



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 13-May-2020 | Report No: PIDC29085

**BASIC INFORMATION****A. Basic Project Data**

Country Sudan	Project ID P173521	Parent Project ID (if any)	Project Name Sudan Family Support Program (SFSP) (P173521)
Region AFRICA	Estimated Appraisal Date May 20, 2020	Estimated Board Date Jun 16, 2020	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing	Borrower(s) Republic of Sudan	Implementing Agency Ministry of Finance and Economic Planning	

Proposed Development Objective(s)

To expand and improve the efficient provision of cash assistance to Sudanese households to mitigate the effects of expected economic reform and ongoing economic hardships.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	1,900.00
Total Financing	2,600.00
of which IBRD/IDA	0.00
Financing Gap	-700.00

DETAILS**Non-World Bank Group Financing**

Counterpart Funding	700.00
Borrower/Recipient	700.00
Trust Funds	1,900.00
Miscellaneous 1	1,900.00



Environmental and Social Risk Classification

Substantial

Concept Review Decision

Track I-The review did authorize the preparation to continue

B. Introduction and Context

Country Context

The Government of Sudan (GoS) is responding to urgent need to stabilize the economy and supporting households to mitigate the impact of economic reforms. These measures are expected to include exchange rate liberalization, reallocation of public resources away from commodity subsidies, tax exemptions, towards social and development needs. The proposed fiscal adjustments are expected to contribute to furthering an already deteriorating economic situation in Sudan which has impacted vulnerable people’s abilities to cover basic needs. These challenges facing households are compounded by the economic shutdown recently imposed to mitigate the effects of the Corona Virus pandemic (COVID 19) in some regions of Sudan.

More recently, challenges facing most households have been compounded by the economic shutdown to mitigate the effects of the COVID 19 (Coronavirus) pandemic in some regions of Sudan. COVID-19 is posing a significant health emergency and will have an additional shock on a shrinking economy. Sudan has a healthcare system with extremely limited capacity. Stringent measures are needed to reduce the exponential growth of the epidemic. It is estimated that the mitigation measures undertaken in Sudan will lead to 5-10 percent loss in GDP in 2020.

Accordingly, the GoS has requested support from the donor community to establish the Sudan Family Support Program for Social Impact Mitigation (SFSP) to provide cash transfers to 80 percent of the population, i.e., to about 32 million individuals, with an annual cost of US\$1.9 billion, to mitigate the economic shock caused by the epidemic crises and pressing economic adjustment that GoS is expected to undertake. The SFSP would continue for up to two years, depending on financing availability. As these adjustments go into effect, the GoS is expected to take on an increasing role in financing the program, transitioning eligible beneficiaries to longer- term permanent social safety nets support.

Sectoral and Institutional Context

The deteriorating economic situation in Sudan has impacted poor and vulnerable households’ abilities to cover basic needs. It is estimated that over 50 percent of the population is now under the poverty line, compared to the reported 36.1 percent in 2014/2015. Poverty, as well as geographic dispersion present challenges to access and provision of basic services. There is a risk that vulnerable households will fall deeper into poverty when the GoS starts implementing the expected reforms over the next 3 years.

The GoS has been operating a large social safety net program known as “Social Initiative Program,” which provides cash transfers of SDG 450 per household per month to 500,000 households in all 18 states. The cash transfer program is run under the “Comprehensive Program for Social Safety – (Shamil)” which was formerly known as the “Social Initiatives Program (SIP).” An increase to SDG 450 was approved in early 2019, but never implemented due to budget shortages. Payments have been irregular since 2018 despite the fact that the SIP piloted digital payments in Khartoum. In the other states, payments are made through Sudapost, Zakat chambers and select rural state-owned bank branches or banking agents.



There is a broad agreement in society, government, and among the Development Partners (DP) that a large-scale Sudan Family Support Program (SFSP) needs to be rapidly put in place prior to the implementation of reforms. A central element of macro stabilization is the elimination of various subsidies, which consume about 8 percent GDP.¹ Over the next 3 years, this would allow for shifting fiscal spending away from subsidies, in tandem with the growth of revenues (from 5 percent to 15 percent GDP), so that core state services can be expanded, including spending on human capital such as education, health and social protection.

Relationship to CPF

Social protection is increasingly seen as an important part of the government's strategy to (i) support an over-arching macroeconomic and fiscal stabilization effort, and (ii) fighting poverty in regions too poor to benefit from policies and investments of the new transitional government to support economic growth. This was first recognized in the Sudan Economic Revival Plan (2019), following the revolution, cash mitigation mechanism to support economic growth and provide a peace dividend following the revolution was envisioned. To that end, it is expected that the large-scale cash transfer program will support necessary economic reform measures to support the introduction of an IMF Staff Monitored Program (SMP). Specifically, timing to get to a HIPC decision point depends on several steps, including a minimum of 6 months satisfactory implementation of an IMF program. Finally, the GoS is keen to receive pre-arrears clearance grants from IDA; Sudan may qualify for these grants once it meets several criteria, including progress towards normalization of debt servicing and positive flows in repayments to MDBs.

C. Proposed Development Objective(s)

To expand and improve the efficient provision of cash assistance to Sudanese households to mitigate the effects of expected economic reform and ongoing economic hardships.

Key Results (From PCN)

Increased access to cash transfer to mitigate the economic challenges faced by households

- (a) Number of beneficiary households receiving social assistance through the SFSP

Strengthened Social Protection Delivery System for improved provision of cash assistance

- (b) Percentage of beneficiary case load paid through the MIS
- (c) Average number of days between payments received by beneficiaries
- (d) Percentage of complaints resolved through the GRM system

D. Concept Description

The project's development objectives are to assist the Government of Sudan to effectively provide cash transfers to the targeted population to mitigate the effects of the expected economic stabilization. To this end, the proposed Project would include three components (1) provide cash transfers to selected households; (2) establish delivery systems and institutional capacity; and (3) support project management, monitoring and evaluation and knowledge management. The first component, provision of cash transfers will finance cash transfers to selected households. The program would provide cash transfers of about US \$5 per person per month to approximately 80 percent of the population. The second component supports establishing delivery systems and build institutional capacity. The component will provide financing for outreach and registration, enrollment, beneficiary verification, payment delivery, grievance redress, monitoring, and capacity-building. This would also establish operational procedures, a SFSP beneficiary database, and a Management

¹ Ministry of Finance, March 2020



Information System (MIS). The component would also strengthen the government's institutional capacity to manage and implement the program, including support to expansion and referral to the permanent social safety net and complementary services. Finally, the third component will support project management, monitoring, evaluation and learning from the program.

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

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APPROVAL

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