

## Crisis response revision of the Sudan country strategic plan (2019–2023) and corresponding budget increase

	Current	Change	Revised
<b>Duration</b>	<b>January 2019– December 2023</b>	<b>No change</b>	<b>No change</b>
<b>Beneficiaries</b>	<b>6 251 700</b>	<b>No change</b>	<b>6 251 700</b>
<i>(USD)</i>			
<b>Total cost</b>	<b>2 345 082 421</b>	<b>352 300 344</b>	<b>2 697 382 765</b>
Transfers	1 792 009 630	349 107 929	2 141 117 559
Implementation	296 388 829	3 089 109	299 477 937
Adjusted direct support costs	117 499 863		117 499 863
<b>Subtotal</b>	<b>2 205 898 322</b>	<b>352 197 038</b>	<b>2 558 095 360</b>
Indirect support costs	139 184 100	103 306	139 287 405

Gender and age marker code\*: 3

\* <http://gender.manuals.wfp.org/en/gender-toolkit/gender-in-programming/gender-and-age-marker/>.

### Rationale

1. The Sudanese economy continued to deteriorate, with the population facing rampant inflation (212 percent in September 2020) and shortages of key commodities (such as fuel and bread). Food prices also continue to hit record highs each month. The cost of the local food basket steadily increased in 2020, eroding the purchasing power of the poorest sectors of the population. Over 90 percent of households spent at least 65 percent of their expenditure on food.<sup>1</sup> An estimated 7.1 million people are assessed to be food insecure,<sup>2</sup> according to the latest Sudan Integrated Food Security Phase Classification analysis (July 2020). This is an increase of 65 percent compared with the same period, June–September 2019.
2. This budget revision reflects the inclusion in the country strategic plan (CSP) of the support provided by WFP to implement the Sudan Family Support Programme (SFSP), an important new programme of the Government of the Sudan, supported by the World Bank and WFP. In addition, WFP is undertaking critical initiatives linked to the national food supply chain which will benefit both WFP operations and the wider food system of the Sudan. Both of these new initiatives are encompassed in this budget revision.

<sup>1</sup> WFP Comprehensive food security and vulnerability assessment, Q1 2020.

<sup>2</sup> Integrated Food Security Phase Classification 3 or above.



## **The Sudan Family Support Programme**

3. In view of the economic challenges that the Government of the Sudan is managing, it plans to introduce an extensive reform package which includes the removal of household fuel, electricity and bread subsidies. In order to cushion families against the potential loss of purchasing power that is anticipated as a result of the subsidies removal, the Ministry of Finance and Economic Planning (MoFEP) has announced the introduction of a near-universal cash transfer programme. The SFSP, will provide cash transfers to up to 80 percent of the population.
4. This budget revision aims to integrate the SFSP into the Sudan CSP, which already has capacity strengthening and cash-based transfers (CBTs) components. The Government of the Sudan's plan is to make the SFSP a longer-term, shock-responsive social protection system.
5. The portion of the SFSP supported by WFP initially targeted 4,500 households in October 2020 and it will gradually reach up to 600,000 households by May 2021. This will require a total USD 312 million out of a total USD1.9 billion of World Bank support, taking into account the CBT transfer value of SDG 2,500 per family and support costs.
6. Two delivery systems for the SFSP transfers will be established. The MoFEP will host one system and WFP will help to manage the second system in support of the MoFEP to accommodate donor contributions that cannot pass through the Government. WFP is being assigned certain distinct geographical areas to provide coverage, while the World Bank will support other areas of the country, via the MoFEP. In addition, the World Bank is providing support to the Government on targeting of eligible citizens and monitoring and evaluation of the overall programme.
7. WFP will help to analyse the MoFEP's capacity and will provide technical support to the MoFEP programme in a number of areas as outlined below:
  - Creation of a digitized and accountable cash delivery system for the SFSP (Management Information System). WFP will hire a business analyst to work directly with the MoFEP, the Ministry of Interior, and the Central Bank of Sudan. The output will be a clear definition of each module of the payment system: registration, enrolment, payment list generation and reconciliation.
  - Design and refinement of the payment process on a continuing basis. WFP will work jointly with the MoFEP to design a payment solution for households both with or without access to mobile phones.
  - WFP will help to establish a complaints and feedback mechanism to ensure accountability to recipients and to continuously improve programme delivery.
  - WFP will assist the Government in writing a set of standard operating procedures and will provide on-the-job training and capacity building to the MoFEP staff engaged in the project.
  - WFP will offer training in communication, financial literacy and sensitization materials for hard-to-reach populations. WFP will embed two communications officers in the MoFEP to develop and implement a communications strategy for the SFSP rollout.

## **Efficiencies to the Sudan food supply system**

8. Four WFP supply chain initiatives will also be incorporated into this budget revision:
  - i) The refurbishing of silos operated by the Agricultural Bank of Sudan to improve the sorghum value chain.
  - ii) The rehabilitation of three sections of the Sudan railway system between Kosti and El Obeid, between Babanosa and El Meirm and between Gedaref and Wad Madani.



- iii) The long-term lease of two locomotives to significantly reduce food transport costs from Port Sudan to main hubs.
- iv) Working with the Government to improve the Sudanese food quality control system for agricultural products, through support on policy formulation and the development of regulatory infrastructure as well as the procurement of laboratory equipment and supplies
- v) .

## Changes

### Strategic orientation

9. This budget revision adds one new strategic outcome (strategic outcome 5) for the SFSP under strategic result 5 – which is to help build a social protection system in the Sudan. Activity 12 will be added for the phased technical assistance. The CBT service provision in the form of transfers to citizens by the SFSP will be channelled through a new activity 11 under existing strategic outcome 4. The logistics initiatives are also added to activity 12 as they aim to build national capacity systems.
10. The new strategic outcome, activities and outputs are as follows:
  - **[New activity under strategic outcome 4] activity 11:** CBT service provision for the SFSP;
  - **[New strategic outcome] strategic outcome 5:** The social protection system in the Sudan ensures that chronically vulnerable populations across the country are able to meet their basic needs all year round;
  - **[New activity] activity 12:** Provide advisory and technical services to federal and state governments and the private sector for strengthening food assistance delivery platforms and national and state systems, including social safety nets programme management, early warning and emergency preparedness systems, and supply chain solutions and management;
  - **[New output] output 5.1:** Capacity strengthening initiatives facilitated by WFP to enhance national food security and nutrition stakeholder capacities;
  - **[New output] output 5.2:** Complaints and feedback mechanism software is customized, installed and commissioned;
  - **[New output] output 5.3:** Functional social assistance delivery mechanism (payment system – Management Information System –, payment solution, complaints and feedback mechanism) is in place;
  - **[New output] output 5.4:** Railway services are upgraded for the benefit of humanitarian, development and public sector actors; and
  - **[New output] output 5.5:** The sorghum value chain is improved through silo rehabilitation.
11. Previous budget revisions:
  - Budget revision 1: (approved in April 2019 by the country director) a budget increase of USD 5,664,123 to add food to activity 6 of the CSP.
  - Budget revision 2: (approved in May 2020 by the Executive Director) a budget increase of USD 67,858,140 adding a service provision activity and capacity strengthening to activities 1, 2 and 3.



## **Strategic outcomes**

### **Targeting approach and beneficiary analysis**

12. The MoFEP will establish the targeting criteria that the Ministry of Interior will implement to filter out the top wealth quintile from inclusion into the SFSP. This is being supported via the World Bank.

### **Transfer modalities**

13. The CBT transfer service delivery costs for the WFP managed portion of the SFSP are to be added to activity 11. WFP will use its cash delivery system to transfer assistance to Government of the Sudan beneficiaries using WFP-contracted mobile money operators. WFP will then provide monthly reconciliation reports on the transfers to the Government of the Sudan and to donors. The CBT transfers are currently planned for a two-year period after which it is anticipated that the programme will be fully handed over to the Government of the Sudan.
14. WFP has established an in-country secure file transfer protocol between WFP and the Government to share beneficiary data. A separate secure portal has been established with the financial service provider, with whom WFP shares minimum data only. During the beneficiary enrolment process led by the Government, beneficiary consent for data sharing for cash transfer will be requested.

### **Partnerships**

15. The SFSP is a three-way partnership between the MoFEP, WFP and the World Bank. It will require very close collaboration with the MoFEP as outlined in the memorandum of understanding between WFP and the Government of the Sudan. Based on this agreement, funds received by WFP will be transferred to SFSP recipients through a WFP managed payment system as follows:
  - The Government will be responsible for targeting and registration and will provide WFP with a list of SFSP recipients, extracted from the national civil registry provided by the Government of the Sudan, with support from the World Bank.
  - WFP will transfer funds to these recipients through WFP contracted mobile money operators.
  - Mobile money operators will provide WFP with transaction level reports.
  - WFP will provide monthly reconciliation reports on the transfers to the Government and to donors.
  - The transfers will be fully Government-branded. The SFSP recipients will not be considered WFP beneficiaries.
  - Funds received by WFP will be part of (not additional to) the USD 1.9 billion required by the SFSP.
16. In terms of the food and supply chain activities that are envisaged under this budget revision, WFP will be working with partners with which it has been engaging for years. These include the Sudan Railways Corporation with which the Sudan country office entered into an agreement in 2018 to build a railway line which was then inaugurated in November 2019. The Agricultural Bank of Sudan is the Government of the Sudan entity that sells sorghum within the Sudan; a vendor agreement is in place. The Sudanese Standards and Metrology Organization oversees the food control system and is therefore in charge of testing all the food that is imported by WFP into the country.

### **Supply chain challenges**



17. Four logistics initiatives are to be budgeted under activity 12 which are expected to significantly improve the Government supply chain, as well as that of WFP, in the years to come. The refurbishing of the Agricultural Bank of Sudan silos will help improve the quality of the sorghum and the output from the silos which should reduce overall procurement lead times. Meanwhile, the rehabilitation of parts of the railway system will allow WFP to have priority to use the railway line and obtain the required number of wagons to transport food across from Port Sudan to Kosti, thus significantly reducing inland transport costs for WFP and the private sector. Furthermore, the strengthening of the food control system will support the work that WFP and partners are doing in the country to achieve zero hunger by ensuring that the food delivered to the Sudanese people is safe and the food sourced in the Sudan and transiting through the Sudan by WFP – expected overall at over 500,000 mt per year – meets international standards.

**Proposed transition/handover strategy**

18. A long-term objective will be a full handover of the SFSP to the MoFEP. It is expected that funds that were previously used to finance the subsidies system will be used to extend in time the SFSP as a basic social safety net in future. The transfer, citizen feedback and oversight systems put in place by WFP will underpin the future fully government-funded programme. As for the rehabilitation of the railway system, WFP is expected to benefit significantly through preferential transport fixed rates that are to be determined for all selected routes and destinations. The railway rehabilitation is further expected to benefit the national supply chain through increased use of a cheaper means of transportation.

**Cost breakdown**

TABLE 1: COST BREAKDOWN OF THE REVISION ONLY (USD)						
	Strategic Result 1/ SDG Target 2.1	Strategic Result 2/ SDG Target 2.2	Strategic Result 4/ SDG Target 2.4	Strategic Result 8/ SDG Target 17.16	Strategic Result 5/ SDG Target 17.9	Total
	Strategic outcome 1	Strategic outcome 2	Strategic outcome 3	Strategic outcome 4	Strategic outcome 5	
Focus area	Crisis response	Root causes	Resilience building	Crisis response	Crisis response	
Transfers				308 910 891	40 197 038	<b>349 107 929</b>
Implementation				3 089 109		<b>3 089 109</b>
Adjusted direct support costs						
<b>Subtotal</b>						<b>352 197 038</b>
Indirect support costs (6.5 percent)						<b>103 306</b>
<b>Total</b>						<b>352 300 344</b>



**TABLE 2: OVERALL CSP COST BREAKDOWN, AFTER REVISION (USD)**

	<b>Strategic Result 1/ SDG Target 2.1</b>	<b>Strategic Result 2/ SDG Target 2.2</b>	<b>Strategic Result 4/ SDG Target 2.4</b>	<b>Strategic Result 8/ SDG Target 17.16</b>	<b>Strategic Result 5/ SDG Target 17.9</b>	<b>Total</b>
	<b>Strategic outcome 1</b>	<b>Strategic outcome 2</b>	<b>Strategic outcome 3</b>	<b>Strategic outcome 4</b>	<b>Strategic outcome 5</b>	
<b>Focus area</b>	<b>Crisis response</b>	<b>Root causes</b>	<b>Resilience building</b>	<b>Crisis response</b>	<b>Crisis response</b>	
Transfers	1 327 507 013	95 654 700	174 650 147	503 108 661	40 197 038	<b>2 141 117 559</b>
Implementation	233 902 797	16 593 475	29 201 994	19 779 671	0	<b>299 477 937</b>
Adjusted direct support costs	76 950 340	5 489 363	9 934 531	23 313 702	1 811 927	<b>117 499 863</b>
<b>Subtotal</b>	<b>1 638 360 150</b>	<b>117 737 537</b>	<b>213 786 672</b>	<b>546 202 035</b>	<b>42 008 966</b>	<b>2 558 095 360</b>
Indirect support costs (6.5 percent)	106 493 410	7 652 940	13 896 134	8 514 339	2 730 583	<b>139 287 405</b>
<b>Total</b>	<b>1 744 853 560</b>	<b>125 390 477</b>	<b>227 682 806</b>	<b>554 716 374</b>	<b>44 739 549</b>	<b>2 697 382 765</b>

## Acronyms

CBTs	cash-based transfers
CSP	country strategic plan
MoFEP	Ministry of Finance and Economic Planning
SFSP	Sudan Family Support Programme