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The Republic of South Sudan

Livelihoods Resilience Programme (SSLRP)

Negotiated financing agreement

Executive Board — 132nd Session
Rome, 19-21 April 2021

For: **Information**

Negotiated financing agreement: "Livelihoods Resilience Programme (SSLRP)"

(Negotiations concluded on 30 March 2021)

Loan No: _____

Grant No: _____

Project name: Livelihoods Resilience Programme (SSLRP) (the "Project")

The Republic of South Sudan (the "Borrower/Recipient")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(Each a "Party" and both of them collectively the "Parties")

WHEREAS, the Borrower/Recipient has requested a loan and a grant from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

WHEREAS, the Borrower/Recipient has undertaken to provide additional support, financially or in kind that may be needed to the Project;

WHEREAS, the Project will be carried out through the Lead Project Agency and through an Implementing Agency pursuant to a separate contract to be entered into between the Borrower/Recipient and the Implementing Agency (the "IA contract") and as applicable, separate contracts to be entered into between the Implementing Agency and the Project service providers (each "Sub-project contract");

WHEREAS, the African Development Bank (AfDB) will fund USD 5.6 million on a parallel basis through the AMVAT Development Project;

WHEREAS, the Fund has agreed to provide financing for the Project;

NOW THEREFORE, the Parties hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2), and the Special Covenants (Schedule 3).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2018, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.

3. The Fund shall provide a Loan and a Grant (the "Financing") to the Borrower/Recipient, which the Borrower/Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. A. The amount of the Loan is one million nine hundred thousand US dollars (USD 1,900,000).
 B. The amount of the Grant is seven million nine hundred thousand US dollars (USD 7,900,000).
2. The Loan is granted on highly concessional terms.
3. The Loan Service Payment Currency shall be in USD.
4. The first day of the applicable Fiscal Year shall be 1st of July.
5. Payments of the service charge shall be payable on each 15 of June and 15 of December.
6. There shall be two Designated Account(s) in USD, for the exclusive use of the Project, managed respectively by the Project Coordination Unit (PCU) and IA for their respective implementation areas as specified in Schedule I to this Agreement. The Borrower/Recipient shall inform the Fund of the officials authorized to operate the Designated Accounts.
7. Two Project Accounts shall be opened in local currency by the PCU and IA respectively for the components they will be responsible for implementing as specified in Schedule I to this Agreement.
8. The Borrower/Recipient shall provide counterpart financing for the Project in an estimated amount equivalent to one million and six hundred thousand USD dollars (USD 1,600,000), in the form of taxes and duties.

Section C

1. The Lead Project Agency shall be the Borrower/Recipient's Ministry of Agriculture and Food Security (MAFS) or any successor thereto. The Lead Project Agency will designate the role of Implementing Agency for Component 1 and Component 2 to VSF-Germany, while Component 3 will be implemented by the Lead Project Agency.
2. The Project service providers (as defined in Schedule 1, Part II of this Agreement) are designated as additional Project Parties.
3. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions, with the joint participation of the Project Parties; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Project.
4. The Project Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement.
5. Procurement of goods, works and services financed by the Financing shall be carried out entirely in accordance with IFAD's Project Procurement Framework, including, inter alia, IFAD's Project Procurement Guidelines, Procurement Handbook and Standard Procurement Documents, to the exclusion of any national system.

Section D

The Fund shall administer the Financing and supervise the Project.

Section E

1. The following are designated as additional grounds for suspension of this Agreement:
 - (a) The Project Implementation Manual (PIM) and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower/Recipient, has determined that it has had, or is likely to have, a material adverse effect on the Project;
 - (b) The IA contract or the sub-project contracts entered into or any provision thereof has been assigned, waived, suspended, terminated, amended or modified and the Fund after consultation with the Borrower/Recipient, has determined that it has had, or is likely to have, a material adverse effect on the Project.
2. The following are designated as additional general conditions precedent to withdrawal:
 - (a) The IFAD No Objection to the PIM has been obtained;
 - (b) The key Project Personnel have been appointed in accordance with paragraph 7.3 of Schedule 1, Part II of this Agreement;
 - (c) The Borrower/Recipient has procured and installed an accounting software acceptable to the Fund as satisfying best practice for donor-funded projects, for use by the PCU and IA.
 - (d) The draft IA contract has been prepared and obtained IFAD's No Objection;
 - (e) The County Profiles have been duly prepared and submitted to IFAD for No Objection
 - (f) Gender and Targeting Strategy has been prepared and submitted to IFAD for No Objection.
3. The following are the designated representatives for the purpose of Section 15.03 of the General Conditions:

For the Borrower/Recipient:

His Excellency
Minister of Finance and Planning
Republic of South Sudan

For the Fund:

President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

4. The following are addresses to be used for any communication related to this Agreement for the purposes of Section 15.01 of the General Conditions:

For the Borrower/Recipient:

Deputy Minister of Finance and Economic Planning
Republic of South Sudan
Juba

Undersecretary for Planning
Ministry of Finance and Economic Planning
Republic of South Sudan
Juba

Minister of Agriculture and Food Security
Republic of South Sudan
Juba

Deputy Minister
Ministry for Agriculture and Food Security
Republic of South Sudan
Juba

Undersecretary, Food Security
Ministry for Agriculture and Food Security
Republic of South Sudan
Juba

For the Fund:

Regional Director
East and Southern Africa Division
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

Country Director
East and Southern Africa Division
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

This Agreement, [dated _____], has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower/Recipient.

THE REPUBLIC OF SOUTH SUDAN

"[Authorised Representative Name]"
"[Authorised Representative title]"

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Gilbert F. Houngbo
President

Date: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The primary target group are poor, food insecure smallholder producers engaged in fishing, cropping, and livestock production. Within these groups, there will be special emphasis on the inclusion of youth, women and vulnerable groups, such as women headed households and returnees and persons with disabilities who will receive specific attention to facilitate their social integration in agricultural production and economic activities.

2. *Project area.* SSLRP will be implemented in three (out of 10) States and five Counties: Eastern Equatoria (Magwi and Torit); Central Equatoria (Kajo Keji and Terekeka) and Jonglei (Bor). The Project will directly target 38,800 poor households. Within each of the three Counties, three Payams will be selected. Selection of Payams and Bomas will be done in consultation with the county administration and will follow the geographical criteria used in selecting the States and Counties.

3. *Goal.* The overall goal of SSLRP is to contribute to improved and resilient livelihoods among the targeted rural communities'. The Project Development Objective is to 'empower communities to participate in decision-making processes that will recover agriculture livelihoods, build household resilience and promote stability'.

4. *Objectives.* SSLRP has two main outcomes: a) communities empowered to plan and implement investments that stabilize livelihoods and build assets at the household and community levels; and b) improved access to productive assets, services and climate resilient infrastructure.

5. *Components.* The Project shall consist of the following Components: 1) Community Driven Development Planning; 2) Agriculture Production and Rural Livelihood Support, 3) Project Support and Capacity Building.

Component 0), Disaster Risk Reduction and Management, aims at providing a timely response when adverse conditions e.g. weather extremes, conflict or calamities like COVID-19 pandemic occur. Component 0 can only be triggered following the declaration of an emergency situation by the Borrower/Recipient, and/or by other competent authorities in agreement with the Borrower/Recipient. Funds would be reallocated from other components to support crisis modification under this component.

5.1 Component 1) Community Driven Development Planning

This Component's objectives are to: a) build strong and inclusive Community Based Organizations (CBOs) that will serve as promoters and managers of socio-economic change; b) work with CBOs to develop climate and gender responsive Community Development Plans (CDPs) that respond to beneficiaries' priorities; and c) identify strategic productive investments to enhance the effectiveness of the CDPs. The CDP process will be underpinned by the development of County Profiles, which will identify the key opportunities and constraints, market dynamics, infrastructure gaps, and context for IFAD's mainstreaming themes. CDP development will be achieved through a guided facilitation process.

Subcomponent 1.1: Build Strong and Inclusive Community Based Organizations (CBOs)

Subcomponent 1.2: Development of Community Driven Development Plans (CDPs)

5.2 Component 2) Agriculture Production and Rural livelihood Support

This Component will finance approved CDPs developed under Component 1, and strategic investments identified through the County Profiles and the CDPs. The types of activities to be financed include: a) labour intensive community civil works; b) agriculture production and increased productivity of households; c) off-farm income generating activities such as processing; d) strategic infrastructure for increased market linkages; and e) skills enhancement for young people to provide agriculture advisory services.

Subcomponent 2.1: Investments for Climate-Sensitive Agriculture Production and Rural Livelihoods

Subcomponent 2.2 - Community Infrastructure to Support Production and Marketing

5.3 Component 3) Project Support and Capacity Building

The objective of the Component is twofold: a) to manage SSLRP in an efficient and effective manner by providing overall coordination to planning and implementation, financial management and control, procurement support, Monitoring and Evaluation, knowledge management, and progress reporting; and b) augment the capacity of government institutions to facilitate participatory planning and development processes. SSLRP will support strengthening the national policy framework for agriculture and rural development. SSLRP will collaborate with the International Labour Organisation (ILO) and/or other Development Partners (DPs) on the development of: a) National Cooperatives Development Policy Framework and Strategy – this would provide guidance on the formation, growth and development of cooperative enterprises in the country; and b) National Rural Financial Policy Framework; it would guide the delivery of financial services to smallholder producers and resource poor farmers in the rural areas.

Subcomponent 3.1: Institutional Capacity Building and Policy Support.

II. Implementation Arrangements

6. **Lead Project Agency (LPA).** The Ministry of Agriculture and Food Security (MAFS) will be the LPA.

7. **Implementing agency (IA).** MAFS will designate VSF-Germany as the Lead Implementing Agency for Component 1 and Component 2. VSF-Germany will implement these two components in consortium with Save the Children and Action Africa Help International (AAHI) as Project service providers. VSF- Germany will implement the technical components under the oversight of a Government-led Project Coordination Unit (PCU). VSF-Germany will be responsible for procurement, financial management, M&E and meeting all the reporting requirements to the Borrower/Recipient and to IFAD for Component 2, while consolidation will take place at the PCU for transmission to IFAD and Oversight Bodies.

The IA will work closely with the PCU and the target States and Counties during activity planning and implementation to ensure consistency with State and County development agendas. The IA may work through local partners and service providers, as well as government frontline extension agents, where they exist.

7.1. *Other agreements.* The Borrower/Recipient, through MAFS, and VSF-Germany will enter into a contract, and VSF-Germany will enter into sub-project contracts with Save the Children, AAHI and other service providers, outlining specific deliverables under SSLRP. IFAD will provide its No Objection to the final draft IA contract, and to the sub-project contracts.

MAFS will implement Component 3 of the Project through the PCU, through service providers such as International Labour Organization (ILO) and other DPs to support cooperative development. IFAD will provide its No Objection to the sub-project contracts and/or MOUs with other service providers.

7.2 Responsibilities. The IA will be responsible for the implementation of the core technical Components 1 and 2. The main responsibilities of the IA will be to: a) prepare and execute the Annual Work Plans and Budgets (AWPBs), implementation progress and financial reports for components 1 and 2, which will be consolidated by the Project Coordination Unit (PCU) (for review, comment and onward forwarding to the oversight body National Technical Committee (NTC) and National Advisory Committee (NAC) and submission to IFAD; b) M&E, fiduciary and procurement systems and capacities and undertake relevant project-related fiduciary functions in compliance with IFAD Guidelines; c) work closely with the PCU and the target States and Counties during planning and implementation to ensure consistency with State and County development agendas. The IA will use government frontline extension agents where they exist, with the dual objective of strengthening their capacity and to serve as part of the exit strategy.

8. Project Management Team (PMT) under the IA. A PMT will coordinate and oversee SSLRP activity implementation. The PMT will be established under VSF-Germany within 3 months after the signing of the IA contract between MAFS and VSF-Germany.

8.1 Composition of the PMT: a) Project Manager; b) Technical Coordinator ; c) Monitoring, Evaluation and KM Officer; d) Financial Management Officer; and e) Procurement Officer. The IA will also ensure that it makes adequate arrangements for the effective implementation of the mainstreaming themes of gender, youth, nutrition and Climate Change.

8.2 Responsibilities. The PMT in the IA will be responsible for the overall implementation, coordination, and monitoring of progress of the Project. In doing so, it will supervise the work of the project service providers, and work very closely with the target communities, frontline extension agents and other relevant stakeholders, in the implementation of the Project. It will provide coordination and technical support throughout the life of the Project, including submission of project reports.

9. Project Coordination Unit (PCU). The PCU will be established as part of capacity development of MAFS and will oversee project coordination, and contracting and supervision of the IA. No later than 6 months after entry into force of this Agreement, the Borrower/Recipient shall establish, and thereafter maintain throughout the period of implementation of the Project a PCU. The PCU will be responsible for providing oversight to VSF-Germany and the work of the PMT.

9.1 Composition. The preliminary staff composition of the PCU is as follows: a) Project Coordinator; b) Monitoring, Evaluation and Knowledge Management Officer; c) Financial Management Officer and Accountant; d) Procurement Officer; e) Project Assistant; and f) Driver. The composition of the PCU will be revised in line with new responsibilities assigned to it under the proposal on Institutional Strengthening and Capacity Building for Agricultural Development in South Sudan and other relevant initiatives.

9.2 Responsibilities. The main role of the PCU will be to interface with IFAD and the Oversight Bodies i.e. National Technical Committee (NTC) and National Advisory Committee (NAC) and consolidate the AWPB, Progress and Financial Reports for transmittal to the oversight bodies and IFAD. It will also coordinate the engagement of Borrower/Recipient technical experts in the implementation of the Project, and liaise with the IA to capture generated knowledge and facilitate dissemination nationally and regionally. The PCU will also be expected to undertake periodic monitoring of the Project in the field and facilitate IFAD's supervision and implementation support missions.

A government oversight body, comprising the NAC and NTC, will provide an oversight role to ensure effective SSLRP implementation:

10. **National Advisory Committee (NAC).** It is an existing governance structure that will provide the oversight function to the Project. It is chaired by the Undersecretary in the Ministry of Agriculture and Food Security and Co-chaired by the Undersecretary Ministry of Finance and Economic Planning. NAC's core responsibility will be to provide overall policy and strategic guidance and advice to the Project for effective smooth and accountable implementation. NAC coordinates with senior management of other government ministries and development partners at all levels on issues related to the project; provides strategic and policy advice on quarterly and annual project progress reports and work plans and approves AWPBs and progress reports before they are submitted to IFAD for No Objection.

11. **National Technical Committee (NTC).** It will also be part of the governance structure, chaired by the Director General of Agriculture and Co-chaired by the Director of Ministry of Finance and Economic Planning. The NTC's responsibility will be to: a) provide technical guidance of the Project; b) update the NAC on technical and operational issues related to the Project; c) facilitate technical and operational partnerships with stakeholders within the government to advance operational/coordination issues related to the Project; d) coordinate with technical counterparts of other government agents; e) update their undersecretaries on any progress and challenges and plans of the Project; f) provide technical and operational guidance to project quarterly and annual progress reports and work plans; and g) participate in periodic monitoring of the Project.

12. **Contract with implementing agency (IA contract).** The Borrower/Recipient will enter into a contract with VSF Germany for the implementation of the core technical components i.e. Component 1, Component 2 and Component 4. The IA contract will be subject to the Fund's No Objection. The IA contract will indicate the delegation of implementation responsibility for Component 1 and Component 2 by the Government of South Sudan. It will also detail a set of performance based objectives and indicators aligned to the implementation of Annual Work Plans and Budgets.

13. **Project Service providers.** Project service providers shall be AAHI and Save the Children, and shall be vested with implementation responsibilities under the Project pursuant to the terms and conditions of this agreement, and as established in the PIM and in the respective Sub-project contracts.

13.1. *Sub-project contracts.* The IA shall enter into a Sub-project contract with each Project service provider under terms and conditions satisfactory to the Fund and subject to the Fund's No Objection, which shall, *inter alia*, include the following:

- (i) AAHI as Project service provider shall support the implementation of Component 1 on the implementation of the Community Demand Driven Development (CDD).
- (ii) Save the Children as Project service provider shall support the mainstreaming of gender, youth and nutrition across the activities in Component 1 and Component 2.

14. **Project Implementation Manual (PIM).** The Borrower/Recipient shall prepare and adopt, in form and substance acceptable to the Fund and subject to the Fund's No Objection, and thereafter carry out the Project in accordance with, the Project Implementation Manual ("PIM"), which manual shall set forth the institutional arrangements for the implementation of the Project, including the coordination arrangements as elaborated in Annex 2 of the PIM in the Responsibility and Accountability Matrices of the SSLRP Stakeholders, financial management and procurement arrangements.

In the event of conflict between the provisions of the PIM and those of this Agreement, the provisions of this Agreement shall prevail. Except as the Fund shall otherwise agree, the Borrower/Recipient shall not amend, abrogate, waiver or fail to enforce any provisions of the PIM without the prior written agreement of the Fund.

The PIM may be amended if and when necessary, and the Project shall adopt the amended PIM substantially in the form approved by the Fund.

15. Monitoring and evaluation (M&E). SSLRP's M&E system will seek to strengthen the capacity of primary stakeholders to manage the resources over which they have decision making power. Accordingly, SSLRP will adopt a hybrid type of monitoring which will combine monitoring based on the logical framework and community monitoring. The former will seek to strengthen primary stakeholder engagement and feedback while the latter will focus on providing information needed for impact-oriented project management.

The Project will collect data on project inputs/activities and the resulting outputs. Data on the project's intended outcomes will be collected annually through outcome surveys.

The M&E team will also collect, or facilitate the collection of, data on mainstreaming themes and grievance redress mechanism. These will be incorporated into annual outcome and impact surveys. Data on community indicators will also be collected annually from the second year of project implementation through community monitoring surveys.

Institutionally, the M&E will have multiple levels, that is IA, State, County, Payam and community levels that will be aligned with the project management system. Overall responsibility of M&E will rest with the IA's M&E officer who will be supported by state and county focal points and CFs. The IA's M&E officer will consolidate data and reports from states and validate the information. The officer will prepare progress reports linking physical achievements to the financial progress and estimating overall achievement of project objectives. The Project will operationalize satisfactory home-grown models of monitoring and evaluation, which will include bottom-up participatory and community-based internal learning aspects.

The PCU will carry out at least two monitoring visits per year to the target areas to ensure Government engagement and promote capacity building.

Schedule 2

Allocation Table

1. *Allocation of Financing Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Financing and the allocation of the amounts to each category of the Financing and the percentages of expenditures for items to be financed in each Category:

Category	Loan Amount Allocated (expressed in USD)	Grant Amount Allocated (expressed in USD)	Percentage (net of tax)
1.Grants	930 000	3 130 000	100%
2.Goods, services and inputs	810 000	2 970 000	100%
3.Consultancies	100 000	1 010 000	100%
4.Recurrent costs	60 000	790 000	100%
TOTAL	1 900 000	7 900 000	

(b) The terms used in the Table above are defined as follows:

- (i) Grants includes funds availed to finance Community Development Plans (CDPs) and Strategic Investments identified by the communities.
- (ii) Goods, services and inputs includes training
- (iii) Recurrent costs include salaries and allowances of PCU staff and PCU operating costs

2. *Disbursement arrangements*

- (a) *Start-up Advance.* Withdrawals in respect of expenditures for start-up costs in Category(ies) 2, 3 and 4 incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 50,000 and USD 200,000 for the PCU and IA respectively Activities to be financed by Start-up Costs will require the No Objection from IFAD to be considered eligible.

Schedule 3

Special Covenants

In accordance with Section 12.01(a) (xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower/Recipient to request withdrawals from the Loan and Grant Accounts if the Borrower/Recipient has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. *Planning, Monitoring and Evaluation.* The Borrower/Recipient shall ensure that (i) a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement.

2. As of the entry into force of this Agreement, the Borrower/Recipient covenants that: a) it shall obtain or cause to be obtained a covenant from any Project Party, to whom Financing may be disbursed under this Agreement, that such funds will not be used for any purpose contrary to this Agreement. This may include incorporating provisions in the IA contract and sub-project contracts to act in compliance with all IFAD Policies; b) it shall include in its IA contract or any other contract with service providers involved in the Project an obligation to refund any unused resources of the Financing.

3. *Compliance with the Social Environmental and Climate Assessment Procedures (SECAP).* The Borrower/Recipient shall ensure that the Project/Project will be implemented in compliance with IFAD's SECAP.

Environment and Social Safeguards. (i) The Borrower/Recipient shall ensure that: (a) all Project activities are implemented in strict conformity with the Borrower/Recipient's relevant laws/regulations; (b) all Project activities give special consideration to the participation and practices of ethnic minority population in compliance with IFAD's Policy on Indigenous Peoples (2009), as appropriate; (c) proposals for civil works include confirmation that no involuntary land acquisition or resettlement is required under the Project. In the event of unforeseen land acquisition or involuntary resettlement under the Project, the Borrower/Recipient shall ensure that the Free Prior and Informed Consent (FPIC) principles are applied and cause the Project Parties to prepare, the necessary planning documents in compliance with IFAD's SECAP; (d) women and men shall be paid equal remuneration for work of equal value under the Project; (e) recourse to child labour is not made under the Project; and (f) all necessary and appropriate measures to prepare and implement a Gender and Targeting Strategy and Action Plan to ensure that women can participate and benefit equitably under the Project are duly taken.

(ii) The Borrower/Recipient shall ensure, and cause the Project Parties to ensure, that the Project is carried out in accordance with the provisions of the Environmental and Social Management Framework ("ESMF").

(iii) The Borrower/Recipient shall prepare site specific ESMPs based on the risk screening for each sub-project.

4. *Anticorruption Measures.* The Borrower/Recipient shall comply with IFAD *Policy on Preventing Fraud and Corruption in its Activities and Operations*.

5. *Sexual Harassment, Sexual Exploitation and Abuse.* The Borrower/Recipient shall ensure that the Project is carried out in accordance with the provisions of the IFAD *Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse*, as may be amended from time to time.

6. IFAD Client Portal (ICP). The Borrower/Recipient shall ensure full compliance with ICP within 12 months after project effectiveness.