



Strategic Grain Reserve in South Sudan – Project ID 00079635

NARRATIVE ANNUAL REPORT

REPORTING PERIOD: JANUARY 1, 2012 – DECEMBER 31, 2012

<p>Programme Title & Project Number</p> <ul style="list-style-type: none"> • Programme Title: Strategic Grain Reserve in South Sudan • Programme Number <i>(if applicable)</i> • MPTF Office Project Reference Number:² Project ID 00079635 PBF/IRF-43 	<p>Country, Locality(s), Thematic/Priority Area(s)¹ <i>(if applicable) Country/Region</i> Republic of South Sudan</p> <hr/> <p>Thematic/Priority <i>Build a National Strategic Grain Reserve in South Sudan to effectively prepare and respond to emergency; to support safety net programs for the poor and early revitalization of the economy specifically the agriculture sector.</i></p> <p><i>Priority Areas 3 and 4</i></p>
<p>Participating Organization(s)</p> <ul style="list-style-type: none"> • United Nations-World Food Programme South Sudan 	<p>Implementing Partners</p> <ul style="list-style-type: none"> • Government of South Sudan • International Food Policy Research Institute (IFPRI) • Food and Agriculture Organization (FAO) • National Bureau of Statistics (NBS) • Famine Early Warning System Network (FEWS NET) • Private Sector Contractors
<p>Programme/Project Cost (US\$)</p> <p>MPTF/JP Contribution: 1,990,200</p> <ul style="list-style-type: none"> • Agency Contribution • <i>Not available</i> <p>Government Contribution</p>	<p>Programme Duration</p> <p>Overall Duration(<i>months</i>) <i>36 months</i></p> <p>Start Date³(<i>dd.mm.yyyy</i>) <i>27 July 2011</i></p> <p>End Date (or Revised End <i>31 Dec 2013</i></p>

¹ Strategic Results, as formulated in the Performance Management Plan (PMP) for the PBF; Sector for the UNDG ITF.

² The MPTF Office Project Reference Number is the same number as the one on the Notification message. It is also referred to “Project ID” on the [MPTF Office GATEWAY](#)

³ The start date is the date of the first transfer of the funds from the MPTF Office as Administrative Agent. Transfer date is available on the [MPTF Office GATEWAY](#)

(if applicable)

Other Contributions

Government of Norway 2,500,000

TOTAL:

Date)⁴

Operational Closure Date⁵ 31 Dec. 2013

Expected Financial Closure

Date 26 January 2015

Programme Assessment/Review/Mid-Term Eval.

Assessment/Review- if applicable *please attach*

Yes No Date: *dd.mm.yyyy*

Mid-Term Evaluation Report – *if applicable please attach*

Yes No Date: *dd.mm.yyyy*

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⁴ As per approval by the relevant decision-making body/Steering Committee.

⁵ All activities for which a Participating Organization is responsible under an approved MPTF programme have been completed. Agencies to advise the MPTF Office.

I. EXECUTIVE SUMMARY

Decades of civil war in South Sudan have resulted in severe neglect or destruction of basic infrastructure, absence of public services and some of the world's worst social indicators. Inter-communal clashes and rebel militia activity continue to destabilize communities, disrupt agricultural production, livelihoods and education, increasing vulnerability and worsening the humanitarian situation in the country.

While remarkable progress was made during the six years of the Comprehensive Peace Agreement, culminating in the January 2011 referendum and independence on July 9th, life-threatening conditions still persist and the country faces vast challenges as it seeks to improve internal security, build state capacity and enable a shift towards an integrated approach that not only responds to the short-term humanitarian food and livelihoods protection needs but also addresses recovery and reconstruction needs. Despite huge untapped agricultural potential, the food security situation in South Sudan is precarious in the face of economic instability and fluid security situation. The country has a food deficit with an estimated 4.7 million citizens facing food insecurity in 2012, out of which around 1 million are severely food insecure. These figures suggest that the extent of vulnerability is sizable and unpredictable while the demand for safety nets and conditional transfers will remain high. The poor and vulnerable populations need to be protected and incentive structures need to be developed to unleash the country's agricultural growth potential and mitigate the relationship between food insecurity and violence. A well designed strategic grain reserve system is one means that links simultaneous solutions for food insecurity and conflict prevention and peacebuilding in a country that is land-locked and where long lead time is required to bring food in times of need.

Sustainable solutions to food insecurity call for enhanced institutional capacity of the government, and in the context of South Sudan, where inadequate human and institutional capacities pose major challenges, building infrastructure without strengthening the necessary government institutional capacity to effectively manage the grain reserve will jeopardize the sustainability of the system. Cognizant of this, WFP, after extensive consultations with the Government of the Republic of South Sudan (GRSS), technical partners, donors and development partners, has revised the orientation of the Strategic Grain Reserve Special Operation to give precedence to building a conducive policy environment and strengthening the government's institutional capacity to manage effective food security information systems that are crucial for evidence-based decision making when the National Strategic Food Reserve (NSFR) becomes operational first as a pilot and later on scaled-up based on lessons learned.⁶

The National Strategic Food Reserve is envisaged as a safety net institution for ensuring timely and effectively response to food emergencies and minimizing vulnerable group's exposure to risks. It also plays a role in post-conflict recovery, stimulating agriculture development, promoting small-holder farmers, creating employment opportunities and shared peace dividends.

II. PURPOSE

In May 2011, WFP launched a three-year Special Operation (SO 200267) for the establishment of a Strategic Grain Reserve. The project, with an overall budget of US\$ 96,571,434, included building five warehouses with a total capacity of 100,000 MT and 20 satellite depots with an estimated total capacity of 6,000 – 10,000 MT as well as some capacity building component focused on the day-to-day operations of the warehouses. Recognizing that building infrastructure is a necessary but not a sufficient condition for establishing a

⁶ Another decision that came out of these consultations was to change the name from Strategic Grain Reserve (SGR) to National Strategic Food Reserve (NSFR) to give the government the flexibility to use the reserve for non-grain food items in the future.

sustainable reserve in South Sudan, where inadequate human and institutional capacities pose major challenges, WFP held a series of consultative meetings with stakeholders and technical experts to determine the best project implementation approach. In March 2012, these meetings culminated in a high-level consultative meeting to articulate the role of the Strategic Grain Reserve in addressing food insecurity in South Sudan and to develop a roadmap for its realization. A consensus was reached at this meeting to prioritize building a conducive policy environment and strengthening the government's institutional capacity to design, establish and manage an efficient and sustainable strategic grain reserve. Therefore, the output of constructing five warehouses became inapplicable in the immediate term as the revised orientation called for building a conducive policy environment and strengthening the government's institutional capacity to manage effective food security information systems that are crucial for evidence based decision making when the National Strategic Food Reserve becomes operational.

The project aims to establish a Strategic National Food Reserve for the Republic of South Sudan to enable the government effectively and timely respond to emergencies, protect the most vulnerable and build resiliency of communities through safety net programs and stimulate growth in the agricultural sector by creating a structured demand, which will help mitigate the relationship between food insecurity and violence.

The revised project implementation approach places strong emphasis on working in partnerships and creating strategic alliances to transfer technical knowledge and skills to the government and increase the overall impact and sustainability. The project employs a learning-by-doing capacity building approach that engages the relevant government structures and aims to equip the government with the necessary skills and know-how to manage the NSFR efficiently and effectively in response to emergencies, protect the most vulnerable and build resiliency of communities through social protection programs while stimulating growth in the agricultural sector by creating a structured demand. Strengthening the government's institutional capacity, particularly in food security information systems, provides decision makers with a better understating of the dynamics of grain markets and the necessary information to identify surplus and deficit producing areas, detect impending disaster as early as possible, provide timely and effective warning to guide decisions for preparedness and disaster mitigation, and minimize mis-targeting of beneficiaries.

The project will be implemented in phases, with the first phase focusing on building a conducive policy environment, forming the necessary organizational structures, and strengthening the government's institutional capacity to establish and manage a sustainable NSFR. The second phase will focus on operationalizing the NSFR through a small-scale pilot.

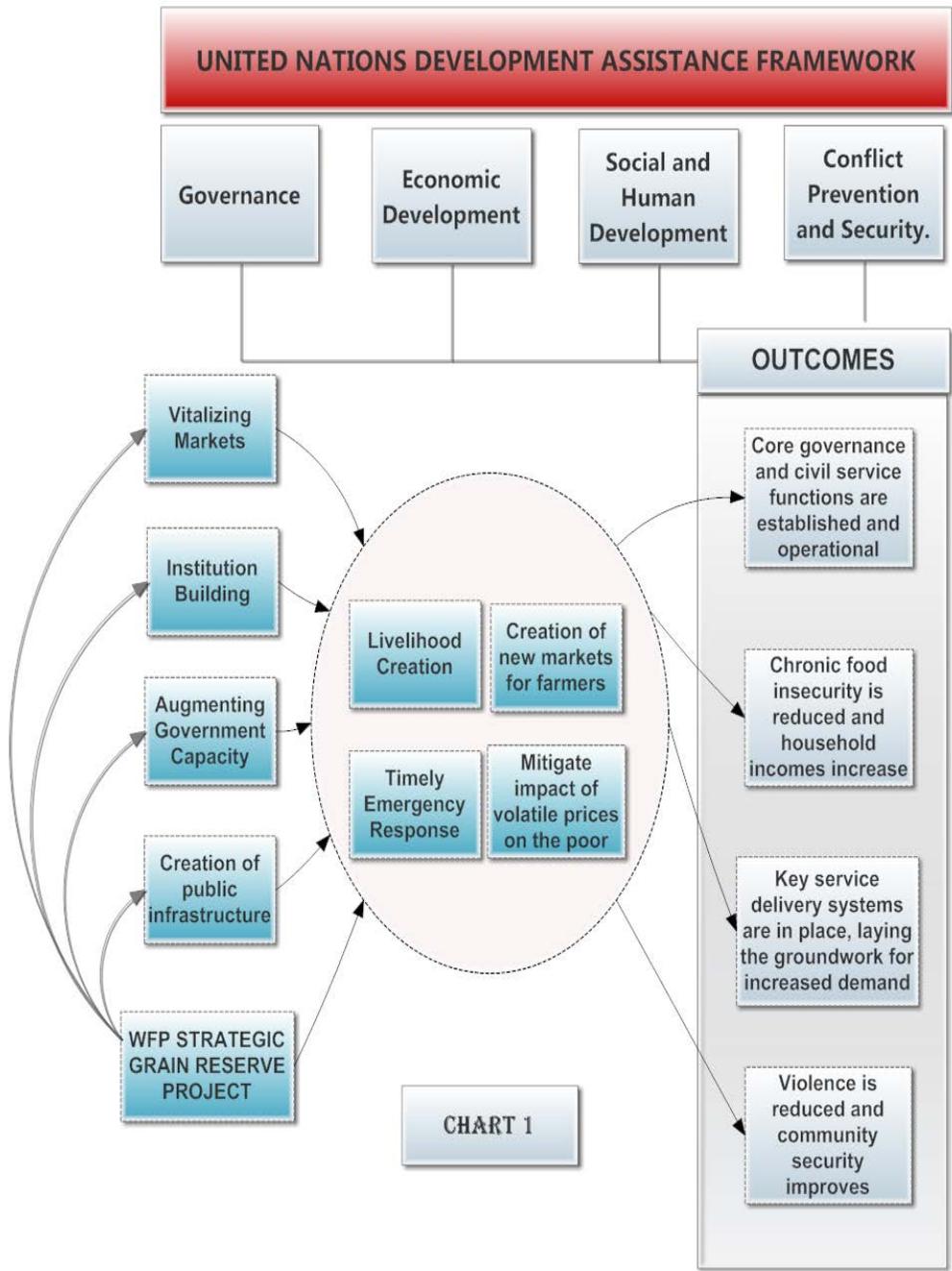


Chart 1 draws out the linkages between the objectives of the Strategic Grain Reserve and their relationship to the pillars and objectives of the United Nations Development Assistance Framework for South Sudan. There is also cross cutting alignment with the South Sudan development framework 2012-2013. In South Sudan, humanitarian agencies and commercial actors have to rely on congested ports to import food and are usually faced with a lack of transport capacity thereby increasing the lead time of bringing much needed food supplies. In a humanitarian emergency, these delays can be life threatening. The Strategic Grain Reserve can help to provide the needed food commodities to the Government and humanitarian partners in a timely and cost effective manner.

III. RESOURCES

This three-year Special Operation (SO 200267) for the establishment of a Strategic Grain Reserve was budgeted for US\$96,571,434. To date the project has received US\$ 4.5 million, consisting of US\$ 2 million from the Peace Building Fund and US\$ 2.5 million from the Government of Norway.

The project budget is currently under revision in line with the new strategic project implementation approach, focusing on building conducive policy environment and strengthening/building the institutions that will shape the reserve at the initial stage of the project and then operationalizing the grain reserve as small-scale pilot.

With the major focus shifted from the construction of the physical infrastructure associated with the grain reserve to building the capacity of the government to establish and manage a sustainable grain reserve system, the overall cost of the project will be reduced significantly.

With the support from the Peace Building Fund and the Government of Norway's contribution, WFP is implementing the newly determined first phase of the project. The Peace Building Fund contribution is being used to establish the necessary conditions to establish a sustainable NSFR. These specific project activities include:

- Building the institutional capacity of the government to manage improved food security information systems that are critical for supporting planning and evidence-based decision making for the NSFR
- Developing a policy framework to put in place policy measures to meet the NSFR objectives of effective emergency response, stimulating growth in the agricultural sector by creating a structured demand, and supporting national social protection programs
- Developing NSFR operation and procedures manual
- Financing the WFP specialized project management team

To operationalize the NSFR as small-scale pilot, the government has offered the use of existing warehouses if any are available that meet the required specifications, which will enable WFP to reduce the project budget significantly. If there are no readily available warehouses, the government will provide the land on which WFP will construct the central warehouse and satellite depots.

The project already engages various strategic partners based on complementarities of mandates and competencies, including FAO, FEWS NET and several international NGO to build the institutional capacity of the government to establish and manage a sustainable NSFR. WFP has signed a collaboration agreement with FAO to provide technical support to enhance the capacity of GRSS at the National, State, County and Payam⁷ levels in the area of rainfall monitoring, preparation of crop production estimates, and compilation of national food balance sheets.

The World Bank and the Japan International Cooperation Agency, have expressed interest in working with or complementing the efforts of the NSFR. The International Food Policy Research Institute (IFRPI) will continue to be engaged in supporting the government in policy formulation and preparation of technical manuals.

The WFP South Sudan Country Office finance division, in accordance with its Financial and Procurement Rules and Regulations, continues to manage the financial resources of the project.

IV. IMPLEMENTATION AND MONITORING ARRANGEMENTS

The new strategic implementation approach gives precedence to laying a strong foundation by focusing first and foremost on building the institutional capacity of the government and putting in place a policy framework that guides the establishment and operation of the NSFR. This is crucial for the project to meet its objectives of contributing to lasting solutions to food insecurity and generate peace dividends in South Sudan, where inadequate human and institutional capacities pose major challenges.

⁷ Payam is the second lowest unit in the government administrative structure

The Special Operation will be implemented in phases:

Phase I: Build conducive policy environment, form the necessary NSFR organizational structures, and strengthen GRSS' institutional capacity to support planning, efficient management and evidence-based decision making for the NSFR.

Phase II: Operationalize the NSFR at small-scale. This phase will provide an opportunity to test the efficiency and robustness of the system and utilize the strengthened government capacity in food security information systems.

With the support from the Peace Building Fund and the Government of Norway's contribution, WFP has started the implementation of the newly determined first phase of the project. Part of the Peace Building fund is earmarked for establishing the necessary conditions to establish a sustainable NSFR. During the first phase the project aims to develop the NSFR policy framework, put in place the governance and management structures, and build the insitiutional capacity of the government to establish and manage an effective and sustainable NSFR.

WFP with support from the International Food Policy Research Institute (IFPRI) will develop rigorous monitoring and evaluation systems. Preparation is underway to develop the instruments that will be used to collect outputs, outcomes and goals that will feed into the evaluation system. This will be followed by focus group discussions and eventually a baseline survey, which will provide data against which the performance of the project will be measured.

Three levels of M&E have been identified:

- 1) Monitoring and evaluating the special operation implementation progress
- 2) Monitoring and evaluating the objectives set in the logical framework and implementation strategy
- 3) Monitoring and evaluating the operational procedures and book keeping during the execution of the project

V. RESULTS

Progress to-date:

1. A high-level consultative meeting was convened in March 2012 to reach a common understanding on the role of the NSFR in addressing food insecurity and develop a road map.
2. In April 2012, an Inter-Ministerial Technical Working Group was established to oversee the establishment of the NSFR and facilitate coordination within the government line ministries. WFP is the group's Technical Lead and Secretariat.
3. In May 2012, a resolution to establish the NSFR in South Sudan was passed by the Council of Ministers.
4. In June 2012, WFP and the Government of the Republic of South Sudan held a high-level meeting, "National Strategic Good Reserve – Concept to Action," to articulate the role of the NSFR in

addressing food insecurity in South Sudan and develop a roadmap for its realization, including the roles of key stakeholders, including the government, donors and development partners.

5. The TWG has identified five thematic areas where GRSS lacks the required capacity to support effective NSFR management. The five thematic areas are (a) Food security and vulnerability analysis (b) Trade and market monitoring (c) Rainfall monitoring, production of crop production estimates, and national food balance sheet preparation (d) Crop production and productivity (e) Early warning
6. Five Thematic Working Groups comprising of technical experts from relevant government ministries, UN and other international organizations have been established to play a key role in identifying the government's institutional capacity gaps and developing a capacity building implementation plan for the five thematic areas in food security information systems.
7. An induction workshop was held in November 2012 to formalize the Thematic Working Groups, and under the technical leadership of WFP, FAO and FEWS NET, the groups have developed their Terms of References and are preparing to embark on the government institutional capacity gap assessment to prepare a comprehensive capacity building implementation plan.

IV. Future Work Plan (if applicable)

1. The Thematic Working Groups will begin the food security information systems capacity gap assessment in February 2013. Based on the findings of the institutional capacity gap identification, the groups will draft implementation plans for action in Phase I of the project.
2. Provide the necessary technical support to the government to ensure components critical to establishing and managing an effective, transparent, and sustainable NSFR system are given due consideration in the NSFR legalization process and are captured accurately in the final legal document.
3. Design the NSFR policy framework that defines the strategies and instruments selected by policy makers to achieve the NSFR objectives, identify budgetary requirements at the level of objectives and outline linkages between various institutions, including states, ministries, development partners, and farmers' organizations and the emergency and national social protection programs that are to be linked with the NSFR as well as programs that support growth in the agricultural sector.
4. Develop the NSFR operation and procedures manual.
5. Develop governance structure and form executive body to manage the NSFR.
6. Identify available storage facility to be used during the pilot stage. Build NSFR stock and a program for stock utilization.
7. Coordinate among government ministries to ensure the required resources are budgeted.

INDICATOR BASED PERFORMANCE ASSESSMENT

One of the central pillars of successful handover of the reserve to GRSS will be building national capacity - human and physical capacity- to effectively manage, empirically evaluate and successfully integrate into nationally owned safety net programmes.

The performance assessment indicators have been revised to reflect the new strategic project implementation approach. The following are the key performance assessment indicators:

- Number of government staff trained in food security information systems (Target: 300)
- Number of government staff trained in the day-to-day operations of the NSFR (Target: 100)
- Number of technical guidelines on the five food security information system thematic areas developed with the government (Target: 5)
- Number of NSFR operation and procedures manual developed with the government (Target: 1)
- NSFR policy framework formulated
- NSFR establishment legalized
- NSFR institutional and operational framework designed
- Storage capacity of central warehouse (Target: 20,000 – 25,000 MT)
- Storage capacity of satellite depots (Target: 2,000 MT)