



**AFRICAN DEVELOPMENT
BANK GROUP**

**PROJECT: AGRICULTURAL MARKETS, VALUE ADDITION AND TRADE
DEVELOPMENT PROJECT (AMVAT)**

COUNTRY: REPUBLIC OF SOUTH SUDAN

PROJECT APPRAISAL REPORT

Date: November 2020

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AFRICAN DEVELOPMENT BANK GROUP



SOUTH SUDAN

AGRICULTURAL MARKETS, VALUE ADDITION AND TRADE DEVELOPMENT PROJECT (AMVAT)

RDGE/AHAI/COSS

December 2020

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CURRENCY EQUIVALENTS

As of 30th September 2020

Currency = South Sudan Pound (SSP)

Monetary unit

1 USD = SSP 164.80

1 UA = SSP 231.96

1 UA = USD 1.41

FISCAL YEAR

1st July – 30th June

WEIGHTS AND MEASURES

1 metric tonne = 2204 pounds (lbs)

1 kilogramme (kg) = 2.200 lbs

1 metre (m) = 3.28 feet (ft)

1 millimetre (mm) = 0.03937 inch (“)

1 kilometre (km) = 0.62 mile

1 hectare (ha) = 2.471 acres

ACRONYMS AND ABBREVIATIONS

ABC	Aggregation Business Centre
ADF	African Development Fund
ALDWG	Agriculture and Livelihoods Development Working Group
AMVAT	Agricultural Markets, Value Addition and Trade Development Project
BPA	Business Producer Association
CAMP	Comprehensive Agricultural Development Master Plan
CES	Central Equatoria State
CSA	Climate Smart Agriculture
CSP	Country Strategy Paper
DFID	Department for International Development
DP	Development Partners
EES	Eastern Equatoria State
ESMF	Environment and Social Management Framework
ESMP	Environment and Social Management Plan
EU	European Union
FAO	Food and Agriculture Organization of the UN
FPA	Fiduciary Principles Agreement
GAP	Good Agricultural Practices
GoSS	Government of South Sudan
IDP	Internally Displaced Person
IFAD	International Fund for Agricultural Development
IPC	Integrated Food Security Phase Classification
JICA	Japan International Cooperation Agency
MAFS	Ministry of Agriculture and Food Security
MATIP	Markets and Agricultural Trade Improvement Project
MTI	Ministry of Trade and Industry
MTR	Mid-term Review
NAC	National Advisory Committee
NDS	National Development Strategy
NTB	Non-Tariff Barriers
NTC	National Technical Committee
PCR	Project Completion Report
RBLF	Results Based Log frame
RMC	Regional Member Countries
SAPZ	Special Agro-industrial Processing Zone
SEG	Seed Enterprise Group
SPS	Sanitary and Phytosanitary
SSAPU	South Sudan Agricultural Producers Union
SSNBS	South Sudan National Bureau of Standards
SSP	South Sudan Pound
STASS	Seed Trade Association of South Sudan
STRERP	Short-Term Regional Emergency Response Project
TAAT	Technologies for African Agricultural Transformation
TBT	Technical Barriers to Trade
ToT	Trainer of Trainers
TPIA	Third Party Implementation Agency
TSF	Transitional State Facility
UA	Unit of Account

USAID	United States Agency for International Development
USD	United States Dollars
WASH	Water Sanitation and Hygiene
WFP	World Food Program

Grant Information

Client information

RECIPIENT: Republic of South Sudan

EXECUTING AGENCY: Ministry of Agriculture and Food Security

IMPLEMENTING AGENCY: Food and Agriculture Organization (FAO) of the UN

Financing plan

Source	Amount (UA million)	Amount (USD Million)	Instrument
ADF-15	5.53	7.80	Grant
TSF Pillar I	4.47	6.30	Grant
FAO	0.20	0.28	Grant
GoSS	0.59	0.83	Counterpart Contribution
TOTAL COST	10.79	15.21	

Timeframe - Main Milestones (expected)

Concept Note approval	September 2020
Project Board Consideration	December 2020
Effectiveness	February 2021
Last Disbursement	September 2025
Completion	December 2025

Project Summary

Project Overview:

The Agricultural Markets, Value Addition and Trade Development Project (AMVAT) uses an agricultural value chain approach with emphasis on the development of producer associations. The development goal of AMVAT is to contribute to reduced food insecurity, poverty reduction and building of community and household resilience. Specific objectives include: (i) increased agricultural productivity, (ii) increased agro-processing, aggregation and marketing of agricultural produce, and (iii) trade and export of agricultural products and merchandise. This will be achieved through four components: (i) increase agricultural productivity and production; (ii) improve market-place economic and social infrastructure; (iii) enhance market and trade enabling environment; and (iv) project management and coordination. The project will be implemented over a five-year period (2020-2024). The total project cost is UA 10.79 million from an African Development Fund (ADF-15) grant of UA 5.53 million performance-based country allocation, Transition Support Facility Pillar I (TSF-I) grant of UA 4.47 million, a Food and Agriculture Organization (FAO) grant of UA 0.20 million and UA 0.59 million as counterpart contribution (in-kind land for the market in Juba) from the Government of South Sudan. Due to capacity limitations in the Ministry of Agriculture and Food Security, the Food and Agriculture Organization (FAO) of the United Nations will implement the project on behalf of the Government.

Beneficiaries: The Project will support 20,000 farming households (about 120,000 individuals) to increase agricultural productivity and incomes, in the three states of Central Equatoria, Eastern Equatoria and Jonglei. The project will target households that have been receiving food aid over the past several years (many of them IDP returnees) but are now ready to graduate into agricultural market development activities to produce agricultural commodities for food and marketing for increased incomes. About fifty percent of these households are women headed households. The project will establish 20 Aggregation Business Centres (ABCs), 100 Business Producer Associations (BPAs) and 10 Seed Enterprise Groups (SEGs) to provide improved seeds to the BPAs and outside markets. Women and youth will be targeted to participate in the management and activities of the ABCs, BPAs and SEGs and will also be beneficiaries in the agro-processing activities at the urban market. The project will also provide food safety training for laboratory technicians and other stakeholders in the food chain market system which will provide safer and more healthy food for over 500,000 people.

Needs Assessment: South Sudan has a largely unrealised agricultural potential. Over 95% of the total area (658,842 km²) is considered suitable for agriculture, 50% of which is prime agricultural land where soil and climatic conditions are conducive for production of a variety of crops and livestock. However, the periodic armed conflicts in South Sudan have had serious negative effects on food production and security and this has resulted in a huge food import bill (43% of total imports in 2017), despite the country being well-endowed with natural resources that are good for agriculture to thrive. According to the Integrated Food Security Phase Classification issued in June 2019, 6.35 million people (over 50% of the population) were facing crisis (IPC Phase 3 and above) of food insecurity. Despite the extensive agricultural potential, agricultural and food products rarely find their way into markets and thus are not traded on a significant scale as such, they have not been able to generate the much-needed foreign exchange for the country. In addition, South Sudan has high levels of malnutrition: 33 percent of boys and 29 percent of girls are stunted. The Government's agenda for economic diversification is anchored on the agriculture sector, which is vital for economic activities. The agriculture sector contributes about ten percent (10%) of GDP but employs seventy-eight percent (78%) of the population – there is therefore considerable room for improvement of the sector. The AMVAT project will provide much needed skills and inputs for farmers to increase productivity, aggregation capacity and post-harvest agro-processing equipment to improve value addition. It will also provide capacity building to improve the marketing and trade environment for agricultural products to increase incomes and create jobs.

Bank's Value Added: The Bank has considerable experience and expertise across the continent working with partners to increase agricultural productivity, add value and develop markets. This is demonstrated by the Bank's Technologies for African Agricultural Transformation (TAAT) flagship whose objectives are to expand access of smallholder farmers, majority being women, to high yielding agricultural technologies to improve their food production, assure food security, raise rural incomes and scaling up agricultural technologies across similar agro-ecological zones. The Bank has also successfully implemented the Markets and Agricultural Trade Improvement Project (MATIP) in Uganda which established over 20 markets across the country and increase trade in agricultural products significantly. A second phase of the MATIP is currently being implemented. In South Sudan, the Bank has implemented the Short-Term Regional Emergency Response Project (STRERP - UA 31.5 million) under the Bank's Say No to Famine Framework, with highly favourable outcomes. In addition, the Bank has supported the water and sanitation sector, power transmission and distribution systems, good governance and non-oil revenue mobilization and accountability projects in South Sudan. Implementation of projects in the country portfolio continued even during the period of conflict and the COVID-19 pandemic and this effort has been instrumental in helping to improve the lives of the people of South Sudan.

Knowledge Management: The ability for farmers to enhance productivity and trade depends highly on access to suitable technologies, markets and other allied services whereby farmers' linkage with other actors in the value chains remains essential and requires support. The Project will therefore generate critical knowledge for supporting farmers to move from subsistence to commercial agriculture in the selected states, which will build up lessons for the design and management of similar interventions, to be scaled in other states, as well as in other Regional Member Countries (RMCs). A series of training and coaching activities for different categories of farmers and traders has been embedded in the project and a number of agricultural commodity studies planned. In line with the Bank's Knowledge Management Strategy (2015-2020), the knowledge obtained will be captured through regular supervision, progress reporting and mid-term review, and as part of project completion report (PCR) preparation process, documented and shared within the Bank and with other development partners (DPs) and RMCs. Given that the project covers four selected crops in three different states, with varying opportunities and challenges, there is potential to generate useful lessons.

RESULTS-BASED LOGICAL FRAMEWORK						
A	PROJECT INFORMATION					
PROJECT NAME AND SAP CODE: Agricultural Markets, Value Addition and Trade Development Project (AMVAT), P-SS-AAZ-001				COUNTRY/REGION: South Sudan/ Eastern Africa		
PROJECT DEVELOPMENT OBJECTIVE: Contribute to reduced food insecurity, poverty reduction and building of community and household resilience.						
PROJECT ALIGNMENT:	a) Country/region strategy: South Sudan’s National Development Strategy (NDS) (2018-2021) & Bank’s Interim Country Strategy Paper (2019-2021) for South Sudan					
	b) Bank’s priority/sector strategy: Aligned to the Bank’s Ten-Year Strategy , Feed Africa Strategy, Improve the Life of the People of Africa and the Bank’s Strategy for Addressing Fragility and Building Resilience in Africa.					
	c) Alignment indicators: Prevalence of food insecurity in targeted areas					
B	RESULTS MATRIX					
RESULTS CHAIN AND INDICATOR DESCRIPTION	RMF or ADOA INDICATOR	UNIT OF MEASUREMENT	BASELINE (2020)	TARGET AT COMPLETION (2025)	MEANS OF VERIFICATION	FREQUENCY OF REPORTING
OUTCOME 1: Increased agricultural productivity and income of households (disaggregated by female headed households)						
INDICATOR 1: Average yield (T/Hectare) for target crops	□	Tons per hectare	Maize: 1.9 Sorghum: 1.7 Groundnuts: 0.95 Sesame: 0.48	Maize: 2.4 Sorghum: 2.0 Groundnuts: 1.2 Sesame: 0.72	National Crop Census, FAO/WFP- Annual CFSAM report, Project M&E Reports	Annual
INDICATOR 2: Average household income per 1.5 ha farm		USD	\$422	\$673		Annual
OUTCOME 2: Increased agricultural products marketed through formal markets						
INDICATOR 3: Annual volume of agricultural farm produce marketed through formal markets in the target states	□	Tons	TBD by baseline study	TBD (30% increase of baseline)	Market Centre monitoring reports, ABC performance reports	Annual
OUTCOME 3: Improved capacity of stakeholders in applying food safety & quality standards (SPS, CODEX, etc.)						
INDICATOR 4: Annual volume of food products tested and certified in laboratories in the project area		Tons	0.5	100	Reports from SSNBS Report from the Mini-Labs	Annual
OUTPUT 1: Enhanced farmers’ knowledge for better production, aggregation and marketing						
INDICATOR 5: Farmer leaders trained in selected themes as Trainers of Trainers (ToTs) (disaggregated by gender)	□	Number	0	500 ToTs (250 women)	Project monitoring reports State Performance reports	Annual

INDICATOR 6: Farmers trained in selected themes (GAP, Farming as a business, IPM, etc.) (disaggregated by gender)		Number	0	7,500 farmers (3250 women)	MAFS reports	Annual
I OUTPUT 2: Established and strengthened Aggregation Business Centers (ABCs) mainstreaming youth and women						
INDICATOR 7: Aggregation Business centers (ABC) established	<input type="checkbox"/>	Number	0	20	Project monitoring reports, ABC progress reports	Annual
INDICATOR 8: Women and youth in ABC leadership positions		Percentage	0	50% women and 50% youth		
OUTPUT 3: Strengthened capacities for the production and dissemination of improved seeds						
INDICATOR 9: Seed Enterprise Groups (SEGs) established (mainstreaming women and youth)		Number	0	10 (with 2 women and 2 youth groups)	Project monitoring reports ABC progress reports	Annual
INDICATOR 10: No. of hectares planted with improved seeds	<input type="checkbox"/>	Number	0	20,000		Annual
OUTPUT 4: Adequate infrastructure set up for better for better aggregation and marketing						
INDICATOR 11: Modern markets constructed		Number	0	1	Market management report Project monitoring reports	Annual
INDICATOR 12: Traders using post-harvest and value addition equipment at markets (disaggregated by gender)	<input type="checkbox"/>	Number	0	TBD		Annual
OUTPUT 5: Enhanced capacity development and trade environment in the application and management of CODEX Standards						
INDICATOR 13: CODEX trading standards developed for cereals and oils seeds		Number	0	2	SSNBS Reports for SPS Project monitoring reports Ministry of Industry and Trade reports	Annual
INDICATOR 14: Custom officers, traders and stakeholders trained to apply CODEX standards on oilseeds and cereals (disaggregated by gender)		Number	0	130 (65 women)		Annual
INDICATOR 15: Food testing mini laboratories (General chemistry, aflatoxin lab) and testing service facilities equipped		Number	0	2		Annual
OUTPUT 6: Strengthened value chain development and market linkages among actors						
INDICATOR 16: Multi stakeholder platforms (MSPs) for cereals and oil seeds established		Number	0	2	Project monitoring reports Ministry of Industry and Trade reports	Annual

OUTPUT 7: Enhanced project coordination and management						
INDICATOR 17: Annual work plans developed and approved		Number	0	5	Project monitoring reports	Annual
INDICATOR 18: Supervision and progress reports conducted (technical and financial)		Number	0	10	Project monitoring reports	Annual
INDICATOR 19: Capacity development fiduciary clinics for GoSS conducted		Number	0	2	Project monitoring reports	Annual

PROJECT IMPLEMENTATION SCHEDULE

Year	2021				2022				2023				2024				2025			
Quarter	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Initial Activities																				
Signature of loan agreement and Disbursement effectiveness																				
Finalise the setting up of project implementation unit and project governance structures																				
Project Launching																				
Baseline study																				
Component 1:																				
Establish Aggregation Business Centers (ABCs), their training and provision of equipment																				
Establishment of 100 Business Producer Associations (BPAs) and their training																				
Train and coach ToTs in Good Agricultural Practices (GAPs)																				
Establish Seed Enterprise Groups (SEGs), their training and provision of equipment																				
Provide equipment for seed testing laboratory and training for the laboratory technicians																				
Support MAFS to develop the seed sector framework																				
Component 2:																				
Preparation of feasibility study and detailed design for modern market infrastructure																				
Developing Marketing Management Guidelines and Manual																				
Constructoin of the market infrastructure																				
Provide primary value addition equipment for the market																				
Component 3:																				
Develop CODEX standards and guidelines including capacity building and dissemination																				
Equip 2 food testing mini laboratories for aflatoxin and general chemistry and training of technicians																				
Setting up platforms for cereals and oil seed sectors																				
Capacity development for stakeholders (customs officers, traders, chamber of commerce, etc.) on food safety and quality systems and export market linkages																				
Component 4:																				
Project management, M&E and reporting (quarterly progress and supervision reports)																				
Undertake thematic studies																				
Implementation of ESMP																				
Capacity development, training and equipment for MAFS and MTI																				
Mid-term review (MTR)																				
Project Completion Report (PCR)																				

REPORT AND RECOMMENDATION OF THE MANAGEMENT OF THE AfDB GROUP TO THE BOARD OF DIRECTORS ON THE PROPOSED ADF-15 AND TSF PILLAR-I GRANTS TO THE REPUBLIC OF SOUTH SUDAN FOR THE IMPLEMENTATION OF THE AGRICULTURAL MARKETS, VALUE ADDITION, AND TRADE DEVELOPMENT PROJECT (AMVAT).

Management hereby submits the following report and its recommendation concerning a proposed African Development Fund (ADF-15) grant of UA 5.53 million (USD 7.80 million) performance-based country allocation and Transition Support Facility Pillar I (TSF-I) grant of UA 4.47 million (USD 6.30 million) to the Republic of South Sudan to finance activities to support the Agricultural Markets, Value Addition and Trade Development Project (AMVAT) in South Sudan.

I – STRATEGIC THRUST & RATIONALE

1.1. Project linkages with country strategy and objectives

1.1.1 AMVAT is fully aligned with and supported by South Sudan’s National Development Strategy (NDS) (2018-2021) whose overarching objective is to *Consolidate Peace and Stabilize the Economy* and in particular, its strategic priority no. 3 *Ensuring Secure Access to Adequate and Nutritious Food*. The NDS is divided into Clusters and the priority actions of the Economic Cluster includes to *expedite economic infrastructure development (including agricultural infrastructure)* and to *fast-track development of legal, regulatory and institutional frameworks* – activities that are integrated in the AMVAT components. Furthermore, AMVAT will provide gender-sensitive capacity development to the Ministry of Agriculture and Food Security, Ministry of Trade and Industry and other stakeholders, including the development of multi-stakeholder platforms for cereals and oil seeds. AMVAT is also aligned to the Government of South Sudan’s climate change adaptation plans for the agriculture sector as outlined in the country’s Nationally Determined Contributions (NDC) and National Adaptation Programme of Action (NAPA), which include promoting climate smart agricultural (CSA) technologies and enhancing agricultural productivity through development of infrastructure and improved crop and livestock varieties.

1.1.2 Moreover, AMVAT is aligned to the Bank’s South Sudan Interim Country Strategy Paper (I-CSP) 2012-2018) extended to December 2021 by supporting the single pillar of *State Building through Capacity Building and Infrastructure Development* and specifically by developing market and aggregation infrastructure. The project is included in the I-CSP pipeline. The Project is aligned with the Bank’s Ten-Year Strategy on aspects of infrastructure development, skills and technology, agriculture and food security and gender. It is also aligned to the Bank’s Feed Africa Strategy, in particular the flagships of Technologies for African Agricultural Transformation (TAAT) whose objective is to increase agricultural productivity and value addition as well as the Special Agro-industrial Processing Zones (SAPZ) whose objective is to increase investment for enabling rural infrastructure for agro-processing and value addition. It is also aligned to the High 5 on Improving the Quality of Life for the People of African by improving the health and nutrition of the communities through increased productivity of nutritious food crops. Furthermore, the project is aligned to the Bank’s Jobs for Youth in Africa Strategy (2016-2025) and in particular the Enable Youth flagship that emphasizes inclusive employment for youth in agribusiness. Furthermore, the project is aligned to the Bank’s Strategy for Addressing Fragility and Building Resilience in Africa (2014-2019).

1.2. Rationale for Bank's involvement

- 1.2.1. South Sudan's vast agricultural potential is largely unrealised. Over 95% of the total area (658,842 km²) is considered suitable for agriculture, 50% of which is prime agricultural land where soil and climatic conditions are conducive for production of a variety of crops and livestock. A large part of the country, particularly the southern part, has high rainfall for 8-9 months a year, ranging from 500-600 mm/year to more than 1,500 mm/year. However, the periodic armed conflicts in South Sudan have had a serious negative effect on food production and security and this has resulted in a huge food import bill (43% of total imports in 2017), despite being well well-endowed with natural resources that are good for agriculture to prosper. According to the Integrated Food Security Phase Classification issued in June 2019, 6.35 million people (just over 50% of the population) were facing a food insecurity crisis (IPC Phase 3 and above). Despite the huge agricultural potential, agricultural and food products rarely find their way into markets and thus are not traded on a significant scale and have not been able to generate much needed foreign exchange for the country. In addition, South Sudan has high levels of malnutrition: 33 percent of boys and 29 percent of girls are stunted. Similarly, 30 percent of boys and 24.5 percent of girls are underweight. The Government's agenda for diversification of South Sudan's economy is anchored on the agriculture sector, which plays a vital role in economic activities. The agriculture sector contributes about ten percent (10%) of GDP but employs seventy-eight percent (78%) of the population. Most agricultural products that are exported are in the form of primary products and are later imported as value-added products. This situation leads to losses in foreign currency, employment opportunities and opportunities for customized value-added products.
- 1.2.2. Both agricultural input and product markets in South Sudan are not well developed. No effective investment can be made in scaling up production without first strengthening markets. The present system of fresh supplies to retail markets in urban areas is dominated by imports – in the case of Juba by supplies from Uganda. Three types of food markets currently exist in South Sudan: rural primary markets located in villages and small towns and often held on a periodic basis; rural assembly markets located in agricultural surplus areas; and urban retail markets serving consumers in main towns and cities. Terminal wholesale markets within or near major cities have yet to evolve. As a result of the underdeveloped marketing arrangements, post-harvest losses at the farm level and within markets are very high, as are food prices.
- 1.2.3. The AMVAT activities are informed by several studies that support the development of agricultural economic infrastructure and trade development. The 2020 report "Conflict, Mobility and Markets - Changing food systems in South Sudan" notes that the post-independence conflict has made South Sudan's markets volatile. This has increased risks and liabilities for bigger traders, but also offers opportunities for smaller ones.
- 1.2.4. The World Bank's 2019 diagnostic study "South Sudan: Linking the Agriculture and Food Sector to the Job Creation Agenda" is emphatic that with the implementation of the peace deal, South Sudan could start a trajectory of recovery and growth, which ushers in an opportunity for investments in the food sector by applying a value chain lens that does only address food security needs, but also, generates income and lays the foundation for livelihoods and job creation. Among other important enablers to begin to facilitate agribusiness transformation, the flagship study refers to rural assembly markets located in agricultural surplus areas, as well as urban retail markets serving consumers in main town and cities as being vital for beginning to strengthen the distribution and marketing channels.

- 1.2.5 A 2019 study “Moving towards markets: cash, commodification and conflict in South Sudan” notes that while food insecurity is linked to South Sudan’s conflicts, a less visible factor is the move towards markets. Producing food for markets rather than for home consumption, turning food into a commodity and turning farmers into wage workers – all these shifts appear to be implicated in the country’s hunger crisis. On a positive note the report claims that South Sudanese food producers and consumers are moving towards markets.
- 1.2.6 UNDP’s 2012 study “Investing in Agriculture for Food Security and Economic Transformation” cautioned that short, medium and long term actions focusing on rural sector activities including ensuring adequate supplies from agriculture and efficient functioning markets, storage and transportation are important to stabilize and improve the food security situation in South Sudan.
- 1.2.7 Other studies that form an anchor for this project vis a vis developing agricultural market infrastructure include the Bank’s South Sudan: An Infrastructure Action Plan (2011); the Government’s Comprehensive Agricultural Development Master Plan (CAMP, 2015-2020); and the Bank’s South Sudan: A Study on Competitiveness and Cross Border Trade with Neighbouring Countries (2013).
- 1.2.8 **Why the Bank should Intervene:** Imported agricultural commodities play a dominant role in many large marketplaces in South Sudan. However, there remains high potential for domestic agricultural commodities to take a larger share of the overall market, and as domestic production remains an important component given the rapid expansion of the urban population which has created large consumer markets. Agricultural commodity markets are critical drivers to agricultural development and the achievement of food security in the country, especially if complemented by actions that reduce macroeconomic distortions, lower high market transaction costs and increase value addition through an agricultural value chain approach. Markets open opportunities for increased intra-urban and cross-border trade between rural and urban areas, while serving as wholesale centres and hubs for commodities trade, especially for agricultural commodities. This improves the supply and availability of basic goods, improved agricultural inputs, as well as contributes to stabilizing commodity prices, thus positively impacting households’ ability to access basic food and non-food items to support their livelihoods. Operationalizing the markets and aggregation centres will thus benefit smallholder farmers by making improved agricultural inputs available to vulnerable households, improving price margins, and eventually increasing rural incomes. The Juba market will also improve the hygienic environment, help reduce post-harvest losses and install facilities to meet demand, for example cold storage units for fish storage. Furthermore, an improved information management system for market intelligence and data collection and distribution will help farmers access the most updated information on commodity prices and help decision makers widen the evidence base and develop a deeper understanding of the complex market dynamics in South Sudan. Markets also are key sites of public spaces for social interaction, connection, social inclusion, the mingling of different cultures and the building of a sense of local community and social cohesion, which are key for sustainable peacebuilding and post conflict reconstruction efforts.
- 1.2.9 The AMVAT project provides the opportunity to address some of the fundamental constraints to agricultural growth in South Sudan, listed above. As such, it has the potential to be truly transformational in its scope. The rationale for bank involvement in the proposed project is underpinned by: (a) the Bank’s own strong experience and expertise in increased agricultural

productivity; (b) a strong commitment and ownership of the South Sudan authorities of the project; and (c) the specific request for this project from the Government for Bank support.

1.3. Donor coordination

1.3.1 Development partners working in the agriculture sector are guided by the Comprehensive Agricultural Development Master Plan (CAMP) 2015-20 and work within the Agriculture and Livelihoods Development Working Group (ALDWG) of which the Bank is a member, as well as the Partnership for Recovery and Resilience (PfRR) Framework. Apart from the Bank, the other key development partners (DPs) active in the sector include DFID, FAO, WFP, EU, Netherlands, Canada, JICA, BMZ, SDC, USAID and the World Bank. The DP's agriculture sector interventions focus on the following broad areas: (i) Improved management and equitable access to water sources for livelihood activities; (ii) Food production and improved income generation for women and youth; (iii) Livelihood diversification (e.g., animal production groups, cereal marketing groups); (iv) Construction of feeder roads; and (v) Peace building and conflict resolution. In addition, the Bank is also a member of the donor Public Finance Management (PFM) group, the Heads of Development Cooperation (HoC) group and the United Nations Country Team (UNCT).

1.3.2 During project design, the Bank held discussions with various development partners in the agriculture sector on possible collaboration. The HoC was also informed of the AMVAT. The Bank agreed to collaborate with JICA on joint support for capacity development to the Ministry of Agriculture and Food Security. In addition, the Bank held discussions with IFAD, to collaborate with its project, the South Sudan Livelihoods and Resilience Project (SSLRP), which is being prepared. The two institutions agreed to implement activities in common states and counties and to design activities that are complementary – effectively resulting in parallel co-financing in an amount of approximately USD 3 million. This demonstrates the strengthening of synergies, bolstering aid coordination and deepening value added for the Bank and IFAD. Several development partners are also providing infrastructure such as rural roads (the Netherlands) which will complement the proposed market infrastructure of AMVAT by making needed farm gate linkages.

Table 1.1 Development Partner Support for Agriculture and Resilience in South Sudan

No.	Development Partner	Development Partner Support (USD)	% of Total DP Support
1	United State of America	63,079,419	31%
2	United Kingdom	45,131,820	22%
3	European Union	38,376,880	19%
4	Norway	24,606,522	12%
5	Netherlands	15,874,324	8%

II – PROJECT DESCRIPTION

2.1. Project Goal

2.1.1 The development goal of AMVAT is to contribute to reduced food insecurity, poverty reduction and building of community and household resilience. Specific objectives include to: (i) increase

agricultural productivity, (ii) increase agro-processing, aggregation and marketing of agricultural produce, and (iii) increase trade in agricultural products.

Project Description

2.1.2 AMVAT takes an Agricultural Value Chain Approach including supporting the development of producer associations. The project will support and complement the entire value chain by supporting farmer households engaged in the identified value chains of maize, sorghum, groundnuts and sesame. The Aggregation Business Centres will serve as growth hubs in the local areas and will include post-harvest agro-processing facilities to support and provide value addition to agricultural produce and provide extension services to the surrounding areas. These activities will widen the livelihood options and income sources of farmers as well as increasing their resilience to climate change impacts through improved varieties and reduced post-harvest losses. Vendors and farmers will be organized into producer and trader associations to enhance protection and leverage collective bargaining positions and lower purchasing and marketing costs through service sharing. Considering the COVID threat, safety measures for social distancing will be incorporated within the project to ensure safety during project implementation.

Table 2.1: Project components

No	Component Name	Cost (UA Million)	Component Description
1	Increase agricultural productivity and production	3.07	<p><u>Sub-component 1.1:</u> Establish 20 Aggregation Business Centres (ABCs) (8 in CES, 8 in EES and 4 in Jonglei)</p> <ul style="list-style-type: none"> • Train and coach ABC leaders (with a 50% target of women) on aggregation, value addition/post-harvest technologies, business management, access to credit, food safety and quality management, marketing, financial literacy, etc. • Facilitate the ABCs to provide extensions services to the Business Producer Associations (BPAs) • Equip the ABCs with post-harvest handling equipment (including shellers, threshers, winnowers, tarpaulins, weighing machines, aflatoxin testing kits, moisture meters, small mills, oil press for groundnuts/sesame) and Market Information System (MIS). <p><u>Sub-component 1.2:</u> Establish 100 Business Producer Associations (BPAs) (5 BPAs associated with each ABC)</p> <ul style="list-style-type: none"> • Train 500 Trainer of Trainers and 7,500 farmers (including 50% women) in Farmer Institution Development, Farming as a Business, Good and Climate Smart Agricultural Practices, Integrated Pest Management, Financial literacy, etc. • Facilitate the BPAs to access improved and drought resistant seeds. The seeds will be subsidized at the beginning, but this will be reduced over the life of the project to zero subsidy. <p><u>Sub-component 1.3:</u> Establish 10 Seed Enterprise Groups (SEGs) (1 SEG to serve 2 ABCs)</p> <ul style="list-style-type: none"> • Train and coach the SEG management on seed multiplication process, seed quality control, commercialization, enterprise development, etc. • Provide seed production equipment for the SEGs.

			<ul style="list-style-type: none"> Facilitate the SEGs to provide improved seeds to the BPAs. This support will gradually reduce over the life of the project to zero so that they can become sustainable. <p><u>Subcomponent 1.4:</u> Support the seed eco-system in the country.</p> <ul style="list-style-type: none"> Support MAFS to develop the seed sector framework. Provide equipment for the seed testing laboratory to improve its capacity – the facilities are already established at MAFS HQ. Provide training of technicians for the seed testing laboratories. Technical Assistance on seed varieties through the Technologies for African Agricultural Transformation (TAAT) Undertake value chain studies on Sorghum, Groundnuts and Sesame.
2	Improve market-place economic and social infrastructure	4.95	<p><u>Sub-component 2.1:</u> The project will support the construction of a modern market in Juba (about 8,000 m²). The exact size and type will be determined based on the outcomes of the feasibility study. In addition, a space of about 130 m² will be provided for housing the proposed value addition equipment and will also provide mini-storage facilities for the market.</p> <ul style="list-style-type: none"> Preparation of feasibility study and detailed designs of the market which will include economic and social amenities (including lock-up stalls, mini-storage facilities, use renewable/green energy sources such as solar power, water including roof catchment harvesting facilities, sanitation and hygiene (WASH), child care services, access and grounds, sustainable waste management systems such as processing bio-wastes to biogas, etc.). The consultancy will include preparation of tender documents and construction and supervision of the civil works implemented by the project. As an alternative, the consulting firm as part of its assignment will review the Juba Wholesale Market design and advise the executing agency on the feasibility of partially implementing the proposed Juba Market by the project. Developing Market Management Guidelines and Manual. <p><u>Subcomponent 2.2:</u> Agro-processing and Trade Facilitation</p> <ul style="list-style-type: none"> Provide equipment for first level value addition equipment e.g. cleaning, grading/sorting and de-stoning for maize, sorghum, groundnut and sesame; equipment for quality control, management, grading and standardization systems; establish and promote use of market information systems (MIS) to facilitate trade building on existing systems such as REACH and JMML.
3	Enhance Market and Trade Enabling Environment	0.98	<p><u>Sub-component 3.1:</u> Support the Ministry of Trade and Industry and other stakeholders on food safety and standards, including Sanitary and Phytosanitary (SPS) aspects.</p> <ul style="list-style-type: none"> Support the national Bureau of Standards (NBS) to develop CODEX standards and guidelines, including gender-sensitive SPS capacity building and dissemination and gender-responsive customs management Equip 2 mini food testing laboratories for aflatoxin and general chemistry (Juba and Torit). Training of laboratory technicians on food safety. Establish Monitoring and Evaluation mechanism for Non-Tariff Barriers (NTB) and Technical Barriers to Trade (TBT). Support development of SME policy.

			<ul style="list-style-type: none"> Feasibility study for Gum Arabic and study on Markets and Marketing. <p><u>Subcomponent 3.2:</u> Establish two viable multi- stakeholder platforms</p> <ul style="list-style-type: none"> Setting up Platforms for cereals and oil seeds sectors Gender-sensitive capacity development for stakeholders (customs officer, chamber of commerce, traders, etc.) on food safety and quality systems and export market linkages. Capacity development on gender and trade regulations related to agricultural products and Sanitary and Phytosanitary measures as well as measures to improve food safety in informal markets.
4	Project Management and Coordination	1.09	<ul style="list-style-type: none"> Plan, design, manage and implement project activities, including ESMP implementation. Conduct monitoring and prepare quarterly progress and supervision reports together with MAFS. Conduct Medium Term Review and Project Completion Report missions. Undertake baseline study and value chain studies. Capacity development/training and equipment for MAFS and MTI: capacity on procurement and financial management, equipment for project focal point (computer/printer, furniture, consumables, etc.). Conduct annual audits.
		0.70	Third Party Implementation Agency Fee
	TOTAL	10.79	

2.2. Technical solutions retained and other alternatives explored

Table 2.2: Project Alternatives Considered and Reasons for Rejection

Alternative	Brief description	Reasons for rejection
Establishment of a seed certification body	Setting up minimum standards for genetic purity and recommend minimum standards for the classes of certified seed, and standardize seed certification regulations and procedures	The Government of South Sudan is not currently ready to set up the body. Instead of setting up a certification body, the project is proposing: i) to develop a seed policy framework which will guide the overall seed system in the country until the seed policy is adopted, and ii) strengthening the existing seed system by expanding the number of seed producers and enhance capacities of both seed producers and inspectors.
Support research institutions to release new varieties including hybrids and biofortified seeds	To ensure that new resistant and high yield varieties are released to farmers to increase their productivity	Due to project budget constraints and the cost of new variety release requirements, it was not possible to pursue this idea under the AMVAT. The project will therefore support the Seed Enterprise Groups to produce Quality Declared Seed (QDS), which is the quality of seed being produced and marketed by the seed companies in South Sudan. These are improved seeds but not up to the quality of foundation seed.
Establish large rural market infrastructure	Establishing large markets in the rural areas where production takes place.	Due to poor road infrastructure one cannot establish large markets in the rural areas. The project will therefore support the establishment of aggregation centres in the rural areas and a modern market in Juba.

2.3. Project type

The Agricultural Markets, Value Addition and Trade Development Project (AMVAT) is supported under the ADF-15 and TSF Pillar-I of the Bank as a standalone investment project.

2.4. Project cost and financing arrangements

2.4.1 The cost for the project activities, excluding taxes and duties, is estimated at UA 10.79 million including physical and price contingencies. The costs are composed of UA 4.78 million (44%) in foreign currency and UA 6.01 million (56%) in local currency costs. The combined physical and price contingencies have been estimated at 14% of the total baseline costs. The tables below provide the summary of the Project costs which are based on analysis of unit prices obtained from the ministries of Agriculture and Food Security, other ministries and other local institutions and traders.

Table 2.3: Project Cost Estimates by Component (UA million)

Component	(SSP '000)			(UA '000)			% Foreign Exchange	% Base Costs
	Local	Foreign	Total	Local	Foreign	Total		
1. Increase Agricultural Productivity and Production	326,189.69	289,518.44	615,708.13	1,406.23	1,248.14	2,654.37	47	28
2. Improve Marketplace Economic and Social Infrastructure	559,516.89	430,425.07	989,941.95	2,412.13	1,855.60	4,267.73	43	45
3. Enhance Market and Trade Enabling Environment	103,457.78	103,092.86	206,550.64	446.02	444.44	890.46	50	9
4. Project Coordination and Management	171,546.37	204,541.75	376,088.11	739.55	881.80	1,621.35	54	17
Total Baseline Costs	1,160,710.72	1,027,578.11	2,188,288.84	5,003.93	4,429.98	9,433.91	47	100
Physical Contingencies	46,323.41	46,323.41	92,646.82	199.70	199.70	399.41	50	4
Price Contingencies	187,105.16	34,823.36	221,928.53	806.63	150.13	956.75	16	10
Total Project Costs	1,394,139.29	1,108,724.89	2,502,864.18	6,010.26	4,779.81	10,790.07	44	114

2.4.2 The project will be financed by an ADF-15 Grant of UA 5.53 million, TSF-I grant of UA 4.47 million, FAO grant of UA 0.20 million and the Government will contribute UA 0.59 million (5.6% of project cost) as in-kind counterpart contribution for the land of the market in Juba. South Sudan's economy is still confronted with a high fiscal deficit (6.4% of GDP in 2019), lack of competitiveness, limited foreign reserves and high public debt. These macroeconomic imbalances have been exacerbated by the Government's shift from spending on social services to military expenditure as well as the adverse impact of COVID-19 pandemic. Due to high dependence on oil (accounts for 90% of total revenue and 95% of export earnings), falling oil prices and reduced global demand have negatively impacted budget execution due to revenue losses. In this context, the Bank's Country Financing Parametres recommends 100% financing by the Bank Group, however the Government will contribute in-kind.

Table 2.4: Sources of Financing (UA Million)

	Foreign	Local	Total	Percent
Government of South Sudan	0.00	590.07	590.07	5.5
ADF-15	3,288.69	2,241.31	5,530.00	51.3
TSF-I	1,313.87	3,156.12	4,470.00	41.4
FAO	177.24	22.75	200.00	1.9
Total Project Cost	4,779.81	6,010.26	10,790.07	100.0

Table 2.5: Project Cost by Category of Expenditure (UA million)

	(SSP million)			(UA million)			% Foreign	% Base
	Local	Foreign	Total	Local	Foreign	Total	Exchange	Costs
I. Investment Costs								
A. Civil Works	627.74	496.14	1,123.88	2.71	2.14	4.85	44	51
B. Goods	43.94	163.42	207.36	0.19	0.70	0.89	79	9
C. Services	338.19	353.30	691.48	1.46	1.52	2.98	51	32
Total Investment Costs	1,009.87	1,012.85	2,022.72	4.35	4.37	8.72	50	92
II. Total Recurrent Costs	150.84	14.73	165.57	0.65	0.06	0.71	9	8
Total Baseline Costs	1,160.71	1,027.58	2,188.29	5.00	4.43	9.43	47	100
Physical Contingencies	46.32	46.32	92.65	0.20	0.20	0.40	50	4
Price Contingencies	187.11	34.82	221.93	0.81	0.15	0.96	16	10
Total Project Costs	1,394.14	1,108.72	2,502.86	6.01	4.78	10.79	44	114

Table 2.6: Expenditure Schedule by Component (UA million)

	Totals Including Contingencies					
Components	2021	2022	2023	2024	2025	Total
1. Increase Agricultural Productivity and Production	0.60	0.85	0.63	0.53	0.46	3.07
2. Improve Marketplace Economic and Social Infrastructure	1.53	2.03	1.34	0.03	0.03	4.95
3. Enhance Market and Trade Enabling Environment	0.04	0.49	0.43	0.02	-	0.98
4. Project Coordination and Management	1.00	0.19	0.19	0.20	0.22	1.79
Total Project Costs	3.16	3.56	2.59	0.78	0.70	10.79

2.5. Project's target area and population

2.5.1 The Project will support 20,000 farming households (about 120,000 individuals) in the three states of Central Equatoria, Eastern Equatoria and Jonglei. The project will target households that have been receiving food aid over the past several years (many of them IDP returnees) but are now ready to graduate into agricultural development activities to produce crops for food and marketing for increased incomes. About fifty percent of these households are women headed households. The baseline study will identify the households that will be assisted to form the Business Producer Associations (BPAs) through which they will receive support. The project will establish 20 Aggregation Business Centres (ABCs) in the three states, 100 Business Producer Associations (BPAs) – each ABC will serve 5 BPAs, and 10 Seed Enterprise Groups (SEGs) to provide improved seeds to the BPAs and external markets. If one considers the impact of the market in the Juba urban area, total population that will be impacted by this project will be about 500,000 people. The project will also provide food safety training for laboratory technicians and other stakeholders in the food chain market system which will provide safer and more healthy food for over 500,000 people. The hub of development will be the ABCs which will serve as growth hubs to serve the BPAs and SEGs. The project will identify existing aggregation centres and build on those rather than develop completely new ones – there are many aggregation centres already run by UN agencies such as FAO and WFP and some private ones. The project will enter into agreements with these aggregation centres for the provision of required services.

2.5.2 The selection of the states was informed by the following criteria: (i) key states for food security crops and potential for commercial crops; (ii) key states for high value crops with prospects for value addition and external trade; (iii) states with policies and support for the proposed project interventions including private sector participation; (iv) high percentage of the population likely to directly benefit

from investment of the project; (v) states where potential development partners are currently located or planning to work on upcoming projects to provide complementarity to AMVAT project, e.g IFAD's SSLRP project; (vi) development stage of the population in the state as well as peace and security. The Project will focus on five counties in total so as not to be spread too thinly. In Central Equatoria State, the project will focus on Juba and Terekeka counties, in Eastern Equatoria State it will focus on Magwi and Torit counties and in Jonglei it will focus on Bor county. These counties were selected because they already have several existing aggregation centres and will also allow this project to synergize with the upcoming IFAD SSLRP project that will operate in these counties.

2.6. Participatory process for project identification, design and implementation

2.6.1 The project appraisal was conducted virtually, however the Bank managed to get a lot of the required information. The Bank undertook in-depth consultations with relevant government ministries, as well as development partners, Civil Society Organisations and farmer groups (e.g. Seed Trade Association of South Sudan, South Sudan Agricultural Producers' Association, Chamber of Commerce, etc.) during project identification, preparation and appraisal. The consultations were held with key ministries, including Finance and Planning, Agriculture and Food Security, Trade and Industry, Livestock, Physical Infrastructure in order to identify and review priorities and areas where Bank resources would add value. In addition, consultative meetings were held with key stakeholders involved in the agricultural and rural development. These included JICA, USAID, the World Bank, FAO, the Netherlands, European Union, etc. The Bank made a presentation of the project to the Agriculture and Livelihoods Development Working Group (ALDWG) in the country. The Bank also held meetings with the South Sudan Agricultural Producers Union and the South Sudan Seed Trade Association among others.

2.6.2 The consultations significantly informed the project design, especially the project components and implementation arrangements. For instance, consultations during project preparation indicated that it is still advisable to use a third-party implementation agency due to the low government capacity in the ministries to implement such projects. During implementation, there will be further engagement with key stakeholders in the agriculture sector through the multi-stakeholders' project National Advisory Committee (NAC) and National Technical Committee (NTC) and the ALDWG.

2.7. Bank Group experience, lessons reflected in project design

Portfolio Performance and Lessons Learnt: As at 30th September 2020, the Bank's active portfolio for South Sudan comprised eleven (11) sovereign operations, financed mainly using ADF grants and loans, with commitments amounting to UA 84.7 million. In terms of sectoral distribution, the power sector has the largest allocation (33%), followed by water supply and sanitation (27%), social sector (16%), multi-sector/governance (15%), finance (6%) and health (3%). The operations are consistent with the sole Pillar of the National Development Plan, South Sudan's CSP and the Bank's strategic priorities, underpinned by the High 5's vision for Africa's economic transformation. The country's portfolio performance is satisfactory, with an overall score of 3.8 on a scale of 1 to 4. The total cumulative disbursement rate was 46.8% by 30th September 2020, while the average portfolio age stood at 3.4 years. However, critical issues of fragility, particularly insecurity and violence, still affect portfolio performance, as well as government's low absorption capacity stemming from institutional and human capital weaknesses. The Bank has adopted the use of third-party implementation arrangements for all projects with high fiduciary risks, low capacity and implemented outside Juba. This is to mitigate the risks associated with weak institutional capacity (systems and human capital), insecurity outside Juba, limited knowledge of Bank rules, procedures and procurement regulations by the Project Implementation Unit officials, delays in the implementation of procurement plans and submission of audit reports. The

use of a third party such as the FAO mitigates all of these risks as the Bank has already assessed the organization and signed a Fiduciary Principles Agreement (FPA) with it to implement Bank projects.

2.8. Key performance indicators

2.8.1 The results-based logical framework outlines key project performance indicators. The development outcomes envisaged under the project are: (i) the increased average yield (t/ha) and household income per ha for target crops, (ii) 30% increase in farm produce marketed through formal markets, (iv) increase in volume of food products tested and certified in laboratories in the project areas from 0.5 t/year to 100 t/year. All of these will lead to increased agricultural productivity and income of households. The main indicators defined for monitoring the project outputs are: (i) number of ToTs and farmers trained on selected topics; (ii) number of ABCs and SEGs established; (iii) number of youth and women in both ABC and SEG management; (iv) number of hectares planted with improve seeds; (v) number of modern markets constructed; (vi) annual value of commodities marketed through markets; (vii) number of CODEX trading standards and guidelines established and disseminated for cereals and oil seeds; (viii) number of new laboratories set up and operating, and (ix) number of technicians and staff trained on selected themes. The FAO team in collaboration with the ministry of agriculture will carry out internal project monitoring and evaluation in collaboration with the national technical committee to monitor the performance of the project. Regular implementation progress will be measured through Quarterly Progress Reports and annual technical and financial audits. Disaggregated data will be captured at every level and where applicable. The overall effectiveness of the project at implementation will be monitored through the Bank's bi-annual supervision missions (field and desk). The Mid-Term Review will be undertaken in year three, while the Project Completion Report will be prepared during the last six months of the project.

III – PROJECT FEASIBILITY

3.1. Economic and financial performance

FIRR (base case) 21%

EIRR (base case) 25%

NPV, USD 13.60 million at 12%

3.1.1 The project is financially and economically viable, as evidenced by the Project's Financial Internal Rate of Return (FIRR) of 21% and Economic Internal Rate of Return (EIRR) of 25%. At the enterprise level, a typical 1.5 Ha farm model shows that as a result of the project, annual net margin is expected to increase by 60%, from USD 422 per farm to USD 673 per farm at full development. This demonstrates that at the enterprise level, the project is financially feasible.

3.1.2 The analysis has considered the following assumptions for the market: (i) project life period of 25 years; (ii) infrastructure operating cost of 2% per year of capex during the project life and 7% capex infrastructure investment at year 10; and (iii) implementation schedule of investment built from the expenditure schedule of activities. The assumptions for crop production were an increase in productivity of the four selected crops ranging from 18% to 100%. The key costs that are considered for the analysis include the capital investment costs for the market infrastructure, incremental operational and maintenance costs and the increased input costs for the crops.

3.1.3 The initial focus crops include maize, sorghum, groundnuts and sesame due to the fact that: (i) these are food security crops with high nutritive value; (ii) have great commercial potential through agro-processing and value addition into various products; (iii) they perform very well in these states; and (iv) the population in these states is already familiar with the crops. However, other crops and commodities will also be considered should they be requested by the communities.

3.1.4 The benefits considered in the analysis are those derived from increased productivity of crops due to improved seeds, farmer training, use of modern technologies and the ability to aggregate, store and market crops. This increase in productivity and marketing of crops translates directly into increased incomes at the household level. The project includes other benefits which have not been factored in the EIRR analysis above such as increase in off-farm activities due to better training and enhanced nutrition. In addition, the project will include benefits such as innovation, safeguards, policy advice, knowledge work, capacity building for government, etc. If all of these benefits are incorporated in the analysis, the EIRR would be even higher.

3.1.5 Sensitivity analysis was conducted on the EIRR for various scenarios and as presented in the table below, it demonstrates that the project is quite robust and would remain viable under a range of alternatives.

Results of the Sensitivity Analysis on the EIRR

Scenario	EIRR	NPV (USD million, 12%)
20% decrease in income from crops	21%	8.44 million
20% increase in investment costs	22%	11.21 million

3.2. Environmental and Social Impacts

3.2.1 Environmental and Social: Based on the proposed project scope and structure, the environmental and social (E&S) classification for this project is Category 2 in accordance with the African Development Bank's Integrated Safeguards System/Environmental and Social Assessment Procedures (ESAP). Taking into account that the project will finance multiple sub-projects (construction of several markets and development of agro-processing facilities) whose locations will be in a number of counties in the three states of Central Equatoria, Eastern Equatoria and Jonglei that have not been pinpointed, the implementation of the project will be guided by an Environmental and Social Management Framework (ESMF). The ESMF was prepared by the Government of the Republic of South Sudan, approved by the Ministry of Environment and the Bank. As required by the Bank, the ESMF summary was disclosed on the Bank website on 12th October 2020. The EMSF clearly mandates the Project Implementation Unit to prepare Environmental and Social Management Plans (ESMPs) once the specific project locations have been identified. During the preparation of the ESMF, the capacity of the implementing agency to implement the ESMF framework was assessed and found to be satisfactory. The PIU will include an E&S Expert as a member of the core team of the project. A provisional sum of USD 100,000 has been included in the project budget to cater for E&S related activities.

3.2.2 Climate Change and Green Growth: The project has been screened for climate risks and evaluated as category 2, meaning that it is vulnerable to the impacts of climate change. Foreseen climate risks include droughts, increased temperatures and outbreak of crop and livestock pests and diseases that may affect crop production and reduce supply of produce to the envisaged Aggregation Business Centres and produce markets. However, the project components will contribute to addressing these climate impacts in several ways. First, development and marketing of improved seeds will enhance farmers'

access to and adoption of crop varieties that are resistant to droughts and pests. Training of farmers on good and climate smart agricultural practices will also enable them to implement improved farm management practices that will enhance their resilience to the impacts of climate change. Second, provision of market centres in the three states will provide an avenue for farmers to market their produce. This will ensure that they have markets during periods of bumper harvest and hence build resilience against post-harvest losses that are normally experienced during such periods. Cold storage rooms will also enable the prolonged preservation of produce as increased temperatures tend to cause accelerated food deterioration and contamination. Third, development and marketing of new crops varieties will ensure availability of drought- and pest-resistant varieties. Moreover, the project will implement green measures including providing renewable energy (solar) to light the market, installing water harvesting systems, and facilities for managing waste.

3.2.3 Gender: Significant challenges to the attainment of gender equality exist in South Sudan. Cultural norms discourage female education, support early marriage and early childbearing. High levels of gender-based violence have been witnessed during the transition period particularly in areas affected by conflict. Indicators related to these outputs are sex-disaggregated or gender-relevant. The project's preliminary environmental and social assessment has identified numerous socio-economic benefits to women that will arise from the implementation of the project and being in leadership positions of the ABCs and BPAs. Details of the benefits will be elaborated in the ESMF report. Project design has proposed involvement of women and the youth from the launch of the project hence eliminating possibilities of exclusion of the two groups in the implementation of the project and its accruing socio-economic benefits. The initial assessment also estimates that close to 500,000 people (50% women) are likely to benefit from the project hence the project is likely to have significant socio-economic impact overall.

3.2.4 The Project is categorized as GEN II according to the Bank's Gender Marker System where the gender assessment identified four key entry points to improve socio-economic benefits to women brought about by the Project through: (i) providing adequate training in good agricultural practices; (ii) ensuring equitable access to leadership positions of the ABCs and SMCs; (iii) improving market place economic and social infrastructure with inclusion of gender sensitive social amenities such as child care and adequate WASH; (iv) and strengthening the capacity of key stakeholders to address the gender concerns of the Project.

3.2.5 These activities are designed to address the gender inequalities and accelerate opportunities for women in the agricultural sector. Evidence shows that women in South Sudan lack opportunities for economic growth and development, particularly in the agricultural sector. Most of them are involved in the informal sector, which is underdeveloped and uncoordinated, and in subsistence farming. Women's involvement in the formal sector is limited due to high levels of illiteracy, lack of access to productive and economic assets such as land, finance, credit facilities, agricultural inputs, extension services, and low business skills and management capacity. Women represent close to 80% of farm labour, 50% of the farmers in the irrigated sector and 57% in the rainfed traditional sector in South Sudan. Although women play a crucial role in agriculture, contributing to both the GDP and to household food security, their contribution to agriculture and the overall economic development process continues to be undervalued. Women carry out a major portion of agricultural activities and bear almost the entire burden of household work, including water and fuelwood collection and food processing and preparation. As one of the key driving factors of the economy in South Sudan, agriculture and food security greatly influence the gender factors especially those that affect women. Farmers, especially women, are faced with several challenges including, limited access to fertile land and seeds, lack of modern tools, limited access to markets and storage facilities.

3.3 Fragility and resilience

3.3.1 Context. According to the United Nations Office for Coordination of Humanitarian Affairs (OCHA), in December 2019, there were 7.5 million South Sudanese in need of assistance. The challenge compounds just as several states of South Sudan experienced one of the worst floods in recent years. In addition, the agricultural sector that is so critical for food security and poverty reduction was also negatively impacted by the floods. Preliminary forecasts showed that 75,000 hectares of cultivated land have been damaged due to flooding in affected areas, with an estimated loss of 73,000 metric tons of cereals. This represents approximately 15 percent loss in production in the affected areas. Consequently, about 7,000 metric tons of food commodities were distributed to some 700,000 flood-affected people across the country as of November 2019, with distributions continuing into other priority locations.

3.3.2 Fragility in the agriculture sector. The agricultural sector in South Sudan is affected by a combination of various complex factors summarized in table 3.1 below. Agricultural output (i.e. crop and vegetables) in South Sudan is low due, inter alia, to emigration and displacement; conflict and insecurity; limited availability and access to quality seeds; heavy reliance on (erratic) rains and vulnerability to drought, which all lead to food insecurity. Demand for agricultural commodities on the other hand, has been constrained by frequent economic shocks and insecurity. Limited clarity of the land laws, limits the participation of women, displaced and returnee people in certain community as well as long term and large-scale investments. Weak institutional capacity coupled with competition for land among powerful foreign powers (i.e. countries from the Middle East) and insecurity, exacerbate the power-relations among the main stakeholders in the sector. Moreover, limited penetration of social and economic infrastructure (i.e. roads, electricity) and availability of working tools for farmers, as well as low quality, quantity and adherence to strict phytosanitary measures limits the distribution and export potential for farmers which could represent a potential source of revenue and income. Limited funding of the agricultural sector also limits the outreach and capacity of extension services; organization of farmers and the sector in general.

Table 3.1 Main challenges in the agricultural sector in South Sudan

Key issues
<ul style="list-style-type: none"> ▪ Land ownership and access ▪ Food insecurity ▪ Low institutional capacity; ▪ Low productivity; ▪ Competitions among key stakeholders; ▪ Insecurity; ▪ Climate change ▪ Poor infrastructure

3.3.3 The AMVAT project and fragility in South Sudan. The Agricultural Markets, Value-Chains and Trade Development (AMVAT) project seeks to address challenges related to (i) agricultural productivity and production; (ii) infrastructure and (iii) farmer organization. As indicated in the table below, this focus of the project is consistent with addressing some drivers of fragility in the country as well as at the agriculture sector level.

Table 1.2 Fragility sensitiveness analysis of the AMVAT project

Project activity/Component	Agriculture sector driver of fragility to be addressed	Country level driver of fragility to be addressed
Agricultural productivity and production	Low productivity and output	Food insecurity

Social and economic Infrastructure development	High transaction costs	Poverty; limited diversification of the economy
Farmer's organization	Low sector and institutional capacity	Limited institutional capacity

The focus and components of the AMVAT project greatly contribute to addressing key drivers of fragility in the agriculture sector as well as at the country level as described above. However, the project still leaves room to addressing key issues such as the land access and ownership by women, the land regulatory framework and climate change. Therefore, it is recommended that the project seeks to mainstream those issues in its design. Furthermore, the project needs to pay attention to political economy considerations among the main stakeholders to avoid unwanted negative effects between them that could harm the successful implementation of the project.

IV – IMPLEMENTATION

4.1. Implementation arrangements

4.1.1 The Ministry of Agriculture and Food Security and the Ministry of Trade and Industry shall be the executing agencies for the Project. Due to the low capacity of the Ministries to implement such projects, the Bank will engage a third-party implementing agency (TPIA) for the project. The Government requested that the Food and Agriculture Organization of the UN (FAO) implement the project on its behalf. The Bank has already signed a Fiduciary Principles Agreement (FPA) with the FAO that describes the procurement and financial management arrangements and will receive an administrative fee of seven percent (7%) of the project costs for implementation. The Government will assign counterpart focal officers to coordinate implementation with the TPIA.

4.1.2 The governance of the project will comprise the National Advisory Committee (NAC) which will be chaired by the Undersecretary of the Ministry of Agriculture and Food Security. The NAC will also include the Undersecretary of the Ministry of Trade and Industry and of Finance and Planning, as well as high-level leaders from the 3 states of CES, EES and Jonglei and the TPIA. The NAC meets quarterly to review the project performance, provide oversight and guidance on policy issues and identify potential linkages to enhance synergy and increase impact.

4.1.3 The governance of the project also includes the National Technical Committee (NTC) which provides technical advice and recommendations to the NAC on all technical aspects related to project implementation. The NTC is chaired by the Director General in the Ministry of Agriculture and Food Security and includes relevant directors from the ministries Trade and Industry and Finance and Planning, the TPIA, representatives of the SSAPU, STASS, NBSS and representatives from the 3 states and other stakeholders that will be identified. The AMVAT project coordinator will serve as the NTC Secretary and the NTC will meet quarterly.

4.1.4 FAO South Sudan will oversee overall coordination and implementation of project activities under the respective components through its field staff and subcontracts with local implementation partners (NGOs) through its Letter of Agreement (LoA) collaboration instrument. FAO South Sudan, under the leadership of the FAO Representative in South Sudan, will provide oversight and quality assurance to ensure successful implementation of the project, including all fiduciary aspects, safeguards, monitoring, and reporting of the project's progress. Under the TPIA arrangements, the FAO will use its existing FM, procurement and administrative staff to implement the project. In addition, the FAO will

recruit a project coordinator, M&E officer, civil engineer, seed expert, value chain expert and 3 extension agents (1 per project state) to be part of the Project Implementation Unit (PIU) within the FAO.

4.1.5 This project will be implemented in close collaboration with the MAFS at the national level and the relevant government institutions at the State and County levels. MAFS has a strong technical team at the national level that has contributed to design of the project and approved the technical aspects of the project. The project is designed to engage with stakeholders, transfer knowledge, and build capacity at State and County levels to ensure sustainability.

Procurement and financial management

Procurement

4.1.6 Procurement of goods (including non-consultancy services), works and acquisition of consulting services, financed by the Bank will be carried out in accordance with the “Procurement Policy for Bank Group Funded Operations”, dated October 2015 and following the provisions stated in the Financing Agreement.

4.1.7 The assessment of procurement risks at the Country, Sector, and Project levels has informed the decisions on the procurement regimes applicable for specific transactions or groups of similar transactions under the project. Accordingly, considering the substantial procurement risks involved coupled with the limited capacity of the Government, the project will be implemented through Third Party Implementation arrangements with the Food and Agriculture Organization (FAO) of the United Nations acting as Implementing Agency.

4.1.8 In March 2018, the Bank and FAO signed a Fiduciary Principles Agreement (FPA) that sets out the framework of cooperation between these institutions. This agreement will form the basis for implementation of the project in accordance with paragraph 5.3(e) of the Bank’s Procurement Policy. Under this arrangement, as part of implementation of this operation, FAO will provide fiduciary oversight of the implementation of the entire project, including those relating to the procurement policies and procedures.

4.1.9 For the purpose of implementation of the Project, following the approval of the financing of the project by the Bank’s Board of Directors, a Tripartite Funding and Implementation Agreement (TFIA) will be signed between the Bank, the Government, and the FAO to put in place a framework that aims to deliver the full scope of the project with FAO playing a central role in the execution of the related components. The Procurement Technical Annex B5 provides details on the project’s proposed procurement arrangements.

Financial Management

4.1.10 The Financial management capacity of the Executing Agency, the Ministry of Agriculture and Food Security (MAFS) was not assessed during appraisal since the Government wrote an official letter to the Bank expressing preference that the UN Food and Agriculture Organization (UN-FAO) to implements the project as Third-Party Implementing Agency (TPIA). The FAO will work in close cooperation with the MAFS for the smooth implement of the project. The financial management capacity of Third-Party Implementing Agency (TPIA), FAO South Sudan was assessed virtually. The FAO already has an FPA with the Bank that will govern the Tripartite Agreement to be signed by the Host

government, FAO and the Bank. The selected TPIA will maintain sound financial management systems and arrangements to ensure that funds are used for the purposes intended. The FAO will use its systems and procedures to ensure sound control of the use of project resources with due considerations to the economy, efficiency and value for money. The TPIA will also maintain a project account for the project financed activities in accordance with sound international accounting practices. In addition, FAO will ensure reliability of financial information by monitoring project implementation, resources and expenditures by project component and activities. The Project will be subject to six- monthly Unaudited Interim Financial reports and annual financial reporting on project performance and status in conformity with FAO's procedures.

4.1.11 *Financial Reports:* The Bank requires FAO to prepare and submit to the Bank a Six-monthly and annual interim financial reports certified by an authorized signatory delegated by FAO.

4.1.12 *Disbursement:* Disbursements will be done in accordance with the Disbursement Rules and Procedures of the Bank, as set out in the Bank's Disbursement Handbook; and on the basis of the Tripartite Project Implementation Agreement(TPIA) to be signed by government, the Fund and FAO. The Special Account method will be used, as the disbursements in tranches will be made to FAO depending on the nature of the activities and the annual approved work plans. For purpose of the project and in line with the annual work plan, the TPIA will provide a Foreign Currency Account to receive funds designated for financing project implementation activities. The size of the initial tranche and subsequent tranches to FAO shall be based on annual work plans as per the Bank's disbursement rules. The disbursement will be in four (4) tranches (30% for the first three tranches and 10% for the last tranche).

The Bank will issue a Disbursement Letter stipulating key disbursement procedures and practices for the project. The Bank will have the right, as reflected in the General Conditions, to suspend disbursement of the funds, if reporting requirements and other financing agreements are not complied with.

4.1.13 *Audit:* The project audit will not be undertaken separately. The Bank requires annual financial audit reports of FAO at the end of each financial year (31st December) in the years the fund was utilized, to be submitted to the Fund and to the government within 30 days after the audit report is submitted to the General Assembly of the FAO by the Independent Auditors of the FAO. The audit procedures will follow the agreement reached in the FPA and TPIA signed by the three parties: government, the Fund and the FAO.

4.2. *Monitoring*

4.2.1 The AMVAT project will be monitored using KPIs at input, output and outcome levels reflected in the RBLF and in the project monitoring matrix presented in annex V. Overall responsibility for M&E will rest with the implementation agency, who will put in place an adequate M&E system and monitor all the activities and prepare periodic reports, highlighting implementation progress, fiduciary and procurement status, stakeholder participation with major focus to the Ministry of Agriculture and Food Security, beneficiaries involvement, and risks and mitigation measures. The Project Implementation Unit (PIU) within the FAO will prepare semi-annual progress reports which include Unaudited Interim Financial Reports (IFRs) certified by an authorized officer of the FAO. The six-month period starts from the date of receipt of the first disbursement by FAO. The monitoring will ensure data is disaggregated by gender and age at every level where possible. The project will make use of national data sets (e.g. National Statistics Office, Youth employment statistics, Household surveys) and Project reports whenever possible. The Bank through its East Africa Regional Development and Business Delivery Office and the South Sudan country office will closely monitor day-to-day implementation of the project

and carry out at least two (2) supervision missions (in country or virtually) annually, including FM and procurement assessments reviews. In addition, the Bank will carry out a mid-term review of the project and a project completion report will be prepared at the end of the project.

Table 4.1: Project Monitoring Activities

Activity	Responsible Entity	Timeframe
Appraisal	Bank	October 2020
Negotiations	Government/Bank	November 2020
Project Approval	Bank	December 2020
Signature of Grant Agreement and effectiveness	Government/Bank/FAO	January 2021
Fulfilment of 1 st Disbursement Conditions	Bank	February 2021
Project Launch	Bank/ Government/ FAO	March 2021
Service Delivery	FAO/Ministry of Agriculture	March 2021/ December 2025
Mid-term Review	Bank/Government/FAO	June 2023
Project Completion Report	Bank/ Government/ FAO	September 2025
Auditing	FAO	Annual

4.3. Governance

4.3.1 South Sudan's independence is 9 years old, but since 2013 the country has experienced civil war leading to weakened administrative and financial management structures. Increasing conflict in the country for 6 years before the peace deal signed in August 2018 meant that accountability in government funds degenerated to such a level that substantial amount of government funding could easily be allocated for military expenditures or other unprogrammed use without due regard to approved budget commitments. The expenditure on security for example was 21% of the total budget in 2017/2018, a decline from 26.9% in 2016/2017, compared to less than 10% for agriculture. Development partners have therefore been concerned about weaknesses in governance including: (i) risk and costs associated with conflict escalation; (ii) limited implementing capacity of the public service; (iii) social and economic marginalization of mainly rural populations that threaten the stability of the country; and (iv) weak institutional capacity.

4.3.2 The risk of poor governance on this project is mainly fiduciary in nature, in addition to the capacity to effectively implement the project outside Juba, due to security challenges. This risk will be mitigated by engaging FAO as the third-party project implementing agency. FAO South Sudan continues to have strong operational, procurement and logistics capacities, enabling the effective management and monitoring of large and complex programmes in an insecure context. FAO is active in all states of South Sudan, with a main office in Juba and extensive field presence through a network of field offices with over 320 staff and engages with over 90 Non-governmental Organizations (NGO's), Co-operatives and Community Based Organizations (CBO) to secure and deliver its mandate. FAO has a track record of implementing development activities right through the insurgency periods which is also strengthened by their strong field presence where they have staff in their monitoring offices. Although the project will use third party implementation arrangements, the government will support and monitor the actions of the implementing agency through joint supervision missions. This will ensure that clear governance structures are maintained throughout the project. In addition, the Bank will monitor the project through regular desk reviews of project reports provided by FAO and field supervision missions

to keep track of the utilization of project funds for approved activities in addition to day-to-day contact with the FAO leadership in Juba by the Bank's Country Manager.

4.4. Sustainability

- 4.4.1 Previous experiences and success stories revealed that strong community-based institutions at all levels are the backbone of all activities to ensure sustainable and reliable production and marketing. As the AMVAT Project will focus on farmer groups as an entry point and train them with specific skills, the Project will actively be involved in organizing communities and strengthening grassroots institutions to instil their ownership for effective production, aggregation, marketing and trade.
- 4.4.2 The AMVAT project's focus is on establishing an Aggregation Business Centre model. The ABC is designed as a growth-hub for the local area and provides the required facilities and capacity building to enhance both the quality and quantity of agricultural produce of targeted crops during and long after the Project. Farmers groups as the project foundation will be equipped with improved seeds, skills and knowledge, facilities and post-harvest handling equipment to expand their production and marketing knowledge and thus, increase their incomes. On the other hand, with the establishment of laboratories for food testing and CODEX standards for the cereals and oil seeds, and capacity building of relevant staff, it is anticipated that food quality and standards will be enhanced and maintained during and after the project. The training and coaching instruments will continue to capacitate farmers in the long-term. In addition, the experience of the FAO as in implementation agency in planning, delivery, and monitoring of agriculture programs will provide the necessary knowledge, experience, and ownership to the MAFS and beneficiaries to successfully manage key project activities beyond the Project lifespan. Another key area of the Project is the focus on knowledge generation and policy development support. The Project will also develop a seed policy framework to help the seed system to thrive further.
- 4.4.3 Stakeholder consultations undertaken during the identification, preparation and appraisal confirmed the commitment of the GoSS and the farmer organizations. The ownership of the project shall be maintained through the multi-sectoral Project Steering Committee (PSC) consisting of key stakeholders who are committed to seeing agriculture development thrive in the long run in South Sudan and to contribute to the country's inclusive growth.
- 4.4.4 The Municipal Councils will ultimately own the market facilities and take overall responsibility for the management of the market. However, they will recruit a private management company competitively for the day today management of the market.
- 4.4.5 The vendors who occupy these facilities will be selected on a competitive basis. The project will facilitate the establishment of vendors association and assist the association to be legally established following the country's registration system. The association will be represented in all the decisions regarding the management of the market. The project will also provide the resources for capacity building for the owner of the market and the vendors association related to the management of the market. Accordingly, a training needs assessment will be carried out.

4.5 Risk analysis and management matrix

RISK CATEGORY	RISK DESCRIPTION	RATING	MITIGATION MEASURE	RISK OWNER
COUNTRY'S POLITICAL SITUATION AND GOVERNANCE CONTEXT	Breakdown of peace agreement/ conflict	Moderate	Continuous dialogue among different parties	GoSS
EXTERNAL AND DOMESTIC ECONOMIC RISKS	Currency devaluation	Substantial	Sound public financial management	GoSS
SECTOR OF THE OPERATION	Dependency syndrome of aid/relief to IDPs/farmers	Moderate	Training farmers on agriculture as a business	GoSS, Project
TECHNICAL ASPECTS OF THE OPERATION'S DESIGN	Low educational and literacy level of farmers	Low	Training modules use approaches that can be understood even with low literacy	Project
FIDUCIARY AND VALUE FOR MONEY	Agreement on fee for 3 rd party implement-ing agency	Low	Develop and sign Tripartite Funding and Implementation Agreement	Goss, Bank, FAO
ENVIRONMENTAL AND SOCIAL RISKS	Agro-climatic shocks such as drought, floods, etc.	Moderate	Practice climate smart agriculture e.g. use drought resilient seeds, diligent implementation of ESMP	Project
CAPACITY OF IMPLEMENTING ENTITY	Capacity to reach remote rural areas for implementation	Low	Project will hire a focal staff for each state and FAO will use its 320 staff throughout the country	GoSS, FAO, Bank

4.6. Knowledge building

The ability for farmers to enhance productivity and trade depends on access and knowledge to technologies, markets and services whereby their linkage with other actors in the value chains remains essential and requires project support. The Project will therefore generate critical knowledge for supporting farmers to move from subsistence to commercial agriculture in the selected states, which will build up lessons for the design and management of similar interventions, to be scaled in other states, as well as in other RMCs. Series of training and coaching to different categories has been embedded in this project to ensure ownership and sustainability of planned activities. In line with Knowledge Management Strategy (2015-2020), the knowledge obtained will be captured through regular supervision, progress reporting and mid-term review, and as part of program completion report (PCR) preparation process, documented and shared within the Bank and with other DPs and RMCs. Given that the program covers four selected crops in three different states with varying opportunities and challenges, there is potential to generate useful lessons.

V – LEGAL INSTRUMENTS AND AUTHORITY

5.1. Legal instrument

5.1.1 The financing instruments to be used for this operation will be:

- a Tripartite Funding and Implementation Agreement amongst the African Development Fund, the Republic of South Sudan and the FAO for a grant of UA5.53 Million from the ADF-15 resources; and
- a Tripartite Funding and Implementation Agreement amongst the African Development Bank and the African Development Fund (*as administrators of the Transition Support Facility*), the Republic of South Sudan and the FAO for a grant of UA 4.47 Million from the TSF Pillar I resources;

the above agreements are hereinafter jointly referred to as the “Tripartite Funding and Implementation Agreements”.

5.2. Conditions associated with Bank’s intervention

5.2.1 Condition Precedent to Entry into Force. The Tripartite Funding and Implementation Agreements shall enter into force upon signature by the parties.

5.2.2 Condition Precedent to First Disbursement The obligation of the Bank/ Fund to make the first disbursement of the grants under each Tripartite Funding and Implementation Agreement shall be conditional upon entry into force of the Agreements.

5.2.3 Other Conditions

The Recipient shall within three (3) months of the first disbursement of the Grants establish:

- a) a National Advisory Committee (NAC) which will be chaired by the Undersecretary of the Ministry of Agriculture and Food Security and comprise of representatives of the Undersecretary of the Ministry of Trade and Industry, Ministry of Finance and Planning and high level leaders from the 3 states of CES, EES and Jonglei; and
- b) a National Technical Committee (NTC) which is chaired by the Director General in the Ministry of Agriculture and Food Security and includes relevant directors from the Ministry of Trade and Industry and Ministry of Finance and Planning, the TPIA, representatives of the SSAPU, STASS, NBSS and representatives from the 3 states and other stakeholders that will be identified. The AMVAT project coordinator will serve as the NTC Secretary.

5.2.4 Environmental and Social Safeguards.

The FAO shall cause all its contractors, its sub-contractors and agents to:

- a) carry out the Project in accordance with the Environmental and Social Management Plan (“ESMP”), the Fund’s Safeguards Policies and the applicable national legislation in a manner and in substance satisfactory to the Fund;
- b) prepare and submit to the Fund, semi-annual reports on the implementation of the ESMP including any implementation failures and related remedies thereof; and
- c) refrain from taking any action which would prevent or interfere with the implementation of the ESMP including any amendment, suspension, waiver, and/or avoidance of any provision thereof, whether in whole or in part, without the prior written concurrence of the Fund; and
- d) cooperate fully with the Fund in the event that the implementation of the Project or change in Project scope results in hitherto unforeseen displacement and /or resettlement of persons, and shall not commence any works in the affected area under the Project, unless all PAPs in such areas have been compensated and/or resettled in accordance with a Resettlement Action Plan (RAP), to be prepared by the Recipient.

5.2.5 Recipient Counterpart Contribution for ADF-15 Grant. The Recipient shall within three (3) months of the first disbursement of the Grant or such later date as may be approved by the Fund, make available land for the construction of the markets *in accordance with agreed specifications and requirements acceptable to the Fund*, as its in-kind contribution (the “Counterpart Contribution”) towards

the costs of the Project.

5.3 Compliance with Bank Policies

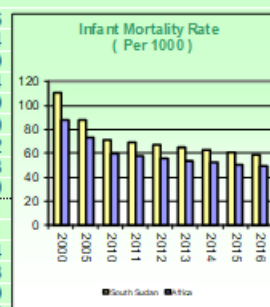
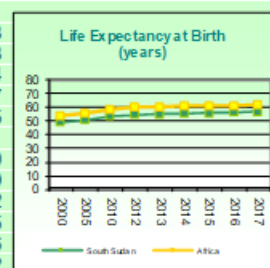
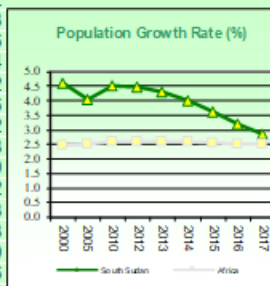
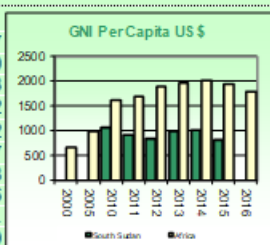
This project complies with all applicable Bank policies.

VI – RECOMMENDATION

Management recommends that the Boards of Directors approve the proposed (a) ADF-15 Grant of UA 5.53 Million and (b) TSF Pillar I Grant of UA 4.47 Million to the Republic of South Sudan for the purposes and subject to the conditions stipulated in this report.

Appendix I. South Sudan's comparative socio-economic indicators

	Year	South Sudan	East Africa	Africa	Developing Countries
Basic Indicators					
Area ('000 Km ²)	2019	644	62,320	300,670	94,797
Total Population (millions)	2019	11.1	365.8	1,306.3	6,384.0
Urban Population (% of Total)	2019	23.9	27.7	43.3	50.3
Population Density (per Km ²)	2019	17.2	62.7	44.5	69.2
GNI per Capita (US \$)	2019	480	981	1,843	5,102
Labor Force Participation % - Total (%)	2019	72.4	73.2	63.2	60.7
Labor Force Participation % - Female (%)	2019	71.0	66.5	54.6	45.8
Sex Ratio (per 100 female)	2019	100.2	99.3	99.801	107.106
Human Develop. Index (Rank among 187 countries)	2018	186
Popul. Living Below \$ 1.90 a Day (% of Population)	2007-18	42.7	34.2	35.6	11.9
Demographic Indicators					
Population Growth Rate - Total (%)	2019	0.8	2.7	2.7	1.2
Population Growth Rate - Urban (%)	2019	4.2	4.6	3.6	2.3
Population < 15 years (%)	2019	41.7	41.9	40.6	27.6
Population 15-24 years (%)	2019	20.2	20.7	19.3	16.4
Population ≥ 65 years (%)	2019	3.4	3.0	3.5	7.2
Dependency Ratio (%)	2019	81.6	81.3	78.7	54.6
Female Population 15-49 years (% of total population)	2019	24.0	24.4	24.2	25.2
Life Expectancy at Birth - Total (years)	2019	57.8	65.2	63.5	70.8
Life Expectancy at Birth - Female (years)	2019	59.4	67.1	65.3	73.0
Crude Birth Rate (per 1,000)	2019	34.7	33.4	33.0	20.2
Crude Death Rate (per 1,000)	2019	10.3	6.6	8.0	7.3
Infant Mortality Rate (per 1,000)	2018	63.7	39.7	48.7	31.3
Child Mortality Rate (per 1,000)	2018	98.6	56.4	70.2	42.0
Total Fertility Rate (per woman)	2019	4.6	4.4	4.4	2.6
Maternal Mortality Rate (per 100,000)	2017	1150.0	433.9	432.3	230.0
Women Using Contraception (%)	2019	9.5	41.5	39.0	61.7
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2010-18		11.3	33.4	121.8
Nurses and midwives (per 100,000 people)	2010-18		82.7	107.8	240.8
Births attended by Trained Health Personnel (%)	2010-18	19.4	55.3	62.9	79.4
Access to Safe Water (% of Population)	2017	40.7	51.3	66.3	87.7
Access to Sanitation (% of Population)	2017	11.3	23.9	40.3	68.5
Percent of Adults (aged 15-49) Living with HIV/AIDS	2018	2.5	2.7	3.4	
Incidence of Tuberculosis (per 100,000)	2018	146.0	183.4	202.3	154.0
Child Immunization Against Tuberculosis (%)	2018	52.0	86.7	81.4	84.9
Child Immunization Against Measles (%)	2018	51.0	78.9	76.1	85.2
Underweight Children (% of children under 5 years)	2010-17	27.6	20.1	17.5	14.5
Prevalence of stunting	2010-17	31.1	35.1	34.1	23.6
Prevalence of undernourishment (% of pop.)	2017		27.15	18.5	12
Public Expenditure on Health (as % of GDP)	2017	9.8	6.2	5.6	5.4
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-19	73.0	98.0	100.1	103.6
Primary School - Female	2010-19	60.4	96.1	98.1	102.4
Secondary School - Total	2010-19	11.0	35.8	52.4	71.9
Secondary School - Female	2010-19	7.7	35.8	50.3	71.4
Primary School/Female Teaching Staff (% of Total)	2010-18	14.8	44.4	48.6	62.9
Adult Literacy Rate - Total (%)	2010-18	34.5	55.7	66.9	84.0
Adult Literacy Rate - Male (%)	2010-18	87.7	74.5	70.8	88.2
Adult Literacy Rate - Female (%)	2010-18	28.9	60.2	60.0	79.8
Percentage of GDP Spent on Education	2010-18	1.0	4.2	4.7	4.0
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2016		13.2	8.0	11.4
Agricultural Land (as % of land area)	2016		50.7	38.2	38.3
Forest (As % of Land Area)	2016		21.2	13.2	31.9
Per Capita CO2 Emissions (metric tons)	2014	0.1	0.2	1.2	3.5



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update :

October 2020

UNAIDS: UNSD: WHO. UNICEF. UNDP: Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)

** Labor force participation rate, female (% of female population ages 15+)

Appendix II. Table of ADB's Ongoing Portfolio in South Sudan

	Project Title	Funding	App. Date	Final Disb. Date	Amt. Approved (MUA)	Amt Disb. (MUA)	Disb. Ratio	Age (Yrs)	Status	Total Alert
1	Resilience Water Project for Improved Livelihood in Juba	TSF	14/07/2016	31/12/2021	5	1.9	38.9%	4.1	Ongo	Satisfactory
2	Strategic Water Supply and Sanitation Improvement	TSF	20/06/2019	31/03/2024	8	0.2	3.1%	1.2	Ongo	Close Watch
		ADF	20/06/2019	31/03/2024	8	0.1	1.6%	1.2		
		RWSSI	20/06/2019	31/03/2024	1.7	0	1.0%	1.2		
3	South Sudan Distribution System Rehabilitation and Expansion	ADF	17/12/2013	31/12/2020	17	16.1	94.9%	6.7	Ongo	Satisfactory
4	Juba Distribution System Rehabilitation and Expansion Project	TSF	12/04/2017	31/12/2020	11	6.5	60.9%	3.4	Ongo	Close Watch
5	South Sudan Covid-19 Pandemic Response Project	TSF	17/06/2020	30/05/2021	3	3	100.0%	0.2	Ongo	Satisfactory
6	Improving Access and Quality of Basic Education	TSF	05/09/2019	31/08/2023	5.9	2.3	40.0%	1	Ongo	Satisfactory
		ADF	05/09/2019	31/08/2023	7	2.8	40.0%	1		
7	Skills for Youth Employability and Social Inclusion	TSF	03/04/2020	31/10/2022	1	0.5	50.0%	0.4	Ongo	Satisfactory
9	Good Governance and Capacity Building for Natural Resources	TSF	27/10/2015	31/12/2020	1	1	99.6%	4.8	Ongo	Satisfactory
10	Gender Equality and Women's Economic Empowerment for Inclusion	TSF	27/10/2015	31/12/2020	1	0.5	48.4%	4.8	Ongo	Flagged
11	Non-Oil Revenue Mobilization and Accountability	TSF	30/03/2017	30/06/2021	7.6	4.1	54.3%	3.4	Ongo	Satisfactory
		TSF	30/03/2017	30/06/2021	1.3	0.4	30.5%	3.4	Ongo	Satisfactory
		ADF	30/03/2017	30/06/2021	1.8	0.1	6.2%	3.4	Ongo	Satisfactory
12	EAC - Payment and Settlement Systems Integration	ADF	17/07/2019	30/06/2023	2.9	0	1.3%	1.1	Ongo	Close Watch
		TSF	17/07/2019	30/06/2023	1.9	0	0.3%	1.1	Ongo	
					85	39.5	46.6%			

Appendix III. Key related projects financed by other development partners in the country

Donor	Project Name	Funding	Start Date	End Date
UN Peace Building Fund (PBF)	Enhancing Women's Access to Land to Consolidate Peace in South Sudan	\$ 500,000.00	1-Dec-2018	30-Nov-2020
RSRTF	Mitigating cattle-related violence in the Tri-State Border Areas of Torj, Gogrial, and Wau	\$ 3,500,000.00	16-Dec-2019	30-Dec-2021
United Kingdom	Building Resilience through Asset Creation and Enhancement - Phase Two (BRACE II)	\$ 8,385,949.89	1-Jan-2016	31-Mar-2021
United Kingdom	Humanitarian Response and Resilience in South Sudan (HARRIS)	\$ 36,745,870.00	1-Jul-2016	31-Mar-2021
European Union	Strengthening the Livelihoods Resilience of Pastoral and Agro-Pastoral Communities in South Sudan's cross-border areas with Sudan, Ethiopia, Kenya and Uganda	\$ 29,340,426.00	1-Aug-2017	31-Mar-2021
United State of America	Sustainable Agriculture for Economic Resiliency (SAFER)	\$ 33,878,925.00	4-Aug-2017	3-Aug-2021
European Union	Aweil Stabilization and Recovery Programme	\$ 2,277,200.00	15-Apr-2019	14-Apr-2022
Norway	ELRP 2018-2020	\$ 24,606,522.00	1-May-2018	31-Dec-2020
Netherlands	2020 Emergency Livelihood Response Programme, South Sudan	\$ 4,500,000.00	1-Jan-2020	31-Dec-2020
Netherlands	South Sudan Fisheries Sector Support Project	\$ 5,000,000.00	1-Jan-2020	31-Dec-2023
Japan	Revitalizing Marial Lou Livestock Training Institute and support to vulnerable pastoralists in Lakes, Unity and Warrap	\$ 1,000,000.00	1-Mar-2020	28-Feb-2021
United State of America	Emergency livestock support for agro-pastoralists in South Sudan	\$ 2,000,000.00	1-Jan-2020	31-Dec-2020
United State of America	Emergency Livelihood Response Programme - Food For Peace 2020	\$ 25,000,000.00	15-Mar-2020	14-Apr-2021
European Union	Emergency Livelihood Response in Desert Locust-affected Communities in South Sudan	\$ 1,091,703.06	1-May-2020	30-Apr-2021
United State of America	Grow your own vegetable kit: Promoting home gardening for improved nutritional status among vulnerable households in Juba, Nimule, Wau and Aweil towns, South Sudan.	\$ 2,200,494.00	1-Jun-2020	31-Dec-2020
FAO	Development of Pesticide Management Legal Framework in South Sudan	\$ 500,000.00	28-Dec-2018	31-Dec-2020
FAO	Response to increased livestock disease outbreaks in South Sudan	\$ 250,000.00	2-Nov-2019	7-Nov-2020
FAO	Rapid livelihood assistance to flood affected populations in South Sudan	\$ 500,000.00	4-Dec-2019	3-Dec-2020
FAO	Emergency Preparedness and Response to Desert Locust Outbreak in South Sudan	\$ 500,000.00	14-Feb-2020	13-Feb-2021
FAO	Forest Ecosystem Enhancement to Reduce GHG Emissions and Improve Community Resilience in South Sudan	\$ 500,000.00	1-Jun-2020	31-Dec-2021
Bill & Melinda Gate	Desert locust response to mitigate impacts on food security and livelihoods in Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan and Uganda	\$ 788,004.00	12-Mar-2020	1-Mar-2021
Germany	Emergency livelihoods assistance to vulnerable farmers, agropastoralists and pastoralists affected by desert locust in Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan and Uganda	\$ 2,725,347.00	1-Mar-2020	28-Feb-2021
Germany	Scaling-up Early Warning Early Action (EWEA) for agriculture and food security	\$ 16,200.00	1-Mar-2020	31-Dec-2020
France	Emergency livelihoods assistance to vulnerable households affected by desert locust in Ethiopia, Somalia and South Sudan	\$ 492,323.00	1-Apr-2020	31-Mar-2021
Russia	Control of Desert Locust Invasion/Outbreak and Livelihood Protection in South Sudan	\$ 894,442.00	1-May-2020	30-Apr-2021
European Union	Global Network Against Food Crises Partnership Programme - Country Investment South Sudan	\$ 3,623,188.00	1-Oct-2018	30-Jun-2021
European Union	Global Network Against Food Crises Partnership Programme - Management and crosscutting support	\$ 1,969,704.00	1-Mar-2020	27-Dec-2022
Switzerland	Strengthening the capacity of smallholder farmers in vulnerable regions for disaster risk management and climate resilient agricultural practices	\$ 1,062,699.00	8/4/2020	7/31/2022
UNICEF	Funds transfer to support the implementation of Food Security and Nutrition Monitoring Survey Rounds 26- 29 (FSNMS R26-29)	\$ 400,000.00	6/1/2020	12/31/2021
Denmark	Contribution to FAO for COVID-19 and desert locust-related actions in Horn of Africa, 2020	\$ 369,867.00	7/1/2020	12/31/2021
European Union	Global Network Against Food Crises Partnership Programme - IPC	\$ 74,659.00	7/28/2018	12/27/2022
Canada	Mitigating the Effects of Covid-19 to protect food security and livelihoods of vulnerable households in urban centres	\$ 2,260,739.00	11/1/2020	4/30/2022
UNOCHA (CERF)	CERF Rapid Response grant for a response to the floods	\$ 300,000.00	10/1/2020	31/03/2021
Africa Development Bank	AfDB Humanitarian Assistance	\$ 200,000.00	11/1/2020	31/04/2021
Green Climate Fund (GCF)	Capacity development to fulfill the UNFCCC commitments in the Republic of South Sudan	\$ 450,000.00	11/1/2020	4/30/2022
Netherlands	Food and Nutrition Security Resilience Programme (FNS-REPRO): Building food system resilience in protracted crises	\$ 6,374,324.00	1-Oct-2019	30-Sep-2023
	Total Portfolio	\$ 204,278,586		

Appendix IV. Map of the Project Area



Appendix V: Monitoring Matrix

Mandatory annex on M&E arrangements to be included in the PAR

A. Alignment indicators							
Indicator name	Definition/ description	Source		Baseline and targets (where possible)			
Integrated Food Security Phase Classification (IPC)	A measure of the severity and magnitude of food insecurity and emergencies	CFSAM ¹		At January 2020, 45% of the population (about 5.3 million people) were in Integrated Phase Classification (IPC) > 3			
B. Outcome and output indicators (performance indicators)							
Indicator name	Definition/ description	Methodology for collection	Responsibility for collection	Results planning			
				2021	2022	2023	2024
1. Average yield (T/Hectare) for target crops	Yields per hectare of selected crops in project area	Survey during annual field assessment of CFSAM	MAFS and FAO/WFP during CFSAM	Maize: 1.9 Sorghum: 1.7 Groundnuts: 0.95 Sesame: 0.48			Maize: 2.4 Sorghum: 2.0 Groundnuts: 1.2 Sesame: 0.72
2. Average household income per 1.5 ha (USD)	Annual income/profit of typical 1.5 Ha farm growing the 4 crops in the project area	Survey during annual field assessment of CFSAM	MAFS and FAO/WFP during CFSAM	422		550	673
3. Annual volume of agricultural farm produce marketed through formal markets in the target states (tonnes)		Household, ABC and market surveys	Project M&E, MAFS, MTI,	TBD			30% increase
4. Annual volume of food products tested and certified in laboratories in the project area (tonnes)	Crops tested in the mini food testing laboratories	SS National Bureau of Standards statistics	SS National Bureau of Standards	0.5			100
5: Farmer leaders trained in selected themes as Trainers of Trainers (ToTs) (disaggregated by gender)	Farmer leaders in the ABCs and BPAs trained as Trainers of Trainers	Attendance list during Trainings (Training reports	Project	0	200	400	500
6: Farmers trained in selected themes (GAP, Farming as a business, IPM, etc.) (disaggregated by gender)	Overall farmers trained in Good Agricultural Practices	Attendance list during Trainings (Training reports)	Project	0	2000	5000	7500

¹ Crops and Food Security Assessment Report

7. Aggregation Business centers (ABC) established	ABCs established, infrastructure and governance structures	Project Monitoring Reports	Project	0	10	18	20
8: Women and youth in ABC leadership positions	Women and youth in ABC management and leadership	Project Monitoring Reports	Project	0			50% women and 50% youth
9. No. of Seed Enterprise Groups (SEGs) established	Seed fields established and governance structures	Project Monitoring Reports	Project	0	5	8	10
10. No. of hectares planted with improved seeds	Hectares planted with improved seeds in the project area	Survey during annual field assessment of CFSAM	MAFS and FAO/WFP during CFSAM	0	5,000	10,000	20,000
11. Modern markets constructed	Modern market constructed in urban area	Project Monitoring Reports	Project	0		1	1
12. Traders using post-harvest and value addition equipment at markets (disaggregated by gender)	Traders accessing the post-harvest value addition equipment at the markets	Project Monitoring Reports, ABC statistics, Market Statistics	Project, ABC, Market	0			TBD
13. CODEX standards developed for cereals and oil seeds	CODEX standards established for select crops – cereals and oil seeds	MTI Statistics	MTI, Project	0	1	2	2
14. Custom officers, traders and other stakeholders trained to apply CODEX standards for oilseeds and cereals gender (disaggregated by gender)	Beneficiaries trained for CODEX standards	SSNBS Statistics	SSNBS, Project	0	50	100	130
15. Food testing mini laboratories (General chemistry, aflatoxin lab) and testing service facilities equipped	Mini food laboratories equipped and operating	SSNBS statistics	SSNBS, Project	0	1	2	2
16. Multi stakeholder platforms (MSPs) for cereals and oil seeds established	Multi-stakeholder platforms organized and functioning – governance structures, meetings, etc.	MTI Statistics	MTI, Project	0	1	2	2
17. Annual work plans	Project annual work plans	Project Monitoring Reports	Project	2	3	4	5

developed and approved							
18. Supervision and progress reports conducted (technical and financial)	Supervision reports	Project Monitoring Reports	Project	2	4	8	10
19. Capacity development fiduciary clinics for GoSS conducted	Training sessions for ministries on procurement and financial management	Project Monitoring Reports	Project	0	2	2	2

User note for table 1:

1. *Indicator name:* This refers to the exact same indicator name referred to in the results framework.
2. *Definition / Description:* This provides an easy-to-understand and detailed enough definition of each indicator.
3. *Methodology for data collection:* This refers to the specific computation used to provide updated data.
4. *Responsibility for data collection:* This indicates the unit or office responsible for collecting the data at regular intervals.
5. *Results planning.* This indicates the planned/expected targets for each indicator at different stages of the project (at minimum the target data at mid-term and at completion should be specified).
6. Note that baseline and targets for alignment indicators are not mandatory. If not available, task teams should insert “not available” in the corresponding cell.

Appendix VI: ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)²

A. Basic Information

Project Title: Agricultural Markets, Value Addition and Trade Development Project (AMVAT)		Project "SAP code": P-SS-AAZ-001
Country: South Sudan	Lending Instrument³: DI <input checked="" type="checkbox"/> FI <input type="checkbox"/> CL <input type="checkbox"/> BS <input type="checkbox"/> GU <input type="checkbox"/> RPA <input type="checkbox"/> EF <input type="checkbox"/> RBF <input type="checkbox"/>	
Project Sector: AHAI	Task Team Leader: Edson Mpyisi	
Appraisal date: 28/10/2020 - 02/11/2020	Estimated Approval Date: 17/12/2020	
Environmental safeguards Officer: Mulgirwa Emmanuel	Social safeguards Officer: Muja Annah Rutebuka	
Environmental and Social Category: 2	Operation type: SO <input checked="" type="checkbox"/> NSO <input type="checkbox"/> PBO <input type="checkbox"/>	
Is this project processed under rapid responses to crises and emergencies?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Is this project processed under a waiver to the Integrated Safeguards System?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	

B. Disclosure and Compliance Monitoring

B.1. Mandatory disclosure

Environmental Assessment/Audit/System/Others (specify:)	
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	18-Sep-2020
Date of receipt, by the Bank, of the authorization to disclose	01-Oct-2020
Date of disclosure by the Bank	12-Oct-2020
Resettlement Action Plan/Framework/Others (specify:)	
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorization to disclose	[Date]
Date of disclosure by the Bank	[Date]
Vulnerable Peoples Plan/Framework/Others (specify:)	
Was the document disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorization to disclose	[Date]
Date of disclosure by the Bank	[Date]
If in-country disclosure of any of the above documents is not expected, please explain why: NA	

B.2. Compliance monitoring indicators




Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Have costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the project cost?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Is the total amount for the full implementation for the Resettlement of affected people, as integrated in the project costs, effectively mobilized and secured?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Have satisfactory implementation arrangements been agreed with the borrower/client and the same been adequately reflected in the project legal documents?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>

C. Clearance

Is the project compliant to the Bank's environmental and social safeguards requirements, and to be submitted to the Board? Yes ☒ No ☐

² **Note:** This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.

³ **DI**=Direct Investment; **FI**=Financial Intermediary; **CL**=Corporate Loan; **BS**=Budget Support; **GU**=Guarantee; **RPA**=Risk Purchase Agreement; **EF**=Equity Financing; **RBF**=Results Based Financing.

<i>Prepared by:</i>	<i>Name</i>	<i>Signature</i>	<i>Date</i>
Environmental Safeguards Officer:	Emmanuel Muligirwa		01/12/2020
Social Safeguards Officer:	Muja Annah Rutebuka		01/12/2020
Task Team Leader:	Edson Mpyisi		01/12/2020
<i>Submitted by:</i>			
Sector Director:	Fregene, Martin		01/12/2020
<i>Cleared by:</i>			
Director SNSC:	Issa, Maman-Sani		02/12/2020