PROJECT ID No: P-SS-I00-008
GRANT No: 5900155016706

TRIPARTITE FUNDING AND IMPLEMENTATION AGREEMENT

AMONGST

AFRICAN DEVELOPMENT FUND,

AFRICAN DEVELOPMENT BANK,
(*As administrators of the Transition Support Facility*)

REPUBLIC OF SOUTH SUDAN
AND

UNITED NATIONS DEVELOPMENT PROGRAMME

CONCERNING

YOUTH ENTERPRISE DEVELOPMENT AND CAPACITY BUILDING PROJECT

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TRIARTITE FUNDING AND IMPLEMENTATION AGREEMENT
YOUTH ENTERPRISE DEVELOPMENT AND CAPACITY BUILDING PROJECT

PROJECT ID No: P-SS-I00-008
GRANT No: 5900155016706

This **TRIPARTITE FUNDING AND IMPLEMENTATION AGREEMENT** (together with all Annexes, this "Agreement") dated 3rd day of February 2022 is entered into amongst:

(a) The AFRICAN DEVELOPMENT FUND (the "Fund");

(b) The AFRICAN DEVELOPMENT BANK (the "Bank");

(The Fund and the Bank are jointly referred to as the "Fund") as administrators of the Transition Support Facility)

(c) Republic of South Sudan (the "Beneficiary" or the "Host Government") represented by the Ministry of Finance and Planning, having its address at Ministries Complex, Ministries Road , P.O. Box 80 Juba, Republic of South Sudan and;

(d) United Nations Development Programme (the UNDP or the "UN partner"), an international inter-governmental organization established by the United Nations General Assembly as a subsidiary organ of the United Nations, having its office in South Sudan at Plot 21, Ministries Road, P.O. Box 410, Juba, South Sudan.

The UNDP together with the Fund and the Host Government, are referred to as the "Parties" and each one a "Party"),

WHEREAS:

(A) The Host Government, working with its development partners including the UNDP and the Fund, has developed the Youth Enterprise Development and Capacity Building Project as described more fully in the Project document attached to this Agreement as Annex I (*Project Description*) (the "Project"). The Project is in line with the Cooperation Agreement entered into by, and forms part of the agreed development cooperation between, the Host Government and the UNDP and the Host Government has requested the Fund to support the implementation of the Project by providing financing to the Host Government in the amount set out in this Agreement;

(B) The Host Government qualifies for financing from the Fund to support the Project;

(C) The Host Government has agreed to the terms and conditions of the General Conditions applicable to Protocols of Agreement of the African Development Fund dated February 2009, as amended from time to time (the "General Conditions");

(D) This Agreement will constitute the terms and conditions of financing, and unless otherwise agreed with the Parties, a separate Grant Agreement will not be required. The General Conditions will form an integral part of this Agreement as between the Fund and the Host Government only and will not create any rights or obligations as between the UNDP on the one hand and the Host Government and/or the Fund on the other;

(E) The Host Government has requested the UNDP to support the Host Government in the implementation and execution of the Project and the UNDP has declared its commitment to the execution and implementation of the Project as part of its agreed development cooperation with the Host Government;

(F) The Fund has agreed, on the basis, inter alia, of the foregoing, to make financing available to the Host Government in the amount set out in this Agreement to be disbursed at the Host Government's instructions directly to the UNDP, upon the terms and conditions set out in this Agreement, in order to support the execution and implementation of the Project;

(G) The UNDP has entered into the Fiduciary Principles Agreement with the Fund dated 22nd August 2017 (the "Fiduciary Principles Agreement" or the "FPA") which sets out the framework of cooperation between the UNDP and the Fund and the terms and conditions of which are an integral part of this Agreement; and

(H) In accordance with its financial regulations and rules and the approval of its governing body for its agreed development cooperation with the Host Government, the UNDP has the authority to enter into this Agreement and to receive funds under this Agreement.

NOW THEREFORE, the Parties agree as follows:

ARTICLE I: GRANT TO THE HOST GOVERNMENT/ BENEFICIARY

Section 1.01. Grant Amount.
The Fund hereby agrees to award to the Host Government, from the resources of the Transition Support Facility Pillar I (TSF Pillar I), a grant (the "Grant") in an amount not exceeding Five Million Four Hundred Thousand Units of Account (UA5,400,000), to finance part of the cost of the Project, such award having been decided upon in accordance with the Fund's Project Appraisal Report / Proposal on 3rd December 2021.

Section 1.02. Project Budget.

The Grant made available to the Host Government and disbursed to the UNDP pursuant to the terms of this Agreement will be expended in accordance with the Project Budget attached as Annex II (*Allocation of Costs by Category of Expenditure*) to this Agreement, which includes an amount to help defray the indirect costs of administering the Grant resources . For the avoidance of doubt, it is confirmed that the Project Budget in Annex II (*Allocation of Costs by Category of Expenditure*) to this Agreement, includes amounts to cover the direct costs of the UNDP which are considered necessary for the implementation of the Project.

ARTICLE II: ENTRY INTO FORCE

Section 2.01. This Agreement will enter into force upon its signature by the Parties.

ARTICLE III: DISBURSEMENT OF THE GRANT AND CONDITIONS PRECEDENT TO DISBURSEMENT

Section 3.01. Disbursement of the Grant.

(a) Upon entry into force of this Agreement as set forth in Section 2.01(*Entry into Force*) above and subject to Section 3.02 (*Disbursement Conditions*) below, the Fund will disburse the Grant on behalf of the Host Government to the UNDP in four (4) tranches in accordance with the Disbursement Schedule set out in Annex III (*Payment and Disbursement Schedule*) to this Agreement. The Grant will be transferred to the UNDP in United States Dollars or in any other currency agreed by the Parties, by wire transfer into the following bank account:

Account Name:	**UNDP Contribution Account, #36349562**
Bank Name:	**Citi Bank, N.A.**
Bank address:	**111 Wall Street, New York, NY, 10043**
Account N°:	**ABA/ACH Routing Number: 021000089**
IBAN/ SWIFT No:	**CITIUS33**
Bank Code:	**00312**

(b) The Host Government hereby instructs the Fund to make payment of the Grant directly to the UNDP in accordance with the provisions of this Article III (*Disbursement of the Grant and Condition Precedent to Disbursement*).

(c) The UNDP will submit disbursement requests to the Fund in accordance with Section 3.03 (*Disbursement Requests*) of this Agreement, which shall include the following information:

(i) the amount to be disbursed;

(ii) that the request is from the UNDP pursuant to the Tripartite Funding and Implementation Agreement signed by the Parties;

(iii) the Grant number and Project ID number; and

(iv) the title of the Project.

(d) Upon receipt of the disbursement request, the Fund will ensure that the SWIFT information includes the information provided in the disbursement request.

Section 3.02. Disbursement Conditions.

(a) The obligations of the Fund to make the disbursement of the first tranche of the Grant shall be conditional upon the entry into force of this Agreement in accordance with Section 2.01 (*Entry into Force*) above and/ or the submission by the UNDP of evidence, in form and substance satisfactory to the Fund, of the fulfilment of the following condition:

(i) Submission of an approved work plan for an eighteen (18) month period agreed with the Host Government in form and substance acceptable to the Fund.

(b) **Conditions precedent to disbursement of the second tranche of the Grant.** The obligation of the Fund to disburse the second tranche of Grant, will be conditional upon the fulfilment of the following conditions, by the UNDP in form and substance satisfactory to the Fund:

(i) Submission of evidence of the execution of an agreement between UNDP and a financial institution on the modalities for the disbursement under the revolving fund;

(ii) Submission of project progress reports for the period cumulative to the semester in which the tranche was requested; and

(iii) Submission of unaudited interim financial statement for the period cumulative to the semester in which the tranche was requested signed by UNDP authorized officials.

(c) **Conditions precedent to disbursement of the third tranche of the Grant.** The obligation of the Fund to disburse the third tranche of Grant, will be conditional upon the fulfilment of the following conditions, by the UNDP, in form and substance satisfactory to the Fund:

(i) Submission of project progress reports for the period cumulative to the semester in which the tranche was requested;

(ii) Submission of unaudited interim financial statement for the period cumulative to the semester in which the tranche was requested signed by UNDP authorized officials; and

(iii) Submission of the audit report of the UNDP for the previous fiscal year within thirty (30) days after the auditor has submitted the report to the Governing Assembly of UNDP.

(d) **Conditions precedent to disbursement of the fourth tranche of the Grant.** The obligation of the Fund to disburse the fourth tranche of Grant, will be conditional upon the fulfilment of the following conditions, by the UNDP, in form and substance satisfactory to the Fund:

(i) Submission of project progress reports for the period cumulative to the semester in which the tranche was requested;

(ii) Submission of unaudited interim financial statement for the period cumulative to the semester in which the tranche was requested signed by UNDP authorized officials; and

(iii) Submission of the audit report of the UNDP for the previous fiscal year within thirty (30) days after the auditor has submitted the report to the Governing Assembly of UNDP.

Section 3.03. Disbursement Requests.

(a) Following the entry into force of this Agreement and subject to Section 3.02 (*Disbursement Conditions*) above, disbursements of instalments of the Grant by the Fund on behalf of the Host Government to the UNDP will be made upon receipt by the Fund of:

(i) a request for funds issued under signature of a person designated by the UNDP from time to time in writing (together with signature samples) as being authorised to issue such request of funds, and an acknowledging signature by an authorised representative of the Host Government. The UNDP will not make any financial commitments and/or file notices of request for funds that exceed the Project Budget, unless the increase or reallocations within the Project Budget have been specifically agreed to between the Parties; and

(ii) a statement of expenditure in the UNDP's standard format for statements of expenditure, which is acceptable to the Fund, and issued under signature of a person designated by the UNDP from time to time in writing (together with signature samples) as being authorised to issue such statement of expenditure, with reasonable supplementary information provided by the UNDP to the extent consistent with its regulations, rules, and procedures, if needed and requested by the Fund. The statement of expenditure will relate to expenditures during the six (6) months between each funding request.

(b) Upon receipt of the disbursement request pursuant to Section 3.01(c) *(Disbursement of the Grant*) above, the Fund will process the disbursement request within fifteen (15) days from the date of fulfilment of the conditions stipulated in Section 3.02 (*Disbursement Conditions*) above.

Section 3.04: Closing Date.

(a) No disbursement of the Grant shall be made by the Fund after **31 December 2025** or such other date as may be agreed amongst the Parties (the "Closing Date"), and any amount of the Grant then remaining un-disbursed by (and therefore un-withdrawn from) the Fund will be cancelled.

(b) Any unutilised or unexpended portion of the Grant held by the UNDP as of the Closing Date will be returned to the Fund after all eligible commitments incurred prior to the completion of the Project or termination of this Agreement, as the case may be, have been satisfied and the certified final financial statement has been issued by the UNDP in accordance with Section 6.02(b) (*Annual and Final Financial Reports*) of this Agreement.

Section 3.05: Other Conditions.

The UNDP shall within three (3) months of the first disbursement of the Grant:

(a) submit evidence (in the form of a letter from UNDP confirming the appointment) of recruitment the Project Coordinator for the Project Implementation Unit with qualifications and terms of reference acceptable to the Fund; and

(b) establish a Project Steering Committee (PSC), which will be chaired by the Undersecretary of the Ministry of Youth and Sports and comprise of the Undersecretaries of the Ministry of Finance and Planning, Ministry of Labour, Ministry of Gender, Child and Social Welfare, Ministry of Trade and Industry as well as representatives from the Gender and Youth cluster; the Economic cluster, high-level representatives from the five (5) participating states of CES, EES, Lakes, Jonglei and Upper Nile, as well as UNDP.

Section 3.06. Host Government Counterpart Contribution

The Host Government shall within three (3) months of the first disbursement of the Grant or such later date as may be approved by the Fund, provide office facilities and project staff in accordance with agreed specifications and requirements acceptable to the Fund, as its in-kind contribution (the "Counterpart Contribution") towards the costs of the Project.

Section 3.07. UNDP Contribution

UNDP shall make available the amount of Two Hundred Fourteen Thousand Five Hundred United States Dollars (USD 214,500) (equivalent to One Hundred and Fifty Thousand Units of Account (UA 150,000) as its contribution towards the costs of the Project (including part of the UNDP's indirect costs of administering the Grant) (the "UNDP Contribution"), to be accounted as applicable by UNDP internal procedures in the UNDP budget line described in Annex II (*Allocation of Costs financed by the Grant by Expenditure Category*). To this end, UNDP shall submit to the Fund, a copy of the annual budget reflecting the amount to be paid by the Fund to UNDP out of the proceeds of the Grant in sum of Two Hundred and Sixty Thousand Units of Account (UA260,000) as indirect cost of administering the Grant (following this contribution) under the Agreement no later than ten (10) days after approval by the UNDP South Sudan Country Office.

ARTICLE IV: IMPLEMENTATION, UTILISATION OF FUNDS AND ACCOUNTING

Section 4.01. Implementation Generally.

The UNDP will implement the Project and will receive, administer, and expend the Grant in accordance with its regulations, rules, and policies and procedures. Without limiting the generality of the foregoing, the UNDP will:

(a) carry out the Project as described in Annex I (*Project Description*) of this Agreement with the same degree of care and diligence in the discharge of its functions under this Agreement as it exercises with respect to the administration and management of all the other Projects that the UNDP implements;

(b) furnish:

(i) narrative programmatic reports covering the Project and the use of the proceeds of the Grant for each calendar year during which Grant is received, by not later than 30 June of the following year; and

(ii) Financial reports as per Sections 6.01 (*Interim Unaudited Financial Reports*) and 6.02 (*Annual and Final Financial Reports*) of this Agreement;

from time to time exchange views with the Fund's and Host Government's representatives on the progress and results of the Project; and

(c) cause all goods, works and services financed exclusively out of the proceeds of Grant to be used exclusively for the purposes of the Project.

Section 4.02. Utilization of Funds.

The Grant will be utilised by the UNDP solely for the implementation of the Project as described in Annex I (*Project Description*) of this Agreement and will be administered by UNDP in accordance with its established financial and administrative regulations, rules, policies and procedures.

Section 4.03. Notification of Changes and Prior Approval.

The UNDP will promptly notify the Host Government and the Fund in writing of any substantial changes from agreed plans or budgets in connection with the Project description and budget, including its nature, content, sequencing, and duration. The UNDP and the Host Government will consult with and obtain the prior approval of the Fund before making any substantive changes to the Project. The Fund will use its best efforts to respond to such requests for approval promptly to avoid disruption to implementation.

Section 4.04. Suspension of Disbursements.

(a) The Fund may, by ninety (90) days' written notice to the other Parties, suspend further disbursement of the Grant if:

(i) major deviations from the agreed objectives of the Grant occur, or

(ii) reports are not delivered to the Fund in accordance with this Agreement and continue not to be delivered upon notice by the Fund to the Host Government and the UNDP and the expiration of a sixty (60) days' cure period; or

(iii) any suspension event stipulated in the General Conditions occurs.

(b) The Fund or the UNDP may, by written notice to the other Parties, suspend further disbursement of the Grant if the Fund, the UNDP and the Host Government agree that the objectives of the Project are no longer capable of being fulfilled.

(c) In keeping with the spirit of this Agreement, the Fund agrees to initiate discussions and consult with the Host Government and the UNDP before exercising any of the suspension rights set out in this Section 4.04 (*Suspension of Disbursements*).

(d) The Parties will use their reasonable efforts to reach a resolution satisfactory to all Parties to lift the suspension of further disbursement of the Grant as soon as reasonably practicable.

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Section 4.05. No Obligation to Implement.
The UNDP will not be required to commence or continue implementation of the Project or any components of the Project funded by the Grant (as the case may be) while amounts requested by the UNDP to be disbursed to it under this Agreement have not been so disbursed to the UNDP.

ARTICLE V: PROCUREMENT

Section 5.01. Applicable Procurement Regulations, Rules and Procedures.
Procurement of the goods, works and services required for the Project and to be financed out of the proceeds of the Grant will be effected in accordance with the UNDP's applicable regulations, rules and procedures for procurement of goods, works and services. For avoidance of doubt, it is expressly acknowledged that, exceptionally, the UNDP's procurement eligibility rules will apply.

Section 5.02. Exclusion for Engagement in Prohibited Practices.
The UNDP may exclude, in accordance with its own rules and procedures, firms or individuals determined to have engaged in Prohibited Practices, as defined in Section 9.03 (*Definition of Prohibited Practices*) herein, from participating in contracts financed by the Grant. The UNDP is not prevented from giving due regard to debarment decisions taken by any organisation within the United Nations System and/or organisations who are signatories to the Agreement for Mutual Enforcement of Debarment Decisions dated 9 April 2010 and entered into between, amongst others the African Development Bank Group, the European Bank for Reconstruction and Development and the World Bank Group (as defined therein).

ARTICLE VI: FINANCIAL REPORTS, AUDITS & PROJECT REPORTS

Section 6.01. Interim Unaudited Financial Reports.
The UNDP will prepare, on a six-monthly basis interim unaudited financial reports adequate to reflect the UNDP's interim expenditures related to the Grant. The first interim unaudited financial report will be provided to the Host Government and the Fund no later than forty-five (45) days after the end of the first six (6) months period from the date of receipt of the first disbursement of the Grant, through the end of such first six (6) months period; thereafter, each interim unaudited financial report will be provided to the Host Government and the Fund, no later than forty-five (45) days after the end of each subsequent six (6) months period, and will cover such six (6) months period.

Section 6.02. Annual and Final Financial Reports.
(a) The UNDP will provide the Host Government and the Fund with an annual financial statement as of 31 December each year, certified by the financial officer authorized by the UNDP to make such certifications, on use of the Grant transferred by the Fund on behalf

of the Host Government to the UNDP during that year, not later than 30 June of the following year.

(b) After completion and financial closing of the Project, the UNDP will provide the Host Government and the Fund, not later than eighteen (18) months following the expiration of this Agreement as stated herein, a final financial statement, certified by the financial officer authorized by the UNDP to make such certifications, on the use of the Grant transferred by the Fund on behalf of the Host Government to the UNDP during the term of this Agreement.

(c) Other information, as per the UNDP's relevant regulations and rules, policies and procedures (including its policy on information disclosure), may be provided on an *ad hoc* basis upon request from the Host Government or the Fund.

(d) All reports under Sections 6.01(*Interim Unaudited Financial Reports*) and 6.02 (*Annual and Final Financial Reports*) of this Agreement will be provided in the standard format of the UNDP and in accordance with accounting standards pursuant to the UNDP's financial regulations and rules.

Section 6.03. Internal and External Audit; Cooperation with Fund's Internal and External Audit

(a) The UNDP's use of the Grant will be subject exclusively to the internal and external auditing procedures provided for in the Financial Regulations, and in the policies and procedures, and rules and directives, of the UNDP and to relevant decisions of the UNDP's governing body.

(b) The UNDP will make available to the Host Government and the Fund a copy of its audited financial statements and the report of its external auditors on its financial statements with respect to any year during which the UNDP makes use of the Grant, within thirty (30) days of such financial statements are presented to the General Assembly by the UNDP's independent external auditors.

(c) Should the report of its external auditors on its financial statements with respect to any year during which the UNDP makes use of the Grant contain observations concerning the Project and/or related financial management of the Grant, such information shall be made available to the Host Government and the Fund to the extent consistent with the UNDP's regulations and rules, policies and procedures, and relevant decisions of its governing body.

(d) Without limitation to the provisions of Section 6.03(a) (*Internal and External Audit; Cooperation with Fund's Internal and External Audit*), if information about expenditures of the Grant is requested by the Host Government or the Fund for conduct of their

respective internal and external audits related to the Grant, the UNDP will provide such information as reasonably requested by the Host Government or the Fund, as the case may be, to the extent and in the manner consistent with the UNDP's regulations and rules, policies and procedures, and relevant decisions of its governing body.

ARTICLE VII: ACKNOWLEDGEMENT OF THE GRANT

Section 7.01. The Fund or the Host Government may request the UNDP to make an appropriate acknowledgment of the Grant. The requested acknowledgment may include, but not be limited to, placing the name and the logo of the Fund together with the name of the Host Government on bagged products procured using the Grant. In the absence of the consent of the Parties, no Party may refer to the Grant or to the relationship between the Parties in any material of a promotional nature.

ARTICLE VIII: CONSULTATION AND EXCHANGE OF INFORMATION

Section 8.01. Co-operation and Consultation.
The Parties will co-operate to ensure that the purpose of this Agreement is fully accomplished. To this end, they will at the request of any of the Parties exchange views on the implementation of the Project and the performance of their respective obligations hereunder.

Section 8.02. Access to, and Disclosure of Information.
Access to and disclosure of documents and information generated, maintained or retained by one of the Parties with respect to the Project will be governed by each Party's respective information disclosure policies and procedures. The Parties will consult with each other in advance and prior to public release of documents and/or information relating solely to the Project.

Section 8.03. Confidentiality.
All electronic, oral, printed and/or written information furnished by one Party to the others and designated or understood to be confidential will be treated as confidential by the Party receiving it.

ARTICLE IX: ANTI-CORRUPTION PROCEDURES AND INVESTIGATIONS

Section 9.01. Maintenance of Standards of Conduct.
Each Party to this Agreement will maintain standards of conduct that govern the performance of its staff, including the prohibition of Corrupt, Fraudulent, Coercive, Collusive and Obstructive Practices (the "Prohibited Practices" as defined in Section 9.03 *Definition of*

Prohibited Practices) of this Agreement)) in connection with the award and administration of contracts, or other benefits, relating to the administration and expenditure of the Grant, as set forth in its rules and procedures.

Section 9.02. Consultation, Screening and Investigation of Allegations.
The Parties will consult with each other in respect of any matter that may arise from or in connection with the Prohibited Practices and conflicts of interest with respect to the Project. All allegations of Prohibited Practices in connection with the implementation of the Project and the expenditure of the Grant will be screened by the Party receiving such allegations and where that Party determines such allegations are credible they will be referred to the relevant Party if necessary and investigated promptly, and appropriate follow-up action will be initiated without delay by, respectively, the Host Government (where such allegations involve Host Government staff and/or activities) in accordance with its applicable policies, procedures and guidelines, the Fund (where such allegations involve staff of the Bank or the Fund and/or their activities) in accordance with its applicable policies, procedures and guidelines, and the UNDP (where such allegations involve the UNDP's staff and/or activities) in accordance with its applicable policies, regulations and rules. The Parties agree and acknowledge that no Party will have the authority to investigate information relating to the possible Prohibited Practices of the other Parties.

Section 9.03. Definition of Prohibited Practices.
For the purposes of this Agreement the following definitions will apply:

(a) "Corrupt Practice" means the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;

(b) "Fraudulent Practice" means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;

(c) "Coercive Practice" means impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;

(d) "Collusive Practice" means an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party;

(e) "Obstructive Practice" means:

(i) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially

impede an investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; and

(ii) acts intended to materially impede the exercise of inspection and audit rights;

(f) "Prohibited Practices" means any of the practices described in paragraphs (a) through (e) above.

ARTICLE X: AMENDMENT, TERM AND TERMINATION AND DISPUTE SETTLEMENT

Section 10.01. Amendment.
This Agreement may be amended by written agreement between the Parties.

Section 10.02. Termination.
The Fund or the UNDP may terminate this Agreement by giving not less than three (3) months' advance written notice to each of the other Parties. In the event of early termination, the Parties will consult with each other on the appropriate steps to be taken and/or any further actions which may be necessary to take with respect to the Grant, including settlement of outstanding commitments. The obligations assumed by the Parties under this Agreement will survive the termination of the Agreement to the extent necessary to permit the orderly conclusion of activities and the settlement of accounts.

Section 10.03. Term.
Unless terminated as provided for in Section 10.02 *(Termination)* of this Article, this Agreement and the obligations therein, shall remain in effect until the entire resources of the Grant shall have been fully disbursed and accounted for by the UNDP pursuant to this Agreement; provided that, in accordance with Section 3.04 (*Closing Date*) of this Agreement, no disbursement of the Grant shall be made by the Fund to the UNDP after the Closing Date.

Section 10.04. Resolution of Disputes.

(a) Except as provided for in Section 10.04(b) (*Resolution of Disputes*) below, any dispute or difference between the Parties arising out of or relating to this Agreement will be resolved through amicable negotiations between the Parties.

(b) Nothing in Section 10.04(a) (*Resolution of Disputes*) above will compromise or otherwise affect the rights and procedures with regard to resolution of disputes set out in the basic agreement, if any, between the Host Government and the UNDP, or in the financing agreement between the Host Government and the Fund.

(c) Disputes or differences which involve only the Host Government and the UNDP where there is no basic agreement between the Host Government and the UNDP, and which is not resolved amicably through negotiations, may be submitted to arbitration at the request of either the Host Government or the UNDP:

(i) Each of the UNDP and the Host Government shall appoint one arbitrator, and the two arbitrators so appointed should appoint a third, who shall be the chairman. If within thirty (30) days of the request for arbitration, either the Host Government or the UNDP has not appointed an arbitrator or if within fifteen days of the appointment of two arbitrators the third arbitrator has not been appointed, either the Host Government or the UNDP may request the President of the International Court of Justice to appoint an arbitrator. The procedure of the arbitration shall be fixed by the arbitrators, and the expenses of the arbitration shall be borne by the Host Government and the UNDP as assessed by the arbitrators. The arbitral award shall contain a statement of the reasons on which it is based and shall be accepted by the Host Government and the UNDP as the final adjudication of the dispute; or

(ii) The arbitration shall be carried out in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL), as at present in force. The arbitral tribunal shall have no authority to award punitive damages. Any arbitration award rendered in accordance with the provisions of this Section shall be final and binding on the Parties.

Section 10.05. Privileges and Immunities.
Nothing contained in this Agreement will be construed as or constitute a waiver, renunciation or other modification of any privileges, immunities and exemptions accorded to the Fund under the Agreement Establishing the African Development Bank and the Agreement Establishing the African Development Fund, international conventions or any other applicable law. Nothing in or related to this Agreement will be construed as or constitute a waiver, express or implied, deliberate or inadvertent, of the privileges and immunities of the UNDP pursuant to the Convention on the Privileges and Immunities of the United Nations, 1946, or the Convention on the Privileges and Immunities of the Specialised Agencies, 1947, as applicable, the basic agreement between the Government and the UNDP, or otherwise.

ARTICLE XI: ADDRESSES, NOTICES AND REPRESENTATIVES

Section 11.01. Notices and Addresses.
Any notice or request required or permitted to be given or made under this Agreement will be in writing. Such notice or request will be deemed to have been duly given or made when delivered by hand, mail, or fax, as the case may be, to the Party to which it is required to be

given or made at such Party's address specified below or such other address as that Party may subsequently notify the other Parties in writing:

For the Host Government:	**Mailing Address**: Ministry of Finance and Planning Ministries Complex Ministries Road P.O.Box 80 Juba REPUBLIC OF SOUTH SUDAN Tel: (211) 912 714 708/ 955 019 420
Attention:	Minister of Finance and Planning
For the Bank: **For the Fund**	**Headquarters Mail Address**: African Development Bank African Development Fund 01 BP 1387 - Abidjan, Republic of Côte d'Ivoire Tel: (+225) 27.20.26.39.00
Attention:	The Director Human Capital, Youth and Skills Development (AHHD)
	South Sudan Country Office Mailing Address: African Development Bank Group UNDP Compound, Ministries Road P.O. Box 622, Juba, South Sudan
Attention:	Country Manager South Sudan Country Office
For UNDP:	UNDP South Sudan Plot No. 2, Ministries Road P.O. Box 410, Juba, South Sudan
Attention:	Resident Representative

Section 11.02. Representatives .

For the purposes of this Agreement, the representatives of the Parties will be:

For the Host Government:	Minister of Finance and Planning
For the Fund:	Country Manager, South Sudan Country Office
For UNDP:	UNDP South Sudan Resident Representative

Section 11.03. Designated Representatives.
Each Party may, by notice in writing to each of the other Parties, designate additional representatives or substitute other representatives for those designated in this Agreement.

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IN WITNESS WHEREOF, the Parties, each acting through its duly authorized representative, have signed this Agreement in three original counterparts, in English, on the date first above written.

FOR THE REPUBLIC OF SOUTH SUDAN

AGAK ACHUIL LUAL
MINISTER OF FINANCE AND PLANNING

FOR AFRICAN DEVELOPMENT FUND
AND
AFRICAN DEVELOPMENT BANK
(As Administrators of the Transition Support Facility)

THEMBA BHEBHE
COUNTRY MANAGER
SOUTH SUDAN COUNTRY OFFICE

FOR UNITED NATIONS DEVELOPMENT PROGRAMME

SAMUEL DOE
RESIDENT REPRESENTATIVE
UNDP SOUTH SUDAN

ANNEXES

ANNEX I: PROJECT DESCRIPTION

The Youth Enterprise Development and Capacity Building (YEDCB) project aims to enhance employability and job creation for young women and men aged 18-35 years in South Sudan through strengthening the private sector, building entrepreneurship skills, and improving the enabling environment. The objectives of the project are to: (i) increase employability of youth by facilitating access to skills development, business development support and financing; and (ii) enhance public service delivery through institutional and human capacity development. The project seeks to ensure that youth with the potential to grow as entrepreneurs are self-employed and/or create employment for others through their sustainable businesses. Specifically, the project will address: (i) the weaknesses in the entrepreneurship skills; (ii) the lack of access to finance; (iii) the lack of access to markets and information; and iv) capacity challenges of government institutions for enhanced public service delivery, especially to support MSE development and youth economic empowerment.

The Project has three (3) components indicated below:

1. Component 1: Sustainable Enterprises Development

This component has the following sub-components:

A. Sub-component 1.1: ***Business Development Services (BDS) and technical production training for youth groups and existing growth oriented MSEs***

(i) 2,550 youth between the age of 18-35 years selected and organized into 85 registered Village Savings and Loan Associations (VSLAs, 30 people each) based on common economic activities. Youth targeted include the vulnerable groups such as returnees, persons with disability, and ex-combatants. Demonstration of willingness to engage in business development or creation will also be an important criterion. A detailed criterion will be developed by UNDP and approved by the Project Steering Committee at the start of the project.

(ii) 510 business groups within the 85 VSLAs (5 people per group) to start group MSEs instead of undertaking individual initiatives.

(iii) 243 youth led existing MSEs (50% women) selected based on: (i) 2 to 5 years of operation; (ii) 3 to 10 employees; and (iii) potential to grow.

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(iv) 5 BDS training partners[1], selected based on (1) demonstrated capacity to deliver proven business development and entrepreneurship models, (2) local/states presence and experience, (3) expertise in product development and packaging, and (4) linkages with market.

(v) BDS and technical production tailored training delivered to 3,036 youth (2,550 from 85 VSLAs and 486 from 243 MSEs) to improve their business skills and technical production knowhow. These will be short term trainings that will last about 2-4 weeks.

(vi) 10 business linkages established between youth led MSEs and markets at national and regional level through medium and large enterprises as off takers.

(vii) One (1) agriculture value chain and enterprise development study in Upper Nile. One (1) tracer study in the 5 states covered by the project to track changes after a certain period of time as a means of validating the effectiveness of project interventions.

B.Sub-component 1.2: *Establish a financing facility to provide access to finance.*

Under this component,243 existing growth-oriented youth led MSEs and 510 Newly established MSEs provided with financing. A selected financial institution (FI) will administer the revolving fund to provide interest free loans to youth aged 18-35 years that have the potential to start and grow their businesses. The interest free loans will range from USD 2,000 - 10,000 per MSE based on capacity to absorb the funds and grow the business. The project will cover the cost incurred by the FI in managing the facility.

2.Component 2: Capacity Building for Strategic Government Institutions .

The activities hereunder include the following:

(i) Conduct capacity building assessments in 5 government institutions.

(ii) Develop institutional capacity development plans for 6 government institutions.

(iii) Conduct training to 6 government institutions and provide technical assistance to fill the identified gaps as reflected in the (organization) capacity development plan. Potential areas of training include entrepreneurship development, business facilitation, gender-responsive budgeting, and policy and Strategy development and implementation.

(iv) Provide ICT equipment (including computers and printers) to 5 government institutions to enhance efficiency and improve the quality-of-service delivery.

(v) Conduct a client satisfaction survey.

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[1] UNDP has established a pool of business development advisors under their Recovery and Stabilization Project. BDAs will be engaged in the YEDCB project to support start-ups, business survival and growth.

3. Component 3: Project Management

The activities hereunder include the following:

(i) Coordinate and supervise project activities including keeping track of the indicators in the results measurement framework, disaggregated by sex.

(ii) One (1) mid-term and one (1) final project completion reviews.

(iii) Operating costs including M&E, procurement, financial management, audit, and reporting.

ANNEX II: ALLOCATION OF COSTS BY EXPENDITURE CATEGORY

Category	**Amount in Units of Account (Million)**
Goods	0.37
Services	1.84
Financing Facility	2.39
Miscellaneous (Operating Costs)	0.54
UNDP's indirect costs of administering the Grant (5% of the Grant)	0.26
Total	**5.40**

ANNEX III: PAYMENT AND DISBURSEMENT SCHEDULE

The schedule of multiple instalments (if any), determined in accordance with Section 3.02 (*Disbursement Conditions*) and the Project Budget set out in Annex II (*Allocation of Costs by Expenditure Category*), is as follows:

S/N	Tranche	Amount (UA Million)
1	First Tranche	1.62
2	Second Tranche	1.62
3	Third Tranche	1.62
4	Fourth Tranche	0.54

AFRICAN DEVELOPMENT BANK
ADB/BD/WP/2021/239/Approved

AFRICAN DEVELOMENT FUND
ADF/BD/WP/2021/189/Approved
3 December 2021
Prepared by: RDGE/AHHD/COSS/PGCL
Original: English

BOARD APPROVAL
Lapse-of-time Procedure

3 December 2021

FOR INFORMATION

MEMORANDUM

TO : THE BOARDS OF DIRECTORS

FROM : Vincent O. NMEHIELLE
Secretary General

SUBJECT : SOUTH SUDAN: YOUTH ENTERPRISE DEVELOPMENT AND CAPACITY BUILDING PROJECT*

TSF GRANT OF UA 5.40 MILLION

The **Grant Proposal** and the Draft **Resolution** related to the above-mentioned subject were submitted for **your consideration on a Lapse-of-time basis,** on 19 November 2021.

Since no objection was received by 5:00 p.m. 3 December 2021**, the said proposal is considered approved and the Resolution adopted**.

Attach:

Cc.: The President

***Questions on this document should be referred to:**

Mrs. N. NWABUFO	**Director General**	**RDGE**	**Extension 8343**
Mr. M. PHIRI	**Director**	**AHHD**	**Extension 4014**
Mr. A. KAMARA	**Deputy Director General**	**RDGE**	**Extension 7250**
Mr. S. AMADOU	**General Counsel**	**PGCL**	**Extension 3333**
Mr. B. KANU	**Country Manager**	**COSS**	**Extension 8112**
Mr. T. MUZIRA	**Division Manager**	**AHHD**	**Extension 4555**
Mrs. A. MECCA	**Division Manager**	**PGCL.1**	**Extension 3309**
Mr. D. KAIJA	**Task Manager**	**AHHD/RDGE.2**	**Extension 8360**
Mr. A. TAPTUE	**Co-Task Manager**	**AHHD/RDGN**	**Extension 7743**

SCCD:NM

AFRICAN DEVELOPMENT BANK GROUP

PROJECT: **YOUTH ENTERPRISE DEVELOPMENT AND CAPACITY BUILDING PROJECT**

COUNTRY: **REPUBLIC OF SOUTH SUDAN**

PROJECT APPRAISAL REPORT

OCTOBER 2021

Appraisal Team	Task Manager	Darlison KAIJA	Principal Labour Economist	AHHD0/RDGE2	8360
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		Josephine NDAO	Chief Enterprise & SME Development Officer	AHHD0/RDGE2	8381
		Sisay WOLDETENSAY	Procurement Officer	COET/SNFI3	7266
		Melaku TADESSE	Senior Financial Management	COET/SNFI4	7261
		Olakemi SALAU	Regional Principal Legal Counsel	PGCL1	5150
		Emilio DAVA	Senior Fragility and Resilience Officer	RDTS	6956
		Foster OFOSU	Senior Capacity Development Officer	ECAD1	1612
		Marcel MAGLO	Principal Institutional Capacity Development Officer	RDTS	5254
		Annah MUJA	Chief Social Safeguards Officer	RDGE4/SNSC	8462
		Aissatou DOSSO	Senior Gender and Innovation Officer	AHGC1	5615
		Robert OCHIENG	Climate Change Consultant	PECG2/RDGE1	8122
	Regional Director General	Nnenna NWABUFO		RDGE	8343
	Sector Director	Martha PHIRI		AHHD	4014
	Deputy Director General	Abdul KAMARA		RDGE	7250
	Sector Manager:	Tapera Jeffrey MUZIRA		AHHD0	4555
	Country Manager	Benedict KANU		COSS	8112
Peer Reviewers	Mulle CHIKOKO, Chief Socio-Economist			AHHD1/RDGE2	8397
	Paul MPUGA, Chief Country Economist			ECCE/COET	7253
	Mohamud EGEH, Principal Agriculture Officer			RDGE2	8260
	Emmanuel AKINWUMI, Principal Private Sector Specialist			RDNG	7761

AFRICAN DEVELOPMENT BANK GROUP

Public Disclosure Authorized

Public Disclosure Authorized

SOUTH SUDAN

YOUTH ENTERPRISE DEVELOPMENT AND CAPACITY BUILDING PROJECT

RDGE/AHHD/COSS

December 2021

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CURRENCY EQUIVALENTS

As of July 2021

1UA	=	1.43 USD
1UA	=	1.20 EUR
1UA	=	565.04 SSP
1EUR	=	1.19 USD
1EUR	=	470.26 SSP
1USD	=	395.47 SSP

FISCAL YEAR

1 July – 30 June

WEIGHTS AND MEASURES

1 metric tonne	=	2204 pounds (lbs)
1 kilogram (kg)	=	2.200 lbs
1 meter (m)	=	3.28 feet (ft)
1 millimeter (mm)	=	0.3937 inch (“)
1 kilometre (km)	=	0.62 mile
1 square kilometre (km^2)	=	0.386 square mile
1 hectare (ha) = 0.01 km^2	=	2.471 acres

Acronyms and Abbreviations

ADF	African Development Fund	MoYS	Ministry of Youth and Sports
AfDB	African Development Bank	MSEs	Micro and Small Enterprises
ADOA	Additionality and Development Outcomes Assessment	MSMEs	Micro, Small and Medium Enterprises
AHHD	Human Capital, Youth and Skills Development Department	MTR	Mid-Term Review
AMVAT	Agricultural Markets, Value Addition and Trade Development	NDC	Nationally Determined Contributions NDC
BDS	Business Development Services	NDS	National Development Strategy
BDA	Business Development Advisors	NGO	Non-Governmental Organisation
CDS	Capacity Development Strategy	NPV	Net Present Value
COVID-19	Corona Virus Disease 2019	PAR	Project Appraisal Report
CSO	Civil Society Organisation	PBA	Performance Based Allocation
DNH	Do No Harm	PFM	Public Financial Management
DPs	Development Partners	PSC	Project Steering Committee
EIRR	Economic Internal Rate of Return	R-ARCSS	Revitalized Agreement on the Resolution of the Conflict in South Sudan
FAO	Food and Agriculture Organization	RBLF	Results Based Logical Framework
FDI	Foreign direct investment	RDGE	East Africa Regional Development and Business Delivery Office
FIRR	Financial Internal Rate of Return	RMF	Results Measurement Framework
FPA	Fiduciary Principles Agreement	RTGoNU	Revitalized Transitional Government of National Unity
GAFSP	Global Agriculture and Food Security Programme	SIDA	Swedish International Development Agency
GDP	Gross Domestic Product	SSP	South Sudanese Pound
GEEM-IG	Gender Equality and Economic Empowerment for Inclusive Growth Project	SYE-SS	Skills for Youth Employability and Social Inclusion
GRSS	Government of the Republic of South Sudan	TFIA	Tripartite Funding and Implementation Agreement
I-CSP	Interim Country Strategy Paper	TPIA	Third-Party Implementing Agency
ICT	Information Communication Technology	TSF	Transition Support Facility
IDPs	Internally Displaced Persons	UN	United Nations
IFAD	International Fund for Agricultural Development	UNDP	United Nations Development Programme
iHubs	Integrated Business, Employment, and Innovation Hubs	UNWOMEN	United Nations Entity for Gender Equality and the Empowerment of Women
ILO	International Labour Organization	USAID	The United States Agency for International Development

MFI	Micro-Finance Institution	USD	Unites States Dollar
MoFP	Ministry of Finance and Planning	VSLAs	Village Saving and Loan Associations
MoL	Ministry of Labour	YEDCB	Youth Enterprise Development and Capacity Building
MoPSHRD	Ministry of Public Service and Human Resource Development	YEI-MDTF	Youth Entrepreneurship and Innovation Multi-Donor Trust Fund
MoTI	Ministry of Trade and Industry		

Grant Information

Client information

RECIPIENT:	Republic of South Sudan
EXECUTING AGENCY:	Ministry of Youth and Sports
IMPLEMENTING AGENCY:	United Nations Development Programme (UNDP)

Financing plan

Source	Amount (UA million)	Instrument
ADF-15/TSF Pillar 1	5.40	Grant
UNDP Parallel Financing	0.66	Grant
Government of the Republic of South Sudan (GRSS)	0.30	In-kind Counterpart Contribution
TOTAL COST	**6.36**	

Key financing information

Grant currency	Unit of Account

Timeframe - Main Milestones (Expected)

Concept Note Approval	28 July 2021
Project Approval	30 November 2021
Signing of Grant Agreement and Effectiveness	December 2021
First Disbursement	January 2022
Last Disbursement	30 June 2025
Closing Date	31 December 2025

EXECUTIVE SUMMARY

PROJECT OVERVIEW: The Youth Enterprise Development and Capacity Building (YEDCB) project aims to enhance employability and job creation for young women and men aged 18-35 years in South Sudan through strengthening the private sector, building entrepreneurship skills, and improving the enabling environment. The objectives of the project are to: (i) increase employability of youth by facilitating access to skills development, business development support and financing; and (ii) enhance public service delivery through institutional and human capacity development. The project seeks to ensure that youth with the potential to grow as entrepreneurs are self-employed and/or create employment for others through their sustainable businesses. Specifically, the project will address: (i) the weaknesses in the entrepreneurship skills; (ii) the lack of access to finance; (iii) the lack of access to markets and information; and iv) capacity challenges of government institutions for enhanced public service delivery, especially to support MSE development and youth economic empowerment.

The total project cost is estimated at UA 6.36 million (UA 5.40 million is the Bank's contribution from the Transition Support Facility (TSF) Pillar I window, UA 0.66 million is parallel financing from the United Nations Development Programme (UNDP and UA 0.3 million is in-kind contribution from the Government of the Republic of South Sudan (GRSS). The project will be implemented within a period of 48 months, from January 2022 to December 2025.

The main outcomes of the project are: (i) Established new youth-led MSEs and start-ups; (ii) Created jobs through youth-led MSEs and start-ups; (iii) Increased revenue of existing youth-led MSEs; (iv) Accessed financing by existing youth-led MSEs and newly established start-ups; and (v) Clients satisfied with services of targeted government institutions. The expected outputs of the project include: (i) 3,036 youth trained and supported for business development; (ii) 85 Village Savings and Loan Associations (VSLAs) established, registered and commenced operations; (iii) 1 Agriculture value chain and enterprise development study and a tracer study carried out; (iv) 1 Capacity building assessment and I ICT needs assessment carried out in 5 government institutions; (v) 200 personnel from sector ministries and clusters trained (30% women); (vi) 5 Sector ministries and clusters provided with ICT equipment; (vii) 1 online trade portal and I online business registration centre established; (viii) 10 business to business linkages established and youth-led MSEs and start-ups accessed national and regional markets; and (ix)16 quarterly progress reports and 4 audit reports delivered on time.

NEEDS ASSESSMENT: Youth unemployment in South Sudan is both a cause and a consequence of fragility. It is a source of political instability and social upheavals. With the growing number of returnees, the government is challenged to ensure that more South Sudanese are absorbed into the labour market. Reintegrating South Sudan's 1.6 million internally displaced, 2.3 million refugees, and members of armed groups into the labour market is a major challenge. To sustain peace and development in South Sudan, widening the opportunities for youth who account for 72% of the population, and engaging them through entrepreneurial skills enhancement and economic empowerment are essential. With micro, small and medium enterprises (MSMEs) accounting for about 92% of total businesses in the country, it serves as one of the few avenues for youth to have jobs and income. However, the GRSS does not have the required institutional and systems capacity to support MSE development and youth economic empowerment. South Sudan is grappling with visible capacity deficits, which were undermined by the effects of protracted conflict on virtually every sector of the country's economy and the impact of the COVID-19 pandemic. The magnitude of the support required necessitates a strategic approach to assist priority institutions that will drive implementation of the Revitalized Agreement on the Resolution of the Conflict in the Republic of South Sudan (R-ARCSS) and enable them to better deliver on their mandates. Thus, improving the enabling environment to encourage the establishment and sustainability of youth entrepreneurship and start-ups is required.

BANK'S ADDED VALUE: Jobs are an important component of any peacebuilding and development process. This project will foster economic recovery and peace building through private sector development and youth economic empowerment. It aims to catalyze recovery of MSEs from the impact of COVID-19 that induced closure of 68% of businesses. The Bank is providing resources to improve business development and access to finances to ensure that more youth have access to improved entrepreneurial skills and finance to start, grow, and diversify businesses. The project will contribute to addressing the underlying drivers of fragility, enhance inclusivity, build resilience, and complement three of the Bank-supported projects - Skills for Youth Employability and Social Inclusion Project; Agricultural Markets, Value Addition and Trade Development Project; and the Gender Equality and Economic Empowerment for Inclusive Growth Project.

The 'Country Eligibility Assessments for Resources of the TSF Under ADF-15' was approved by the Board of Directors on June 24, 2020. The YEDCB project is consistent with the Bank's Interim Country Strategy Paper 2012-2018 and its Extension to December 2021 (I-CSP), and its sole pillar on 'State Building through Capacity Building and Infrastructure Development'. It is also aligned with the Bank's Ten-Year Strategy (2013-2022) and

The Bank's High 5 operational priorities, specifically: (i) 'Improve the quality of life for the people of Africa', with its focus on developing skills for employability and job creation; (ii) 'Industrialize Africa' agenda through the Industrialization Strategy for Africa (2016-2025), which focuses on improving access to capital and markets and on supporting enabling policies, economic environment and infrastructure; and (iii) 'Feed Africa' agenda through the Feed Africa Strategy for Agricultural Transformation (2016-2025), which embraces an integrated value chain approach to raising agricultural productivity in Africa. Other Bank strategies to which the project is aligned include: Jobs for Youth in Africa Strategy (2016-2025), whose goal is to create 25 million jobs and equip 50 million youth with employable skills across the continent, Capacity Building Strategy (2021-2025), Gender Strategy (2021-2025), Private Sector Development Strategy (2021-2025), and the Strategy for Addressing Fragility and Building Resilience in Africa (2014-2019) extended to December 2021. The project is also aligned with Pillar 2 of ADF-15's Strategic Framework Paper, which focuses on investing in governance, institutional and human delivery capacity to promote inclusive growth and job creation. It will contribute to achieving the ADF-15 Results of Matrix commitments namely, D1 (At least 20% of Bank-approved projects for ADF countries integrate skills and decent jobs for youth) and D3 (Institutional capacity building support provided to 6 ADF regional member countries to increase their employment effects).

KNOWLEDGE MANAGEMENT: Lessons and knowledge will continuously be captured and documented throughout the project life as part of the regular monitoring and reporting mechanism. The knowledge acquired through execution of the various project activities, trainings and studies will enable the YEDCB project to carry on improvements in the sector, and guide future Bank interventions.

RESULTS FRAMEWORK

RESULTS FRAMEWORK					
A PROJECT INFORMATION					
▌PROJECT NAME: Youth Enterprise Development and Capacity Building Project (YEDCB) SAP CODE: P-SS-I00-008			▌COUNTRY/REGION: South Sudan/RDGE		
▌PROJECT DEVELOPMENT OBJECTIVE: Enhance employability and job creation for youth in South Sudan through strengthening the private sector, building entrepreneurship skills, and improving the enabling environment.					
▌ALIGNMENT INDICATOR (S): Youth unemployment rate (%); Access to finance (% adult population) (all in Bank RMF)					
B RESULTS MATRIX					
RESULTS CHAIN AND INDICATOR DESCRIPTION	RMF/ADOA INDICATOR	UNIT OF MEASUREMENT	BASELINE[1] 2021	TARGET (2025)	MEANS OF VERIFICATION
▌OUTCOME STATEMENT 1: Increased youth-led MSEs and jobs creation					
OUTCOME INDICATOR 1.1: Newly established youth led MSEs (30% on climate change adaptation and resilience & 50% women led)	-	Number	3,000[2]	3,510	Project monitoring reports and database in the business portal
OUTCOME INDICATOR 1.2: Jobs created by youth led MSEs (50% women)	-	Number	2,537[3]	5,573	Project monitoring reports and database in the employment portal
▌OUTCOME STATEMENT 2: Increased access to finance and revenue generation for youth-led enterprises					
OUTCOME INDICATOR 2.1: Youth-led MSEs accessed interest free loans (50% women)	-	Number	0	753	Project monitoring reports; Reports by the financial institution
OUTCOME INDICATOR 2.2: Youth-led MSEs with increased revenue (50% women)	-	Percentage	0	50%	Project monitoring reports & Tracer study Report
▌OUTCOME STATEMENT 3: Improved service delivery through strengthened institutional capacity					
OUTCOME INDICATOR 3.1 Clients satisfied with services of targeted government institutions	-	Percentage	0	75%[4]	Client satisfaction survey report
▌OUTPUT STATEMENT 1: Business development and entrepreneurship services provided to youth					
OUTPUT INDICATOR 1.1: Youths trained in business development and entrepreneurship (50% women)	-	Number	0	3,036	Project monitoring reports
OUTPUT INDICATOR 1.2: New Village Savings and Loan Associations (VSLAs) established and registered	-	Number	0	85	Recording through the business portal & Project monitoring reports
OUTPUT INDICATOR 1.3: Agriculture value chain and enterprise development study and a tracer study carried out	-	Number	0	2	Technical documents review
▌OUTPUT STATEMENT 2: Strategic Government Institutions have their capacities built					

[1] A number of baselines are relative to the project, which justifies the zeros, and the impact will be measured against the target.
[2] Labor market study, SYE-SS & YEEP Projects, 2020 & UNDP data.
[3] UNDP Projects data
[4] 75% of the clients are satisfied with the services of the ministries and cluster supported by the project.

OUTPUT INDICATOR 2.1: Capacity building needs and ICT needs assessments of government institutions carried out	-	Number	0	2	Project monitoring reports
OUTPUT INDICATOR 2.2: Personnel from sector ministries and clusters trained (30% women)[5]	-	Number	0	200	Project monitoring reports
OUTPUT INDICATOR 2.3 Sector ministries and clusters provided with ICT equipment [computers, printers] [6]	-	Number	0	5[7]	Project monitoring reports and verification visits
▌OUTPUT STATEMENT 3: Youth-led MSEs's access to national and regional markets facilitated					
OUTPUT INDICATOR 3.1: Trade portal and online business registration centres established	-	Number	0	2	Project monitoring reports
OUTPUT INDICATOR 3.2: Business-to-business linkages established	-	Number	0	10	
▌OUTPUT STATEMENT 4: Effective YEDCB coordination and management strengthened					
OUTPUT INDICATOR 4.1 Quarterly Progress Reports delivered on time	-	Number	0	16	Quarterly reports and audit reports
OUTPUT INDICATOR 4.2 Audit reports submitted on time	-	Number	0	4	

[5] Areas of training will be determined after the capacity needs assessment to be carried out at the start of the project.
[6] Equipment to be confirmed after the ICT needs assessment to be carried out at the start of the project.
[7] The Bank's SYE-SS project provided ICT equipment to the Ministry of Labour (MoL). The support to the MoL under this project will focus on human and institutional capacity building rather than providing ICT equipment.

PROJECT IMPLEMENTATION TIMEFRAME

Year	**2021**				**2022**				**2023**				**2024**				**2025**				**Responsible Entity**
Quarter	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	
Activities																					
Project Life cycle																					
Grant approval																					AfDB
Signing of Grant Agreement & Project effectiveness																					GRSS/AfDB/UNDP
Fulfilment of first disbursement conditions																					GRSS/UNDP
First disbursement																					AfDB
Establishment of Project Implementation Unit & Governance Structures																					UNDP/GRSS
Project Launch																					GRSS/AfDB/UNDP
Supervision and evaluation																					AfDB
Mid-term review (MTR)																					AfDB/GRSS/UNDP
Project activities implementation and delivery																					UNDP
Last disbursement																					AfDB
Submission of Quarterly Progress Reports																					UNDP
Submission of Audit Reports																					UNDP / Auditor
Project Completion Reports																					UNDP/AfDB

REPORT AND RECOMMENDATION OF THE MANAGEMENT TO THE BOARD OF DIRECTORS ON A TRANSITION SUPPORT FACILITY PILLAR I GRANT TO THE REPUBLIC OF SOUTH SUDAN FOR THE YOUTH ENTERPRISE DEVELOPMENT AND CAPACITY BUILDING (YEDCB) PROJECT

Management submits the following report and recommendation on a proposed African Development Fund (ADF) Transition Support Facility (TSF) Pillar I Grant of UA 5.4 million to the Republic of South Sudan (GRSS) to finance the Youth Enterprise Development and Capacity Building Project.

I – STRATEGIC THRUST & RATIONALE

Project linkages with country strategy and objectives

1.1.1 The project is aligned to the Country's National Development Strategy (NDS) 2018-2021 and South Sudan's Vision 2040. Since South Sudan's independence in 2011, peace and security have been hindered by structural and systemic factors arising from ethnic tensions and internal divisions resulting in 1.6 million internally displaced persons and 2.3 million refugees in neighboring countries. These challenges have worsened South Sudan's poverty, which increased from 66% in 2015 to 82% in 2021, translating into more than 7 million South Sudanese living in poverty. Youth unemployment rate is high at 18.8% as of 2020 and the country ranks 181 out of 188 countries in the Human Development Index with a life expectancy of only 56 years. The country's overarching development challenge is to address socio-economic fragility. South Sudan's NDS considers economic diversification as critical to enhance economic activities outside the oil sector, which accounts for over 70% of the country's GDP. There is need for value addition of primary products from the agriculture sector, which contributes about 10% of GDP but employs 78% of the population to create descent jobs. Considering that the private sector is dominated by micro and small enterprises (MSEs) and more youth are likely to be employed in the sector, South Sudan needs to consider providing entrepreneurial skills to its youth, affordable financing and promote market linkages. This could enable the emergence of vibrant and competitive domestic enterprises key to enhancing jobs for youth. Thus, the Government of the Republic of South Sudan (GRSS) is at an advanced stage of preparing the Youth Enterprise Fund Bill, which is intended to facilitate the establishment of the Youth Enterprise Development Fund as part of the fulfilment of the Revitalized Agreement for the Resolution of Conflict in South Sudan (R-ARCSS). The GRSS has key policies and strategies necessary in promoting entrepreneurial development in the country, which are in various stages of approval. These include: Draft South Sudan National Youth Policy (2020), National Trade Policy Framework (2020-2030), and the Private Sector Development Strategy.

1.1.2 Alignment with Bank strategies: The '**Country Eligibility Assessments for Resources of the TSF Under ADF-15**' was approved by the Board of Directors on June 24, 2020. The financing terms of the three-year TSF Pillar I allocations match the loans and grants mix of the 2021 Performance Based Allocations (PBAs). The project is consistent with the Bank's Interim Country Strategy Paper 2012-2018 and its Extension to December 2021 (I-CSP), and its sole pillar on 'State Building through Capacity Building and Infrastructure Development'. It is in the pipeline for 2021. The project is aligned with the Bank's Ten-Year Strategy (2013-2022), which seeks to promote economic, green, and inclusive growth that corresponds with vibrant private sector, deepened financial sector and improved access to financial services for households and businesses, and job creation under its objective of inclusive growth. The project is aligned with the Bank's High 5 operational priorities, specifically (i) 'Improve the quality of life for the people of Africa', with its focus on developing skills for employability and job creation; (ii) 'Industrialize Africa' through the Industrialization Strategy for Africa (2016-2025), which focuses on improving access to capital and markets and on supporting enabling policies, economic environment and infrastructure. In particular, the Industrialization Strategy for Africa seeks to (a) promote access to long-term finance, including for youth-led start-ups and MSEs and (b) drive

enterprise development through impact on business activities in specific productive value chains; (iii) "Feed Africa" through the Feed Africa Strategy for Agricultural Transformation (2016-2025), which embraces an integrated value chain approach to raising agricultural productivity in Africa. The project contributes to the implementation of the Jobs for Youth in Africa Strategy (2016-2025), which has the goal to create 25 million jobs and equip 50 million youth with employable skills across the continent. It is also in line with the Bank's Gender Strategy (2021-25), Bank's Strategy for Addressing Fragility and Building Resilience in Africa (2014-2019) extended to December 2021, the Bank's Capacity Development Strategy (2021-2025), the recently approved Bank Group's Private Sector Development Strategy (2021-2025) and Pillar 2 of ADF-15 Strategic Framework Paper, which focuses on investing in governance, institutional and human delivery capacity to promote inclusive growth and job creation. The Project will contribute to achieving the ADF-15 Results of Matrix Commitments namely, D1 (At least 20% of Bank-approved projects for ADF countries integrate skills and decent jobs for youth) and D3 (Institutional capacity building support provided to 6 ADF regional member countries to increase their employment effects).

Rationale for Bank's intervention

1.2.1 Rising youth unemployment is widely recognized as a national concern in South Sudan. South Sudan is emerging from a prolonged civil conflict which has disproportionately affected access to employment and business opportunities, particularly for the youth (15-35 years) who account for 72% of the total population. Conflict has destroyed many activities and depressed demand in the markets for products and services of MSEs, hence worsening youth unemployment. For workers, the dramatic contraction of non-oil output, coupled with the conflict, reflects a loss of job activities and a breakdown in market demand[8]. The growing youth unemployment in South Sudan, estimated at 18.8%, which is 6.5% higher than that for the total active population, continue to pose a huge threat to the consolidation of sustainable peace in South Sudan. The biggest constraints to livelihood security for youth in South Sudan are a lack of access to financial capital, education and training, market demand-driven skills, and scarce work opportunities. Only 12% of the population depends on wages and salaries for their main livelihood and less than 4% of the population is engaged in entrepreneurial activities[9]. High illiteracy levels among women (84%) and youth (53%) make it difficult for women and youth to access business related information, opportunities and markets, while also creating a serious barrier to skills development, intensifying shortage in skills availability and labour market mismatch, aggravating unemployment rates, and ultimately undermining economic mobility. Youth unemployment is both a cause and a consequence of fragility in South Sudan. With the growing number of returnees, estimated at 235,802 as of end of 2019, the government is challenged to ensure that more South Sudanese are absorbed into the labour market. Experience in South Sudan has shown that where youth are engaged in productive undertakings, such areas do not experience widespread conflict. Therefore, the development of micro and small enterprises (MSEs) and job creation through this project will not only address youth employment but it will also contribute to peace building

1.2.2 The effects of the civil conflict of 2013 and 2016 on youth unemployment have been exacerbated by the impact of the COVID 19 pandemic and its resultant macroeconomic crisis and induced vulnerabilities. The 2014 oil price shock aggravated the socio-economic challenges leading to growth deceleration in 2015 and subsequent years. The impact of the COVID-19 pandemic on global demands and oil prices has been severe, with short-term growth outlook indicating that the economy will be in recession up to the end of 2021. Other related effects are lower foreign direct investment (FDI) inflow; exchange rate depreciation due to lower foreign currency earnings; and deteriorating fiscal and current account deficits. The outbreak of the COVID-19 pandemic has exacerbated the socio-economic challenges in South Sudan, which has worsened the unemployment situation due to the closure of

[8] World Bank, job working paper Issue No. 51
[9] Knowledge, evidence, and learning for development, 2017

businesses (either temporarily or permanently), especially in the informal sector where most of the youth are engaged. A labour-market study conducted under the Bank supported Skills for Youth Employability and Social Inclusion (SYE-SS) Project showed that about 68% of businesses closed due to the COVID-19 pandemic while 41% suffered liquidity challenges, leading to contraction in the number of MSEs and thus negatively impacting the recovery of local economies.

1.2.3 South Sudan is grappling with visible capacity deficits, which were further undermined by the effects of protracted conflict on virtually every sector of the country's economy. The crisis led to massive population displacements and tens of thousands of civilians fleeing the country. The underlying development challenges comprise weak institutions, which contribute to an unfavorable business regulatory environment, limit the capacity to create jobs and develop the skills necessary for private sector growth, and economic diversification. South Sudan is currently implementing a Revitalized Agreement on the Resolution of the Conflict in the Republic of South Sudan (R-ARCSS) signed in 2018. Successful implementation of the R-ARCSS will facilitate the roll out of key reforms necessary to strengthen governance systems, manage public funds, optimize service delivery, develop infrastructure, and stabilize the economy. Improved human and institutional capacity are critical elements to assist government institutions to better perform their mandates. With the formation of the Revitalized Transitional Government of National Unity (RTGoNU) in 2020, the government stepped up efforts towards building core institutional structures of governance and critical infrastructure. The R-TGoNU could benefit from institutional capacity strengthening, including foundational frameworks, requisite qualified human resources, organizational systems, tools, and processes for basic functionality. Government institutions require technical expertise and significant capacity support to enable them to adequately deliver their mandates. However, the socioeconomic impact of the COVID-19 pandemic and its associated effects have had a devastating impact on the country and severely undermined the government's capacity for service provision.

1.2.4 The YEDCB project is among the five projects that have been selected in South Sudan, Nigeria, Liberia, Sao Tome and Principle in 2021 for mainstreaming "adaptation jobs". In Collaboration with the Global Center on Adaptation, the project will conduct an assessment of "adaptation jobs" opportunities within its framework. From the assessment outcomes, the project will support entrepreneurship opportunities unveiled in the climate adaptation and climate resilience ecosystem to preserve jobs and foster employment focusing on green growth sectors. With micro, small and medium enterprises (MSMEs) accounting for about 92% of the total businesses in the country, the project serves as one of the few avenues for youth to have jobs and income. If the country is going to recover from the pandemic and decades of conflict, it needs to grow the private sector and allow it to drive economic recovery and development, especially at the local level. The need to make finance accessible to businesses to address liquidity and growth challenges is, therefore, imperative. The YEDCB project will ensure that more youth have access to improved entrepreneurial skills (basic business and financial management, credit access, record keeping and other soft skills) and increased incomes through their effective participation in enterprise development. The proposed project aims to remove the challenge of access to credit faced by the youth when they want to start, grow, and diversify their businesses.

1.2.5 The YEDCB project is complementing other Bank funded projects to maximize the impact on job creation. The YEDCB project will add to the Bank-supported Skills for Youth Employability and Social Inclusion (SYE-SS) project. This will be through providing an opportunity for youth trained in various technical skills in Central Equatoria to be employed in the newly created or growing businesses supported under this project. In addition, youth trained under the SYE-SS project could access entrepreneurial skills, business development support, and finance. The business portal supported by the SYE-SS project will provide youth-

led businesses with the opportunity to expand their reach and tap into additional national and regional markets. The YEDCB project will also benefit from the small and medium enterprises policy to be developed through the Bank funded Agricultural Markets, Value Addition and Trade Development Project (AMVAT). The AMVAT project is aimed at increasing agricultural productivity, value addition, and enhancing markets and trade enabling environments in Central Equatoria, Eastern Equatoria and Jonglei. The modern market that will be constructed in Juba under the AMVAT project will promote marketing of products from MSEs supported by the YEDCB project. The YEDCB project will complement the Gender Equality and Economic Empowerment for Inclusive Growth (GEEM-IG) Project, which is aimed at addressing poverty and inequality through improving capacities of women to undertake entrepreneurship activities, increase access to finance and enhance financial inclusion of young women in Eastern Equatoria (Torit), Western Equatoria (Yambio) and Central Equatoria (Juba).

Donor Coordination and Synergies

1.3.1 The Project builds on and complements related activities of development partners aimed at improving access to sustainable financing, enhancing creation and development of start-ups and MSEs. Several development partners have interventions in South Sudan to address the challenges youth are facing including: a high unemployment rate, lack of skills and skills mismatch, a low literacy rate, and difficulties in accessing finances for business development. Some partners like the Netherlands Embassy, European Union (EU), and High Commission of Canada prioritize solutions to youth challenges through creating an enabling environment for youth development, youth employment, women empowerment, vocational training, agri-business projects, and support to youth-led micro and small enterprises (MSEs) delivered through third party agencies due to the limited capacity of government to implement projects. Appendix V provides a summary of related interventions financed by other development partners (DPs) in South Sudan. The Bank support will complement interventions by other DPs in several ways including: i) supporting youth who have been trained by other DPs to benefit from the financing facility and start sustainable MSEs if they meet the requirements; and (ii) leverage on existing facilities, such as iHubs and offer business development services to the youth in order to boost MSE development; and (iii) leverage on the existing business and employment portals to track MSEs established and jobs created by the project.

1.3.2 The Bank discussed with different DPs (IFAD, Embassy of Canada, EU, Netherlands Embassy, UN Women and UNDP) to identify the support gap where the Bank will add value and explore potential synergies, co-financing and parallel financing opportunities for the YEDCB project. The team was successful in securing parallel financing of UA 0.66 million from UNDP. One of the challenges with MSE development and job creation for the youth in South Sudan is the lack of coordination by DPs. The United States Agency for International Development (USAID) is in the process of consulting other development partners on how to put in place a suitable coordination mechanism of DPs supporting the youth in South Sudan.

II – PROJECT DESCRIPTION

2.1 Project Objectives

2.1.1. The development goal of the YEDCB project is to enhance employability and job creation for youth in South Sudan through strengthening the private sector, building entrepreneurship skills, and improving the enabling environment. The specific objectives of the YEDCB project are: (i) increase employability of young women and men by facilitating access to skills development, business development support and financing; and (ii) enhance public service delivery through institutional and human capacity development. These will contribute to addressing the underlying drivers of fragility, enhance inclusivity and build resilience.

2.2 Project description

2.2.1 The YEDCB project seeks to ensure that young women and men aged 18-35 years with the potential to grow as entrepreneurs are self-employed and/or create employment for others through their businesses. Specifically, the project will address: (i) strengthening entrepreneurship skills provision; (ii) the lack of access to finance; (iii) the lack of access to markets and information; and (iv) capacity challenges of government institutions to improve institutional and policy environment for youth empowerment and MSE development. The project will also support entrepreneurship opportunities unveiled in the climate adaptation and climate resilience ecosystem.

2.2.2 The YEDCB project will use the organic (community-owned and initiated) Village Savings and Loan Associations (VSLAs) model to enhance youth employment through the creation and sustainability of MSEs in five (5) states in South Sudan. The project will support the establishment of new and existing growth oriented MSEs through agriculture value chain in horticulture, honey, sesame, groundnuts, poultry, fish, cattle, and shea butter. The value chain assessments carried out by UNDP[10], FAO[11], and World Bank[12] have informed the selection of value chains for the project in 4 out of 5 states. An assessment will be carried out in Upper Nile State to inform the selection of the value chains at the commencement of the project. The project will provide tailored training using selected Business Development Service (BDS) providers. The selection of BDS training partners will be based on (1) demonstrated capacity to deliver proven business development and entrepreneurship models, (2) local/states presence and experience, (3) expertise in product development and packaging, and (4) linkages with market. The training will be delivered through the Integrated Business, Employment, and Innovation Hubs (iHubs) established by UNDP as well as existing training institutions and centres, in partnership with the private sector, and financial institutions.

2.2.3 The project will provide access to finance to groups of young women and men aged 18-35 years that have the potential to start and grow their businesses. A selected financial institution (FI), which has an existing business model to support youth and women group will administer the revolving fund to provide interest free loans to youth. The interest free loans will range from USD 2,000 -10,000 per MSE based on capacity to absorb the funds and grow the business. The loans will be granted to selected groups and individuals and considering the size and value, it is not expected to cause any market distortion.

2.2.4 The FI selected to implement the financing facility should be duly registered, licensed and regulated with a minimum of 5 years of operation in South Sudan. It should demonstrate financial stability and capitalization (adequacy of capital, positive audit and reputation, management and governance, earnings and liquidity, financial management and internal control systems). It should also demonstrate willingness and commitment to offer youth and women specialized products and have sufficient experience in lending to youth and women groups and MSEs (preferably with available MSE loan portfolio). The FI should also demonstrate national geographical reach or at least in the states to be covered by the project. Given that the financing facility will provide interest free loans, the project will cover the cost incurred by the FI for managing this facility. At the end of the project the revolving fund will be invested in the Youth Enterprise Development Fund that is to be established by the GRSS. In case the youth fund is not ready the government of South Sudan will re-negotiate with the financial institution to continue administering the fund.

[10] Feasibility Study on Agriculture Value Chains, 2020
[11] Assessment of the Current Operational Status and Real-Life Situation of the Producer Groups in Bor, Yambio and Aweil Counties, South Sudan (2020)
[12] https://documents1.worldbank.org/curated/en/684381562927668507/pdf/South-Sudan-Linking-the-Agriculture-and-Food-Sector-to-the-Job-Creation-Agenda.pdf

Details of the proposed selection criteria and expectations from the FI are provided in technical annex B9.

2.2.5 The project will build capacity of 6 government institutions namely, Ministry of Youth and Sports (MoYS); Ministry of Finance and Planning (MoFP); Ministry of Labour (MoL); Ministry of Trade and Industry (MoTI); Ministry of Public Services and Human Resources Development (MoPSHRD); and the Economic cluster under the Office of the Vice Presidency, to enhance public service delivery through institutional and human capacity development. Due to the diverse nature and mandates of institutions to be supported by the project and to ensure relevance of the capacity building activities, the project will support a rapid but comprehensive capacity assessment for five (5) selected government institutions and the intervention will be informed by the capacity building plan that will be developed. The capacity assessment of the five (5) institutions will benefit from the lessons learnt by UNDP during the recently concluded capacity assessment of the Ministry of Finance and Planning.

2.2.6 The institutions were selected based on their role in supporting private sector development and youth economic empowerment in South Sudan. The government ministries in South Sudan are organised into five clusters (governance, economic, service, infrastructure, and gender and youth). The institutions that the project will support are from the economic cluster (MoFP and MoTI), service cluster (MoL and MPSHRD) and the gender and youth cluster (MoYS). All these institutions are critical for MSE development and youth economic empowerment. For example, the economic cluster is mandated to support the country to achieve viable economic stability and growth through economic diversification, infrastructure development, and creating a conducive environment to stimulate the private sector as an engine of economic growth. On the other hand, the services cluster is mandated to establish a robust, equitable social service system and partnerships that are sustainable and accountable, while the gender and youth cluster is responsible for youth and women empowerment.

2.2.7 The YEDCB project comprises of three components as outlined in Table 1.

Table 1: Project Components

Component	**Cost (UA million)**	**Component Description**
Component 1: *Sustainable Enterprises Development*	***4.40***	**Sub-component 1.1:** *Business Development Services (BDS) and technical production training for youth groups and existing growth oriented MSEs (UA 2.01 million)* i) 2,550 youth between the age of 18-35 years selected and organized into 85 registered Village Savings and Loan Associations (VSLAs, 30 people each) based on common economic activities. Youth targeted include the vulnerable groups such as returnees, persons with disability, and ex-combatants. Demonstration of willingness to engage in business development or creation will also be an important criterion. A detailed criterion will be developed by UNDP and approved by the Project Steering Committee at the start of the project. ii) 510 business groups within the 85 VSLAs (5 people per group) to start group MSEs instead of undertaking individual initiatives. iii)243 youth led existing MSEs (50% women) selected based on: (i) 2 to 5 years of operation; (ii) 3 to 10 employees; and (iii) potential to grow. iv) 5 BDS training partners[13], selected based on (1) demonstrated capacity to deliver proven business development and entrepreneurship models, (2) local/states presence and experience, (3) expertise in product development and packaging, and (4) linkages with market.

[13] UNDP has established a pool of business development advisors under their Recovery and Stabilization Project. BDAs will be engaged in the YEDCB project to support start-ups, business survival and growth.

		v) BDS and technical production tailored training delivered to 3,036 youth (2,550 from 85 VSLAs and 486 from 243 MSEs) to improve their business skills and technical production knowhow. These will be short term trainings that will last about 3-4 weeks. vi) 10 business linkages established between youth led MSEs and markets at national and regional level through medium and large enterprises as off takers. vii) One (1) agriculture value chain and enterprise development study in Upper Nile. One (1) tracer study in the 5 states covered by the project to track changes after a certain period of time as a means of validating the effectiveness of project interventions.
		Sub-component 1.2: *Establish a financing facility to provide access to finance (UA 2.39million)* i) 243 existing growth-oriented youth led MSEs and 510 Newly established MSEs provided with financing. A selected financial institution (FI) will administer the revolving fund to provide interest free loans to youth aged 18-35 years that have the potential to start and grow their businesses. The interest free loans will range from USD 2,000-10,000 per MSE based on capacity to absorb the funds and grow the business. The project will cover the cost incurred by the FI in managing the facility.
Component 2: Capacity Building for Strategic Government Institutions	***0.86***	i) Conduct capacity building assessments in 5[14] government institutions. ii) Develop institutional capacity development plans for 6 government institutions. iii) Conduct training to 6 government institutions and provide technical assistance to fill the identified gaps as reflected in the (organization) capacity development plan. Potential areas of training include entrepreneurship development, business facilitation, gender-responsive budgeting, and policy and Strategy development and implementation. iv) Provide ICT equipment (including computers and printers) to 5[15] government institutions to enhance efficiency and improve the quality-of-service delivery. v) Conduct a client satisfaction survey.
Component 3: Project Management	***0.54***	i) Coordinate and supervise project activities including keeping track of the indicators in the results measurement framework, disaggregated by sex. ii) One (1) mid-term and one (1) final project completion reviews. iii) Operating costs including M&E, procurement, financial management, audit, and reporting.
	0.26	Third Party Implementing Agency Fee.
TOTAL	***6.06***	

2.3 Technical solution retained and other alternatives explored

2.3.1 The proposed technical approach involves efficient management of limited available resources. To maximize use of available funds, create the enabling investment environment, and ensure sustainability, the grant will be used to facilitate private sector development, provision of business development services and youth economic empowerment. To sustain the interventions, a financial institution will be identified to facilitate access to finances by youth-led start-ups and MSEs. Technical solution includes working with UNDP as the implementing agency. The alternative technical solution assessed is summarised in Table 2.

Table 2: Alternative technical solution considered and reasons for rejection

Alternative	Brief description	Reasons for rejection
Locating project	Given the immense economic needs and high youth	Given the limited project resources, it was difficult to spread resources thinly across all the 10 states. The Bank

[14] The capacity building assessment of the Ministry of Finance and Planning (MoFP), which would have been the 6th institution was carried out by UNDP. Unlike other government institution that require capacity assessment, a capacity building plan and training, the MoFP requires a capacity building plan and training only since the assessment has already been completed.

[15] The Bank's Skills and Youth Employability and Social Inclusion project has provided ICT equipment to Ministry of Labour as the Executing Agency. Therefore, the MoL will benefit from the human capacity building and not ICT equipment.

Alternative	Brief description	Reasons for rejection
activities in all the ten (10) States of South Sudan for the sake of inclusivity	unemployment in the country, every state requires interventions that create jobs for the youth. Key socio- economic indicators as indicated in technical Annex B10 and section 2.6 in this project appraisal report informed the selection of 5 out of 10 states	is exploring opportunities of securing additional resources from internal sources such as YEI-MDTF and TSF Pillar III to complement the YEDCB project by covering some of the remaining States. The Bank is also engaging other DPs to create synergies with their interventions, which will increase geographical coverage of the States in South Sudan. The Bank will explore opportunities for the next phase of the project depending on the performance of this phase and availability of funds.

2.4 Project type

2.4.1 The project is a stand-alone investment operation designed to support youth led MSE development, youth economic empowerment and capacity building of government institutions as part of resilience building in a fragile context. The choice of this type of operation is justified by the status of South Sudan as a transition State that is coming out of a long-term conflict and is building resilience. Given the institutional fragility, policy distortions, governance challenges, lack of economic diversification, and the lingering impact of conflict and violence, which have increased extreme poverty and closed off opportunities to private sector employment and improved livelihoods, the GRSS considered that a project mode of support was the most appropriate to channel the grant to address youth unemployment and institutional capacity challenges.

2.5 Project cost and financing arrangements

2.5.1 *Sources of financing:* The project is estimated to cost UA 6.36 million net of taxes and customs duties and will be funded from ADF-15 TSF Pillar I Grant of UA 5.4 million, UNDP parallel financing of UA 0.66 million and in-kind GRSS contribution of UA 0.3 million. UNDP will receive an administrative fee of five percent (5%) of the project costs for implementation. The ADF-15/TSF grant, and UNDP will finance 89% and 11% respectively of the foreign currency in components 1, 2, and 3, while GRSS will finance all the local costs of UA 0.3 million through provision of nominated staff and office facilities at MoYS for hosting these staff who will be working with UNDP as part of the twinning approach[16] and organising PSC meetings. Table 3 below provides a summary of the sources of financing. The details are outlined in technical annex B2.

2.5.2 South Sudan's economy is highly vulnerable to economic shocks due to its high dependence on oil, which accounts for 90% of total revenue and 95% of export earnings. This vulnerability was further exposed by the effects of the COVID-19 pandemic linked to reduced global demand and falling global oil prices, which have negatively impacted budget execution due to revenue losses with fiscal deficit widening to 4.9% of GDP in 2020 from 2.5% in 2019. These challenges compound to the lack of economic competitiveness, narrow export base, limited foreign reserves and high public debt. Although the Bank's 2020 Country Financing Parameters recommend 100% financing by the Bank Group, the GRSS contribution to the total project cost will be 5% in-kind.

Table 3: Sources of financing [UA million equivalents]

Sources of financing	F.C.	L.C.	Total	% Total
ADF-15/TSF Pillar 1 Grant	5.40	0.0	5.40	85
UNDP (Parallel financing)	0.66	0.0	0.66	10
GRSS	0.00	0.3	0.30	5
Total	***6.06***	**0.3**	***6.36***	**100**
Percentage	***95***	**5**	**100**	

[16] A "twinning" approach is where representatives from the EA work side-by-side with UNDP staff as secretariat to the PSC, while benefiting from the reporting and project management systems and processes employed by UNDP.

2.5.3 Project Costing: The Tables below provide the summary of the project costs which are based on analysis of unit prices obtained from UNDP, Ministry of Youth and Sports, Ministry of Trade and Industry, and other institutions.

Table 4: Project Cost by Component [UA million equivalents]

	Components	**UA million**					**% Total**	**% F.C.**
		F.C.			**L.C.**	**Total Cost**		
		ADF-15	UNDP	ADF-15 & UNDP	GRSS			
1	Sustainable Enterprise Development	3.74	0.66	4.40	0	4.40	69	72
2	Capacity Building for Strategic Government Institutions	0.86	0.00	0.86	0	0.86	14	14
3	Project management	0.54	0.00	0.54	0.3	0.84	13	9
4	Administrative fees (5%)	0.26	0.00	0.26	0	0.26	4	5
	TOTAL COST	**5.40**	**0.66**	**6.06**	**0.3**	**6.36**	**100**	**100**

Table 5: Project Cost by Category of Expenditure [UA million equivalents]

Categories of expenditure	**UA million**				TOTAL (UA million)	% Total Cost	% F.C.
	F.C			L.C.			
	ADF-15	UNDP	ADF-15 & UNDP	GRSS			
Goods	0.37	0.00	0.37	0.0	0.37	6	6
Services	1.84	0.66	2.50	0.0	2.50	39	41
Financing facility	2.39	0.00	2.39	0.0	2.39	38	39
Operating costs	0.54	0.00	0.54	0.3	0.84	13	9
Administrative fees 5%	0.26	0.00	0.26	0.0	0.26	4	5
Total	***5.40***	***0.66***	***6.06***	***0.3***	***6.36***	**100**	**100**

Table 6: Expenditure Schedule by Component (UA million equivalent) – (ADF-15/TSF Pillar I)

Component	**2022**	**2023**	**2024**	**2025**	**TOTAL (UA)**	**% Total**
Tranche Percentage	**30%**	**30%**	**30%**	**10%**		
Sustainable Enterprise Development	1.12	1.12	1.12	0.38	3.74	69
Capacity Building for Strategic Government Institutions	0.26	0.26	0.26	0.08	0.86	16
Operating Costs	0.16	0.16	0.16	0.06	0.54	10
Administrative fees	0.08	0.08	0.08	0.02	0.26	5
Total/Year	**1.62**	**1.62**	**1.62**	**0.54**	**5.40**	**100.0**

Table 7: Expenditure Schedule by Category & Disbursement Schedule (UA million equivalent)

Category	**ADF-15/TSF Pillar I**		**First Tranche (2022)**	**Second Tranche (2023)**	**Third Tranche (2024)**	**Fourth Tranche (2025)**
	Amount (UA million)	% Total	30%	30%	30%	10%
Goods	0.37	6.9	0.11	0.11	0.11	0.04
Services	1.84	34.0	0.55	0.55	0.55	0.19
Financing facility	2.39	44.3	0.72	0.72	0.72	0.23

Operating Costs	0.54	10.0	0.16	0.16	0.16	0.06
UNDP's indirect costs of administering the Grant 5%	0.26	4.8	0.08	0.08	0.08	0.02
Total/Year	**5.40**	**100**	**1.62**	**1.62**	**1.62**	**0.54**

2.6 Project's target area and population

2.6.1 *Project area*: The geographical scope of the project includes rural and urban areas in five states of Central Equatoria, Eastern Equatoria, Lakes, Jonglei, and Upper Nile. Bank resources will mainly support activities in 4 states namely Eastern Equatoria, Lakes, Jonglei, and Upper Nile. Complementary activities by UNDP will cover Central Equatoria, Eastern Equatoria, Lakes, and Jonglei. Appendix VI provides the geographical coverage of the project. The selection of the states was informed by the following criteria: (i) key states for high value crops with prospects for value addition and external trade; (ii) high percentage of the population likely to directly benefit from the investment of the project; (iii) development stage of the population in the state as well as peace and security; and (iv) states where development partners are currently located to provide complementarity. Details of the socio-economic indicators that informed the selection of the states are provided in technical annex B10.

2.6.2 *Project beneficiaries*: The direct project beneficiaries are: (i) 3,036 youth (50% women) who will be supported in establishing sustainable businesses. Out of these, 2,550 youth will be supported through 85 VSLAs and 510 newly established youth group start-ups. The remaining 486 youth will be supported through 243 already existing early-stage youth-led MSEs (50% women led) to grow and for each to create at least two new jobs over the project cycle demonstrating business growth and employability capacity. The beneficiaries will include rural and urban youth, ex-combatants, returnees, and persons with disabilities who will be taken from the iHub data bases and portal, augmented by project mobilization activities. During project implementation, it will be explored on how best to also include some forcibly displaced youth (refugees and IDPs) and youth in hosting communities to further foster social cohesion and leave no one behind. To ensure equitable distribution between areas and segments of youth, agreed criteria will be set with the state governments to guide the initial selection process. Final determination of youth to benefit from start-up support, BDS, and financing will depend on the completion of training, organization of businesses, and establishment of groups and VSLAs. The project will also benefit five (5) BDS providers and a financial institution through capacity building support as well as 6 government institutions[17] to enhance the delivery of services targeted at private sector development and job creation.

Indirect beneficiaries: Suppliers of inputs to support youth led MSEs and start-ups will benefit from the project by growing their businesses. Increased demand of their products could boost their productivity and lead to job creation. Through their services and products, youth led MSEs and start-ups will address the needs of local population and their customers. The project will also indirectly benefit users of public services in South Sudan who will notice an improvement in service delivery.

2.7 Participatory process for project identification, design & implementation

2.7.1 During project preparation and appraisal missions, the Bank engaged with key government ministries, development partners, Non-Governmental Organizations (NGOs), Civil Society Organizations (CSOs), training institutions, private sector stakeholders, and financial institutions. The consultations were aimed at enhancing ownership from the government, inform the partners about the project, obtain adherence through additional financing, and facilitate donor coordination. Bilateral discussions were held with UNDP on the project implementation, after being selected by the GRSS as an implementing partner. All consulted

[17] Ministry of Finance and Planning, Ministry of Youth and Sports, Ministry of Trade and Industry, Ministry of Labour, and Ministry of Public Services and Human Resources Development, and the Economic cluster under the Office of the Vice Presidency

parties expressed support for the Project from ownership of the government to possible collaboration with other development partners.

2.7.2 The consultations significantly informed the project design, especially the project components and implementation arrangement. For instance, consultations during project appraisal indicated that it is still advisable to place project resources under a third-party United Nations agency, rather than in a ministerial budget or a special account managed by the Ministry of Finance and Planning, due to weak capacity, fragility and poor governance. It is important to note that the skills gained by staff in government institutions will be key in managing future Bank funded projects. During implementation, there will be further engagement with key stakeholders through a multi-stakeholder's Project Steering Committee (PSC) that will oversee the implementation of the project and provide strategic guidance. Some of the analytical work underpinning the proposal include the Bank's fragility assessment carried out in 2018, UNDP's institutional capacity assessments and the Bank's status review of human development in South Sudan study that was completed in June 2021.

2.7.3 The Bank engaged development partners on possible additional financing to expand the YEDCB project, but there is no commitment as yet. There is, however, parallel financing to the sector through the *South Sudan Job Creation and Trade Development Project* of EUR 4.8 million and *EMPOWER Project (Phase II)* of EUR 4 million both funded by the European Union. The *Rural Enterprises for Agriculture Development Project* of USD 25 million is under preparation and will be funded under the Global Agriculture and Food Security Programme (GAFSP) with UNDP identified as the implementing partner. These projects have similar objectives to the YEDCB project. Internally, the Bank is seeking additional financing from the Youth Entrepreneurship and Innovation Multi-Donor Trust Fund (YEI-MDTF) and TSF Pillar III amounting to USD 0.999 million and UA 1.5 million respectively to expand the project to other states.

2.8 Bank's Group experience, lessons reflected in project design

2.8.1 Bank Group Activities: As of 30th September 2021, the Bank Group's active portfolio in South Sudan is comprised of 11 operations, including one emergency operation and a COVID-19 response project, with cumulative commitments of UA 76.8 /USD 110.59 million. The portfolio is largely funded by the Bank-hosted Transitional Support Facility (TSF) at 64.8%, followed by the African Development Fund (32.9%), the Rural Water and Sanitation Initiative (2.2%) and the Special Relief Fund (0.1%). The water and sanitation sector has the largest allocation (30%), followed by social sector (22%), multisector (15%), power (14%), agriculture (13%), and finance (6%). The Bank has two on-going social sector projects in South Sudan approved in September 2019 and April 2020. The conditions precedent to first disbursements were satisfied by the Recipient for both projects and implementation is on track. This project will therefore be the third social sector project supported by the Bank since 2012. The portfolio's performance is satisfactory, with an overall score of 3.15 on a scale of 1 to 4. The total cumulative disbursement rate was 36.9% by 30th September 2021, while the average portfolio age stood at 4.3 years. However, critical issues of fragility, particularly insecurity and violence, still affect portfolio performance, as well as the government's low absorption capacity stemming from institutional and human capital weaknesses. The COVID-19 pandemic has also affected the portfolio performance with restrictions on travel, national lock-down and other standard operating procedures put in place to contain the pandemic. Another key portfolio challenge includes a weakness in financial management. The Bank organised a virtual workshop from 25-27 October 2021, designed to support concerned Government officials, staff of Project implementation Units (PIUs) and other partners on fiduciary issues for smooth implementation of Bank-funded projects in South Sudan. Appendix III provides a summary of the portfolio.

2.8.2 **The Project design integrates experiences and lessons learned from similar Bank and development partners enterprise development and institutional capacity building support operations.** The project has also benefited from the Bank's experience in youth enterprise development and capacity building in transition Regional Member Countries including Malawi Somalia, and Sudan. Lessons learnt include: (i) focus on empowering youth for peace building; (ii) provision of short-term training for immediate entry of vulnerable groups in the labour market; (iii) capacity building of Executing Agency for effective implementation and adherence to the Bank's fiduciary rules and procedures; (iv) use of third-party implementing arrangement for projects outside Juba to mitigate risks associated with weak institutional capacity (systems and human capital), insecurity outside Juba, limited knowledge of Bank rules, procedures, and procurement regulations by the Project Implementation Unit officials, delays in the implementation of procurement plans, and submission of audit reports; and (v) institutionalization and national/government ownership is key. A number of key lessons from similar interventions on skills development, job creation and youth employment also informed the design of the proposed project. These include (i) the need to ensure clear monitoring of targets including mainstreamed gender actions; and (ii) the need for the project to be anchored on a national strategic vision and program for human capital development, especially for the youth. The project integrates these lessons by indicating specific targets on gender, and capacity building, and on social and environmental safeguards and fiduciary aspects. A summary table of the lessons learnt and how they have been integrated in the project is provided in Technical Annex B1.

2.9 Key performance indicators

2.9.1 At the impact level, the project is expected to improve livelihoods and incomes through job creation and development of an improved business environment and private sector development. The main outcomes of the project are: (i) new youth-led MSEs established; (ii) jobs created through expansion of youth-led MSEs and start-ups; (iii) youth-led MSEs accessed interest free loans; (iv) increased revenue of existing youth-led MSEs; and (v) clients satisfied with services of targeted government institutions. Expected outputs of the project include (i) 3,036 Youth trained in business development and entrepreneurship; (ii) 85 new VSLAs established and registered; (iii) An agriculture value chain and enterprise development study and a tracer study carried out; (iv) 2 capacity building and ICT needs assessments of government institutions carried out; (v) 200 personnel from sector ministries and clusters trained; (vi) 5 government institutions provided with ICT equipment; (vii) Trade portal and online business registration established; (viii) 10 Business-to-business linkages established; (ix) 16 quarterly progress reports delivered on time; and (x) 4 audit reports delivered on time.

III – PROJECT FEASIBILITY

3.1 Economic performance

3.1.1 The project is economically viable, as indicated by the Project's Economic Internal Rate of Return (EIRR) of 14.7% and a positive NPV. This internal rate of return is derived with the labour productivity estimated in 2020.

3.1.2 The analysis used the 2014 South Sudan Enterprise Survey data, which is less up to date, but the closest available that could be used. Thus, the results should be interpreted cautiously. The analysis is based on the following assumptions: (i) project implementation period is four (4) years and the economic project life cycle is 25 years; (ii) on average, the default rate of loan reimbursement (non-performing loan) is set at 15%; (iii) the size of MSEs in terms of number of employees in South Sudan grows at an average rate of 41.5% annually and the labour productivity is estimated at SSP 103,268; (iv) in addition to other production costs including

raw materials, electricity and fuel, MSEs will pay the labour cost along with salaries and bonuses to workers at the level estimated in 2014 but adjusted to the inflation rate in 2020. The defaulted amount that the MSEs could not reimburse in the revolving fund is considered as a benefit for them. The other benefits considered in the analysis are derived from the productivity of workers that in turn increases the MSEs production and income.

3.1.3 It is to be noted that there are other benefits that cannot be estimated. For instance, youth productivity is expected to increase during the economic project life, youth well-being will improve, and youth poverty could decline. Also, there would be a spillover impact on jobs to be created along the selected value chains once the local economy recovers and stabilizes from the COVID-19 pandemic, security, and economic crisis. In addition, social impacts have not been integrated in the analysis due to deficiency in data.

Base economic analysis results

EIRR	14.7%
NPV	967 million in USD at 12%

3.1.4 Sensitivity analysis was conducted on the EIRR for various scenarios applied to the MSEs income as presented in the table below and the analysis in technical annex B11. It demonstrates that the project is quite robust and would remain viable under a range of alternatives. An increase of the MSEs income by 10% leads to an EIRR of 17.7%. In the case where the MSEs income decreases by 10%, the EIRR is set at 10.6%. The project remains viable given the unvalued benefits not captured in the analysis.

Sensitivity Analysis on the EIRR

Scenario	EIRR	NPV (USD million, 12%)
10% increase in the MSEs income	17.7%	2,363
10% decrease in the MSEs income	10.6%	250.6

3.1.5 Given the nature of the project, where returns are mostly social (jobs, incomes, poverty reduction, inclusivity, security) for youth and women, which are difficult to value due to lack of relevant data, this analysis does not calculate the Financial Internal Rate of Return (FIRR).

3.2 Environmental and Social impacts

3.2.1 In line with the Bank's Integrated Safeguards System, the project is classified as Category 3 (no risk) and hence does not require preparation of Environmental and Social Assessment Reports by the Government of the Republic of South Sudan. This classification of the operation is based on the fact that activities proposed, which include Business Development Services (BDS) and technical training; Establishment of youth groups and strengthening existing growth oriented MSEs; Supporting the set-up of a financing facility to provide access to finance; Capacity Building of selected government institutions; and Project Management are not expected to engender any direct adverse environmental, climate change and social impacts. On the other hand, addressing capacity and financing gaps affecting growth of youth-owned businesses will greatly contribute to the Government's ongoing efforts to create jobs, reduce poverty and income inequality. In the long run, the positive social benefits will contribute to improved standards of living, especially among the poor and vulnerable groups within the country.

3.3 Climate Change and Green Growth

3.3.1 The project is classified as Category 3 on the Bank's Climate Safeguards System, meaning it is not vulnerable to climate risks. It will contribute to building climate resilience through (1) training of youth entrepreneurs on agricultural value chain development and entrepreneurship, (2) providing start-up capital to youth-led MSEs, and (3) linking agripreneurs and youth-led SMEs to markets. It should be noted that one of the main climate risks to the development of

horticultural, sesame, groundnuts, cattle, and shea butter value chains is post-harvest losses that normally occur during periods of extreme weather events as well as extreme rainfall and flooding, which cut off transport networks. In combination, these affect the quality and speed within which produce is supplied to markets. As livestock and poultry production pose environmental degradation and greenhouse gas emission risks, the project will train the targeted youth and government staff on environmental and climate risk management.

3.4 Gender

3.4.1 The project is classified as category 2 on the Bank's Gender Marker System, with the expected result to create employment and entrepreneurship opportunities for young women through (i) accelerated access to financial resources (adequate financial products – loans and/or grants, access to markets), (ii) enhanced skills for business development/growth and sustainable income generation, and (iii) strengthened capacity of key institutions on gender-responsive planning and budgeting. Furthermore, a gender-lens will be systematically adopted in the selection of the youth in order to reach parity in participation (50% young women). Project activities are designed to address the gender inequalities and accelerate opportunities for young women with a focus on the agriculture sector and in value chains where women show strong entrepreneurial potential.

3.4.2 **Evidence shows that women in South Sudan lack opportunities for economic growth and development.** Most of them are involved in the informal sector, which is underdeveloped and uncoordinated, and in subsistence farming. Women's involvement in the formal sector is limited due to high levels of illiteracy, lack of access to productive and economic assets such as land, finance, credit facilities, and low business skills and management capacity.

3.4.3 **Consequently, gender disparities in South Sudan remain high.** According to the UNDP Gender Development Index, South Sudan is part of the Tier 5, among countries with gender disparities. The gender division of labour in South Sudan is particularly marked with women having responsibilities for domestic chores and childcare, as well as being responsible for much of the agricultural activities at the household and community levels. Like other African countries, their productivity is lowered by unequal access to land, markets, and productivity inputs, limited technical and business capacity, and the need to balance between business and family/societal responsibilities. This has important consequences for women's opportunities for economic empowerment, the types and nature of employment available to them, and therefore, their vulnerability to poverty. Women are recognized as active economic agents and key to communities' resilience. However, their involvement in the private sector in South Sudan is limited, with much of their work being done through informal employment. Therefore, a strong emphasis on economic empowerment of young women is vital.

3.4.4 Village Savings and Loan Associations (VSLAs) stand out as an effective strategy to support entrepreneurship as well as the building of skills and creating safe spaces for women and girls to come together. VSLAs are seen to be efficient in addressing issues of collateral and risk sharing and will be used as an instrument to reach the gender impact.

3.5 Fragility and Resilience

3.5.1 Unemployment in South Sudan is influenced by the combined effect of various drivers of fragility, which include the structure of the economy, political situation, migration, and conflict.

3.5.2 As for the structure of the economy, most of the employment is in agriculture where productivity is low and therefore, the real wages are also low. In addition, years of conflict and political instability have distorted the functioning of the labour markets as the war caused displacement, brain drain and the large defense spending, which diverted huge resources away from productive investments and labour employment, all resulting in rising unemployment.

3.5.3 Other factors such as limited skills and mismatch with the skills demanded by employers; poor business environment; limited budgetary allocation to productive sectors; and cultural factors limiting female youth participation in the labour market, also affect youth unemployment in South Sudan.

3.5.4 Given the aforementioned features of the labour market and the increasing share of youth in the total population and the labour force, it sounds natural that unemployment, disproportionately affects the youth more than the rest of the labour force. Hence, the upskilling and creation of employment are imperative to overcome the strategic problems and challenges confronting economic development in South Sudan. A more detailed fragility assessment is provided in Appendix IX.

IV – IMPLEMENTATION

4.1 Implementation arrangements

4.1.1 The project will be implemented over a period of four (4) years. The Ministry of Youth and Sports (MoYS) will be the Executing Agency (EA). Due to the low capacity of the Ministries to implement such projects, the Bank will engage a third-party implementing agency (TPIA) for the project. The Government requested that UNDP implements the project on its behalf. The Bank has already signed a Fiduciary Principles Agreement (FPA) with UNDP that describes the procurement and financial management arrangements. UNDP will charge an administrative fee of five percent (5%) of the project costs for implementation. Given that sustainability is key to the approach of the project, UNDP will also be responsible for skills and knowledge transfer to the staff of the EA through capacity building and sharing of experiences. A "twinning" approach will be used with representatives from the EA working side-by-side with UNDP staff as secretariat to the PSC, while benefiting from the reporting and project management systems and processes employed by UNDP. UNDP will engage civil society organizations in the delivery of project activities, particularly in the organization of MSEs and provision of business development support. Details are provided in Technical Annex B3.

4.1.2 A Project Steering Committee (PSC) will be constituted to strengthen the coordination, planning, and monitoring of the activities undertaken by the project. The PSC will be chaired by the Undersecretary, Ministry of Youth and Sports. The PSC will also include Undersecretaries of the Ministry of Finance and Planning; Ministry of Labour; Ministry of Gender, Child and Social Welfare; Ministry of Trade and Industry; a representative from the Gender and Youth cluster; a representative from the Economic cluster; high-level representatives from the five (5) participating states of CES, EES, Lakes, Jonglei and Upper Nile; and the TPIA. The Executing Agency (EA) may invite a maximum of three additional members from development partners and/or other ministries who are supporting youth and women economic empowerment in South Sudan and provide opportunities for parallel financing to join the PSC. For purpose of efficiency and strengthening synergies, the EA may decide to have one PSC for the YEDCB project with funding from ADF-15/TSF Pillar I and YEI-MDTF as well as the Private Sector Development in Fragile Context: Capacity Building and Access to Finance for Youth and Women (PSDFC) project with funding from TSF Pillar III resources. The Executing Agency will nominate a secretariat of 2 persons for the PSC. UNDP will provide quarterly progress reports to the EA for discussion and clearance before submitting them to the Bank. The PSC will meet bi-annually to review the project performance, approve annual workplans, provide oversight and guidance on policy issues, and identify potential linkages to enhance synergy and increase impact.

4.1.3 The choice of UNDP as an Implementing Agency was informed by: (i) the value addition of UNDP having the biggest and most comprehensive intervention on skills development, entrepreneurship, and private sector development for youth and women in South Sudan, which is a critical foundation for this project to build on (for example, some of the youth and women to be extended BDS and finance are those trained through initiatives such as that of UNDP); (ii) its geographical coverage and technical capacity given the presence of offices and staff (international specialists and national experts) in all states of South Sudan and supported established institutions (like iHubs and VTCs) that will be the main channels for project delivery; (iii) it has signed a Fiduciary Principles Agreement with the Bank—UNDP is implementing projects for the Bank in South Sudan, thus it is familiar with the Bank processes and procedures; and (iv) its strong partnership with the MoYS as well as the GRSS.

4.1.4 UNDP South Sudan will oversee overall coordination and implementation of project activities under the respective components through its field staff and subcontracts with local implementation partners (NGOs) through its Letter of Agreement (LoA) collaboration instrument. UNDP South Sudan, under the leadership of the Resident Representative for South Sudan, will provide oversight and quality assurance to ensure the successful implementation of the project, including all fiduciary aspects, safeguards, monitoring, and reporting of the project's progress. Under the TPIA arrangements, UNDP will use its existing FM, procurement and administrative staff to implement the project. In addition, UNDP will recruit a Project Coordinator, to be part of the Project Implementation Team within UNDP. Part of the UNDP team that will support the project will include M&E, Procurement and Financial Management Experts. UNDP will provide names and email contacts of these officers to the Bank at the start of the project. Provision of finance to young men and women will be through a financial institution, which has adequate capital base, liquidity, outreach capacity and experience lending to groups and MSEs. The Implementing Agency will establish a memorandum of understanding with the selected financial institution.

4.2 Procurement Arrangements

4.2.1 Procurement of goods (including non-consultancy services), works and acquisition of consulting services, financed by the Bank will be subject to the "Procurement Policy for Bank Group Funded Operations", dated October 2015, and following the provisions stated in the Financing Agreement. Consistent with paragraph 5.3(e) of the Bank's Procurement Policy, the Bank and Government of South Sudan have agreed to use the United Nations Development Programme (UNDP) as a Third-Party Implementing Agency (TPIA) to implement the Project on behalf of the Government, where the UN partner's regulations, rules and procedure of goods and services (consultancy and non-consultancy) will be fully applied in accordance with the Fiduciary Principles Agreement (FPA) signed between the Bank and this UN Agency.

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

4.2.3 On 22 August 2017, the Bank and UNDP signed a Fiduciary Principles Agreement (FPA) that sets out the framework of cooperation between both institutions. This agreement will form the basis for implementation of the project in accordance with paragraph 5.3(e) of the Bank's Procurement Policy. Under this arrangement, as part of implementation of this operation, UNDP will provide fiduciary oversight of the implementation of the entire project, including those relating to the procurement policies and procedures as set out in the FPA on the Government's behalf.

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

4.3 Financial Management

4.3.1 Even though the Executing Agency is the Ministry of Youth and Sports (MoYS), there was no need to assess the FM capacity of the Ministry as the Project Implementing Agency (IA) is the UNDP. The Bank carried out a preliminary assessment of the capacity of the UNDP office in South Sudan virtually and was found reliable with all the necessary staff to manage the project Fund. The UNDP, Government of the Republic of South Sudan, and the Fund will sign a Tripartite Funding and Implementation Agreement (TFIA) based on the FPA that was signed between the Bank and UNDP. UNDP will take the responsibility for the Fiduciary safeguards as per the TFIA to be signed.

4.4 Disbursement Arrangements

4.4.1 Disbursement arrangements and modalities are governed by the disbursement letter provided to the GRSS, the Executing Agency and Implementing Agency during negotiations. Disbursement shall be made to a UNDP designated bank account based on fulfilment of conditions precedent to each disbursement that will be set out in the TFIA. Disbursement for this project will be made in four (4) tranches (30%; 30%; 30% and 10%). Disbursement of the grant will be subject to AfDB disbursement rules, in particular the rules on suspension of disbursements. Disbursements can be suspended, for example in case of non-compliance with the financial agreement provisions.

4.5 Audit Arrangements

4.5.1 External audit and reporting will be governed by the rules and procedures of the UNDP. Details are included in the Financial Management Assessment report (annex to the PAR) and TFIA. As per the FPA, the Bank does not require a specific Audit report for the project. The UNDP is to submit the entity's audit report annually 30 days after the Independent External Auditor of the UNDP submits the report to the UNDP Governing Assembly.

4.6 Monitoring and Evaluation

4.6.1 The YEDCB project will be monitored using KPIs at input, output and outcome levels reflected in the RBLF that is gender sensitive and in the project monitoring matrix presented in appendix VII. A theory of change for the project is provided in appendix VIII. The Implementing Agency will be responsible for the periodic reporting (quarterly, bi-annually and annually) and the monitoring and evaluation framework which will be implemented in collaboration with other stakeholders while ensuring that relevant data are sex disaggregated. Core project indicators will be monitored under that framework. The project will make use of national data sets (for example, National Statistics Office, Youth employment statistics, Household surveys) and Project reports whenever possible. The Bank's supervision missions will be undertaken twice every year, to the extent possible with other development partners in South Sudan. Project mid-term review will be undertaken at the end of year two of implementation to evaluate progress towards achievement of the Project targets. A project completion report will be prepared during the last six months of the project to assess the achievement of the objectives, impact on the beneficiaries and drawing lessons for follow-up operations. A feedback mechanism will be implemented for the follow up of job creation from the onset of the Project.

Table 8: Project Monitoring Activities

Activity	Responsible Entity	Timeframe
Signing of Grant Agreement and Effectiveness	GRSS/AfDB/UNDP	December 2021
Fulfilment of first disbursement Conditions	AfDB	January 2022
Project launch	GRSS/AfDB/UNDP	January 2022
Service Delivery	UNDP/MoYS	Jan 2022 – 31December 2025
Mid-Term Review	AfDB/GRSS/UNDP	December 2023
Project Closure	UNDP/MoYS	31 December 2025
Auditing	UNDP	Annual

4.7 Governance

4.7.1 South Sudan's independence is 10 years old, but since 2013 the country has experienced civil war leading to weakened administrative and financial management structures. Increasing conflict in the country before the peace deal of August 2018 meant that accountability in government funds has degenerated to such a level that substantial amount of government funding could easily be allocated for military expenditures or other unprogrammed use without due regard to budget frameworks. Development partners, have therefore, been concerned with weaknesses in governance including: (i) risk and costs associated with conflict escalation; (ii) limited implementing capacity of public institutions; and (iii) social and economic marginalization of mainly rural populations that threaten the stability of the country.

4.7.2 The risk of poor governance on this project is mainly fiduciary in nature, in addition to the capacity to effectively implement the project outside Juba, due to security challenges if fully entrusted to government for its implementation. This risk will be mitigated by engaging UNDP as a Third-Party Implementing Agency (TPIA). UNDP has a track record of implementing activities right through the insurgency periods, which is also strengthened by their strong field presence where they have staffing in their monitoring offices.

4.7.3 The Executing Agency (EA) shall have overall oversight of the Project. The Implementing Agency will be responsible for the day-to-day activities of the Project. The governance for the project incorporates oversight, implementation, monitoring and review as well as audit arrangements. Potential risks related to project governance will be mitigated through the preparation of detailed work plans, budgets, and procurement plans, each requiring the Bank's ex-ante approval. The Bank will undertake regular desk and field supervision, as well as participation in dialogue with national authorities and key stakeholders to continue strengthening coordination.

4.7.4 Although the project will use third party implementation arrangement, government will support and monitor the actions of the TPIA through joint review missions and PSC. This will ensure that clear governance structures are maintained throughout the project. In addition, the Bank will monitor the project through regular desk reviews of project reports provided by UNDP and field supervision missions to keep track of the utilization of project funds for approved activities.

4.8 Sustainability

4.8.1 Sustainability is key to the approach of the project. This project will ensure sustainability of outcomes through enhancing the following:

- **Ownership:** Government will be engaged in all facets of project planning and implementation to ensure that this project feeds into the achievement of government priorities and targets. With the pragmatic and unique approach of focusing on youth employment and income generation through enterprise development – and not just skills training – the GRSS will be fully involved in the creation and performance of VSLAs, and the financing facility. These efforts will, however, be guaranteed if the current security situation is maintained and even improves.

- **Knowledge Transfer:** Most significantly, the resources under the revolving fund that will be established under the project will be transferred to the government after the end of the project to provide the seed capitalization for the Youth Enterprise Development Fund as provided for in the R-ARCSS. The Youth Enterprise Development Fund is expected to be housed under the MoYS. The capacity of the Government to manage such a fund will be developed during the project as UNDP will engage Government agencies with the financial institution as part of the PSC. The business and employment portals that will be used under the project are government systems and will be operated and maintained by the relevant government agencies (MoTI for the business portal and MoL for the employment portal), with initial technical support from UNDP. Similarly, the iHubs are all situated in public institutions and are owned by the Government. UNDP will deploy implementing partners, mainly CSOs to operate the iHubs during the project duration with a deliberate phased approach of transitioning the management and operation of the iHubs to the state governments and the MoL. Skills development trainings are also conducted in government vocational training centers and utilizing government trainers in the delivery of the said activities in order to boost and institutionalize technical capacity.

- **Capacity Building:** A strong focus of the project will be on building the capacity of the MoYS and other key government institutions to ensure that they have the knowledge, skills and experience to carry out their functions after project completion. MoYS officials and supervisors will be involved in project implementation from the beginning, providing supervisory and oversight support. The project will support system strengthening at the national and sub-national levels.

- **Strong M&E system**: A strong M&E systems will be put in place using the monitoring plan provided in Appendix VII to track progress of beneficiaries and assess the long-term impact of youth empowerment interventions.

- **Community-Based Institutions**: Previous experiences and success stories have revealed that strong community-based institutions are the backbone to ensuring sustainable and reliable businesses. As the YEDCB Project will focus on supporting the development and growth of MSEs through provision of training and start-ups, it will actively be involved in organizing communities to instill a sense of ownership for sustainable MSEs.

4.9 Risk management

4.9.1 There are potential risks to the project, which range from moderate to high as presented in Appendix IV. Worsening of the conflict situation in the country, especially the States targeted for the project implementation can compromise its success. The project will plan various options for delivering the project mainly outside the conflict-affected areas. UNDP shall be guided by Do No Harm (DNH)[18] and conflict sensitivity approaches in order to avoid or reduce any potential damage or unintended adverse effects of the project in the beneficiary communities. In addition, the share of the non-performing loans to the youth may get high in the first years of the project and compromise its extension over time. In the case where youth

[18] This includes avoiding the escalation of existing inter-communal and inter-clan tensions which are characteristic of South Sudanese societies.

are defaulting and have not made any schedule for payment of the loan, the programme could collapse. To mitigate that, the financial institution will follow the youth closely and those who reimburse their loan will graduate to a high amount of loan including through the financial institution resources. Furthermore, significant increase in the number of COVID-19 cases in the country could induce lockdown and undermine the project implementation. Therefore, in addition to following the standard operating procedures, the Bank will encourage the Government of South Sudan to expand administration of the vaccine along with non-pharmaceutical preventing measures. Financial management and procurement risks and mitigation measures are highlighted in Technical annexes B4 and B5.

4.10 Knowledge building

4.10.1 The implementation of the project will contribute to the generation and the transfer of knowledge and skills in enterprise development, access to finances, and institutional capacity building. The agricultural value chain study, tracer study, capacity assessments and knowledge and skills transfers will provide a baseline for future Bank interventions in South Sudan and replication by other development partners. A comprehensive project impact monitoring and evaluation system will be established, with dissemination of lessons learned and results achieved to inform future Bank interventions in RMCs.

V – LEGAL INSTRUMENTS AND AUTHORITY

5.1 Legal Instruments

The legal instrument for financing the Project is a Tripartite Funding and Implementation Agreement amongst the Republic of South Sudan, the African Development Bank (ADB) and African Development Fund (ADF) (hereinafter jointly referred to as the "Bank") (*as administrators of the TSF*) and UNDP for a TSF Pillar I grant of UA 5.40 million (the "Agreement").

5.2 Conditions Associated with the Bank's Intervention

A. Entry into Force of the Agreement:

5.2.1 The Agreement shall enter into force upon its signature by the Parties.

B. Conditions Precedent to First Disbursement of the Grant:

5.2.2 The obligation of the Bank to make disbursement of the first tranche of 30% of the grant (UA 1.62 million) shall be conditional upon entry into force of the Agreement and the satisfaction of the following conditions by UNDP:

a) Submission of an approved work plan and procurement plan in form and substance acceptable to the Fund. The work plan and procurement plan will be agreed upon between UNDP and the GRSS and submitted by UNDP.

C. Condition Precedent to Disbursement of the Second Tranche:

5.2.3 The obligation of the Bank to make disbursement of the second tranche of 30% of the grant (UA 1.62 million) shall be conditional upon entry into force of the Agreement and the satisfaction of the following conditions by UNDP:

a) Submission of evidence of the execution of an agreement between UNDP and the financial institution on the modalities of the disbursement under the revolving fund, in form and manner satisfactory to the Bank.
b) Submission of project progress reports for the period cumulative to the semester in which the tranche was requested.
c) Submission of unaudited interim financial statement for the period cumulative to the semester in which the tranche was requested signed by UNDP authorized officials, in form and substance acceptable to the Bank.

D. **Condition Precedent to Disbursement of the Third Tranche**

5.2.4 The obligation of the Bank to make disbursement of the third tranche of 30% of the grant (UA 1.62 million) shall be conditional upon entry into force of the Agreement and the satisfaction of the following condition by UNDP:

a) Submission of project progress reports for the period cumulative to the semester in which the tranche was requested.
b) Submission of unaudited interim financial statement for the period cumulative to the semester in which the tranche was requested signed by UNDP authorized officials, in form and substance acceptable to the Bank.
c) Submission of the audit report of the UNDP for the previous fiscal year in 30 days' time after the Auditor has submitted the report to the Governing Assembly of UNDP.

E. **Condition Precedent to Disbursement of the Fourth Tranche**

5.2.5 The obligation of the Bank to make disbursement of the fourth tranche of 10% of the grant (UA 0.54 million) shall be conditional upon entry into force of the Agreement and the satisfaction of the following condition by UNDP:

a) Submission of project progress reports for the period cumulative to the semester in which the tranche was requested.
b) Submission of unaudited interim financial statement for the period cumulative to the semester in which the tranche was requested signed by UNDP authorized officials, in form and substance acceptable to the Bank**.**
c) Submission of approved work plan for the completion of the remaining project activities.

F. Other Conditions:

5.2.6 The UNDP communicating to the Bank and the GRSS its Project account details, with sample signature/s of Official/s or designated signatory/ries where the Bank can transfer the fund.

5.2.7 The UNDP shall within three (3) months of the first disbursement of the Grant:

a) Submit evidence of recruitment of the Project Coordinator for the Project Implementation Unit with qualifications and terms of reference acceptable to the Bank.
b) Establish a Project Steering Committee (PSC), which will be chaired by the Undersecretary of the Ministry of Youth and Sports and comprise of Undersecretaries of the Ministry of Finance and Planning; Ministry of Labour; Ministry of Gender, Child and Social Welfare; Ministry of Trade and Industry; the Gender and Youth cluster; the Economic cluster; high-level representatives from the five (5) participating states of CES, EES, Lakes, Jonglei and Upper Nile; and UNDP.

5.3 Compliance with Bank Group Policies

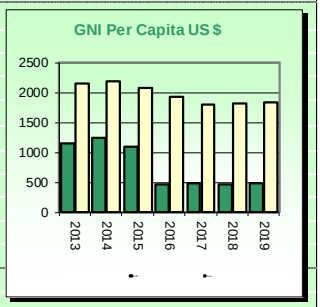
5.3.1 This Project complies with all applicable Bank rules, policies, and regulations.

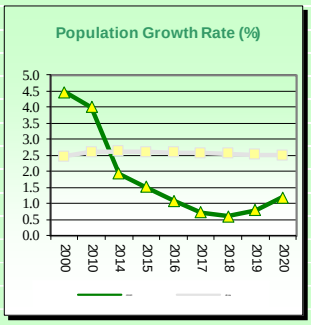
VI – RECOMMENDATION

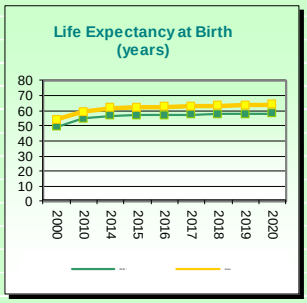
Management recommends that the Board of Directors approve a TSF pillar I Grant of UA 5.4 million to the Republic of South Sudan for the purposes of the activities presented in this report and subject to the terms and conditions stipulated herein.

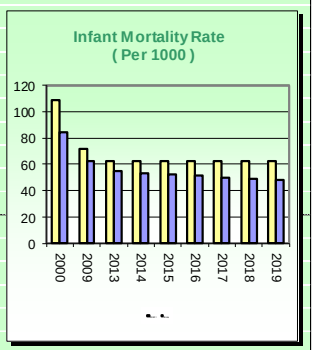
Appendix I: South Sudan's Comparative Socio-Economic Indicators

	Year	South Sudan	East Africa	Africa	Develo-ping Countries
Basic Indicators					
Area ('000 Km²)	2020	644	6,232	30,067	94,557
Total Population (millions)	2020	11.2	375.5	1,338.8	6,437.7
Urban Population (% of Total)	2020	24.6	28.3	43.8	50.8
Population Density (per Km²)	2020	17.4	64.4	45.6	67.2
GNI per Capita (US $)	2019	480	981	1 843	5 093
Labor Force Participation *- Total (%)	2020	69.8	70.9	61.3	58.3
Labor Force Participation **- Female (%)	2019	70.9	61.3	55.8	45.9
Sex Ratio (per 100 female)	2020	100.2	99.3	99.9	106.9
Human Develop. Index (Rank among 189 countries)	2019	185	...	...	...
Popul. Living Below $ 1.90 a Day (% of Population)	2007-18	44.7	34.8	34.4	...
Demographic Indicators					
Population Growth Rate - Total (%)	2020	1.2	2.6	2.5	1.2
Population Growth Rate - Urban (%)	2020	4.2	4.5	3.6	2.3
Population < 15 years (%)	2020	41.3	41.5	40.4	27.4
Population 15-24 years (%)	2020	20.2	20.7	19.3	16.3
Population >= 65 years (%)	2020	3.4	3.0	3.5	7.3
Dependency Ratio (%)	2020	80.8	80.1	78.1	54.6
Female Population 15-49 years (% of total population)	2020	24.0	24.5	24.2	25.1
Life Expectancy at Birth - Total (years)	2020	58.1	65.5	63.8	71.0
Life Expectancy at Birth - Female (years)	2020	59.6	67.5	65.6	73.2
Crude Birth Rate (per 1,000)	2020	34.3	32.9	32.6	19.7
Crude Death Rate (per 1,000)	2020	10.2	6.5	7.8	7.3
Infant Mortality Rate (per 1,000)	2019	62.4	38.4	47.9	30.6
Child Mortality Rate (per 1,000)	2019	96.2	54.3	69.5	41.0
Total Fertility Rate (per woman)	2020	4.5	4.3	4.3	2.6
Maternal Mortality Rate (per 100,000)	2017	1150.0	433.9	432.3	231.0
Women Using Contraception (%)	2020	10.3	35.3	39.1	59.1
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2010-18	...	11.3	33.4	127.9
Nurses and midwives (per 100,000 people)	2010-18	...	82.7	107.8	247.6
Births attended by Trained Health Personnel (%)	2010-18	19.4	54.8	64.7	79.4
Peop. Using at least basic drinking water services (% of Pop.)	2017	40.7	51.3	66.3	87.7
Peop. Using at least basic sanitation services (% of Population)	2017	11.3	23.9	40.3	68.4
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2019	2.5	2.6	3.1	...
Incidence of Tuberculosis (per 100,000)	2019	227.0	175.5	198.2	152.0
Child Immunization Against Tuberculosis (%)	2019	52.0	81.1	81.0	88.0
Child Immunization Against Measles (%)	2019	49.0	76.5	71.9	84.9
Underweight Children (% of children under 5 years)	2010-19	5.9	13.9	18.1	14.5
Prevalence of stunding	2010-19	27.4	29.8	32.4	23.6
Prevalence of undernourishment (% of pop.)	2018	...	21.	15.1	9.7
Current health expenditure (% of GDP)	2018	6.4	4.6	5.2	5.4
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-20	73.0	98.6	101.0	101.6
Primary School - Female	2010-20	60.4	96.7	98.8	100.5
Secondary School - Total	2010-20	11.0	44.4	53.5	72.4
Secondary School - Female	2010-20	7.7	36.5	50.5	72.1
Primary School Female Teaching Staff (% of Total)	2010-20	14.8	44.4	49.2	63.7
Adult literacy Rate - Total (%)	2010-18	34.5	69.4	67.9	84.3
Adult literacy Rate - Male (%)	2010-18	87.7	71.2	73.5	88.4
Adult literacy Rate - Female (%)	2010-18	28.9	64.3	61.7	80.2
Gouvernment expenditure on Education (% of GDP)	2010-19	1.5	4.1	4.8	4.1
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2016	...	13.2	8.0	11.3
Agricultural Land (as % of land area)	2016	...	50.7	38.2	38.3
Forest (As % of Land Area)	2016	...	21.2	13.2	31.9
Per Capita CO2 Emissions (metric tons)	2016	0.2	0.2	1.1	3.4









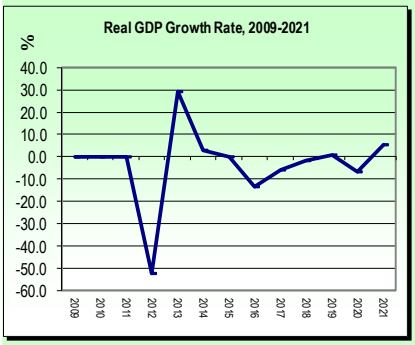
Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators; UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports. *last update : March 2021*

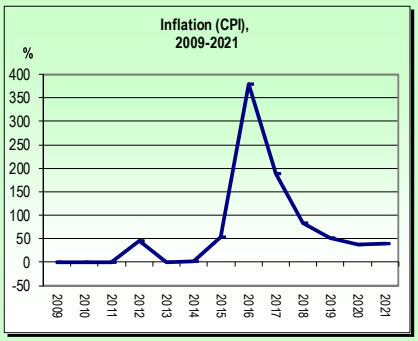
*Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)*

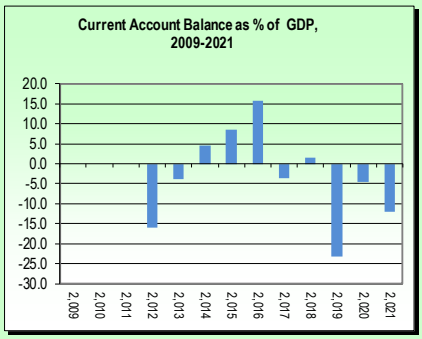
*** Labor force participation rate, female (% of female population ages 15+)*

Appendix II: South Sudan Selected Macro-Economic Indicators

Indicators	Unit	2010	2016	2017	2018	2019	2020 (e)	2021 (p)
National Accounts								
GNI at Current Prices	Million US $	...	4,983	5,237	5,159	5,310	...	...
GNI per Capita	US$	...	460	480	470	480	...	...
GDP at Current Prices	Million US $	...	3,501	3,495	4,659	4,143	4,074	4,461
GDP at 2000 Constant prices	Million US $	...	6,026	5,678	5,569	5,617	5,247	5,526
Real GDP Growth Rate	%	...	-13.5	-5.8	-1.9	0.9	-6.6	5.3
Real per Capita GDP Growth Rate	%	...	-16.4	-8.7	-5.0	-2.2	-9.6	2.4
Gross Domestic Investment	% GDP	...	15.3	7.6	8.4	17.2	6.7	10.3
Public Investment	% GDP	...	...	...	...	...	...	...
Private Investment	% GDP	...	...	...	...	...	...	...
Gross National Savings	% GDP	...	...	...	...	...	...	...
Prices and Money								
Inflation (CPI)	%	...	379.8	187.9	83.5	51.2	38.0	40.0
Exchange Rate (Annual Average)	local currency/US$	...	47.0	113.6	141.7	158.0	174.3	216.7
Monetary Growth (M2)	%	...	145.1	27.1	54.9	28.2	37.3	...
Money and Quasi Money as % of GDP	%	...	29.6	15.6	14.5	15.7	23.1	...
Government Finance								
Total Revenue and Grants	% GDP	...	29.5	36.3	31.9	46.8	35.6	45.1
Total Expenditure and Net Lending	% GDP	...	48.7	33.0	32.5	46.8	38.9	41.5
Overall Deficit (-) / Surplus (+)	% GDP	...	-19.3	3.3	-0.6	0.0	-3.3	3.6
External Sector								
Exports Volume Growth (Goods)	%	...	...	...	...	...	...	...
Imports Volume Growth (Goods)	%	...	...	...	...	...	...	...
Terms of Trade Growth	%	...	...	...	...	...	...	...
Current Account Balance	Million US $	...	554	-126	72	-964	-183	-532
Current Account Balance	% GDP	...	15.8	-3.6	1.5	-23.3	-4.5	-11.9
External Reserves	months of imports	...	0.4	0.1	...	...	...	...
Debt and Financial Flows								
Debt Service	% exports	...	...	...	...	...	...	...
External Debt	% GDP	...	...	...	...	...	...	...
Net Total Financial Flows	Million US $	...	1,584	2,176	1,570	1,893	...	...
Net Official Development Assistance	Million US $	...	1,587	2,183	1,578	1,885	...	...
Net Foreign Direct Investment	Million US $	...	-8	1	60	18	...	...







Source : AfDB Statistics Department: African; IMF: World Economic Outlook, April 2021 and International Financial Statistics, December 2020;
AfDB Statistics Department: Development Data Portal Database, December 2020. United Nations: OECD, Reporting System Division.

Notes: ... Data Not Available (e) Estimations (p) Projections Last Update: août 2021

Appendix III: Bank's On-going Portfolio in South Sudan as of 30th September 2021

#	Project Title	Source of Funding	Approval Date	Closing Date	Amount (MUA)	Amount Disbursed (MUA)	Disb. Ratio
1	Resilience Water Project for Improved Livelihood in Juba	TSF	07/2016	12/2021	5.0	2.9	58.9%
2	South Sudan: Strategic Water Supply and Sanitation Improve	ADF/RWSSI/TSF	06/2019	03/2024	17.7	0.7	4%
3	Juba Distribution System Rehabilitation and Expansion Project	TSF	04/2017	12/2021	10.6	7.2	67.9%
4	Improving Access and Quality of Basic Education	ADF/TSF	09/2019	08/2023	12.9	5.1	39.5%
5	Skills for Youth Employability and Social Inclusion in South	TSF	04/2020	10/2022	1.0	0.5	50%
6	COVID-19 Pandemic Response Project	TSF	06/2020	11/2021	3.0	3.0	100%
7	Gender Equality and Women's Economic Empowerment for Inclusion	TSF	10/2015	12/2021	1.0	0.7	70%
8	Non-Oil Revenue Mobilization and Accountability	ADF/TSF	03/2017	06/2022	10.7	5.1	47.7%
9	EAC - Payment and Settlement Systems Integration Project	ADF/TSF	07/2019	06/2023	4.8	0.04	1.3%
10	Agricultural Markets Value addition and Trade Development Project	ADF/TSF	12/2020	12/2025	10.0	3.0	30%
11	Multinational Emergency Response (South Sudan)	SRF	10/2020	09/2021	0.10	0.10	100%
					76.8	**28.4**	**36.9%**

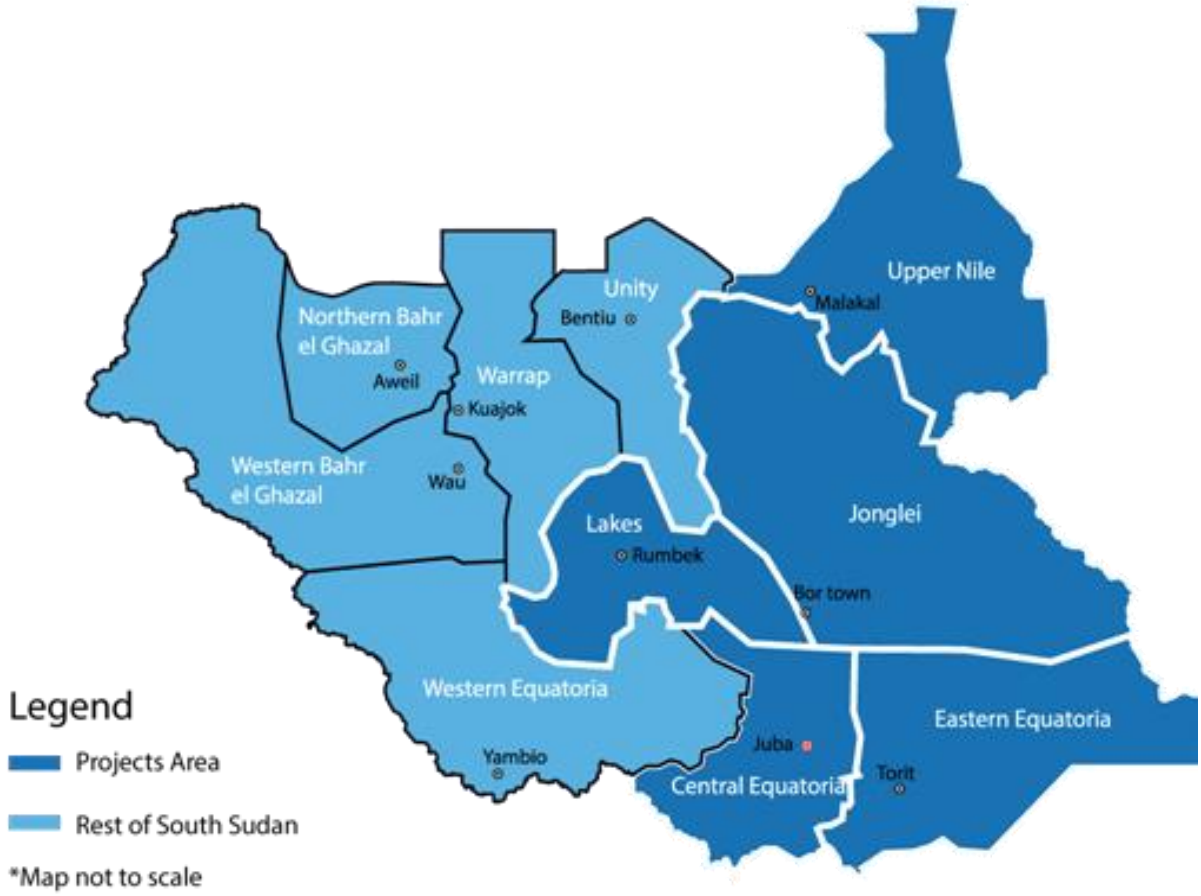
Appendix IV: Potential Risks and Mitigation Measures

Risk Category	Risk Description	Rating	Mitigation measure	Risk Owner
Country's political instability	Political stability is contingent on the successful implementation of the 2018 Revitalized Peace Agreement (RPA), but risks exist considering the country's long history of violations of previous peace agreements. The breakdown of the current peace agreement could impact the government's ability to commit to development efforts and would make it difficult to implement the project in some areas.	Moderate - High	The government made efforts to ensure stability with the formation of the Revitalized Transitional Government of National Unity (TGoNU) in February 2020. The Bank will enhance dialogue with its development counterparts on the critical need for continued support to the government towards an effective long-term implementation of the RPA. In addition, the project will work closely with key actors in the RTGoNU (including the Office of the Vice Presidents) to strengthen collaboration and coordination in delivering the project.	GRSS
Macroeconomic imbalances	Economic instability might increase the cost of implementing the project.	High	The government has created the oversight and technical committees to address PFM issues. It is also committed to restrain financing from the Central Bank and reduce expenditure. The project will monitor closely the government's PFM reforms in collaboration with other DPs to ensure macroeconomic stability	GRSS/ Financial institutions
Emergence of conflict in the project areas	Ethnic groups political supporters enter in conflict in the project localities	Moderate	Various options planned for technical training and skills development along with training outside the conflict-affected areas. MSEs could also move the site of their activities for the period of conflict.	UNDP/AfDB
High rate of non-performing loan	The youth who borrowed from the revolving fund could not pay back.	Moderate	Youth who successfully reimbursed their loans are graduated to borrow more including from the financial institution window. Close monitoring by the FI	UNDP/FI
Expansion of COVID-19	Expansion of COVID-19 could induce lockdown and undermine the project implementation.	Moderate	In addition to online training, the Bank will encourage the Government of South Sudan to expand administration of the vaccine along with non-pharmaceutical preventing measures	GRSS/AfDB
Poor state of financial institutions	Lack of depth of the financial sector may be a challenge in delivering the grant to the proposed beneficiaries.	Moderate	The project will engage MFIs that are well established and have experience in similar group lending activities. Besides, the project envisages strengthening their capacity to deliver the expected services.	GRSS/ Financial institutions
Delay in project implementation	Several factors like weak capacity, political instability, etc can delay the project implementation	High	Using UNDP as the implementing agency will help mitigate the risk of weak capacity while monitoring of the political situation to plan the activities will help address the challenge of political instability.	UNDP/Bank
Others	COVID-19 standard operating procedures might hinder the mobility of project beneficiaries to access face-to-face trainings and other services.	Moderate	Youth will be gathered in small groups to respect social distancing during training.	GRSS/ Communities

Appendix V: Key Related Projects Financed by other DPs in the Country

Donor	Project Name	Sector/ Sub-Sector	Funding Amount	Geographical Coverage (States)	Start Date	End Date	Implementing Agency
Netherlands Embassy/ UNDP	Youth Empowerment and Employment Project	Vocational, entrepreneurship, market-linked and soft skills training, provision of MSEs start-up kits, job and employment creation through the development of inclusive value chains and private sector enterprises	USD 15.45 million	Lakes Jonglei Eastern Equatoria Western Equatoria Central Equatoria	Oct 2018	Dec 2022	UNDP
Embassy of Canada	Investing in Women in South Sudan	Agricultural (Agribusiness)	CAD 11.5 m	3 States Western Equatoria, Eastern Equatoria Central Equatoria	2021	2026	Africa Enterprise Challenge Fund (AECF)
European Union (EU Trust Fund for Africa)	South Sudan Job Creation and Trade Development Project	Agriculture Value Chain	EUR 4.8 m (USD 5.7 m)	2 States Central Equatoria Western Equatoria	2021	2024	International Trade Centre
	EMPOWER Project (Phase II)	TVET & business start-up support and linkages to labour market in different sectors	EUR 4 m	3 states Central Equatoria State Jonglei State Western Bahr El Ghazal	Jan 2021	June 2023	Norwegian Refugee Council (NRC)
SIDA	Support to UN Women Strategic Note (Women's Economic Empowerment)	Agriculture production, Food and Nutrition Security	USD 0.4 m	2 States Western Equatoria, Lakes	2019	2021	UN Women
Embassy of Japan	Access to Livelihoods and Protection from Covid-19 among women IDPs	Agriculture production, Food and Nutrition Security	USD 0.5 m	2 States Central Equatoria, Unity	2021	2022	UN Women

Appendix VI: Map of the Project Area



Appendix VII: Project Monitoring Plan

A. ALIGNMENT INDICATORS			
Indicator Name	**Definition/ Description**	**Source**	**Baseline and Targets (where possible)**
Youth unemployment rate	The percentage of youth who are unemployed	ILOStat database	Baseline date: 18.8% (2020) Target date:
Access to finance	The percentage of MSEs with access to finance	UNDP Labour Market Study	Baseline date: 4.2% (2020) Target date:

B. OUTCOME AND OUTPUT INDICATORS (PERFOMANCE INDICATORS)										
Indicator Name	**Definition/ Description**	**Methodology for collection**	**Responsibility for collection**	**Frequency of reporting**	**Results Planning**					
					2022	**2023**	**2024**	**2025**	**MTR**	**End of the project**
Newly established youth led MSEs (30% on climate change adaptation and resilience)	The number of new MSEs created by youth[19] groups, members of VSLAs. Half of those new MSEs' members should be women and 30% of them should be operating in the climate change adaptation ecosystem	Field visits and verification missions; Recording through a business portal	Project M&E Officer based at UNDP	Annually	100	110	100	210	210	510
Jobs created by youth-led MSEs	The total number of people who have found a job due to direct interventions of the project. Half of those people are women.	Field visits and verification missions; Recording through the employment portal currently operationalized in the iHubs	Project M&E Officer based at UNDP	Annually	680	900	806	650	1580	3,036
Youth-led MSEs accessed interest free loan	The number of MSEs run by youth that received free interest loans from the project. Half of those MSEs are run by women and 30% of them operate in climate adaptation ecosystem.	Field visits and verification missions; Recording and reporting under the project financing facility	Project M&E Officer based at UNDP/Financial institution	Bi-annual	150	200	300	103	350	753
Youth-led MSEs with increased revenue	The percentage of early youth led MSEs supported by the project that increased their business revenue. Half of those MSEs are led by women	Field visits and verification missions; Recording and reporting under the project; Tracer study using survey with beneficiaries	Project M&E Officer based at UNDP	Annually	10%	20%	30%	50%	20%	50%
Clients satisfied with services of targeted government institutions	The percentage of clients satisfied with the services of the targeted ministries	Client satisfaction survey	Project M&E Officer based at UNDP	One-time off	0	0	0	0	0	75%
Youth Trained in business development and entrepreneurship (50% women)	The number of young people trained through the activities of the project. 50% of those people are young women	Field visits and verification missions; Recording and reporting under the project	Project M&E Officer based at UNDP	Quarterly	680	900	806	650	1580	3,036
New Village Savings and Loan Associations (VSLAs) established and registered	The number of Village Saving and Loan Associations that the project supported their establishment and registration	Field visits and verification missions; Recording through the business portal	Project M&E Officer based at UNDP	Quarterly	20	25	20	20	45	85

[19] Youth are defined as people of 15-35 years by the Youth Charter of the African Union and is the same age bracket used in South Sudan.

Agriculture value chain and enterprise development study and a tracer study carried out	The number of agriculture value chain and tracer studies carried out	Technical document review;	UNDP Project Team	Annually	1	0	0	1	1	2
Capacity building needs and ICT needs assessments of government institutions carried out	The needs of capacity building of identified ministries and clusters are assessed through short studies and ICT material needs are identified	Technical document review	UNDP Project Team	Annually	2	0	0	0	2	2
Personnel from sector ministries and clusters trained (30% women)	Number of staff from ministries and clusters trained	Technical document review	UNDP Project team	Annually	0	100	100	0	100	200
Sector ministries and clusters provided with ICT equipment	The number of ministries and clusters provided with ICT equipment	Technical document review; Verification visits	UNDP Project Team	Annually	2	2	1	0	4	5
Trade portal and online business registration established	Number of trade portal and online business registration established	Technical document review	UNDP Project team	Annually	1	1	0	0	2	2
Business-to-business linkages established	The number of linkages established between MSEs and medium and large enterprises	Field visits and verification missions; Technical documents review	UNDP Project Team	Annually	3	2	2	3	5	10
Quarterly Progress Reports delivered on time	The progress reports on the implementation of project activities are delivered without delay	Technical document review	UNDP	Quarterly	4	4	4	4	8	16
Audit reports submitted on time	The audit reports on the implementation of the project activities are delivered without delay	Field visits and verification missions; Technical documents review	UNDP	Annually	1	1	1	1	2	4

Appendix VIII: Theory of Change

COMPONENTS	OUTPUTS	OUTCOMES	GOAL
Sustainable Enterprises Development	• 2,550 youth organized into 85 registered VSLAs based on common economic activities. • 510 business groups within the 85 VSLAs (5 people per group) start group MSEs • 243 youth led existing MSEs (50% women) with growth potential assisted • 5 BDS training partners organized to deliver services • BDS and technical production tailored training delivered to 3,036 youth • 10 business linkages established between youth led MSEs and markets at national and regional level • 1 agriculture value chain and enterprise development study in Upper Nile • 1 tracer study in the 5 states • 243 existing growth-oriented youth led MSEs and 510 newly established MSEs provided with financing	• Increased youth-led MSEs and jobs creation • Increased access to finance and revenue generation for youth-led enterprises	To enhance employability and job creation for youth in South Sudan through strengthening the private sector, building entrepreneurship skills, and improving the enabling environment
Capacity Building for Strategic Government Institutions	• Capacity assessments of 5 government institutions • Institutional capacity development plans for 6 government institutions developed • Training of 200 staff and technical assistance provided to 6 government institutions (based on the capacity development plan) • ICT equipment provided (including computers and printers) to 6 government institutions	• Improved service delivery through strengthened institutional capacity of strategic government institutions	
Project Management	• Coordination and supervision of project activities • 1 mid-term and 1 final project review • Operating costs including M&E, procurement, financial management, audit and reporting	• Successfully implemented project	

ASSUMPTIONS

1. Political stability due to continued implementation of the R-ARCSS.
2. Macro-economic fundamentals that stabilize prices and inflation.
3. COVID-19 cases are at manageable level.
4. Pragmatism for accelerated delivery and results.
5. Communities are slowly organizing themselves for integration into agriculture value chains
6. Transforming agriculture from humanitarian aid dependence to a sustainable growth pathway remains a high priority.

Appendix IX: Fragility and Resilience

I. Country context

Following a fragile peace deal signed in 20018, South Sudan still faces a fragile and unstable political environment, and the risk of a return to full-blown conflict remains as high as ever. Insurgency in the south, and localized violence in some parts; and ethno-political tensions could be unleashed again by the next presidential election, originally scheduled for 2022.

Prior to the Covid-19 pandemic, the economy had grown 9.5% from 2019 to 2020, but poverty (at 82% of the population) continues pervasive. While oil is the main driver of growth, agriculture is the main source of survival and income for 80% of the population.

Youth destitution and unemployment are among the principal enablers of conflicts, social frictions, and crime in South Sudan. Unemployment causes the youth to join rebel movements and to engage in pervasive practices such as cattle raiding. This implies that to sustain peace and development, widening the options for the youth and engaging them through skills enhancement, employment, and social inclusion, is essential.

II. Overview of fragility and resilience in South Sudan

Fragility in South Sudan still looms high on account of tenues political settlements and agreements; weak economic performance and social frictions; migratory pressures and spots of armed conflict. Even after the formation of a transitional government in 2020, political uncertainty is a present risk due to weak institutions and poor economic governance, especially in the oil sector. The existence of fragmented militia groups and localized violence are important sources of security concerns. Social cohesion and economic inclusiveness are affected by the lack of basic freedoms; drop in oil prices and policy ineffectiveness and uncertainty. With 50% of the GDP coming from the oil sector, the recent drop in international oil prices, the effects of COVID-19 and floods have had a negative impact on South Sudan's economy. The current downturn widened the fiscal deficit, opening large financing gaps to many programs, including provision of public goods, and is exacerbating poverty, and youth unemployment.

Environmental and climate changes are impacting agricultural performance and food security, hence, limiting the economic opportunities available to the youth and the rest of the population in the country as 95% of the population depend on agriculture, fisheries, and forestry.

III. Determinants of youth unemployment from a fragility perspective in South Sudan

Unemployment and youth unemployment in South Sudan are influenced by the combined effect of various drivers of fragility, which include the structure of the economy, political situation, migration and conflict. As for the structure of the economy, most of the employment is in agriculture where productivity is low and therefore, the real wages are also low. In addition, years of conflict and political instability distorted the functioning of the labour markets as the war caused displacement, brain drain and the large defence spending diverted resources away from productive investments and labour employment, all resulting in rising unemployment. Limited skills and mismatch between the available skills and those demanded by employers; poor business environment; limited budgetary allocation to productive sectors and cultural factors limiting female youth participation in the labor market, also affect youth unemployment in South Sudan. On migration, South Sudan is an important destination for refugees in the Horn of Africa and these put a strain on economic opportunities available for the youth and the general population, especially in times of weak economic performance.

Given the features of the labour market and the increasing share of youth in the total population and in the labour force, it sounds natural that unemployment, disproportionally affects the youth more than the rest of the labour force. Hence, the upskilling and creation of employment is an imperative to overcome the strategic problems and challenges confronting economic development in South Sudan.

IV. Determinants of youth unemployment addressed by the project.

- Skills limitation. While the youth may be unemployed due to other reasons, there is a large portion of the youth that is either unemployed or underemployed due to absence of skills required in certain sectors or due to their mismatch. Therefore, the skills challenge for the youth, is threatening to disrupt the social, political, and security landscape of the country which in effect will have a ripple effect on the government, as well as businesses in the country.
- Institutional capacity is a key challenge in reducing unemployment. Limited institutional capacity in the government hinders the ability to identify, plan and to provide adequate policy responses to the issue of youth unemployment.

V. Opportunities to build resilience.

The project will support the establishment of new and existing growth oriented MSEs through agriculture value chains in horticulture, honey, sesame, groundnuts, poultry, fish, cattle, and shea butter in 4 states heavily affected by poverty. 3,036 youth will benefit from Business Development Services (BDS) and technical production training. The project will build capacity of 6 government institutions (Ministry of Youth and Sports; Ministry of Finance and Planning; Ministry of Labour; Ministry of Trade and Industry; Ministry of Public Services and Human Resources Development; and the Economic cluster under the Office of the Vice Presidency) to enhance public service delivery through institutional and individual capacity development. The institutions were selected based on their role in supporting private sector development and youth economic empowerment in South Sudan.

VI. Conclusions and recommendations.

Youth unemployment in South Sudan is both a cause and a consequence of fragility. It has a negative effect on the unemployed and their communities and it is a source of political instability and social upheaval. The experience in South Sudan has shown that where youth are engaged and busy with productive undertakings, such areas are spared from widespread conflict. Therefore, the development of employable skills is crucial in addressing the youth bulge and to nation-building, economic growth, and private sector development in the country. It is for this matter that there is urgency – through the YEDCB project – to immediately address the youth bulge and transform this untapped resource into a force of good that will support economic growth and national development.

Appendix X: Environmental and Social Compliance Note (ESCON)

ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)

AFRICAN DEVELOPPEMENT BANK GROUP

A. Basic Information[20]

Project Title: Youth Enterprise Development and Capacity Building (YEDCB) Project		**Project ''SAP code''**: P-SS-I00-008
Country: **South Sudan**	**Lending Instrument**[21]: DI ☒ FI ☐ CL☐ BS☐ GU☐ RPA☐ EF☐ RBF☐	
Project Sector: Social Development		**Task Team Leader**: Darlison KAIJA
Appraisal date: 02 – 13 August 2021		**Estimated Approval Date**: 24th November 2021
Environmental Safeguards Officer: xxxxx		
Social Safeguards Officer: Annah Rutebuka Muja		
Environmental and Social Category: 3	**Date of categorization**: 02/07/2021	**Operation type**: SO ☒ NSO ☐ PBO ☐
Is this project processed under rapid responses to crises and emergencies?		Yes ☐ No ☒
Is this project processed under a waiver to the Integrated Safeguards System?		Yes ☐ No ☒

B. Disclosure and Compliance Monitoring

B.1 Mandatory disclosure

Environmental Assessment/Audit/System/Others (specify: ….)	
Was/Were the document (s) disclosed ***prior to appraisal?***	Yes ☐ No ☐ NA ☒
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorization to disclose	[Date]
Date of disclosure by the Bank	[dd/mm/yy] NA
Resettlement Action Plan/Framework/Others (specify: …….)	
Was/Were the document (s) disclosed ***prior to appraisal?***	Yes ☐ No ☐ NA ☒
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorization to disclose	[Date]
Date of disclosure by the Bank	[Date]
Vulnerable Peoples Plan/Framework/Others (specify: ……..)	
Was the document disclosed ***prior to appraisal?***	Yes ☐ No ☐ NA ☒
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorization to disclose	[Date]
Date of disclosure by the Bank	[Date]
If in-country disclosure of any of the above documents is not expected, as per the country's legislation, please explain why: NA.	

B.2. Compliance monitoring indicators

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

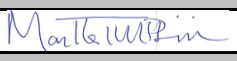
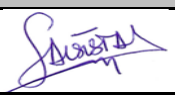
C. Clearance

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

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

Is the project compliant to the Bank's environmental and social safeguards requirements, and to be submitted to the Board?

Yes ☒ No ☐

Prepared by:	***Name***	***Signature***	***Date***
Environmental Safeguards Officer:	-		15.09.2021
Social Safeguards Officer:	Annah Rutebuka MUJA		
Task Team Leader:	Darlison KAIJA		15.09.2021
Submitted by:			
Sector Director:	**Martha T.M. PHIRI**		16.09.2021
Cleared by:			
Director SNSC:	**Maman-Sani ISSA**		16.09.2021

AFRICAN DEVELOPMENT BANK **AFRICAN DEVELOPMENT FUND**

BOARDS OF DIRECTORS

Resolution N° B/SS/2021/60 - F/SS/2021/77

Adopted by the Boards of Directors of the Bank and the Fund, on a lapse-of-time basis, on 19/11/2021

Grant to the Republic of South Sudan, from the resources of the Transition Support Facility, to finance part of the costs of the Youth Enterprise Development and Capacity Building Project

THE BOARDS OF DIRECTORS,

HAVING REGARD to: (i) Articles 1, 2, 32 and 37 of the Agreement Establishing the African Development Bank (the "Bank"); (ii) Articles 1, 2, 26 and 30 of the Agreement Establishing the African Development Fund (the "Fund" or "ADF"); (iii) the Report on the Fifteenth General Replenishment of the Resources of the Fund ("ADF-15"); (iv) the Operational Guidelines for the Implementation of the Strategy for addressing Fragility and building Resilience in Africa and for the Transition Support Facility (the "TSF Operational Guidelines"); and (v) the appraisal report contained in Document ADB/BD/WP/2021/239/Approval - ADF/BD/WP/2021/189/Approval (the "Appraisal Report");

RECALLING:

(i) Resolution N° B/BD/2008/05 - F/BD/2008/03 approved by these Boards on 28 March 2008 establishing the Fragile States Facility;

(ii) Document ADB/BD/WP/2014/46/Rev.2 - ADF/BD/WP/2014/30/Rev.2 entitled "Addressing Fragility and Building Resilience in Africa: The African Development Bank Group Strategy 2014 – 2019";

(iii) Document ADB/BD/WP/2020/147/Rev.1 - ADF/BD/WP/2020/105/Rev.1/ entitled "Request for *Extension of the 2014-2019 Bank Group's Strategy for Addressing Fragility and Building Resilience in Africa through to December 2021*";

(iv) Resolution N° B/BD/2020/08 – F/BD/2020/04 adopted by these Boards on 24 June 2020 approving the proposal contained in Document ADB/BD/WP/2020/137 - ADF/BD/WP/2020/99 entitled "*Country Eligibility Assessments for Resources of the Transition Support Facility under ADF-15"* which confirmed, inter alia, the eligibility of the republic of South Sudan to receive financing from the TSF Supplemental Support Window (Pillar I);

(v) Resolution N° B/BD/2017/01 – F/BD/2017/01 adopted by these Boards, on 25 January 2017 approving the proposal contained in Document ADB/BD/WP/2016/185/Rev.1 - ADF/BD/WP/2016/133/Rev.1 entitled "*Fiduciary Principles Agreement with UN Systems Organizations", as well as the document entitled "Fiduciary Principles Agreement between the African Development Bank, the African Development Fund and Certain Organizations of the United Nations System*"; and

(vi) The Fiduciary Principles Agreement amongst the Bank, the Fund and the United Nations Development Programme ("UNDP") dated 22 August 2017 (the "Fiduciary Principles Agreement");

DECIDE as follows:

1. To award to the Republic of South Sudan (the "Recipient"), from the resources of the TSF Supplemental Support Window (Pillar I), a grant of an amount not exceeding the equivalent of Five Million, Four Hundred Thousand Units of Account (UA 5,400,000) (the "Grant") to finance part of the costs of the Youth Enterprise Development and Capacity Building Project;

2. To authorize the President to conclude a tripartite funding and implementation agreement (the "Tripartite Agreement") amongst the Bank and the Fund, the Recipient and the UNDP, on the terms and conditions specified in the General Conditions Applicable to Protocols of Agreement for Grants of the African Development Fund, the TSF Operational Guidelines, the Fiduciary Principles Agreement and the Appraisal Report;

3. The President may cancel the Grant if the Tripartite Agreement is not signed within ninety (90) days from the date of approval of this Resolution by the Board; and

4. This Resolution shall become effective on the date above-mentioned.