



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 07-Sep-2021 | Report No: PIDC32235



BASIC INFORMATION

A. Basic Project Data

Country Sudan	Project ID P177057	Parent Project ID (if any)	Project Name Sudan Sustainable Livelihoods Project (P177057)
Region AFRICA EAST	Estimated Appraisal Date Jan 10, 2022	Estimated Board Date Mar 31, 2022	Practice Area (Lead) Social Sustainability and Inclusion
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance, Economy and Planning	Implementing Agency Ministry of Federal Governance	

Proposed Development Objective(s)

To improve livelihood opportunities and access to basic services, particularly for women and youth, in target areas in Sudan.

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	200.00
Total Financing	200.00
of which IBRD/IDA	200.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	200.00
IDA Grant	200.00

Environmental and Social Risk Classification
Substantial

Concept Review Decision
Track II-The review did authorize the preparation to continue



Other Decision (as needed)

B. Introduction and Context

Country Context

- 1. Sudan's political transition is an opportunity to put the country and its people on a new development trajectory. In April 2019 a new transitional government came into power.** That new government is committed to making significant reforms while garnering the support of the country's major political forces that brought it to power whose priorities include brokering the promised peace deal, holding free and fair elections, and undertaking much-needed economic reforms. The objectives of the proposed economic reforms are to reverse decades of economic, social, and political distortions that have impoverished a country that has ample resources.
- 2. The country faces enormous economic and political challenges.** While the political transition in Sudan is moving forward, the country faces pressing economic challenges compounded by the impact of COVID-19, natural disasters, localized conflict, and disease outbreaks. On the economic front economic hardships — compounded by 363 per cent inflation, large trade and fiscal deficits, high unemployment and poverty — pose a risk to Sudan's stability. While the transitional government and various armed groups signed a peace agreement in September 2020, conflict persists at varying levels of intensity across about half of the country in South Kordofan and Blue Nile, Eastern Sudan and Darfur.
- 3. The deteriorating economic situation in Sudan has affected the population's ability to meet basic needs and the humanitarian needs remain high as the government looks to transition to development.** It is estimated that over 50 percent of the population was under the poverty line (of US\$3.60) before the COVID-19 outbreak, compared to the reported 36.1 percent in 2014/2015. Poverty in Sudan - including geographic dispersion, severity of deprivation, and its direct links with the fragility, conflict, and violence (FCV) context, present significant challenges in both the provision of and access to basic services. COVID-19 and the transition has compounded the situation, with UN estimating that 13.4 million people or a quarter of the general population - of whom 7.6 million are women and girls – are projected to need humanitarian assistance this year. There are an estimated 2.5 million internally displaced persons in Sudan, while the country hosts more than 1.1 million refugees and asylum seekers. According to UN, almost 10 million people (more than 20 percent of Sudanese population) are acutely food insecure and require urgent humanitarian assistance.
- 4. People in Sudan remain extremely vulnerable to climate emergencies. Sudan has witnessed increases in temperature, floods, rainfall variability, and concurrent droughts.** In a country where agriculture, which is mainly rainfed, is a major contributor to gross domestic product, foreign exchange earnings, and livelihoods, these changes are especially important. Climate change also exacerbates community-based conflicts caused by poor natural resource management policies and harmful practices, such as deforestation, overgrazing and soil erosion. Most rural households are dependent on pastoral and rain-fed practices, with desertification an increasing threat. Without effective adaptation and disaster risk reduction measures, smallholder farmers and pastoralists will continue to migrate to the towns, increasing stress on cities.
- 5. There is an urgent need to support the transition and help strengthen the new social contract by supporting a shift to a "people-centric" approach to development that delivers tangible and sustainable benefits to vulnerable**



communities and groups, and recasts center-periphery relations and the role of citizens in the development process.

The Juba Peace Agreement seeks to redress the historical imbalance between the country's center and periphery by devolving power, wealth and opportunity. Whilst peace talks with some armed groups are ongoing, there is a need to show results on the ground and reinforce the value of peace, particularly in the conflict-affected areas. It is therefore crucial to support the government-led development planning and implementation for high-impact social and economic development interventions reaching the most vulnerable communities and groups. In parallel, it is also important to bring in participatory approaches to development planning and implementation for managing expectations, promoting accountability and transparency, and building sustainable institutions in the long-term.

Sectoral and Institutional Context

Marginalized Regions and Vulnerable Groups

6. There are significant spatial disparities in poverty incidence and access to basic services. The poverty rate varies considerably across Sudan's states and regions. Poverty incidence is as high as 67 percent in Central Darfur and South Kordofan. In contrast, in Northern state, El Gazira and Khartoum the poverty rate is less than 20 percent. The incidence of poverty is marginally higher in urban areas (37.7 percent vs 35.5 percent in rural areas), however, two-thirds of the population live in rural areas and thus the majority of the poor are in rural areas. Access to services follows similar patterns of spatial disparities. The primary and secondary school attendance remains far from universal at around 70 percent and 30 percent respectively, with the highest rates in Northern, Khartoum and River Nile states and the lowest in West Kordofan, Blue Nile and Central Darfur states. Access to health services is similar: Northern and River Nile states have the best outcomes for child health, for example, while the Darfur and Kordofan states have the worst outcomes. Access to electricity, water, and improved sanitation are all well below regional national averages and show similar levels of variation across regions and states.

7. Many of the poorest and most deprived regions are also conflict-affected and exposed to climate change risks and natural hazards. Despite signing the Comprehensive Peace Agreement (CPA) in 2005, which ended two decades of civil war between Sudan and what is now independent South Sudan, hostilities and offensives have occurred in four main areas: Darfur, southern Kordofan, Blue Nile state, and Abyei autonomous area. Conflict events in Sudan's border regions remain a persistent challenge. These regions are some of the most exposed to the effects of climate change and studies have argued that this vulnerability is an important driver of natural resource competition and conflict in these regions. Poor, agriculture-dependent and rural households, are also disproportionately affected by climate and conflict shocks, with floods and droughts having the largest negative effect on the welfare of Sudanese household.

8. Vulnerable conflict-affected communities and groups, which include high numbers of IDPs and refugees, are struggling with high food prices, cash and fuel shortages and the disruption of basic services. The economic and social impacts of COVID-19 and locust infestation have further exacerbated existing natural resource conflicts and threaten the sustainability of a tenuous transitional arrangement. These hardships are not only threatening people's lives but create serious protection risks that give rise to violations and abuse, including gender-based violence.

9. The face of Sudan's transition is female, and it is young. Investing in women and young people is an investment in the future, and a driver for peace and development. Sudan has taken a number of steps to strengthen protection and promotion of human rights of women and girls, including adopting legislation that criminalizes female genital mutilation, repealing so called "morality laws" that restricted women's freedom and movement, and enacting the first national standard operating procedures to prevent and respond to gender-based violence and establishing its first helpline. Despite these steps, however, women in the country are still struggling to change attitudes in a conservative society. Rural women



are the backbone of sustainable livelihoods and provide food security for their families and communities, though most in Sudan are limited to small-scale subsistence farming. Persistent barriers to women's advancement in the rural economy include the prevalence of tribal politics that marginalize women from participating in decision making processes.

10. Young people in conflict-affected areas are vital to development, stabilization, peacebuilding, and recovery. The environment and unemployment are crucial challenges for young people in Sudan, however the challenges they face are significant. Youth unemployment languishes at 31 percent, double the national average. Rural areas represent a heterogeneous opportunity space, within which many rural youth could find increased opportunities to build their livelihoods.

Centre-Periphery Relations, Community-level Institutions, and a new Social Contract

11. The reconfiguration of center-periphery relations is long overdue and is central to a successful transition to democratic governance and to putting Sudan on a sustainable development trajectory. Center-periphery tensions have been a powerful driver of conflict in Sudan. It has also been a key constraint to economic development, with previous administrations concentrating economic development in "Hamdi triangle", a zone surrounding Khartoum. The Juba Peace Agreement dedicates many chapters and articles to re-casting the relationship with the periphery and must be a priority for the interim government and its partners. Critical to its implementation is supporting the interim government to channel resources through government systems to the periphery. This not only requires financial support but also technical assistance and capacity building for local authorities that were marginalized and weakened under the previous regime.

12. There are robust community institutions that can be tapped for peace building, recovery, and local development efforts. Despite violent conflict, traditional and non-traditional institutions remain vibrant and important to the management of natural resources and dispute resolution at the community level. For example, in Darfur, traditional institutions and tribal play an important role in managing disputes and liaising with local government authorities to resolve problems. Traditional tribal institutions also play an important role in the management of natural resources, such as managing water, pastures and forests, as well as other economic assets such as livestock. There are also many formal and informal community institutions involved in collective problems solving, dispute resolution and representing the interests of groups. This includes popular committees or resistance committees that initiated protests against the previous government and have subsequently been involved in multiple advocacy campaigns (e.g., medical conditions, access to water, land seizures, anti-corruption), women's associations, youth associations as well community-level committees that promote farmer-herder relations. Native Administrations in the regions, a hangover from the colonial era, are also relevant at the local level, although their capacity and governance are generally weak and opaque.

13. Sudan's transitional government has prioritized reforms that renew the social contract and expand citizen engagement. With the popular revolution has come a surge of political awareness, civic engagement, and emergence of new civil society in Sudan. Public order laws, women's rights and representation, and long marginalized regions have become matters of national attention. As the government seeks to implement reforms to renew the social contract and setup new administrative sub-divisions, it will be crucial to support participatory planning to embed resilience within the country's transition.

Relationship to CPF

14. The proposed project is well aligned with the Sudan Country Engagement Note FY21-22 strategic priorities with its focus on livelihoods, service delivery, resilience, and inclusion. The CEN has two focus areas: (a) re-engagement and (b)



contributing to a renewed social contract; and a cross-cutting theme of promoting inclusion and citizen engagement. The project will contribute to the Objective 2.3: Strengthening Service Delivery under Focus Area 2: Contributing to a renewed social contract. The project is also closely aligned with the cross-cutting themes of promoting citizen engagement and social inclusion. Sudan has cleared its arrears to the IDA, enabling full re-engagement with the World Bank Group (WBG) and paving the way for accessing approximately US\$2 billion in IDA grants. The upcoming IDA period will focus on poverty reduction and sustainable economic recovery. The project will contribute towards the achievement of both focus areas in collaboration with the other GPs. The task team will include technical experts from other GP teams, including Poverty and Equity; Finance, Competitiveness and Innovation (FCI); Agriculture and Food; Water; Natural Resources and Blue Economy Global Practice (ENB); and FCV.

C. Proposed Development Objective(s)

15. To improve livelihood opportunities and access to basic services, particularly for women and youth, in target areas in Sudan.

Key Results (From PCN)

16. The achievement of the PDO would be measured against the following proposed key results:

- (a) Number of beneficiaries with access to social and economic infrastructure (disaggregated by type of service and gender);
- (b) Number of beneficiaries accessing new livelihoods opportunities (disaggregated by gender);
- (c) Percentage of beneficiaries of livelihoods support activities that report an increase in income, disaggregated by gender;
- (d) Direct project beneficiaries (number), of which percent of females (percent).

17. These indicative PDO indicators will be further discussed and refined during preparation.

D. Concept Description

18. The proposed project will focus on a rural and a select number of urban localities with high population vulnerability to promote resilience and livelihoods. In addition, it will also utilize financing to facilitate job creation nationally through scaling tested social enterprises that are creating jobs now in the economy. The lenses through which the project will operate are gender, youth, jobs, peacebuilding, and climate adaptation.

19. The proposed project will be implemented through four components, as described below:

Component 1: Improved Rural Resilience through Community infrastructure

20. The component will finance the construction and rehabilitation of critical community infrastructure in line with build-back-better and climate-resilient standards. These may include, but not be limited to: (i) rehabilitation of irrigation systems and canals; (ii) rainfed water sand dams; (iii) boreholes; (iv) community WASH facilities; (v) rural access feeder roads and bridges; (vi) grain silos; (vii) solar lighting; (viii) community schools and health facilities; (viii) climate adaptation activities could include community-based forest and range land management (and greening) (iix) rehabilitation and cleaning of drainage and sewage systems (for storm water and flood control); (ix) garbage collection and recycling or composting to



fertilize farms; and (x) improvement of market infrastructure.

Component 2: Support to Livelihoods

21. This component will build resilient rural livelihoods. In consultation with the communities, youth and women, existing livelihoods will be reviewed to identify current gaps and weaknesses. To promote livelihoods and microbusinesses, male and female youth will be targeted for livelihoods support. Appropriate start-up support packages will be designed and hands-on assistance will be provided to kick-start new livelihoods and microbusinesses in sectors including agriculture (including agricultural inputs supply and extension services); animal husbandry services; book-keeping and accounting; auto and agricultural machinery repair and maintenance; artisanal trade and crafts; logistical and transport support; and etc.

Component 3: Challenge Fund for Social Enterprise

22. Social enterprise in Sudan is growing. They are serving diverse communities and working across a range of industries and around half are owned by women. The most significant challenge that hinders their growth is securing finance and obtaining grants. Social enterprise schemes have the potential to open up a lot of employment opportunities and financial returns for Sudanese youths while at the same time get them actively engaged in providing innovative solutions to the problems and issues facing their community in all social, environmental, health and economic arenas. The component, on a pilot basis, would set aside resources to set up a ‘Sudan Social Enterprise Challenge Fund’, to enable applicants on a competitive basis to access loan and grant financing to scale up their enterprises.

Component 4: Project Management and Capacity Building

23. This component will include project management and a robust capacity building to strengthen the technical and administrative capacity of the relevant national and local government entities. It will cover the costs of project management, implementation and supervision, including: procurement and financial management activities and audits; preparation of subproject designs and construction supervision; implementation of environmental and social monitoring (including security risk management); quality assurance responsibilities; technical management and oversight; grievance redress mechanism (GRM); and monitoring and evaluation (M&E) and reporting; and communications requirements. It will also support the operational costs of other implementation structures, such as the project steering committee and other coordination structures, as needed.

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

24. Although the Public Work (PW) subprojects are aimed at enhancing the environment and increasing the productive capacity of the natural resource base, they also have the potential for adverse environmental impacts on human populations and/or the biophysical environment if their location, design or construction do not follow good environmental practices. Based on the experiences elsewhere, these environmental risks, without an ESMF, could arise from site-specific impacts



such as (i) disturbance of environmentally sensitive areas or downstream ecosystems by soil-and-water conservation (SWC) subprojects, including flood control, which, despite being intended to improve the environment, might be badly designed or sited; (ii) vegetation removal, erosion or pollution caused by poorly designed or located social infrastructure such as rural access feeder roads, community schools and health facilities; and (iii) salinization, water logging or pollution resulting from small-scale irrigation subprojects including the use of agro-chemicals. Environmental risks from the livelihoods sub-component arise from the potential cumulative effects of large numbers of households in the same area all undertaking the same activities. These environmental risks are related to impacts that might occur such as, for example, (i) degradation caused by overgrazing resulting from animal husbandry; and (ii) loss of endemic tree species due to tree-cutting for artisanal trade and crafts.

24. The proposed project will have significant social benefits to the community. It will support to expand agriculture and non-agriculture livelihood opportunities, create short-term employment, improve food security, and improve access to basic services for target localities across Sudan. It will strengthen existing community institutions and promote inclusion and social cohesion. The project will contribute to embedding trust in the transitional government, especially in historically marginalized areas of the country through transparent targeting, joint planning, local cooperation, transparent resource allocation, citizen engagement, community-based oversight, and beneficiary feedback mechanisms. It will also seek active inclusion of other stakeholders, such as local civil society, NGOs, UN agencies, and private sector, into project implementation mechanisms. However, project activities under component I may result in private and communal land acquisition. Other project risks could related to: (i) insufficient community and other stakeholder engagement due to capacity limitation and COVID restriction; (ii) Gender based violence and Sexual exploitation and Abuse(The GBV risk for the project based on the World Bank risk rating assessment tool is Moderate); (ii) operational concerns due to remoteness and security, including monitoring and supervising as well as grievance redress; and (iii) weak implementation capacity with limited prior experience. Further, due to activities likely covering areas where indigenous people /SSAHUTLC/ in the context of Sudan may present or have collective attachment to a proposed project area, and other disadvantaged and vulnerable groups may be disproportionately impacted. The fragile security situation of Sudan, particularly in the conflict-prone border areas may pose social risks and challenges of accessibility for implementations and monitoring of the risk management activities.

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APPROVAL

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