

**PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE**

Report No.: 103508

(The report # is automatically generated by IDU and should not be changed)

Project Name	<i>Sustainable Livelihoods for Displaced and Vulnerable Communities in Eastern Sudan: Phase 2 (SLDP2)</i>
Region	<i>Africa</i>
Country	<i>Sudan</i>
Sector	Social Development, Fragile States, Crops, Animal Production, Vocational Training, Other social services
Lending Instrument	<i>State and Peacebuilding Fund (SPF)</i>
Project ID	P158066
<i>{If Add. Fin.}</i> Parent Project ID	<i>N/A</i>
Borrower(s)	Ministry of Finance and National Economy, Republic of Sudan
Implementing Agency	East Sudan TSI Coordination Agency on behalf of Ministry of Finance, Economy and Labor – State Government of Kassala, Sudan (MFEL)
Environmental Screening Category	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	<i>November 6, 2015</i>
Estimated Date of Appraisal Completion	<i>{Same as in AUS}</i>
Estimated Date of Board Approval	<i>{Same as in AUS}</i>
Concept Review Decision	<i>{Insert the following}</i> Following the review of the concept, the decision was taken to proceed with the preparation of the operation.
Other Decision <i>{Optional}</i>	<i><u>Teams can add more if they wish or delete this row if no other decisions are added</u></i>

I. Introduction and Context

Eastern Sudan has a total population of approximately 4.5 million (Red Sea State 1.37, Kassala State 1.79 and Gedaref State 1.35). The region has recently emerged from a situation of conflict. The signing of the Peace Agreement between the Government of Sudan (GOS) and the Eastern Sudan Front in 2006, created a positive environment for returning to the path of development in the region. However, the region remains fragile, subject to multiple sources of stress as, among others, deteriorating environmental conditions (climate change and diminishing water resources), recurrence of natural disasters (floods and droughts), competition for scarce agricultural land, and conflicting demands of pastoralist and sedentary communities. These stresses are compounded by acute poverty, a large number of disfranchised displaced households, and a public sector unable to meet mounting demands.

Eastern Sudan remains one of the poorest regions among the 15 States of Sudan, and relatively neglected in political and social investment terms. As a “host community” to refugees and IDPs, most of the population of eastern Sudan itself suffers of acute poverty and limited development prospects, not dissimilar from those experienced by the IDP and refugee population in their midst.

The verified population of refugees in eastern Sudan stood at 79,847 by mid-November 2010, and there are over 147,000 IDPs in the three States. The issue of long-term refugees and IDPs represents a significant conflict stress factor in Sudan, where an estimated 16% of the world's 27.1 million internally displaced people reside along with refugees and people in refugee-like situations. Displacement is particularly pronounced in the conflict-affected regions of Darfur and Eastern Sudan. The government has therefore included the attention to IDPs and long-term refugees as one of the four key development priorities of the current Interim Poverty Reduction Strategy Paper (I-PRSP).

Past projects implemented in eastern Sudan, either humanitarian or development-oriented, have in general not achieved their expected results in terms of self-reliance and sustainable livelihoods. The government has recognized this challenge and international organizations, such as UNCHR, are also striving to find ways to progress from long-term humanitarian assistance to development. Against this background, the Bank has endeavored to assist in finding solutions to this challenge. The Country Management Unit funded a diagnostic study of long-term refugees and IDPs in Eastern Sudan, including operational recommendations to design a response. This initiative has also reflected on the Bank's engagement strategy for Sudan by making the support to reintegration processes a main theme in addressing the socioeconomic roots of conflict through improving access, quality and equitable distribution of basic services, while supporting early recovery in areas emerging from conflict, as outlined in the second substantive pillar of the ISN for FY14-FY15. Under this pillar, the Bank will focus its support for early recovery initiatives in three regions emerging from conflict: (i) the Sudan-South Sudan Border States; (ii) Darfur; and, (iii) Eastern Sudan and where possible, the strategy will utilize the community-driven development approach to ensure citizen-driven investments.

Finding alternative approaches to address the issue of displacement is key to the World Bank's vision to support fragile and conflict-affected states. This has led to the establishment of the multi-year Global Program on Forced Displacement (GPDF) with the objective of improving the way it deals with the development challenges of forced displacement as an issue fully integrated in its work on post-conflict recovery and peace-building. This approach is part of the Bank's conflict and fragility agenda and is central to operationalize the 2011 World Development Report on Conflict, Security and Development (WDR-2011).

As such, an initial grant of \$3.08 million from the World Bank State and Peacebuilding Fund (SPF) was approved to implement a pilot for the *Sustainable Livelihoods for Displaced and Vulnerable Communities in Eastern Sudan Project* (SLDP) from October 2013 to March 2016. The project targeted 6 IDP and host communities within Kassala State of Eastern Sudan and was implemented by the Transitional Solutions Initiative Coordination Agency on behalf of the Kassala State Ministry of Finance, Economy, and Labor.

Phase one of SLDP piloted a CDD approach of organizing and assisting communities to plan and deliver livelihood opportunities through intensive community mobilization, facilitated entrepreneurial and vocational training, and delivering in-kind grants to beneficiaries. Communities were oriented towards the project objectives and organized into clusters represented by existing village committees and community facilitators communally elected to function as liaisons for the project. Within the 6 communities, 900 households were targeted for grants delivery, 25% of which were vulnerable women headed households. Communities selected the 900 households to receive project inputs. These households received intensive technical support to identify their priorities and vet their business proposals, as well as vocational training by experts to enhance the productivity of their economic activities.

Apart from the household grants program, the project also sought to benefit the target communities at large in two discrete ways: 1) a joint initiatives program and 2) a small works program. The joint initiatives program was implemented with funds garnered from commitments received from the Federal

Government for cash allocations to the project. The project allocated complementary resources to implement activities targeted at supporting youth initiatives. This was requested by the communities and not adequately covered by the Pilot. The small works program refers to works with direct benefits and costs that go beyond the ceiling determined for the targeted households (or group of households) but that are essential to the feasibility of selected activities or benefit the livelihood opportunities of the communities at large. For example, the upgrading of small water supply or increasing access to water are common small works proposal put forth by communities that address general well-being and input cost for many livelihood activities in the area.

Finally, to address the issue of sustainability, the pilot project, employing the CDD approach, oriented communities towards revolving the benefit received the project to other community members. Coined the “benefit trans-passing system,” each community devised their own solutions to adopt inclusive approaches to passing the benefit they received to other beneficiaries to pursue livelihood opportunities of their own. The following table demonstrates the status of trans-passing as of October 2014 in each target community:

	Amara	Tagoug	Kray Dareer	Baryay	Hadalia	El Gnaid
Collected to date (SDG)	65,000	28,000	25,000	40,000	5000	25000
Number of households	637	575	600	500	967	375
Main livelihood activity (simplified)	Mixed	Mixed	Livestock	Livestock + some agricult.	Livestock + some agricult.	Mixed
Nr. Community Facilitators	3	3	1	3	4	3

The results of the pilot project have been overall positive. While a final evaluation has not yet been performed on the pilot, at midterm it was estimated that households benefitted, on average, by 128% as a result of project interventions. Communities have also developed plans to implement the following essential small works in their communities:

- *Amara: Water supply system for community vegetable farm*
- *Tagoug: Upgrading water station*
- *Kray Dareer: Community water supply system*
- *Baryay: Water supply system for fodder production*
- *Haddalia: Rehabilitation water source and water line*
- *El Gnaid: Community-Youth dairy farm.*

With consideration to the progress made in the pilot phase and the need in other acutely impacted by displacement and limited livelihood opportunities, the project has is recommended for further expansion within Kassala state to expand the community coverage of the project and advance the advance the durable solutions agenda within the state.

II. Proposed Development Objective(s)

To strengthen the capacity of local stakeholders, including state authorities, displaced persons and vulnerable host communities, to plan and deliver services and develop sustainable livelihoods.

III. Preliminary Description

Phase 2 of SLDP seeks to galvanize successes and draw from lessons learned over the course of the first phase. The phase 2 project also seeks to push the envelope further on addressing durable solutions to displacement whilst employing a paradigm shift from the prescribed methods of livelihoods support and delivery.

Rather than introducing livelihood support as a self-contained intervention, this project seeks to use livelihoods support as an economic incentive to engage IDPs and host communities in planning and undertaking larger tasks that support other durable solutions in their surroundings (environment, education, basic services, etc.). Communities will be mobilized to plan and implement a portfolio of small scale works in their communities that requires low or unskilled labor. These plans will be developed and implemented in conjunction with and under the guidance of project staff, experts, local government, and other development partners. Beneficiaries who participate in the implementation will **thereafter** qualify to receive livelihood credits from the project as a proxy form of economic compensation for their service to the community. The livelihood credit will follow the model established in the first phase, including the trans-passing system.

Component 1: Development of Local Government Structures and Capacities (US\$0.66 million)

1. As in phase 1, the Kassala State Ministry of Finance, Economy, and Labor will be responsible for implementing SLDP2. One grant agreement will be signed for the implementation of components 1, 3 and 4 with the federal Ministry of Finance and Economic Planning (MoFEP), which is the Bank's counterpart in Sudan. MoFEP would then sign a Subsidiary Agreement (SA) with the Ministry of Finance, Economy and Labor (MFEL), State of Kassala. MFEL will be the principle responsible for overall project execution and coordination through an East Sudan TSI Coordination Agency (ESTSI) which has been established and staffed during phase 1 of the project.
2. The composition and cost of the East Sudan TSI Coordination Agency reflects the need to closely accompany MFEL during project implementation, ensuring the effectiveness of the learning by the national counterparts while implementing the project, and guaranteeing the application of management and fiduciary practices compatible with World Bank procedures. The East Sudan TSI Coordination Agency will continue hold regular briefings with development partners and national government agencies to share strategies and plans, share lessons learned on new approaches, analytical findings, capacity needs, and resource needs etc. Thus, the project would contribute to overall knowledge generation and management as well as serve as a platform that promotes and increases the project's ability to leverage other resources.
3. It can be said that phase 1 provided substantive, positive hands-on experience for the ESTSI and state government in the area of livelihoods in rural communities affected by displacement. It has also garnered the interest of the state government in adopting new approaches to service delivery (such as the implementation of GIS systems to track basic service provision). However, there remains critical gaps in terms of in-depth analysis of development needs and, in some cases, basic computational skills. For this reason, emphasis in phase 2 will be placed on strengthening the technical capacity of the ESTSI as well as local government stakeholders responsible for development planning in Kassala.
4. Under this component, the East Sudan TSI Coordination Agency will also be responsible for covering the following project costs:
 - Capacity building programs
 - Project Management (operations costs)
 - Communications

- Project Evaluations

Component 2: Research and Design (US\$0.24 million) – Bank executed

5. Livelihoods activities and cultural/social dynamics in Kassala state, and across Sudan, vary widely based on local conditions. Phase 1 has successfully employed the conduction of in-depth studies in directly informing, and laterally adjusting, design and implementation methodology of SLDP. In recognition of the heterogeneity in the area, phase 2 will host a smaller provision (approximately 50%) for the continuation of research studies exclusively in new areas of project expansion. Project studies will include assessments of local market conditions, value chain analysis, informal systems and markets, the existing skills and capacities, the formal and informal decision-making processes, and the role of women in the communities.
6. In addition, Bank supervision in design and guidance of the project will be increased at key intervals given the increased coverage and reliance on community driven planning in the phase 2 project. This approach requires sufficient oversight as communities can be easily derailed from the project objectives without proper and timely supervision of progress.
7. Under this component, the World Bank will be responsible for covering the following project costs:
 - Supervision – travel and consultant costs
 - Research Studies on New Communities
 - WB ICR Consultant
 - Design of 3-state project

Component 3: Community Small Works Support (US\$0.4 million) – recipient executed

8. As described above, communities will first be mobilized to plan and implement a portfolio of small works within their communities for the benefit of all in the community. Examples of these works may include: forestation campaigns, maintenance of irrigation systems, livestock route demarcation, small-scale infrastructure, soil conservation, establishing granaries, basic services improvement, etc. It should be noted that economically productive works that serve to increase livelihood potential or households' income of target communities will be given strong preference.
9. Exceptional performers in the community will have the opportunity to participate in a “Community Champions” program wherein they are trained to be more involved, such as serving as civic leaders, ambassadors, and trainers to other target communities.
10. Under this component, the East Sudan TSI Coordination Agency will also be responsible for covering the following project costs:
 - Support to Small Works
 - Community Champions Program

Component 4: Economic Livelihoods and Benefit Trans-passing (US\$3.135 million) – recipient executed

11. Component 4 will seek to employ the livelihood grant mechanisms established in the first phase, however as an ex-post economic incentive to mobilize communities towards effective development planning and implementation of small works. Communities will be organized to select beneficiaries, identify livelihood priorities, vet their proposals through technical experts, and receive training in

their chosen area of income generation.

12. Given the gains achieved in community cohesion through application of the trans-passing system, the phase 2 project will aim to consolidate this approach. The benefit trans-passing system will be retained from phase 1, however strengthened to ensure larger, more sustainable investments from communities. The possibility of linking the trans-passing system with local state structures to oversee successful functioning will also be explored.
13. The use of a tripartite procurement committee including a community representative, ESTSI project member, and technical expert to purchase livelihood assets for households via pre-established procurement criteria will also be retained. However, a key change in phase 2 will be the move from in-kind grant delivery to cash delivery; communities will be transferred the livelihood grant amounts in their cooperative bank account for further disbursement to households. With the capacitation of the ESTSI over the pilot phase and establishment of the local procurement committee mechanisms, there are now reasonable assurances in place to ensure that communities will be able to responsibly manage cash grants. By directly managing project funds, communities will be further empowered, and capacitated, to form trusting relationships and act autonomously.
14. Also encompassed in component 4 is a participatory M&E system which will employ community leaders to be the first line of data collection for the project. They will be equipped with data collection tools and trained to collect key information within their communities for further transmission to a local NGO or consultant. This local NGO or consultant will verify and consolidate the information for ESTSI. ESTSI, at intervals, will also verify this information directly within target communities to ensure data accuracy.
15. Under this component, the East Sudan TSI Coordination Agency will also be responsible for covering the following project costs:
 - Livelihoods Training
 - Livelihoods Credits and Benefit Trans-passing
 - Participatory M&E System

IV. Safeguard Policies that might apply *{Same as in last approved ISDS}*

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment (OP/BP 4.01)	X		
Natural Habitats (OP/BP 4.04)		X	
Pest Management (OP 4.09)		X	
Physical Cultural Resources (OP/BP 4.11)		X	
Involuntary Resettlement (OP/BP 4.12)		X	
Indigenous Peoples (OP/BP 4.10)		X	
Forests (OP/BP 4.36)		X	
Safety of Dams (OP/BP 4.37)		X	
Projects in Disputed Areas (OP/BP 7.60)*		X	
Projects on International Waterways (OP/BP 7.50)		X	

* *By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

V. Tentative financing

{Same as in AUS}

Source: (\$m.)

Borrower/Recipient

IBRD

IDA

Others (specify)

State and Peacebuilding Fund (SPF): US\$ 4.435m

Total 4.435

VI. Contact point

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VII. For more information contact:

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