Sudan Emergency Crisis Response Safety Net Project (P505963)

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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 05-Nov-2024 | Report No: PIDIA00823

BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Sudan	EASTERN AND SOUTHERN AFRICA	P505963	Sudan SANAD - Emergency Crisis Response Safety Net Project
Financing Instrument Investment Project	Estimated Appraisal Date	Estimated Approval Date	Practice Area (Lead)
Financing (IPF)	31-Oct-2024	18-Dec-2024	Social Protection & Jobs
Borrower(s)	Implementing Agency		
World Food Programme (WFP), United Nations Children's Fund (UNICEF)	World Food Programme (WFP), United Nations Children's Fund (UNICEF)		

Proposed Development Objective(s)

To provide Emergency Safety Nets support to vulnerable and food insecure populations in selected areas of the Republic of Sudan.

Components

Emergency Safety Net Transfers Human Capital sensitive cash transfers Project Management

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)? No

Is this project Private Capital Enabling (PCE)? No

SUMMARY

Total Operation Cost	100.00
Total Financing	100.00
of which IBRD/IDA	100.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	100.00
IDA Grant	100.00

Environmental And Social Risk Classification

High

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

- 1. Since 2019, Sudan has been enmeshed in a rocky transition, which culminated in a conflict leading to widespread loss of life and property. In 2019, amidst high expectations from citizens and significant macroeconomic instability, the transition government undertook reforms and development partners joined forces to support Sudan in its transition process. However, political instability and violence have thwarted the progress made. On October 25, 2021, a military takeover impacted Sudan's transition to civilian rule, interrupted reforms implementation and caused the World Bank and development partners to pause their programs in Sudan. Furthermore, the recent armed conflict that erupted in mid-April 2023 between Sudanese Armed Forces and the Rapid Support Forces has caused severe and long-lasting damage to human life, the economy, the production base and service facilities. The violence has caused significant displacement within and outside the country. The conflict has led to more than 20,000 fatalities.¹ Furthermore, an estimated 11,018,231 individuals (2,220,376 households) are now displaced internally in Sudan, while an estimated 3,128,939 individuals crossed borders into neighboring countries, thus making Sudan the largest displacement crisis worldwide.² As of October 2024, the top states of origin among internally displaced persons (IDPs) were Khartoum (33 percent), South Darfur (19 percent), and North Darfur (15 percent), while the top states of displacement were South Darfur (17 percent), North Darfur (14 percent) and Gedaref (9 percent).
- 2. Conflict related disruptions are impacting economic activity and the country's ability to supply key food items. The economy has contracted for six consecutive years by 12 percent. Inflation averaged 230 percent in 2023. The conflict has led to a collapse in domestic demand and economic activity (including commerce, financial, and information and communications technology services) and is eroding state capacity. The currency declined sharply

² <u>IOM, 2024</u>

¹ <u>AP,</u> 2024

against the US dollar, depreciating by 125 percent, an unprecedented level given the high demand for foreign currency in response to the crisis and related damage to the banking and payment systems. Fighting has spread across the country, impacting agriculture and trade. For instance, national cereal production in the 2023/24 agricultural season is estimated at 4.1 million tons, 46 percent below the output obtained in the previous season (2022/23) and 41 percent below the five-year average. Sorghum production is estimated at 3 million tons, 42 percent lower than the previous season and 34 percent below the five-year average. The significant decrease in total cereal production in the 2023/24 agricultural season is primarily attributed to the impact of the ongoing conflict on agricultural operations, marked by insecurity and limited availability, as well as high prices of agricultural inputs (including fertilizers, herbicides, fuel and agricultural machinery). An erratic spatial and temporal distribution of seasonal rains, with prolonged dry spells in southeastern key-producing areas, further constrained yields. Above-average rainfall in western Sudan benefited crop development and prevented further constraints in the Darfur states.

- 3. Sudan now also faces extreme levels of food insecurity, with a large share of the population experiencing acute food insecurity. In 2024 and estimated 25 million people (over half of Sudan's inhabitants), of which 48 percent are children, urgently need humanitarian assistance in the country.3 Sudan now also faces extreme levels of food insecurity, with worsening outlooks. The IPC analysis for the period from June 2024 to September 2024, marks a stark and rapid deterioration of the food security situation compared to the previous IPC update published in December 2023. Six months later, the number of people facing high levels of acute food insecurity has increased by 45 percent (from 17.7 million to 25.6 million), including a 74 percent increase (+3.6 million) in IPC Phase 4, while the population in Catastrophe (IPC Phase 5) has surged from zero to 755,000 in the period June - September 2024. Compared to the same time last year (June 2023), the number of people classified in IPC Phase 3 or above has increased by over 50 percent (+8.7 million). 4 Food security risks are amplified by displacement challenges and pose severe risk to long term human capital accumulation. Across the country, around 3 million children in Sudan are acutely malnourished and an additional 729,000 children under five are suffering from severe acute malnutrition – the most dangerous and deadly form of extreme hunger. The risk of acute malnutrition increases among children in distressed conditions. Based on the 2022 Multi-Sectoral Needs Assessment (MSNA) results, displaced households reported more severe and moderate malnourished cases than those who were not displaced. According to humanitarian agencies, access to food is the top reported humanitarian need among IDPs in Sudan. Furthermore, access to food among IDPs was further exacerbated by cash shortages, soaring inflation for basic food items, and on-going insecurity which disrupted supply chains.
- 4. Climate change is a fundamental fragility driver. Sudan is among the most vulnerable countries to climate change and variability. Increased frequency of droughts and high rainfall variability over the past few decades have already stressed Sudan's forestry, rainfed agriculture and pastoralist systems, which are the dominant livelihoods in rural areas. The country has experienced a series of extreme weather events in recent times, particularly devastating floods, that underscore this alarming trend. In 2023, 89,000 people were affected by flash floods, with 8,000 houses destroyed and another 8,000 houses damaged. In 2024, the catastrophe has only intensified as evidenced by the recent severe flooding that took place between June 1 and August 12, 2024, displacing about 117,835 individuals, destroying 22,349 houses, and damaging 15,490 houses across 12 affected states. Agriculture provides a livelihood to 54 percent of the population and is the primary source of income, especially in rural areas and for poorer households. Sectors that are vulnerable to rise in temperature and increasing rainfall variability with increased

³ EU, 2024

⁴ IPC, 2024

⁵ OCHA (November 5, 2023). Floods: People and Areas Affected.

⁶ Displacement Tracking Matrix (August 17, 2024). Natural Disaster Displacement Summary: Floods.

frequency of droughts and floods include rainfed agriculture, aquaculture, natural ecology systems and biodiversity, and water resources. Challenges are often exacerbated by additional problems such as the 2019-2021 desert locust upsurge. The effect of climate change on these sectors ultimately increases communities' vulnerability, especially farmers that rely on traditional farming practices, pastoralists and communities that rely on rainfed agriculture.

Sectoral and Institutional Context

- 5. The World Bank engagement in social protection has been integral to reform and transition efforts over the past years. These efforts included the development of the "Sudan Economic Revival Program, 2019-2021" with ten Priority Areas to undertake reforms. The government also agreed on a rigorous International Monetary Fund Staff Monitored Program (July 1, 2020-June 30, 2021) to underpin its economic reform. Furthermore, the International Development Association (IDA) approved in March 2021, the Sudan Reengagement and Reform Development Policy Financing (DPF, P175139) that supported the government's reform program in areas most critical for correcting macroeconomic imbalances (i.e., exchange rate unification and fuel subsidy removal). The DPF program included support to strengthen the social protection system to mitigate the austerity associated with the reforms, specifically the Sudan Family Support Project (SFSP, P173521) which was launched in October 2020, with the support from the Transition and Recovery Support (STARS) Trust Fund. ⁷ It aimed to provide support to reach a large part of the population and paid direct cash transfers to 8.7 million people.
- 6. Following the October 2021 military takeover, the World Bank's programs in the country remain under OP 7.30 Dealings with De Facto Governments. Under the challenging operating environment, the World Bank responded to the growing food insecurity and humanitarian risks in the country, working together with the STARS TF donors to meet the urgent needs of the Sudanese people. On July 15, 2022, the World Bank approved the US\$100 million Sudan Emergency Safety Nets Project (SESNP, P178989) financed from STARS TF. Given the pause in disbursement to the de facto government under OP 7.30, the funds were provided to the World Food Programme (WFP) as implementing agency. Building on the experience of the paused SFSP, the SESNP provided cash transfers and food to 2.7 million food insecure beneficiaries in 11 states in Sudan before closing in September 2023. The SESNP promptly adapted to the April 2023 armed conflict, by restructuring activities which substantially raised the number of target food beneficiaries including IDPs.
- 7. Sudan historically received significant humanitarian assistance from United Nations (UN) agencies for IDPs, refugees, and conflict-affected populations. The UN, primarily through WFP, United Nations Children's Fund (UNICEF), and United Nations Commissioner for Refugees (UNHCR), addresses acute needs of the population, including IDPs, refugees, returnees, and vulnerable residents. Since the beginning of the war, the dependence on this humanitarian assistance has increased given the worsening situation on the ground. Since 2023, UN partners have focused support on delivering food and nutrition assistance, the provision of shelter, non-food household items, as well as support to water, sanitation and hygiene.
- 8. Despite the conflict, the World Bank remains engaged in Sudan, including through interventions to improve and sustain service delivery. More recently, the World Bank approved the Sudan Somoud Enhancing Community Resilience Project (P181490), which was designed to complement the current humanitarian aid to Sudan by laying a foundation for medium- and longer-term development support in areas with high concentration of IDPs. This US\$130

⁷ STRAS development partners are Canada, the European Union, Finland, France, Germany, Ireland, Italy, the Kingdom of Saudi Arabia, the Netherlands, Norway, Spain, the State and Peace-Building Trust Fund of the World Bank, Sweden, and the United Kingdom.

million project, in partnership with WFP and UNICEF, is sequenced to first provide fast-tracked support to the target communities informed by UN-led local rapid needs assessments of urgent service needs in education, health, Water, Sanitation and Hygiene (WASH), and Gender Based Violence (GBV) response. It will also intervene in rural areas that provide food to the target communities where agricultural production is possible to increase resilience, enhance production of select crops, and improve accessibility and affordability of food in local markets.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

9. To provide Emergency Safety Nets support to vulnerable and food insecure populations in selected areas of the Republic of Sudan.

Key Results

10. The key project development outcomes and results that will be used to track the progress towards the objective are as follows:

Beneficiaries of cash-based interventions (Corporate Scorecard indicator, Number of people)

- a. Beneficiaries of cash-based interventions Female (Number of people)
- **b.** Beneficiaries of cash-based interventions Youth (Number of people)

Pregnant and Lactating Women (PLWs) in selected areas reached with Human Capital sensitive cash transfers (Number)

D. Project Description

- 11. The proposed project is being processed under the World Bank Policy for Investment Project Financing, paragraph 12 of Section III. Projects in Situations of Urgent Need of Assistance or Capacity Constraints due to conflict, impending natural disaster and capacity constraints. The project will be implemented over a 2-year period, through third party implementation by the WFP and UNICEF.
- 12. This project will support households' resilience through emergency cash transfers. A significant number of households in Sudan are now facing deep and persistent shocks that are limiting impacting their ability to meet basic needs and putting longer term human capital outcomes at further risk. The project will aim to stabilize income and smoothen consumption for the most vulnerable, especially households that are in historically marginalized poor, as well as IDPs areas as well as the recently displaced. Building on the SESNP experience and considering recent developments in the country, the project will aim to support the aforementioned se households for a longer period of time to increase the predictability of support and maximize impact on both resilience and behavior, to avoid inefficient or harmful coping mechanisms. Furthermore, the project will include a pilot of cash transfers focusing on both food security, and early child development and maternal health. The goal of this pilot is to contribute to the multi-sectoral efforts from the World Bank and other development partners to enhance resilience and service delivery at the community level, as well as to invest in foundational systems that are critical for long-term outcomes.

Component 1: Emergency Safety Net Transfers (US\$66.3 million).

- 13. This component will be implemented by WFP and will provide unconditional cash transfers. The primary goal of this component is to support vulnerable and food insecure households in emergency IPC4 and crisis IPC3 areas and localities to help them weather multiple shocks (displacement, food shortages and high inflation) that may have long term and persistent consequences in terms of nutrition outcomes, livelihood choices and asset depletion. It is designed to contribute to the development goals of the country by helping protect human capital in the short term.
- 14. **Unconditional Cash Transfers.** This sub-component will finance unconditional cash transfers, to smoothen consumption needs of targeted beneficiaries for the duration of one year. These transfers will be prioritized and provided to food insecure households in localities with functioning food markets. The project will provide cash transfers of US\$7 per person per month in the targeted households for a total of one year. The total amount transferred to an individual over a year will provide an equivalent of 50 percent of a ration of the calorific requirements per day (that is 1000 kilocalories) for one year. There will be no limitation on household size. This sub-component will benefit about 789,000 beneficiaries (157,000 households). Fifty percent of the primary grant recipients (the household members receiving the benefits on behalf of the household) will be women. Additional details on the implementation of cash-based transfers will be provided in the Project Implementation Manual (PIM).

Component 2: Human Capital sensitive Cash Transfers (US\$11.7 million)

- 15. This component will be implemented by UNICEF and will adapt and build on the existing interventions led by partners on the ground. It will provide cash transfers to vulnerable and food insecure Pregnant and Lactating Women (PLWs) in selected areas and localities with a strong link to health and nutrition services. The primary goal of this component is to support vulnerable households cope with food insecurity risks while fostering investment in the early days of infants which are linked to long-term returns, as well as enable access to basic services for poor and vulnerable households. This support will be linked to critical health services to incentivize take up and foster positive behavioral change, as well as support women social empowerment by directly targeting mothers. The intervention will cover 29,000 beneficiary mothers who will receive a cash entitlement of US\$30 per month per child under the age of two for a period of one year. The payment modality will vary depending on the outcome of the cash feasibility assessment. While the transfers will not be conditional, the distribution would be organized at Primary Healthcare Centers (PHCs) as a critical entry point for ante-natal visits, folic acid supplementation, routine immunization, social behavior change communication and other services. Additional details on the implementation of cash-based transfers will be provided in the PIM.
- 16. This component will be implemented in areas with functioning primary health care facilities, and which align geographically with the support under SHARE Project (P504629). Primary health care services are delivered through various platforms namely, fixed health facilities, community based, outreaches and campaigns. This component will

⁸ This will amount to an average transfer of US\$30 per month per household.

⁹ In the case of twins, mothers will receive US\$45, which will be the cap per household.

build on community level efforts to raise awareness and increase take up of critical health interventions for mothers and children that will promote early childhood development, while providing cash transfers to the most vulnerable households in the selected areas. The vulnerability lens will be applied through geographical targeting including mapping of neighborhoods/communities. Given its categorical targeting, the intervention would allow pregnant and lactating women (both host and IDPs) would be eligible to register. Community sensitization meetings will be organized in targeted localities and communities with support of implementing partners and the social welfare, health and community structures. All households, particularly households with pregnant and lactating women are encouraged to attend and are briefed about the critical nature of the early days of life, the objectives, the eligibility criteria, the registration process, verification process and complaint and feedback mechanisms. Midwives, Health and Nutrition Staff of the Primary Health Centers, Mother Leaders of the Mother Support Groups, Social Workers, Health Volunteers among others have a key role in community sensitization and beneficiary outreach at community level.

17. **Component 3: Project Management (US\$22 million)** The project management component will cover all costs associated with implementing component one (US\$25 million) and component two (US\$4.5 million) of the project. This includes indirect support costs of WFP and UNICEF as well as all operating costs for project implementation, monitoring, evaluation, and reporting. The project's operating costs will include WFP and UNICEF Sudan Country Office running costs, staff costs, logistics, vehicles, fuel, and computers to ensure the smooth running of the project. Additionally, this component will cover the cost of contracting of implementing partners such as NGOs and financial service providers, as well as logistics service providers.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No
Summary of Screening of Environmental and Social Risks and Impacts	

18. **Environmental.** The environmental risk of the project is moderate. The Project finances unconditional cash transfers. The unconditional cash transfers will be relatively low, with hardly any savings for investment by the beneficiary households to get involved in the implementation of activities potentially affecting the environment. Unconditional cash transfer could have positive environemetal, health and safety (EHS) outcomes to the wider community, and especially to vulnerable households and IDPs. The potential environmental risks and impacts include worker occupational health and safety (OHS) risks associated with cash transfer. Hence, OHS concerns are anticipated to be the main environmental risks because of the project activities. WFP and UNICEF is expected to prepare environmental risk management instruments including OHS risk management as part of the LMP WFP and UNICEF will implement the environmental and social risk management (ESRM) instruments commensurate with the project scope, characteristics

and risks. Risk mitigation will be overseen by WFP and UNICEF, which will be managed by their environmental and social staff in collaboration with the implementing partners.

- 19. **Social.** Social risk rating of the project is considered High, mainly due to inherent project related social risks including (i) exclusion of most vulnerable groups including ethnic minorities and IDPs, and beneficiaries in remote areas; (ii) security concerns for project staff, workers of Payment service providers, and beneficiaries; (iii) rejection of selection criteria for project benefits; (iv) weak and insufficient community engagement during preparation and implementation which could result in elite capture, (v) conflict and social tensions between the host communities and IDPs; (vi) illegal activities, such as violence, extortion, theft, armed assault, looting, and vandalism of project materials and properties; (vii) risks related to unexploded ordinances due to past and an ongoing active conflict in some of project area, and (viii) risk of GBV, including sexual exploitation and abuse and sexual harassment (SEA/SH). The cash transfer might create intra-household tensions as it creates competition between wife and husband over use of cash trasfered for the hosuhold since the men have the uperhand in decission making power in the household. There are also operational risks linked to remoteness and security, including inadequate monitoring and supervision as well as the need for functional grievance redress mechanism. To mitigate these risks, the recipients will, among other measures, establish and maintain a Project Implementation Unit (PIU) with qualified staff and resources to support management of such risks and impacts, and will require contractors and implementing partners to provide regular monitoring reports.
- 20. The SEA/SH risk for the project is rated as high at this stage. The following factors could exacerbate SEA/SH risks: (i) location of project activities in conflict-affected areas with large number of IDPs where rates of SEA/SH is high, (ii) lack of strong GBV response and referral mechanisms which are not fully accessible in project locations due to insecurity and remoteness of the services, (iii) implementation of project activities by Payment service providers and implementing partners contracted by WFP and UNICEF that could create power differential between staff and beneficiaries and could increase risks of women and girls to SEA/SH, and (iv) possible exclusion of women and girls in project benefits could exacerbate women and girls risk of SEA/SH.
- 21. The risk mitigation measures for the project will rely on the commitments outlined in the ESCP. WFP and UNICEF will adopt the following environmental and social risk management (ESRM) instruments: (i) a stakeholder engagement plan (SEP), (ii) labor management procedures (LMP); (iii) SEA/SH risk assessment with mitigation action plan; (iv) a security management framework (SMF); (v) social assessment and social risk management framework (SA/SRMF); (vi) OHS plan and waste management guideline.

E. Implementation

22. Under third-party implementation arrangements, WFP and UNICEF will serve as the implementing agencies and the recipients of the grant. WFP has extensive experience providing cash and food assistance in fragile contexts, including Sudan, while UNICEF has been implementing an early child development focused social protection programme in the country with a strong cash component for the last two years. As the two largest humanitarian agencies in the country, WFP and UNICEF have reached over 10 million beneficiaries in 18 states across Sudan since the conflict started in April 2023. UNICEF. Each implementing agency will implement its responsibilities and activities under the Project in accordance with its internal regulations, rules policies, circulars, directives, manuals, procedures, internal practices, and legal framework ("regulations and rules"), and the terms of the grant agreement concluded between that implementing agency and the World Bank. The project will include provisions to mitigate security risks to project-

financed activities. The PIMs will guide the project, which will be developed by WFP and UNICEF and agreed with by the World Bank.¹⁰

- 23. The overall responsibility for project financial management will rest with WFP and UNICEF. Both partners' Country Offices in Port Sudan will conduct the overall implementation of the project and maintain monitoring and oversight responsibilities, including fiduciary and environmental and social (E&S) aspects of the project. WFP and UNICEF will each maintain, throughout the project implementation period, an adequately staffed Project Management Unit (PMU), with composition, mandate and resources as described in the PIM. The PMUs will be adequately staffed to ensure effective project management and coordination and compliance with fiduciary requirements. The PMUs' composition, roles and responsibilities, and resources will be described in the PIM.
- 24. BSMA. The World Bank will directly contract a Bank Support and Monitoring Agent (BSMA), funded from World Bank funds, not utilizing any Project funds. The main purpose of the BSMA, under OP 7.30 stipulations, is to complement the monitoring of Project activities, carry out sample monitoring of project progress and implementation in accordance with the Grant Agreements and the Project Operations Manuals. The BSMA consultancy assignment will build on WFP's and UNICEF's M&E functions and will independently monitor the following: (i) cash transfers are going to the intended beneficiaries in time according to the project design, (ii) community perceptions about the Project, and (iii) overall operational roll out of the project. To ensure that the BSMA is effective, WFP and UNICEF management will provide necessary support for the BSMA and provide a point of contact. Detailed terms of reference will be developed by the World Bank based on the above principles and WFP's and UNICEF's data sharing guidance (including clear roles and responsibilities between parties) and will be shared with WFP and UNICEF in advance of contracting for review and suggestions. The World Bank will ensure that the BSMA complies with the World Bank's ESF requirements and the relevant terms of the grant agreement between the World Bank and implementing agencies, during the execution of its assignment as applicable to consultant services. With due consideration for the fragile, conflict and violence (FCV) context of the intended target areas of the project, and where feasible, the BSMA agent where possible will use the Geo-Enabling Initiative for Monitoring and Supervision (GEMS) to enhance transparency and accountability of the BSMA services. 11

CONTACT POINT

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¹⁰ https://reports.unocha.org/en/country/sudan/

¹¹ Supported by the FCV group of the World Bank, the GEMS initiative enhances monitoring and evaluation and remote supervision by leveraging field-appropriate technology for geo-referenced digital data collection and analysis.

Borrower/Client/Recipient

World Food Programme (WFP)

United Nations Children's Fund (UNICEF)

Implementing Agencies

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APPROVAL

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