risk rating: L (low risk or impact), M (moderate risk or impact), or H (high risk or impact).

G. Describe important potential negative externalities or spillover effects *that could arise from the project implementation*, as well as an assessment of likelihood (probability) and risk rating (severity,

impact) of the risks and proposed mitigation measures. Add additional rows to the table for additional potential negative externalities if needed.

Table G: Evaluation of Negative Externalities

| Potential Negative Externalities | Likelihood (L, M, H) | Risk rating (L,M,H) | Description of potential negative externalities | Proposed mitigation measures |
|----------------------------------|----------------------|---------------------|--|---|
| Environmental. | M | L | Although READ will not directly invest in activities that generate negative environmental and social externalities, environmental and social impacts may be expected from the RPO economic activities supported by the project. | In line with the SECAP and ESMF frameworks, READ will undertake relevant assessments to identify any potential negative impacts on biodiversity, and will integrate conservation and development objectives. Any potential negative externality will be addressed through the Environmental and Social Management Plans (ESMPs) and other mitigation measures. Support to business plan development will mainstream climate resilience and adaptation approaches and business plans will be screened before approval. |
| Social | H | H | Any injection of resources will inevitably reconfigure local power dynamics, which may turn to conflict if adequate measures are not taken. The provision of capital endowments, in particular, runs the risk to create tensions between rival constituencies. | Specific mitigation measures may include: (a) the establishment of a transparent, participatory and inclusive mechanism for the planning and management of supported economic activities; (b) Strengthening or establishing inter-group mechanisms for conflict resolution and decisionmaking; (c) introducing flexibility in project design so that adjustments can be made during implementation, and (e) strengthening monitoring for early identification of risks. |
| Gender | H | H | As a consequence of conflict, many women-headed households now play a major role in agriculture production. The potential exclusion of women from project interventions and services due to traditional gender roles could exacerbate their marginalization. | Direct targeting + labour-saving technologies (to be developed) |

For Likelihood: L (low probability), M (moderate probability), or H (high probability).

For Risk rating: L (low risk or impact), M (moderate risk or impact), or H (high risk or impact).

Annex 4 - Prior GAFSP Grant(s)

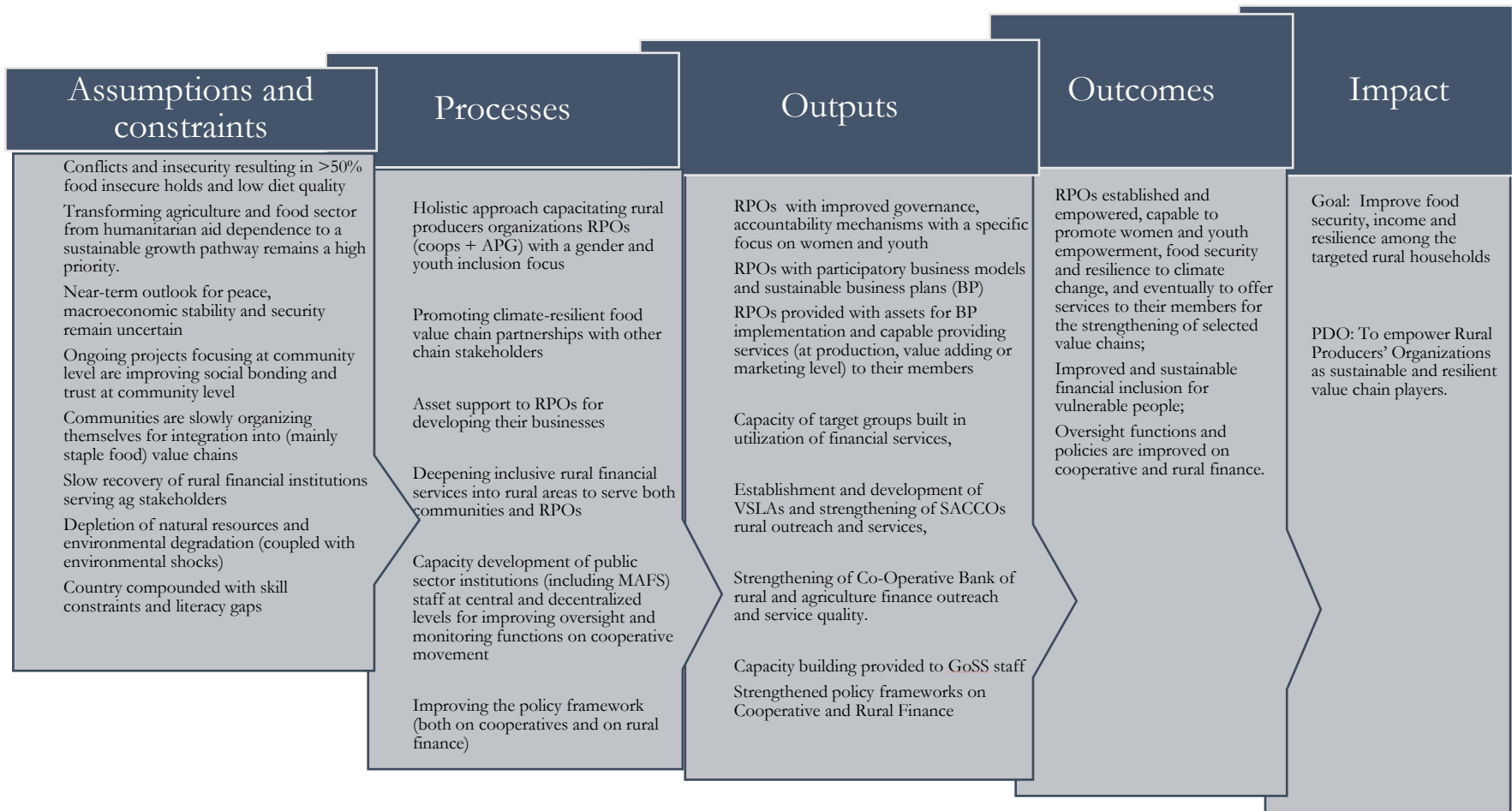
South Sudan has not benefited from previous grants

Annex 5 - Proposal Preparation Team

| Name | Title | Organization | Email |
|-----------------------------------|---|--------------|--|
| Mr. Max Bosco Abucha | Director General for Education and Training –Project Focal Person | MAFS | Abuchajoseph44@gmail.com |
| Bernadette Mukonyora | Country Director Eritrea and South Sudan | IFAD | b.mukonyora@ifad.org |
| Alexio Musindo | Director/ Co-leadership of the Mission | ILO | musindo@ilo.org |
| Sauli Hurri | Project Technical Lead | IFAD | s.hurri@ifad.org |
| Roberto Longo | Technical Team Leader | FAO | Roberto.Longo@fao.org |
| Leonardo Cini | Economist and M&E specialist | FAO | Leonardo.Cini@fao.org |
| Straton Habyalimana | Rural Finance Expert | Consultant | habyalimana.straton@gmail.com |
| Guy Tchami | Expert on Cooperative Development | ILO | tchami@ilo.org |
| Elisenda Estruch Puertas | Rural Development & Decent Work Specialist | ILO | estruchpuertas@ilo.org ; |
| Adriana Sierra Leal | Gender & Entrepreneurship/MSD Expert | ILO | sierraleal@ilo.org |
| Joyce Njoro | Lead Technical Specialist, Nutrition and Social Inclusion | | j.njoro@ifad.org |
| Lucie Vergari | Nutrition Specialist and Social Inclusion | IFAD | l.vergari@ifad.org |
| Manouk Overkamp | M&E Expert | IFAD | m.overkamp@ifad.org |
| Addisu Gebremedhin | Environment & Climate Specialist | IFAD | a.gebremedhin@ifad.org |
| James Duku | Country Operations and Liaison Consultant | IFAD | j.duku@ifad.org |
| Audrey Guillaine Tchoundi Kamnang | Portfolio Support Specialist | IFAD | g.tchoundikamnang@ifad.org |
| Stella Mborikinoh | Programme Officer | ILO | mborikinoh@ilo.org |

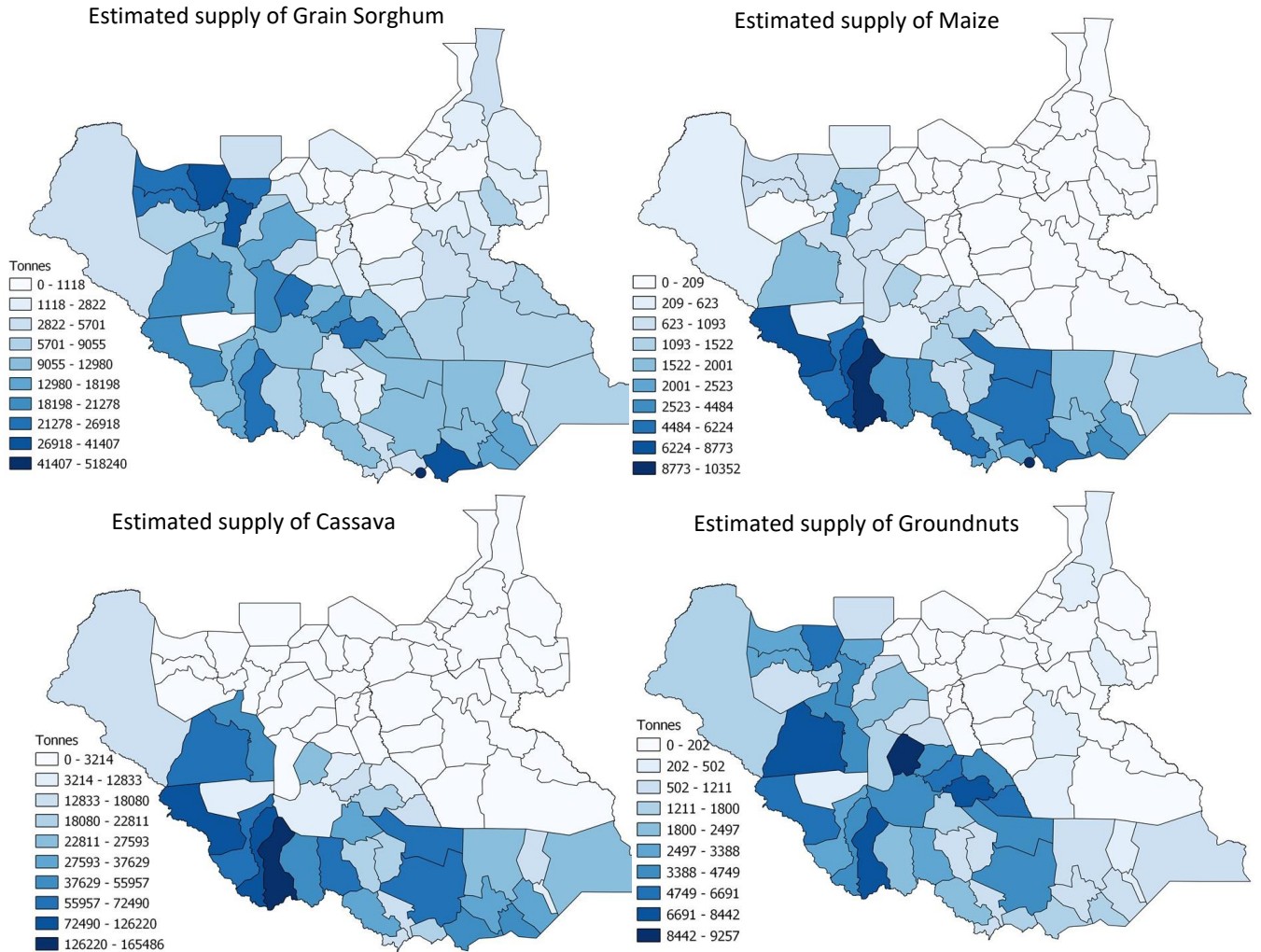
ANNEX 6 - READ Theory of Change

Diagram A6-1 – READ Theory of Change



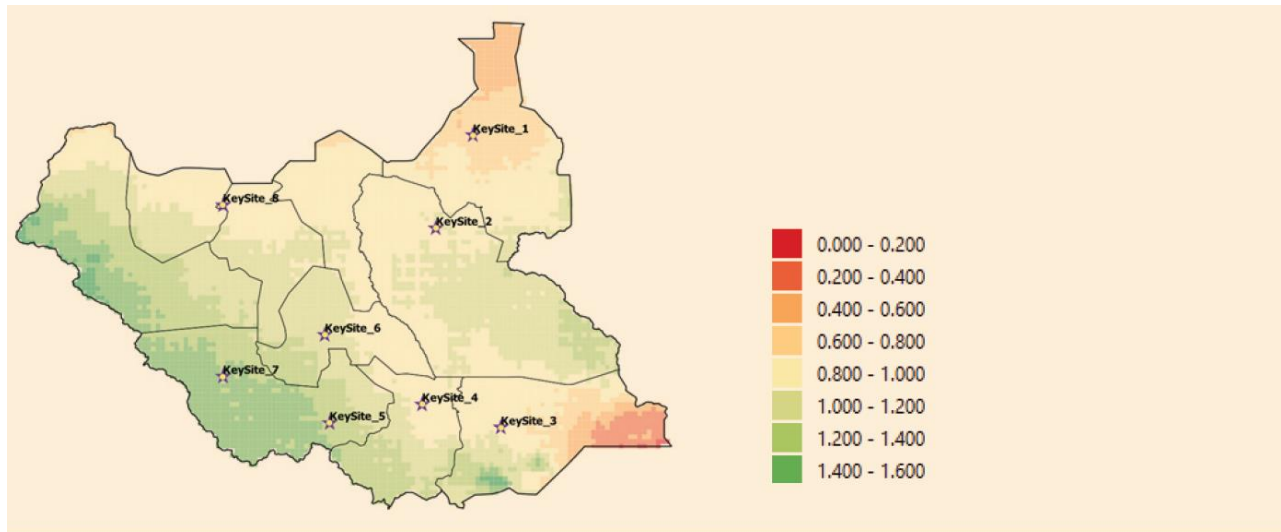
Annex 7- Food supply and agricultural potential, climate vulnerability

Figure A7-1 - Estimated supply per county of main crops in South Sudan



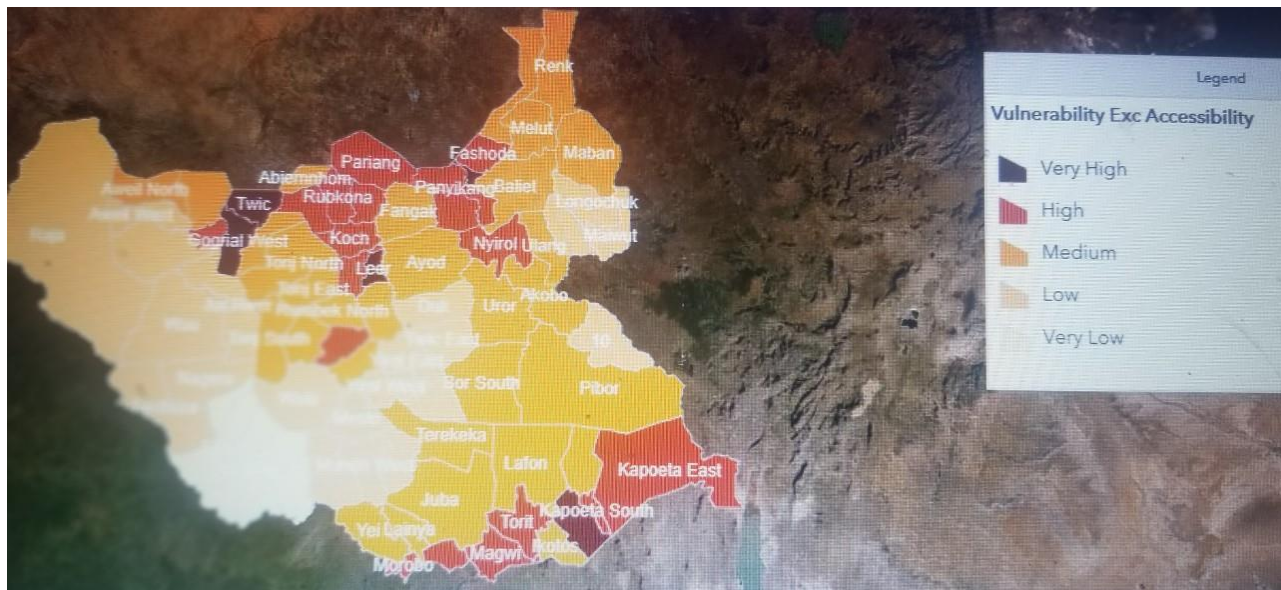
Source: WB (2021 forthcoming) *Transforming Agriculture: from Humanitarian Aid to a Development Oriented Growth Path*

Figure A7-2: Agricultural potential (14-year mean P/PET during rainy season average, May-September 2006-2019)⁸⁶



Source : World Bank (2021) Pathways for sustainable food security, South Sudan Economic Update

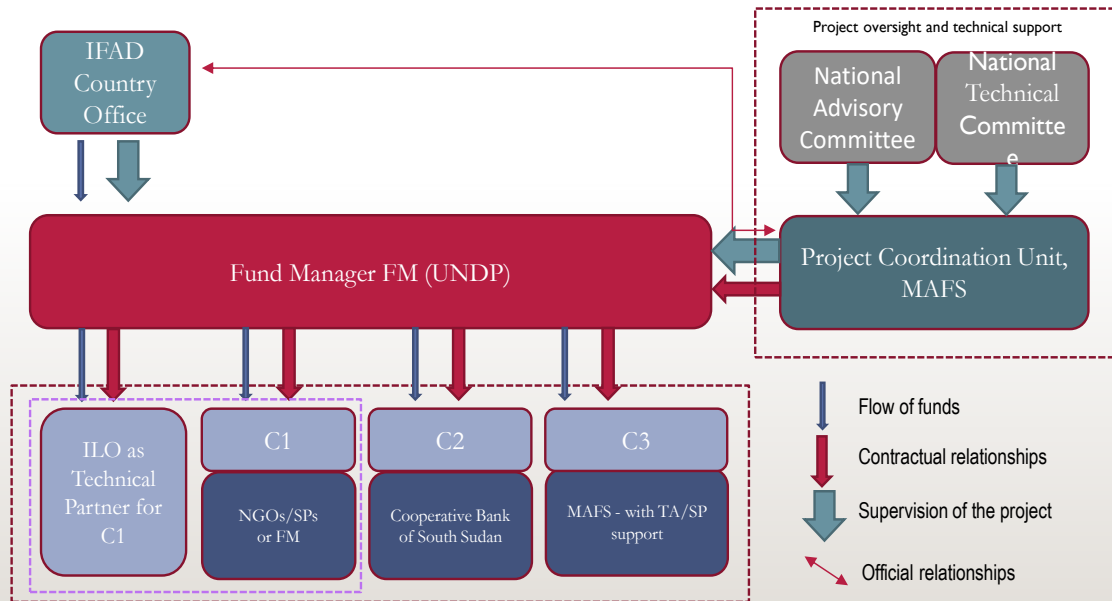
Figure A7-3: Climate Vulnerability in South Sudan



Source: IFAD (2021) Climate risk and Vulnerability Analysis for South Sudan Livelihood and Resilience Project (<https://ifad.maps.arcgis.com/apps/opsdashboard/index.html#/135d8e342ff142f7b2f1f2cc0cd97c77>)

⁸⁶ Areas requiring irrigation from farming refer to those with P/PET less than 0.8 P/PET, vulnerable areas between 0.8 and 1.2, and arable lands with P/PET above 1.2

Annex 8- Project Implementation Arrangements



Annex 9 - Conflict Analysis

The driving causes of conflict in South Sudan, including the READ target counties, may include political, resources, livelihood and economic challenges, as well as widespread un-employment. Project activities such as geographic and beneficiary targeting, construction etc may also cause conflict among local communities. A desk review was conducted and the potential sources of conflict and their mitigation measures are tabulated below. It is worth mentioning that a detailed conflict analysis, in consultation with the state and no-state stakeholders, will be done during full design preparation.

Table: Conflict Analysis- READ

| Type of conflict | Cause | Description | Consequence | Rating | Mitigation measure |
|------------------|--|--|---|--------|--|
| Project led | <ul style="list-style-type: none"> - Geographic Site selection - Beneficiary selection | <ul style="list-style-type: none"> - County, Payam, Bomas and watershed selection may cause intercommunal conflict - Biased selection of RPOs, HHs may lead to conflict among the local communities | <ul style="list-style-type: none"> - Negative impression towards the project and lose of trust on the government, IFAD etc. - May cause project delay | Medium | <ul style="list-style-type: none"> - Establish a transparent System - As per IFAD and national requirements, prepare ESMF/ESMP - Consultation with MAFS, agricultural Producers unions, cooperatives, RUSSACCOs, etc - Apply IFAD's targeting strategy, including available selection criteria in the country - Intensive consultation with local communities and administrators - Awareness and capacity development - Use climate vulnerability assessment, if applicable |
| | Physical activities such as construction of infrastructures etc. | <ul style="list-style-type: none"> - Land acquisitions leading to involuntary settlement - Competition for limited resources - Occupational health and safety concern which in turn causes conflict between the | <ul style="list-style-type: none"> - Delayed implementation - Conflict among local communities and between community and government/project | Medium | <ul style="list-style-type: none"> - Prepare ESMF/ESMP and identify potential sources of pollution, grievances, and occupational health - Put in place Grievance Redress Mechanism - Public consultation |

| Type of conflict | Cause | Description | Consequence | Rating | Mitigation measure |
|---------------------|--|---|----------------------------------|--------|---|
| | | contractor/project owner and employees/local communities. | | | <ul style="list-style-type: none"> - Effect compensation timely - Apply quality construction/implementation practices |
| Politically induced | Armed conflict between IDP and indigenous people/native people | <ul style="list-style-type: none"> - Armed conflict could continue even after the revitalization of the peace agreement. - Limited/ common resources may cause resource use conflict among interested parties such as IDP and local communities | - Delayed project implementation | High | <ul style="list-style-type: none"> - Carryout periodic conflict analysis - Monitor progress with the with the government of SS and UN agencies operating in SS - Have plan B |

As far as project-induced conflicts are concerned, it is important to apply IFAD's SECAP⁸⁷ and Framework for stakeholder Engagement⁸⁸, where due attention is given to conflict avoidance through the provision of quality service and public participation. The latter will ensure the participation of communities in planning, design, implementation as well as Monitoring and Evaluation (M&E), and guide the establishment of a GRM system.

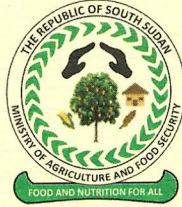
⁸⁷ Social, Environment and Climate Assessment Procedure (SECAP)- 2017

⁸⁸ Framework for Operational Feedback from Stakeholders: Enhancing Transparency, Governance and Accountability, 2019

Annex 10 – List of stakeholders met

| Ministry of Agriculture and Food Security | | | |
|--|--|---------------------------------|--|
| Name | Title | Organization | Contacts |
| Hon. Professor Udo | Undersecretary | MAFS | |
| Mrs. Marylyn Atero | Director General for Cooperatives Development | MAFS | 0922224410 |
| Mr. William Deng | Director General for Rural Development | MAFS | 0918702512 |
| Mr. Lino Lumori Ananias | Deputy Director for Cooperatives | MAFS | 0921329165 |
| Mr. Abraham Padual Majok | Deputy Director for Field Assessment | MAFS | 0924800280 |
| Peter Anyieth Mayen | Senior Inspector for Cooperatives | MAFS | 0920602353 anyieth77@gmail.com |
| Sarah Tamalu | | MAFS | saratumalu@gmail.com |
| International Organizations, Donors and NGOs | | | |
| Name | Title | Organization | Contacts |
| Diana Ngure | UN Resident Coordinators Office | UN | diana.ngure@un.org |
| Ernesto Gonzalez | Head of Programmes | WFP | ernesto.gonzalez@wfp.org |
| Adeyinka BADEJO | Deputy Country Director | WFP | adeyinka.badejo@wfp.org |
| Aleksandra KRAJCZYNSKA | Government Partnership Officer | WFP | aleksandra.krajczynska@wfp.org |
| Fatmata Sesay | Economics adviser | UNDP | fatmata.sesay@undp.org |
| Jose Manzano | Senior Programme Advisor | UNDP | jose.manzano@undp.org ; |
| Edfas Mkandawire | Programme Specialist, Women's Economic Empowerment, WEE, South Sudan | UNWOMEN | edfas.mkandawire@unwomen.org |
| Mirjam Mwatile Ndinoshiho | Partnership coordinator and business development South Sudan | UNOPS | mirjamn@unops.org . |
| Jakob Turborgh | Senior Partnership Advisor | UNOPS | jakobt@unops.org |
| Leslie Mhara | Senior Project Manager/ South Sudan Safety Net Project – Social Protection and Cash Transfer | UNOPS | lesliemh@unops.org |
| Sithembile Maunze | Market Development Specialist | UNOPS | sithembilem@unops.org |
| Hirata Tamiko | Project Formulation Advisor (Agriculture & Gender) | JICA | Hirata.Tamiko@jica.go.jp |
| Matsuhiro Kato | Technical Expert | JICA | kato.mitsuhiro@iincorp.jp |
| Annette Hearn | Deputy Head of Office | UNOCHA | hearns@un.org |
| Daniel Kiernan Balke | Strategy and Operations Officer | WORLDBANK | dbalke@worldbank.org |
| Melissa Williams | Rural Development Specialist | WORLDBANK | mwilliams4@worldbank.org |
| Intiav Alvi | Senior Agriculture Economic | WORLDBANK | ialvi@worldbank.org |
| Jeren kabayeve | Agriculture Specialist | WORLDBANK | jkabayeve@worldbank.org |
| Tonderayi MAKUMIRE | Team Leader/ TA to EU Rural Development in South Sudan | EU | T.MAKUMIRE@aesagroup.eu |
| REJADO ALBAINA Sergio | Programme Manager for Food Security and Rural Development | EU | Sergio.REJADO-ALBAINA@eeas.europa.eu |
| Omotayo Daud' Alabi | --- | EU | |
| Rumohr Johannes | Advisor | GIZ | johannes.rumohr@giz.de |
| Brian Hilton | Resilience Advisor | USAID | bhilton@usaid.gov |
| Andrew Kibira | Institutions & Co-operatives Banking Department | Cooperative Bank of South Sudan | akibira@co-opbankss.com |
| Maurice Koppes | Programme Manager | Cordaid East Africa | maurice.koppes@cordaid.org |
| Enkas Chau | Programme Manager | Cordaid East Africa | Enkas.Chau@cordaid.org |
| Jacobus Koen | Regional Manager | Cordaid East Africa | jacobus.koen@cordaid.org |
| Crenodia Mloza | Funding coordinator | Care | Crenodia.Mloza@care.org |
| Benjamin Wemela | Area manager | Care | Benjamin.Wemela@care.org |
| Cader Faizal | GAFSP ss food security and livelihood program | Care | Cader.Faizal@care.org |

| | | | |
|--------------------------------------|--|--|--|
| Michiel Smet | First Secretary, Coordinator Water, Food Security, Climate, and Private Sector Development | Embassy of the Kingdom of the Netherlands | michiel.smet@minbuza.nl |
| Cooperative and SACCO leaders | | | |
| Name | Title/Organization | Contacts | |
| Jimmy Kato Towe | CEO, South Sudan Agricultural Producers Union | Jimmykato2003@yahoo.com | |
| Nelson Sondukole | South Sudan Agricultural Producers Union | nelsonkole25@gmail.com | |
| Gama Joseph | South Sudan Agricultural Producers Union | gamaiosepj1974@gmail.com | |
| Edward Ugo | South Sudan Agricultural Producers Union | edwardrienzi@gmail.com ; | |
| Alex Anibikumba Peter | South Sudan Agricultural Producers Union field facilitator in Yambio | Anibikumba07@gmail.com | |
| Festo Ade Aggrey | Chair Person of Yei Kembe Cooperative | festoade@gmail.com | |
| Viola Ropani | Vice Chair Person of Yei Kembe Cooperative | Gamajoseph1974@gmail.com | |
| Christopher Awu | Manager of Yei Kembe Cooperative | | |
| Agnese Apunuki | Unity Savings and Credit Cooperative Society | Agnesnajohn35@gmail.com | |
| Rose Marino Magaya | Chair person for Nzara Farmers Cooperative Union | Anibikumba07@gmail.com | |
| Tabere Denis Taddeo | Riaboro Farmers Group | fayatabaka@gmail.com | |
| Taban Geoffrey | Amaubii Cooperative | amaubiicooperativesociety2021@gmail.com | |
| Binaissa Emmanuel Taban | REMEO SACCO | | |
| Mansuk Moses Timon | Rural-Urban SACCO | | |
| Sarah Noah Tumalu | Goshen Women and Youth Agricultural Cooperative Multipurpose | Sarahtumalu2020@gmail.com | |
| Joseph Becu | Youth Representative | josephbecu@gmail.com | |
| Hillary Bidal | Young Multipurpose Cooperative Society | 0921764284 | |
| Oneil Yosia | Cooperative Professional | oneilyosia@gmail.com | |
| Lucia Sebit | Kuru ko Wate Multipurpose Cooperative Society | owesebit@gmail.com | |
| Taban Augustine | Fulla SACCO | | |
| Franco Bongomin William | Torit County Coop Union | bongominfranco@gmail.com | |
| Nyuon Panchol Nyuon | Bor Multipurpose Coop union | Aterag23@gmail.com | |
| Ben Lokang | Bidaya Cooperative | Kasmirosimonpeter876@gmail.com | |
| Cicilia Seida | Yei cooperative | Gamajoseph1974@gmail.com | |
| Atera Mathew Grang | Bor Cooperative Union | Aterag23@gmail.com | |
| Abel Mawut | Bor SSAPU | | |



REPUBLIC OF SOUTH SUDAN
Ministry of Agriculture and Food Security
Office of the Minister

Ref: RSS/MAFS/MO/J

Date: 23/06/2021

Bernadette Mukonora – Dias
Country Director – South Sudan
East and Southern Africa Division
Republic of South Sudan

Dear MS Mukonyora

Re: **UPCOMING OF THE LAUNCH OF THE GLOBAL AGRICULTURE AND FOOD SECURITY
PROGRAMME: CALL FOR PROPOSAL UNDER THE GRANT – BASED FINANCING TRACK**

Reference is made to the above mentioned subject matter,

This letter serves to confirm the nomination of the international Fund for Agricultural Development (IFAD) as Republic of South Sudan's Supervising Entity under the Call for Proposals under the Grant-Based Financing Track. This is in relation to the upcoming launch of the Global Agriculture and Food Security Programme (GAFSP). IFAD is also requested to work with the international Labour Organization (ILO) in the preparation of the GAFSP proposal focused on cooperative development in South Sudan.

On behalf of the Republic of South Sudan, I wish to thank the Fund for this initiative.

Yours Sincerely

Hon. Josephine Joseph Lagu

Minister

Ministry of Agriculture and Food Security

RSS / Juba



Cc: Hon. Deputy Minister MAFS

Cc: Undersecretaries MAFS

Cc: File

Republic of South Sudan (RSS)



MINISTRY OF FINANCE & PLANNING (MOFP) Minister

Ref: RSS/MoF&P/J/M/1/27/8/20

Date: 27th August, 2021

To: GAFSP Secretariat

**Re: South Sudan Ministry of Finance and Economic Planning
Endorsement of the Rural Enterprises for Agricultural Development
(READ) Project.**

Based on the close consultation with the Ministry of Agriculture and Food Security (MAFS) and review of the Concept Note, the Ministry of Finance and Economic Planning (MoFEP) hereby endorses the READ Project.

The MAFS' response to the 2021 Global Agriculture and Food Security Programme (GAFSP) call for proposals, requesting for funding for the proposed READ project in selected States and Counties, is in line with the overall Government of South Sudan strategy to improve food security and livelihoods among its rural populations. It is in line with the Government's Agriculture Master Plan and will contribute towards the attainment of the South Sudan Partnership for Recovery and Resilience.

We thank the MAFS for its leadership in the development of this comprehensive Concept Note. We confirm the nomination of the International Fund for Agricultural Development (IFAD) as the supervising entity for the project, and as well the role of the International Labour Organization (ILO) as a technical partner in the implementation of the project. We also acknowledge IFADs role, together with ILO, in facilitating the entire process, including the robust consultations with all stakeholders, development and bilateral partners, rural producer organizations and cooperative stakeholders.

We understand that the GAFSP requires its applicants to submit a cover letter with endorsement signature from the Minister of Finance [and or of Planning] in addition to endorsements from all relevant technical ministries that will be involved in the implementation of the project. Please accept this letter as the cover letter and endorsement of the Government of South Sudan support of the READ project.

Accept, ladies and gentlemen, the assurance of my highest consideration.

Athian Ding Athian



Hon. Athian Ding Athian
Minister,
Ministry of Finance and Economic Planning,
Republic of South Sudan, Juba.

Cc:

Hon. Minister, MAFS

Hon. Deputy Minister, MAFS

Undersecretary for Cooperatives and Rural Development, MAFS

Undersecretary for Food Security, MAFS

Undersecretary for Planning, MoFEP

File

Juba, 20th August 2021

To whom it may concern,

Re: GAFSP application – 2021 Call for Proposals - Public Sector Window

The South Sudan Agriculture and Livelihoods Donor Working Group (ALDWG) acknowledges receipt of the summary proposal for funding under the Global Agriculture and Food Security Program (GAFSP), titled “*Rural Enterprises for Agriculture Development*” (READ), with cover letter from the Undersecretary for Food Security at the Ministry of Agriculture and Food security, dated on 5th August, 2021.

The summary proposal was presented in the monthly ALDWG meeting held on 26th July, and the listed development partners were consulted bilaterally. The READ project has the goal of improving food security, income, and resilience among targeted rural households through the empowerment of Rural Producers’ Organizations (RPOs) as sustainable and resilient value chain players.

The ALDWG recognizes that the summary proposal is aligned to the country’s National Development Strategy and Comprehensive Agriculture Master Plan (CAMP). These flagship Programs were endorsed by the Government of the Republic of South Sudan as a national framework for agricultural development in the country. Furthermore, the project will contribute towards the attainment of the South Sudan Partnership for Recovery and Resilience (PfRR).

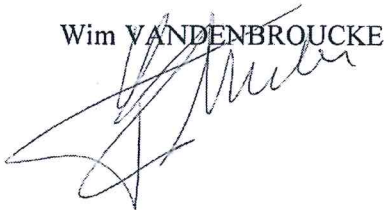
The ALDWG hereby endorses this proposal, while welcoming the opportunity to participate in its further review and refinement in consultation with other stakeholders in South Sudan.

On behalf of the Agriculture and Livelihood Donor Working Group: the Co-chairs,

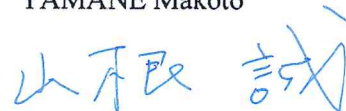
Delegation of the European Union
to the Republic of South Sudan

JICA South Sudan

Wim VANDENBROUCKE



YAMANE Makoto



Statement of Readiness

International Fund for Agriculture Development (IFAD) role as Supervising Entity for the GAFSP Proposal for South Sudan - Rural Enterprises for Agriculture Development (READ) Project

06 September 2021

This letter serves to confirm that the International Fund for Agriculture Development (IFAD) has discussed the Rural Enterprises for Agriculture Development (READ) proposal for the GAFSP 2021 Call for Proposals under the Grant-Based Financing Track Country Submission, with the Government of the Republic of South Sudan and all relevant partners and stakeholders including:

- i. Ministry of Agriculture and Food Security (MAFS)
- ii. Ministry of Finance and Planning (MoFP)
- iii. South Sudan Agriculture and Livelihoods Donor Working Group (ALDWG)
- iv. Representatives of the beneficiaries
- v. Key development partners and
- vi. UNDP as the proposed Fund Manager

IFAD accepts the nomination by the Government of South Sudan (ref: letters from the Minister Finance and Planning (27/08/2021) & Minister of Agriculture and Food Security (23/06/2021), and confirms its readiness and willingness to serve as Supervising Entity for the READ project.

IFAD would also like to confirm the below additional details:

Preliminary Financing Structure:

| | GAFSP | Cooperative Bank of South Sudan | Other Funding Sources | Total Funding |
|--------------|-------------------|---------------------------------|-----------------------|-------------------|
| Component 1. | 10,800,000 | | 237,500* | 11,037,500 |
| Component 2. | 5,800,000 | 3,000,000 ** | | 8,800,000 |
| Component 3. | 2,600,000 | n/a | | 2,600,000 |
| Total | 21,700,000 | 3,000,000 | 237,500 | 24,937,500 |

Notes

*Beneficiary in-kind contribution

**Indicative financing to be unlocked by Cooperative Bank in the READ project areas

*** It is also expected that synergies & parallel co-financing will be derived from the following investments which will reviewed & confirmed during appraisal


- i. **IFAD funded South Sudan Livelihoods and Resilience Project (SSLRP)** - leveraging the joint Projects Coordination Units established in MAFS, deriving a pipeline of Rural Producer Organisations development/strengthened through the Community Driven Development Activities
- ii. **AFDB funded Agricultural Markets, Value Addition and Trade Development Project (AMVAT)** - building on value chain analyses, aggregation centres and markets
- iii. **AFDB funded Youth Enterprise Development and Capacity Building (YEDCB) project**
- iv. **Private Sector Development in Fragile Context: Capacity Building and Access to Finance for Youth and Women (PSDFC) Project** (both currently under design)

Indicative Project Milestones:

| Project Milestones | Indicative Timeline |
|--|----------------------------|
| Approval by IFAD Operations Strategic Committee (OSC) – entry into IFAD’s pipeline | February 2022 |
| Appraisal timeline | March – June 2022 |
| IFAD Design Review Meeting (DRM) | July 2022 |
| Supervising Entity approval date by IFAD’s Executive Board | September 2022 |
| Financing Agreement signing – project effectiveness | October 2022 |
| First disbursement (from Supervising Entity to country), | November 2022 |
| expected end of activity date) – 6 year investment | November 2028 |

IFAD investments in South Sudan

| Project | Value | Implementation Arrangements | Status |
|--|-------------------|--|---|
| South Sudan Livelihoods and Resilience Project (SSLRP) | USD 25.93 million | Consortium of NGOs led by VSF-Germany, under the oversight of a single/joint Projects Coordination Unit in the Ministry of Agriculture and Food Security (MAFS) supported by IFAD and World Bank | Project Effectiveness Achieved – Start Up on track for October 2021 |
| IFAD Rural Poor Stimulus Facility – emergency response to COVID-19 and support to the recovery of rural agriculture livelihoods | USD 1.4 million | VSF-Germany supervised directly by IFAD | Satisfactory -70% of funds disbursed |
| Building Back Better in the Greater Horn of Africa – South Sudan, Eritrea, Djibouti & Somalia – Seed Sector Recovery from covid-19 Impacts | USD 2.5 million | Seed Systems Group (SSG) supervised directly by IFAD | Satisfactory – 80 % of funds disbursed |



Yours Sincerely,

Bernadette Mukonyora
Country Director – South Sudan
IFAD Multi-Country Office in Addis Ababa,
Ethiopia



9th August 2021.

To: Hon. Josephine Joseph,
Minister for Agriculture and Food Security,
RSS.

Thro: Hon Undersecretary
Ministry of agriculture & Food Security,
Juba, RSS.

Honorable Minister,

REF: COMMITMENT TO THE GAFSP PROJECT

Subsequent to our letter to the Undersecretary dated 5th August 2021, we further state as follows;

The Co-operative bank was formed with the objective of developing the cooperative movement in South Sudan. The growth of a vibrant co-operative enterprise would make an immense contribution to socio-economic development & particularly impact poverty reduction and enhance social integration. This remains our key mandate in South Sudan. For the 8 years we have been in operation, we have been able to support formation of many cooperatives and further helped strengthen their administrative structures. We however note that inaccessibility of credit has remained a big impediment to the building of a strong enterprise.

The GAFSP project presents a good opportunity to address some of the pertinent challenges that continue to impede credit access for many producer groups. The Cooperative bank joins this partnership with an intention to play a key role in rural financing and capacity building. Whereas the bank has a bigger target for agricultural financing, in the event that the project bid succeeds, the bank intends to mobilize a minimum of USD 3M to support target groups in productive areas in *Yambio, Wau, Aweil, Magwi, Rumbek, Renk* among others. This will be in form of credit facilities to agribusiness and their value chain. This step is intended to unlock the great potential inherent in agribusiness.

Products/Financing

- Working Capital Loans
- Farm Input Loans

The bank proposes to finance the Co-operatives through a Guarantee Fund Model. Under this model, the Donor will guarantee the loans that will be advanced by the bank to the different Co-operatives. We propose that the members use a co-guaranteeing model amongst themselves to reduce the risk of non-payment. In this case, members within the co-operative will be responsible for all loans advanced to its members.

The bank will do the following:

- a) Loan Appraisals and Disbursements
- b) Loan Administration and Management
- c) Recoveries and Remedial Management

The bank intends to deploy its staff to ensure that the loan process moves smoothly. Further, the bank proposes to have disbursements done directly to the specific vendors of farm inputs and implements. This is important in order to avoid diversion of funds. The repayment will be designed to coincide with the harvest period which should offer convenience when it comes to the loan repayments.

We will also help the Co-operatives come up with robust Credit Policies that will improve the process of lending among themselves. The Credit Policy should be able to capture all lending aspects from the recruitment, loan appraisals, loan administration and management and what to do should a member default in their payments.

The financing will be for purchase of the following

- a) Farm inputs e.g. seeds and fertilizer
- b) Farm implements - Loans to purchase modern farm machineries and equipment such as silos, irrigation equipment, tractors, combine harvesters, shelling machines, honey harvesting and processing equipment, packaging equipment, seed dryers among others.

Support Required by the bank

To achieve this however, the bank will require support in the following ways as explained in details in our earlier letter.

1. A guarantee fund to support the lending in the absence of tangible securities and in the light of other unique challenges of floods, pests, war etc.
2. Partner in a risk sharing venture to advance loans to agribusiness players at affordable rates.
3. Support the bank to set up 5 satellite branches in high productive areas to support members with banking services including lending and safe custody of funds. This will also ensure better loan administration.
4. Procure simple software for cooperative groups to support basic book-keeping and financial management at VSLAs as we endeavor to integrate VSLAs into main-stream banking

Leveraging on this support, the bank hopes to unlock a great potential from agribusiness in the various parts of South Sudan. It is also expected that with strengthened structures at the grassroots levels especially within the cooperative movement, the SACCOs will easily be integrated into mainstream banking thus enhance financial inclusivity.

We trust that with the joint efforts from different partners, we will be able to create vibrancy in the agricultural sector and thus improve the standards of living in South Sudan.

Please accept assurance of my highest regards.

Yours faithfully,



Elijah Wamalwa
Managing Director & CEO

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