

CALL FOR PROPOSALS

Strengthening Market Actors and Communities - South Sudan

SMAC

Generating Income through a Market Systems Development (MSD) Approach

Caritas Switzerland is looking for partners who have experience implementing the MSD approach on the ground in South Sudan with networks that can be quickly leveraged to stimulate the market as soon as possible.

Parties, which are interested in submitting a proposal, need to follow the instructions below:

Q&A Timeline

- If you have any questions regarding the ToR and Project Design document, please send everything by email to Maciej Chmielewski mchmielewski@caritas.ch by close of business on March 21, 2023 Switzerland local time.
- After the submission of the questions from prospective applicants, Caritas Switzerland will compile all questions and send out an aggregated answers document for your consideration.

Submission Timeline

- If you would like to submit a formal submission to this call, please send your proposal via email by March 28, 2023 Lucerne local time to Julian Jekel (Caritas Switzerland South Sudan Country Director) at jjekel@caritas.ch and copy:
 - Maciej Chmielewski (mchmielewski@caritas.ch)
 - Pamela Stathakis (pstathakis@caritas.ch)
 - Rahel Künzle (rkuenzle@caritas.ch)
- All submissions should be in PDF format, 12-point font, include a technical approach, strategic approach, annexed CVs of potential team members, and a preliminary budget for consideration.

Name of Organisation	Caritas Switzerland/South Sudan
Location of the project	Implementer based in Juba while strategic implementation focus is on Yei and Torit .
Duration	1 year from start up, with a possibility of a 1-year extension pending available funds.
Financial Volume:	540'000 CHF
Objectives of the Project	The overall goal of the project is two-fold: increase incomes of the target population and strengthen opportunities to facilitate more sustainable, inclusive growth.
Target group	The ultimate beneficiaries of the project are poor households, mostly women and men smallholder farmers which will be able to achieve higher and more sustainable incomes because of project's activities. The project will target individuals/groups which have already engaged in commercial markets (albeit sporadically or to a limited extent) and/or have the basic resources to engage in income generating opportunities. It will not target individuals which basic needs are unmet and therefore require humanitarian assistance. The project is expected to benefit men and women at least equally and will adopt, as required, targeted strategies that address gender constraints or aim to reach women specifically.
Estimated outcomes	<p>Outcome 1: Private sector-led/focused innovations strengthen inclusive market performance and enable the population to better engage in income generating opportunities.</p> <p>Outcome 2: Results, knowledge and learning from the project strengthen opportunities for future sustainable programming.</p>
Implementer	TBD

1. Introduction

1.1. Context

Since its independence in 2011, South Sudan has undergone persistent crises and conflicts, leaving the country significantly underdeveloped and in a state of extreme fragility. In 2021 South Sudan was ranked by UNDP as the lowest ranked country on the Human Development Index, with one of the lowest life expectancies at birth (58 years), less than 30 percent of the population above the age of 15 being literate and extremely high poverty levels (about 80-90 percent of the population depending on estimates). Food insecurity is widespread and increasing, mostly driven by the economic impact of the protracted conflict, low crop yields, climatic shocks and difficulties faced by humanitarian aid in accessing the population. Displacement is massive – there are over 1.5 million internally displaced people and over 2.2 million refugees in neighbouring countries. Finally, women face particularly difficult conditions due to the traditional patriarchal system and the consequences of the protracted conflict, including sexual exploitation, gender-based violence, and widowhood (one-third of the households are single-headed households). Over 84 percent of women in South Sudan are illiterate, and 50 percent of girls under the legal age of 18 are married. Yet, despite these challenges estimates indicate that women are responsible for around 80 percent of the entire agricultural production in South Sudan (FAO and WB, 2022¹).

The agrifood sector is the most important source of livelihood in the country but it is severely underperforming. The sector, estimated to account for 36 percent of the non-oil GDP, is the primary source of livelihood for around 88 percent of rural households and a surprisingly big employer in urban areas, being the main source of livelihoods for half of urban households. Yet due to years of conflict and related under-investment, the country largely operates on low-input, low-output subsistence farming. Moreover, the agriculture sector is poorly diversified, with cereals accounting for some 80 percent of the cultivated areas (sorghum is the main crop grown, followed by maize and millet). While low productivity levels predate the economic crisis and conflict, both have massively reduced the number of farm households and the area farmed, and together they have led to agriculture production plummeting. Finally, the impact of climate change on agriculture production is already felt and is predicted to worsen – erratic rainfalls are causing both serious flooding and reducing water availability, which combined with raising temperature led to the increase of pests and diseases outbreaks. Similarly, land degradation due to poor agricultural practices is jeopardizing the productivity of the most cropped areas of the country.

Beyond production, conflict has also taken a heavy toll on the key *supporting functions and rules governing the market*. Due to conflict, the transformation of products has become rarer, trade dangerous, and costly, as has aggregation of agricultural products and last-mile delivery of inputs. If on one side demand remains repressed due to the low consumers' purchasing power, supply is further hampered by lack of market access, and the ability to take products to customers due to the limited availability of roads and of transport facilities. Poor access to finance also constrains the performance and growth of companies – indeed hardly any businesses take formal loans, even among large firms. The macroeconomic environment is also weak. The South Sudan policy framework that provides the basis for transformation of agrifood systems is outdated and lacks implementation capacity. Similarly, albeit public investment could play a key role in creating the enabling conditions for markets to recover, the weakly executed budget favours security spending, with precious little investment in productivity. There is also no transparency around the use of government revenue and widespread reports of corruption and misuse. Insecurity also raises the cost of doing business through a multitude of payments extracted from businesses – for instance the road checkpoints and market fees which impose an additional burden and contribute to high prices.

¹ Eliste, P., Forget, V., Veillerette, B., Rothe, A.-K., Camara, Y., Cherrou, Y., Ugo, E. and Deng, S. 2022. [Transforming agriculture in South Sudan – From humanitarian aid to a development oriented growth path](#). Rome. FAO and The World Bank

The business community is typical of a low-income, post-conflict, fragile country, but with a particularly weak productive sector, and an outsized importance of NGOs and foreign-owned businesses. As common in these contexts, the distribution of firm sizes speaks to the proliferation of small, subsistence-oriented microenterprises (no more than three workers, including potentially the owner), which make up about three-quarters of all businesses, the prominent role of a small number of very large businesses, and a 'missing middle' of firms on a steady growth trajectory. Yet, there is remarkably little production and transformation, as commerce strongly dominates among business activities by low-income countries standards. Decades of conflict and instability in South Sudan have so profoundly disrupted the economy that NGOs have taken on an important role as employers. In addition, foreign-owned businesses have proliferated, catering in part to this international presence². About half of foreign business owners are Sudanese by nationality, and business owners from other neighbouring countries as well as Eritrea and Somalia also have a significant number of activities.

Despite the great challenges to recovery, agriculture provides the greatest potential for shared growth. Recovery faces many serious obstacles. Yet, with some progress toward stability, sustainable development programming has good prospects to foster inclusive growth. The greatest opportunities lie in capacitating and harnessing the private sector, reviving, and modernising market-oriented activities and facilitating linkages up and downstream of key agriculture value chains. Such improvements are expected to enable the population to be better able to engage in commercial markets, including beyond primary production, as suppliers, customers, and employees.

1.2. Caritas Switzerland's Presence in South Sudan

Caritas Switzerland (CACH) has been engaged in South Sudan for over 50 years. Its involvement dates to 1972 as it joined an ecumenical consortium that implemented development aid projects in the former Eastern Equatoria State. CaCH was a founding member of the Sudan Forum in Switzerland (together with the Swiss Agency for Development and Cooperation), which strove to attract attention to the North-South civil war and its devastating effects. In 2006 CACH opened an office in Torit, the capital of the former South Sudanese State of Eastern Equatoria. Since South Sudan's independence in 2011, CACH has implemented more than 30 projects in the Eastern Equatoria region, with a financial volume of over US\$20 million. Thanks to its numerous interventions, CACH is widely accepted by the population and has gained in-depth knowledge of the region.

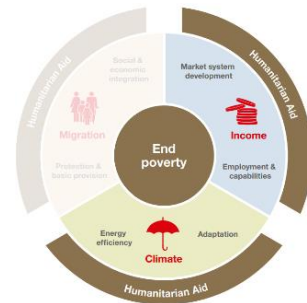
Apart from projects in the field of WASH (Blue Schools, construction of rock catchments, community hygiene, access to drinking water, etc.) and Food Security (village gardens, support to farmers, seed fairs, etc.), CACH also addressed issues regarding education (access to education for girls), health (malaria prevention), capacity building of non-state actors, peace building, as well as the rehabilitation of important infrastructure such as bridges and roads. Due to the recurrence of emergency situations in South Sudan, CaCH has on several occasions also been involved in humanitarian aid projects. When the war spilled over into Eastern Equatoria in 2016/17 and the activities of the development projects came to a halt, CACH temporarily switched to humanitarian aid responses. As a result of the worsening humanitarian situation, CaCH strengthened its emergency engagement to address the needs of the population affected by the conflict and drought.

² The ten largest employers in South Sudan account for 15% of all employment in established firms. Of these, the two largest employers are security firms, are partially foreign-owned and employ more than 6,000 employees. All the others are NGOs which employ some 4,400 workers.

2. Project Strategy

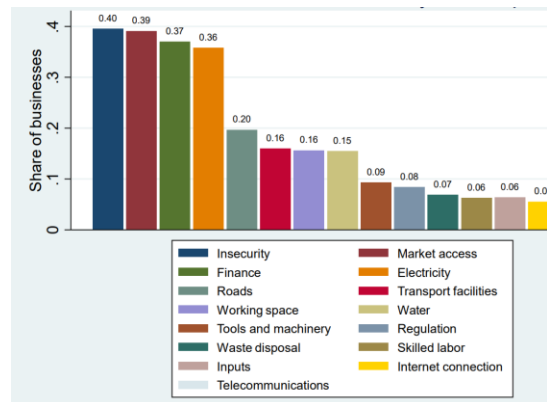
The project is aligned with, and responds to, the CACH South Sudan Country Strategy 2021-2025, which sets CACH ambition to create income opportunities, increase food security and build resilience to climate change (Fig. 1), and which promotes the adoption of the market systems development (MSD) approach due to its ability to create sustainable change and reduce dependency on external aid. The project will focus on enabling income opportunities for the population in South Sudan by strengthening inclusive market systems, largely by supporting the private sector to address key constraints, putting special emphasis on food sectors in general. Indeed, in the immediate context of South Sudan, the main strategy for shared prosperity lies in reviving and innovating upon market-oriented activities and market links that existed prior to the conflict in the up and downstream segments of agriculture value chains.

Figure 1: CACH South Sudan Thematic Focus



The preliminary analysis conducted during the design phase identified several binding constraints which hinder the performance and growth of the private sector (Fig. 2) – these include insecurity, lack of market access and finance, infrastructure, and logistics. Such constraints ultimately represent most of the root causes which prevent the population, women, and men, from accessing products and services as well as markets, and therefore engage in income generating activities. The project will strategically select constraints which it can most effectively address, within its current budget and timeline. Pending further validation (see Section 5.1) these include lack of access to markets, and more broadly poor linkages between the supply and demand of agricultural products.

Figure 2: Businesses' constraints in South Sudan



Source: IBES (2019)

In addition, through this project CACH aims to generate and share knowledge, learning and build local capacity on the effective implementation of the market systems development approach in fragile and conflict afflicted situations (FCAS). This is expected to benefit future CACH investment in South Sudan and other similar contexts, as well as to position CACH as a key development partner at the forefront of systemic and sustainable approaches on the humanitarian-development nexus. Similarly, by adopting the MSD approach, including engaging with and supporting the private sector innovatively, and by focusing on agriculture the project has high potential for relevant further financing.

3. Technical Approach

3.1 The Market Systems Development Approach

The project will adopt the MSD approach because of its proven higher sustainability and potential to generate transformative change. It will identify and address systemic constraints in partnership with market actors by facilitating inclusive innovations. To this end the project will offer:

- **Technical Assistance (TA)** which may include market analysis, research, sectoral expertise, and connections which will assist partners to design, introduce, test and potentially scale innovations which offer profitable returns. TA will be provided as possible by actively engaging with and building the capacity of permanent players.
- **Grant finance** to increase the incentives and ability of market actors to trial innovations as well as buy down risks. Grants will not subsidise the entire investment required to test the innovation as this would distort behaviours and lead to a “donor mindset”. Instead, grants must be matched in some proportion by partners, which are required to co-invest in the innovation.

MSD Lexicon

Innovations are new or improved products, services, technologies and business models which improve markets’ performance.

Market actors may come from any sector of the economy i.e. public, private and civil society, yet in MSD projects partners are predominantly private sector companies.

Partners are defined as market actors that the project directly supports to introduce innovations which will reach and benefit the target population, and that the partner will continue to provide in the absence of project support in virtue of the returns such innovations generate.

By adopting the MSD approach CACH commits to support systemic solutions, which will reduce vulnerabilities, enable the country to recover, and over time be less reliant on external support. Key MSD principles that are relevant to this project are summarised in the next page.

Review of existing Market Systems Development projects in South Sudan.

Some projects claim to have adopted the MSD approach in South Sudan. However, key informants’ interviews and review of key project documents, including annual reports and evaluations, reveal that this has not been necessarily the case. Indeed, the project implementers are themselves performing several market functions on a non-commercial basis, rather than working in partnership with, and building the capacity of, permanent players.

For instance, a project provided access to business support services by establishing “business support centres” located in project offices, where project staff were made available for agribusinesses (individuals/microenterprises) to visit, seek information, and receive training and coaching. Similarly, the project directly distributed inputs and equipment, mostly imported from neighbouring countries.

While some of the innovations introduced may have, to various degrees, improved the performance of farmers groups, micro enterprises and individuals which received direct support from the projects, the products and services provided by the projects will no longer be available upon closure leaving the population reliant on aid. Overall, sustainability is overlooked, and projects do not appear to have robust exit strategies i.e. who and how will continue to offer these products/services when funding ends.

Nevertheless, project implementers consulted during the design phase acknowledged such weaknesses and limitations, which at least to some extent appear to be attributable to the overall project design beyond varying capacity. Indeed, the preliminary engagement which informed the project design concluded that some development partners present in South Sudan do have some understanding of the MSD approach, which can be strengthened by CACH through on-the-job training and coaching.

Key MSD Principles Relevant to the Project

The project will adhere to the following principles of the MSD approach, with the necessary adaptations required when implementing the approach in fragile and conflict afflicted situations. The principles also reflect the expected attainable results within the current project size and duration – specifically the project will focus on sustainability (of its approaches and the innovations it will facilitate) but it is not expected to achieve substantial scale. Should the project duration be extended and/or additional funding secured, guiding principles will have to be reviewed accordingly.

- **Tackle the root causes of market failures, rather than the superficial symptoms:** The disadvantages poor people face in markets are often symptoms of more fundamental market malfunctions – the root causes. Identifying root causes will inherently ensure that the project moves away from direct delivery.
- **Act as market facilitator vs directly deliver goods and services:** The project will perform temporary actions that bring about sustainable change by strengthening the performance of permanent market actors (see point below). It will not perform key market functions itself. In FCAS the extent of market disruption may entail that the actors that normally perform relevant functions do not exist or are particularly weak. When this is the case, the project may still intervene by providing significant support and handholding to select actors provided that a robust exist strategy is in place.
- **Work in partnership with key market players:** The project will incentivise and facilitate market actors to adopt (commercially) viable innovations which will improve functioning of the markets in which the target population participates in (as suppliers, customers, labour). These products/services should generate sufficient returns for market actors to sustain their offer after the project ends.
- **Provide support that reflects the genuine incentives and capabilities of permanent players:** Aid can have a powerful influence but to generate long-lasting results the project must facilitate innovations which are aligned with the interests and capacity of permanent market actors. When this is not the case it is likely that market players will not sustain the behavioural change in the absence of external support. MSD best practice recommends that grants shall be at least equally matched by partners' investment. Yet in FCAS such rule of thumb can be relaxed. Ultimately the willingness of the partners to cost share the investment indicates their buy-in from the onset and ensures the sustainability of the intervention. Therefore, the project shall not engage with partners who, commensurate to their capacity, are not willing to meaningfully cost share.
- **Ensure adaptive management:** The project will operate in complex, dynamic and, at times, unpredictable situations. Similarly, market systems consist of multiple actors with their own goals and evolving agendas. The project must therefore remain adaptive – in practice this means:
 - **Purposeful experimentation:** The project will test different activities and ideas at the same time. Some will work, others may not.
 - **Excellent monitoring processes:** The project will establish and implement lean yet robust monitoring systems that feed a continual flow of data to inform the strategy.
 - **Flexibility:** The project will design, modify, and drop interventions rapidly in response to new information and progress achieved to maximise impact.

3.2 Project Scope

3.1.1. Geographical and Partner Scope

The geographical scope of the project was originally limited to 1.5 hours driving distance from the towns of Torit and Yei. Such scope informed the secondary and primary data collection and analysis. Yet, the research revealed that the private sector in and around Torit and Yei is composed of micro-enterprises (mostly composed of one individual) which operate informally, and therefore lack the basic characteristics to be suitable partners under an MSD project (e.g., being legally registered and having a bank account).

Conversely, Juba alone hosts over 51% of all listed businesses in South Sudan, which account for two-thirds of all jobs generated in the country, based both at, and outside of, headquarter. Juba is also home to the largest community of manufacturing businesses. Therefore, the project will initially focus on private sector companies in Juba which can be supported to better provide products and services to, and source products from, micro-enterprises and cooperatives across the country, prioritising CACH target states i.e., Eastern and Central Equatoria).

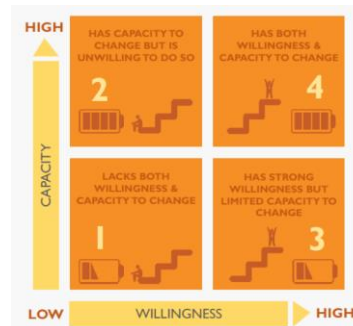
3.1.2. Sectoral and Innovations Scope

The project will remain adaptive and nimble as per what sectors it intervenes in and what innovations it will support, and, at least initially, be largely guided by the availability of market players with a sufficient mix of *will* & *skill* to pilot, through project support, new or improved products, services, technologies and business models which can improve their bottom lines (thus ensuring sustainability) while generating positive impact (reaching the target population effectively and increasing incomes). Flexibility and responsiveness to market stimuli will be at the heart of the project approach as will fundamental MSD principles – Annex 1 presents a prioritisation and selection framework which will inform the sectoral and innovation scope. Nevertheless, pending further research (see Inception Phase) the preliminary analysis suggests that:

- 1) **High value crops and crops with high value addition potential should be prioritised.** Within these, sesame, groundnuts, and honey appear to have stronger feasibility³.
- 2) **The project should initially primarily target processing companies** – these can be supported to effectively source from smaller producers and invest in further value addition and modernisation (e.g., standards and certifications, product diversification, branding, marketing). Processors can also act as anchor firms and supported to better coordinate with input suppliers which also stand to benefit from vertical coordination.

MSD Lexicon

The **will/skill** matrix looks at the potential partner's willingness and capacity to change. It can be used to identify which players to target or prioritise and the type of strategy/support required to change their behaviour.



It is often easier to work with partners who exhibit will to change even if they may not have the capacity to do so independently. Yet, the project may still choose to target a potential partner with high capacity but who lacks willingness if this is believed to be a result of limited information or understanding of a business opportunity.

³ The preliminary analysis points at good potential within bamboo and Gum arabic, although the current size of the market is relatively smaller. Similarly, fruit and vegetables do show potential but would require significant investment in cold chains which is most likely outside of the project's budget scope. Similarly, the extent to which these are currently processed is limited. Yet, opportunities within these sub-sectors should be further explored.

- 3) **The project should explore opportunities to address cross-sectoral constraints which affect the growth and performance of businesses**, that if addressed will strengthen market systems while nurturing a pipeline of companies, paving the way for future programming. Such constraints include for example ‘double taxation’, poor access to finance, logistics (within the current road network system) and overall poor management capacity.

3.1.3. Project Beneficiaries

The ultimate beneficiaries of the project are poor households, mostly women and men smallholder farmers which will be able to achieve higher and more sustainable incomes because of project’s activities. The project will target individuals/groups which have already engaged in commercial markets (albeit sporadically or to a limited extent) and/or have the basic resources to engage in income generating opportunities. It will not target individuals which basic needs are unmet and therefore require humanitarian assistance. The project is expected to benefit men and women at least equally and will adopt, as required, targeted strategies that address gender constraints or aim to reach women specifically.

Poor households will be reached by the project through private sector companies, which will also benefit from the project – these include both formalised, more established businesses most likely headquartered in Juba (whom the project will directly partner with) and micro/small enterprises and cooperatives across the country, which will be better linked to markets and increase their performance because of project supported innovations. The project will proactively scope and engage with and target women-led businesses and businesses which disproportionately employ and/or trade with women. It will capitalize on progress generated by other aid funded projects – for instance it will not encourage the establishment of new cooperatives or microenterprises but rather leverage those whose capacity has been already strengthened, albeit through direct delivery interventions.

The project’s strong learning agenda aims to also benefit CACH and the development community by generating knowledge and best practices on the effective implementation of the market systems development approach in South Sudan, paving the way for more sustainable initiatives on the humanitarian-development nexus.

Reaching gender inclusive and equitable impact requires mainstreaming gender throughout the project lifecycle and a combination of gender mainstreamed and targeted interventions.

Section 1.1 points at the extreme challenges faced by women in South Sudan due the traditional patriarchal norms and the consequences of the conflict. If overlooked the project may risk doing harm, by exacerbating gender inequality, as well as fail to achieve equitable results.

Mainstreaming gender means explicitly integrating gender considerations throughout the intervention cycle, including conducting gender-responsive sector analysis and market research, ensuring that design of the intervention accommodates the needs and preferences of women, and collecting gender representative data along the result chains (and not just at the impact level).

Women targeted strategies include the purposive selection of sectors and innovations where the current and potential engagement of women is highest, proactively scoping for and selecting potential partner businesses which are women-owned/led or disproportionately employ/trade with women, facilitating female-centered product and service design, women and women-led businesses targeted marketing and sales, women-inclusive workforce acquisition and retention or solutions to address mobility constraints or the disproportionate unpaid care burden.

Women targeted interventions may require heavier support from the project e.g., more handholding to private sector companies to develop and convey the business case to target women or higher grant finance to incentivise inclusive investment, or project-facilitated activities that foster dialogue and increase awareness about the (often hidden) roles women play in the economy. Early results from innovations which sustainably reach women can be leveraged to challenge misconceptions and foster the adoption of business inclusive practices.

4. Project Objectives

The overall goal of the project is two-fold: increase incomes of the target population and strengthen opportunities to facilitate more sustainable inclusive, growth. Figure 3 below depicts the project's Theory of Change, while the preliminary Logframe is included in the Annex. The main outcomes can be summarised as follows:

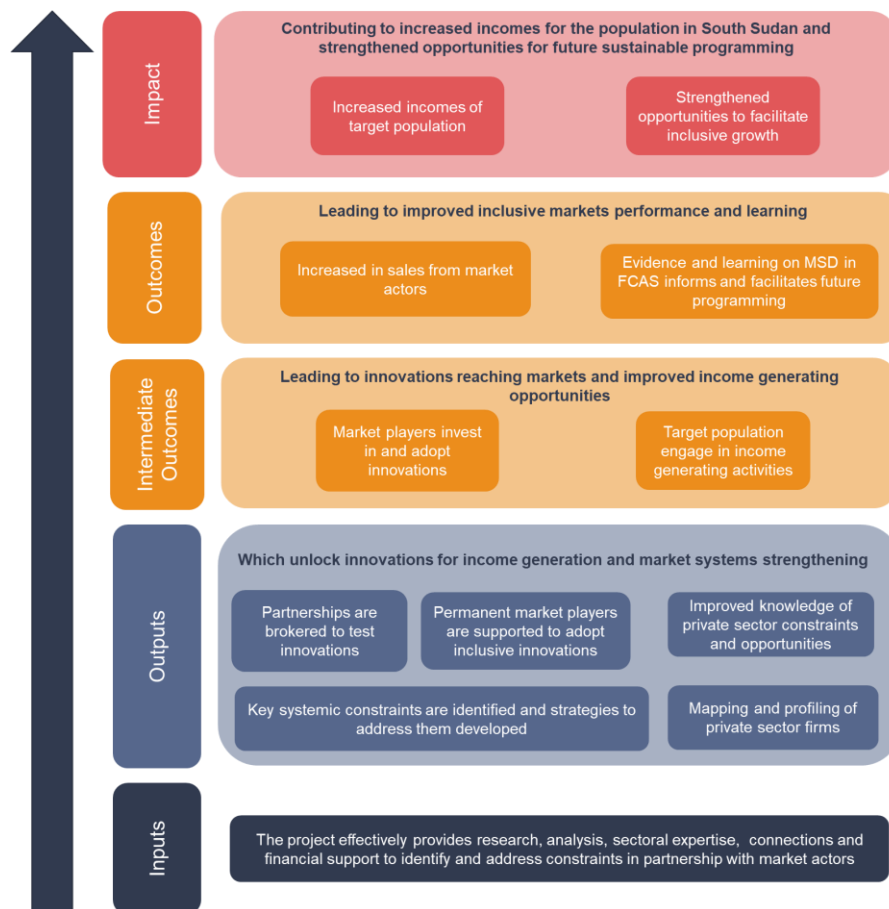
Outcome 1: Private sector-led/focused innovations strengthen inclusive market performance and enable the population to better engage in income generating opportunities.

Through a combination of technical assistance and grant finance the project will facilitate market players to introduce innovations (new/improved products, services, technologies, business models) which enable the population to move away from subsistence activities and engage in more formalized, stable, and higher potential income generating activities. Such innovations are profitable and therefore sustained by market players upon the project's closure.

Outcome 2: Results, knowledge and learning from the project strengthen opportunities for future sustainable programming.

The project will contribute to international development learning agenda by improving the evidence base on sustainable approaches in fragile and conflict afflicted situations. Knowledge, learning and practice will inform key actors and encourage better coordinated efforts towards long-term recovery in South Sudan and similar contexts.

Figure 3: Project Theory of Change



5. Project Implementation

5.1. Inception Phase

Upon mobilisation CACH will deliver a five-day MSD 101 training to the project staff covering foundational MSD concepts. It will use a combination of classroom-based learning, role-playing, group discussions and activities and practical case studies. The training will kick-start the three-month inception phase, where action research-type activities will be conducted by the delivery team, under the strategic direction of the MSD Advisor who will be confirmed upon project award. These will serve to equip the project with a comprehensive understanding of private sector firms which qualifies for support under the MSD approach and identify tangible opportunities to synergise with complementary aid projects, informing the strategy for Year one and design of the project's opening intervention portfolio. The activities and related deliverables are summarised below:

- 1. Private sector mapping and engagement:** The project will liaise with key actors, such as the Chamber of Commerce, to access basic details and information of companies headquartered in Juba and conduct primary scouting to identify and map private sector firms in Juba, unpack their current business models, key constraints, capabilities, and potential opportunities. Direct engagement will also assess companies contingent on their *will and skill* to shortlist potential partners which will be further engaged with to co-create the initial intervention portfolio. The project will raise awareness on the business case for women's economic empowerment (WEE) from the onset. It will proactively scope and engage with women-led businesses and businesses which disproportionately employ and/or trade with women. Initially the project will follow the indications covered in Section 3.1.1.

Deliverable: *Private sector mapping and profiling, key constraint analysis and shortlist of potential partners.*

- 2. Development partners consultations.** The project will not replicate existing efforts, but rather complement these to maximize resources and impact. To this aim the project will first list and then consult with key development partners and existing projects to understand their objectives, capture their learning, and leverage their results. Engagement with development partners will also serve as an opportunity to present the project, encourage collaboration and position for additional funding. Consultations will continue throughout implementation (see section 5.2.2).

A project provided business skills training and coaching to over 600 microenterprises (all outside of Juba and largely made of one individual) – 5% of them are legally registered. The training materials and resources developed by such project can be leveraged to support legally registered, relatively more established enterprises. The project will identify permanent players who have sufficient incentives to provide such support in the long term and assist these to do so sustainably e.g. through a fee-for-service offer.

Deliverable: *Stocktake of relevant projects, mapping/profiling of Micro, Small and Medium Enterprises (MSMEs) and cooperatives supported.*

- 3. Opening strategy finetuning.** The project will validate and expand on the suggestions outlined in Section 3.1.1. This will serve to inform the sub-sector prioritisation as well as to formalise the strategy for Year 1 (see also Annex 1). The strategy must credibly present how the project will reach gender equitable results, move beyond the 'Do no Harm' approach by both mainstreaming and targeting gender inclusion and WEE (see also text box in Section 3.1.3).

Deliverable: *Brief overview of prioritised sub-sectors, cross-cutting and sector-specific constraints, and opportunities for project's support in Year 1.*

4. **Design of the project opening portfolio.** The project will develop a long list of potential interventions for further responsive exploration in the implementation phase and at least three intervention plans which implementation will start by Month 4 (or Month 1 of the implementation phase).

Deliverable: *Longlist of intervention ideas, three intervention concept notes developed and presented for approval.*

MSD Lexicon

An **intervention plan** encompasses what the project will support (the innovation), why (the rationale), how (partner selection, workplan, budget and co-investment) and the expected results (result chain, targets and monitoring plan).

In the inception phase, the project will also establish basic management systems – including for monitoring and reporting (see Section 5.2.4) and risk management (5.2.5).

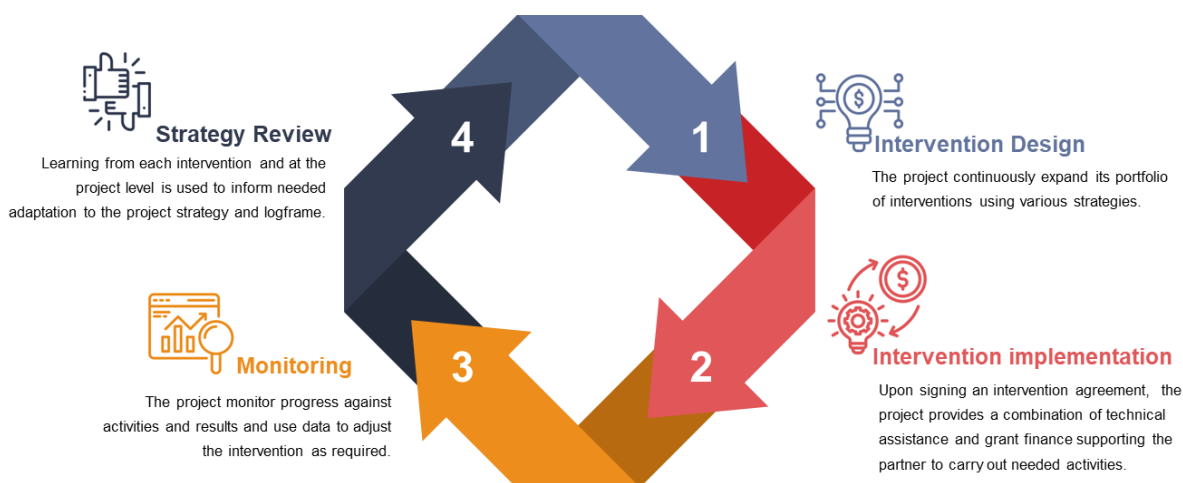
Innovation ideas longlist examples:

- Introduce and test outgrower models between Juba-based processors and small producers in select states.
- Improve access to certification and standards services.
- Increase vertical integration between input suppliers and processors.
- Improve technology-based supply chain coordination.
- Strengthen and expand value added products for domestic consumption and export.
- Develop the business case for women-targeted products and services.
- Introduce commercially viable green technologies e.g. solar powered processing.

5.2. Implementation Phase

During the implementation phase, the project will continue to expand its portfolio by designing new interventions, implement those that are approved by CACH, responsively monitor progress and results, and use continuous learning to inform needed adjustments to each intervention as well as the overall project strategy and approach. These steps are summarised in Figure 4 and further covered in the following sub-sections.

Figure 4 The project implantation cycle



5.2.1. Expanding the Project Intervention Portfolio

Beyond implementing the opening portfolio of interventions designed in the inception phase, throughout the implementation phase⁴ the project will continue to expand its intervention portfolio and adapt the strategy contingent on additional information emerging from the project’s activities, market response, early results and lessons learnt. The project will deploy different approaches to design interventions, which may include but are not limited to:

- **Direct Solicitation.** The project will internally design innovations that respond to key constraints and opportunities and pitch these to selected private sector companies for piloting through co-investment.
- **Running Open Calls for Innovations.** The project will encourage market players to present proposals for innovations which the delivery team can review and select for further analysis and co-creation.
- **Challenge Fund Competitions.** The project can invite market players to submit proposals for innovations that respond to specific constraints. Similarly, to the open calls for innovations the project would then review and score proposals and finetune the intervention design as needed.
- **Innovation Days.** The project may convene bespoke events with key stakeholders to unpack key constraints and brainstorm innovations. These events could also serve as a networking platform where businesses present their offer and are supported to broker deals. The project should also proactively support and participate in similar events that bring targeted stakeholders together, which the delivery team can network with and follow-up on.

5.2.2. Intervention Implementation

Interventions are first formalised through intervention plans developed by the project and approved by CACH for implementation, and then (once approval is granted) through an Intervention Agreement signed by the project and the partner.

Interventions will be implemented through a combination of technical assistance and financial support assisting the partner as required to carry out needed activities to develop and introduce the innovation. Technical assistance may will be provided by project staff and by independent consults/specialists and sub-contractors recruited and managed by the project, while ensuring that partners are part of the process to ensure ownership. As per financial support, grant finance disbursement mechanisms shall be tailored to the needs of each intervention and partners while adhering with key MSD principles. Grants disbursement options are summarised in Table 1 – each intervention can use a combination of these:

MSD Lexicon

An **intervention agreement** summarises the scope, activities, objectives, and budget of approved interventions. It stipulates the roles and responsibilities of the project and partner, including what and how funds will be disbursed and the cost-contribution the partner is expected to meet. Prior to signing the agreement, the project will conduct the necessary due diligence on the partner.

Table 1: Grant Funding Mechanisms

Type	Description	Why and when to use
Advance payments	Funds are disbursed when the intervention starts.	To enable the partner to implement early activities in the workplan when the partner’s current cash-flow is insufficient to fund the initial activities without posing risks to their existing operations cash flow requirements.

⁴ In consultations with CACH the project will determine the timeline to develop new interventions. It is expected that three months prior to closure the project will wrap activities up and not undertake any new interventions. Exceptions would include interventions that identified other development partners which are capable and willing to take over upon project closure or interventions geared towards knowledge and capacity building.

Milestone-based payments	Funds are disbursed against targets' achievement.	To incentivise partners' ownership and performance, when targets are clear and agreed by the parties and verification feasible and cost-effective. Feasibility is contingent on partners' available cash-flow and risks.
Cost Reimbursable Payments	Funds disbursed to the partner to reimburse actual costs against verification.	To incentivise partners' ownership and performance and build their capacity when financial capability at baseline is limited or risk exposure high.

While very ambitious within the current project scope, the project may explore opportunities to support the bankability of partners and strengthen commercial lending by assessing the feasibility of blending grant finance. These may include:

- **Guarantees:** The project agrees with selected financial institutions to be a guarantor for a specific partner and pay the loan should the partner default.
- **Credit Lines:** The project provides access to capital through financial institutions which partners can borrow, potentially at reduced interest rates.

Responsive monitoring against activities and results (see Section 5.2.2) will inform needed adjustments to specific interventions as well as the overall project's strategy. For instance, should innovations facilitated by the project initially disproportionately reach men the project will have to investigate further the business case for targeting women and assist partners to adjust their practices accordingly in order to address key gender constraints, which if overlooked would lead to suboptimal results and may risk exacerbating gender inequality.

5.2.3. Monitoring and Adaptive Management

In the inception phase the project will establish the basic infrastructure to monitor progress, capture results and continuous learning and ensure that data is effectively used to both prove and improve results, in line with adaptive management best practices. Due to the relatively short project's duration, while logframe targets will be annual, in the implementation phase the project will monitor and report progress throughout the year as summarised in Table 1.

Table 2: Monitoring and Reporting Schedule

Type	Frequency	Data collection method	Reporting
Inputs	Monthly	Internal review of project activities.	Brief presentation delivered through a monthly management meeting.
Outputs	Quarterly	Internal review.	Brief presentation on progress against annual targets. If required updated strategy.
Intermediate Outcomes and Outcomes	Bi-annually	Partners' self-reported data, KIs, questionnaires.	Brief presentation on progress against annual targets. If required updated strategy. Key themes/best practices identified for case studies/learning briefs towards Outcome 2.
Impact	Annually ⁵	Impact assessment – surveys, FGDs, KIs at the beneficiary's level ⁶ . Engagement with key stakeholders.	Annual report which also summarises previous reporting, lessons learnt and implications. Potential case studies and learning briefs towards Outcome 2.

⁵ By the end of quarter three (Month 9), contingent on progress and results, the project will determine if it is feasible to measure income increase at the end of Year 1 and finalise the evaluation methodology.

⁶ During the inception phase the project will, in consultation with CACH, agree on the expectations and methodologies to measure impact at the household level.

CACH will also facilitate quarterly reviews and one mid-term review at the end of Year 1. The review system (Table 3) may be adapted depending on needs but can indicatively include:

Table 3: Proposed Project Review System

Review type	Agenda – Key questions	Decision and outputs
Quarterly Strategic Review	<ul style="list-style-type: none"> ✓ Have project activities been implemented against plans? ✓ Are interventions progressing well? ✓ Are results in line with logframe targets at the output level? If not, why, and how should the strategy be adapted? ✓ Does performance differ substantially among partners/sub-sectors/intervention areas? ✓ Are the plans for portfolio expansion valid? 	<p>As needed:</p> <ul style="list-style-type: none"> - Adjusted intervention plans. - Confirmed portfolio expansion activities/targets. - Updated risk register.
Mid-term Strategic Review	<ul style="list-style-type: none"> ✓ Is the project overall performance satisfactory? ✓ Are results in line with logframe targets at the intermediate output and outcome level? ✓ Is there sufficient evidence indicating that the project will deliver against its impact targets? ✓ If not, why, and how should the strategy be adapted? ✓ Are there any interventions that show promise/are particularly weak? ✓ Does data and new information emerging indicate that the project should drop, push, or add any sub-sectors? ✓ Is actual spend in line with forecast? ✓ Are there any changes required to resourcing/staff? 	<ul style="list-style-type: none"> - Year 2 Strategy developed. - Updated logframe targets (as needed). - Adjustments to project's strategy. - Key lessons learnt identified informing case studies and knowledge sharing activities.

5.2.4. Coordination

Coordination with key stakeholders is critical to the success of the project. These include but are not limited to:

Development Partners. Close coordination and engagement with other development partners as described within the key inception phase activities will continue throughout the implementation phase, and will largely be geared towards:

- Leveraging results which the project can build on (e.g., access cooperatives and MSMEs whose capacity has been sufficiently strengthened).
- Avoiding duplication and lowering the risk of distortion by complementing activities down or upstream of the value chain node that other projects are focusing on e.g., leverage initiatives which are expected to increase production through access to seed or other productive inputs by facilitating linkages with large offtakers and processors or supporting logistics.

In addition to specific projects, initiatives such as the Partnerships for Recovery and Resilience (PfRR) should also be leveraged. PfRR brings together donors, UN agencies, government officials, NGOs, and private sector partners in South Sudan at the national and local levels and should be particularly targeted due to its aim is to shift the focus away from short-term interventions towards strengthening the resilience of the population in the long-term. CACH, through this project, can build knowledge on the effective implementation of the MSD approach in South Sudan and promote sustainable development practices. Similarly, the project may coordinate with the Agriculture and Livelihoods Development Working Group (a knowledge sharing and coordination mechanism that brings together the Juba-based donors, UN agencies, and NGOs).

Business and Sector Associations. Coordination with business and sector associations provide unique insights and connections that strengthen projects' understanding of key constraints/opportunities, aid the identification of potential partners as well as facilitate lobbying. Indeed, the available literature points at the

South Sudan Business Forum as the key platform to leverage due to its role in fostering dialogue between private and public actors on economic issues, including legislations, implementation of reforms and administrative processes. However, the primary research conducted during the design phase suggests that the Business Forum is either no longer active or if so, it may not currently perform the role it covered in the past. Beyond coordination, the project may also partner with business and sector associations. For instance, the design phase identified and consulted with the Manufacturers Association that appear to show sufficient potential (See intervention idea in Section 3.1.2). The project will further research and assess the existence and capacity of businesses bodies and sector groups/associations and make this information available to key players, including development partners.

5.2.5. Risk Management

A simple risk register will be developed in the inception phase and updated quarterly. The risk register summarises key risks, their probability and impact, tailored mitigating actions, and residual probability and impact contingent on the effective implementation of relevant mitigating actions. These risks will be categorised against the following risk categories:

- **Context:** Institutional, political, conflict, economic, climate, social and cultural e.g., insufficient private sector willingness and capacity to co-invest in innovations due to 'donor mentality'.
- **Delivery:** Procurement, technical and operational capacity, financial stability e.g., local MSD capacity is weak.
- **Safeguarding:** Beneficiaries and staff safeguarding e.g., failure to uphold the highest safeguarding standards (child protection, sexual harassment, environment).
- **Fiduciary:** Fraud, corruption, conflict of interest e.g., risk of financial losses due to poor grant management, funds use for unintended purposes.
- **Reputational:** Communications, relationships, public engagement e.g., bad publicity covering the projects, scandals related to partners' and staff's conduct.

The project will submit the risk register to CACH on a quarterly basis and discuss key risks and progress with mitigating actions as needed. However, should any new key risk emerge or escalate quickly the project will immediately inform CACH.

6. Project Sustainability

The project will put sustainability at its core by adhering to the core MSD principles outlined in Section 3.1 and adopting key actions, practices, and strategies outlined in this document. Each intervention will apply facilitative tactics which ensure that the programme complements and never substitutes market actors:

- **Intensity:** Determine the appropriate level of project resources and the role that is needed to foster change without creating donor dependence or competing against other actors who can or should perform the same function.
- **Ownership:** Encourage market actors to take ownership of the change process so they continue to invest in upgrading over time.
- **Relationships:** Build and strengthen relationships among local actors, rather than establishing the project as a direct, long-term actor within the system.
- **Exit:** Articulate how the project will manage its intensity, foster ownership, and crowd-in new relationships to allow an effective exit where change is sustained and replicated. A credible exit strategy

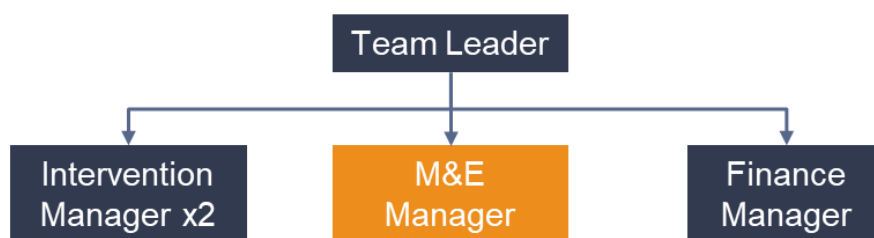
and a clear, realistic vision of how the market actors the project supports will continue to sustain the behavioural change and serve the target population effectively, after intervention in that system(s) is a precondition that the project must meet prior to starting any given intervention.

7. Resources

7.1. Human Resources

The project implementation will be outsourced to a third party. The selected supplier(s) will be responsible to deliver the project and achieve the agreed results under CACH strategic direction. It is expected that the project team will be initially composed of 4 (Team Leader, two Intervention Managers, Operations and Finance Manager) permanent staff and a pool of national and international specialists supporting the project on an on-going or ad-hoc basis (Figure 5). Please note that the M&E Manager position will be filled by CACH staff at a projected 20% support.

Figure 5: Proposed Project Human Resources



Pool of national and international technical specialists (short and long term) supporting the team on a rolling or ad hoc basis. Shall include:

- **MSD Specialist:** Train and coach the team on the MSD approach, support the technical direction of the program, acts as a sounding board providing quality assurance to the funder/fund manager.
- **Gender Equality and Social Inclusion Specialist (GESI):** Train and coach the team on mainstreaming and targeting GESI (e.g. women's economic empowerment, youth)
- **Additional experts** that can assist the team with sector analysis, agronomy, branding and marketing, climate, evaluation etc.

The profile of permanent project staff follows:

- The **Team Leader** must have proven knowledge and expertise in the core project areas (private sector development, agriculture, pro-poor value chain development) and proven experience providing leadership and management of core staff. Prior MSD experience or at least proven understanding is required. The Team Leader will also be responsible for the operations of the project as well as the point person for the project's strategy.
- The **Intervention Managers** must have a good understanding of the context and experience in key thematic areas (private sector development, agriculture, pro-poor value chain development, gender inclusion). Core MSD competencies are required e.g., analytical thinking, business acumen, adaptability.

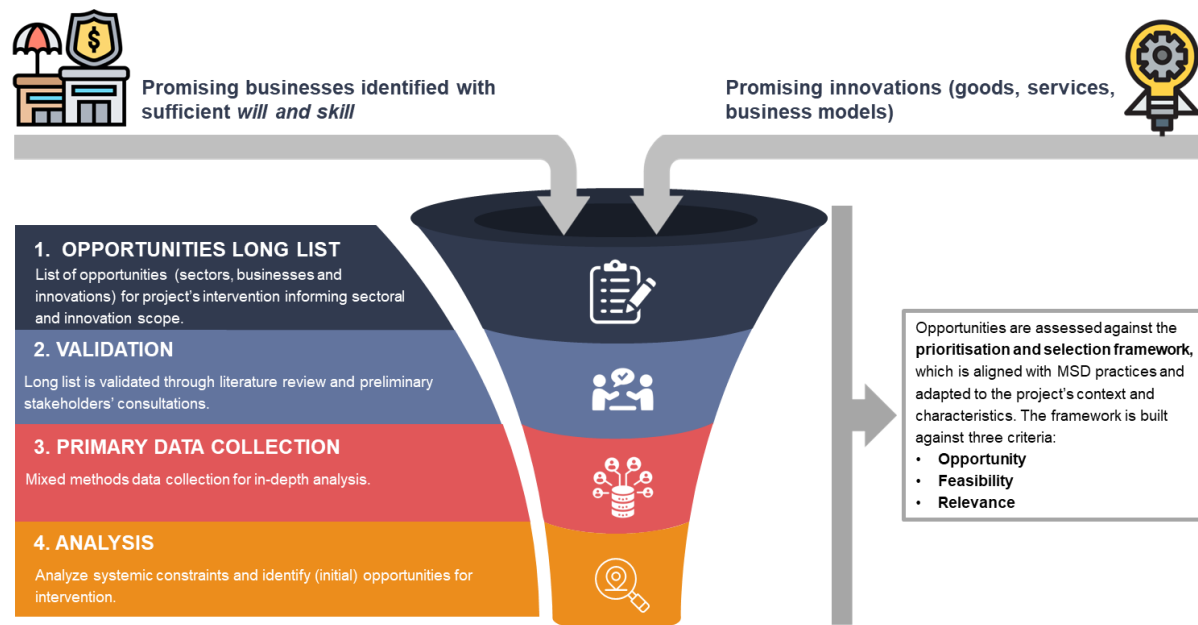
- The **Finance Manager** will need provide financial oversight of the project activities. This position will be responsible for managing the projects financial resources, including budget, forecasting, financial analysis, and financial reporting.
- The **M&E Manager** will provide expertise in monitoring and evaluating development projects, including developing results chains, M&E plans, log frames, data collection tools and research methodologies.

8. Annex

8.1. Prioritisation and Selection Framework

The following prioritisation framework is aligned with best practice in MSD programming and adapted to key project's characteristics (i.e., current duration and budget, alignment with CACH South Sudan Country Strategy), and the overall context in South Sudan. It will be used to inform the sectoral and innovation scope of the project and overall serve as guidance to ensure adherence with fundamental market development principles. The framework is built against three criteria i.e., opportunity, feasibility, and relevance. As covered throughout the document, the South Sudan context and the characteristics of the project require the project to place particular emphasis on 'feasibility' and specifically the availability of suitable market players. Indeed, it is expected that, at least initially, the sectoral and innovation scope of the project will be guided by the availability of market players with a sufficient mix of *will & skill* to introduce pro-poor innovations through project's support. Further, as indicated throughout the document, the project should capitalise on promising innovations (goods, services, business models) which may have been introduced by other projects (albeit through direct delivery) and can be supported by the project to ensure sustainability and/or reach scale, sustainably.

Figure 6: Approach Informing the Project's Intervention Portfolio.



The following section provides a list of indicators against each of the criteria and further guidance.

Opportunity: Where is the greatest potential for benefiting poor women and men?

Indicator	Details	Rationale
Current sector size	How many poor men and women are currently engaged in the sector?	The project should prioritise sectors with high participation from the poor.
Growth potential	Can the sector credibly grow and thus engage a high number of poor men and women?	It may be justifiable for the project to intervene in sectors which are relatively small at baseline but have high growth potential.
Value addition potential	What opportunities exist to reach the poor beyond production, including through job creation, and value chain strengthening?	The more sophisticated a value chain is (or becomes) and the more opportunities exist to reach the poor with innovations that lead to high income opportunities.

Feasibility: What is the likelihood that the project can generate sustainable positive change?

Indicator	Details	Rationale
Availability of suitable private sector companies	What suitable private sector companies exist (i.e., legally registered/have a bank account)? What is their capacity and willingness to engage with an MSD project?	The project will ultimately rely on existing companies which it can partner with to introduce pro-poor innovations. See also the Will and Skill Matrix .
Level of market distortion	Is the sector highly subsidised? Are there many NGOs operating in the sector?	The level of market distortion and more broadly distorting initiatives affect the ability of the project to apply MSD principles. The project should prioritise sectors/innovations where there is lesser distortion.
Presence of complementary projects	Are there complementary initiatives (preferably market-driven) which the project can capitalise on and create synergies with?	Avoid duplicating efforts, reduce the risk of market distortion, capitalise on results generated by other projects e.g., accessing relatively more capacitated cooperatives or microenterprises, and build synergies e.g., target on the next immediate constraint (See also section 5.1 and 5.2.4).
Timeline	Can the project generate and capture results within its timeline?	The project should not intervene in sectors where it would not be able to generate and capture results within its timeline e.g., tree crops with long term maturity, high skill development.
Conflict exposure	Is the sector reliant on stability/particularly exposed to conflict, in such a way that if conflict increases results would be irreversibly affected?	The project should avoid intervening in sectors with high conflict exposure e.g., the livestock sector (and cattle specifically) because of its exposed to raiding.
Climate change exposure	Is the sector resilient to climate change? Can adaptation to climate change be meaningfully addressed by the project?	Innovations in the agriculture sector should be always informed by climate change factors. Yet, some sectors (commodities) are more exposed than others. Unless the innovation specifically addresses climate adaptation/resilience the project should prioritise sectors which are relatively less exposed to climate change.

Relevance: What is the likelihood that the project can generate sustainable positive change?

Indicator	Details	Rationale
Breadth of impact	How many poor households can be reached by the innovation/innovations in the sector?	Like the 'current sector size' indicator but further weighted against the likelihood to reach HHs which engage in the sector meaningfully.
Depth of impact	To what extent can incomes of poor households increase because of the innovation/innovations?	Often there is an opportunity cost between breadth and depth of impact i.e., reaching a high number of beneficiaries may entail increasing incomes by a smaller extent compared to increasing incomes by a higher extent but for a smaller number of beneficiaries.

Impact on key groups	To what extent are women currently involved in the sector, can be effectively reached by the innovation?	The project aims to benefit women and men equally, however patriarchal norms affect women's ability to engage in the economy and benefit from growth. Some sectors/innovations may be expected to disproportionately reach and benefit women and therefore should be prioritised.
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