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Report No: PAD2383

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR36.9 MILLION  
(US\$50 MILLION EQUIVALENT)  
FROM CRISIS RESPONSE WINDOW RESOURCES

TO THE

REPUBLIC OF SOUTH SUDAN

FOR A

SOUTH SUDAN EMERGENCY FOOD AND NUTRITION SECURITY PROJECT

APRIL 28, 2017

Agriculture Global Practice  
Africa Region

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective March 31, 2017)

Currency Unit = SSP

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SSP 115 = US\$1

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US\$ 0.737 = SDR1

FISCAL YEAR

July 1 – June 30

## ABBREVIATIONS AND ACRONYMS

ADFSP	Agriculture Development and Food Security Project
BSF	Blanket Supplementary Feeding
CBA	Cost-Benefit Analysis
CERF	Central Emergency Response Fund
CFSAM	Crop and Food Security Assessment Mission
CRW	Crisis Response Window
DA	Designated Account
DfID	Department for International Development (United Kingdom)
EAA	External Audit Agent
EFNSP	Emergency Food and Nutrition Security Project
EMPs	Environmental Management Plans
ERR	Economic Rate of Return
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plans
Ex-ACT	Ex-Ante Carbon-balance Tool
FAO	Food and Agriculture Organization
FM	Financial Management
FMS	Financial Management Specialist
FTS	Financial Tracking Service
GAM	Global Acute Malnutrition
GBV	Gender Based Violence
GDP	Gross Domestic Product
GFD	General Food Distribution
GHG	Greenhouse Gas
GRS	Grievance Redress Service
GRSS	Government of Republic of South Sudan
HEIS	Hands on Expanded Implementation Support
HRP	Humanitarian Response Plan
IAD	Internal Audit Directorate
ICR	Implementation Completion Report

ICT	Information Communication Technology
IDA	International Development Association
IFMIS	Integrated Financial Management Information System
IFRs	Interim Unaudited Financial Reports
IPC	Integrated Food Security Phase Classification
IPF	Investment Project Financing
IPMP	Integrated Pest Management Plan
IPP	Indigenous People Plan
IPPDR	Interim Public Procurement and Disposal Regulations
ISN	Interim Strategy Note
LFDP	Livestock and Fisheries Development Project
M&E	Monitoring and Evaluation
MAFS	Ministry of Agriculture and Food Security
MAM	Moderate Acute Malnutrition
MDTF-SS	Multi-Donor Trust Fund for South Sudan
MoFP	Ministry of Finance and Planning
MTR	Mid-term Review
NAC	National Audit Chamber
NGOs	Non-Governmental Organizations
NPV	Net Present Value
OTP	Outpatient Therapeutic Programme
PDO	Project Development Objective
PEFA	Public Expenditure and Financial Accountability Assessment
PFM	Public Financial Management
PIM	Project Implementation Manual
PIU	Project Implementation Unit
PoC	Protection of Civilians
PPSD	Project Procurement Strategy for Development
RPF	Resettlement Policy Framework
SAI	Supreme Audit Institution
SAM	Severe Acute Malnutrition
SDG	Sustainable Development Goal
SNSDP	Safety Net and Skills Development Project
SoE	Statements of Expenditure
SORT	Systematic Operations Risk-Rating Tool
SSDP	South Sudan Development Plan
SSP	South Sudan Pound
SSS	Single Source Selection
STEP	Systematic Tracking of Exchanges in Procurement
TA	Technical Assistance
TORs	Terms of Reference
TSF	Targeted Supplementary Feeding
UN	United Nations
UNICEF	United Nations International Children's Emergency Fund
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
WASH	Water Sanitation and Hygiene
WFP	World Food Program
WHO	World Health Organization

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Task Team Leader(s): Abel Lufafa, Elliot Wamboka Mghenyi

**BASIC INFORMATION**

Is this a regionally tagged project? No	Country(ies)	Lending Instrument Investment Project Financing
<input checked="" type="checkbox"/> Situations of Urgent Need of Assistance or Capacity Constraints <input type="checkbox"/> Financial Intermediaries <input type="checkbox"/> Series of Projects		
Approval Date 11-May-2017	Closing Date 31-Jul-2019	Environmental Assessment Category B - Partial Assessment
Bank/IFC Collaboration No		

**Proposed Development Objective(s)**

The project objectives are: (a) to provide food and nutrition support for the protection of lives and human capital of eligible beneficiaries; and (b) to help farmers re-engage in agricultural production in selected drought affected areas in South Sudan.

**Components**

Component Name	Cost (US\$, millions)
Support to Human Capital and Livelihoods Protection	42.00
Support to Re-engagement in Crop and Livestock Production	7.50
Support to Project Implementation Arrangements	0.50

**Organizations**

Borrower : Ministry of Finance and Planning



Implementing Agency : Ministry of Agriculture and Food Security

**Safeguards Deferral**

Will the review of safeguards be deferred?

Yes    No

**PROJECT FINANCING DATA (IN USD MILLION)**

<input type="checkbox"/> Counterpart Funding	<input type="checkbox"/> IBRD	<input type="checkbox"/> IDA Credit <input type="checkbox"/> Crisis Response Window <input type="checkbox"/> Regional Projects Window	<input checked="" type="checkbox"/> IDA Grant <input checked="" type="checkbox"/> Crisis Response Window <input type="checkbox"/> Regional Projects Window	<input type="checkbox"/> Trust Funds	<input type="checkbox"/> Parallel Financing
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Total Project Cost: 50.00	Total Financing: 50.00 Of Which Bank Financing (IBRD/IDA): 50.00	Financing Gap: 0.00
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**Financing (in US\$, millions)**

Financing Source	Amount
IDA Grant	50.00
<b>Total</b>	<b>50.00</b>

**Expected Disbursements (in US\$, millions)**



**INSTITUTIONAL DATA**

**Practice Area (Lead)**

Agriculture

**Contributing Practice Areas**

Social, Urban, Rural and Resilience Global Practice

**Climate Change and Disaster Screening**

This operation has been screened for short and long-term climate change and disaster risks

**Gender Tag**

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

No

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

Yes

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● High
3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● High
6. Fiduciary	● Substantial
7. Environment and Social	● High
8. Stakeholders	● High



9. Other

10. Overall

● High

**COMPLIANCE**

**Policy**

Does the project depart from the CPF in content or in other significant respects?

Yes  No

Does the project require any waivers of Bank policies?

Yes  No

**Safeguard Policies Triggered by the Project**

Yes No

Environmental Assessment OP/BP 4.01

✓

Natural Habitats OP/BP 4.04

✓

Forests OP/BP 4.36

✓

Pest Management OP 4.09

✓

Physical Cultural Resources OP/BP 4.11

✓

Indigenous Peoples OP/BP 4.10

✓

Involuntary Resettlement OP/BP 4.12

✓

Safety of Dams OP/BP 4.37

✓

Projects on International Waterways OP/BP 7.50

✓

Projects in Disputed Areas OP/BP 7.60

✓

**Legal Covenants**

Sections and Description

Section I Part A (1): The Recipient shall, not later than two (2) months after the Effective Date, have in place at the PIU, an environmental and social safeguards officer responsible for overseeing the preparation, and implementation, of Safeguards Instruments and a procurement officer, all with terms of reference acceptable to the Association.

Sections and Description





Section I Part B (1): the Recipient shall: (a) adopt, not later than one (1) month after the Effective Date, a Project Implementation Manual, which shall have been prepared in accordance with terms of reference satisfactory to the Bank, and approved by the Association, (b) carry out the Project in accordance with the PIM that has been approved by the Association and adopted by the Recipient; and (c) not amend, abrogate or waive said PIM or any part thereof without the prior written approval of the Association.

Sections and Description

Section I Part E(1): Within three (3) months from the Effective Date, the Recipient shall: (a) prepare, in accordance with terms of reference acceptable to the Bank, ESMF and IPMP; and (b) adopt such ESMF and IPMP as shall have been approved by the Association and publish the ESMF and IPMP in a manner acceptable to the Association.

Sections and Description

Section IV Part B (1): No withdrawal shall be made for payments made prior to the date of countersignature of the financing Agreement by the Recipient, except that withdrawals up to an amount not to exceed SDR 14,750,000 may be made for payments made prior to this date but on or after April 17, 2017, for Eligible Expenditures under Categories 1 and 2.

**Conditions**

**PROJECT TEAM**

**Bank Staff**

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<b>Name</b>	<b>Title</b>	<b>Organization</b>	<b>Location</b>



SOUTH SUDAN  
SOUTH SUDAN EMERGENCY FOOD AND NUTRITION SECURITY PROJECT

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## I. STRATEGIC CONTEXT

### A. Country Context

- 1. South Sudan is a resource-rich country and emerged from a prolonged civil war for independence in 2005, but continues to face enormous challenges to sustainable peace, recovery, reconstruction and development.** The civil war had crippling effects on the social fabric of the country including the disruption and forced displacement of entire families, communities and social systems. It is estimated for example, that at the end of hostilities in 2005, about 50 percent of the population in South Sudan was internally displaced while another 25 percent had fled the country. The war also had a debilitating effect on productive infrastructure and on a range of production systems and led to isolation of entire communities from economic opportunities and services. In addition, the depreciation of human capital as a result of the war removed- possibly forever- a significant portion of adults and youth from skilled labor markets.
- 2. Almost twelve years after gaining autonomy and then subsequent independence in 2011, South Sudan is still struggling to break out of the conflict trap.** Conflict resumed in December 2013 and, despite a brief period of optimism following the Agreement for the Resolution of Conflict signed in August 2015, still continues. The conflict started in Juba and then was focused on the Greater Upper Nile Region; however, recently this has changed and there has been organized violence in previously peaceful areas such as Central and Eastern Equatoria. The hostilities and unrest have led to massive displacement of people (both because of the fighting itself as well as fear of the violence). Available statistics indicate that over 2 million persons are now internally displaced including over 200,000 civilians who have sought protection in the United Nations (UN) Protection of Civilian (PoC) sites across the country. Further, an estimated 1.4 million persons have sought refuge in neighboring countries.
- 3. Conflict has resulted in a near collapse of the economy.** Currently, the country exhibits all the signs of macroeconomic collapse. There have been sharp declines in output, and a spike in the parallel exchange market premium. The economy is expected to further contract by about 11 percent with both the oil and non-oil sectors expected to decrease. The fiscal deficit remains wide, although real magnitudes are difficult to estimate given the hyperinflation and lack of real time data. Based on the 2016/17 budget, the fiscal deficit is estimated at about 14 percent of Gross Domestic Production (GDP). Export revenues decreased due to declining oil prices and lower oil production. Oil production is expected to decrease to about 120,000 barrels per day this fiscal year down from 165,000 barrels per day in 2014, itself less than half of peak production before independence in 2011. There is an accelerated depreciation of the pound, with the South Sudan Pound (SSP) depreciating on the parallel market from SSP 18.5 per US dollar in December 2015 to reach SSP 110 per US dollar in March, 2017. This follows the move to a managed floating exchange rate from a fixed exchange rate.
- 4. Poverty levels remain high and are on the upward spiral.** Estimates for 2015, indicated that 66 percent of the population lives below the poverty line (US\$32 per month), a proportion that rises to 71 percent in the rural areas. However, mainly because of displacement, poverty is now more endemic with estimates of at least 80 percent of the population being income-poor and living on an equivalent of less than US\$1 per day. Nationally, between 40 percent and 53 percent of households were food insecure between 2009 and 2012.



## B. Situations of Urgent Need of Assistance

5. **Drought that was experienced in parts of the country over the last cropping season, acting in concert with several other factors<sup>1</sup>, has led to extreme scarcity of food and famine in some parts of the country.** Preliminary findings from the Food and Agriculture Organization/World Food Program (FAO/WFP) Crop and Food Security Assessment Mission (CFSAM) show that partly due to the drought, overall food production for 2016 (the last harvests of which came in January, 2017) is estimated at about 10 percent below the already low and insufficient long-term average of 826,000 tons. The climate outlook for the March to May 2017 season for the southern part of the country (a major food production area) indicates an increased likelihood of below normal rainfall, thus pointing to bleak prospects for improved domestic production even over the coming cropping cycle. Similar drought conditions in the region, especially Uganda and Sudan, have served to aggravate the situation by limiting the amount of imports.

6. **In addition to reductions in own food production, the deterioration of the macro-economy, high inflation and the shortage of foreign currency has eroded people's purchasing power, especially that of the most vulnerable, curtailing their ability to access food through the markets.** The sharp depreciation of the SSP has impeded the flow of commercial food imports into the country, resulting in substantial increases in imported food prices. In January 2017, retail food prices in all monitored markets were much higher than the same month in 2016. For example, the price of a kilo of sorghum had increased by about 629 percent in Juba, and 86 percent in Bentiu compared to the same time last year. The price of maize increased by 1,017 percent in Juba, while the price of beans, one of the major food imports, increased by more than 150 percent compared to last year (despite the recent introduction of reduced customs duty on imported food to relax the pressure on prices). On average, the prices of most food crops in major markets now hover around 345 percent to 1100 percent above their long-term average (2007-2015).

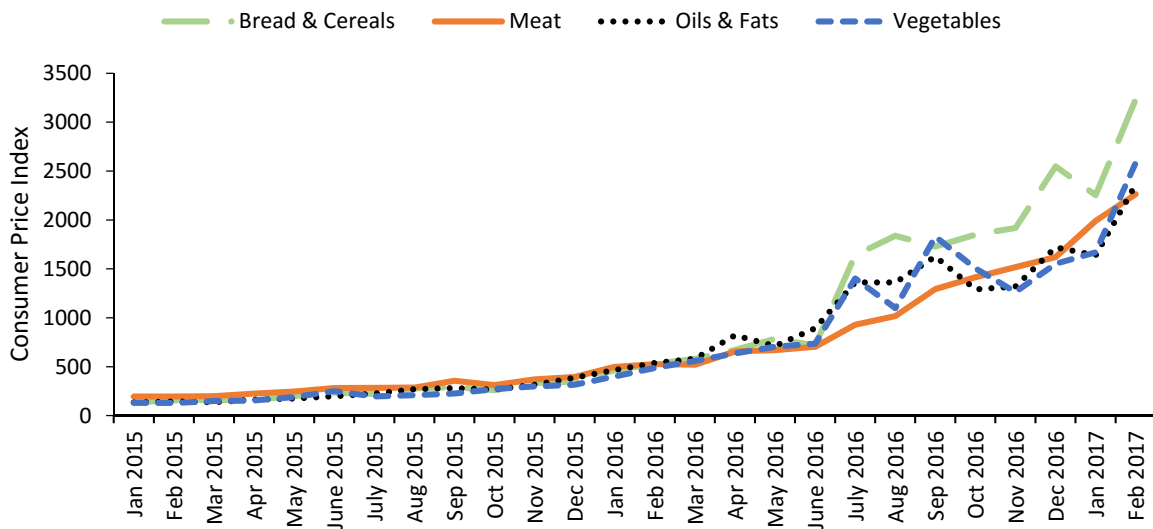
7. **Overall, according to the National Bureau for Statistics, the Consumer Price Index increased by 480 percent from February 2016 to February 2017 mainly on account of higher food prices.** The highest increases are registered for bread and cereals, with prices increasing by more than 600 percent between December 2015 and December 2016 (see Figure 1). Such extreme increases in prices have had a serious adverse impact on the purchasing power and the food security of poor households, the majority of whom depend on the market for their food supplies.

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<sup>1</sup> These include: (i) the current drought in the Horn of Africa, which has reduced overall output in primary exporters Uganda and Sudan and limited the food imports that South Sudan can viably access; (ii) high food prices mainly driven by depreciation of the local currency and a very high inflation rate; (iii) declines in crop production from already low levels due to insecurity and displacement of farmers; and (iv) destabilization of markets due to restrictions to movement in commodity-supply corridors.



Figure 1: Consumer Price Index of select commodity groups in Juba, South Sudan



Source : <http://www.ssnbs.org/cpi/>

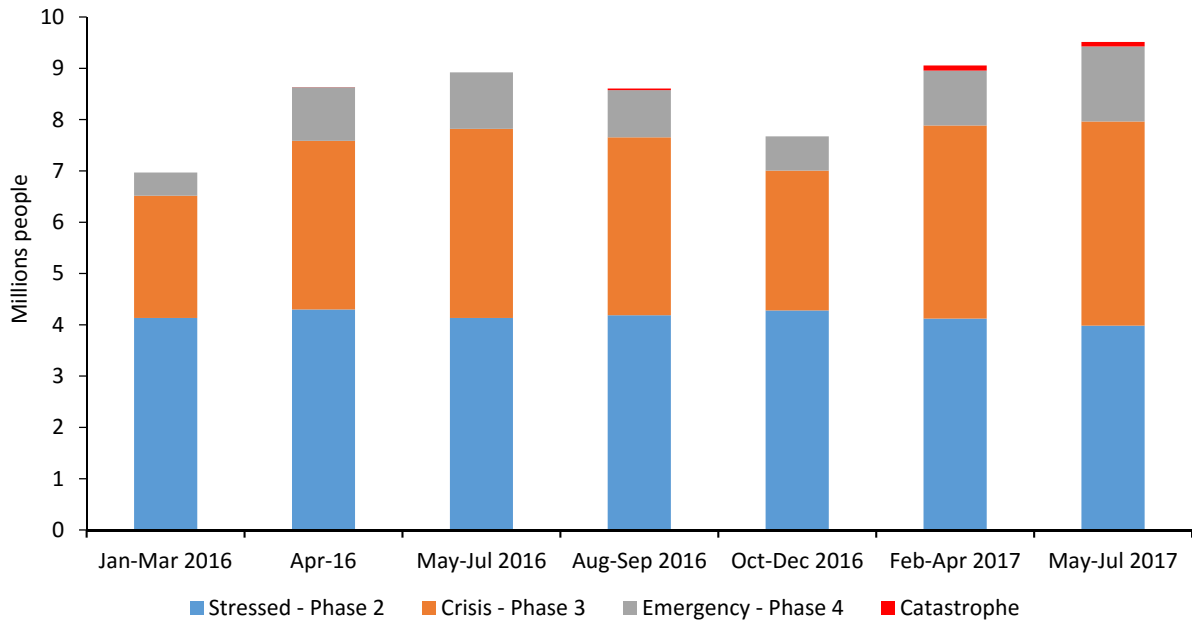
8. **Continuing armed conflict has worsened the food security situation and destroyed agricultural assets and production in many parts of the country.** The conflict initially primarily affected the Greater Upper Nile Region (the states of Upper Nile, Unity and Jonglei), while leaving the Central Equatoria region largely untouched. Subsequently, however, in 2016 the conflict situation spread to other areas, particularly Western Equatoria and parts of Eastern Equatoria. Lakes State has also been affected by localized conflict related to cattle rustling. Western Equatoria State, perhaps the most productive state of the country, has witnessed a sharp decline in cultivated area and crop production as a result of being recently affected by insecurity. In addition, conflict has affected the supply of food commodities both directly through its impacts on market infrastructure and through disruption of trade flows into and within South Sudan. Market infrastructure factors mainly affect the conflict-stricken areas of the Greater Upper Nile states, while the disruption of trade has a more general and widespread impact on the country as a whole.

9. **Multitudes in the country have been affected and are in need of emergency food and nutrition assistance.** In the first months of 2017, an estimated 4.9 million people (about 42 percent of the population) will be severely food insecure (Integrated Food Security Phase Classification (IPC) Phases 3, 4, and 5<sup>2</sup>). This is projected to increase to 5.5 million (47 percent of the national population) at the height of the 2017 lean season in July 2017 (see Figure 2). The number of people facing emergency food crisis levels is up by 36 percent from last year and this will be the worst harvest season since South Sudan became the world’s newest nation in 2011. Out of 23 counties with recent data, 14 have Global Acute Malnutrition (GAM) at or above 15 percent, which is above World Health Organization (WHO) emergency thresholds. It is estimated that in 2017, over 270,000 children will be severely malnourished while 837,068 children will be moderately malnourished. The situation is precarious and can deteriorate rapidly at any time due to existing vulnerabilities and the unpredictability of the conflict. Indeed, already the UN has declared that a famine is underway in parts of Unity State affecting almost 100,000 people.

<sup>2</sup> Integrated Food Security Phase Classification presents acute and chronic food insecurity analyses for a country.



Figure 2. Integrated Food Security Phase Classification Projections



10. **Food insecurity and malnutrition is particularly acute amongst displaced populations.** These populations struggle to access land for production purposes in host communities and also have limited social networks to buffer them against food insecurity. Affected households are reportedly relying on desperate measures such as distress sales of productive assets and using other negative coping mechanisms, putting future income streams at risk and thus delaying or preventing recovery of already vulnerable livelihoods. These circumstances are likely to further reverse or completely wipe out any modest gains in poverty reduction that had been registered in the years following independence.

11. **The food scarcity situation has clearly overwhelmed national response capacities in South Sudan, mainly because of the Government’s narrowed fiscal space following the economic deterioration.** Because of the inability of the Government to respond to the food scarcity, a number of donors have made contributions to life-saving assistance efforts. As of March 22, 2017, several donors had made contributions to humanitarian operations which in addition to other crises, are responding to the extreme food scarcity in South Sudan. Among others, these include: US\$184.4 million from the United Kingdom, US\$151 million from the United States, US\$65 million from the European Union, and contributions from other countries<sup>3</sup>. Many donors have also provided flexible, unearmarked funding to aid agencies’ regional or global operations, or to country-based pooled funds and the UN’s Central Emergency Response Fund (CERF). Even with these contributions, according to the UN’s Financial Tracking Service (FTS), only about 18.5 percent (US\$231 million) of the funding needs (currently standing at US\$1.25 billion) for the priority sectors (food security, nutrition, health, and water, sanitation and hygiene) in the Humanitarian Response Plan for South Sudan have been met.

12. **Because of the financing gap, the Government, requested the World Bank Group’s emergency assistance to support the food and nutrition security needs of the most vulnerable sections of the**

<sup>3</sup> Other contributions include: US\$5.5 million from Japan, US\$8.4 million from Sweden, US\$8.9 million from Denmark, US\$5.3 million from Australia, US\$5.7 million from Switzerland, and US\$3.9 million from Canada.





**population.** In view of the unmet needs in food and nutrition security and the absence of other financing options, US\$50 million is sought from the IDA Crisis Response Window (CRW)<sup>4</sup> to help alleviate the situation. Following the logic of the typical disaster recovery trajectory (i.e. humanitarian response, followed by medium to long-term recovery interventions), CRW funding will be primarily used to: (i) meet the immediate food and nutrition security requirements of the most vulnerable sections of the population (especially children under-5 years, women and the elderly); and (ii) support farmers to re-engage in crop and livestock production to meet their immediate food security requirements. Support for the immediate needs will include: (i) providing general food rations as well as supplementary feeding to the most vulnerable; (ii) providing water, sanitation and hygiene services (WASH) for affected communities; (iii) supporting the treatment of common childhood diseases; and (iv) providing protection services to the most vulnerable children and women. With regard to supporting the farmers' re-engagement in crop and livestock production, the project will focus on sections of the population which are still able to produce their own food even under the prevailing security conditions and could thus engage in crop and livestock activities as the drought begins to recede. The proposed support is aligned with the Humanitarian Response Plan (HRP)<sup>5</sup> for South Sudan for 2017 and will build upon the early interventions being undertaken by UN agencies (e.g. WFP, UNICEF, and FAO) and other partners, including national and international Non-Governmental Organizations (NGOs).

13. **The proposed CRW support is critical.** The support would: (i) stave off famine-related deaths and morbidity; (ii) help protect socioeconomic assets of the poor by preventing negative coping strategies, such as selling productive assets and incurring debt, which would undermine future production and productivity; (iii) allow for more rapid re-engagement in production and rebuilding of livelihoods when conditions that are favorable to cropping and production prevail; and (iv) mitigate a further contraction of the South Sudan's economy.

14. **Based on the urgent need of assistance, the proposed operation meets the requirements of paragraph 12 of OP 10.00 - on "Projects in Situations of Urgent Need of Assistance or Capacity Constraints".** The additional flexibility as defined in paragraph 12 and condensed procedures for preparation would ensure a timely response to the food and nutrition insecurity. In addition, using UN Agencies (WFP, UNICEF and FAO) to support implementation as specialized suppliers, would help remedy capacity weaknesses on the part of the Government.

### C. Sectoral and Institutional Context

15. **Although South Sudan has significant fossil oil resources that could generate substantial revenues and greatly contribute to economic growth and development, agriculture is still the mainstay of the country's economy.** Approximately 85 percent of South Sudanese rely on agriculture for their livelihood and the sector employs over three-fourths of the country's work force. Agriculture generates most of the country's food requirements, and although its relative contribution is modest, it is second to oil in terms of generating foreign exchange revenues for the country. Even with the near collapse of the country's agricultural production systems, the sector, on average, contributes between 10 to 12 percent to the GDP.

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<sup>4</sup> CRW is a dedicated IDA funding mechanism that is exclusively designed to quickly respond to crises in countries hit by exogenous shocks.

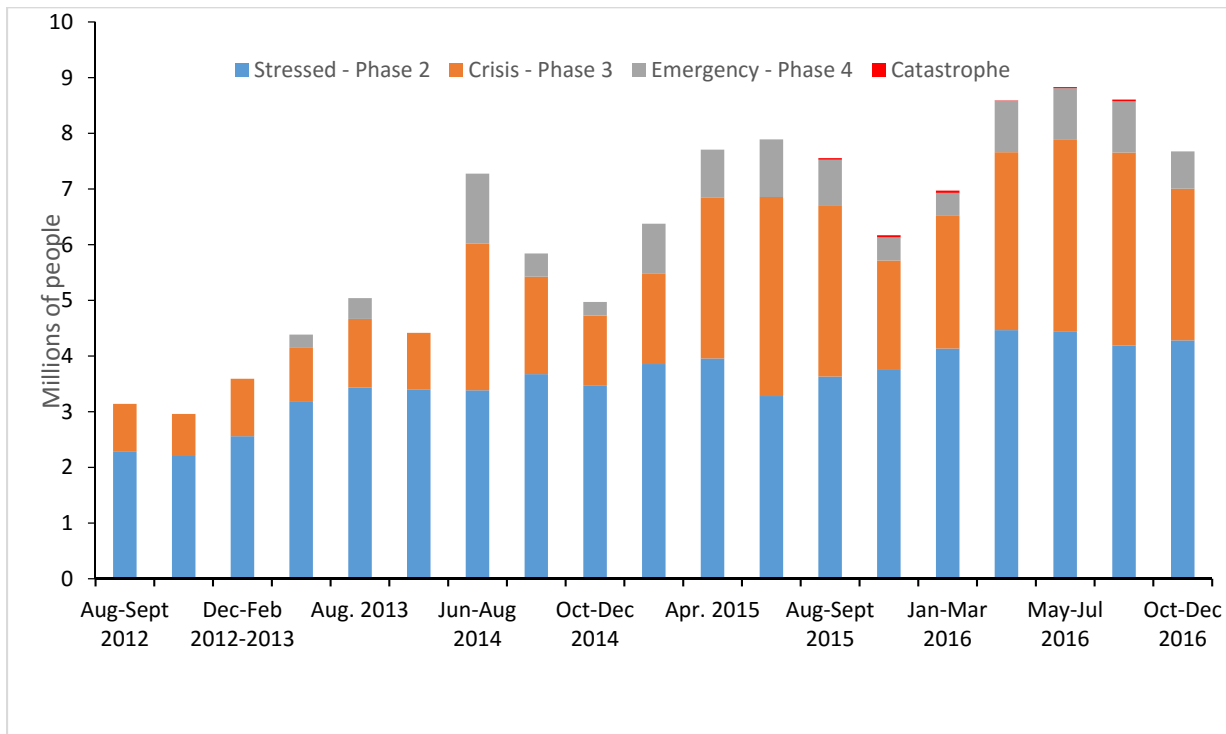
<sup>5</sup> The HRP represents the Humanitarian Country Team's shared understanding of the crisis, including the most pressing humanitarian needs and the estimated number of people who need assistance.



16. **The agricultural potential is huge but largely unrealized.** Favorable soil, water, and climatic conditions render more than 70 percent of South Sudan’s total land area suitable for crop production and 60 percent of the country’s population already lives in high to medium potential areas. However, less than 4 percent of the total land area is currently cultivated, and at 0.8-0.9 tons per ha (FAO/WFP, 2011), average cereal yields are lower than those in Uganda (1.6 tons per ha), Kenya (2 tons per ha) and Ethiopia (3 tons per ha).

17. **Years of conflict and displacement have destroyed household capacity as well as productive relationships, traditional markets, infrastructure, and social and economic institutions that support the sector.** As a result, most agriculture in the country is now subsistence and is characterized by limited use of productivity enhancing measures, limited acreage (0.32 ha per capita against a per capita land holding of 13 ha), high costs of production<sup>6</sup>, and low output per hectare. Most farmers produce less food than they require for subsistence and nearly 75 percent of all farming households experience food shortages (hunger gap) for at least three months a year. National level data shows that despite some increase in area cropped under cereals, total production has been on the decline since 2005 and that production generally lags consumption by an average of 30 percent. IPC analyses show that populations in Phases 2 (Stressed), 3 (Crisis) and 4 (Emergency) have been increasing steadily over time (Figure 3). The country thus faces recurrent episodes of acute food insecurity and continues to rely on food aid to bridge the perennial food deficits.

Figure 3: Population trends by IPC phase



<sup>6</sup> High production costs are mainly due to high daily wage rates juxtaposed to high labor requirements for preparing (especially bush clearance) land for cultivation.



18. **Drought, as a result of a changing climate, has further depressed the performance of an already underperforming sector.** Historical climate trends point to a decline in rainfall amounts of 10 to 20 percent since the mid- 1970s, and significant warming over the past 30 years, especially in the central and southern regions of country. In 2016, rains were erratic and rainfall that was supposed to have started by April 2017, has been delayed. This change in rainfall patterns often leads to crop failure and reduced yields. Currently, the country is reeling from the effects of failed rains, with an almost 10 percent reduction in aggregate production (leading to a cereal gap of almost 500,000 metric tonnes) and increases in the number of food insecure individuals.

19. **Humanitarian needs are high.** Due to the current food scarcity, a significant proportion of the population is in need of emergency food assistance. This number stands at 4.9 million but is expected to increase to 5.5 million by July 2017. The United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) estimates that at least US\$1.25 billion is needed for priority sectors for famine response and prevention (food, nutrition, health, and water and sanitation). Thus far, more than 1.2 million people have been reached with emergency food assistance through the UN agencies, including through air drops to areas that are difficult to access. Some seeds and tools, and vital nutritional treatment supplies have also been delivered to a few select communities. Still, the funding gap for the HRP stands at over US\$1 billion.

20. **According to the United Nations, the current food crisis is the worst humanitarian crisis since 1945, with more than 20 million people across a number of countries facing famine or the risk of famine over the coming six months.** An estimated 1.4 million children are at imminent risk of death from severe acute malnutrition. Within this crisis, the Horn of Africa is particularly affected, with widespread reports of livestock deaths, water shortages, and rising rates of malnutrition in parts of Ethiopia, Kenya, South Sudan, and Somalia. In several of the worst affected countries, the crisis is linked to a mix of conflict, climate change and drought and is further aggravating already protracted displacement and other cross border spill overs. As famine looms in Somalia and South Sudan, the number of refugees and internally displaced people is rising, with a resulting strain on already overstretched government facilities and systems. Addressing the spillover effects of this crisis requires an integrated regional response. The present operation is part of the World Bank's broader regional crisis response program, a set of approximately 10 individual operations financed by about US\$770 million in new IDA resources (including US\$360 million from IDA's Crisis Response Window), and trust fund commitments to support famine relief, recovery and longer-term resilience for six countries, including North East Nigeria, South Sudan, Somalia, Ethiopia, Kenya and Yemen.

#### **D. Higher Level Objectives to which the Project Contributes**

21. **The proposed South Sudan Emergency Food and Nutrition Security Project (EFNSP) primarily seeks to provide emergency food security assistance to the most vulnerable sections of the population and prevent or address malnutrition, especially among children and pregnant/lactating mothers.** In addition, the project will support the resumption of crop and livestock production and therefore recovery of livelihoods for sections of the farming population which could engage in crop and livestock activities when the drought begins to recede. Broadly therefore, the project contributes to the attainment of Sustainable Development Goals (SDGs) on ending hunger, achieving food security and improved nutrition (SDG2); and SDG1 on ending poverty in all its forms as the proposed support will also help prevent beneficiaries from sliding further into poverty. To the extent that the project will contribute to poverty reduction, it is also aligned with the World Bank's Strategic Goal of ending extreme poverty.



22. **The project dovetails with key elements of the South Sudan Development Plan (SSDP) - the Government's strategy for reconstruction, growth and development.** Under its Economic Development Pillar, among others, the SSDP identifies ensuring food security as an over-riding goal and imperative for the Government especially as it would contribute to achieving stability and buttressing the legitimacy of the Government. The strategy places emphasis on attaining food security through increased own production, one of the areas of focus under this project.

23. **The proposed project is in line with the World Bank Group's Interim Strategy Note (ISN) for 2013-2015<sup>7</sup> and the engagement in South Sudan which has been focused on supporting livelihoods and provision of basic social services for South Sudan.** The objective of the ISN is to stabilize the country and it thus focuses on two program clusters, including: (i) improving economic management and governance for effective local service delivery, and (ii) expanding productive employment opportunities. However, the ISN also seeks to take advantage of short-term opportunities that arise to make tangible improvements in livelihoods and thus, besides investments in long-term endeavors (such as institution building), calls for operations which meet immediate needs and manage emerging stresses. This operation seeks to address urgent food security needs of distressed people and would thus be consistent with the overall ISN objective of stabilization of the country. The work also aligns closely with Pillar 2 (Vulnerability and Resilience) of the Africa Strategy which emphasizes the need to reduce vulnerability and to buffer countries from myriad shocks including those related to food insecurity, among others.

## II. PROJECT DEVELOPMENT OBJECTIVES

### A. PDO

24. The objectives of the project are: (a) to provide food and nutrition support for the protection of lives and human capital of eligible beneficiaries; and (b) to help farmers re-engage in agricultural production in selected drought affected areas in South Sudan.

### B. Project Beneficiaries

25. The project will directly benefit a section of the population in South Sudan which is affected by the deteriorating food and nutrition security, because of the drought and conflict. This will include roughly: (i) 250,000 people benefiting from direct food assistance; (ii) 200,000 children and pregnant/lactating mothers benefiting from nutrition support; (iii) 200,000 individuals benefiting from WASH; (iv) 30,000 households which will be supported to resume agricultural production. Initial assessments as presented in the latest Integrated Food Security Phase Classification (IPC) reports, indicate that these beneficiaries are currently concentrated in five States (Northern Bahr El Ghazal, Unity, Upper Nile, Jonglei, and Eastern Equatoria). There will however be the flexibility to change target areas in response to emerging needs and to also shift from geographical targeting to vulnerability-based targeting.

### C. PDO-Level Results Indicators

26. The proposed project is expected to lead to improvements in the food and nutrition security for the most vulnerable and also revitalize agricultural production in selected drought affected communities.

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<sup>7</sup> After the peace agreement of August 2015, the World Bank started preparing a new country strategy to account for a scaled-up portfolio and to prepare for IDA-18. However, the strategy process was put on hold when Bank staff were evacuated from Juba due to insecurity in July 2016. Under the circumstances, the 2013-2015 ISN still provides the framework for the Bank's engagement.



Given the inherent difficulty in measuring food and nutrition security outcomes in an unstable, volatile and rapidly changing environment as the one where the project will be implemented; as well as the considerable time lag between the onset of interventions and when change in food and nutrition security outcomes (e.g. good health, reduced mortality rates etc.) become apparent and perceptible, key performance indicators for measuring achievement of the PDO are defined at the output level<sup>8</sup>. The indicators include: (i) number of individuals benefiting from direct food support indicating eating 2 or more meals per day; (ii) number of children consuming blended supplementary food in the intended quantities; (iii) number of pregnant and lactating women consuming blended supplementary food in the intended quantities; (iv) number of households supported to resume crop and livestock production; (v) number of individuals provided with WASH services; and (vi) number of project beneficiaries (percent of which are female).

### III. PROJECT DESCRIPTION

#### A. Project Components

27. The proposed EFNSP will focus on two main areas of support: (i) providing emergency support for immediate food and nutrition security requirements, and (ii) assisting farmers to re-engage in crop and livestock production to meet their own food security requirements. The project's design is informed by the following main considerations and principles: (i) the need to quickly respond to the emergency needs of the most vulnerable, while also helping affected communities to reclaim their livelihoods by reinforcing their resilience; (ii) prioritizing life-saving interventions that address urgent survival needs while also providing support to mitigate lasting impacts of the food scarcity on people's health, ability to learn, and earn a living; (iii) impartial and conflict-sensitive targeting of assistance to avoid exacerbating ongoing tensions in the country; (iv) flexibility in geographical targeting to maintain relevance and appropriateness of the project in addressing the ever changing food insecurity hotspots in the country; and (v) strengthening the 'relief-development' nexus. The project will be organized around two main components as described below.

#### **Component 1: Support to Human Capital and Livelihoods Protection SDR31.0 million (US\$42.0 million equivalent)**

28. The objective of this component is to increase access to food for the food insecure and most vulnerable, protect the human capital of children and prevent negative coping strategies by poor households. The drought-conflict dynamic in South Sudan has generated two broad segments of vulnerable and food insecure populations currently in need of direct food and nutrition support. There are those, who because of area insecurity, displacement, old age, disability and other incapacities have been and are still unable to engage in agriculture or any productive work to at least meet some of their basic food and nutrition requirements. On the other hand, there are those, who even while living in relatively secure enclaves, were affected by drought and thus were not able to produce enough food to meet their basic household food and nutrition security requirements. Both of these groups will be supported through unconditional food transfers as well as nutrition support. The provision of unconditional food support is a productive expenditure<sup>9</sup> and is necessary to meet the PDO as it would: (i)

<sup>8</sup> Even under these circumstances, opportunities will be sought for real-time social impact assessments of project assistance.

<sup>9</sup> In line with the IPF instructions "Other Instructions: Selected Expenditures to be Financed under the Loan, Section (3): food expenditures, severance payments, or interest during construction", RVP approval has already been provided to fund the proposed food expenditures.



help protect the future of a generation of young children who are faced with malnutrition; (ii) protect socioeconomic assets by preventing negative coping strategies, such as selling productive assets and incurring debt, which would undermine future production and productivity; and (iii) allow for more rapid re-engagement in production and rebuilding of livelihoods when security improves and favorable conditions for production return. This component is organized around two subcomponents as described below.

***Subcomponent 1.1: Support to Unconditional Food Transfers SDR14.8 million (US\$20.0 million equivalent)***

29. The main focus of this subcomponent will be on provision of food assistance, as General Food Distribution (GFD) to the broad universe of eligible beneficiaries in a selected affected area so as to counter starvation, prevent hunger related deaths, livelihood erosion and also mitigate against conflict that could arise from lack of food. The general food rations will comprise of cereals, pulses, salt and fortified vegetable oil over a 5-months period. The amount of food rations to be provided would have to be sufficient to provide 2100 calories per person per day, which is the minimum energy requirement necessary to maintain a normal and active life. In the special cases, where people are fleeing from conflict, the rations could include high energy biscuits.

***Subcomponent 1.2: Support to Integrated Management of Malnutrition SDR16.2 million (US\$22.0 million equivalent)***

30. Support under this subcomponent will go towards an integrated nutrition security intervention that specifically seeks to meet the urgent nutritional requirements of children under the age of five and both pregnant women and lactating mothers. To prevent wasting, the nutritional needs of children, (including those in the critical 1000 day window and those between 6-59 months) as well as those pregnant and lactating mothers in areas with GAM rates exceeding 15 percent (and for populations classified as being in crisis and emergency levels by the IPC exercise) will be addressed using specialized foods provided through Blanket Supplementary Feeding (BSF). The nutrition needs of pregnant and lactating mothers as well as those of children that already suffer from moderate to acute malnutrition will be addressed through Targeted Supplementary Feeding (TSF). Support will also be extended to the integrated management of severe acute malnutrition (SAM) through screening and treatment of SAM children, infant and young child feeding, establishment of Stabilization Centers, reopening of the Outpatient Therapeutic Programme (OTP); procuring, prepositioning and distributing therapeutic nutrition supplies. For improved effectiveness of the nutrition intervention, support will be provided for WASH, prevention and treatment of common diseases (e.g. malaria, measles etc.) as well as for protection services targeting the most vulnerable children and women.

31. Eligible beneficiaries would be identified based on surveys and predetermined criteria to be implemented through a facilitated community targeting process, which would determine who, for how long, how much and with what types of food the beneficiary would be supported. Given the current insecurity, special attention will be given to the safety of beneficiaries at collection points for general food rations. In the event that violence, especially against women is reported, consideration will be accorded to introducing on site feeding. In addition, in light of the current food supply situation in the region (as a result of the drought), care will be taken during sourcing of the food commodities (especially cereals) to ensure that these procurements for South Sudan do not distort or cause price spikes in neighboring countries. In addition, support will be provided for mainstreaming child protection as well as Gender Based Violence (GBV) response and prevention in humanitarian aid.



**Component 2: Support to Re-engagement in Crop and Livestock Production SDR5.5 million (US\$7.5 million equivalent)**

32. Agriculture is the major source of livelihoods for the population that is currently affected by food scarcity. Most households engage in production both to meet the food and nutritional needs of their families and to earn cash income from sales of grains, live animals, and livestock products. As is always the case in communities with minimal coping strategies, the drought situation in South Sudan has led to a depletion of the productive capacity of farmers, thereby constraining their preparations for the next possible production season. For example, whereas most farmers rely on seeds saved from previous harvests or sourced from neighbors for the next season's planting, extreme food scarcity has forced most of them to deplete such seed sources as they struggle to meet immediate food requirements of starving families.

33. In addition, most households in South Sudan (include rural farming households) are net food buyers and the increase in food prices over the last two years has forced them to adopt negative coping mechanisms such as distress sale of household agricultural assets, especially livestock such as sheep and goats. Farmers have also lost a large number of livestock to the drought due to lack of adequate pasture, water, and opportunistic diseases that are aggravated by poor animal health. The economic crisis has also affected urban populations, which are more dependent on markets and wages for their livelihoods and who, unlike their rural peers, typically lack traditional coping mechanisms e.g. hunting and gathering. The objective of this component is to help farmers, affected in these ways by the drought, to re-engage in crop and livestock production when conditions favorable to production next occur. Where possible, support for production will also be extended to urban communities through urban gardening initiatives. Such support is expected to increase food availability and therefore break the cycle of dependence on food support over the coming seasons. This component will have two subcomponents.

***Subcomponent 2.1: Support to Crop Production SDR3.7 million (US\$5.0 million equivalent)***

34. This sub-component will help farmers affected by the food scarcity to engage in production over the next cropping season, when favorable rains return. The project will support: (i) purchase and distribution of agricultural inputs and planting materials such as seeds and tools,<sup>10</sup> in the form of starter packs; (ii) rebuilding or distribution of assets for postharvest handling and food storage – for example household granaries and food storage bins; and (iii) provision of extension services around the package of production inputs and postharvest handling technologies supported by the project. The amount of seed will be calibrated to individual household needs to ensure that it is enough to provide one year of staple crops and six months of nutritious vegetable for a whole family. While the seeds and tools will be provided prior to the onset of the rainy season, any assets for post-harvest handling and food storage will be transferred in the middle of the cropping season. Where feasible and appropriate, this support will be extended to urban households as well as beneficiaries in Protection of Civilians (PoC) sites to enable them to undertake production for example through kitchen gardens.

***Subcomponent 2.2: Support to Livestock Production SDR1.8 million (US\$2.5 million equivalent)***

35. This sub-component will support livestock production to improve food security, incomes and nutrition of affected communities. Project support will be provided for three major interventions: (i) restocking of livestock – mainly small ruminants (sheep and goats) and backyard poultry; (ii) animal health care through campaigns, vaccinations, de-worming, provision of mobile veterinary services; and (iii)

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<sup>10</sup> Care will be taken to ensure that the tools that are provided are not of the type that can be used as weapons such as machetes.



advisory services and capacity building for livestock farmers. These activities will stimulate livestock recovery within a very short time after the onset of rains. The target farmers would be identified by the community through the involvement of local leaders and social mobilization efforts. The targeting mechanism will give preference to: (i) women headed households that are already keeping livestock, and (ii) households where women are predominantly involved in livestock management and the women are already organized in groups that have gained experience in sharing breeding stocks such as bucks.

36. Anecdotal information currently emerging from South Sudan points to the key role that artisanal fishing has played in saving the displaced from hunger and starvation as they flee from conflict and hide in swamps and marshlands. In this case, where relevant and feasible, support will be provided for fishing gear to sustain the survival needs of those who would be dependent on artisanal fishing.

**Component 3: Support to Project Implementation Arrangements SDR0.4 million (US\$0.5 million equivalent)**

37. This component is designed to finance administrative costs of the Project Implementation Unit (PIU), including, financial management, procurement, environment and social safeguards management, monitoring, reporting and evaluation of activities under the project.

**B. Project Cost and Financing**

38. Total project cost is estimated at US\$50 million, in Grant financing from the IDA Crisis Response Window. The project is processed under the Investment Project Financing (IPF) instrument. Table 1 summarizes the estimated project costs and financing.

**Table 1. Summary Project cost and financing**

Project Component	Project Costs (US\$ million)	IDA Financing (US\$ million)	% IDA Financing
Support to Human Capital and Livelihoods Protection	42.00	42.00	100
Support to Re-engagement in Crop and Livestock Production	7.50	7.50	100
Support to Project Implementation Arrangements	0.50	0.50	100
<b>Total cost</b>	<b>50.00</b>	<b>50.00</b>	<b>100</b>

**C. Lessons Learned and Reflected in the Project Design**

39. The Bank's experience to date with emergency response operations in South Sudan has underscored the need to approach the immediate challenge with realism and simplicity. As such, the project's proposed implementation arrangements make few assumptions about the capacity of government and thus confer key implementation support functions to specialized UN agencies.

40. Experience has also shown that there is need to balance the quest for speedy delivery of emergency interventions (such as the one proposed under the project) on one side, and government ownership of the interventions on the other, especially as the environment in South Sudan is heavily endowed with humanitarian support. By explicitly making this a government-led intervention, in which the proposed partners play only a supportive role (mainly as specialized suppliers) in implementation, it becomes a clear demonstration of partnership that if well managed, should build a strong foundation for a more sustained engagement in the agricultural as well as other sectors.





41. Lessons learned within the country have also shown that it is essential to work with organizations that have proven experience in exactly the type of activities that are proposed. All proposed partners including WFP, UNICEF, and FAO are currently deployed in South Sudan, with the professional staff and logistical capacities needed to accomplish their mandate. Given the extremely compromised state of infrastructure in many potential project areas, such capacities are invaluable.

42. Another lesson learned is the need to link relief and development efforts to not only meet the immediate needs of affected communities but also foster full recovery of their livelihoods and strengthen their resilience. In this respect, the project design supports short-term responses to avoid the deterioration of the food security situation of the most vulnerable people (distribution of food rations and nutritional support) and a medium-term response to help populations ensure their own food security (e.g. boosting production via seeds, tools, etc.). This is especially important in South Sudan, a country that faces recurrent episodes of food and nutrition insecurity.

#### **D. Alternatives Considered**

43. During project design, a number of alternatives were considered. The key alternatives mainly related to: (i) the relative Project resource allocation between the immediate “short-term relief” interventions and the more medium-term “resilience oriented” crop and livestock production activities (i.e. resource split between Project Component 1 and Component 2); and (ii) reliance on local NGOs<sup>11</sup> to provide implementation support to the Ministry of Agriculture and Food Security (MAFS) for Component 2 activities.

44. In terms of resource split between Component 1 and Component 2, consideration was given to three permutations: (i) allocating all Project resources to Component 1 and then deferring support for proposed Component 2 activities through the South Sudan Agricultural Development and Food Security Project (ADFSP<sup>12</sup>), the preparations of which were fairly advanced before being put on hold because of the conflict; (ii) an even (50:50) resource split between Project Component 1 and Component 2; and (iii) an 85:15 resource split that is skewed in favor of Component 1. Option (i) was rejected primarily because of the ill-timing of the approval of ADFSP-expected later in the year, after the next cropping season. Deferring support to farmers for own crop and livestock production<sup>13</sup> would undermine their transition back to self-reliance and would increase the probability that they face hunger later in the year, as many of them are just one failed planting season away from serious food insecurity. This would have the net effect of perpetuating the reliance on food support and would also undermine a key design principle of linking relief and development. Option (ii), which would be an intermediate position, was rejected because of the sheer magnitude of the currently unmet immediate “relief” needs in the country.<sup>14</sup> In this case, allocating 50 percent of Project resources to Component 2 would deny much needed support to many hungry and malnourished people. Option (iii) strikes a balance between the two competing imperatives and has the added benefit that it essentially kick-starts livelihood recovery activities planned

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<sup>11</sup> These NGOs have adequate implementation capacity and have been partnering with MAFS in implementation of a number of WB-financed projects.

<sup>12</sup> The ADFSP is a US\$50 million IPF expected to be approved by the Board in Q2 of FY18. It will support agricultural extension and capacity building, seed systems development, and modernization of the technology of production.

<sup>13</sup> Within the overall framework of donor support and response to the current food and nutrition insecurity in South Sudan, support to recovery, self-reliance and resilience is still heavily underfunded to date.

<sup>14</sup> United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) reports that only about 20 percent of the funding needs for immediate relief had been met by appraisal.



under ADFSP, thereby allowing for faster implementation of ADFSP activities immediately following approval.

45. Fiduciary considerations and the inability of the Bank to monitor and verify any field activities (mainly because of travel restrictions to the field as a result of insecurity) precluded the possibility that implementation of Component 2 activities would be contracted to local NGOs. The design however allows for participation of local NGOs in implementation, as partners to FAO.

## IV. IMPLEMENTATION

### A. Institutional and Implementation Arrangements

46. The proposed Project will be implemented by the MAFS through an existing PIU. This PIU currently oversees implementation of three Bank-financed projects with objectives that are similar to those proposed under EFNSP and is therefore adequately qualified to manage the project<sup>15</sup>. The PIU is staffed with a Financial Management Specialist (FMS), an M&E Specialist and other support staff. An Environment and Social Safeguards Specialist and a Procurement Specialist will be recruited within one month of the Effectiveness Date.

47. Because of the persistent implementation capacity gaps both at the central and state ministries, the PIU will be supported by UN agencies, acting as specialized suppliers or providers of technical assistance in implementation of the project. This will guarantee both the timely and effective implementation of planned activities. Where judged feasible and appropriate, local NGOs might also take on an implementation role. In this case, the role of the PIU will be limited to contracting the implementing agencies, monitoring and supervising their performance and reporting to the Bank.

48. Proposed work on direct food support as well as supporting nutritional needs of the vulnerable (Component 1) will be implemented with the support of the WFP and UNICEF- the only organizations in South Sudan with the demonstrated logistical capabilities to source and supply food to a large number of vulnerable beneficiaries and which have preferential access to areas that might not be secure. The WFP and UNICEF will be contracted by the Government as specialized suppliers on a single source selection basis. In line with their respective mandates and division of labor, WFP and UNICEF will supply goods and services related to different activities under Component 1. The WFP will supply goods and services related to GFD as well as to nutrition activities targeting Moderate Acute Malnutrition (MAM) cases in children and pregnant and lactating women (including BSF and TSF for children under 5, and TSF for pregnant and lactating women).

49. UNICEF will be the specialized supplier for activities related to SAM in children and pregnant and lactating women (including integrated management of SAM through screening and treatment, establishment of Stabilization Centers, and reopening of OTPs), as well as for proposed activities related to WASH, disease prevention and treatment, and protection of vulnerable children and women. The contracts to be signed between the Republic of South Sudan and these two UN agencies will include *inter*

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<sup>15</sup> The projects include: (i) Southern Sudan Emergency Food Crisis Response Project, the objective of which is to support adoption of improved technologies for food production and storage, and provide cash or food to eligible beneficiaries in South Sudan; (ii) South Sudan Safety Net and Skills Development Project, the objective of which is to provide access to income opportunities and temporary employment to the poor and vulnerable and put in place building blocks for a social protection system; and the Project Preparation Advance for the proposed South Sudan Agriculture Development and Food Security Project.



*alia* details of activities to be provided, technical and financial reporting requirements, reporting frequency, safeguards issues, monitoring and evaluation during and at the end of project implementation.

50. Project activities geared towards supporting farmers to re-engage in agricultural production (Component 2) will be implemented with the support of FAO and local NGOs<sup>16</sup> in a conflict sensitive manner. FAO will ensure component coordination, programming, planning, monitoring, evaluation and supervision. FAO will provide administration for the financial management and technical staff for coordination and monitoring of the implementation of activities on the ground. Where needed, FAO will identify partners and proceed with the establishment of memoranda of understanding with partners to implement activities.

## **B. Results Monitoring and Evaluation**

51. Overall responsibility for Monitoring and Evaluation (M&E) of project activities, as described in the Results Framework, will lie with the PIU. As part of their role as specialized suppliers to be contracted by the Government on a single source basis, WFP, UNICEF and FAO will be responsible for data collection, and reporting to the PIU. In turn, the PIU will collate and aggregate the agency reports into comprehensive quarterly implementation progress reports. The PIU will also conduct periodic monitoring visits to project sites to provide another layer of oversight. Because project areas remain inaccessible to Bank staff, new fiduciary arrangements for the South Sudan portfolio, which will rely on a third-party monitoring agent for verification of Bank funded activities, are being proposed. As and when they materialize and become functional, these arrangements should apply to this project. The TORs for such agent will specify the various areas (including FM, safeguards, procurement etc.) to be supervised by the third party.

## **C. Sustainability**

52. A combination of the proposed “social protection” and “agricultural production” interventions should ensure that the project delivers both immediate results and benefits, as well as medium to longer-term development benefits. However, it is worth noting that the overarching objective of the intervention is to respond to a crisis and mitigate its negative impacts. While some aspects of the project are sustainable, particularly those resulting from Component 2 (Support to Re-engagement in Crop and Livestock Production), others especially under Component 1 are clearly efforts to prevent livelihood security from total collapse, alleviate suffering, and guarantee the survival of as many people as possible.

53. Like most interventions of this nature therefore, major elements of Component 1 are fiscally unsustainable since it is unlikely that Government will be able to commit resources to continue with the funded project activities. Besides, in the long-term, it would be the Government’s objective to ensure that direct food imports as would be the case under the project do not dampen or distort the incentives for increased local production. In this context, although continued international support can be anticipated in the future were such a crisis to recur, it is expected that Government would maintain vigilance in leading the development of policies that would link any humanitarian support to sustainable development.

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<sup>16</sup> These NGOs have experience in South Sudan and have participated, as service providers, in the implementation of other Bank-funded projects in the agricultural sector. The NGOs have full functional capacity.



## V. KEY RISKS

### A. Overall Risk Rating and Explanation of Key Risks

54. **Overall risk rating is High.** The risk to the PDO arising from the political and governance situation in the country is rated high. This is because political stability and peace still continue to elude the country and a political settlement for the ongoing conflict has not yet emerged. Although the project is expected to elicit strong support and Government commitment needed for successful implementation, there is the risk that contending forces may intentionally block access to the vulnerable and this would negatively affect attainment of the PDO.

55. Macro-economic risk is high mainly because of the high inflation and depreciation of the local currency. This risk will be partly mitigated by incurring most project expenditures in US\$ as supply contracts to UN agencies.

56. The risk with respect to sector strategies and policies is rated substantial as is the risk related to the technical design of the project.

57. The risk to attainment of the PDO arising out of institutional capacity for implementation and sustainability is also rated high because of the limited capacity of MAFS and the inherently unsustainable nature of most of the project activities. Capacity weaknesses of MAFS will be circumvented partly through the specialized support of the UN agencies to implementation.

58. Fiduciary risk is rated substantial because in general, the financial management as well as procurement systems in the implementing agency as well as the other relevant ministries are still weak and may undermine accountability and achieving value for the project money. This risk will be mitigated through reliance on UN agencies which have requisite fiduciary capacity.

59. Environment and social risk is rated high mainly because of the risk of exclusion or inequity related to the different ethnic groups. The risk of social exclusion will be mitigated by relying on a participatory, inclusive and transparent community-based targeting mechanism where communities will be able to identify beneficiaries based on clear eligibility criteria.

60. Stakeholders risk is rated high because of the multiplicity of donors supporting the same interventions in South Sudan and the challenge this would pose to coordination and managing the potential duplication of interventions. This risk will be mitigated through better coordination with other donors within the framework of the South Sudan HRP.



Table 2: Systematic Operations Risk- Rating Tool (SORT)

Risk Category	Rating
1. Political and Governance	High
2. Macroeconomic	High
3. Sector strategies and policies	Substantial
4. Technical design of project	Substantial
5. Institutional capacity for implementation and sustainability	High
6. Fiduciary	Substantial
7. Environment and Social	High
8. Stakeholders	High
<b>Overall</b>	High

61. **Climate risk:** The Climate and Disaster Risk Screening indicates that the agriculture sector in South Sudan is currently highly vulnerable to the negative impact of climate change, which is further exacerbated by the general development context in the country. The impacts of both drought and flooding range from moderate to severe, especially for the crop and livestock production recovery activities. The project activities focusing on the provision of crop and livestock production advice to farmers are important in mitigating these risks.

## VI. APPRAISAL SUMMARY

### A. Economic and Financial Analysis

62. Because of the urgency during preparation of the project, the current lack of data and the difficulty in estimating medium and long term benefits from emergency response projects, a full cost-benefit analysis of the project and an estimation of the rate of return and net present value of the entire project investment is not possible. The project has two components: Component 1 supports unconditional food transfers (US\$42.0 million) and Component 2 provides support to crop production (US\$5.0 million) and livestock production (US\$2.5million).

63. With the currently available data, the financial and economic analysis in Annex 3 focuses on valuing direct benefits from restoration of agricultural crop production (subcomponent 2.1). It is assumed that 22,500 beneficiaries engage in maize and sorghum production on one hectare of land. If the net benefits are projected forward for 15 years with a 6 percent discount rate, the benefit cost ratio is 1.5 and the economic net present value (NPV) is US\$32.2 million. The value of the project may be underestimated as not all potential benefits could be quantified.

### B. Technical

64. The primary drivers of the current food scarcity in South Sudan are drought (both in the country and in the region-where South Sudan sources its food imports), displacement, destabilization of markets due to restrictions to movement, and very low levels of income and purchasing power against a backdrop



of spikes in food prices. The project design aims to address some of these constraints to not only ensure that immediate food needs of the vulnerable are rapidly met (through both unconditional food and nutrition support) but also help affected communities to recover from the crisis. Such a design is best practice and is valid as it directly links direct food support as a rapid response measure in crisis situations and the more medium-term development action needed to promote recovery and long-term resilience.

65. In addition, the design is cognizant of the country situation especially the conflict and capacity weaknesses in Government and relies on the support of WFP, UNICEF, and FAO, to be contracted by the Government on a single source basis as specialized suppliers, in project implementing. The decision to provide both general food rations, BSF and TSF is in line with emerging evidence that shows that a combination of the three offers the best outcomes in terms of human capital preservation, a key objective of the project. Rebuilding the productive capacity of crop and livestock producers (who have lost most of their productive assets as a result of the drought and displacement) through support for production inputs and advice is the easiest way to assist them to re-engage in production.

### **C. Financial Management**

60. The accounting capacity of the PIU comprises a Government-deployed accountant supported by a qualified and experienced consultant FMS. The PIU will be responsible for maintaining proper internal controls in payment processing, maintaining proper accounting records and ensuring accurate and timely financial reporting. External audit of the project will be conducted by the National Audit Chamber (NAC) supported by a private audit firm contracted as an External Audit Agent (EAA). Similarly, regular in-year internal audit of project activities will be conducted by the Internal Audit Directorate (IAD) in collaboration with a contracted private audit firm. Detailed financial management arrangements will be contained in the Financial Management (FM) manual. Due to the existing low capacity in Government, both at the central and state/county levels, and the emergency nature of this operation, execution of core project activities will be supported by UN agencies with the requisite capacity and expertise. The financial management risk rating of the project is therefore considered Substantial.

61. At the country level, the political environment remains volatile/fragile following resurgence of violence in July 2016 and apparent collapse of the December 2015 peace agreement. Further, the legal framework is inadequate to support effective fiduciary oversight. Key legislation on public procurement, internal audit and the national audit chamber have not been passed by parliament. Similarly, the country's overall governance environment is considered weak, due to lack of transparency and accountability over the use of public funds. In addition, the country is significantly affected by general macroeconomic conditions including high inflation, weakening local currency and economic crisis caused by the adverse effects of internal conflict and drought. These are broader portfolio-level risks affecting all projects in the portfolio.

62. At the project level, the main fiduciary risks relate to the implementation of activities under components 1 and 2. Due to the inadequate capacity of the implementing ministry, there is a risk that distribution of food and nutrition supplements under component 1 and agricultural inputs under component 2, may not reach the intended beneficiaries. This is because of the emergency nature of the operation and the fact that food is a resource which is susceptible to theft, abuse or misappropriation. In addition, due to the general state of insecurity around the country, it might be difficult for Bank staff and other independent agencies to access the project sites and confirm that project resources have been utilized efficiently and economically towards the development objective.



63. Other risks relate to the rapidly deteriorating macroeconomic situation in South Sudan coupled with the significant depreciation of the local currency relative to the US\$, which could further present a risk of misapplication of project resources. These risks are effectively mitigated by the involvement of UN agencies in supplying key goods and services to the implementation. The UN agencies have adequate technical and fiduciary capacity to implement similar types of emergency operations. Each of the UN agencies will sign a contract with MAFS as a basis for the engagement. During the course of implementation, the agencies will each submit quarterly funds utilization reports (depicting both physical progress and financial information), which will be validated by the PIU in line with the existing contract, before sharing with the Bank. The quarterly utilization reports will be submitted to the Bank within 45 days after the end of the quarter. Further, the UN has got adequate machinery to access insecure locations and project sites.

64. Funds disbursed into the Designated Account (DA) for the implementation of component 3 will be ring-fenced from ministry-wide fiduciary risks by ensuring segregated project accounts (DA), cashbooks and financial statements, operated, maintained and prepared by the PIU. The PIU will maintain an up to date contract register as well as an assets register. Similarly, the financial management team will prepare monthly bank reconciliation statements to ascertain the accuracy of the cash balances in the DA. Fiduciary oversight will be effected by the IAD, the NAC and other private audit firms working with the two Government institutions. Under the EFNSP, IAD in collaboration with a contracted private audit firm, will conduct in-year risk-based audit of project activities in order to strengthen internal controls. The in-year internal audit reviews will be conducted at least once a year and the audit reports will be shared with MAFS, Ministry of Finance and Planning (MoFP) and the Bank for review and comments.

#### **Funds flow and Disbursement arrangements**

65. Disbursement of the Grant will use advances, reimbursement, direct payments and payments under Special Commitments including full documentation or against statements of expenditure, as appropriate. For Components 1 and 2, a lump sum amount will be disbursed through UN blanket commitments to WFP and UNICEF (Component 1) and FAO (Component 2) following submission of a duly executed contract between the respective UN agency and MAFS and a Payment Request from that agency. WFP, UNICEF and FAO will then provide quarterly funds utilization reports to the PIU within 45 days after the end of the quarter, which will be used to account for expenditures in the Bank records.

66. For Component 3, the proceeds of the grant will be disbursed into the DA following the transaction-based Statement of Expenditure (SoE) method. The PIU will submit Withdrawal Applications accompanied by statements of expenditure incurred, to the World Bank for replenishment of the DA. The project will also maintain a local currency sub-project account for making payments denominated in local currency. Funds will only be transferred from the main DA to the local currency sub-account in order to meet immediate payment obligations. No significant cash balances will be maintained in local currency to reduce the foreign exchange exposure risk. MAFS will be responsible for initiating, incurring and authorizing expenditures under the Project in accordance with the specified procedures and initiating the payment process with all the required supporting documentation. Detailed disbursements arrangements are documented in the Disbursement Letter.

#### **D. Procurement**

67. In South Sudan, public procurement is governed by the Interim Public Procurement Regulations, 2006. These Regulations do not apply to local governments. Government is preparing a new Procurement



Law which is at draft bill stage. The Bank provided comments to the draft bill and most of the comments have been taken on board except for comments relating to institutional arrangement for decentralizing procurement management. The draft bill designates MoFP as the only procuring entity and all other Government ministries, departments and agencies including local governments would have to apply to be designated as procuring entities by MoFP.

68. In 2012, the Bank in collaboration with Government of the Republic of South Sudan (GRSS) and other donor partners carried out an Interim Fiduciary Assessment, which included a procurement assessment at state level (on the basis of four sample states) and at central level. The assessment revealed that the overall procurement environment in the country is very weak. Further, the country is geographically vast. The connectivity to various remote areas is very difficult and becomes almost inaccessible during the rainy season. The capacity of the private sector to supply goods and services is still developing. These country conditions pose challenges for project implementation and for service delivery in remote areas. The recent crisis in the country has greatly disrupted all the efforts and knowledge gained over a couple of years since the Multi-Donor Trust Fund for South Sudan (MDTF-SS).

69. Project procurement activities will be carried out by MAFS in accordance with the World Bank's "Guidelines: Procurement Regulations for IPF Borrowers; Procurement In Investment Project Financing Goods, Works, on-Consulting and Consulting Services dated July 2016, and any other provisions stipulated in the Legal Agreement. In line with provisions of para 12 of OP 10.00, procurement shall follow procedures stipulated in the Procurement Regulations for Situations Under Urgent Need of Assistance or Capacity Constraints. Implementation of procurement will also be in accordance with the "Guidelines on preventing and combating Fraud and Corruption" stipulated in 2.2a of Annex IV of the Procurement Regulations.

70. The World Bank team undertook a procurement assessment of the MAFS. The assessment reviewed the organizational structure for implementing the project and the interaction between the project's staff responsible for procurement duties and management of their respective departments. Though the ministry has gained some experience in procurement in the course of implementation of projects funded by the MDTF-SS and the World Bank over the past couple of years, it still lacks capacity to conduct procurement independently. Thus, procurement under MAFS would be conducted with the support of the PIU which would include contracted individuals with technical and fiduciary skills necessary for managing project implementation. To contribute towards building long-term procurement capacity for the Ministry, even when this is an emergency operation, emphasis will be placed on requiring Government procurement staff to work with contracted consultants to further skills transfer in the field of procurement.

71. World Bank experience and assessment of key issues and risks concerning project procurement in South Sudan has shown challenges which include: (i) the narrow window of opportunity (only about six months) in the dry season during which most of the country is accessible; (ii) significant delays in procurement processing, with a significant part of the time spent on preparation of tender specifications, Terms of References (TORs) and evaluation; (iii) a nascent market and high costs for goods and services which has been affected by the recent renewed war that has seen many firms and NGOs closing their operations in the country; and (iv) weakness in capacity of procurement staff, procurement planning, procurement process administration including award of contracts, contract management, contract





oversight and procurement record keeping. These experiences are factored into the design of procurement arrangements.

72. The Bank supported the Borrower to develop a simplified Project Procurement Strategy for Development (PPSD) and initial procurement plan for the project. Finalization of the PPSD will be deferred to implementation. The PPSD addresses how procurement activities will support the development objectives of the project and provides adequate justification for the selection methods in the Procurement Plan. The analysis in the PPSD includes the risks analysis and risk mitigations of the procurement activities. An initial Procurement Plan to cover the first eighteen (18) months of the project implementation was also developed and agreed with the Bank.

### **E. Social (including Safeguards)**

73. Given the context on the ground, a major challenge for the project will be ensuring the impartial and conflict-sensitive targeting of assistance under both the investment components and subcomponents to avoid exacerbating ongoing tensions in the country. The proposal is for a participatory, inclusive and transparent community-based targeting mechanism where communities will be able to identify beneficiaries based on clear eligibility criteria, despite the overwhelming needs in the area. Such a targeting approach has been successfully field-tested under the South Sudan SNSDP for identification of beneficiaries for the Labor Intensive Public Works program over the last three years and will be adopted under the proposed project. The key requirement would be to ensure the clear communication to communities on the pre-determined eligibility criteria for the different kinds of support viz:

- For the unconditional food distribution, the project is seeking to meet the urgent food and nutritional requirements of those who for several reasons (e.g. displacement, old age, insecurity, disability etc.) cannot work and with special focus on children under the age of five, pregnant women and lactating mothers.
- For support to the recovery of crop production, the Social Assessment undertaken for the South Sudan ADFSP would be revised and adapted for this project and implemented to better target both men and women given their gender-disaggregated roles in agriculture.
- For restocking of livestock the focus of the project is on women headed households and households where women are predominantly involved in livestock management especially small ruminants and poultry, and not cattle which is male dominated.

74. The project has defined criteria for beneficiary eligibility for the key interventions for human capital protection and livelihoods support; and a participatory community-based process is to be used for identification of beneficiaries. However, in order to ensure timely and objective treatment of those who might have a grievance, a responsive appeals system that includes appeals committees at all targeted Boma and Payam levels will be established building on the conflict resolution and mediation that traditional leaders undertake in these areas through forums like the Barazas<sup>17</sup>. This will be more accessible due to ease of approach and language which is not the case in a formal system. A transparency and accountability mechanism would be built into the project in which an approved beneficiary list, allocated budget and key program information will be provided through periodic meetings and displayed in public places at the targeted Boma, Payam and County levels. Beneficiary satisfaction with targeted programs

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<sup>17</sup> Barazas are village meetings.



will also be ascertained through community scorecards to understand implementation effectiveness and accrued benefits to targeted households.

75. In terms of Social Safeguards policies, **OP 4.10 on Indigenous Peoples** is triggered as analysis by the World Bank and other experts confirms that the overwhelming majority of people in the proposed project areas are expected to meet the requirements of OP 4.10. The project will comply with the requirements of OP 4.10 by ensuring that implementation arrangements at the field level embed its basic principles of a free, prior, and informed consultation leading to broad community support for the proposed Project. The use of pre-determined criteria for targeting which will be universally applied through community-based approach would prevent exclusion. In this vein, no separate Indigenous Peoples Plan (IPP) is to be prepared.

76. Although the project might fund small construction activities under the proposed support to WASH (Component 1.2) and postharvest management (Component 2.1), **OP 4.12 on Involuntary Resettlement** is not triggered. While land is still in abundance in South Sudan, sections of available land that are accessible have shrunk due to conflict and insecurity. Potential small infrastructure like water points, communal grain storage facilities would not require land acquisition and any land will be obtained through voluntary donations following due process and proper documentation. However, a Resettlement Policy Framework (RPF), in accordance with OP 4.12 was prepared, finalized and disclosed under the Emergency Food Crisis Response Project (EFCRP) by the PIU in MAFS which will also implement the proposed project. In the event that there is any unexpected involuntary resettlement, the RPF will be updated, as necessary, re-consulted on and re-disclosed.

#### **F. Environment (including Safeguards)**

77. No significant irreversible environmental and social impacts from proposed project activities are envisaged; therefore, the proposed environmental screening category is B. Any small works envisaged under the Project will be carried out within existing villages and are designed to be purely of a maintenance nature (e.g. construction and/or rehabilitation of WASH facilities under Component 1.2 and community granaries under Component 2.1). The Project will trigger the following environmental safeguard policies: Environmental Assessment (OP/BP 4.01) and Pest Management (OP 4.09).

78. The Project is being prepared as an Emergency Operation under paragraph 12 of OP 10.00; therefore, the Environmental and Social Management Framework (ESMF) and Integrated Pest Management Plan (IPMP) will be prepared within the first three months of project effectiveness based on the ESMF and IPMP prepared for the on-going Southern Sudan EFCRP. The ESMF will contain sample Environmental and Social Management Plans (ESMP) designed for the small works that are envisaged. Site specific ESMPs will be prepared and used to guide the implementation of subprojects at the local level.

79. An Environmental and Social Safeguards Officer to oversee preparation of the safeguards instruments within the first three months of the project and overall safeguards implementation throughout the project's life will be recruited within two months of project effectiveness. In addition, no activities with environment and social impacts will be implemented until the safeguards instruments have been finalized and disclosed.

#### **G. World Bank Grievance Redress**

80. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the



WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org)



## VII. RESULTS FRAMEWORK AND MONITORING

### Results Framework

COUNTRY : South Sudan

South Sudan Emergency Food and Nutrition Security Project

#### Project Development Objectives

The project objectives are: (a) to provide food and nutrition support for the protection of lives and human capital of eligible beneficiaries; and (b) to help farmers re-engage in agricultural production in selected drought affected areas in South Sudan.

#### Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
<b>Name:</b> Number of individuals benefiting from direct food support indicating eating 2 or more meals per day		Number	0.00	250000.00	Monthly	Progress reports	MAFS/WFP
Description:							
<b>Name:</b> Number of children consuming blended supplementary food in the intended quantities		Number	0.00	120000.00	Monthly	Progress reports	MAFS/WFP



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Description:							
<b>Name:</b> Number of pregnant and lactating women consuming blended supplementary food in the intended quantities		Number	0.00	80000.00	Monthly	Progress reports	MAFS/WFP
Description:							
<b>Name:</b> Number of individuals provided with WASH services		Number	0.00	200000.00	Quarterly	Progress reports	MAFS/UNICEF
Description:							
<b>Name:</b> Number of households supported to resume crop and livestock production		Number	0.00	30000.00	Seasonally	Progress reports	MAFS/FAO/NGOs
Description: This includes all persons benefiting from the project interventions. Where beneficiaries access more than one type of benefit (e.g. food support and WASH) care will be taken to avoid double counting							
<b>Name:</b> Number of Project		Number	0.00	580000.00	Quarterly	Progress reports	MAFS/WFP/UNICEF/



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
beneficiaries							FAO
Percent of which are female		Number	0.00	55.00	Quarterly	M&E System	MAFS/WFP/FAO

Description:

**Intermediate Results Indicators**

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
<b>Name:</b> Amount of general food rations availed to beneficiaries		Metric ton	0.00	15000.00	Monthly	Progress reports	MAFS/WFP

Description:

<b>Name:</b> Amount of BSF availed to beneficiaries		Metric ton	0.00	700.00	Monthly	Progress reports	MAFS/WFP
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Description:



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
<b>Name:</b> Amount of TSF availed to beneficiaries		Metric ton	0.00	5.00	Monthly	Progress reports	MAFS/WFP/UNICEF
Description:							
<b>Name:</b> Amount of seeds and planting materials distributed to eligible beneficiaries		Metric ton	0.00	300.00	Seasonally	Progress reports	MAFS/FAO/NGOs
Description:							
<b>Name:</b> Number of animals vaccinated against common diseases		Number	0.00	200000.00	Quarterly	Progress reports	MAFS/FAO
Description: Common diseases include: Contagious Bovine Pleuropneumonia (CBPP), Contagious Caprine Pleuropneumonia (CCPP) and East Coast Fever							
<b>Name:</b> Number of households supported with postharvest handling assets		Number	0.00	2000.00	Seasonally	Progress reports	MAFS/FAO/NGOs
Description:							



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
<b>Name:</b> Number of farm tools distributed to eligible beneficiaries		Number	0.00	10000.00	Seasonally	Progress reports	MAFS/FAO
Description:							
<b>Name:</b> Farmers reached with agricultural assets and services		Number	0.00	30000.00	Seasonal	Progress reports	MAFS/FAO
Description:							
<b>Name:</b> Citizens and/or communities involved in making decisions on beneficiary selection		Yes/No	N	Y	Monthly	Progress reports	MAFS/WFP/UNICEF/FAO
Description:							
<b>Name:</b> Beneficiary satisfaction with program		Percentage	0.00	70.00			
Description:							



**Target Values****Project Development Objective Indicators**

Indicator Name	Baseline	YR1	YR2	End Target
Number of individuals benefiting from direct food support indicating eating 2 or more meals per day	0.00	200000.00	50000.00	250000.00
Number of children consuming blended supplementary food in the intended quantities	0.00	100000.00	20000.00	120000.00
Number of pregnant and lactating women consuming blended supplementary food in the intended quantities	0.00	60000.00	20000.00	80000.00
Number of individuals provided with WASH services	0.00	150000.00	50000.00	200000.00
Number of households supported to resume crop and livestock production	0.00	25000.00	5000.00	30000.00
Number of Project beneficiaries	0.00	420000.00	160000.00	580000.00
Percent of which are female	0.00	50.00	5.00	55.00

**Intermediate Results Indicators**

Indicator Name	Baseline	YR1	YR2	End Target
Amount of general food rations availed to beneficiaries	0.00	12000.00	3000.00	15000.00



Indicator Name	Baseline	YR1	YR2	End Target
Amount of BSF availed to beneficiaries	0.00	600.00	100.00	700.00
Amount of TSF availed to beneficiaries	0.00	5.00	0.00	5.00
Amount of seeds and planting materials distributed to eligible beneficiaries	0.00	200.00	100.00	300.00
Number of animals vaccinated against common diseases	0.00	150000.00	50000.00	200000.00
Number of households supported with postharvest handling assets	0.00	1600.00	400.00	2000.00
Number of farm tools distributed to eligible beneficiaries	0.00	8000.00	2000.00	10000.00
Farmers reached with agricultural assets and services	0.00	20000.00	10000.00	30000.00
Citizens and/or communities involved in making decisions on beneficiary selection	N	Y	Y	Y
Beneficiary satisfaction with program	0.00	50.00	70.00	70.00



## ANNEX 1: DETAILED PROJECT DESCRIPTION

### **COUNTRY: South Sudan** **South Sudan Emergency Food and Nutrition Security Project**

#### **Context**

1. South Sudan is facing an unprecedented level of humanitarian crisis since independence. The food security and nutrition situation in South Sudan has deteriorated significantly as a result of the combined effects of drought, conflicts and economic decline. Results from the newly released IPC indicate that between February and April 2017 an estimated 4.9 million people (42 percent of the population) will be severely food insecure and this number is projected to increase to 5.5 million at the height of the lean season in July. The IPC declared that South Sudan is experiencing localized famine (IPC Phase 5) in two counties (Leer and Mayendit) of Unity state while a third county (Koch) is facing an elevated risk of famine. Currently, about 100,000 people in Leer and Mayendit are facing famine conditions, and the IPC warns that the situation could quickly expand to other Phase 4 (emergency) areas unless humanitarian assistance is significantly improved in the coming months.
2. Acute malnutrition remains prevalent in many parts of South Sudan. Out of 23 counties with recent data, 14 have GAM rates at or above the 15 percent emergency threshold, while GAM above 30 percent is observed in Unity (Leer, Mayendit, and Panyijar). Similarly, a worsening nutrition situation unusual in a harvest season is observed in the Greater Equatoria region – particularly in Central Equatoria – a deterioration associated with widespread insecurity, lack of humanitarian access, disruption of the 2016 agricultural season and the economic crisis. Also, some areas in the Greater Bahr el Ghazal region show higher than usual levels of acute malnutrition indicating a worsening situation. Widespread fighting, displacement and poor access to services, and extremely poor diet (in terms of both quality and quantity), underlie the high levels of acute malnutrition.
3. The ongoing drought has depleted the productive capacity of farmers and forestalled them from preparing for the next production season. Most farmers use retained seeds from previous harvests or seeds sourced from neighbors for planting in the next season. The extreme scarcity of food has caused farmers to deplete grains from previous harvests to meet short-term food requirements of starving families. Grains that under normal conditions would have been set aside as planting materials for the next season or sold to neighboring farmers are no longer available. Without adequate food to eat, individuals that would normally be involved in farming operations cannot undertake farm work.
4. Farm maintenance has stalled as the affected populations can no longer engage in activities such as clearing of bushes, soil conservation, and crop management activities on perennial crops. This has reduced the productive capacity of land. The increase in food prices, which has been ongoing for the last two years, has forced households to adopt negative coping mechanisms such as sale of private agricultural assets, especially livestock such as sheep and goats. A large number of livestock have died due to lack of food, water, and opportunistic diseases that are aggravated by poor animal health. On the other hand, communal agricultural assets have suffered neglect because community institutions for management and maintenance of such assets are stressed by the drought-induced heightened competition for community resources e.g. grazing lands, livestock water points, irrigation water, etc. The lack of maintenance of both private and communal assets has exacerbated the effect of drought on the productive capacity of land and increased fragility of institutions for management of common resources.



5. Under these circumstances, the proposed South Sudan EFNSP will focus on two main areas of support: (i) providing emergency support for immediate food and nutrition security requirements of the hungry, and (ii) helping farmers to re-engage in crop and livestock sectors when conditions that are favorable for cropping return. The project's design is informed by the following main considerations and principles: (i) the need to quickly respond to the emergency needs of the most vulnerable, while also helping affected communities to reclaim their livelihoods by reinforcing their resilience; (ii) prioritizing life-saving interventions that address urgent survival needs while also providing support to mitigate lasting impacts of the food scarcity on people's health, ability to learn, and earn a living; (iii) impartial and conflict-sensitive targeting of assistance to avoid exacerbating ongoing tensions in the country; (iv) flexibility in geographical targeting to maintain relevance and appropriateness of the project in addressing the ever changing food insecurity hotspots in the country; and (v) strengthening the 'relief-development' nexus. The project will be organized around two main components as described below.

**Component 1: Support to Human Capital and Livelihoods Protection SDR31.0 million (US\$42.0 million equivalent)**

6. The objective of this component is to increase access to food for the food insecure and most vulnerable, protect the human capital of children and prevent negative coping strategies by poor households. The drought-conflict dynamic in South Sudan has generated two broad segments of vulnerable and food insecure populations currently in need of direct food and nutrition support. There are those, who because of area insecurity, displacement, old age, disability and other incapacities have been and are still unable to engage in agriculture or any productive work to at least meet some of their basic food and nutrition requirements. On the other hand, there are those, who even while living in relatively secure enclaves, were affected by drought and thus were not able to produce enough food to meet their basic household food and nutrition security requirements. Both of these groups will be supported through unconditional food transfers as well as nutrition support. The provision of unconditional food support is a productive expenditure and is necessary to meet the PDO as it would: (i) help protect the future of a generation of young children who are faced with malnutrition; (ii) protect socioeconomic assets by preventing negative coping strategies, such as selling productive assets and incurring debt, which would undermine future production and productivity; and (iii) allow for more rapid re-engagement in production and rebuilding of livelihoods when security improves and favorable conditions for production return. This component is organized around two subcomponents as described below.

***Subcomponent 1.1: Support to Unconditional Food Transfers SDR14.8 million (US\$20.0 million equivalent)***

7. The main focus of this subcomponent will be on provision of food assistance, as GFD to the broad universe of eligible beneficiaries in a selected affected area so as to counter starvation, prevent hunger related deaths, livelihood erosion and also mitigate against conflict that could arise from lack of food. The general food rations will comprise of cereals, pulses, salt and fortified vegetable oil over a 5-months period. The amount of food rations to be provided would have to be sufficient to provide 2100 calories per person per day, which is the minimum energy requirement necessary to maintain a normal and active life. In the special cases, where people are fleeing from conflict the rations could include high energy biscuits.

***Subcomponent 1.2: Support to Integrated Management of Malnutrition SDR16.2 million (US\$22.0 million equivalent)***



8. Support under this subcomponent will go towards an integrated nutrition security intervention that specifically seeks to meet the urgent nutritional requirements of children under the age of five and both the pregnant women and lactating mothers. To prevent wasting, the nutritional needs of children, (including those in the critical 1000-day window and those between 6-59 months) as well as those pregnant and lactating mothers in areas with GAM rates exceeding 15 percent (and for populations classified as being in crisis and emergency levels by the IPC exercise) will be addressed using specialized foods provided through BSF. The nutrition needs of pregnant and lactating mothers as well as those of children that already suffer from moderate to acute malnutrition will be addressed through TSF. Support will also be extended to the integrated management of SAM through screening and treatment of SAM children, establishment of Stabilization Centers, reopening of OTPs; procuring, prepositioning and distributing therapeutic nutrition supplies. For improved effectiveness of the nutrition intervention, support will be provided for WASH, prevention and treatment of common diseases (e.g. malaria, measles etc.) as well as for protection services targeting the most vulnerable children and women.

9. Eligible beneficiaries would be identified based on surveys and predetermined criteria to be implemented through a facilitated community targeting process, which would determine who, for how long, how much and with what types of food the beneficiary would be supported. Given the current insecurity, special attention will be given to the safety of beneficiaries at collection points for general food rations. In the event that violence, especially against women is reported, consideration will be accorded to introducing on site feeding. In addition, in light of the current food supply situation in the region (as a result of the drought), care will be taken during sourcing of the food commodities (especially cereals) to ensure that these procurements for South Sudan do not distort or cause price spikes in neighboring countries. In addition, support will be provided for mainstreaming child protection as well as GBV response and prevention in humanitarian aid.

**Component 2: Support to Re-engagement in Crop and Livestock Production SDR5.5 million (US\$7.5 million equivalent)**

10. Agriculture is the major source of livelihoods for the population that is currently affected by food scarcity. Most households engage in production both to meet the food and nutritional needs of their families and to earn cash income from sales of grains, live animals, and livestock products. As is always the case in communities with minimal coping strategies, the drought situation in South Sudan has led to a depletion of the productive capacity of farmers, thereby constraining their preparations for the next possible production season. For example, whereas most farmers rely on seeds saved from previous harvests or sourced from neighbors for the next season's planting, extreme food scarcity has forced most of them to deplete such seed sources as they struggle to meet immediate food requirements of starving families.

11. In addition, most households in South Sudan (include rural farming households) are net food buyers and the increase in food prices over the last two years has forced them to adopt negative coping mechanisms such as distress sale of household agricultural assets, especially livestock such as sheep and goats. Farmers have also lost a large number of livestock to the drought due to lack of adequate pasture, water, and opportunistic diseases that are aggravated by poor animal health. The economic crisis has also affected urban populations, which are more dependent on markets and wages for their livelihoods and who, unlike their rural peers, typically lack traditional coping mechanisms e.g. hunting and gathering. The objective of this component is to help farmers, affected in these ways by the drought, to re-engage in crop and livestock production when conditions favorable to production next occur. Where possible, support for production will also be extended to urban communities through urban gardening initiatives.



Such support is expected to increase food availability and therefore break the cycle of dependence on food support over the coming seasons. This component will have two subcomponents.

***Subcomponent 2.1: Support to Crop Production SDR3.7 million (US\$5.0 million equivalent)***

12. This sub-component will help farmers affected by the food scarcity to engage in production over the next cropping season, when favorable rains return. The project will support: (i) purchase and distribution of agricultural inputs and planting materials such as seeds and tools,<sup>18</sup> in the form of starter packs; (ii) rebuilding or distribution of assets for postharvest handling and food storage – for example household granaries and food storage bins; and (iii) provision of extension services around the package of production inputs and postharvest handling technologies supported by the project. The amount of seed will be calibrated to individual household needs to ensure that it is enough to provide one year of staple crops and six months of nutritious vegetable for a whole family. While the seeds and tools will be provided prior to the onset of the rainy season, any assets for post-harvest handling and food storage will be transferred in the middle of the cropping season. Where feasible and appropriate, this support will be extended to urban households as well as beneficiaries in PoC sites to enable them to undertake production for example through kitchen gardens.

***Subcomponent 2.2: Support to Livestock Production SDR1.8 million (US\$2.5 million equivalent)***

13. This sub-component will support livestock production to improve food security, incomes and nutrition of affected communities. Project support will be provided for three major interventions: (i) restocking of livestock – mainly small ruminants (sheep and goats) and backyard poultry; (ii) animal health care through campaigns, vaccinations, de-worming, provision of mobile veterinary services; and (iii) advisory services and capacity building for livestock farmers. These activities will stimulate livestock recovery within a very short time after the onset of rains. The target farmers would be identified by the community through the involvement of local leaders and social mobilization efforts. The targeting mechanism will give preference to: (i) women headed households that are already keeping livestock, and (ii) households where women are predominantly involved in livestock management and the women are already organized in groups that have gained experience in sharing breeding stocks such as bucks.

14. Anecdotal information currently emerging from South Sudan points to the key role that artisanal fishing has played in saving the displaced from hunger and starvation as they flee from conflict and hide in swamps and marshlands. In this case, where relevant and feasible, support will be provided for fishing gear to sustain the survival needs of those who would be dependent on artisanal fishing.

***Component 3: Support to Project Implementation Arrangements SDR0.4 million (US\$0.5 million equivalent)***

15. This component is designed to finance administrative costs of the PIU, including, financial management, procurement, environment and social safeguards management, monitoring, reporting and evaluation of activities under the project.

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<sup>18</sup> Care will be taken to ensure that the tools that are provided are not of the type that can be used as weapons such as machetes.



## ANNEX 2: IMPLEMENTATION ARRANGEMENTS

### COUNTRY: South Sudan South Sudan Emergency Food and Nutrition Security Project

#### Project Institutional and Implementation Arrangements

##### *Project Coordination*

1. Given the national importance and emergency focus of the project on food security, the Project will be implemented by the MAFS with support of relevant counterparts at the national and county level, including governmental agencies, non-governmental organizations and service providers. The day to day functions of project coordination will rest with the existing PIU under the MAFS.
2. The project will use the existing PIU currently responsible for the implementation of the ongoing Southern Sudan EFCRP and the South Sudan SNSDP. The key advantage offered by this choice is the fact that the staff is already familiar with managing World Bank-funded projects, which would allow for a quick start of project implementation.
3. The PIU will be responsible for: (i) ensuring overall coordination and linkages across the teams directly responsible for implementation of the project activities; (ii) procurement, disbursement, accounts, audit, monitoring, evaluation, and reporting; and (iii) interacting regularly with other donor organizations working on similar activities in the country.
4. The PIU already has a Director/Coordinator, a FMS, M&E Specialist, and support staff. A Procurement Specialist and a Safeguards Specialist will be added to the team to ensure adequate staffing at the PIU. Depending on the geographical spread of the project activities, the PIU may hire additional Field Officers for coordination of activities at the sub-national level.

##### *Role of Specialized International Organizations*

5. Given the emergency nature of the project, envisioned activities need to be implemented at a rapid pace in order to pre-empt the exacerbated food security situation in the country where implementation capacity is limited. Consequently, the project will work closely with specialized international agencies, within the UN family that have well-established experience and logistical capacity in implementation of similar assistance programs in the country. These agencies include: (i) UNICEF which has a mandate to ensure that nutrition needs of the most vulnerable population are met; (ii) WFP, which is responsible for mobilizing food commodities and funds for all large-scale humanitarian operations; and (iii) the FAO which is primarily responsible for responding to emergencies in the agriculture and food security sectors, including crop and food supply monitoring and needs assessment, evaluation of agricultural relief requirements and mobilization of the assistance and resources needed to restore agricultural activity.
6. As noted earlier, these three agencies are already assisting the GRSS in addressing its emergency needs and it is anticipated that they would continue to scale up their support under the proposed project. Specifically, it is envisaged that the UNICEF and WFP will enter into a contract with the Government, on a single source basis, as specialized suppliers under Component 1. Similar arrangement will be put in place between the Government and FAO for implementation of the Component 2. The respective contracts to be signed between the Government and the agencies will include inter alia details of activities to be



provided, technical and financial reporting requirements, reporting frequency, safeguards issues, monitoring and evaluation during and at the end of project implementation.

7. Component 1 will be planned and implemented with the support of both the WFP and UNICEF in line with the targeting procedures and protocols currently used by these two agencies (Figure A2.1). While WFP and UNICEF are expected to collaborate, and geographically link and coordinate proposed activities under this Component, it is expected that WFP will take the lead on food security interventions, (including GFD) as well as addressing MAM, whereas UNICEF would take the lead in supporting activities related to management of SAM, WASH, disease prevention and treatment as well as protection of the vulnerable. This division of labor is in line with their respective institutional mandates as well as the joint UNICEF/WFP Nutrition Response Plan (2015-2017) - the framework for their collaboration and sharing of roles and responsibilities in South Sudan.

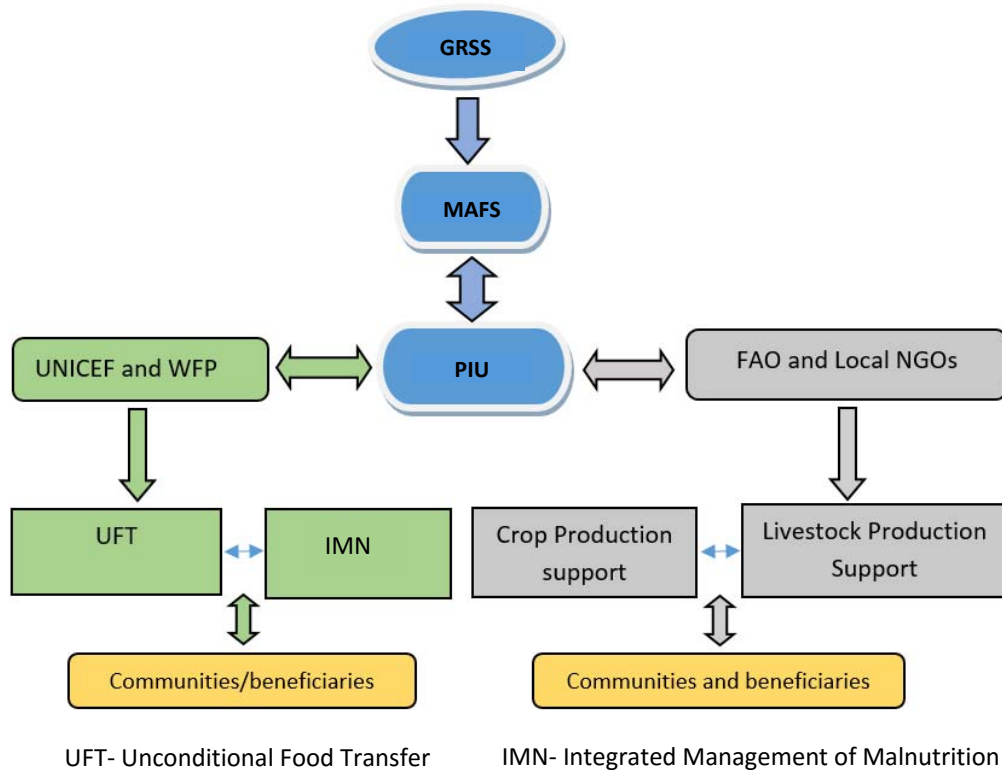
8. The Support to the Re-engagement in Crop and Livestock Production sub-components will be planned and implemented with the support of FAO and local NGOs, where possible as specialized suppliers. Under this arrangement, it is envisaged that FAO, as a specialized supplier to Government, will focus on sourcing production inputs- i.e. crop and vegetable seeds, agricultural tools, fishing equipment, veterinary drugs and vaccines and animal health equipment, while frontline services will be carried out by FAO's implementing partners/NGOs and, in select cases where no reliable partner organizations are present, occasional direct implementation. This approach is justified considering the limited FAO staffing, the general presence of partners with adequate technical and operational capacity in the field and the successes of past programs that followed a similar approach. FAO would retain the responsibility of ensuring that minimum quality standards and technical appropriateness are guaranteed. These arrangements are summarized in the project implementation chart below.

9. Following the Board's approval, the detailed Operational manual, outlining fiduciary and reporting obligations, will be prepared by the PIU. These details will be reflected in the contracts to be signed between the Government and the UN agencies, where all the proposed arrangements would be formally agreed upon.





Figure A2.1 Project implementation chart



### Financial Management

10. The Bank FM team conducted a FM assessment of the MAFS for implementation of the project. The FM assessment was conducted in accordance with the FM practices manual issued by the Bank's FM Sector Board on November 3, 2005 and the FM Manual for Bank-Financed Investment Operations issued on March 1, 2010. The assessment covered the six key FM elements of budgeting, accounting, and internal control including internal auditing, in addition to funds flow, financial reporting and external auditing arrangements.

11. The objective of the assessment was to determine whether the implementing entity maintains adequate FM arrangements to ensure that: (i) funds channeled into the project will be used for the purposes intended in an efficient and economical manner; (ii) the project's financial reports will be prepared in an accurate, reliable and in a timely manner; and (iii) the Project's assets will be safeguarded from loss, abuse or malicious damage.

12. The outcome of the FM assessment was that significant capacity gaps exist within the implementing ministry, which could materially affect the implementation of the project. This includes lack of adequate accounting capacity and weak internal control arrangements, particularly at state and county levels. Further, the challenge of insecurity around the country is likely to affect project implementation, particularly, the provision of food and related nutritional support. As a result, FM arrangements for the project will be discharged from the existing PIU set up within the ministry.



13. The same PIU is currently overseeing the implementation of three Bank-supported projects (the Southern Sudan EFCRP, the South Sudan ADFSP, and the SNSDP) and is staffed with consultants supporting core fiduciary responsibilities. To mitigate the risk of low capacity at both national and state/county levels coupled with insecurity, implementation of project activities will be supported by relevant UN agencies as special supplier to the Government. This will help mitigate the operational and fiduciary risks associated with the implementation of this project. MAFS will however retain overall fiduciary responsibility for the implementation of the project. The existing PIU will retain the services of the existing FMS, to support the project accountant deployed from the implementing ministry.

14. The FM risk for the project is considered high due to the inherent risks of decentralized operations, particularly, execution of food transfers in conflict-prone areas. Further, project supervision, M&E is likely to present a challenge, mainly due to insecurity. These risks are however mitigated by the involvement of UN agencies with adequate capacity and expertise, in the implementation of key project components. There are also broader macroeconomic risks in the portfolio such as hyperinflation and significant local currency depreciation which could make project resources susceptible to abuse due to high cost of living.

### **Country Issues**

15. A Public Expenditure and Financial Accountability Assessment (PEFA) was conducted in 2011 for the GRSS and four state governments of Jonglei, Unity, Western Equatoria, and Northern Bahr-el-Ghazal. The assessment covered country level Public Financial Management (PFM) reforms for the national as well as state governments. According to the report, the country has made progress in some particular PFM areas such as the preparation of the national budget that reflects Government policies; the installation of an integrated financial management system; the establishment of an electronic payroll system; and establishment of both internal and external audit systems. The Assessment however identified significant weaknesses in downstream PFM areas such as budget execution, accounting and some internal control systems.

16. On budget execution, the report notes that aggregate and spending agencies' expenditure outturns are significantly different from the approved budgets; constitutional and legal controls on changes in approved budgets are not fully adhered to; and there is low in-year predictability of availability of funds. As a result, budgets prepared by Government agencies are not credible. Regarding accounting and some internal control systems, the report highlights weaknesses such as build-up of payment arrears; non transparent public procurement system; and lack of a robust internal control system. Apart from the PFM Act 2011, no major PFM reforms have taken place in the country. The Government, with Bank support, engaged a consultant to prepare draft PFM regulations, which are still under discussion. There is ongoing implementation of Integrated Financial Management Information System (IFMIS) in MoFP, ongoing Bank support towards PFM reforms, strengthening capacity and oversight functions including Supreme Audit Institution (SAI) through Bank support. The Project will support the contracting of an EAA to strengthen the capacity of SAI.

17. The country's political environment however remains fluid following resurgence of violence in July 2016 and apparent collapse of the December 2015 peace agreement. Further, there is inadequate legal framework to support effective fiduciary oversight. Key legislations on public procurement, internal audit and national audit chamber have not been passed by parliament. Similarly, the country's overall governance environment is considered weak, due to lack of transparency and accountability over use of public funds and weak oversight.



## **Project Specific Fiduciary Arrangements**

### ***Planning and Budgeting***

18. The budgeting arrangements for the project will be in line with country systems and existing arrangements for other Bank-financed projects in the portfolio. The PIU will prepare the budget based on work plans and cash flow forecasts and submit this to the line ministry for initial approval. Further approvals will be obtained from the MoFP, the council of ministers and parliament. The PIU will maintain simple but effective budgetary control records such as vote book, budget progress/control book or similar electronic record. Budget execution for the project will also be monitored through the Interim Unaudited Financial Reports (IFRs) submitted to the Bank on a quarterly basis.

### ***Accounting System and Capacity***

19. The accounting capacity at the existing PIU, comprising the consultant FMS and the ministry-deployed project accountant, will be responsible for effective implementation of the FM arrangements for the project. The team will be responsible for timely payment, processing, recording and financial reporting. The PIU will maintain a simple accounting system for transaction processing and periodic financial reporting. Accounting for project transactions will follow the cash basis and will cover all project funds from IDA and other sources.

20. The project will operate one DA, denominated in US\$ in Cfc Stanbic Bank or another commercial bank acceptable to IDA where proceeds of the IDA Grant will be channeled, following requests from the project. Project activities under Components 1 and 2 will be paid for through UN blanket commitments from the Grant Account. Only payments relating to the operating costs of the PIU under Component 3 will be made from the DA. Adequate accounting records will be maintained for the DA using a suitable accounting system or MS Excel spreadsheet. The records will include an up to date cash book and bank reconciliation statements. A financial management manual, detailing all the FM arrangements for the project will be prepared within one month after effectiveness.

### ***Internal Controls and Internal Audit***

21. Internal control arrangements for the project, including adequate segregation of functions in payment processing, internal checks, approval and authorization procedures, will be detailed in the PIM. This also includes a requirement that all payments must be supported by proper documentary evidence and verified outputs. As already stated, funds for project implementation under component 1 and 2 will be disbursed through UN blanket commitments to WFP and UNICEF (Component 1), and FAO (Component 2) respectively in order to mitigate the risks inherent in transfer of funds from the PIU to other agencies. UN agencies operate robust fiduciary arrangements that are acceptable to the Bank and therefore low risk. The two agencies also have effective technical implementation, monitoring and supervision capacity to ensure that project outputs are achieved in line with the PDO.

22. The main fiduciary risks in this project relate to activities under Components 1 and 2. Due to the inadequate capacity of the implementing ministry, there is a risk that distribution of food transfers to the vulnerable population in the states under Component 1 and agricultural inputs under Component 2, may not reach the intended beneficiaries. This is because of the emergency nature of the operation and the fact that food and agricultural inputs are resources which are susceptible to theft, abuse or misappropriation. In addition, due to the general state of insecurity around the country, it might be



difficult for Bank staff and other independent agencies to access the project sites and confirm that project resources have been utilized efficiently and economically towards the development objective.

23. Other risks relate to the rapidly deteriorating macroeconomic situation in South Sudan coupled with the significant depreciation of the local currency relative to the US\$, which could further present a risk of misapplication of project resources. These risks are effectively mitigated by the involvement of UN agencies in the implementation of the project. The UN agencies have adequate technical and fiduciary capacity to implement similar types of emergency operations. The three UN agencies will each sign contracts with MAFS as a basis for their engagement. During the course of implementation, the agencies will submit quarterly utilization (progress and financial) reports, which will be validated by the PIU in line with the existing contracts, before sharing with the Bank. Further, the UN has got adequate machinery to access insecure locations and project sites.

24. Funds disbursed into the DA for the implementation of component 3 will be ring-fenced from ministry-wide fiduciary risks by ensuring segregated project accounts (DA), cashbooks and financial statements, operated, maintained and prepared by the MAFS - based PIU. The PIU will maintain an up-to-date contract register as well as an assets register. Similarly, the FM team will prepare monthly bank reconciliation statements to ascertain the accuracy of the cash balances in the DA. Fiduciary oversight will be effected by the IAD, the NAC, and other private audit firms working with the two Government institutions. The in-year internal audit reviews will be conducted at least once a year and the audit reports will be shared with MAFS, MoFP and the Bank for review and comments.

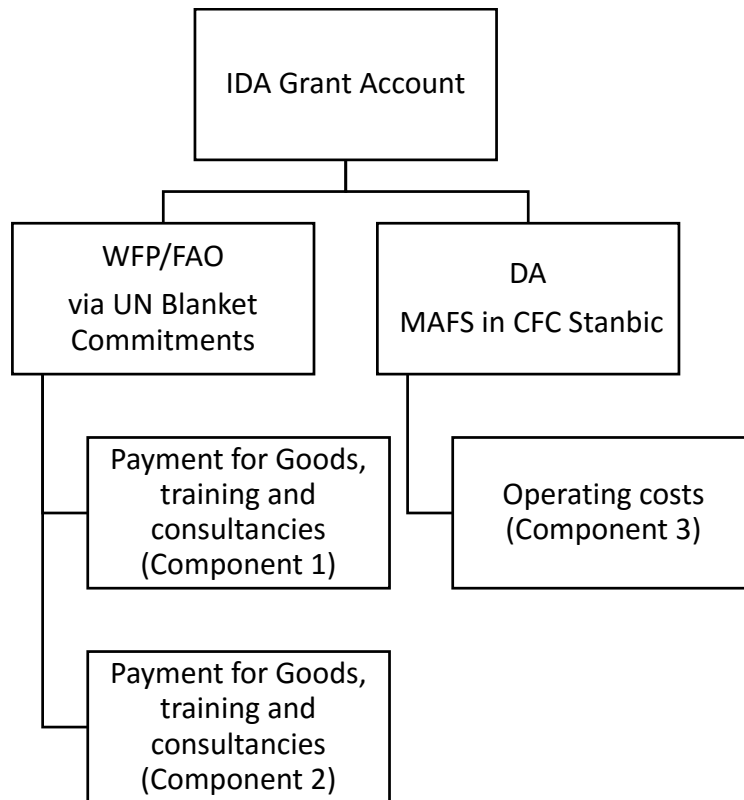
#### **Funds flow and Disbursement arrangements**

25. Disbursement of the Grant will use advances, reimbursement, direct payments and payments under Special Commitments including full documentation or against statements of expenditure, as appropriate. For components 1 and 2, a lump sum amount will be disbursed in the form of UN blanket commitments to WFP and UNICEF (Component 1), and FAO (Component 2) following submission of a duly executed contract between the respective UN agency and MAFS and a Payment Request from that agency (see Fig A2.2). WFP, UNICEF and FAO will then provide quarterly funds utilization reports to the PIU within 45 days after the end of the quarter, which will be used to account for expenditures in the Bank records.

26. For Component 3, the proceeds of the Grant will be disbursed into the DA following the transaction-based SoE method. The PIU will submit Withdrawal Applications accompanied by SoE incurred to the World Bank for replenishment of the DA. The project will also maintain a local currency sub-project account for making payments denominated in local currency. Funds will only be transferred from the main DA to the local currency sub-account in order to meet immediate payment obligations. No significant cash balances will be maintained in local currency to reduce the foreign exchange exposure risk. MAFS will be responsible for initiating, incurring and authorizing expenditures under the Project in accordance with the specified procedures and initiating the payment process with all the required supporting documentation. Detailed disbursements arrangements are documented in the Disbursement Letter.



Figure A2.2: Funds Flow arrangements



**Financial Reporting**

27. The PIU will prepare quarterly IFRs which will be submitted to the Bank within 45 days after the end of the quarter in line with the Grant Agreement. The PIU will also prepare annual financial statements for the project which will be submitted for external audit within 3 months after the financial year end. Each of the three projects currently implemented by MAFS have been submitting quarterly IFRs to the Bank within the stipulated timelines, with no major issues. Quarterly interim financial statements (as part of the funds utilization reports) from the UN agencies will also be submitted to the Bank within 45 days after the end of the quarter while the final annual financial statements audited by the UN certified auditors will be submitted to the Bank by June 30 each year. External audit of the project financial statements will be conducted by the NAC with capacity support through an external audit agent.

**External Audit arrangements**

28. The NAC, which is the SAI in the Republic of South Sudan and is constitutionally mandated to audit all public resources including Bank financed projects will conduct the annual audit of the project financial statements. The project will co-finance the cost of an EAA to provide technical assistance (TA) to NAC during the audit of all Bank operations including this project. NAC has been auditing the financial statements of all Bank-supported projects in the portfolio with the support of EAA and expressing an opinion on the financial statements.



29. The Project audit report and management letter will be submitted to the Bank within six months after the financial year end in line with the Grant Agreement. With regard to activities under the two components implemented by the UN agencies, annual financial statements audited by the certified UN auditors will also be shared with the Bank by June 30 each year.

**Risk Assessment and Mitigation**

30. Table A2.1 below summarizes the analysis of the risk assessment.

**Table A2.1. Risk assessment and mitigation measures**

Type of Risk	Initial FM Risk Rating	Brief Explanation	Risk Mitigation Measures incorporated in Project Design	Condition of Effectiveness (Y/N)?	Residual Risk Rating <sup>1</sup>
<b>INHERENT RISK</b>					
Country Level	H	The country’s political environment remains volatile/fragile following resurgence of violence in July 2016 and apparent collapse of the December 2015 peace agreement. Key legislations on public procurement, internal audit and national audit chamber have not been passed. Weaknesses in the country’s overall governance environment, involving lack of transparency and accountability over use of public funds and weak oversight. Weak PFM systems including weaknesses in planning and budgeting especially budget execution, internal controls and accounting systems and capacity. Also poor linkages between strategic planning and long term budgeting at the sector levels.	Legislative framework in place through PFMA Act 2011, draft PFM regulations, public procurement guidelines, ongoing implementation of IFMIS in MoFP, ongoing Bank support towards PFM reforms, strengthening capacity and oversight functions including SAI. Project will support the contracting of an External Audit Agent to support SAI.	No	H
Entity Level	H	MAFS is currently implementing 3 other Bank projects and therefore has experience but lacks adequate capacity.	Project to be implemented through UN agencies with adequate capacity and the existing PIU in MAFS having the necessary capacity.	No	S



Type of Risk	Initial FM Risk Rating	Brief Explanation	Risk Mitigation Measures incorporated in Project Design	Condition of Effectiveness (Y/N)?	Residual Risk Rating <sup>1</sup>
Project Level	H	Project design complex with activities at state and county levels with security and logistical challenges. PIU may not have adequate capacity to monitor county-level activities and ensure value for money	PIU capacity enhanced through deployment of key personnel with requisite experience and qualifications.  UN agencies with requisite capacity to implement key project components.	No	S
<b>OVERALL INHERENT RISK</b>	<b>H</b>				<b>S</b>

Type of Risk	Initial FM Risk Rating	Brief Explanation	Risk Mitigation Measures	Condition of Effectiveness (Y/N)?	Residual Risk Rating <sup>1</sup>
<b>CONTROL RISK</b>					
Budgeting	S	Weak capacity to prepare credible budgets, monitor budget execution and take timely and appropriate corrective action may result in huge unexplained variances. Government budgets cannot be relied upon for expenditure control.	PIU with enhanced capacity to take overall responsibility for project budget preparation.  Project to follow simple cash budget based on approved work plans. PIU to design effective budgetary control tools.	No	M
Accounting	H	Weak accounting capacity at the implementing ministry could affect transaction processing and eligibility of expenditures	Use of UN agencies with adequate fiduciary arrangements. Regular FM trainings to be conducted for project staff at ministry level. Project to retain same staff who have gained experience under the same PIU. Project FM manual to provide guidance on project FM functions.	No	S
Internal controls, management oversight and risk management	H	Weak internal control arrangements of the implementing ministry could result in risk of ineligible expenditure. Project resources may not reach intended beneficiaries. Weak fiduciary oversight due to low capacity and insecurity	Use of UN agencies with adequate fiduciary arrangements. Project funds to be ring-fenced from entity-wide risks through segregated DA and cashbooks operated and maintained by PIU. Project FM manual to detail the internal control arrangements. Disbursements to UN agencies to follow UN Blanket Commitments based on deliverables as per contract.	No	S



Type of Risk	Initial FM Risk Rating	Brief Explanation	Risk Mitigation Measures	Condition of Effectiveness (Y/N)?	Residual Risk Rating <sup>1</sup>
			Regular internal audit oversight and Bank FM Supervision reviews. Annual external financial audit, including sampled field reviews (subject to improved security situation) to strengthen controls.		
Funds Flow	S	Delays in disbursements to implementing agency may affect project implementation	Disbursements to UN agencies to be effected through UN Blanket Commitments from Grant Account. PIU with enhanced capacity to submit regular WA's for DA replenishment	No	M
Financial Reporting	M	Risk of inaccurate IFRs due to inadequate accounting capacity	Regular FM trainings to be conducted for project staff in line ministry. Qualified FMS in the PIU responsible for IFR preparation	No	M
Auditing	H	NAC has inadequate capacity to conduct project audits. Auditors may not be able to visit counties due to insecurity hence limitation of audit scope.	NAC to engage External Audit Agent to enhance capacity and submit audit reports in time. UN-implemented components to be subjected to UN audit system which is deemed adequate	No	S
<b>Overall Control Risk</b>	<b>H</b>				<b>S</b>

<b>OVERALL PROJECT FM RISK</b>	<b>Substantial (S)</b>
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*H = High; S = Substantial; M = Moderate; L = Low.*

**FM Conditions:** There are no FM conditions for the Project

**Implementation support plan**

31. Based on the outcome of the financial management risk assessment, the following implementation support plan as presented in Table A2.2 below is proposed.





**Table A2.2. FM implementation plan**

Financial management activity	Frequency	FM output
<b>Desk reviews</b>		
IFRs review	Quarterly	Interim Financial statements review report
Audit report review of EFNSP	Annually	Audit review report
Internal audit of project activities	At least once a year	Internal Audit review report
Review of other relevant information such as internal control systems reports	Continuous as they become available	FM review report
<b>Onsite visits</b>		
Review of overall operation of the financial management system including internal controls.	Once every 12 months	FM review report
Monitoring of actions taken on issues highlighted in audit reports, auditors' management letters, internal audit and other reports	As needed	FM review report
Transaction reviews (if needed)	Annually or as needed	FM review report
<b>Capacity building support</b>		
Financial management training sessions	By effectiveness and thereafter as needed	Training sessions held

**Conclusion of the assessment**

32. The conclusion of the assessment is that the financial management arrangements have an overall residual risk rating of **Substantial**, which satisfies the Bank's minimum requirements under OP/BP 10.00, and therefore is adequate to provide, with reasonable assurance, accurate and timely information on the status of the project required by IDA.

**Procurement**

33. In South Sudan, public procurement is governed by the Interim Public Procurement Regulations, 2006. These Regulations do not apply to local governments. Government is preparing a new Procurement Law which is at draft bill stage and expected to be enacted within the life of the project. The Bank provided comments to the draft bill and most of the comments have been taken on board except for comments relating to institutional arrangements for decentralizing procurement management which will have effect on this project once the law is enacted. The draft bill designates MoFP as the only procuring entity and all other Government ministries, departments and agencies including local governments would have to apply to be designated as procuring entities by MoFP. The implication is that once the law comes into force unless designated, local government will not have the mandate to carry out procurement. This will also affect the efficiency and accountability in the management of the procurement process. Extensive discussions were held with Government and options were offered by the Bank team to refine the law for practical implementation. Government agreed to make commitments in their Letter of Development Policy to address these concerns and create a procurement framework within which the project would be implemented.

34. In 2012, the Bank in collaboration with GRSS and other Donor partners carried out an Interim Fiduciary Assessment, which included a procurement assessment at state level (on the basis of four sample states) and at central level. The assessment revealed that the overall procurement environment in the country is very weak. Further, the country is geographically vast. The connectivity to various remote



areas is very difficult and becomes almost inaccessible during the rainy season. The capacity of the private sector to supply goods and services is still developing. These country challenges pose challenges for project implementation and to service delivery in remote areas. The recent Crisis in the country has greatly disrupted all the efforts and knowledge gained over a couple of years since the MDTF-SS.

35. Project procurement activities will be carried out by MAFS in accordance with the World Bank's "Guidelines: Procurement Regulations for IPF Borrowers; Procurement In Investment Project Financing Goods, Works, on-Consulting and Consulting Services dated July 2016, and any other provisions stipulated in the Legal Agreement. Para 12 of OP 10.00 has been triggered and therefore, procurement shall follow procedures stipulated in the Procurement Regulations for Situations Under Urgent Need of Assistance or Capacity Constraints. Implementation of procurement will also be in accordance with the "Guidelines on preventing and combating Fraud and Corruption" stipulated in 2.2a of Annex IV of the Procurement Regulations.

36. The World Bank team undertook a procurement assessment of the MAFS. The assessment reviewed the organizational structure for implementing the project and the interaction between the project's staff responsible for procurement duties and management of their respective departments. Though the ministry has gained some experience in procurement in the course of implementation of projects funded by the MDTF-SS and the World Bank over the past couple of years, it still lacks capacity to conduct procurement independently. Thus, procurement under MAFS would be conducted with the support of the PIU which would include contracted individuals with technical and fiduciary skills necessary for managing project implementation. To contribute towards building long-term procurement capacity for the Ministry, even when this is an emergency operation, emphasis will be placed on requiring Government procurement staff to work with contracted consultants to further skills transfer in the field of procurement.

37. World Bank experience and assessment of key issues and risks concerning project procurement in South Sudan has shown challenges which include: (i) the narrow window of opportunity (only about six months) in the dry season during which most of the country is accessible; (ii) significant delays in procurement processing, with a significant part of the time spent on preparation of tender specifications, TORs, and evaluation; (iii) a nascent market and high costs for goods and services which has been affected by the recent renewed war in the country that has seen many firms and NGOs closing their operations in the country; and (iv) weakness in capacity of procurement staff, procurement planning, procurement process administration including award of contracts, contract management, contract oversight and procurement record keeping. These experiences are factored into the design of procurement arrangements.

38. The Bank supported the Borrower to develop a simplified Project Procurement Strategy for Development (PPSD) and initial procurement plan for the project. Finalization of the PPSD will be deferred to implementation. The PPSD will address how procurement activities will support the development objectives of the project and shall provide adequate justification for the selection methods in the Procurement Plan. The analysis in the PPSD will include the risks analysis and risk mitigations of the procurement activities. An initial Procurement Plan to cover the first eighteen (18) months of the project implementation was developed and agreed with the Bank.



### **Component specific procurement arrangements**

39. **Component 1: Support to Human Capital and Livelihoods Protection (US\$42.0 million).** Procurement under this component will mainly include supply and distribution of general food items, nutrition supplements, and pharmaceuticals as well as technical assistance. It is envisaged that the Government will contract, on a single source basis, with UN agencies such as WFP, UNICEF and FAO using standard agreement templates. Procurement method for any remaining procurement activities shall be determined in the procurement plan.

40. **Component 2: Support to Re-engagement in Crop and Livestock Production (US\$7.5 million).** Procurement will include goods, consisting of supply and distribution of agricultural inputs, livestock and livestock vaccines; services to include provision of extension services and advisory roles to the farmers and small works to include construction of storage facilities. The Government will contract directly FAO using a standard Agreement template. All procurement under the agreement with the UN will follow UN procurement procedures as stipulated in the agreement.

41. **Component 3: Support to Project Implementation Arrangements (US\$0.5 million).** Procurement will include individual consultants to constitute the PIU; consultant services for project manager, procurement, financial management, monitoring and evaluation, safeguards consultants, project audit; vehicles, office furniture and equipment; short term consultants to implementation, the recurrent costs under operations cost and trainings. The contracts have been reflected in the draft procurement plan. All the procurement activities under this component shall be carried out by the PIU.

### **Assessment of the agency's capacity to implement procurement**

42. The PIU will be staffed by contracted personnel and will be led by a Project Coordinator and include a full time FMS supported by one or more accountants, a Procurement Specialist, and a M&E Specialist. The Procurement Specialist shall be responsible for all procurement support at PIU. The Procurement Specialist will initiate the procurement based on the approved procurement plan and do all procurement processing. There shall be a procurement committee in accordance with Interim Public Procurement and Disposal Regulations (IPDDR) to accord approval at various stages of procurement. A Bid/proposal opening committee and ad hoc bid/proposal evaluation committee shall also be formed as needed. All large value goods and consultancy contracts will be procured by the PIU.

43. The overall procurement risk for the project is considered **High**. Key risks with respect to procurement have been identified and corresponding mitigation measures, prepared in consultation with MoFP and MAFS are presented in Table A2.3 below and summarized as follows:

- The PIU will be responsible for assisting the MAFS with all aspects of project implementation. This will also include assisting with procurement. Accordingly, the PIU will provide dedicated procurement resourcing to ensure that all procurement activities are carried out in accordance with World Bank requirements under the New Procurement Framework.
- In supporting MAFS to undertake procurement activities, the PIU will apply wherever possible and appropriate the Regional Guidance including simplified template documents in Making Procurement and Financial Management Work for Fragile and Small States in the Pacific, issued in January 2013 (Modified July 2014).
- The PIU will apply the procurement procedures detailed in the Project Operational Manual and



will develop detailed checklists to ensure consistent and compliant Project procurement.

- The PIU will also develop a contract management system to ensure that all contracts under the Project are effectively and efficiently managed. This will include the tracking of key contract milestones and performance indicators as well as capturing all procurement and contract records.

**Table A2.3. Procurement risk analysis and mitigation**

<b>Risk Description</b>	<b>Description of Mitigation</b>	<b>Risk owner</b>
<b>(i) Operational context:</b> volatile political situation and weak macro-economic projection; current constraint in making payments to another party outside of country due to foreign exchange shortages.	Direct payments to suppliers at the request of the Government.	Borrower
<b>(ii) Fiduciary risk:</b> corruption and bribery concerns with regards to internal controls within the Ministry and broader context of the country; South Sudan is ranked the second most corrupt country in the world on transparency corruption perception index.	Project to be implemented with the support of UN Agencies as the main suppliers of goods and services. In addition, direct payments are proposed.	Borrower
<b>(iii) Lack of complaints and resolution of disputes system:</b> the Government does not have a functioning administrative system for handling of complaints and resolution of disputes during tendering or for contract management.	The project will use the Systematic Tracking of Exchanges in Procurement (STEP) to manage all procurement transactions, and related documentation. Contracts will outline process for resolution of disputes and complaints.	Borrower
<b>(iv) Limited supply market:</b> few qualified suppliers/contractors in the market; limited competition needs security of supply at a good price.	Engagement of UN Agencies which are currently in the country as specialized suppliers; increased publicity to encourage greater participation and interest from the market; and strengthen supervision by PIU to ensure quality of procured goods and services.	Borrower/Bank
<b>(v) Weak Procurement Capacity in MAFS:</b> Limited capacity of MAFS staff on procurement and contract management; lack of knowledge and practice in application of the New Procurement Framework	PIU staffed with procurement consultant; provision of staff training to increase capacity and to raise morale; ensure that the client has access to the online training modules on the New Procurement Framework; and apply Paragraph 12 of OP 10.00, revised on July 1, 2016, on Investment Project Financing to prepare an emergency operation for South Sudan using Hands on Expanded in the Implementation Support (HEIS) in the first six months.	Bank

**Project Procurement Strategy for Development and Procurement Plan**

44. The Borrower developed a simplified PPSD and initial procurement plan indicating procurements to be carried out over the entire period of the project. The procurement plan includes all the contracts to be financed by the project, and to be procured by the PIU which will consist of the procurement methods



or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements. The procurement plan will be updated at least annually, or more frequently as required, to reflect the actual project implementation needs and improvements in institutional capacity.

### Procurement Methods and Thresholds

45. The recommended methods of procurement/selection, related thresholds and the respective prior review thresholds for the project are as presented in Tables A2.4, A2.5, A2.6, and A2.7 below. However due to heightened risk in the country environment, some post review contracts may be subjected to prior review if deemed necessary. All TORs, regardless of contract amount, shall be subject to the Bank's prior review.

**Table A2.4. Procurement methods and thresholds for goods, works and non-consulting Services**

Procurement Method	Threshold (US\$)	Comment
ICB (Works)	3,000,000	Equivalent or more
ICB (Goods and non-consulting services)	500,000	Equivalent or more
NCB (Works)	1,000,000	Less than
NCB (Goods and non-consulting services)	100,000	Less than
Shopping (Works)	50,000	Equivalent or less
Shopping (Goods and non-consulting services)	50,000	Equivalent or less
Direct contracting	Any value	
UN agencies	Any value	

**Table A2.5. Prior review thresholds for goods, works and non-consulting Services**

Procurement Method	Prior Review Threshold (US\$)	Comments
ICB (Goods, Works and Non-Consultant Services)	All Contracts	
NCB (Goods and Non-consulting services)	500,000	Equivalent or more
NCB (Works)	5,000,000	Equivalent or more
Direct Contracting (Goods, Works and Non-Consultant Services)	All above 1,000	
Community Participation	None	All contracts expected to be within shopping category
UN Agencies	All contracts	
Shopping (Goods, Works)	None	All shopping of goods and works shall be subject to post review.

**Table A2.6. Selection methods and thresholds for consultants**

Selection Method	Threshold (US\$)	Comments
QCBS, QBS, FBS, LCS	Any value	Selection method shall depend on nature and complexity of assignment
CQS	500,000	Equivalent or less
Individual consultant	Any value	
SSS	Any value	



Table A2.7. Prior review threshold for consultants

Selection Method	Prior Review Threshold (US\$)	Comments
Competitive Methods (Firms)	200,000	Equivalent or more
Individual consultant selection	100,000	Equivalent or more
Single Source (Firms)/Individuals	50,000	Equivalent or more

46. **Frequency of procurement supervision:** In addition to the prior review supervision to be carried out by the Bank, the Bank shall conduct an annual post review of a sample of 20 percent of all contracts finalized by the PIU. The sample size of the annual independent procurement review will be agreed by the Bank at the beginning of the exercise, which shall be based on the total number of procurements done over the period of review. However, the Bank team will also play a role in quality control and undertake sample spot checking to enhance the outcome of the annual independent post review.

**Social (including safeguards)**

47. Given the context on the ground, a major challenge for the project will be ensuring the impartial and conflict-sensitive targeting of assistance under both the investment components and subcomponents to avoid exacerbating ongoing tensions in the country. The proposal is for a participatory, inclusive and transparent community-based targeting mechanism where communities will be able to identify beneficiaries based on clear eligibility criteria, despite the overwhelming needs in the area. Such a targeting approach has been successfully field-tested under the South Sudan SNSDP for identification of beneficiaries for the Labor Intensive Public Works program over the last three years and will be adopted under the proposed project. The key requirement would be to ensure the clear communication to communities on the pre-determined eligibility criteria for the different kinds of support viz:

- For the unconditional food distribution, the project is seeking to meet the urgent food and nutritional requirements of those who for several reasons (e.g. displacement, old age, insecurity, disability etc.) cannot work and with special focus on children under the age of five and both the pregnant women and lactating mothers.
- For support to the re-engagement in crop production, the Social Assessment undertaken for the South Sudan ADFSP would be revised and adopted for this project and implemented to better target both men and women given their gender-disaggregated roles in agriculture.
- For restocking of livestock the focus of the project is on women headed households and households where women are predominantly involved in livestock management especially small ruminants and poultry, and not cattle which is male dominated.

48. The project has defined criteria for beneficiary eligibility for the key interventions for human capital protection and livelihoods support; and a participatory community-based process is to be used for identification of beneficiaries. However, in order to ensure timely and objective treatment of those who might have a grievance, a responsive appeals system that includes appeals committees at all targeted Boma and Payam levels will be established building on the conflict resolution and mediation that traditional leaders undertake in these areas through forums like the Barazas. This will be more accessible due to ease of approach and language which is not the case in a formal system. A transparency and accountability mechanism would be built into the project in which an approved beneficiary list, allocated budget and key program information will be provided through periodic meetings and displayed in public places at the targeted Boma, Payam and County levels. Beneficiary satisfaction with targeted programs



will also be ascertained through community scorecards to understand implementation effectiveness and accrued benefits to targeted households.

49. In terms of Social Safeguards policies, **OP 4.10 on Indigenous Peoples** is triggered as analysis by the World Bank and other experts confirms that the overwhelming majority of people in the proposed project areas are expected to meet the requirements of OP 4.10. The project will comply with the requirements of OP 4.10 by ensuring that implementation arrangements at the field level embed its basic principles of a free, prior, and informed consultation leading to broad community support for the proposed Project. The use of pre-determined criteria for targeting which will be universally applied through community-based approach would prevent exclusion. In this vein, no separate Indigenous Peoples Plan (IPP) is to be prepared.

50. Although the project might fund small construction activities under the proposed support to WASH (Component 1.2) and postharvest management (Component 2.1), **OP 4.12 on Involuntary Resettlement** is not triggered. While land is still in abundance in South Sudan, sections of available land that are accessible have shrunk due to conflict and insecurity. Potential small infrastructure like water points, communal grain storage facilities would not require land acquisition and any land will be obtained through voluntary donations following due process and proper documentation. However, a Resettlement Policy Framework (RPF), in accordance with OP 4.12 was prepared, finalized and disclosed under the EFCRP by the PIU in MAFS which will also implement the proposed project. In the event that there is any unexpected involuntary resettlement, the RPF will be updated, as necessary, re-consulted on and re-disclosed.

#### **Environment (including Safeguards)**

51. No significant irreversible environmental and social impacts from proposed project activities are envisaged; therefore, the proposed environmental screening category is B. Any small works envisaged under the Project will be carried out within existing villages and are designed to be purely of a maintenance nature (e.g. construction and/or rehabilitation of WASH facilities under Component 1.2 and community granaries under Component 2.1). The Project will trigger the following environmental safeguard polices: Environmental Assessment (OP/BP 4.01) and Pest Management (OP 4.09).

52. The Project is being prepared as an Emergency Operation under paragraph 12 of OP 10.00; therefore, the ESMF and IPMP will be prepared during the first three months of project effectiveness based on the ESMF and IPMP prepared for the on-going Southern Sudan Emergency Food Crisis Response Project. The ESMF will contain sample ESMPs designed for the small works that are envisaged. Site specific ESMPs will be prepared and used to guide the implementation of subprojects at the local level.

53. An Environmental and Social Safeguards Officer, to oversee preparation of the safeguards instruments within the first three months of the project and overall safeguards implementation throughout the project's life, will be recruited within two months of project effectiveness. In addition, no activities with environment and social impacts will be implemented until the safeguards instruments have been finalized and disclosed.

#### **Monitoring and Evaluation**

54. Overall responsibility for M&E, as described in the Results Framework, will lie with the PIU. The contracted implementation support agencies will be responsible for data collection, and reporting to the PIU. In turn, the PIU will collate and aggregate the agency reports into comprehensive quarterly implementation progress reports. The PIU will also conduct periodic monitoring visits to project sites to provide another layer of oversight. Because project areas remain inaccessible to Bank staff, new fiduciary



arrangements for the South Sudan portfolio, which rely on a third-party monitoring agent for verification of Bank funded activities, are being proposed. As and when they materialize and become functional, these arrangements should apply to this project.





## ANNEX 3: ECONOMIC AND FINANCIAL ANALYSIS

### COUNTRY: South Sudan

#### South Sudan Emergency Food and Nutrition Security Project

- 1. Background.** Because of the urgency during preparation of the project, the current lack of data, and the difficulty in estimating medium and long-term benefits from emergency response projects, it is not possible to conduct a full cost-benefit analysis of the project or calculate the rate of return and net present value of the entire project investment. The project has two main components: Component 1 supports human capital protection by providing unconditional food transfers to eligible beneficiaries (subcomponent 1.1, US\$20.0 million); and support to integrated management of malnutrition (subcomponent 1.2, US\$22.0 million); Component 2 provides support to the recovery of crop production (subcomponent 2.1, US\$5.0 million) and livestock production (subcomponent 2.2, US\$2.5million).
- 2. Project's development impact.** Project activities respond to a crisis – a formal famine declaration was issued in February 2017. The majority of Project funds (approximately 80 percent), support individuals affected by famine now and in the very near term and is not directly geared towards achieving purely economic objectives. However, activities under Component 2 aim to help farmers restart crop and livestock production and are expected to improve the conditions for beneficiaries in the target areas, build beneficiaries' assets and thereby improve their livelihoods and resilience. Protecting and strengthening agricultural productivity has the potential to expand markets for commodities produced by small-scale producers, enhance the local economy, and contribute to strengthen communities' resilience.
- 3. Methodology.** The analysis characterizes potential benefit streams from subcomponent 1.1 and 1.2, which cannot be quantified in this analysis; and provides a cost-benefit analysis (CBA) for investments to restart crop and livestock production under subcomponent 2.1 (with a budget of US\$7.5 million). For the CBA, assumptions and results are reported in constant US\$ terms. Where applicable the analysis uses the shadow exchange rate, of US\$1 equal to 110 SSP (March 2017, source: personal communication). For the economic analysis, financial prices and costs are converted to economic values using conversion factors ranging from 0.7 to 1.1, to reflect the differences between local and imported crop prices including transport and non-tariff barriers, a 15 percent value added tax (agricultural inputs are exempt), and the shadow cost of labor.<sup>19</sup> Most assumptions are taken from the economic analysis of a related project - Southern Sudan EFCRP (P147900; 2014).
- 4. Beneficiaries.** The project targets approximately about: (i) 250,000 people benefiting from direct food assistance; (ii) 200,000 children and pregnant/lactating mothers benefiting from nutrition support; (iii) 200,000 individuals benefiting from WASH; and 30,000 households who will be supported to resume agricultural production (75 percent for crop production and 25 percent for livestock production).

#### *Benefit streams per component*

- 5. Benefits from unconditional food support (Subcomponent 1.1).** This emergency response operation has a strong economic argument for food assistance, which aims at protecting lives and human capital in the short term. By providing food security requirements, food assistance can increase

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<sup>19</sup> Based on data in Table 32 of World Bank 2012 (Agricultural Potential, Rural Roads, and Farm Competitiveness in South Sudan), the following factors were used: sorghum price factor = 0.7, maize price factor = 1.1, a simple average was used for the investment costs factor = 0.9, a lower factor was used for the shadow cost of labor = 0.8, and the operating costs factor was approximated as 0.85 assuming no VAT and 75 percent labor.



beneficiaries' ability to work, increase labor supply, and also guarantee children's cognitive development. A recent study in South Sudan found that short-term food transfers assisted the households to invest in durable assets and spread gains from a short-term transfer program over their life-cycle. While it is often argued that food transfer could create disincentives for work in some situations, evidence from this study did not point to any discernible effects of the transfers on the hours of work or the type of economic activities of adult members of beneficiary households. At the same time the study found that the transfers led to an increase in school enrolment rates for girls and also had a positive impact on livelihood and value of transfers given out by households, which is perceived as a risk-sharing strategy.<sup>20</sup> Similar benefits are expected to accrue through this project.

**6. Direct benefits from the integrated malnutrition management (Subcomponent 1.2).** As borne-out by several studies, failing to address acute and chronic malnutrition produces significant loss of human and economic potential. High levels of chronic malnutrition result in mortality and morbidity, representing a direct loss in human capital or impeding further human capital development, increase short-term government fiscal costs, and lead to loss of productivity and stagnated economic growth in the long term. At a micro level, one percent loss in adult height as a result of childhood stunting translates into a 1.4 percent loss in productivity of the individual. On the macroeconomic level, high rates of malnutrition can lead to a loss in GDP of as much as 4 to 5 percent.<sup>21</sup> Other studies suggest that the economic cost of malnutrition can even range up to 16 percent of GDP in most affected countries.<sup>22</sup> Project support to meet the nutritional needs of beneficiaries would thus help avert such negative long-term impacts that would otherwise occur.

**7. Benefits from restoring agricultural production (Component 2).** First, the drought led to reduced harvests for affected households and as a coping mechanism, most households resorted to distress sales of productive assets (e.g. livestock) as well as to the consumption of saved seed that would otherwise would be used in the next cropping cycle. In response to this, the project will support the distribution of inputs for cereals and legume production such as maize, sorghum, cowpeas, or beans and support the restocking of small ruminants and advisory services for animal healthcare where relevant.

**8. Financial net benefits from crop production (Subcomponent 2.1).** This analysis uses a representative crop model for sorghum and maize<sup>23</sup> to estimate the financial gross margins for the project area. For maize and sorghum, prices ranged from approximately 14.8SSP/kg (US\$0.13) in January 2016 to 68SSP/kg (US\$0.62) and 60SSP/kg (US\$0.55) respectively, in December 2016, with peak values in July 2016 of approximately 74SSP/kg (US\$0.67).<sup>24</sup> For the financial analysis, prices of December 2016 are used. In 2016, 56 percent of subsistence farmers cultivated an average of 0.84 hectare, and 25 percent farmers cultivated about 1.47 hectare,<sup>25</sup> thus an average of 1 ha/ beneficiary is assumed. The analysis assumes that the investment leads to cropping on 22,500 ha (55 percent sorghum; 45 percent maize). Table A3.1 presents the annual gross margins for sorghum and maize.

<sup>20</sup> Sulaiman, S. (2011): Incentive and crowding out effects of food assistance: Evidence from randomized evaluation of a food-for-training project in South Sudan. <http://www.africaneconomicconference.org/2012/Documents/Papers/AEC2012-017.pdf>

<sup>21</sup> Torero, M (2014): Food security brings economic growth – not the other way around. IFPRI BLOG.

<sup>22</sup> European Parliament. Background Document. The social and economic consequences of malnutrition in ACP countries. [http://www.europarl.europa.eu/meetdocs/2009\\_2014/documents/acp/dv/background/\\_background\\_en.pdf](http://www.europarl.europa.eu/meetdocs/2009_2014/documents/acp/dv/background/_background_en.pdf)

<sup>23</sup> The models have been established in the course of the project P147900 Southern Sudan EFCRP.

<sup>24</sup> Crop and Livestock Market Information System South Sudan (December 2016): Juba Bi-Weekly Price Watch – December 2016, Week 4. [http://www.climis-southsudan.org/uploads/publications/2016\\_Dec\\_Week4\\_Juba\\_Bi-Weekly\\_Bulletin.pdf](http://www.climis-southsudan.org/uploads/publications/2016_Dec_Week4_Juba_Bi-Weekly_Bulletin.pdf).

<sup>25</sup> WFP/FAO/UNICEF/Government of South Sudan (2016): South Sudan Food Security and Nutrition Monitoring Bulletin. March 2017.



**Table A3.1. Representative farm gross margins for sorghum and maize**

	Unit	Financial Analysis		Economic Analysis	
		Sorghum	Maize	Sorghum	Maize
Share of project area	%	55	45	55	45
Yield	kg/ha	900	800	900	800
Crop price	US\$/kg	0.55	0.62	0.39	0.68
Operating costs by Project	US\$/ha	200	125	170	106
Operating costs by farmer	US\$/ha	200	125	170	106
Gross Margin	US\$/ha	95	246	6	333

Sources: Averages based on field survey data February-March 2011 as reported in Sebit (2011) and World Bank (2012) and authors' estimates.

9. **Economic returns on investment in agricultural productivity.** The financing for component 2.1 is US\$5.0 million-of which 75 percent is assumed to be operating cost - and which is matched by US\$3.7 million operating cost borne by farmers, which can include e.g. labor and additional inputs (in addition to project inputs). Financial gross margins and investment costs are converted into economic values. Results in Table A3.2 show that the entire investment cost is recovered in benefits in year 1 because it turns a positive net benefit of US\$2.1 million or US\$98/farmer or hectare that is cropped (see Base Case in Table A3.3). If the net benefits are projected forward for 15 years with a 6 percent discount rate,<sup>26</sup> the benefit cost ratio is 1.5 and the economic net present value (NPV) is US\$32.3 million. Note that the economic rate of return (ERR) cannot be calculated when there is no net investment in year 1. Sensitivity analysis shows that sorghum production has a higher sensitivity to declining crop yields; the economic rate of return remains quite high, even for declining crop yields of 30 percent.

**Table A3.2. Annual net benefits - increased agricultural productivity**

US\$ million	Financial Analysis		Economic Analysis	
	Year 1	Year 6-onwards	Year 1	Year 6-onwards
Gross value from increased production	11.1	11.1	9.8	9.8
Operating costs covered by Project	-3.7		-3.2	
Operating costs covered by farmers	-3.7	-7.5	-3.2	-6.4
Remaining Component 2 (crops) budget	-1.3		-1.3	
Annual net benefit	2.4	3.7	2.1	3.5

Source: Authors' estimates, based on P147900 Southern Sudan EFCRP.

**Table A3.3. Economic returns on investment - increased agricultural productivity**

	Unit	Base Case	-20% crop yields	-30% crop yields
Economic gross margin - Sorghum	US\$/ha	6	-63	-97
Economic gross margin - Maize	US\$/ha	333	224	169
Net Investment Benefits Year 1	US\$ million	2.1	0.2	-0.8
	US\$/farmer	95	8	-36
	US\$/ha	95	8	-36
Payback period	Years	1	1	3
Benefit Cost Ratio (6%, 15 years)	Ratio	1.5	1.2	1.1
Net Present Value (6%, 15 years)	US\$ million	32	13	4

<sup>26</sup> Technical Note on Discounting Costs and Benefits in Economic Analysis of World Bank Projects (World Bank, 2015).



Economic Rate of Return (15 years)	%	N/A	N/A	63%
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Source: Authors' estimates, based on P147900 Southern Sudan EFCRP.

10. **Other benefit flows that were not analyzed:** Upon data availability, several other benefit flows could be analyzed beyond the value of restored farm production. These include the project's impact on: i) household food gap and caloric availability; ii) availability, sale and purchase of assets; iii) other coping strategies such as migration and withdrawing children from school; iv) ability to obtain credit; and v) use of social services such as for health and education. The analyzed benefit streams exclude long-term benefits from employment from cash for work as well as from improved nutrition and education resulting from the cash transfers. Crop and livestock production knowledge provided as part of the input distribution may also benefit people who are not the targeted beneficiaries who may also be located outside the project area. In addition, as demonstrated in Annex 5, the project constitutes an annual net carbon sink of ca. -13,793 tCO<sub>2</sub>-eq, due to the improvement of crop production practices. Valued at a social cost of carbon of US\$30, which allows to quantify the avoided losses and damages from reducing one ton of CO<sub>2</sub>-eq emissions, this would result into an annual benefit stream of US\$413,790.

11. **Rationale for the public financing.** South Sudan has experienced years of civil war and the economy has significantly deteriorated in many areas of the country, leading to economic crisis including hyperinflation, depreciation of the South Sudanese pound and soaring food prices. The current drought has widened the already high cereal crop deficit, contributing to the current high level of food insecurity and subsequent formal declaration of famine. In December 2016, 67 percent of households across the country faced moderate to severe food insecurity. Only 26 percent of households were found to have acceptable food consumption. The drought conditions have led to significant drops in income from agriculture and livestock activities, at the same time food prices are sky-rocketing with a year-on-year increase of 500 percent in December 2016.<sup>27</sup> In such a crisis situation, this emergency operation which provides food and nutrition support to protect human lives, is an appropriate instrument for assisting the affected vulnerable sections of the population.

12. **Value added by the Bank's support.** The World Bank's value added under this Project will be in three main areas: (a) promoting knowledge and experience sharing; (b) encouraging a more results oriented emergency response program, and (c) optimizing the use of funds.

13. *Promoting knowledge and experience sharing:* The Bank has over the years gained significant knowledge and experience in supporting emergency responses to crises, including food insecurity. This knowledge has already been brought to bear in the design of the Project. This support will be further expanded during implementation support missions. The key challenge is to strengthen the link between immediate and medium-term responses to the famine, as opposed to operating on a purely relief basis, so as to foster recovery and resilience of affected farmers. This distinction lies at the heart of the design decision to support re-engagement into crop and livestock production.

14. *Encouraging a result oriented emergency response program:* The Bank commitment to the regular measurement of progress in relation to a well-defined results framework reinforces the results orientation of this investment. This is backed by the regular review of results achieved during each implementation support mission and the evaluation of factors that may speed or undermine the achievement of the expected results.

<sup>27</sup> WFP/FAO/UNICEF/Government of South Sudan (2016): South Sudan Food Security and Nutrition Monitoring Bulletin. March 2017.



15. *Optimizing the use of funds:* The Bank's support assures a continuing commitment to build Government management systems for its development investments. These include basic fiduciary management under laid by the Bank's backstop training and advisory support for financial management and procurement, as well as the strengthening of monitoring and evaluation systems.



## ANNEX 4: ENVIRONMENT AND SOCIAL SAFEGUARDS ACTION PLAN

### COUNTRY: South Sudan South Sudan Emergency Food and Nutrition Security Project

*The following section outlines the requirements of the Environmental and Social Safeguards Action Plan that has been prepared to ensure compliance with safeguards in line with the World Bank's Operational Policy OP 10.00 paragraph 12.*

#### Background

1. The proposed South Sudan EFNSP is prepared and implemented according to Paragraph 12 of the World Bank's Operational Policy 10.00, which allows for certain exceptions to the requirements of the IPF policy, including deferral of safeguards requirements, if the Bank deems the client to be in urgent need of assistance.
2. **Almost twelve years after gaining autonomy and then subsequent independence in 2011, South Sudan still struggles to break out of the conflict trap.** Conflict resumed in December 2013 and, despite a brief period of optimism following the Agreement for the Resolution of Conflict signed in August 2015, still continues. The conflict started in Juba and then was focused on the Greater Upper Nile Region; however recently there has been organized violence in previously peaceful areas such as Central and Eastern Equatoria. The hostilities and unrest have led to massive displacement (both because of the fighting itself as well as fear of the violence). Available statistics indicate that over 2 million persons are now internally displaced including over 200,000 civilians who have sought protection in the UN PoC sites across the country. Further, some 1.4 million persons have sought refuge in neighboring countries.
3. **Conflict has resulted into a near collapse of the economy.** Currently, the country exhibits all the signs of macroeconomic collapse. There have been sharp declines in output, and a spike in the parallel exchange market premium. The economy is expected to further contract by about 11 percent with both the oil and non-oil sectors expected to decrease. The fiscal deficit remains wide, although real magnitudes are difficult to estimate given the hyperinflation and lack of real time data. Based on the 2016/17 budget, the fiscal deficit is estimated at about 14 percent of GDP. Export revenues decreased due to declining oil prices and lower oil production. There is an accelerated depreciation of the pound, with the SSP depreciating on the parallel market from SSP 18.5 per US dollar in December 2015 to reach SSP 110 per US dollar in March, 2017. This follows the move to a managed floating exchange rate from a fixed exchange rate.
4. **Drought that was experienced in parts of the country over the last cropping season, acting in concert with several other factors<sup>28</sup>, has led to extreme scarcity of food and famine in some parts of the country.** Preliminary findings from the FAO/WFP CFSAM show that partly due to the drought, overall food production for 2016 (the last harvests of which came in January, 2017) is estimated at about 10 percent below the already low and insufficient long-term average of 826,000 tons. The climate outlook for the March to May 2017 season for the southern part of the country (a major food production area) indicates

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<sup>28</sup> These include: (i) the current drought in the Horn of Africa, which has reduced overall output in primary exporters Uganda and Sudan and limited the food imports that South Sudan can viably access; (ii) high food prices mainly driven by depreciation of the local currency and a very high inflation rate; (iii) declines in crop production from already low levels due to insecurity and displacement of farmers; and (iv) destabilization of markets due to restrictions to movement in commodity-supply corridors.



an increased likelihood of below normal rainfall, thus pointing to bleak prospects for improved domestic production even over the coming cropping cycle. Similar drought conditions in the region, especially Uganda and Sudan, have served to aggravate the situation by limiting the amount of imports.

5. **In addition to reductions in own food production, the deterioration of the macro-economy, high inflation and the shortage of foreign currency has eroded people's purchasing power, especially that of the most vulnerable, curtailing their ability to access food through the markets.** The sharp depreciation of the SSP has impeded the flow of commercial food imports into the country, resulting in substantial increases in imported food prices. In January 2017, retail food prices in all monitored markets were much higher than the same month in 2016. For example, a kilo of sorghum had increased by about 629 percent in Juba, and 86 percent in Bentiu compared to the same time last year. The price of maize increased by 1,017 percent in Juba, while the price of beans, one of the major food imports, increased by more than 150 percent compared to last year (despite the recent introduction of reduced customs duty on imported food to relax the pressure on prices). In general, on average, the prices of most food crops in major markets now hover around 345 percent to 1100 percent above their long-term average (2007-2015).

6. **Overall, according to the National Bureau for Statistics, the Consumer Price Index increased by 480 percent from February 2016 to February 2017 mainly on account of higher food prices.** The highest increases are registered for bread and cereals, with prices increasing by more than 600 percent between December 2015 and December 2016 (see Figure 1). Such extreme increases in prices have had a serious adverse impact on the purchasing power and the food security of poor households, the majority of whom depend on the market for their food supplies.

7. **EFNSP primarily seeks to provide emergency food security assistance to the most vulnerable sections of the population and prevent or address malnutrition, especially among children and pregnant/lactating mothers.** In addition, the project will support the resumption of crop and livestock production and therefore recovery of livelihoods for sections of the farming population, which could engage in crop and livestock activities when the drought begins to recede. Broadly, the project contributes to the attainment of SDGs on ending hunger, achieving food security and improved nutrition (SDG2); and SDG1 on ending poverty in all its forms as the proposed support will also help prevent beneficiaries from sliding further into poverty. To the extent that the project will contribute to poverty reduction, it is also aligned with the World Bank's Strategic Goal of ending extreme poverty.

8. **The project dovetails with key elements of the SSDP - the Government's strategy for reconstruction, growth and development.** Under its Economic Development Pillar, among others, the SSDP identifies ensuring food security as an over-riding goal and imperative for the government especially as it would contribute to achieving stability and buttressing the legitimacy of the government. The strategy places emphasis on attaining food security through increased own production, one of the areas of focus under this project.

9. **The proposed project is in line with the World Bank Group's ISN and the engagement in South Sudan, which has been focused on supporting livelihoods and provision of basic social services for South Sudan.** The objective of the ISN is to stabilize the country and it thus focuses on two program clusters, including: (i) improving economic management and governance for effective local service delivery, and (ii) expanding productive employment opportunities. However, the ISN also seeks to take advantage of short-term opportunities that arise to make tangible improvements in livelihoods and thus, besides investments in long-term endeavors (such as institution building), calls for operations which meet immediate needs and manage emerging stresses. This operation seeks to address urgent food security needs of distressed



people and would thus be consistent with the overall ISN objective of stabilization of the country. The work also aligns closely with Pillar 2 (Vulnerability and Resilience) of the Africa Strategy which emphasizes the need to reduce vulnerability and to buffer countries from myriad shocks including those related to food insecurity, among others.

10. The proposed EFNSP will focus on two main areas of support: (i) providing emergency support for immediate food and nutrition security requirements, and (ii) assisting farmers to re-engage in crop and livestock production to meet their own food security requirements. The project's design is informed by the following main considerations and principles: (i) the need to quickly respond to the emergency needs of the most vulnerable, while also helping affected communities to reclaim their livelihoods by reinforcing their resilience; (ii) prioritizing life-saving interventions that address urgent survival needs while also providing support to mitigate lasting impacts of the food scarcity on people's health, ability to learn, and earn a living; (iii) impartial and conflict-sensitive targeting of assistance to avoid exacerbating ongoing tensions in the country; (iv) flexibility in geographical targeting to maintain relevance and appropriateness of the project in addressing the ever changing food insecurity hotspots in the country; and (v) strengthening the 'relief-development' nexus. The project will be organized around two main components as described below.

11. **Project Description.** The project objectives are: (i) to provide food and nutrition support for the protection of lives and human capital of eligible beneficiaries; and (ii) to help farmers to re-engage in agricultural production in select drought affected areas in South Sudan.

**Component 1: Support to Human Capital and Livelihoods Protection SDR31.0 million (US\$42.0 million equivalent)**

12. The objective of this component is to increase access to food for the food insecure and most vulnerable, protect the human capital of children and prevent negative coping strategies by poor households. The drought-conflict dynamic in South Sudan has generated two broad segments of vulnerable and food insecure populations currently in need of direct food and nutrition support. There are those, who because of area insecurity, displacement, old age, disability and other incapacities have been and are still unable to engage in agriculture or any productive work to at least meet some of their basic food and nutrition requirements. On the other hand, are those, who even while living in relatively secure enclaves, were affected by drought and thus were not able to produce enough food to meet their basic household food and nutrition security requirements. Both of these groups will be supported through unconditional food transfers as well as nutrition support. The provision of unconditional food support is a productive expenditure and is necessary to meet the PDO as it would: (i) help protect the future of a generation of young children who are faced with malnutrition; (ii) protect socioeconomic assets by preventing negative coping strategies, such as selling productive assets and incurring debt, which would undermine future production and productivity, and (iii) allow for more rapid re-engagement in production and rebuilding of livelihoods when security improves and favorable conditions for production return.

**Subcomponent 1.1: Support to Unconditional Food Transfers SDR14.8 million (US\$20.0 million equivalent)**

13. The main focus of this subcomponent will be on provision of food assistance, as General Food Distribution (GFD) to the broad universe of eligible beneficiaries in a selected affected area so as to counter starvation, prevent hunger related deaths, livelihood erosion and also mitigate against conflict that could arise from lack of food. The general food rations will comprise of cereals, pulses, salt and fortified vegetable oil over a 5-months period. The amount of food rations to be provided would have to





be sufficient to provide 2100 calories per person per day, which is the minimum energy requirement necessary to maintain a normal and active life. In the special cases, where people are fleeing from conflict the rations could include high energy biscuits.

***Subcomponent 1.2: Support to Integrated Management of Malnutrition SDR16.2 million (US\$22.0 million equivalent)***

14. Support under this subcomponent will go towards an integrated nutrition security intervention that specifically seeks to meet the urgent nutritional requirements of children under the age of five and both the pregnant women and lactating mothers. To prevent wasting, the nutritional needs of children, (including those in the critical 1000-day window and those between 6-59 months) as well as those pregnant and lactating mothers in areas with GAM rates exceeding 15 percent (and for populations classified as being in crisis and emergency levels by the IPC exercise) will be addressed using specialized foods provided through BSF. The nutrition needs of pregnant and lactating mothers as well as those of children that already suffer from moderate to acute malnutrition will be addressed through TSF. Support will also be extended to the integrated management of SAM through screening and treatment of SAM children, establishment of Stabilization Centers, reopening of OTPs; procuring, prepositioning and distributing therapeutic nutrition supplies. For improved effectiveness of the nutrition intervention, support will be provided for WASH, prevention and treatment of common diseases (e.g. malaria, measles etc.) as well as for protection services targeting the most vulnerable children and women.

15. Eligible beneficiaries would be identified based on surveys and predetermined criteria to be implemented through a facilitated community targeting process, which would determine who, for how long, how much and with what types of food the beneficiary would be supported. Given the current insecurity, special attention will be given to the safety of beneficiaries at collection points for general food rations. In the event that violence, especially against women is reported, consideration will be accorded to introducing on site feeding. In addition, in light of the current food supply situation in the region (as a result of the drought), care will be taken during sourcing of the food commodities (especially cereals) to ensure that these procurements for South Sudan do not distort or cause price spikes in neighboring countries. In addition, support will be provided for mainstreaming child protection as well as GBV response and prevention in humanitarian aid.

***Component 2: Support to the Re-engagement in Crop and Livestock Production SDR5.5 million (US\$7.5 million equivalent)***

16. Agriculture is the major source of livelihoods for the population that is currently affected by food scarcity. Most households engage in production both to meet the food and nutritional needs of their families and to earn cash income from sales of grains, live animals, and livestock products. As is always the case in communities with minimal coping strategies, the drought situation in South Sudan has led to a depletion of the productive capacity of farmers, thereby constraining their preparations for the next possible production season. For example, whereas most farmers rely on seeds saved from previous harvests or sourced from neighbors for the next season's planting, extreme food scarcity has forced most of them to deplete such seed sources to meet immediate food requirements of starving families.

17. In addition, most households in South Sudan (include rural farming households) are net food buyers and the increase in food prices over the last two years has forced them to adopt negative coping mechanisms such as distress sale of household agricultural assets, especially livestock such as sheep and goats. Farmers have also lost a large number of livestock to the drought due to lack of adequate pasture, water, and opportunistic diseases that are aggravated by poor animal health. The economic crisis has also



affected urban populations, which are more dependent on markets and wages for their livelihoods and who, unlike their rural peers, typically lack traditional coping mechanisms e.g. hunting and gathering. The objective of this component is to help farmers, affected in these ways by the drought, to re-engage in crop and livestock production when conditions favorable to production next occur. Where possible, support for production will also be extended to urban communities through urban gardening initiatives. Such support is expected to increase food availability and therefore break the cycle of dependence on food support over the coming seasons. This component will have two subcomponents.

***Subcomponent 2.1: Support to Crop Production SDR3.7 million (US\$5.0 million equivalent)***

18. This sub-component will help farmers affected by the food scarcity to engage in production over the next cropping season, when favorable rains return. The project will support: (i) purchase and distribution of agricultural inputs and planting materials such as seeds and tools,<sup>29</sup> in the form of starter packs; (ii) rebuilding or distribution of assets for postharvest handling and food storage – for example household granaries and food storage bins; and (iii) provision of extension services around the package of production inputs and postharvest handling technologies supported by the project. The amount of seed will be calibrated to individual household needs to ensure that it is enough to provide one year of staple crops and six months of nutritious vegetable for a whole family. While the seeds and tools will be provided prior to the onset of the rainy season, any assets for post-harvest handling and food storage will be transferred in the middle of the cropping season. Where feasible and appropriate, this support will be extended to urban households as well as beneficiaries in PoC sites to enable them undertake production for example through kitchen gardens.

***Subcomponent 2.2: Support to Livestock Production SDR1.8 million (US\$2.5 million equivalent)***

19. This sub-component will support livestock production to improve food security, incomes and nutrition of affected communities. Project support will be provided for three major interventions: (i) restocking of livestock – mainly small ruminants (sheep and goats) and backyard poultry; (ii) animal health care through campaigns, vaccinations, de-worming, provision of mobile veterinary services; and (iii) advisory services and capacity building for livestock farmers. These activities will stimulate livestock recovery within a very short time after the onset of rains. The target farmers would be identified by the community through the involvement of local leaders and social mobilization efforts. The targeting mechanism will give preference to: (i) women headed households that are already keeping livestock, and (ii) households where women are predominantly involved in livestock management and the women are already organized in groups that have gained experience in sharing breeding stocks such as bucks.

20. Anecdotal information currently emerging from South Sudan points to the key role that artisanal fishing has played in saving the displaced from hunger and starvation as they flee from conflict and hide in swamps and marshlands. In this case, where relevant and feasible, support will be provided for fishing gear to sustain the survival needs of those who would be dependent on artisanal fishing.

***Component 3: Support to Project Implementation Arrangements SDR0.4 million (US\$0.5 million equivalent)***

21. This component is designed to finance administrative costs of the PIU, including, financial management, procurement, environment and social safeguards management, monitoring, reporting and

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<sup>29</sup> Care will be taken to ensure that the tools that are provided are not of the type that can be used as weapons such as machetes.



evaluation of activities under the project.

22. **Possible Social and Environmental Impacts/Risks.** There are no significant irreversible environmental and social impacts expected from proposed project activities; therefore, the proposed environmental screening category is B. The small public works envisaged under the Project will be carried out within existing villages and are designed to be purely of a maintenance nature (e.g. minor repairs to roads, bridges, community granaries, water points, etc.). No land acquisition is expected. And the key principles of the Indigenous Peoples policy will be embedded in project design and implementation and no separate IPP is being prepared. The Social Assessment undertaken for the South Sudan ADFSP will be updated and adapted for the proposed project and disclosed.

23. **The following World Bank Safeguard Policies are triggered:** (i) Environmental Assessment (OP/BP 4.01), (ii) Pest Management (OP/BP 4.09), and (iii) Indigenous Peoples (OP/BP 4.10). The applicable safeguard policies have been confirmed.

24. *Environmental Assessment OP/BP 4.01:* This policy is triggered due to the potential environmental and social impacts associated with the project investments. The primary safeguards instrument will be the ESMF, which will be prepared during the first three months of project effectiveness since the Project, is being prepared as an Emergency Operation under paragraph 12 of OP 10.00. The ESMF will be based on the one prepared for the South Sudan ADFSP and the ongoing Southern Sudan EFCRP and will contain sample ESMPs designed for the small works which are envisaged. For the small works, site specific ESMPs will be prepared and used to guide the implementation of subprojects at the local level.

25. *Pest Management OP 4.09:* The Pest Management Policy is triggered, as there is a chance that the project will finance pesticides or treated seeds. An IPMP will be prepared during the first three months of project effectiveness since the Project is being prepared as an Emergency Operation under paragraph 12 of OP 10.00. The IPMP will be based on the one prepared for the on-going Southern Sudan EFCRP.

26. *Indigenous Peoples OP/BP 4.10:* The Indigenous Peoples policy is triggered as analysis by the World Bank and other experts confirms that the overwhelming majority of people in the proposed project areas are expected to meet the requirements of OP 4.10. The project will comply with the requirements of OP 4.10 by ensuring that implementation arrangements at the field level embed its basic principles of a free, prior, and informed consultation leading to broad community support for the proposed Project. The use of pre-determined criteria for targeting which will be universally applied through the community-based approach would prevent exclusion along with an accessible GRM. No separate IPP is to be prepared.

27. *Natural Habitats OP/BP 4.04:* The Natural Habitats Policy is not triggered. The small public works envisaged under the Project will be carried out within existing villages and are designed to be purely of a maintenance nature (e.g. minor repairs to roads, bridges, community granaries, water points, etc.).

28. *Physical Cultural Resources (PCR) OP/BP 4.11:* The Physical Cultural Resources Policy is not triggered; however, the ESMF and site specific ESMPs will address chance find procedures for physical cultural resources. The small public works envisaged under the Project will be carried out within existing villages and are designed to be purely of a maintenance nature (e.g. minor repairs to roads, bridges, community granaries, water points, etc.).

29. *Involuntary Resettlement OP/BP 4.12:* Although the project might fund small construction activities under the proposed support to WASH (Component 1.2), and postharvest management (Component 2.1), the Involuntary Resettlement policy is not triggered. Potential small infrastructure to be supported would not require land acquisition and any land will be obtained through voluntary donations following due



process and proper documentation. While land is still in abundance in South Sudan, sections of available land that are accessible have shrunk due to conflict and insecurity. Potential small infrastructure like water points, communal grain storage facilities would not require land acquisition and any land will be obtained through voluntary donations following due process and proper documentation. The PIU is familiar with OP 4.12 requirements as it has in the past prepared, finalized and disclosed a RPF, in accordance with OP 4.12 under the EFCRP. In the event that there is any unexpected involuntary resettlement, this RPF will be updated, as necessary, re-consulted on and re-disclosed.

30. *Forests OP/BP 4.36:* The Forests Policy is not triggered. The small public works envisaged under the Project will be carried out within existing villages and are designed to be purely of a maintenance nature (e.g. minor repairs to roads, bridges, community granaries, water points, etc.).

31. *Safety of Dams OP/BP 4.37:* The Safety of Dams Policy is not triggered.

32. *Projects on International Waterways OP/BP 7.50.* The Projects on International Waterways Policy is not triggered.

33. *Projects in Disputed Areas OP/BP 7.60:* The Projects in Disputed Areas Policy is not triggered.

#### **Safeguard Instruments, Mitigation Process and Implementation Schedule.**

34. The Project is being prepared as an Emergency Operation under paragraph 12 of OP10; therefore, the ESMF and IPMP will be prepared during the first three months of project effectiveness based on the ESMF and IPMP prepared for the South Sudan ADFSP. The ESMF will contain sample ESMPs designed for the small works envisaged. Site specific ESMPs will be prepared and used to guide the implementation of subprojects at the local level.

35. **Institutional Arrangements for Implementing Safeguards.** The MAFS, responsible for implementing the project has experience with World Bank-funded operations and has prepared and disclosed ESMF, IPM and RPF as part of previous Bank supported operations.

36. **Borrower's institutional capacity to prepare, implement and monitor safeguard instruments.** At the national level, South Sudan's capacity for preparing, implementing, and monitoring safeguards instruments and policies is severely limited; however, the MAFS has good experience implementing similar projects with low social and environmental impacts. The safeguards instruments for EFNSP (ESMF, site specific ESMPs, IPMPs, etc.) will be based on those prepared and implemented under the Southern Sudan EFCRP.

37. **Safeguards Implementation Schedule.** According to the Legal Agreements, the PIU will contract an environment and social specialist to deliver and supervise the implementation of the safeguards instruments. The ESMF and IPMP will then be prepared and submitted to the World Bank for review and approval within three months of effectiveness. Site specific ESMPs will be prepared, consulted on (along with the overall works design), and approved by the Bank prior to the commencement of each small-scale works that is undertaken. The PIU will be responsible for supervising the preparation and implementation of all safeguards instruments and ensuring that the necessary training envisaged under the ESMF and IPMP is delivered to stakeholders.

38. **Social Assessment.** Additionally, for support to the recovery of crop production, the *Social Assessment* undertaken for the South Sudan ADFSP will be adapted within three months of project effectiveness and disclosed. This will inform the effective targeting of both men and women in the target areas given their gender-disaggregated roles in agriculture – both crop and livestock production. The Social Assessment will guide the adoption of an inclusive and conflict-sensitive process in project implementation.



## ANNEX 5: GREENHOUSE GAS ACCOUNTING

### COUNTRY: South Sudan

#### South Sudan Emergency Food and Nutrition Security Project

- 1. Corporate mandate.** In its 2012 Environment Strategy, the World Bank has adopted a corporate mandate to conduct GHG emissions accounting for investment lending in relevant sectors. The ex-ante quantification of GHG emissions is an important step in managing and ultimately reducing GHG emissions, and is becoming a common practice for many international financial institutions.
- 2. Methodology.** To estimate the impact of agricultural investment lending on GHG emission and carbon sequestration, the World Bank has adopted the Ex-Ante Carbon-balance Tool (EX-ACT), which was developed by the FAO in 2010. EX-ACT allows the assessment of a project's net carbon-balance, defined as the net balance of CO<sub>2</sub> equivalent GHG that were emitted or sequestered because of project implementation compared to a without project scenario. EX-ACT estimates the carbon stock changes (emissions or sinks), expressed in equivalent tons of CO<sub>2</sub> (tCO<sub>2</sub>-eq) per hectare and year.
- 3. Project boundary.** Project activities that can be assessed in EX-ACT include:
  - Recovery of crop production: The project introduces improved agronomic practices and manure application for millet on 5,000 ha, maize on 10,000 ha, and sorghum on 6,000 ha; improved agronomic practices for beans on 1,500 ha. Without project no improved management practices are assumed.
  - Recovery of livestock production: the project targets ca. 7,500 households with improved animal health services. Currently no information is available on the number of small ruminants or number of cattle that will be targeted. Of the livestock owners, 5 percent own large herds of more than 200 cattle, 20 percent own between 51 to 200 heads of cattle while the majority 75 percent of the livestock owners have small herds of less than 50 heads of cattle.<sup>30</sup> For the analysis we assume 40 cattle per household. The Implementation Completion Report (ICR) of the Livestock and Fisheries Development Project (LFDP) found that improved animal health services could reduce mortality rate by 5 percent, from 10 percent. Thus, with project a mortality reduction of 15,000 cattle is assumed.
- 4. Key assumptions.** The project areas, Unity State, Central Equatoria, and Eastern Equatoria in South Sudan, are under tropical climate with dry moisture regime. The dominant soil type is High Activity Clay. The project implementation phase is four years and the capitalization phase is assumed to be 16 years. The 20 year implementation period is standard in the use of EX-ACT.
- 5. Results.** The net carbon balance presents GHGs emitted or carbon sequestered because of the project compared to the without project scenario. Over the project duration of 20 years, the project constitutes a net carbon sink of -275,868 tCO<sub>2</sub>-eq, or -13,793 tCO<sub>2</sub>-eq annually. The project provides a sink of -12 tCO<sub>2</sub>-eq per ha, equivalent to -0.6 tCO<sub>2</sub>-eq per ha per year. The carbon sink is from improved annual crops management practices, while decreased livestock mortality constitutes a carbon source (Table A5.1).

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<sup>30</sup> IGAD Centre for Pastoral Areas and Livestock Development (ICPALD) (2015): The Contribution of Livestock to the South Sudan Economy. Final Report.



Table A5.1: Results of the ex-ante GHG analysis

Project activities	Over the economic project lifetime (tCO2-eq)			Annual average (tCO2-eq/ year)		
	GHG emissions of without project scenario (1)	Gross emissions of project scenario (2)	Net GHG emissions (2-1)	GHG emissions of without project scenario (3)	Gross emissions of project scenario (4)	Net GHG emissions (4-3)
Improved crop production practices	84,061	(505,889)	(589,950)	4,203	(25,294)	(29,498)
Reduced livestock mortality	0	314,082	314,082	0	15,704	15,704
<b>Total</b>	84,061	(191,807)	<b>(275,868)</b>	4,203	(9,590)	(13,793)
<b>Per hectare</b>	4	(9)	<b>(12)</b>	0.2	(0.4)	<b>(0.6)</b>



Table A5.2: ENFSP output indicating the net carbon equivalent GHG emission/ sequestration balance

Project Name	South Sudan Emergency Food and Nutrition Security Project		Climate Dominant	Tropical (Dry)		Duration of the Project (Years)	20				
Continent	Africa		Regional Soil Type	HAC Soils		Total area (ha)	22500				
Components of the project	Gross fluxes			Share per GHG of the Balance					Result per year		
	Without	With	Balance	All GHG in tCO2eq			N <sub>2</sub> O	CH <sub>4</sub>	Without	With	Balance
	All GHG in tCO2eq Positive = source / negative = sink			CO <sub>2</sub>							
				Biomass	Soil	Other CO <sub>2</sub> -Other	N <sub>2</sub> O	CH <sub>4</sub>			
Land use changes				CO <sub>2</sub> -Biomass	CO <sub>2</sub> -Soil						
Deforestation	0	0	0	0	0		0	0	0	0	0
Afforestation	0	0	0	0	0		0	0	0	0	0
Other LUC	0	0	0	0	0		0	0	0	0	0
<b>Agriculture</b>											
Annual	84,061	505,889	-589,950	0	-589,950		0	0	4,203	25,294	-29,498
Perennial	0	0	0	0	0		0	0	0	0	0
Rice	0	0	0	0	0		0	0	0	0	0
<b>Grassland &amp; Livestocks</b>											
Grassland	0	0	0	0	0		0	0	0	0	0
Livestocks	0	314,082	314,082				98,082	216,000	0	15,704	15,704
<b>Degradation &amp; Management</b>											
Coastal wetlands	0	0	0	0	0		0	0	0	0	0
<b>Inputs &amp; Investments</b>											
Fishery & Aquaculture	0	0	0				0	0	0	0	0
<b>Total</b>	84,061	191,807	<b>-275,868</b>	0	-589,950	0	98,082	216,000	4,203	-9,590	-13,793
<b>Per hectare</b>	4	-9	-12	0.0	-26.2	0.0	4.4	9.6			
<b>Per hectare per year</b>	0.2	-0.4	-0.6	0.0	-1.3	0.0	0.2	0.5	0.2	-0.4	-0.6



## ANNEX 6: IMPLEMENTATION SUPPORT PLAN

### COUNTRY: South Sudan South Sudan Emergency Food and Nutrition Security Project

#### Strategy and Approach for Implementation Support

1. The proposed Implementation Support Plan is informed by: (i) lessons accruing from past Bank projects in South Sudan; (ii) the risk profile of the project; and (iii) considerations of the rapid speed of the project preparation process, which would not allow for more detailed appraisal of some elements of the project, as would be the case under ideal project preparation schedules.
2. The strategy is thus to focus on ex-post risk mitigation and control measures and provision of appropriate technical guidance through frequent missions and ex-post reviews. The objective is to offer timely, flexible and efficient implementation support to the client to help mitigate the risks-especially those rated as high or substantial in the Systematic Operations Risk-rating Tool (SORT), (namely the capacity of the implementing agency and fiduciary risk). The strategy also encompasses the standard areas of support focus including safeguards and fiduciary aspects. The strategy recognizes that specialized UN agencies with requisite expertise as well as fiduciary protocols acceptable to the Bank are retained to support Government in implementation. The strategy will be periodically reviewed and revised as deemed appropriate and relies on a minimum of four comprehensive supervision missions per year.

#### Implementation Support Plan and Resource Requirements

3. Because of the country situation, the Bank Team cannot provide support in-country and will rely on reverse missions to Nairobi until such a time that a green light is received to undertake missions in the country. There will be four comprehensive supervision missions per year and these will focus on: (i) assessing implementation progress for each of the project components including the links between project activities, outputs and envisaged outcomes; (ii) providing solutions to any project implementation bottlenecks; (iii) reviewing together with the implementing agency and its partners the six month work plans and budgets; (iv) reviewing of project fiduciary aspects including disbursement and procurement; (v) ascertaining and confirming that project activities are carried out in compliance with the agreed environmental and social safeguard procedures; and (vi) technical aspects especially those related to the provision of nutrition support.
4. There will also be a Mid-term Review (MTR) approximately halfway through implementation to take stock of implementation progress, and to assess performance against the agreed set of indicators and milestones. The MTR will also provide an opportunity to reassess major design features-if necessary- to enable attainment of project objectives. At the end of the project, both the client and the Bank will conduct reviews to provide a complete and systematic account of the performance of the project and to draw lessons for future investments.
5. **Financial Management:** Based on the outcome of the financial management risk assessment, the following implementation support plan as presented in Table A6.1 is proposed.





**Table A6.1: Financial management implementation support plan**

<b>Financial management activity</b>	<b>Frequency</b>	<b>FM OUTPUT</b>
<b>Desk reviews</b>		
IFRs review	Quarterly	Interim Financial statements review report
Audit report review of EFNSP	Annually	Audit review report
Internal audit of project activities	At least once a year	Internal Audit review report
Review of other relevant information such as internal control systems reports	Continuous as they become available	FM review report
<b>Onsite visits</b>		
Review of overall operation of the financial management system including internal controls.	Once every 12 months	FM review report
Monitoring of actions taken on issues highlighted in audit reports, auditors’ management letters, internal audit and other reports	As needed	FM review report
Transaction reviews (if needed)	Annually or as needed	FM review report
<b>Capacity building support</b>		
Financial management training sessions	By effectiveness and thereafter as needed	Training sessions held

6. **Environmental and Social Safeguards:** The environment and social specialists will support relevant counterpart staff and provide any capacity building where necessary. The envisaged focus of the social supervision will be on implementation of the beneficiary targeting mechanism, while the environmental supervision will focus on the implementation of the IPMP and the Environmental Management Plans (EMPs).

**Table A6.2: Main focus of support to project implementation**

Time	Focus	Skills Needed	Resource Estimate
First 12 months	<ul style="list-style-type: none"> <li>Effectiveness/start of project activities</li> <li>Procurement of specialized entities to support Government in implementation</li> <li>Compliance with relevant safeguards policies</li> </ul>	<ul style="list-style-type: none"> <li>Agriculture Specialist (TTL)</li> <li>Agriculture Economist</li> <li>Procurement Specialist</li> <li>Financial Management Specialist</li> <li>Nutrition Specialist (FAO)</li> <li>Social Protection Expert</li> <li>Safeguards Specialist</li> </ul>	300,000
12-24 months	<ul style="list-style-type: none"> <li>Results monitoring against set targets</li> <li>Annual work plans and budgets</li> <li>Fiduciary and safeguards compliance</li> <li>MTR</li> <li>Project completion and ICR preparation</li> </ul>	<ul style="list-style-type: none"> <li>Agriculture Specialist (TTL)</li> <li>Agriculture Economist</li> <li>Procurement Specialist</li> <li>Financial Management Specialist</li> <li>Nutrition Specialist (FAO)</li> <li>Social Protection Expert</li> <li>Safeguards Specialist</li> </ul>	200,000

**Skills Mix Required**

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
• Agriculture Economics	6	4	
• Agronomy	6	4	
• Procurement	2	2	
• Financial Management	2	2	
• Nutrition	4	2	
• Social Protection	2	2	
• Safeguards	4	2	
• M&E	2	2	

**ANNEX 7: DETAILED PROJECT COSTS**

**COUNTRY: South Sudan**  
**South Sudan Emergency Food and Nutrition Security Project**



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	<u>Local (SSP'000)</u>	<u>Foreign (US \$ '000)</u>	<u>% Total Base Costs</u>
<b>A. Support to Human Capital and Livelihoods Protection</b>			
Support to Unconditional Food Transfers	229,9800.0	20,000.0	40
Support to Integrated Management of Malnutrition	252,9780.0	22,000.0	44
<b>Subtotal</b>	<u>482,9580.0</u>	<u>42,000.0</u>	<u>84</u>
<b>B. Support to Re-engagement in Crop and Livestock Production</b>			
Support to Crop Production	575,000.0	5,000.0	10
Support to Livestock Production	287,500.0	25,00.0	5
<b>Subtotal</b>	<u>862500.0</u>	<u>7,500.0</u>	<u>15</u>
<b>C. Support to Project Implementation Arrangements</b>	57500.0	500.0	1
	<u>575,000.0</u>	<u>50,000.0</u>	<u>100</u>

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MAP OF SOUTH SUDAN

REPUBLIC OF SOUTH SUDAN: South Sudan Emergency Food and Nutrition Security Project

