AFRICAN DEVELOPMENT BANK GROUP

SAP CODE : P-SD-E00-010

PORTFOLIO RESTRUCTURING NOTE

PROJECT TITLE: PORT SUDAN EMERGENCY WATER AND SANITATION PROJECT

COUNTRY: SUDAN

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CURRENCY EQUIVALENTS
Exchange Rate Effective 31 December 2025

Currency Unit	Equivalent
1 UA	1.36 US$
1 UA	814.97 SDG
1 US$	599.87 SDG
1 UA	1.20 EUR

FISCAL YEAR
January 01 – December 31

WEIGHTS AND MEASURES

1 Metric ton	2,204.62 Pounds (lbs)
1 Kilogramme (kg)	2.20462 lbs
1 Meter (m)	3.28 Feet (ft)
1 Millimetre (mm)	0.03937 Inch (“)
1 Kilometre (km)	0.62 Mile
1 Hectare (ha)	2.471 Acres

ABBREVIATION AND ACRONYMS

AAP	Accountability to Affected Populations	**PRN**	Portfolio Restructuring Note
AfDB	African Development Bank	**PSC**	Project Steering Committee
CB	Country Brief	**PSEA**	Protection from Sexual Exploitation and Abuse
CSO	Civil Society Organization	**PTC**	Project Technical Committee
DWSU	Drinking Water and Sanitation Unit within Ministry of Agriculture & Natural Resources		
ESMP	Environmental and Social Management Plan	**RASME**	Remote Appraisal, Supervision, Monitoring and Evaluation
		RWSSI-TF	Rural Water Supply and Sanitation Initiative Trust Fund
EWARS	Early Warning, Alert, and Response System	**SA**	Special Account
ESS	Environmental and Social Safeguards	**SDGs**	Sustainable Development Goals
GBV	Gender-Based Violence	**SMCC**	Senior Management Coordination Committee
		SWC	State Water Corporation
GoS	Government of Sudan	**SWRO**	Sea Water Reverse Osmosis
ICRC	International Commission of the Red Cross	**TPIA**	Third Party Implementing Agency
IDP	Internal Displaced People	**TSF**	Transition Support Facility
IFRC	International Federation of the Red Cross	**TYS**	Ten Year Strategy
INGO	International Non-Governmental Organization	**UN**	United Nations
ISS	Integrated Social Safeguards	**UNICEF**	United Nations Children's Fund
HRM	Human Resource Management	**UNFPA**	United Nations Population Fund
HNRP	Humanitarian Needs and Response Plan	**WASH**	Water, Sanitation and Hygiene
KfW	Kreditanstalt fur Wiederaufbau	**WHO**	World Health Organization
M&E	Monitoring and Evaluation		
MOWR	Ministry of Water Resources		
O&M	Operation and Maintenance		
MTR	Mid Term Review		
PMU	Project management Unit		

1 INTRODUCTION AND PROJECT SUMMARY

a. Purpose of the Portfolio Restructuring Note and Eligibility.

1. **The ongoing humanitarian crisis in Sudan has severely impacted access to essential social services, including water supply and sanitation**. Now entering its third year, the conflict has affected over 25.5 million people who need humanitarian assistance. The conflict has resulted in approximately 11.3 million people being internally displaced and an estimated 3.7 million having fled to neighboring countries (Sudan HNRP, 2025). The conflict has led to widespread destruction of water supply infrastructure and disrupted services due to shortages of both human and financial resources, particularly for operations and maintenance. Compounding the crisis, climate- and disaster-related shocks have further damaged water systems—most notably, the failure of the Arba'at Dam on August 26, 2024, which triggered flooding and significant reduction in Port Sudan's water supply system capacity.

2. **The Bank's *Sudan Country Brief 2017-2024 Updated and Extended to December 2026* was approved in February 2025 and aims to address the emerging and urgent needs in the country and ensure continuity of Bank support.** In order to address apparent emergency needs including food insecurity and the dire situation of water and sanitation services, the Bank portfolio is being restructured[1] to ensure, among others, that: (i) development partners with the capacity to implement emergency projects under an active conflict environment are brought on board for effective delivery; and (ii) the available resources from the current portfolio are freed for immediate use in emergency operations to support the people of Sudan. The Country Brief *(*CB) stresses the Bank's support to Sudan to sustain the delivery of critical basic social services, address the root causes of fragility and build resilience. The CB has two priority areas: (i) Capacity building to improve social service delivery, and (ii) Agriculture for job creation and livelihoods.

3. **Against this background, the Water and Sanitation Portfolio in Sudan is being restructured to focus on emergency water and sanitation interventions in Port Sudan and the new project will be implemented by a Third-Party Implementing Partner.** Emergency rehabilitation of water supply and sanitation facilities in North and South Kordofan are included in the new project to complement on-going emergency operations in the two areas[2]**.** The Port Sudan Emergency Water and Sanitation project aligns with the Government's *National Strategy Plan* (2007-2031), with the UN *Sustainable Development Goal* (SDG 6- Clean water and sanitation for all by 2030), and with the African Union *Agenda 2063*[i]. The project aligns with the priority area of the CB by focusing on delivery of basic social services and support to reconstruction and recovery, in line with the strategic focus areas recommended by Bank's "framework for engagement in insecure environments[3]". The project addresses fragility and focuses on building resilience which aligns with the Bank Group's *Ten-year Strategy (TYS, 2024-2033*. The project aligns with the Bank's Water Strategy (2021 - 2025 currently under review for extension to 2026), priority area 2 on strengthening the delivery of water supply, sanitation, and hygiene (WASH) services; as well as with the *Strategy for Addressing Fragility and Building Resilience in Africa* (2022-2026). The project is also consistent with the Bank Group Gender Strategy (2021-2025 extended to 2026) pillar 3 of *increasing women's access to social services through infrastructure* by lessening the time needed to fetch water, thus allowing increased participation of women in income-generating activities. By providing sustainable and affordable WASH services, the project will enhance the economic and social transformation of Port Sudan which is an important import/export port – hence promoting trade and regional integration as per the East Africa Regional Integration Strategy Paper (2023-2027). The project will also create opportunities for jobs during

[1] This is in line with the Implementation Guidelines of the Bank Group Policy on Sovereign Operations Restructuring (2022); as the water and sanitation portfolio is affected by the emergency situation and the borrower/recipient has requested the Bank to initiate the portfolio modification to respond to the specific emergency in Port Sudan.

[2] The water and sanitation projects being restructured were covering Port Sudan, North and South Kordofan. Under ADF 17 a new water and sanitation project is planned in 2026 to undertake emergency interventions in areas currently not supported by Development Partners.

[3] Staying Engaged: Enhancing the Banks delivery in insecure environments (2024-2033)

implementation and in the management of kiosks and sanitation blocks, 50% of which will target women, contributing to the achievement of the Bank's Skills for Employability and Productivity in Africa (SEPA) Action Plan (2022 – 2025 extended to 2026), and the Job for Youth in Africa Strategy (2016 – 2025 under review for extension to 2026). Furthermore, it contributes to the *Climate Change and Green Growth Strategic Plan (2021-2030)*, which seeks to enhance climate resilience and adaptation across the continent.

4. **This Portfolio Restructuring Note builds on the findings from the appraisal and discussions held from 22 April 2025 to 24 April 2025, and further consultations in August 2025 and October 2025, which identified key areas requiring adjustments to align the new project with Port Sudan's current water and sanitation priorities and operational context.** This involved initiation and continued consultation with key stakeholders (Government agencies, NGOs, Civil Society and other Development Partners) on priorities to be addressed and proposed interventions.

b. Description of Initial Projects

5. This section presents an overview of the three (3) Water and Sanitation Projects in the current Sudan portfolio that are being restructured, namely: (i)The Water Sector Reforms and Institutional Capacity Development Program; (ii) Sustainable Rural Water Supply and Sanitation Project in North and South Kordofan; and (iii) Institutional Capacity Development for Improved Access to Water and Sanitation in Port Sudan. All these 3 projects have pending payments to Contractors and Consultants and the process of assessment of these payments is on-going as part of a wider assessment of Bank funded projects in Sudan. The Government has committed to meeting these payments using own resources.

Water Sector Reforms and Institutional Capacity Development Program

6. The objective of the Water Sector Reforms and Institutional Capacity Development Program is to contribute to building a resilient and sustainable water and sanitation sector that meets the needs of all users or beneficiaries in Sudan in particular West Kordofan State with a view to contribute to peace building, improving livelihoods and building resilience against climate variability and change. The project components are 1-Water Sector Policy and Institutional Reforms, 2-Capacity Development and 3-Water and sanitation for resilient and stability. The project is financed by a TSF Pillar 1 Grant and RWSSI-TF Grant including counterpart funding from the Government of Sudan.

Project information sheet (initial)

Project name:	Water Sector Reforms and Institutional Capacity Development Program
Project SAP code:	P-SD-E00-002
Sector (s):	Water and Sanitation
Grant Recipient:	Republic of Sudan
Executing Agency:	Drinking Water and Sanitation Unit within Ministry of Agriculture & Natural Resources
Project instrument (s):	Grants TSF Pillar 1 and RWSSI-TF
Use of country systems:	N/A

Implementation and restructuring appraisal

Boards approval date	09/09/2015
Date of signature	02/11/2015
Project implementation period (initial)	November 2015 – December 2026
Date of effectiveness	02/11/2015
Date of first disbursement	28.01.2016
Previous restructuring operations, category and justification (if applicable)	N/A
Appraisal mission for the proposed restructuring	April 2025

Financing information and project milestones

Total project amount	UA 17.582 million
Amount of Bank Group Financing	TSF Pillar 1 Grant – UA 15 million and RWSSI-TF Grant – EUR 800,000 (UA 638,000))
Amount of Co-financiers/Trust fund Financing:	Government of Sudan - UA 1,944,000
Date and amount of last disbursement	08.03.2023; UAC 141,373.09
Total disbursed Amounts (above UA 5,000) to date (by instrument- grants)	Grants: TSF Pillar 1 - UA 12.788 million **(Undisbursed balance: UA 2.212 million)** RWSSI-TF: EUR 795,095.37
Cancelled amounts (broken down by instrument - grants,)	RWSSI-TF: EUR 4,904.63

Sustainable Rural Water Supply and Sanitation Project in North and South Kordofan

7. The objective of the project is to improve households' livelihoods and resilience against climate variability and change in the project areas through provision of reliable water and sanitation services, including those of nomadic communities**.** Project components are: 1) Water service improvement; 2) Sanitation and hygiene; 3) Capacity development and 4) Project Management. The project is financed by a TSF Pillar 1 Grant and RWSSI-TF Grant including counterpart funding from the Government of Sudan.

Project information sheet (initial)

Project name:	Sustainable Rural Water Supply and Sanitation Project in North and South Kordofan
Project SAP code:	P-SD-E00-004
Sector (s):	Water and Sanitation
Grant Recipient:	Republic of Sudan
Executing Agency:	Drinking Water and Sanitation Unit under Ministry of Agriculture and Natural resources
Project instruments:	Grants: ADF Grant and RWSSI-TF Grant
Use of country systems:	N/A

Implementation and restructuring appraisal

Boards approval date	09/10/2019
Date of signature	28/11/ 2019
Project implementation period (initial)	Dec 2019 – December 2026
Date of effectiveness	28/11/2019
Date of first disbursement	02/03/2020
Previous restructuring operations, category and justification (if applicable)	N/A
Appraisal mission for the proposed restructuring	April 2025

Financing information and project milestones

Total project amount	UA 25,218,000.00
Amount of Bank Group Financing	ADF-14 (PBA)Grant – UA 22,134,000.00 and RWSSI-TF Grant – EUR 1,200,000.00 (UA 980,000.00))
Amount of Co-financiers/Trust fund Financing:	Government of Sudan - UA 2,104,000.00
Date and amount of last disbursement	12.03.2025 ADF Grant UA 4,366.95
Total disbursed Amounts (above UA 5,000) to date (by instrument- grants)	Grants: ADF-14 (PBA) Grant - UA 675,302.23 **(Undisbursed balance: UA 21,458,697.77)** RWSSI-TF: EUR 30,500.00 **(Undisbursed balance: EUR 1,169,500)**
Cancelled amounts (broken down by instrument - grants)	N/A

Institutional Capacity Development for Improved Access to Water and Sanitation in Port Sudan

8. The objective of the project is to improve the availability, reliability, and quality of water supply, as well as ensure sustainability and equity in the city of Port Sudan, and to improve sanitation and hygiene practices to ensure improved health of all residents. The project components are (i) Emergency water supply rehabilitation, (ii) Sanitation service expansion, and (iii) Institutional capacity development. The Project was financed by a TSF Pillar 1 Grant and counterpart funding from the Government of Sudan.

Project information sheet (initial)

Project name:	Institutional Capacity Development for Improved Access to Water and Sanitation in Port Sudan
Project SAP code:	P-SD-E00-003
Sector (s):	Water and Sanitation
Grant Recipient:	Republic of Sudan
Executing Agency:	Drinking water and sanitation unit within Ministry of Ministry of Agriculture & Natural Resources
Project instrument (s):	Grant: TSF Pillar 1
Use of country systems:	N/A

Implementation and restructuring appraisal

Board approval date	23/10/2017
Date of signature	09/11/2017
Project implementation period (initial)	Aug 2017 – December 2026
Date of effectiveness	09/11/2017
Date of first disbursement	11.04.2018
Previous restructuring operations, category and justification (if applicable)	N/A
Appraisal mission for the proposed restructuring	April 2025

Financing information and project milestones

Total project amount	UA 27.668 million
Amount of Bank Group Financing	UA 15 million TSF Pillar 1 Grant
Amount of Co-financiers/Trust fund Financing:	UA 6.6698 million Dfid[4] (parallel financing) and Government of Sudan UA 5,999 million
Date and amount of last disbursement	21.12.2022; UAC 1,357.38
Total disbursed Amounts (above UA 5,000) to date (by instrument- grants,)	**Grant TSF Pillar 1 - UA 2,092,434.54 (Undisbursed balance: UA 12,907,565.46)**
Cancelled amounts (broken down by instrument - grants)	N/A

c. Categorization of the restructuring.

9. The restructuring of the three (3) projects into one (1) water and sanitation emergency project focusing on Port Sudan involves a significant modification of the design and scope from those originally approved by the Boards of Directors. **It will, therefore, be a first-order portfolio restructuring.**

d. Main changes proposed as part of the restructuring operation.

10. The restructuring of the water and sanitation portfolio involves adapting and repurposing the respective designs and scope of the three (3) water and sanitation projects to be able to effectively address the Port Sudan severe water crisis. Specifically, the modifications entail the following actions:

[4] In 2022 DFID was restructured to FCDO and funding scaled down. The funds were not disbursed to the project.

- **Emergency water supply rehabilitation works**: The Arba'at Wellfield development represents an urgent priority to restore Port Sudan's primary water source. The restructured portfolio will include, Arba'at wellfield rehabilitation, rehabilitation and transmission of transmission mains, completion of storage tank (Kilo 14), installation of new chlorination system, and rehabilitation and expansion of distribution network. The interventions will complement the ongoing emergency support (borehole drilling and water tankers) from other Development Partners. Emergency rehabilitation of water supply and sanitation facilities in North and South Kordofan are also included to complement on-going emergency operations in the two areas.
- **Sanitation Service expansion:** The restructured portfolio will also focus on construction of sanitation facilities in selected education, health and market/public facilities. Communities in Port Sudan will also benefit from hygiene training, sensitization and promotion.
- **Targeted Support to Capacity Development for Service Delivery and Resilience.** UNICEF Sudan will work closely with MoWR and Red Sea State Water Authority in the design of the infrastructure and incorporate operation and maintenance modalities including the development of the business plan. The project will support capacity development of the Port Sudan city water utility.
- **Project Implementation, Coordination and Management**: The Bank explored options on a third-party project implementation arrangement by meeting and assessing various development partners to appraise their capacity to act as Third-Party Implementing Agency (TPIA). In consultation with relevant stakeholders in Sudan, including the GoS, UNICEF was selected as the most suitable TPIA given that UNICEF has a large, qualified workforce and presence in the country including co-chairing the WASH Cluster that coordinates NGO actions and co-chairing of the Sudan Water Task Force and the special committee on Port Sudan Water Supply.
- **Conflict Sensitivity:** The restructured operation will ensure conflict sensitivity and resilience building in its design and implementation, also making sure internally displaced persons (IDPs) and host communities' benefit from the project.

11. These changes will better position the restructured water and sanitation project for Port Sudan to more effectively address the critical water and sanitation crisis in Port Sudan. Port Sudan has traditionally had a population of approximately 600,000 residents, but this has increased significantly since April 2023 due to the influx of roughly 223,000 internally displaced persons (IDPs) fleeing violence in Khartoum and other conflict-affected areas. The city now serves as a temporary base for many national and international organizations that have relocated from Khartoum, further straining local infrastructure and services.

2 PROJECT IMPLEMENTATION STATUS

A) Water Sector Reforms and Institutional Capacity Development Program:

a. Summary of the implementation status

12. The program was approved on Sep. 9, 2015, and declared disbursement effective on Dec. 30, 2015. Initial advance to the special accounts were processed in January 2016. The project had a slow start due to delays in procurement of consultancy services and in identifying sites for water and sanitation facilities. Delays were also observed on the progress of major works for water supply infrastructure due to political instability in the country in 2019, cash and fuel shortages and the Covid 19 pandemic restrictions. The suspension of the project operations halted disbursement to the Special Account (SA) and procurement processes both for ongoing and new contracts. The suspension of disbursement and procurement significantly slowed down the implementation momentum and negatively affected progress of the project. While the disbursement rate for RWSSI TF grant was 99.39%, the disbursement rate for the TSF pillar 1 grant was 85.26%.

b. Summary of the implementation progress.

13. Following the suspension of the Bank's operations and the breakout of conflict in mid-April 2023, the program could not implement all outstanding activities which affected the achievement of the Development Objective. Significant number of activities were completed under the project **at the time of suspension** and these include; (A) **Component 1**-Water Sector Policy and Institutional Reforms: Draft WASH Policy which is pending cabinet approval, WASH strategy (2021-2025) updated and is still under review, tariff study done and disseminated and M&E assessment conducted; (B) **Component 2**-Capacity Development for staff of SWC was completed, including sensitization on sanitation and hygiene. Water committees for water supply points and pipeline schemes were all established, and training completed. A total of about 700 families were supported with livestock restocking and about 2,000 women, and youth trained on income generating activities: (C) **Component 3-**Water and sanitation for resilient and stability. Pipeline 80 km laid, including 11 water yards constructed and 25 rehabilitated, and construction of 25 gender and disabled sensitive latrines in schools, health centres and markets. However, all the infrastructure including project assets have been destroyed during the on-going conflict. The project requested for 2 extensions which were granted, and the closing date is 31 December 2026.

c. Summary of the implementation progress ratings.

14. From effectiveness till June 2023, the ***project*** was rated "Satisfactory" for implementation progress and "Highly Satisfactory" for progress towards achievement of the Development Objective (DO). However, overall implementation progress is now unsatisfactory due to suspension of disbursement to the program, restrictions because of COVID-19 pandemic and breakout of conflict in Mid-April 2023. The disbursement rate for the TSF Pillar 1 grant reached 85.26% in June 2023. There was no disbursement since June 2023, and the disbursement rate for the TSF Pillar 1 grant remained at 85.26%[5].

B) Sustainable Rural Water Supply and Sanitation Project in North and South Kordofan

a. Summary of the implementation status

15. The project was approved on 09 October 2019 and declared disbursement effective on 29 January 2020. The project experienced delays resulting from slow procurement, instability of the country in 2019, restrictions of economic activities including movement due to COVID-19 pandemic. Procurement of consultancy services for the design and supervision of the water supply infrastructure had been completed, and the Consultant had embarked on preparing designs and bidding documents for recruiting of civil works contractors. However, the consultant stopped executing the assignment when the project was suspended. Following the events of 25th October 2021, when the transition government was removed and military took over authority, Bank engagements in Sudan were highly restricted. All new procurement and disbursement were suspended. Project progress slowed and all project activities completely stopped because of the conflict in the country which broke out in mid-April 2023.

b. Summary of the implementation progress

16. The water services activities in the project were delayed due to slow procurement as mentioned in previous paragraph 15. The project collaborated with community leaders and government officers to commence on community sensitization and the accumulative number of participants of hygiene promotion and community mobilization trainees reached 4,095 women participation. Overall disbursement reached 2.68% (TSF Pillar 1 grant – 2.69% and RWSS-TF grant -2.54%). However, any small achievement has now been lost as the project has stalled due to the on-going conflict. The project requested for 2 extensions which were granted, and the closing date is 31 December 2026.

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[5] The disbursed amount for the project is more than 85%, hence the project is not eligible for restructuring. However, the balance of resources will be freed to support the emergency water operation.

c. Summary of the implementation progress ratings.

17. The progress of the project has been rated as unsatisfactory since June 2023 for both implementation progress and progress towards achievement of the Development Objective (DO). Suspension of Bank's operations in Sudan on 4th November 2021 following conflict on 25th October 2021 resulted in suspension of procurement. The procurement of civil works contractors could not be completed and the breakout of conflict in mid-April 2023 has exacerbated the risk of the project not being able to complete implementation of the pending activities. Emergency water and sanitation activities in the project area are included in the restructured project.

C) Institutional Capacity Development for Improved Access to Water and Sanitation in Port Sudan

a. Summary of the implementation status

18. The project was approved on 23 October 2017 and declared disbursement effective on 19 March 2018. The design and supervision consultant was recruited early in 2019 but completion of the design work was delayed by challenges in paying the consultant (correspondent banks were returning funds due to their internal policies), political instability in the country in 2019 and the COVID-19 pandemic, which restricted the consultant to travel to the site to complete the remaining survey works and update of ESMP. The project 3 works packages were tendered and awarded (Rehabilitation of Arbaat Wellfield, Rehabilitation of transmission mains and flood protection and Construction of K14 tank) and were in progress despite delays occasioned by instability the country went through during revolution in 2019 and restrictions on travel resulting from lockdowns due to COVID-19 pandemic.

b. Summary of the implementation progress

19. The suspension of the Bank operations, halted disbursement to the Special Account (SA) and procurement processes both for ongoing and new projects. The suspension of disbursement and procurement significantly slowed down the implementation momentum and negatively affected progress of the project. The instability the country went through since the revolution in 2019 and restrictions resulting from lockdowns due to COVID-19 pandemic in 2020 and 2021, significantly delayed procurement of services and works and affected the implementation progress of the project. All procurement processes and contract management issues have completely ceased due to the ongoing conflict. The disbursement rate of the project is 13.95%. The project requested for 2 extensions which were granted, and the closing date is 31 December 2026.

c. Summary of the implementation progress ratings.

20. From effectiveness till November 2022, the ***project*** was rated "Satisfactory" for both implementation progress and progress towards achievement of the Development Objective (DO). Suspension of Bank's operations in Sudan on 4th November 2021 resulted in suspension of procurement. The remaining procurement could not be completed, and the expiring contracts could not be renewed. The breakout of conflict in mid-April 2023 exacerbated the risk of the program not being able to complete implementation of the remaining activities.

3 PROPOSED CHANGES AND RATIONALE

a. Description of the proposed changes to the water and sanitation portfolio

21. Sudan has been experiencing conflict since April 2023. The Bank's water and sanitation portfolio has suffered considerable setbacks because of the conflict as implementation has stalled with facilities suffering damage and services interrupted. On January 9, 2025, the Bank received a request from the Sudanese authorities to reallocate/channel all resources from the water projects undergoing restructuring towards addressing the severe water challenges in Port Sudan (Annex 8). The restructuring of the water and sanitation portfolio involves adapting and repurposing the respective designs and scope

of the three water and sanitation projects to be able to effectively address the Port Sudan severe water crisis characterized by an insufficient supply meeting less than 40% of demand, deteriorated infrastructure due to conflict damage and exacerbated by the collapse of the Aarbat Dam - which is the main source of water for the city.

22. The restructured portfolio will involve emergency rehabilitation and construction of water facilities building on the stalled activities of the Institutional Capacity Development for Improved Access to Water and Sanitation in Port Sudan project and enhancing coordinated response with partners specifically donors and UN agencies. Emergency water and sanitation activities in North and South Kordofan are also included in the restructured portfolio.

23. The restructured portfolio's overall objective is to improve access to safe drinking water and basic sanitation services for all communities in Port Sudan. The project is intended to benefit about 600,000 people in Port Sudan - including, 223,000 IDPs[6]. This builds upon and aligns with the aims of the Institutional Capacity Development for Improved Access to Water and Sanitation in Port Sudan project while responding to Sudan's current needs and priorities in a more integrated manner. Specific objectives include:

i. Increase the reliability and efficiency of water supply and distribution in Port Sudan City.
ii. Strengthen the institutional capacity of local water corporations (utilities) to manage water resources and infrastructure sustainably
iii. Enhance the resilience of water and sanitation systems in Port Sudan to conflict-related disruptions and climate impacts

24. The project aims to address immediate water, and sanitation needs while building long-term resilience of water systems and institutions. Special attention will be given to ensuring equitable access for vulnerable groups, including women, children, people with disabilities, and internally displaced people who have fled conflict-affected areas. The costs of the new project are elaborated in Annex 3.

25. **Theory of Change**: Port Sudan faces a severe water crisis characterized by an insufficient supply meeting less than 40% of demand, deteriorated infrastructure due to conflict damage and neglect, inadequate storage and treatment facilities, weak institutional capacity exacerbated by conflict-related challenges, and inequitable access disproportionately affecting IDPs and vulnerable populations. These challenges are compounded by climate vulnerability and have profound health implications, with waterborne diseases increasing by almost 50% since the conflict began. The project's Theory of Change is illustrated in Annex 7, with the strategy for addressing the problem, the expected outcomes and key assumptions.

26. **The restructured portfolio will be implemented by UNICEF as the implementing agency.** UNICEF Sudan Country Office will serve as the implementing entity for this project, given its substantial presence in Port Sudan, technical expertise in water systems in complex environments, experience with similar projects in Sudan, and ability to operate effectively in conflict-affected areas where government capacity may be constrained.

27. The measurable benefits of the restructured operation are provided in detail in the results measurement framework of the project. These include:

- Increased and sustainable access to safe water supply for the residents of Port Sudan.
- Strengthened Institutional Capacity of water authorities to sustainably manage water resources and climate resilient infrastructure.
- Improved sanitation facilities and hygiene practices in Port Sudan.

[6] Emergency interventions in North and South Kordofan will benefit an estimated 150,000 people

28. **Lastly, the restructured portfolio will work towards enhancing complementarities and collaboration with other Bank funded projects in Sudan** to promote the efficient use of all available resources and avoid duplication of activities and interventions. The project will complement the Sudan Integrated Social Sector Infrastructure Rehabilitation Project: Health, Water, Education and Drinking Water and Sanitation) and the Crisis Support for Women and Affected Communities (CRWAC) Project in Sudan, both of which have been approved by the Bank in 2025 and support among other emergency water and sanitation interventions in Sudan.

b. Specific factors that have triggered the restructuring.

29. The restructuring has been triggered by the prolonged ongoing conflict in the country. The conflict has led to a deterioration in the water and sanitation services in the country. On January 9, 2025, the Bank received a request from the Sudanese authorities to reallocate/channel all resources from the water projects undergoing restructuring towards addressing the severe water challenges in Port Sudan. As a result of the ongoing conflict, mass displacement has occurred across Sudan. Port Sudan City and its surrounding villages now host over 2 million people, including more than 230,000 internally displaced persons (IDPs) living in over 60 IDP sites (IOM, 2024)[7].

c. Environmental and social risk categorization.

In compliance with national environmental assessments, relevant legal and institutional frameworks and the Bank's Integrated Safeguards Systems, Operational Safeguards, the project is categorized as a medium risk category 2 project.

d. Revised Project Activities.

30. **The restructured portfolio introduces four (4) core components that align with the objective of *improved access to safe drinking water and basic sanitation services for all communities in Port Sudan*.** These components align with those of the Institutional Capacity Development for Improved Access to Water and Sanitation in Port Sudan project.

i **Component 1: Climate Resilient Water Infrastructure Development (UA 31,584,311):**

- **Key Subcomponents:**
- ✓ ***Water Source Development and rehabilitation of the Arba'at well field***: The Arba'at Well field development represents an urgent priority to restore Port Sudan's primary water source.
- ✓ ***The Transmission Main and Flood Protection***: The existing transmission main has suffered multiple breaks due to flood damage and a lack of maintenance during the conflict.
- ✓ ***Water Distribution and Water Kiosks***: The Construction of Port Sudan City Water Network and Kiosks subcomponent addresses the critical "last mile" challenges in water service delivery, ensuring increased water production reaches consumers, including in informal settlements and IDP concentrations. Construction of 50 strategically located water kiosks with appropriate management systems, will ensure equitable distribution between host communities and IDP areas.
- ✓ ***Construction of 10,000m3/day capacity Desalination plant:*** The construction of a desalination plant represents a strategic investment in diversifying Port Sudan's water sources, which is critical for long-term water security in a conflict-affected environment where traditional sources may be compromised.
- ✓ ***Water Storage and Treatment***: The *Construction of a 15,000m³ Storage Reservoir at Kilo 14* addresses the critical need for increased storage capacity, which is significant during conflict when supply interruptions are more frequent.
- ✓ ***Emergency Water and Sanitation Interventions in North and South Kordofan:*** The project encompasses two major activities: first, the enhancement of the Elobied town water supply system through strategic rehabilitation and solarization of existing water sources, coupled

[7] Source of data: IOM DTM

with critical upgrades to electromechanical components, pumping stations, and distribution pipelines; and second, the construction of new mini water yards alongside rehabilitation of existing ones in South Kordofan, with plans to develop 8 such facilities.

- ✓ ***Consultancy Service Technical Assistance and Quality Assurance.*** This sub-component will support high-quality implementation despite the challenging operational environment. This sub-component also includes the supervision and quality assurance

ii **Component 2: Institutional Strengthening and Capacity Building (UA 1,393,382):** This component focuses on enhancing the capacity of local water authorities to effectively manage water resources and infrastructure despite the constraints imposed by the ongoing conflict. Activities include (i) development of a business plan for the improvement of customer service and billing systems with flexibility for displacement contexts; (ii) technical training for operations and maintenance personnel with emphasis on essential skills that remain viable during crisis and (iii) management training for administrative and financial staff focused on continuity of operations during disruptions.

iii **Component 3: Sanitation and Hygiene (UA 628,677):** The Sanitation component will have three main activities related to improving sanitation infrastructure, inclusion, and awareness in the community. The first activity involves community awareness campaigns focusing on multiple aspects including water conservation, sanitation, hygiene practices, open defecation prevention, environmental protection, social accountability. The second activity considers the development of Gender and social inclusion procedures for the project. The third activity involves the Construction of 20 Sanitation Facilities in institutions, specifically targeting healthcare centres, schools, and markets

iv **Component 4: Project Management (UA 3,300,291):** This component provides the management structures and support systems necessary for effective project implementation in a complex, conflict-affected environment.

- **Key Subcomponents:**
- ✓ ***Project Coordination and Management:*** The coordination arrangements are set out in Annex 5. Activities include establishment and operationization of the PMU, Project Technical Committee, Project Steering Committee, coordination of stakeholder engagement and communication. The management approach will incorporate conflict sensitivity throughout, ensuring that project implementation contributes to social cohesion rather than exacerbating tensions.
- ✓ The **Project Steering Committee (PSC)** will provide strategic oversight, guidance, and governance for the project. Comprising representatives from the Ministry of Finance, Drinking Water and Sanitation Unit (DWSU) within the Ministry of Agriculture & Natural Resources, UNICEF, and Red Sea State Government, the PSC will be chaired by the Ministry of Finance and will meet quarterly to review project progress, address emerging challenges, and make strategic decisions including approving annual work plans and budgets for the project.
- ✓ **The PMU will be based within UNICEF** and will act as the central coordination hub for the project. It will manage communication and collaboration between the MoWR, Red Sea State, local authorities, AfDB, and implementing partners to ensure seamless integration of activities. The PMU will also facilitate stakeholder engagement, including community consultations and feedback mechanisms, to promote local ownership and responsiveness. The PMU will work with the DWSU staff who will gain experience and be able to guarantee sustainability of the investments. The Project Technical Committee (PTC) will comprise technical staff from DWSU, Red Sea State Water Corporation and UNICEF. The PTC will provide technical guidance and will be chaired by DWSU and co-chaired by UNICEF.

v Contingencies: A contingency amount of **UA 3,388,209** is provided in the project budget.

Outputs of the restructured operation include:

- Rehabilitated and expanded water and sanitation infrastructure comprising 160 km of various diameters installed, 50 kiosks constructed, 100 connections in targeted areas, 15,000 m^3 additional storage, fully functional chlorination system at K14, 45,000 m^3/day production from 42 wells fully functional (10 new ones), 10,000 m^3/day desalination capacity, 20 sanitation facilities completed across targeted institutions.
- Improved management systems and operational procedures, Enhanced staff skills through training of 50 key staff. Knowledge management system operational
- Climate-resilient interventions, with solar power installations and efficient water management will ensure sustainable and uninterrupted service delivery, particularly in vulnerable areas including conflict-affected settings.

Outcomes of the restructured portfolio include:

- Increased and sustainable access to safe water supply for the residents of Port Sudan.
- In Sudan in general, the youth (15 to 29) age group is estimated to be 60-70% which means that a minimum of 360,000 youth will be benefitted from the project (60% of the total beneficiaries).
- The project will create approximately 20 direct jobs during construction and 30 permanent jobs for operation and maintenance, providing critical livelihood opportunities in a conflict-affected economy with high unemployment. A total of 1500 temporary jobs will be created during construction. Construction contracts will include requirements for local hiring with appropriate quotas for women, youth, and conflict-affected households, creating income-generating opportunities for these vulnerable groups. The project will also stimulate indirect employment through its supply chains and improved enabling conditions for small businesses dependent on reliable water.
- Improved sanitation facilities and hygiene practices in Port Sudan; and
- Strengthened Institutional Capacity of water authorities to sustainably manage water resources and infrastructure.

e. Implementing Agency.

31. **The restructured portfolio will be implemented by the UNICEF Sudan working closely with drinking water and sanitation unit within the Ministry of Agriculture & Natural Resources.** UNICEF Sudan Country Office will serve as the implementing entity for this project, given its substantial presence in Port Sudan, technical expertise in water systems in complex environments, experience with similar projects in Sudan, and ability to operate effectively in conflict-affected areas where government capacity may be constrained.

Project modification checklist

Modifications	*Yes*	*No*
Change in Implementing/Executing Agency	X	
Change in Project's Development Objectives	X	
Change in Results Framework	X	
Change in Expected Impact		X
Change in Legal Terms, Conditions and Covenants	X	
Change in Technical/Project Design	X	
Change in Scope	X	
Change in Disbursement Arrangements	X	
Change in the expiration date of a bank's guarantee		N/A
Change to Components and Cost	X	

Change in Procurement	X	
Change in Implementation Schedule	X	
Change of ESS category		X
Other Changes to Safeguards		X
Change in Economic and Financial Analysis	X	
Change in Technical Analysis	X	
Change in Environmental and Social Analysis	X	
Change in Risk Analysis	X	
Other Change(s)		X

4 UPDATES FROM APPRAISAL/DETAILED ASSESSMENT

a. Project Implementation Schedule.

32. **Given the scope of proposed interventions and the complex context in Sudan, a reasonable timeframe for implementation would be forty-eight (48) months.** This estimate considers several critical factors:

- Scope and Complexity of Interventions: The project includes infrastructure improvements (some of which include lengthy procurement processes), capacity-building, and emergency preparedness components, which require phased implementation and coordination with various stakeholders.
- Challenges in the Operating Environment: Sudan's ongoing conflict, and natural disasters like flooding will likely affect project timelines.

b. Stakeholder Engagements and Consultations.

33. **The restructuring of the three (3) water and sanitation projects into one (1) water and sanitation emergency project for Port Sudan was overseen by the Drinking Water and Sanitation Unit within the Federal Ministry of Agriculture & Natural Resources and involved key stakeholders from Government, State and local authorities.** The project will leverage complementary initiatives, including UNICEF's WASH interventions in Port Sudan, focusing on emergency response and rehabilitation of critical infrastructure through co-financing arrangements. UNICEF has already committed to funding the rehabilitation of a 12km segment of the transmission main (valued at approximately $2.4 million). To ensure proper coordination of interventions among key stakeholders (UN agencies, INGOs, and Donors) and to ensure there is no duplication of efforts among the stakeholders, UNICEF has initiated the coordination mechanisms (water task force) among key stakeholders, where its first coordination meeting took place in April 2025. UNICEF Sudan is currently playing a central coordination role, serving as co-chair of the WASH Cluster, which oversees 64 NGOs and CSOs actions in the sector. UNICEF also co-chairs both the Sudan Water Task Force and the Special Committee on Port Sudan Water Supply.

c. Economic and financial analysis.

34. **The restructured portfolio involves modifications to the initial economic and financial analysis to align with the expanded scope of activities but still focuses on the operational sustainability of the improved water system under the management of the State Water Corporation.** These adjustments reflect the increased demand for water and sanitation services, the need for enhanced water security measures, and the integration of climate-adaptive interventions, which have economic and cost implications.

35. **The project places a stronger emphasis on appropriate tariff reforms and efficiency improvements.** It is projected that the utility can cover operation and maintenance costs through adoption of a graduated tariff structure with subsidies for vulnerable households, improved collection efficiency and reduced non-revenue water from 45% to 30%.

d. Proposed Technical Solution.

36. **The technical solution focuses on rehabilitating and expanding critical water infrastructure to increase water supply quantity, improve quality, and enhance distribution.** The technical approach is based on studies of the original proposal and includes additional urgent priority measures at the Arba'at Well field development to restore Port Sudan's primary water source following the collapse of the Arbaat Dam. The existing distribution network will be expanded with attention to areas with high IDP presence.

37. **The restructured portfolio incorporates measures to address sanitation challenges.** The project involves the Construction of 20 Sanitation Facilities in institutions, specifically targeting healthcare centres, schools, and markets including hygiene promotion.

38. **Given Sudan's vulnerability to climate-related events, the technical approach now includes climate-adaptive measures.** Solar power[8] installation to power the desalination plant represents a strategic investment in diversifying Port Sudan's water sources, which is critical for long-term water security in a conflict-affected environment where traditional sources may be compromised.

e. Environmental and Social Impact Assessment, Climate Change and Gender

39. **Environmental and Social Risk Categorization.** In compliance with national environmental assessments, relevant legal and institutional frameworks and the Bank's Integrated Safeguards Systems, Operational Safeguards, the project is categorized as a medium risk category 2 project. The E&S risk categorization was validated as Category 2 in ISTS and SAP on September 19th, 2025. The project primarily involves rehabilitation works at existing facilities at the Arbaat well field, construction of a 10,000 m³/day desalination plant, rehabilitation of over 200 km of pipelines, and establishment of new storage reservoirs. The initial project supporting Port Sudan had stalled due to the ongoing conflict in the region. The project was supported by an ESMP, and no resettlement was envisaged, as the Arbaat Well field area is protected from settlement. The construction of the proposed storage tank is on government land.

40. **E&S safeguards performance of the parent/original projects.** The water and sanitation projects being restructured are category 2 and were assessed as satisfactory for their E&S safeguards compliance and performance during project implementation.

41. **Applicable E&S safeguards instruments.** As the project is implemented under the Rapid Crisis Response procedures, it is eligible for a waiver of the Integrated Safeguards System (ISS) requirements until after Board approval. Accordingly, UNICEF will prepare an Environmental and Social Impact Assessment (ESIA), a Stakeholder Engagement Plan (SEP), and a Vulnerable Peoples Plan (VPP). These instruments will be reviewed and disclosed by both UNICEF and the Bank. Full disclosure of the applicable Safeguards Instruments and Management Plans will be a condition precedent to the commencement of any works with environmental and social (E&S) implications, as stipulated in the Grant Agreements. The ESMP Annex to the Financing Agreements was disclosed on 25 February 2026. The project's components, sub-components, associated activities, and outcomes do not involve any physical or economic displacement.

42. **Grant recipient's Capacity for the implementation of the E&S safeguards obligations.** UNICEF's Environmental and Social/Occupational Health and Safety Unit has adequate capacity in E&S risk. The cost of implementing the Environmental and Social Management Plan (ESMP),

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[8] The plant will consider the following: (i) **Renewable Energy Integration**: Solar energy is abundant in Port Sudan. Using photovoltaic systems to power the reverse osmosis (RO) units can significantly reduce carbon emissions and operating costs; (ii)**Energy Recovery Systems**: Incorporating energy recovery devices (e.g., pressure exchangers) can reduce energy consumption by up to 60%; (iii) **Low-Energy Technologies**: Selecting RO membranes with high permeability and low fouling rates improves efficiency

estimated at USD 1 million, is included in the total project cost. In addition to ensuring full and effective implementation of all disclosed E&S instruments, including measures to address unforeseen risks and impacts that may arise during project implementation. The Borrower will prepare and submit quarterly E&S implementation progress reports. Furthermore, an annual E&S performance audit conducted by an independent E&S safeguards expert will be submitted no later than the end of the first quarter of the subsequent year. All such reports will be shared with the Bank and made accessible to stakeholders. The Borrower is also committed to establishing a project-level Grievance Redress Mechanism (GRM) at the outset of project implementation, ensuring that it is widely communicated to all stakeholders and remains functional throughout the project lifecycle. In the event of an Environmental, Occupational Health and Safety (EOHS) incident at a project site, the Borrower will notify the Bank immediately and no later than 48 hours after occurrence, share the relevant investigation report from the competent national authority, and, where deemed necessary by the Bank, submit a root-cause analysis (RCA) prepared by an independent OHS expert. The RCA will be subject to the Bank's clearance prior to the implementation of the corrective action plan (CAP) by the Borrower. These commitments are reflected in the E&S conditions of the Financing Agreement and its annexed ESMP. The project is compliant and ready for submission to the Board for consideration.

43. **Climate Change and Green Growth.** While the projects were initially assigned a Category 2 classification, the updated project screening under the Bank's Climate Safeguards System (CSS) now places it as Category 1, recognizing its heightened vulnerability to climate risks. Key climate risks identified remain pertinent and include seasonal portable water shortages due to prolonged drought and increased evapotranspiration, flooding from intense rainfall, and rising temperatures that amplify water demand. These threats jeopardize the reliability and safety of water services, increase the potential for disease outbreaks, and could heighten the risk of climate-induced conflict over scarce water resources.

44. To mitigate the identified risks, the project has integrated key adaptation measures into the restructured activities. These include the climate-informed rehabilitation of water facilities and the enhancement of transmission and distribution systems[9] to improve their resilience against climate risks, particularly floods. The project also includes public awareness campaigns to strengthen community preparedness and reduce vulnerability during droughts. Overall, these interventions, along with the installation of solar power and efficient water management, will contribute to enhancing the resilience of water and sanitation infrastructure and ensuring sustainable service delivery, particularly in vulnerable areas and conflict-affected settings. These efforts are aligned with Sudan's National Adaptation Plan (NAP) and updated First Nationally Determined Contributions (NDC 2021). The project has also been assessed using the Joint MDB Paris Alignment direct finance methodologies for both mitigation and adaptation and is considered Paris-aligned, as its focus on climate-resilient water services directly contributes to national and global climate action.

45. **Gender. The project incorporates gender-responsive measures throughout its design and implementation.** Physical infrastructure will be planned with gender considerations, including location of water points considering women's safety (accessible locations with community oversight); design of water kiosks with features addressing women's specific needs, such as child-friendly spaces and privacy considerations; and timing of water availability to accommodate women's daily schedules, avoiding early morning or late evening hours when safety risks are heightened. These services aim to ensure dignity and privacy for women in conflict-affected areas. The Results Framework includes gender-related indicators. The project is a Category 2 on the GMS, with indicators measuring gender equality at outcome level. The project is well aligned with the Bank's Gender Strategy (2021-2025) through Pillar 3 which promotes gender-responsive quality infrastructure development to guarantee women have adequate access and positively benefit from infrastructure projects as stakeholders, workers and end-users.

[9] Protective measures for the infrastructure include elevated designs, anchored/sleeved pipelines and drainage systems

46. **Economic aspects of the project consider gender dimensions,** including gradual tariff structures that consider female-headed households' economic vulnerabilities; support for women entrepreneurs in water-related businesses such as kiosk management; and time savings that enable women to engage in income-generating activities, education, or community leadership roles.

f. Financial management, procurement, disbursement methods and auditing.

47. **The United Nations International Children's Fund (UNICEF) as a third-party implementation partner of projects financed or cofinanced by the Bank, has signed a Fiduciary Principles Agreement (the "FPA") with the AfDB dated 11 March 2019,** where the UNICEF pledges to maintain a sound fiduciary, accountability and oversight framework always during the implementation of AfDB financed projects. Consequently, the Bank will rely on the financial management systems of UNICEF in the execution of this proposed project. To foster compliance with the FPA financial managements systems, UNICEF will be required to prepare and submit interim unaudited financial statements within 60 days after the end of each semester. The reports will be prepared based on the applicable accounting standards and internal policies adopted by UNICEF. Further, the entity is mandated to prepare and submit annual certified financial statements within 6 months after the end of its financial period, certified by the entity's authorized financial officer. Failure to submit the indicated reports renders the project noncompliance with the FPA and could lead to disbursement suspension.

48. **UNICEF will provide bank account details in which the proceeds of the grants will be deposited.** Given the humanitarian/emergency, the Bank will disburse the grants in 3 tranches to UNICEF Sudan, into the Accounts so designated, subject to the signature of the ADF and TSF Tripartite Funding and Implementation Agreements and the RWSSI-TF Grant Agreement between the Bank and UNICEF (the Grant Agreements"). The percentages and absolute amounts will be based on the annual work plan budgets. Funds shall be disbursed in accordance with the Bank's Disbursement Rules and Procedures. Justification on the utilization of project funds shall be through acceptable financial reports certified by a designated official of the UNICEF that it has complied with the terms of the Grant Agreements. Proceeds of the grants that are not utilized within the emergency operation timeframe shall be refunded to the Bank. The project will not be audited separately, however, the standalone and consolidated audited annual financial statements of the UNICEF, included in its annual report, shall be furnished to the bank within 6 months after the end of each financial period. The Bank will maintain its right to conduct its own independent audits and verifications separate from UNICEF's reporting and project audit.

49. **The Bank and UNICEF signed a Fiduciary Principal Agreement on 11 March 2019 that sets out the framework of cooperation between the two institutions.** This agreement forms the basis for project procurement implementation in accordance with paragraph 5.3(e) of the Bank's Procurement Policy. Under this arrangement and as part of the implementation of this operation, UNICEF will apply its procurement rules, regulations and procedures including eligibility criteria and waiver of Rule of Origin for procurement of goods and related services, execution of works or outsourcing the same, selection of consulting firms and Individual Experts, when required, for implementation of the entire project including contract management. The UNICEF procurement protocols are adapted to the logistical and operational complexities for emergency humanitarian projects. The framework demonstrates that UNICEF's procurement processes meet the AfDB's standards and procurement framework for efficiency, economy, accountability and transparency, while still permitting necessary quick response given the emergency nature of this Project. Annex 9 provides justification for selecting UNICEF as the Third-Party Implementing Partner.

g. Legal Instrument and Conditions Precedent to Disbursement of the Grants

50. **Legal Instruments.** The legal instruments for the restructured portfolio will be: (i) ADF Tripartite Funding and Implementation Agreement for an amount of UA 21.45 million amongst the Federal Republic of Sudan (the "Recipient"), the United Nations Children's Fund (UNICEF) and the African Development Fund (the "Fund"); (ii) TSF Pillar I Tripartite Funding and Implementation Agreement for an amount of UA 15.1 million amongst the Federal Republic of Sudan (the "Recipient"), UNICEF, the African Development Bank (the "Bank") and the Fund (the Bank and the Fund (as Administrators of the Transition Facility (TSF)); and (iii) Tripartite Funding and Implementation Agreement for an amount of EUR 1.140 million amongst the Federal Republic of Sudan (the "Recipient"),UNICEF, the Bank and the Fund (the Bank and the Fund as administrators of the Rural Water and Sanitation Initiative (RWSSI) Trust Fund) (the "Grant Agreements"). The General Conditions applicable to Protocols of Agreement of the African Development Fund dated February 2009, as amended from time to time shall be applicable.

51. **Conditions Precedent to Entry into Force of the Grant Agreements.** The Grant Agreements shall enter into force on the date of signature by the Parties.

Conditions Precedent to Disbursement of the First Tranche of the Grants. The obligation of the Bank to disburse the first tranche of thirty percent (30%) of the Grants to UNICEF shall be conditional upon the entry into force of the Grant Agreements and the submission by UNICEF of a workplan and budget approved by the Bank covering the first tranche.

52. **Conditions Precedent to Disbursement of the Second Tranche of the Grants:** The obligation of the Bank to disburse the second tranche of fifty percent (50%) of the Grants to UNICEF will be conditional upon the fulfilment of the following conditions by UNICEF in form and substance satisfactory to the Bank, namely the submission of: (a) copies of at least two (2) quarterly progress reports to the Bank; (ii) a copy of uncertified interim financial statements showing all Project expenditures for the previous tranche requested from the Fund and the expenditures reported and justified are fifty percent (50%) or above of what was advanced in the first tranche; and (iii) a copy of the revised annual workplan and budget approved by the Fund.

53. **Conditions Precedent to Disbursement of the Third Tranche of the Grants:** The obligation of the Bank to disburse the second tranche of twenty percent (20%) of the Grants to UNICEF will be conditional upon the fulfilment of the following conditions by UNICEF in form and substance satisfactory to the Bank, namely the submission of: (a) copies of at least two (2) quarterly progress reports to the Fund; (ii) a copy of uncertified interim financial statements showing all Project expenditures for the previous tranche requested from the Fund and the expenditures reported and justified are one hundred percent (100%) of what was advanced in the first tranche and the expenditures reported and justified are fifty percent (50%) or above of what was advanced in the second tranche; and (iii) a copy of the revised annual workplan and budget approved by the Fund

54. **Undertakings.** UNICEF will undertake:

(i) To ensure proper coordination with the country's national and local authorities (as appropriate) to ensure effective implementation of Project activities.
(ii) To carry out the Project in accordance with the Bank's Safeguards Policies and applicable national legislation in a manner satisfactory to the Bank.
(iii) To consider environmental and social safeguard measures throughout Project implementation in order to manage associated risks.
(iv) To prepare site-specific Environmental and Social Impact Assessments (ESIAs) and a Stakeholder Engagement Plan (SEP) in compliance with the Bank's policies.
(v) To develop and submit to the Bank quarterly reports on the implementation of environmental and social safeguards under the Project, including the challenges identified and the corrective measures adopted.

h. Risk Assessment.

55. **The restructured portfolio carries substantial risks particularly political and security risks inherent in the volatile human and political context of this crisis, which may affect its successful implementation.** The project carries other potential risks including environmental, climatic and social risks. The project has proposed mitigation measures to address them. These risks and mitigating measures are detailed in Annex 6. The Project Management Unit (PMU) will maintain a dynamic risk register for the project, regularly updating it to capture emerging risks and corresponding mitigation strategies. This proactive approach will ensure that risks are managed effectively, with adjustments made as needed to maintain project stability and impact.

i. Monitoring and Evaluation

56. **The restructured portfolio will be monitored using KPIs at input, output, impact and outcome levels reflected in the project's results based logical framework and monitoring plan in Annexes 1 and 2.** Overall responsibility for M&E will rest with UNICEF. UNICEF will monitor all the activities including ESMP implementation and prepare periodic reports including implementation progress, fiduciary status, stakeholder participation, safeguards, risks and mitigation measures.

57. **The M&E approach includes a baseline assessment at project inception, utilizing direct data collection, where security permits.** Regular progress monitoring against defined indicators will employ mixed methods, including technical assessments, supervision, and quality assurance through the qualified firms, and joint monitoring with government technical staff. The project shall intensify innovative and remote-based data collection (RASME) and monitoring mechanisms, including the use of third-party monitors. A mid-term review (MTR) will be conducted to assess implementation progress and recommend adjustments based on changing conflict dynamics and lessons learned. A final review at project completion (PCR) will document achievements, challenges, and sustainability prospects. The M&E system will support adaptive management through quarterly review meetings. Annual reflection workshops with all stakeholders will document lessons learned and inform strategy refinements.

j. Sustainability

58. **The Port Sudan water system faces potential sustainability challenges, including institutional fragility, financial constraints, technical limitations, environmental pressures, and social disruptions due to ongoing conflict and mass displacement**. The sustainability plan in Annex 4 aims at addressing the key institutional, Financial, Technical, Environmental, and Social Sustainability challenges. It outlines the comprehensive approach to ensuring the long-term viability of the Port Sudan Water and Sanitation Project beyond the implementation period. The Key strategies include Organizational Capacity development, stronger emphasis on appropriate tariff reforms and efficiency improvements, resilient technical design, inclusive governance and gender integration.

5. CONCLUSIONS AND RECOMMENDATIONS

59. The ongoing humanitarian crisis in Sudan has severely impacted access to essential social services, including water supply and sanitation. It is recommended that the Boards of Directors approve the restructuring of the three water and sanitation projects into one emergency water and sanitation project with balances totaling about UA 37.50 million (ADF UA 21,450,000 and TSF Pillar 1 UA 15,100,000) and (EUR 1,140,000 RWSSI-TF) to assist in addressing the current water and sanitation challenges in Port Sudan City and in North and South Kordofan.

ANNEX 1: UPDATED RESULTS MEASUREMENT FRAMEWORKS

RESULTS FRAMEWORK

A		PROJECT INFORMATION			
PROJECT NAME AND SAP CODE: **PORT SUDAN EMERGENCY WATER SUPPLY AND SANITATION PROJECT.** **SAP CODE : P-SD-E00-010**				COUNTRY/REGION: SUDAN, EAST AFRICA	
PROJECT DEVELOPMENT OBJECTIVE: To improve access to safe drinking water and basic sanitation services for all communities in Port Sudan					
ALIGNMENT INDICATOR (S): Access to at least basic drinking water services (% population) SDG 6.1; Agenda 2063 G7					
B		**RESULTS MATRIX**			
RESULTS CHAIN AND INDICATOR DESCRIPTION	**RMF/ADOA INDICATOR**	**UNIT OF MEASUREMENT**	**BASELINE (2026)**	**TARGET AT COMPLETION (2030)**	**MEANS OF VERIFICATION**
OUTCOME STATEMENT 1: Increased and sustainable access to safe water supply for the residents of Port Sudan					
OUTCOME INDICATOR 1.1: Number of people with access to sustainable safe water supply in Port Sudan (of whom 50% women)..	☒	Number	0	750,000[10](50% women)	Household surveys, utility connection records
OUTCOME INDICATOR 1.2: Average daily hours of water supply per household	☐	Hours/Day	1	8	Household surveys, utility operational reports
OUTCOME INDICATOR 1.3: Number of water points/systems functional and providing potable water	☐	Number	0	50	Field verification, water quality test results
OUTCOME STATEMENT 2. Improved service delivery and performance of water utility.					
OUTCOME INDICATOR 2.1: Reduction in non-revenue Water (NRW),	☐	Percentage	40	25	Utility operational reports and records
OUTCOME INDICATOR 2.2: Percentage of infrastructure assets in good operational condition.	☐	Percentage	10	80	Asset registers, performance audits

[10] 150,000 people are in North and South Kordofan

OUTCOME INDICATOR 2.3: Percentage of O&M costs covered through cost-recovery mechanisms	☐	Percentage	0	60	Financial reports, tariff collection records.
OUTCOME STATEMENT 3.0 Improved sanitation facilities and hygiene practices in Port Sudan					
OUTCOME INDICATOR 3.1: Number of people with access to safely managed sanitation services. (of whom 50% women)	☒	Number	0	200,000 (50% women)	Household surveys, facility inspection reports
OUTCOME INDICATOR 3.2: Number of Incidence rate of diarrheal diseases per 1,000 people in target areas	☐	Number	45	25	Health facility records, Ministry of Health statistics
COMPONENT 1: Water Infrastructure Development					
OUTPUT STATEMENT 1.1: Water production and transmission systems constructed and functional in Port Sudan.					
OUTPUT INDICATOR 1.1.1: Number of wells rehabilitated at Arba'at	☐	Number	3	7	Construction completion certificates, site inspection reports
OUTPUT INDICATOR 1.1.2: Number of desalination plants constructed.	☐	Number	0	1 (10,000 m^3 capacity)	Construction completion certificates, site inspection reports
OUTPUT INDICATOR 1.1.3: Kilometers of transmission pipelines installed	☐	Kilometer	0	27	Construction completion certificates, site inspection reports
OUTPUT STATEMENT 1.2: Water storage and distribution systems constructed and functional in Port Sudan					
OUTPUT INDICATOR 1.2.1: Number of storage facilities constructed.	☐	Number	0	1(10,000 m^3 capacity)	Construction completion certificates, site inspection reports
OUTPUT INDICATOR 1.2.2: Kilometers of distribution pipelines installed	☐	Kilometer	0	160	Construction completion certificates, site inspection reports
OUTPUT INDICATOR 1.2.3: Number of water points/water kiosks constructed.	☐	Number	0	50	Construction completion certificates, site inspection reports
OUTPUT INDICATOR 1.2.4: Number of water points/water kiosks constructed.	☐	Number	0	50	Construction completion certificates, site inspection reports

COMPONENT 2: Institutional Strengthening and Capacity Building					
OUTPUT STATEMENT 2.1: Enhanced staff skills and improved management systems and operational procedures					
Output Indicator 2.1.1: Number of staff trained in operation and maintenance (O&M) of the urban water supply system (of whom 40% women)	◻	Number	0	20 (40% women)	Training reports and records
Output Indicator 2.1.2: Number of updated or newly developed Standard Operating Procedures (SOPs) for key water supply functions	◻	Number	0	5	Performance reports and audits
COMPONENT 3: Sanitation and Hygiene					
OUTPUT STATEMENT 3.1: Sanitation facilities constructed and functional, and hygiene promotion activities implemented in target communities					
OUTPUT INDICATOR 3.1.1: Number of sanitation facilities constructed in target communities	◻	Number	0	20 (gender consideration with provision for people with disability)	Construction completion certificates, site inspection reports
OUTPUT INDICATOR 3.1.2: Number of people reached with hygiene promotion activities(of whom 50% women)	◻	Number (No)	1	200,000 (50% women)	Training attendance sheets, community outreach records

ANNEX 2: MONITORING PLAN

Table 2.1: Monitoring plan

A. Alignment indicators

Indicator name	Definition/ description	Source	Baseline and targets (where possible)
Access to at least basic drinking water services (% population).	Share of the population in Sudan with adequate access to safe Water and Sanitation services	DWSU Reports, JMP	Baseline (date): Target (date):

B. Outcome and output indicators *(performance indicators)*

Indicator name	Definition/ description	Methodology for collection	Responsibility for collection	Frequency of reporting	Results planning				
					6/2026-6/2027	6/2027-6/2028	6/ 2028-6/2029	6/2029-6/2030	
OUTCOME INDICATOR 1.1: Number of people with access to sustainable access to safe water supply in Port Sudan.	The indicator measures the number of people with access to safe water supply in Port Sudan.	Field Surveys/Household surveys and interviews of residents in Port Sudan. Review of project progress reports satellite imagery, simple community feedback mechanisms, and third-party monitoring by local organizations	UNICEF	Quarterly	0	100,000	600,000	750,000	
OUTCOME INDICATOR 1.2: Average daily hours of water supply per household	The indicator measures the average number of hours in a day that water is available to Port Sudan Residents.	Field surveys and direct observations Document review of DWSU records	UNICEF	Monthly	1	3	8	12	

OUTCOME INDICATOR 1.3: Number of water points/systems functional and providing potable water.	The indicator measures the number water points/systems that are functional and providing potable water to the residents of Port Sudan	Field surveys and interviews of utility staff	UNICEF	Monthly	0	10	40	50	
OUTCOME INDICATOR 2.1: Percentage reduction in Non-Revenue Water	The indicator measures, in %, the reduction in non-revenue water due rehabilitation of the water supply system and improved management.	Field Survey, Document review: DWSU reports Assets register.	UNICEF	Quarterly	40	35	30	25	
OUTCOME INDICATOR 2.2: Percentage of infrastructure assets in good operational condition.	The indicator measures, in %, the water supply system infrastructure that has been rehabilitated/repaired and is in satisfactory operational condition.	Field Survey, Document review: DWSU reports Assets register. satellite imagery, simple community feedback mechanisms, and third-party monitoring by local organizations	UNICEF	Quarterly	10	20	60	80	
OUTCOME INDICATOR 2.3: Percentage of O&M costs covered through cost-recovery mechanisms	The indicator measures in % how much of the water utility operational costs have been met through the water tariffs.	Document review: Audit reports, utility Financial reports	UNICEF	Quarterly	0	20	40	60	
OUTCOME INDICATOR 3.1: Number of people using safely managed sanitation services.	The indicator measures in numbers the people with access to safely managed sanitation services	Field survey, Document review: Project progress reports satellite imagery, simple community feedback mechanisms, and third-party monitoring by local organizations	UNICEF	Quarterly	0	50,000	150,000	200,000	
OUTCOME INDICATOR 3.2: Number of Incidence rate of diarrheal diseases per 1,000 people in target areas	This measures the number of Incidence rate of diarrheal diseases per 1,000 people in the project target areas	Document review: Ministry of Health surveillance reports	UNICEF	Monthly	40	40	30	25	

OUTPUT INDICATOR 1.1.1: Number of wells rehabilitated at Arba'at .	The indicator measures number of wells rehabilitated at Arba'at well field under the project	Field Survey, Document review: Drilling and development records and water quality and quantity test reports. Photographs and videos.	UNICEF	Quarterly	0	5	10	10	
OUTPUT INDICATOR 1.1.2: Number of desalination plants constructed	The indicator measures in numbers the desalination plants constructed/installed under the project	Physical site verification Document review: Engineering works/contractors progress reports/ completion reports and technical inspection and supervision reports . Photographs and videos		Quarterly	0	0	1	1	
OUTPUT INDICATOR 1.1.3: Kilometers of transmission pipelines installed	The indicator measures in Kilometers the aggregated length of pipelines installed under the project	Physical site verification Document review: Engineering works/contractors progress reports/ completion reports and technical inspection and supervision reports Photographs and videos. satellite imagery, simple community feedback mechanisms, and third-party monitoring by local organizations		Quarterly	0	10	25	27	
OUTPUT INDICATOR 1.2.1: Number of storage facilities constructed.	This indicator measures in numbers, the storage facilities constructed under the project	Physical site verification Document review: Engineering works/contractors		Quarterly	0	0	1	1	

		progress reports/ completion reports and technical inspection and supervision reports satellite imagery, simple community feedback mechanisms, and third-party monitoring by local organizations							
OUTPUT INDICATOR 1.2.2: Kilometers of distribution pipelines installed	The indicator measures in Kilometers the aggregated length of pipelines installed under the project	Physical site verification Document review: Engineering works/contractors progress reports/ completion reports and technical inspection and supervision reports	UNICEF	Quarterly	0	0	100	160	
OUTPUT INDICATOR 1.2.3: Number of water points/water kiosks constructed	This indicator measures in numbers the water points/water kiosks constructed under the project	Physical site verification Document review: Engineering works/contractors progress reports/ completion reports and technical inspection and supervision reports satellite imagery, simple community feedback mechanisms, and third-party monitoring by local organizations	UNICEF	Quarterly	0	10	40	50	
Output Indicator 2.1.1: Number of staff trained in operation and maintenance (O&M) of the urban water supply system	The indicator measures the number of staff trained in operation and maintenance (O&M) of the urban water supply system under the project	Interviews, and Document review of training reports	UNICEF	Quarterly	0	20	40	50	

Output Indicator 2.1.2: Number of updated or newly developed Standard Operating Procedures (SOPs) for key water supply functions.	The indicator measures in numbers the updated or newly developed Standard Operating Procedures (SOPs) for key water supply functions under the project	Document review: Operation and maintenance manuals and reports and interviews	UNICEF	Quarterly	0	0	4	5	
OUTPUT INDICATOR 3.1.1: Number of sanitation facilities constructed in target communities	The indicator measures in numbers, sanitation facilities constructed in target communities under the project	Physical site verification Document review: Engineering works/contractors progress reports/ completion reports and technical inspection and supervision reports satellite imagery, simple community feedback mechanisms, and third-party monitoring by local organizations	UNICEF	Quarterly	0	0	10	20	
OUTPUT INDICATOR 3.1.2: Number of people reached with hygiene promotion activities.	The indicator measures in numbers, people reached with hygiene promotion activities/messages under the project	Document review: Community mobilization and Capacity building report Interviews	UNICEF	Quarterly	0	50,000	100,000	350,000	

ANNEX 3: RESTRUCTURED PROJECT COSTS

The total project cost is UA 40,294,869 (USD 54,801,022)**.** The cost estimates incorporate recent price escalations in Sudan's construction sector, higher transportation costs due to conflict-related logistics challenges, security-related expenses, and risk premiums for contractors working in unstable contexts.

The African Development Bank will be the financial partner and will contribute UA 37,500,000 (USD 51,000,000 comprising (UA 21.45 million from ADF grant UA 15.1 million UA from TSF Pillar 1 grant and UA 0.95million from RWSSI-TF). The grant elements are justified by the conflict-affected nature of the intervention and its focus on meeting basic human needs for displaced populations.

-

IMPLEMENTATION PERCENTAGE	BUDGET - U A	
IMPLEMENTATION PERCENTAGE	12,088,461	30%
YEAR 2: 25% OF TOTAL BUDGET	10,073,717	25%
YEAR 3: 30% OF TOTAL BUDGET	10,073,717	25%
YEAR 4: 30% OF TOTAL BUDGET	8,058,974	20%
	40,294,869	**100%**

- Year 1: Initial design, planning, procurement, and early construction activities
- Year 2 - 4: Major construction, equipment installation, and project completion

ANNEX 4: SUSTAINABILITY PLAN

Sustainability Pillars	Challenges	Strategies	Activities	Key Indicators	Means of verification
Institutional Sustainability	Weakened governance structures	Organizational Capacity development	• Reinforce UNICEF-Ministry co led Water Task Force to avoid duplication from UNOPS/UNDP/ICRC • Conduct State Water Corporation SWC institutional capacity gap assessment • Develop organization structure for SWC as per O&M requirement of the new infrastructure • Define SWC roles and responsibilities • Integrate into Port Sudan UNICEF – Government of the Netherlands Port Sudan Water Master Plan	• Staff retention rate • Decision-making capacity • Management system functionality • Knowledge management effectiveness	• HR records • Capacity assessment • System audit
	Staff departures and capacity gaps	Human resource development	• Implement staff retention strategies • Develop training programs		
	Disrupted management systems	Systems strengthening	• Establish management information systems • Develop standard operating procedures • Implement performance monitoring		
	Knowledge management gaps	Knowledge retention	• Document operational procedures • Establish information management systems • Implement cross-training/on the job training approaches		
	Coordination challenges	Partnership framework	• Strengthen established coordination mechanisms for water task force • Develop communication protocols		
Financial Sustainability	No cost recovery mechanisms	Revenue enhancement	• Conduct tariff study and business plans • Develop graduated tariff structure • Implement affordable tariffs and water connection guidelines to enhance HH connections	• Cost recovery ratio – (at least O&M cost covered) • Collection efficiency • O&M budget adequacy • Financial management compliance	• Financial records • Billing system • Budget analysis • Audit
	Weak billing systems (mixed up water and electric bills)	Collection efficiency	• Separate water billing and install financial management software • Train billing staff • Establish collection points for Water kiosks – (WASH ATMs) • Implement mobile payment options or online payment		
	High operating costs	Cost optimization	• Install renewable energy (solar water pumping system for all new systems) • Implement efficiency measures • Reduce non-revenue water • Optimize staffing		
	Limited financial management	Systems development	• Establish accounting procedures • Implement budgeting processes • Train financial staff		

Sustainability Pillars	Challenges	Strategies	Activities	Key Indicators	Means of verification
			• Develop financial reporting		
	Inadequate maintenance funding	Financial planning	• Establish maintenance reserve • Develop asset management plan • Create emergency repair fund • Implement prioritization system		
Technical Sustainability	Infrastructure vulnerability	Resilient design	• Select appropriate technologies • Use standardized components	• Functionality rate • Downtime duration • Maintenance implementation • Water loss percentage	• Technical monitoring • Service records • Maintenance logs • Water balance
	Maintenance capacity	Skills development	• Train technical staff • Establish maintenance procedures • Provide essential tools • Create mobile maintenance teams		
	Spare parts availability and essential supplies	Supply chain	• Identify critical components • Establish local supply chains (Chlorine production locally) • Create parts inventory • Develop procurement protocols		
	System efficiency	Performance optimization	• Establish monitoring systems • Implement leak detection • Optimize pumping operations • Develop water balance monitoring		
	Technical documentation	Knowledge management	• Develop as-built drawings • Create operations manuals • Establish technical library (maintenance records/history) • Implement digital documentation		
Environmental Sustainability	Water source vulnerability	Resource protection and diversification	• Implement source protection measures • Establish monitoring networks • Define protection zones • Prepare and delineate land in catchment	• Source yield stability – diversification of Water sources • Water quality compliance • Energy efficiency • Environmental compliance	• Hydrological monitoring • Quality testing • Compliance audit
	Climate risks	Adaptation measures	• Conduct climate vulnerability assessment • Implement flood protection • Diversify water sources • Enhance storage capacity		
	Energy dependence	Renewable energy	• Install solar systems at key facilities • Implement energy efficiency measures • Establish backup power systems • Optimize pumping schedules		
	Environmental impacts	Management system	• Development Environmental Management • Establish monitoring protocols • Implement mitigation measures		

Sustainability Pillars	Challenges	Strategies	Activities	Key Indicators	Means of verification
Social Sustainability	Host-IDP tensions	Inclusive governance	• Establish representative water committees • Implement transparent allocation • Ensure balanced service distribution	• User satisfaction • Equity of access • Community participation • Gender representation	• User surveys • Distribution analysis • Committee records • Gender audit
	Gender inequities	Gender integration	• Ensure women's representation in committees • Design gender-sensitive facilities • Create employment opportunities • Implement protection measures		
	Limited community ownership	Participation framework	• Establish community consultation processes • Implement participatory monitoring • Create community feedback mechanisms		
	Vulnerable population access	Equity mechanisms	• Implement subsidized connections • Establish public water points • Design accessible facilities		

Note: This Sustainability Plan will be reviewed periodically and updated based on implementation experience and changing conditions in Port Sudan.

Draft Phased Handover Plan for Port Sudan Urban Water Utility

Phase 1: Pre-Handover Preparation

Objective: Establish baseline conditions and readiness for asset transfer.

Technical Benchmarks

- Completion of asset inventory and condition assessment.
- Verification of design compliance with national water standards.
- Leak detection and pressure testing of pipelines.
- Water quality testing meets WHO and Sudanese standards.

Operational Benchmarks

- Staffing plan finalized with roles and responsibilities.
- Training completed for key operational staff.
- Emergency response protocols drafted and approved.
- SCADA or monitoring systems installed and tested.

Financial Benchmarks

- Budget forecast for first 3 years of operations.
- Tariff structure reviewed and aligned with cost recovery goals.
- Initial operating capital secured.
- Asset valuation completed for accounting purposes.

Phase 2: Commissioning and Partial Operations

Objective: Begin limited operations under supervision, validate systems.

Technical Benchmarks

- Commissioning reports for treatment plants and pumping stations.

- Calibration of flow meters and sensors.
- Non-revenue water (NRW) baseline established.

Operational Benchmarks

- Pilot operations in selected zones (e.g., 20–30% of service area).
- Customer service protocols tested (billing, complaints).
- Maintenance schedules initiated and tracked.

Financial Benchmarks

- Monthly financial reporting begins.
- Billing system operational with >80% customer coverage.
- Cost recovery ratio ≥ 60%.

Phase 3: Full Operational Control

Objective: Utility assumes full responsibility for all assets and services.

Technical Benchmarks

- All infrastructure commissioned and certified.
- NRW reduced by ≥ 10% from baseline.
- Water quality compliance sustained for 3 consecutive months.

Operational Benchmarks

- Full geographic coverage achieved.
- Customer satisfaction score ≥ 75%.
- Preventive maintenance compliance ≥ 90%.

Financial Benchmarks

- Cost recovery ratio ≥ 85%.
- Collection efficiency ≥ 90%.
- Financial audit completed and approved.

Phase 4: Post-Handover Monitoring

Objective: Ensure sustainability and continuous improvement.

Technical Benchmarks

- Annual infrastructure audit completed.
- Asset management system updated quarterly.

Operational Benchmarks

- Staff performance reviews conducted.
- Service continuity ≥ 98% (no major outages).

Financial Benchmarks

- Break-even or surplus achieved.
- Tariff adjustments reviewed annually.

PROJECT FEASIBILITY

A. Financial and Economic Analysis

1. Feasibility assessment shows that the Port Sudan Emergency Water and Sanitation Project in Sudan will have positive impacts on the local population in targeted areas and national economy. The economic internal rate of return (EIRR) is projected to be much higher than the discount rate, due to the anticipated benefits and positive outcomes on the beneficiary communities and the wider economy. The financial internal rate of return is way below the discount rate on the back of the existing tariff structure across Sudan that is based on flat rate while operating costs do not reflect a flat structure. The tariff of the scheme is estimated at a flat rate SDG+/- 8000/month (USD13/month). Due to the lack of water in Port Sudan, the communities are highly dependent on the private water vendors (water trucks) with high costs (USD5.5/ m^3). However, the cost of water production as per UNICEF's analysis of similar interventions in other states in Sudan is SDG 10,666/ m^3. The EIRR is 32.84% and NPV SDG 47 568 million.

EIRR, NPV (base case):	32.84%, SDG 47 568 million

2. The capital investments in hard infrastructure along with the accompanying measures, will provide reliable water supply services by the Bank funded program to more than 750,000 people in 2026. Anticipated outcomes encompass an increase in revenue through heightened water sales. The program will have an impact on childhood malnutrition and education. Also, as the water supply system will be safe, burden on the fiscus relating to the cost of medication will be reduced. More time will be spent on productive activities.

3. Sensitivity analysis was undertaken to assess the impact on the EIRR of increases in the capital costs and revenue reductions by 20% each (Table 4). The EIRR showed very minimal sensitivity to the variables tested above, indicating the significant impacts on the wider community of building capacity and investing in water supply and sanitation.

Table 4: Sensitivity Analysis

Scenario	EIRR
Base case	32.84%
20% increase in investment costs	28.55%

Table 5: Breakeven Analysis

Breakeven Case (NPV = 0; IRR =12%)	Economic BEP*
% increase in investment costs	187.5%

These analyses determine the minimum percentage increase or decrease of capital expenditure line item before achieving zero NPV or IRR that is equal to the 12% opportunity cost. This shows how much buffer (increase or decrease) is available before the Program becomes unsustainable. The high buffer shows the positive impact that this program will have in these communities.

Given below are some of the basic assumptions used in assessing the program's viability:

Currency: The analysis is in local currency, SDG.

Population: The population of beneficiaries is estimated at 750,000 thousand as at March 2026 at 2.6% growth rate.

Program lifespan: The program will be implemented over an estimated period of 4 years, starting 2026 and ending in 2029. Its programmed operational lifespan is 20 years, starting in 2030 and ending in 2049.

Capital investment: the Program capital investment amounts to USD 49.6 million.

Operation and maintenance costs: This needed to be identified through the detailed assessment and business plan development which is part of this project. However, the cost of water production as per UNICEF's analysis of similar interventions in other states in Sudan is SDG 10,666/m³.

Expected tariff: The existing tariff structure across Sudan is based on flat rate, and it is linked to the electric bills, and it is very minimal (8,000SDG/Month). This project will work toward changing the tariff structure to be based on metering and consumption and separated from the electric bills to ensure sustainability. Due to the lack of water in Port Sudan, the communities are highly dependent on the private water vendors (water trucks) with high costs ($5.5 m³/). This project will bring down this tariff to at least $2/ m³ but this will be identified through business planning.

Water demand: Demand per capita is 80liters/day.

The Program's summary economic benefits and savings:

The economic benefits have been assessed for the project. The main economic benefits are related to household health improvements and time-savings. There is also economic benefits related to the development and utilization of water resources for productive uses in livestock, rural industries, and other commercial uses and sustainable financial and economic benefits of the Program.

Savings related to seeking less healthcare. Healthcare savings are estimated as a function of treatment-seeking rates, medical practices, and unit costs of medical services. Medical practices include the types of treatment given for a disease and the rate of in-patient admission or referral. In addition, patients and their carers incur treatment-seeking costs such as travel costs. This will result in resources being directed to other productive sectors of the economy. Reduction in waterborne diseases, which have increased by almost 50% since the conflict began will be curbed.

Savings related to productive time losses from disease. Productivity losses are estimated based on disease rates, the number of days absent from productive activities, and the unit value of productive time. To promote gender equity, men's and women's time is given the same value. Time savings for women who currently spend approximately 3.5 hours daily collecting water will be reduced.

This project will also bring reduced tensions between host communities and IDPs over scarce water resources, equitable distribution of water points between host and IDP areas and enhanced community engagement through participatory governance mechanisms.

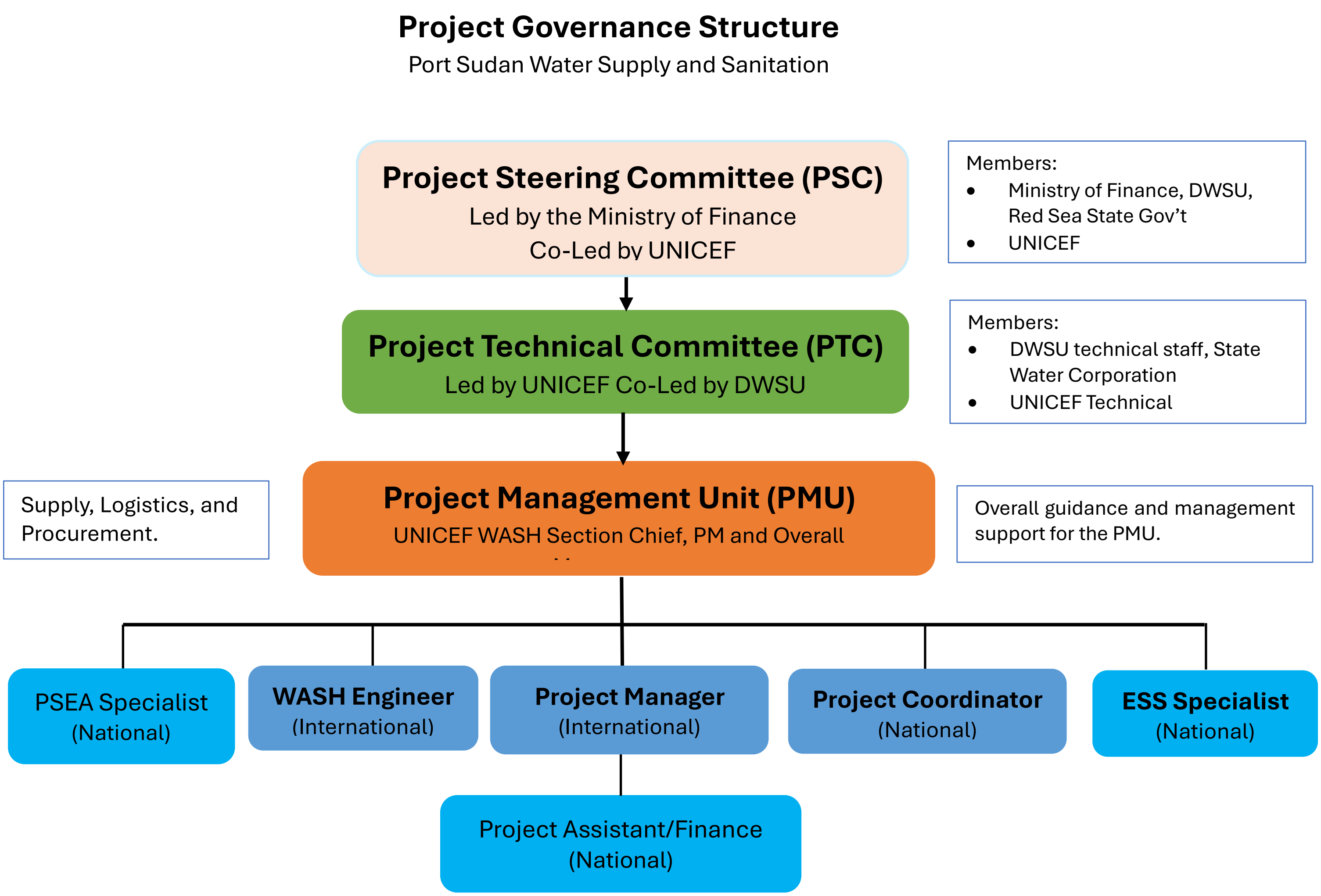
Gender equity benefits - Reduced burden on women and girls who primarily handle water collection, increased school attendance for girls, women's representation in water management committees with specific leadership positions and 30% female employment target across project activities.

Environmental and Climate Resilience Benefits - Diversified water sources (groundwater, surface water, desalination) providing system redundancy, climate-resilient infrastructure designed for extreme weather events (ex. SWDP) and reduced energy consumption through solar power systems and efficiency improvements.

The table 6 below provides the summary for the viability assessment, showing the EIRR at 32.84%.

Sudan							
Financial and Economic PORT SUDAN EMERGENCY PROJECT (SDG million)							
		Economic Analysis					
Year	**Population #**	**Economic Costs**	**O&M**	**Total Cost**	**Economic Benefits**	**Gross Revenue**	**Net Revenue**
2026	750 000	(5 777)	-	**(5 777)**			**(5 777)**
2027	769 500	(8 666)	-	**(8 666)**			**(8 666)**
2028	789 507	(7 222)	-	**(7 222)**			**(7 222)**
2029	831 095	(7 222)	-	**(7 222)**			**(7 222)**
2030	852 704		(63 027)	**(63 027)**	19 826	**59 319**	**16 118**
2031	874 874	-	(71 132)	**(71 132)**	20 341	**66 948**	**16 157**
2032	897 621	-	(80 279)	**(80 279)**	20 870	**75 557**	**16 148**
2033	920 959	-	(90 603)	**(90 603)**	21 413	**85 274**	**16 083**
2034	944 904	-	(102 255)	**(102 255)**	21 970	**96 240**	**15 955**
2035	969 471	-	(115 405)	**(115 405)**	22 541	**108 616**	**15 752**
2036	994 677	-	(130 246)	**(130 246)**	23 127	**122 585**	**15 465**
2037	1 020 539	-	(146 996)	**(146 996)**	23 728	**138 349**	**15 081**
2038	1 047 073	-	(165 899)	**(165 899)**	24 345	**156 141**	**14 586**
2039	1 074 297	-	(187 234)	**(187 234)**	24 978	**176 220**	**13 964**
2040	1 102 229	-	(211 312)	**(211 312)**	25 628	**198 882**	**13 197**
2041	1 130 887	-	(238 487)	**(238 487)**	26 294	**224 458**	**12 265**
2042	1 160 290	-	(269 157)	**(269 157)**	26 978	**253 324**	**11 145**
2043	1 190 457	-	(303 770)	**(303 770)**	27 679	**285 901**	**9 810**
2044	1 221 409	-	(342 835)	**(342 835)**	28 399	**322 668**	**8 232**
2045	1 253 166	-	(386 923)	**(386 923)**	29 137	**364 163**	**6 377**
2046	1 285 748	-	(436 682)	**(436 682)**	29 895	**410 995**	**4 207**
2047	1 319 177	-	(492 839)	**(492 839)**	30 672	**463 849**	**1 681**
2048	1 353 476	-	(556 218)	**(556 218)**	31 469	**523 499**	**(1 249)**
2049	1 388 666	-	(627 748)	**(627 748)**	32 287	**590 821**	**(4 639)**
					ENPV		**47 568**
					EIRR		**32,84%**

ANNEX 5: PROJECT GOVERNANCE STRUCTURE



ANNEX 6: REVISED RISK ANALYSIS MATRIX

RISK CATEGORY	RISK DESCRIPTION	RATING	MITIGATION MEASURE	RISK OWNER
Country's political and governance context	Most areas of the country are still under conflict.	High	• The Bank will rely on the UN risk analysis and mitigation measures to ensure a safe and effective implementation of project activities. • The Bank will enhance its dialogue with the Government and its development counterparts to ensure secure implementation of project activities.	Government AfDB
	Escalation of the conflict or significant movement of lines of conflict		• Having a business continuity plan with back stopping support. • Regular security updates from country security team	UNICEF
Operational risks	Limited access to conflict affected areas	High	• Engage and coordinate with implementing partners for last mile delivery. Close coordination with OCHA, logistic cluster partners, and local authorities to secure the movement of supplies and staff. • Efficient warehouse management to ease of dispatch and deliveries.	Government UNICEF
	Capacity gaps in local workforce	Medium	• Targeted training programs for water utility workers. • Engagement of local communities.	UNICEF
	Threats to personal and water facilities	High	• Conduct regular security assessments and implement risk mitigation protocols for staff and facilities. • Partner with local authorities and implementing partners.	Government, UNICEF
	Aid diversion	Medium	Strengthen mechanisms of: • M&E (internal and external) • Audit. • Accountability, including community feedback.	Government, UNICEF
	Delayed procurement	Medium	• Frontload lengthy procurement processes. • Engage vendors with proven track records and pre-qualified suppliers. • Ensure advance planning, and delegation of authority as needed to ensure expedited processing. • Ensure that the logistic team is ready and briefed at each stage of the procurement cycle with a designated responsible at each stage.	UNICEF

	Delayed disbursement	Medium	• Implement streamlined disbursement mechanisms • Ensure selected implementing partners have financial network capacities to avoid any delay on payments. • Develop flexible payment schedules that can adapt to delays without significantly impacting the overall project. • Coordinate closely with AfDB to address bottlenecks.	AfDB and UNICEF
Environmental and social	Rains and flooding affecting infrastructure and making some of the project sites inaccessible.	Medium	• Climate resilient interventions in the water system infrastructure (e.g., elevated designs, anchored pipelines and drainage systems) • Develop contingency plans for service continuity during natural disasters. • Delivery of required equipment before rainy season and/or establish different routes to ensure access to potential flood/isolated areas • The UN environmental and social risk analysis mechanism will be used to plan the project activities appropriately.	Government and UNICEF
	Potential negative social and environmental safeguards impacts	Medium	• Establish and adopt an environmental and social management framework. • Develop complaints and feedback mechanism • Conduct regular monitoring of environmental aspects in supported facilities • Conduct regular stakeholder consultations.	Government, UNICEF
	Low community engagement	Low	• Regular stakeholder engagement. • Collaborate with local organizations. • Provide clear, consistent messaging about the project's goals at community level.	Government, UNICEF
Programmatic	Failure to meet outcome targets	Medium	• Regularly update the projects M&E framework to track progress, identify gaps, and adjust interventions. • Regular project implementation updates and reviews. • Conduct TPM to identify gaps and recommend improvements.	Government AfDB UNICEF
	Unreliable NGOs or implementing partners		• UNICEF will ensure the selected IPs/NGOs comply with the necessary capacity, background, and trust.	UNICEF

ANNEX 7: THEORY OF CHANGE

Port Sudan faces an acute water crisis characterized by insufficient supply, deteriorated infrastructure, inadequate treatment, weak institutional capacity, inequitable access, climate vulnerability, and adverse health impacts. These challenges have been severely compounded by the ongoing conflict, which has led to mass displacement to Port Sudan, infrastructure damage, and institutional weakening. The conflict has disrupted maintenance activities, caused shortages of essential supplies, and led to an exodus of qualified personnel. The influx of IDPs has further strained the already inadequate water systems, creating tensions between host communities and displaced populations over scarce resources. The project's Theory of Change (ToC) is illustrated in Fig below.

Problem Statement:

Port Sudan faces a severe water crisis characterized by an insufficient supply meeting less than 40% of demand, deteriorated infrastructure due to conflict damage and neglect, inadequate storage and treatment facilities, weak institutional capacity exacerbated by conflict-related challenges, and inequitable access disproportionately affecting IDPs and vulnerable populations. These challenges are compounded by climate vulnerability and have profound health implications, with waterborne diseases increasing by almost 50% since the conflict began.

Intervention Logic:

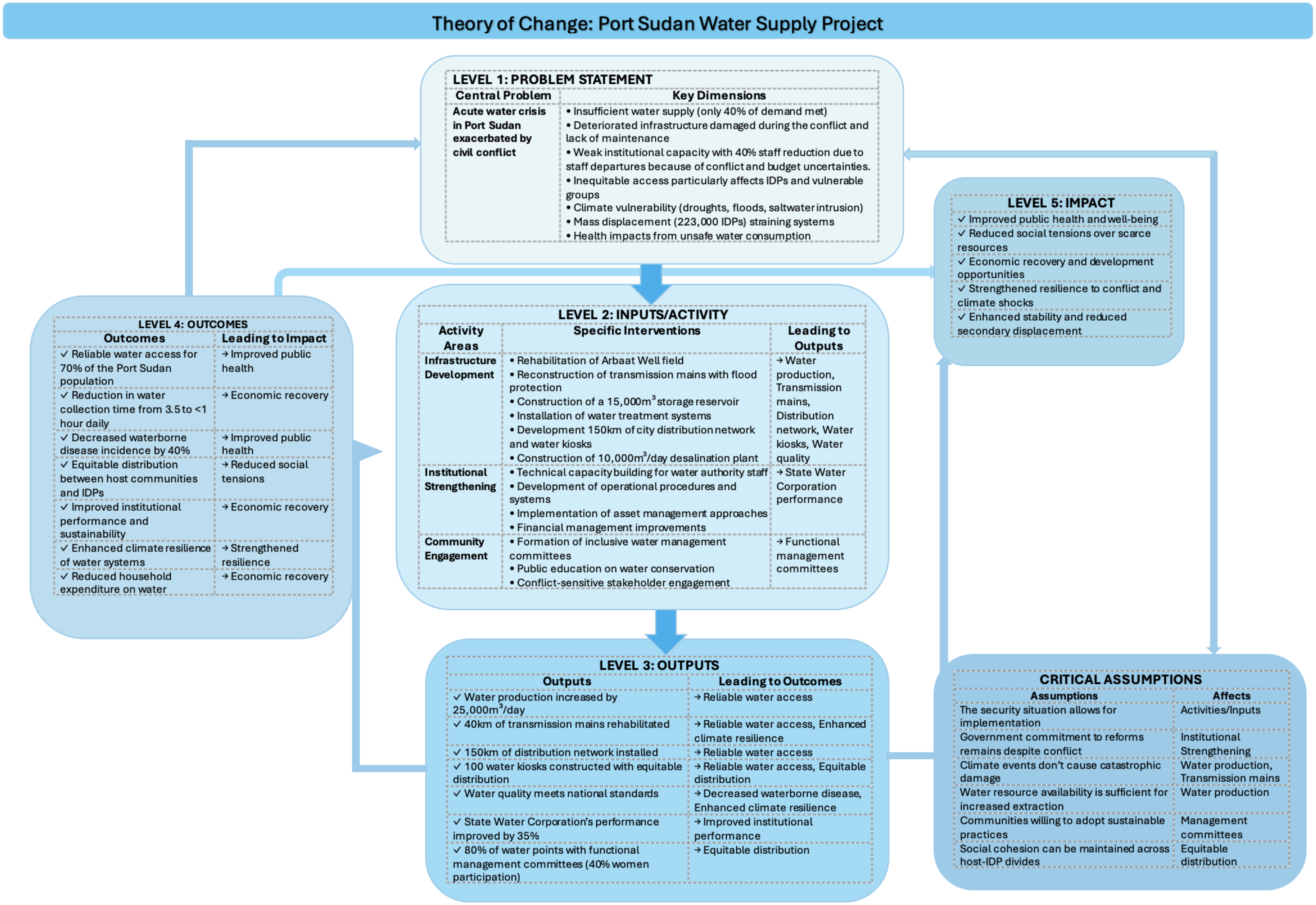
The intervention logic recognizes that sustainable improvements in water services require addressing both immediate infrastructure needs and underlying institutional weaknesses. This project will therefore address these challenges through a comprehensive approach combining Water Infrastructure rehabilitation and development with Institutional strengthening and capacity building including community engagement.

The project is expected to achieve the following outcomes: (i) Enhanced access to safe water; (ii) Sustainable service delivery; and (iii) Equitable access for all groups, including IDPs

These outcomes will be realized through the following outputs: (i) Increased water production and improved quality; (ii) Strengthened management systems and skills; and (iii) Participatory decision-making mechanisms

The project's Theory of Change is based on the following assumptions: (i) Water resource availability is sufficient for increased extraction; (ii) Climate events do not cause catastrophic damage to new and existing infrastructure; (iii) Supply chains for essential materials can be maintained; (iv) IDPs and host communities can coexist peacefully around shared water resources; (v) Security situation remains stable enough in Port Sudan to allow for infrastructure works; and (vi) The government’s commitment to sector reforms remains strong despite competing priorities during the conflict.

Fig 1 Theory of Change Diagram



Theory of Change: Port Sudan Water Supply Project

LEVEL 1: PROBLEM STATEMENT

Central Problem	Key Dimensions
Acute water crisis in Port Sudan exacerbated by civil conflict	• Insufficient water supply (only 40% of demand met) • Deteriorated infrastructure damaged during the conflict and lack of maintenance • Weak institutional capacity with 40% staff reduction due to staff departures because of conflict and budget uncertainties. • Inequitable access particularly affects IDPs and vulnerable groups • Climate vulnerability (droughts, floods, saltwater intrusion) • Mass displacement (223,000 IDPs) straining systems • Health impacts from unsafe water consumption

LEVEL 2: INPUTS/ACTIVITY

Activity Areas	Specific Interventions	Leading to Outputs
Infrastructure Development	• Rehabilitation of Arbaat Well field • Reconstruction of transmission mains with flood protection • Construction of a 15,000m³ storage reservoir • Installation of water treatment systems • Development 150km of city distribution network and water kiosks • Construction of 10,000m³/day desalination plant	→ Water production, Transmission mains, Distribution network, Water kiosks, Water quality
Institutional Strengthening	• Technical capacity building for water authority staff • Development of operational procedures and systems • Implementation of asset management approaches • Financial management improvements	→ State Water Corporation performance
Community Engagement	• Formation of inclusive water management committees • Public education on water conservation • Conflict-sensitive stakeholder engagement	→ Functional management committees

LEVEL 3: OUTPUTS

Outputs	Leading to Outcomes
✓ Water production increased by 25,000m³/day	→ Reliable water access
✓ 40km of transmission mains rehabilitated	→ Reliable water access, Enhanced climate resilience
✓ 150km of distribution network installed	→ Reliable water access
✓ 100 water kiosks constructed with equitable distribution	→ Reliable water access, Equitable distribution
✓ Water quality meets national standards	→ Decreased waterborne disease, Enhanced climate resilience
✓ State Water Corporation's performance improved by 35%	→ Improved institutional performance
✓ 80% of water points with functional management committees (40% women participation)	→ Equitable distribution

LEVEL 4: OUTCOMES

Outcomes	Leading to Impact
✓ Reliable water access for 70% of the Port Sudan population	→ Improved public health
✓ Reduction in water collection time from 3.5 to <1 hour daily	→ Economic recovery
✓ Decreased waterborne disease incidence by 40%	→ Improved public health
✓ Equitable distribution between host communities and IDPs	→ Reduced social tensions
✓ Improved institutional performance and sustainability	→ Economic recovery
✓ Enhanced climate resilience of water systems	→ Strengthened resilience
✓ Reduced household expenditure on water	→ Economic recovery

LEVEL 5: IMPACT

✓ Improved public health and well-being
✓ Reduced social tensions over scarce resources
✓ Economic recovery and development opportunities
✓ Strengthened resilience to conflict and climate shocks
✓ Enhanced stability and reduced secondary displacement

CRITICAL ASSUMPTIONS

Assumptions	Affects
The security situation allows for implementation	Activities/Inputs
Government commitment to reforms remains despite conflict	Institutional Strengthening
Climate events don't cause catastrophic damage	Water production, Transmission mains
Water resource availability is sufficient for increased extraction	Water production
Communities willing to adopt sustainable practices	Management committees
Social cohesion can be maintained across host-IDP divides	Equitable distribution

ANNEX 8: REQUEST LETTER FROM THE GOVERNMENT

Republic of The Sudan
Ministry of Finance & Economic Planning
THE MINISTER

جمهورية السودان
وزارة المالية والتخطيط الاقتصادي
الـــوزيـــر

Date: June 12, 2024
Ms. NNENNA, NWABUFO
Acting DG/Deputy DG
African Development Bank Group
Abidjan01,
Cote d Ivoire

Subject: Proposal on Sudan Ongoing Projects and ADF -16 Utilization

Dear Ms. NWABUFO,

At the outset let me seize this opportunity to express the compliments of the government of Sudan to the African Development Bank Group (AfDBG) for its continuous development support to our country, which has led to significant development impacts,

We acknowledge receipt with thanks your letter dated 4th June, 2024 concerning the proposed project portfolio performance and ADF -16 Utilization

In this regard, and following the meeting that was held between the Sudan delegation and the African Development Bank team during 2024 Annual Meetings, I would like to approve and endorse your Proposal on Sudan Ongoing Projects restructuring and ADF -16 Utilization and to confirm our commitment to coordinate closely with the suggested third parties (International Organizations) in Sudan. We are looking forward to the resumption of the Institutional Capacity Development for Improved Access to Water and Sanitation Project in Port Sudan.

Please accept the assurances of my highest consideration.

Yours Sincerely,

12/6/24

Dr.Gibriel Ibrahim Mohamed
Minister of Finance and Economic Planning

Republic of The Sudan
Ministry of Finance & Economic Planning
The undersecretary

جمهورية السودان
وزارة المالية والتخطيط الاقتصادي
الوكيل

Date: January9, 2025

Ms. Mary Manneko Monyau,
Country Manager,
Sudan Country office,
African Development Bank
Sudan

Subject: Restructuring the Budget of Water Projects

Dear Ms. Monyau,

The Ministry of Finance and Economic Planning (MoFEP) expresses its thanks & appreciation to the African Development Bank (AfDB) as a main partner in Financing various development projects and programs in Sudan.
We are pleased hereby to endorse the reallocation of resources of Water Sector Reforms, Institutional Capacity Development Program, and Sustainable Rural Water Supply, Sanitation Project in North and South Kordofan to be used for one project.

With the understanding that these three-project reallocation capped at around 46 million $ is to be channeled towards addressing the Requirements of the Institutional Capacity Development for Improved Access to Water and Sanitation in Port Sudan project.

Accordingly, Ministry of Finance and Economic Planning hereby strongly supports the utilization of the said funds for the Institutional Capacity Development for Improved Access to Water and Sanitation in Port Sudan project to be implemented by UNICEF as third-Party.

Please accept, Ms. Monyau, the assurance of my highest Consideration.

Yours Sincerely,

Mohamed Bashar Mohamed
Economic Planning Undersecretary
Ministry of Finance and Economic Planning

Ministry of Finance and Economic Planning
وزارة المالية والتخطيط الاقتصادي
Undersecretary of Economic Planning
Date:.........

ANNEX 9: SELECTION OF UNICEF AS THIRD-PARTY IMPLEMENTING PARTNER

1. In July 2024, the Senior Management Coordination Committee (SMCC) cleared RDGE and the Sudan Country Team recommendations for the restructuring and resumption of implementation through third party of the Institutional Capacity Development for Improved Access to Water and Sanitation Project in Port Sudan (USD 17.0 million/UA 12.9 million).

2. Three potential third-party implementers, (UNOPS, UNICEF and UNDP) demonstrated through a checklist of their capacity and commitment to provide project management services in Port Sudan (virtual sessions/meetings were also held with each of them to share their work in the WASH sector in Sudan).

Assessment of potential third-party implementers

3. According to the *Banks Operations Procurement Manual Part A - Volume 2 Specialized Procurement*, United Nations Organizations and its Specialized Agencies can participate in providing procurement services under Bank-Financed operations. The manual also describes the main reasons for engaging certain UN Agencies for procurement services in order to achieve the development objectives envisaged and to obtain optimum value for money under a Bank operation given their specialized expertise within their mandates for participation. The submissions by the potential third-party implementers highlighted their capacities/strengths in the following areas:

- Presence in the country: Local experience, field presence, and relations with key project stakeholders (Government, project target population, communities, IDPs, NGOs, donors).
- Beneficiary management capacity – electronic platforms
- Procurement and Financial Management Capacity
- Rapid deployment capacity; Logistics readiness, readiness of constitution of the implementation team for start-up
- Fiduciary Principles Agreement (FPA) with AfDB
- Expertise and experience in WASH: mastery of key issues in water and Sanitation.
- Human resources capacity (staffing)
- Experience in similar emergency operations
- Audit and Funds flow
- Safeguarding of assets, safety of staff
- Collaboration with other partners on the ground/in Sudan during the current situation

The submissions by the three organizations are summarized in Annex 1 of this memo.

4. The following observations were made based on the submissions by the UN agencies (including the virtual sessions held with each individual UN agency): (i) the agencies all have their presence in Sudan and are all involved in WASH activities in Port Sudan; (ii) UNICEF and UNOPS have fiduciary principles agreement signed with the Bank; (iii) UNICEF has a larger workforce and presence in the country and is currently co-chairing the WASH Cluster that coordinates NGO actions and is also the co-chair of the Sudan Water Task Force and the special committee on Port Sudan Water Supply.

5. Based on the 2019 signed Fiduciary Principles Agreement between the Bank and UNICEF, SNFI has engaged with UNICEF, and a procurement assessment questionnaire has been filled by UNICEF and the Bank financial management team set up meetings for review which were all concluded during the appraisal mission.

6. In light of the above, UNICEF is proposed for the role of Third-Party Implementing partner to facilitate completion of the Institutional Capacity Development for Improved Access to Water and Sanitation Project in Port Sudan. The detailing of the restructuring/modification of the project is under discussion with the Drinking Water and Sanitation Unit under ministry of agriculture and the restructuring proposal will be prepared following the Bank policy on Restructuring and Implementation Guidelines on the Bank Group Policy on Sovereign Operations Restructuring. A virtual Appraisal Restructuring mission was held from 14th April 2025 to 17th April 2025 to conclude the modifications and also carry out a comprehensive and thorough assessment of the implementation issues to be addressed through restructuring.

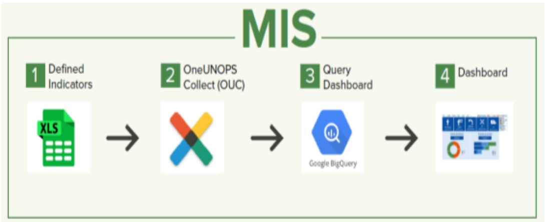
Recommendation

7. The Portfolio Restructuring Note for the project, scheduled for VP, AHVP consideration in Q2 of 2026, will facilitate restructuring of the project and its implementation will ensure that resources are available to support efforts towards delivery of basic WASH services in Port Sudan.

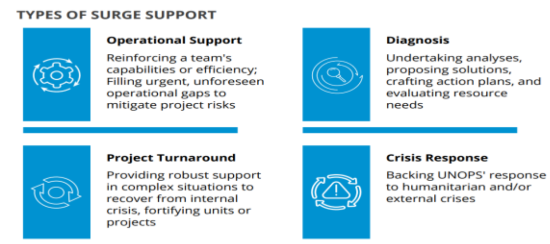
8. The Country Brief for Sudan (Country Brief 2017-2024 Update and Extension to December 2026) approved the continued implementation on an exceptional basis of the Institutional Capacity Development for Improved Access to Water and Sanitation Project in Port Sudan and we request your approval to the nomination of UNICEF Sudan as the Third-Party Implementing Partner of the project to enable them to participate in developing and fast tracking the restructuring proposal. The Government is in support of UNICEF being nominated as the Third-Party Implementing Partner for the project.

Review of the Potential Third Party Implementers

Capacity Checklist			
Criteria	**UNDP Country Office in Sudan**	**UNICEF Sudan**	**UNOPS**
Presence in the country	UNDP has 9 field offices/presence with operational capacity in 7 states including River Nile, White Nile State, Blue Nile State, Jazirah, Gedaref, Kassala and Red Sea States, with continuing operations in Abyei and Kauda. The temporary main office for UNDP Sudan is set in Port Sudan. UNDP has access to all 18 states via staff or implementing partners. UNDP has programme representational office in Nairobi, and Programme Support Office in Amman (hosting the heads of operations units like Finance, HR and Procurement), to ensure continuity of smooth operations and support.	Fully operational, despite all challenges.	UNOPS Sudan has been in operation in Sudan since 2005 with its head office in Khartoum and project offices across the country having project geographical coverage of 61% before the conflict erupted. Currently, UNOPS has set up an operational office in Port Sudan and Kassala after moving from Khartoum.
Beneficiary management capacity – electronic platforms	UNDP Sudan applies the UNDP corporate Quantum Management System (QMS) is a comprehensive enterprise resource planning (ERP) system that is being implemented by the United Nations Development Programme (UNDP) to streamline its core business processes. It is a web-based platform that is designed to improve efficiency, transparency, and accountability across the organization. The QMS consists of several modules, including: - Financial Management and Budget: This module provides a central platform for managing UNDP's finances, including budgets, investments, and cash flow. - Human Capital Management: This module manages UNDP's workforce, including recruitment, performance management, and learning.	UNICEF and its partners engage a wide group of stakeholders, including women, girls, children with disabilities and people with specific needs, to ensure their views and needs on child protection interventions are taken into consideration. Affected populations play an active role in UNICEF programming, from being consulted in project design and planning phases to providing feedback and complaints regarding project's impact and its progress, including through the UNICEF call-center operating from Port Sudan. UNICEF programming is being implemented in line with guidelines for gender equality and gender-based violence risk mitigation, including considerations for women and girls' preferences and needs for security, safety and dignity (e.g., during domestic chores such as water fetching), which may impact ability to	UNOPS has in place an innovative Management Information System (MIS) (OneUNOPS Collect), enabling remote monitoring, regular updates of both ***beneficiaries and project performance and transparent reporting of results in live activities and deliverables tracking dashboards.*** OneUNOPS Project is a custom UNOPS-developed enterprise portfolio and project management system designed to make UNOPS projects work easier, faster and smarter. It integrates project requirements from the PMM, allowing for better project management throughout the project lifespan. It improves efficiencies in all projects by automating and moving manual processes, forms and templates into a global corporate system, and provides a platform for increased collaboration and knowledge sharing across the organization. The platform also collects project data to enable better reporting and

	- Procurement: This module streamlines the procurement process for UNDP, ensuring that goods and services are purchased in a cost-effective and efficient manner. - Project Management: This module provides a central platform for managing UNDP's development projects, including planning, budgeting, monitoring, and evaluation. - Knowledge Management: This module provides a repository for UNDP's knowledge and expertise, making it easier for staff to find the information they need.	engage in activities and gender-sensitive facilities. UNICEF ensures that targeted facilities and/or construction and rehabilitation of new infrastructure at the community level are accessible and consider additional support needs (e.g., provision of ramps and rails). Accessibility is also ensured in all communications, information packages and other community awareness activities. The principle of Do-No-Harm is central to all UNICEF interventions and ensuring the safety and dignity of all beneficiaries and affected populations is integral to UNICEF mission and all operations. All aspects of this project will be designed to guarantee the dignity, respect, and physical and mental safety of beneficiaries. UNICEF and its implementing partners ensure a conflict sensitive approach when developing and implementing interventions. UNICEF's implementing partners are flexible to modify the engagement modality if conflict dynamics shift within the target locations.	oversight. OneUNOPS Collect is a custom data collection, monitoring and reporting tool that ***digitizes field-level data*** to enable projects to reduce risk, increase coordination, improve quality and make better decisions. Remote monitoring tool developed by UNOPS based on experiences learned from the field; ● Enables customized forms by project, offline data collection and ability to analyse data with other corporate data in real-time ● Accessible to non-UNOPS personnel ● The data in Collect is processed through the Query Dashboard into a live, interactive Google DataStudio dashboard. The interactive dashboard features a comprehensive overview of programme, beneficiaries, results and achievements, and breakdowns by cluster. 
Procurement and Financial Management Capacity	UNDP Sudan has the heads of Finance and Procurement Units in Amman (with UNDP Regional Office), while national staff are located mainly in Port Sudan and some in other field offices. The distribution of staff is to ensure business continuity. UNDP has its banking arrangements enabling us to receive and disburse in US Dollars or	UNICEF has robust procurement and financial management policy, systems and structures in place, also for Sudan. UNICEF implements in Sudan approximately $200 million per annum to deliver lifesaving and resilience support for vulnerable children and families in Sudan. Funding is being	***Procurement Capacity*** UNOPS has over 25 years of experience in providing procurement services In 2022 alone, UNOPS procured goods and services worth $1.8bn with 50%+ spend through procurement done with local suppliers. UNOPS has 450+ experts in procurement globally with 2,500 tenders developed and launched a year with

	local currency. UNDP conducts procurement locally and internationally, with several Long-Term Agreements with credible vendors that can facilitate rapid procurement. UNDP is the main service provider for several UN agencies, providing financial, procurement and payroll services for these agencies.	provided by a broad base of bilateral and multilateral donor partners, as well as private donations from philanthropy, and private sector. Additionally, UNICEF facilitates procurement and delivery of essential supplies and commodities for approximately $100m / year, including for Government, through its Global Supply Division.	6,000 suppliers across 150 countries in the supplier base. Our services cover a wide range of needs. From the supply of critically needed goods during emergencies to the long-term strengthening of sustainable supply chains. From conflict-affected to middle-income contexts. From managing supplies in warehouses to training beneficiaries. ***Financial Management Capacity*** Through our financial management services, UNOPS helps partners concentrate on their core mandates and strategic work. By providing a multi-donor fund management platform, UNOPS also supports creating synergies between different partners, operationalizing their visions, and optimizing the collective impact. In 2022 alone, UNOPS delivered projects worth $3.5 billion for development, humanitarian, peace and security, $3 billion worth of fund management projects and programs and $ 2.2 billion worth of grant management since 2019.
Rapid deployment capacity; Logistics readiness, readiness of constitution of the implementation team for start-up.	UNDP staff is distributed among 10 states with operational offices in 7. Most of the staffing is concentrated in Port Sudan, with the ability for rapid deployment.	UNICEF has full capacity of the WASH team in country. When additional support is needed, there is a mechanism to deploy staff through surge capacity, standby partner in addition to short term recruitment options.	UNOPS has in place a SURGE system which is a swift mobilization and deployment of highly experienced personnel and specialized experts to reinforce an office's capacity during periods of immediate needs. Surge is characterized by its urgency and short-duration commitment in high-risk situations. The type of SURGE support that UNOPS has in place includes but is not limited to:

			
Fiduciary Principles Agreement (FPA) with AfDB	UNDP applies anti-money laundering and countering the financing of terrorism policy. UNDP applies the HACT (Harmonized Approach to Cash Transfers) which is a common operational (harmonized) framework for transferring cash to government and non-governmental Partners (both Implementing Partners & Responsible Parties)	An MOU between UNICEF and AfDB was signed in 2005, outlining the scope of collaboration across programmatic areas including education, health, gender, HIV/AIDS, child protection and WASH. The AfDB / UNICEF Fiduciary Principles Agreement (FPA) was concluded in 2019 and currently serves as the main legal template for operational engagement	UNOPS has a Fiduciary Principle Agreement with AfDB that was entered in September 2017.
Human resources capacity (staffing)	UNDP Sudan currently has about 200 international and national staff, under different contractual modalities. UNDP has	UNICEF has approximately 400 staff across Sudan with 8 field offices fully functional in more stable states, and limited field presence and functionality in states with active fighting. UNICEF has WASH staff capacity and footprint in all parts of Sudan except in hotspot locations (Khartoum, Darfur and Kordofan). In the hotspot locations, UNICEF is coordinating with local community structures (CSO) on remote programming with a focus on humanitarian response for now.	UNOPS ETMCO has a total of **153 regular personnel**, **160 Retainers and 10 Interns who have active contracts** supporting operations in Sudan as well as Ethiopia, Djibouti and South Sudan. UNOPS overall also has in place a SURGE system which is a swift mobilization and deployment of highly experienced personnel and specialized experts to reinforce an office's capacity during periods of immediate needs. Surge is characterized by its urgency and short-duration commitment in high-risk situations.
Experience in similar emergency operations		UNICEF has a solid experience of the emergency context in Sudan and the region with operation presence, responding to the crisis from the beginning.	Over the last 25 years, UNOPS has been and is still operating in more than 65 countries in humanitarian contexts. These include but are not limited to Sudan, South Sudan, Haiti, Pakistan, Somalia, Ukraine, Niger, CAR, Yemen to mention a few. In 2022 alone,

			UNOPS delivered over $3.5 billion in peace and security, humanitarian and development projects with over 65 countries of operation in humanitarian contexts. UNOPS has delivered $1 billion worth of projects in fragile and conflict-affected situations and implemented procurements worth over $500+ million under Emergency Procurement Procedures. As a United Nations organisation specialising in implementation and with longstanding experience working in some of the most challenging and high-security risk environments, UNOPS supports partners to deliver humanitarian assistance and to recover better. With its expertise in infrastructure, procurement, as well as project and fund management, UNOPS provides tailored support ranging from damage assessment to rehabilitation of critical infrastructure services and contributes to creating enabling environments for the governments and humanitarian actors to deliver quality and efficient assistance.
Funds flow	Average delivery of UNDP Sudan for the last 5 years is $80 million per year.	Funds are received through HQ account and allocated to country offices after deducting applicable HQ cost recovery charges as per relevant UNICEF policy and procedures. In Country, UNICEF disburses funding to I/NGO partners based on signed programme documents / agreements, to private sector partners through vendor contracts, and to Government where allowed by donors partners to preserve service delivery systems. All partners are being selected based on comparative advantage, and appropriate risk assessment / due diligence is being conducted	Engagement agreements stipulate that the provision of services by UNOPS be subject to the availability of the necessary resources provided by the client and/or funding source for such services. Exceptions shall be approved by the Executive Director (ED) or his/her delegate and formalized through agreements with the related funding source. UNOPS establishes project accounts that require cash to be received from the funding source(s) before activities can commence (cash-based projects). UNOPS can establish project accounts that do not require cash to be received before activities

		in line with UNICEF policy and procedures. UNICEF has developed a Cash Implementation Unit which is able to do direct cash transfers to beneficiaries (e.g. frontline workers, pregnant women), and local service delivery points (e.g. schools and health centers).	can commence if an agreement with a partner has been established to ensure UNOPS will receive cash in a timely manner and/or against a global account (non-cash-based projects). Transfer of contributions between different engagements, whether or not such engagements are funded by the same funding source, shall not be permitted without the prior written authorization of said funding source unless stated otherwise in the engagement agreement. UNOPS has a Treasury Management System that helps the smooth flow of each country office's funds globally, that automates the process of managing UNOPS financial operations, and which plays an important role in increasing controls in treasury workflows and reducing the risk of errors and fraud.
Audit	UNDP follows systematic audit exercise, at the country office level and at the projects' level, for both direct and national implementations (DIM and NIM modalities).	UNICEF audit function provides independent and objective assurance and advisory services designed to add value and improve the operations of UNICEF. It helps UNICEF accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes. UNICEF is subject to external audit exclusively by the United Nations Board of Auditors (UNBoA) in accordance with the UNICEF Financial Regulations, established by the UNICEF Executive Board.	**Annual Audit -** UNOPS has an annual corporate audit managed at the Head Office. After the Annual Audit completion UNOPS could provide Annual Financial Statement to its projects as agreed. **Third Party Monitoring**; AfDB, including through a designated Third-Party Monitor (TPM), has at any time the right to inspect subproject sites and UNOPS will provide the necessary access within a reasonable time and frequency. The AfDB task team will review the implementation on a regular basis through the Project Board that will be set in place by UNOPS. The Project Board will include: UNOPS, AfDB and the Senior Users.
Safeguarding of assets, safety of staff	UNDP and the UN in general follows an integrated security system for all UN personnel. The security related matters are discussed at the area level and country level, through a UN Area	UNICEF has a risk mitigation and business continuity plan during crisis response that fully considers asset safeguarding, staff safety and duty of care requirements.	UNOPS has an Operational Directive that provides an overview of the organizational framework and defines key principles that underpin UNOPS management of funds and

	Security Management Team (ASMT) and country management team (SMT). UNDP Sudan has a security unit with local security associates in all field offices. All Filed offices are in compliance with MOSS standards (compliance with security and safety). most co		assets. Safeguarding UNOPS fixed and intangible assets under IPSAS-compliant processes, ensuring efficient and effective management of all assets. UNOPS internal controls are put in place to ensure effective prevention and/or timely detection of financial risks, irregular and/or fraudulent financial activity, so as to provide reasonable assurance of the validity of all transactions and effectively safeguard against unauthorized acquisition, use or disposition of UNOPS assets and assets under UNOPS custody.
Collaboration with other partners on the ground/in Sudan during the current situation	UNDP maintains strong level of coordination and collaboration with UN agencies, through the Resident Coordinator Office and the UNCT (UN Country Team). UNDP has mapping for national and international partners in all states, in addition to a long record of implementation agreements with several partners. UNDP has several programmes before the crisis for engagement with private sector, which is utilized during the crisis in some programming. UNDP maintains strong relationships with government actors at the federal and state levels, with intensive coordination with local authorities and technical departments that are needed for programme implementation.	UNICEF implements its operation in close coordination and collaboration with wide range of stakeholder in the sector. This includes, civil society organization, private sector service providers, parastatal entities (with a precaution of donor requirement) and community groups to the extent possible. UNICEF maintains a network of 60 I/NGO implementing partners with footprint and ability to deliver across the Country. Committed to the localization agenda, approximately 70% of partners are national / local partners. UNICEF is a WASH cluster lead playing a critical convening role in humanitarian coordination.	UNOPS Sudan has been and continues to collaborate with other partners on the ground as seen below: **Coordination Fora and Relations to UN Country Mission** ● PSEA network ● UNCT ● Sudan SMT (UN) ● Refugee Consultation Forum (UN and Humanitarian Aid organizations + Govt) ● SPF (Sudan Partners Forum)/Government supported by UN/RC office ● UN-IPMT (Integrated Program Management Team)/UN ● UN-IOMT (Integrated Operations Management Team) ● Development Solution Working Group - Gedarif (UNHCR/Govt led) ● Active participating agency in the development of the UN/CCA and the UN/ICF **Cooperation With Government** ● MoU (MoEP) signed

			• MoU (FMoH), signed • MoU (Ministry of Transport), was under discussion before the coup d'etat • All projects have PB set-up (Government, client and UNOPS meet to discuss progress and provide direction) • URBAN Water Darfur and Port Sudan, coordinate directly with Government technical authorities on design, planning, implementation • KHC works and coordinates directly with the State Ministry of Health on the design, planning and implementation • UNOPS is a member to the SPF (Sudan Partners Forum), although it is dormant now after the political change of Oct 2021 **Cooperation with Local and International NGOs** UNOPS cooperated previously with INGO (ZOA) - They worked directly with the local youth and women groups/associations, as one of the implementing partners to the project NRM 1 & 2 financed by EU and UNOPS was the lead agency, as well UNEP was one of the implementation partners of the same project