



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 31-May-2022 | Report No: PIDA34179



BASIC INFORMATION

A. Basic Project Data

Country Sudan	Project ID P178989	Project Name Sudan Emergency Safety Nets Project	Parent Project ID (if any)
Region Eastern and Southern Africa	Estimated Appraisal Date 23-May-2022	Estimated Board Date 23-Jun-2022	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing	Borrower(s) World Food Programme	Implementing Agency World Food Programme	

Proposed Development Objective(s)

The development objective is to provide cash transfers and food support to food insecure households in selected areas of Sudan.

Components

Safety Net Transfers
Delivery Systems, M&E and Learning, and Project Management

The processing of this project is applying the policy requirements exceptions for situations of urgent need of assistance or capacity constraints that are outlined in OP 10.00, paragraph 12.

Yes

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

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

DETAILS

Non-World Bank Group Financing

Trust Funds	100.00
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Miscellaneous 1	100.00
Environmental and Social Risk Classification	
Substantial	
Decision	

Other Decision (as needed)

B. Introduction and Context

Country Context

- 1. In April 2019, the revolution in Sudan deposed the government of President Omar al-Bashir, and a new transitional government came into power.** Following sustained civil disobedience and a series of street protests beginning in December 2018, the ‘Sudanese Revolution’ ousted the 30-year rule of President al-Bashir. Shortly after, a transitional state institution under a mixed military-civilian run Sovereign Council came into power. In August 2019, a technocratic government and a largely civilian cabinet were formed and led by a civilian Prime Minister, Abdalla Hamdok. The transitional government stepped towards resolving long-standing internal conflicts, unwinding economic distortions, renewing the social contract, and re-engaging with the international community. It also agreed on a rigorous International Monetary Fund Staff Monitored Program to underpin its economic reforms. Consequently, Sudan was removed from the list of state sponsors of terrorism by the United States of America’s Government, reached the Highly Indebted Poor Countries initiative (HIPC) decision point, cleared its arrears with the International Development Association (IDA), and other multilateral and bilateral donors resulting in reengagement. Such achievements resulted in availability of US\$2 billion in IDA grants for poverty reduction and sustainable economic recovery, a programmatic series of Economic Stability and the first set of Governance Development Policy Financing in 2021.
- 2. To address the need to stabilize the pressing macroeconomic and fiscal deficit challenges, the transition Government of Sudan (GoS) developed an ambitious plan to tackle inflation, reform energy subsidies, clear arrears to multilateral financial institutions, and adopt policies to ease doing business and incentivize foreign direct investment.** These measures resulted in exchange rate liberalization in February 2021 and to some extent reallocation of public resources away from commodity subsidies and tax exemptions toward social and development needs.
- 3. In October 2021, there was a military takeover in Sudan, which resulted in a de facto government, led by a new Sovereign Council with contested legitimacy by the public, and an acting Council of Ministers.** In response to this situation, the World Bank triggered OP 7.30 policy of Dealings with De Facto Governments, which paused disbursements to Government in all of its operations in Sudan and stopped processing any new operations as the Bank closely monitors and assesses the situation. The state of the economy has become increasingly precarious, exacerbated by social unrest, shortages, and freezing of foreign assistance. The economic situation may further be affected by



expected shortages in the global supply of wheat, which raises alarming humanitarian and food security concerns in the context of a prevailing fiscal deficit. Overall, the situation remains fluid with limited progress and will likely hinge on the ability of the political parties, resistance committees, the military-security apparatus, and international partners to find a workable way forward.

4. **Sudan is yet to recover from the effects of Coronavirus Disease 2019 (COVID-19) pandemic. The economic shutdown to mitigate the effects of the pandemic in some regions of Sudan also significantly contributed to the decline in household welfare.** In addition to these socio-economic shocks, the conflict in Ukraine will also have implications on food access and availability in Sudan. Disruptions in fertilizer production and export will increase agricultural production costs and increase food prices. High fertilizer prices and soaring fuel prices will negatively impact the upcoming planting season in Sudan. Farmers will be unable to afford these crucial agricultural inputs, opting to plant less, adopt cash-crop production, or assume alternative livelihood activities, impacting food availability.
5. **Climate change is a key contributor to fragility in Sudan.** Sudan is among the most vulnerable countries to climate variability and change. Increased frequency of droughts and high rainfall variability over the past few decades have already stressed the region's rainfed agriculture and pastoralist systems, the dominant livelihoods in rural areas. Agriculture provides a livelihood to 65 percent of the population and is the primary employer, especially in rural areas and for poorer households. Sectors that are vulnerable to rises in temperature and increasing rainfall variability with increased frequency of droughts and floods include rainfed agriculture, aquaculture, natural ecology systems and biodiversity, and water resources. Issues are often exacerbated by additional problems like the 2019-2021 Desert Locust Upsurge.¹ The effect of climate change on these sectors ultimately increases communities' vulnerability, such as poor farmers, pastoralists and generally communities that rely on rainfed agriculture. The combined effects of conflict, economic crisis, and poor harvests are significantly affecting people's access to food and will likely double the number of people facing acute hunger in Sudan to more than 18 million people by September 2022 according to the Food and Agriculture Organization (FAO) and World Food Programme (WFP) (statement).
6. **Sudan has been characterized by a high prevalence of poverty and inequality with marked spatial disparities. The deteriorating economic situation has further impacted vulnerable people's abilities to cover basic needs.** The current poverty incidence in Sudan is not known. The latest National Household Budget and Poverty Survey (NHBS) was conducted in 2014/15, and the country has since undergone significant social and economic transformations. Based on the international poverty lines, the share of Sudanese living on less than US\$1.90 and US\$3.2 per capita per day purchasing power parity (PPP) in 2014 was 12.2 percent and 44.0 percent, respectively.² Poverty rates vary significantly across states, with above-average poverty rates observed in Red Sea state, Kordofan, and Darfur. Poverty has increased consistently in recent years, and it is urbanizing at a moderate rate (concentrated in Khartoum). The protracted economic crisis, compounded by the recent COVID-19 pandemic, is expected to have deteriorated standards of living significantly more. It is estimated that poverty rates have increased in 2021, reaching 21.5 percent at US\$1.90/day PPP from 20.2 percent in 2020. This estimated trend is supported by recent employment data; 26 percent of the men and 10 percent of the women who lost their jobs at the onset of COVID-19 remained unemployed in April

¹ <https://www.fao.org/ag/locusts/en/info/2094/2537/sud/index.html>

² Until recently the official poverty rate in 2014 was 36.1 percent. However, as part of the preparations toward the recently adopted Poverty Reduction Strategy Paper (PRSP), the then-government has updated the poverty measurement methodology to make it more comparable with 2009. The new estimated incidence for 2014 is 61.1 percent.



2021 (High Frequency COVID-19 survey). The food insecurity shock is likely to further worsen the poverty and inequality challenges in Sudan.

Sectoral and Institutional Context

- 7. The food security situation has worsened the economic situation.** Sudan's food market prices continue to rise due to the worsening socio-economic, political, climatic conditions, insecurity, and localized violence in parts of the country. Both internal and external shocks are escalating, consequently impacting food prices by limiting access, especially for the poor and vulnerable. WFP reports indicate that 33 percent of the general population (15 million people) were food insecure during Q1 2022, and 39 percent will be food insecure by Q3 2022. The high food prices would, if not checked, worsen the already persistently high levels of acute malnutrition and stunting. The national prevalence of global acute malnutrition is estimated at 13.6 percent, while stunting is estimated at 36 percent
- 8. Sudan will face significant negative food security implications as the world is heading towards a historic food price crisis.** Global price indices are at a record high due to the Russian invasion of Ukraine and already high food prices. This is believed to result in a worsening poverty situation in Sudan. Ukraine provided a buffer for the food security of billions of people worldwide including Sudan. Agriculture commodity prices have already increased. As the markets adjust to the Russia-Ukraine conflict, including limited cereal harvest in Ukraine this year, further spikes and price volatility could be expected. As Sudan imports a substantial share of wheat from Russia and Ukraine, the ongoing war in Ukraine is expected to exacerbate food insecurity in Sudan.
- 9. As noted earlier, higher inflation, particularly food price inflation, would push many urban households deeper into poverty.** Inflation reached 263.2 percent in March 2022 (compared to 258.4 percent in February), representing a 4.8 percentage points increase. Higher inflation, particularly food price inflation, would push many urban households (deeper) into poverty. The WFP estimates that 9.8 million people are currently food insecure in Sudan. This reflects a worsening situation compared to 5.5 million Sudanese who were reported to be food insecure in early 2018 and 3.8 million in 2017 (FEWS NET, the Famine Early Warning Systems Network).
- 10. As a result, there is an increased food assistance need in Sudan.** Sudan is in food security crisis (IPC3)³, and this situation is likely to continue to September 2022 and beyond. According to the WFP, food stocks could run out in one month because of a severe funding shortfall.⁴ The low food stock situation is worse than the five-year average. Higher costs of imported commodities and goods caused by trade and supply chain disruptions due to embargoes, prohibitive insurance prices, and the closure of Ukrainian seaports would add to elevated prices of global hard commodities (energy and metal) and soft commodities (agricultural products and livestock and meat). Food security is of top concern as exports from the Russia-Ukraine conflict area is disrupted and lead to higher prices, including via reduced supply of cereals, edible oils, crude oil, and fertilizers. The removal of fuel and wheat subsidies in 2020 and devaluation of the local currency, Sudan's Pound (SDG), are contributing to the high production costs.

³ The Integrated Food Security Phase Classification (IPC) is a set of analytical tools, and processes, to analyse and classify the severity of a food security situation according to scientific international standards. Differentiation between different levels of severity of acute food insecurity, classifying units of analysis in five distinct phases: (1) Minimal/None, (2) Stressed, (3) Crisis, (4) Emergency, (5) Catastrophe/Famine.

⁴ <http://www.xinhuanet.com/english/20220302/a6b1de688080420eac6a5c27e5ef58ae/c.html>



11. Sudan receives significant humanitarian assistance from United Nations (UN) agencies for internally displaced persons (IDPs), refugees, and conflict-affected segments of the population. The UN, primarily through WFP, United Nations Children’s Fund (UNICEF), and United Nations High Commissioner for Refugees (UNHCR), provides in-kind and limited cash support to approximately 5.2 million people. Humanitarian actors prioritize assistance to the most vulnerable with acute needs, including IDPs, refugees, returnees, and vulnerable residents. Humanitarian partners have been investing to help prevent and mitigate the impact of new shocks including floods, disease outbreaks, severe malnutrition, food insecurity, and displacement. There are no immediate plans to transition current humanitarian assistance to refugees, IDPs, or host communities across the country to government-administered systems. UN administration of humanitarian assistance is expected to continue, given government capacity constraints in the provision of services to remote regions. Coordination of the proposed project with the humanitarian assistance will be critical for success and will continue to be undertaken within the UN sectoral approaches. This coordination approach will be undertaken within the broader confines of the humanitarian- development nexus.

12. With the pause of government programs under OP 7.30 remaining in effect and with Sudan’s current deteriorating economic and food situation, the country requires immediate assistance. The Republic of Sudan continues to face challenging times fraught with ongoing political instability and difficult economic conditions that have tested the limits of its population’s resilience. At the same time, the World Bank and development partners are seriously concerned about the food security risks and impending humanitarian crisis compounded by the Ukraine-Russia conflict, and cannot turn a blind eye to the dire situation of Sudanese people. The World Bank and development partners (DPs) have, therefore, come together to find a way to meet the urgent needs of the Sudanese people. Through the generous support of donors under the World Bank administered Sudan Transition and Recovery Support Trust Fund (STARS), \$100 million will be provided through the Sudan Emergency Safety Nets Project (SESNP) to help address the immediate food security needs of the most vulnerable Sudanese. This is a critical initiative because the population is facing multiple shocks, both national and international, resulting in high national and international commodity prices and severe food scarcity. Delaying a response would have devastating effects on the vulnerable poor in Sudan.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The development objective is to provide cash transfers and food support to food insecure households in selected areas of Sudan.

Key Results

PDO Level Indicators

13. The key project development outcomes and results that will be used to track the progress towards these objectives are:

Outcome 1: provide cash transfer and food support in selected areas.

- (a) Beneficiaries of social safety net programs (CRI, Number)
 - (i) Beneficiaries of Safety Nets programs - Unconditional cash transfers (number) (CRI, Number)
 - (ii) Beneficiaries of Safety Nets programs - In-kind transfers (number) (CRI, Number)



- (iii) Female heads of families beneficiaries receiving cash (Percentage)
- (iv) Female heads of families beneficiaries receiving in-kind/food transfers (Percentage)
- (b) Beneficiaries satisfied with the delivery of cash/food transfers (Percentage)
 - (i) Female heads of families, satisfied with the delivery of cash/food transfers (Percentage)

D. Project Description

- 14. The proposed project will respond to the need to assist the Sudanese who are faced with a tremendous food insecurity crisis.** In agreement with the DPs, this emergency project aims to mitigate the short-term effects of the food insecurity crisis on Sudanese households and communities. The cash and food transfer will support households' ability to smooth food consumption and reduce the risk of food insecurity in the selected areas of Sudan that are affected by severe food insecurity. The delivery systems of this emergency project will be strengthened in several dimensions through: (1) a more transparent outreach and effective communication approach, (2) practical enrollment, (3) innovative payment systems, (4) contextualized grievance redress mechanisms, and (5) a beneficiary centered M&E system. Finally, third-party delivery and M&E activities will immediately support capacity mechanisms to address the short-term factors of a food insecurity crisis.
- 15. The project will have two components: 1) Safety Net Transfers; and 2) Delivery Systems, Monitoring and Evaluation, and Learning, and Project Management.** The project will be guided by the following principles: (i) simplicity in design; (ii) strong communication; (iii) close collaboration with partners for strengthened humanitarian-development-peace nexus; (iv) use of technology to speed up delivery of the operation; (v) gender focus; and (vi) conflict sensitivity (including community participatory approaches during targeting and implementation to strengthen community voice). The project will be implemented under third-party implementation arrangements by the World Food Program (WFP).

Component 1: Safety Net Transfers (US\$76.4 million).

- 16. This component will have two subcomponents** providing: (i) unconditional cash transfer and (ii) unconditional food transfer. The component will also finance costs related to the payment of the cash transfers, and food delivery costs.
- 17. Subcomponent 1.1. Unconditional Cash Transfers (US\$72.6 million).** This sub-component will finance unconditional cash transfers to the most vulnerable households facing food insecurity, to smoothen consumption needs.
- 18. Subcomponent 1.2. Unconditional Food Transfers (US\$3.8 million).** This sub-component will finance unconditional food transfers to the most vulnerable households facing food insecurity to smoothen consumption. Food transfers will be provided in localities with poor functioning food markets.

Component 2: Delivery Systems, Monitoring and Evaluation and Learning, and Project Management (US\$23.6 million).

- 19. This component will have three subcomponents** providing: (i) delivery systems; (ii) monitoring, evaluation and learning; and (iii) project management.
- 20. Sub-component 2.1: Delivery systems (US\$10.2 million).** This sub-component would finance costs associated with project delivering systems including outreach and communication, targeting, enrollment, payments, MIS, M&E and Grievance redress and social accountability.



- 21. Sub-component 2.2: Monitoring, Evaluation and Learning (US\$2.6 million).** The M&E design of the project is based on the theory of change that links the components and activities to achieving the PDO. The sub-component will aim to: (a) inform the operational plan for project rollout, (b) improve efficiency and effectiveness of the project, and (c) undertake process evaluation and beneficiary satisfaction surveys to learn future lessons.
- 22. Sub-component 2.3: Project Management (US\$10.8 million).** As a result of political uncertainty in Sudan, the project implementation will be based on third-party implementation principles. The component will finance the project management including staff costs, logistics, communication tools and equipment to ensure smooth running of the project by WFP.

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

- 23. Environmental risk rating for the proposed project is considered low.** The project finances cash and food transfers without on-the-ground activity with potential negative environmental risks or impacts. The cash transfer is minimal (SDG 4000 per person per month) with hardly any savings for investment by the beneficiary households to get involved in the implementation of activities potentially affecting the environment. Under the World Bank’s Environmental and Social Framework (ESF) the environmental risk of the Project is low. Given that the environmental risk of the Project is low, the client is not expected to develop any environmental risk management instrument. However, occupational health and safety concerns are anticipated to be a relevant risk as a result of the project activities related to food distribution. This risk shall be addressed in the Environmental and Social Commitment Plan through the establishment of requirements for assessment, management, monitoring and reporting on the management of environmental issues.
- 24. Social risk rating of the project is considered substantial, mainly due to the size of the operation and social risks** related to: (i) social exclusion of beneficiaries in remote and conflict-driven areas; (ii) security-concerns for workers and beneficiaries; (iii) insufficient community engagement, elite capture, and social tensions; (iv) and SEA. The cash transfer might create intra-household tensions, lack of gender sensitivity payment sites selections in circumstances where mobile/other forms of payment is not possible, lack of women inclusion in decision making and leadership position might result GBV/SEA in the project). Operational concerns due to remoteness and security, including inadequate monitoring and supervision as well as grievance redress. An additional item to consider are population movements, above all in relation to forced displacement (refugees, internally displaced people and host communities) and related grievances. WFP will prepare or update the following social risk management documents: (i) SEA risk assessment with mitigation action plan, (ii) labor management procedures, (iii) a stakeholder engagement plan, (iv) a security risk assessment



and management plan and (v) a social assessment.

25.

E. Implementation

Institutional and Implementation Arrangements

26. It is proposed that the project be implemented by WFP, which will also be the direct funds recipient, under third-party implementation arrangements. WFP Sudan has been selected based on its long experience of delivering cash and food assistance in fragile contexts. WFP had also been supporting previous social protection interventions financed by the World Bank and DPs and has staff on the ground. Before the events of October 25, 2021, its support included the provision of cash assistance to beneficiaries, laying the groundwork for a nationwide call center to manage beneficiary complaints and feedback, and launching a digital infrastructure ultimately segueing into an interoperable platform for delivery of all forms of social protection and services nationwide. The project will be guided by the POM, to be developed and approved by the Bank before project Effectiveness.

27. **The WFP is the food-assistance branch of the UN.** It is the world's largest humanitarian organization and was founded in 1961 by the UN General Assembly and Food and Agriculture Organization of the United Nations (FAO) Conference as the United Nations system's food aid organization. WFP is headquartered in Rome, Italy, operating in over 120 countries including in Sudan. WFP is not incorporated in any specific national jurisdiction, and it does not have a "certificate of registration." WFP's activities are governed by the UN Charter, its rules, regulations, policies and procedures, and other relevant legal instruments. WFP has been operating in Sudan since 1963 and maintains a strong operational presence in Sudan across its five Area offices and 14 sub-offices, including non-government-controlled areas, making it a partner of choice to rollout, implement and supervise the SESNP.

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APPROVAL

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