

THE EUROPEAN UNION EMERGENCY TRUST FUND FOR STABILITY AND ADDRESSING THE ROOT CAUSES OF IRREGULAR MIGRATION AND DISPLACED PERSONS IN AFRICA

1. IDENTIFICATION

Title	Reference: T05-EUTF-HOA-SD-82 EU support for a Social Protection System in Sudan			
Zone benefitting from the action / Localisation	Sudan			
Total cost	Total estimated cost: 34 870 000 EUR Total amount drawn from the Trust Fund: 34 870 000 EUR			
Aid modality(ies) and implementation modality(ies)	Indirect management with World Bank Indirect management with ILO			
DAC – codes	16010 – Social protection 16011 – Social protection and welfare services policy, planning and administration			
Main delivery channels	World Bank - 44000			
Markers	Policy objectives	Not targeted	Significant objective	Principal objective
	Participatory development / good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and empowerment of women and girls	X	<input type="checkbox"/>	<input type="checkbox"/>
	Trade development	X	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, newborn and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster risk reduction	X	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input type="checkbox"/>	X	<input type="checkbox"/>
	Disability	<input type="checkbox"/>	X	<input type="checkbox"/>
	Rio Markers	Not targeted	Important objective	Principal objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>

	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Migration marker	<input type="checkbox"/>	X	<input type="checkbox"/>
SDG	Main SDGs: Goal 1: No Poverty Other relevant: Goal 2: Zero Hunger Goal 3: Good Health and Well-being Goal 5: Gender Equality Goal 8: Decent Work and Economic Growth Goal 10: Reduce Inequalities Goal 16: Peace, Justice and Institutions Goal 17: Partnership for the Goals			
Valetta Action Plan Domains	1. Development benefits of migration and root causes of irregular migration 3. Protection and asylum			
Strategic priorities of the Trust Fund	2. Strengthening resilience of communities and in particular the most vulnerable, as well as refugees and displaced people			
Beneficiaries of the action	Up to 32 million individuals as part of the Family Support Programme (FSP) Stakeholders and participants in a comprehensive Sudanese social protection system Workers in the informal economy			
Derogations, authorized exceptions, prior agreements	N/A			

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

“EU support for a Social Protection System in Sudan” seeks to support the new civilian-led government in Sudan to establish a robust social protection system, and also channel limited funds through existing and proposed social protection mechanisms. The programme follows the EU approach outlined in the Tools and Methods Series, Reference Document No 26 “Social protection across the humanitarian-development-peace nexus”. The project responds to the priorities of the recently formed, civilian-led Government of Sudan to a) enhance social protection systems and b) to test and establish means to mitigate the consequences of anticipated economic reforms in the country. With the programme, the EU seeks to support the Transition Government to build a long-term inclusive rights-based social protection system. The overall objective is to mitigate the social impact of much needed economic reforms. The specific objectives are to i) deliver social assistance to vulnerable citizens and ii) contribute to the development of an effective and comprehensive Government-owned social protection system.

The action is justified under the EUTF as it aligns with one of the key priority criteria set for the EUTF by the Strategic Board in April 2018, namely “essential stabilisation efforts in Somalia, Sudan and South Sudan”.

The overall objective contributes to the progressive achievement of several SDGs but in particular Goal 1 "Poverty" contains the commitment, through the target 1.3, to "Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable" and Goal 10 "Inequality", through the target 10.4, to "Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality".

The intervention logic of the project is that by immediately supporting social assistance through existing Government channels the project would help the Transition Government to implement "Quick Impact Programmes for the benefit of the population", and thus support the re-establishment of the Sudanese social compact. Support to policy development and dialogue on social protection with the new Government are key at this moment.

The indicative implementation period will be 30 months from the date of contract signature allowing a six-month mobilisation and inception period, followed by two years of full implementation.

2.2. Context

2.2.1. National context

The 30-year dictatorial, sectarian and kleptocrat rule of former President Al Bashir, ended after a series of largely youth and women led peaceful protests across Sudan in April 2019. Following a period of instability, including a violent crackdown on the peaceful sit-in in June, a civilian-led Government took office in September 2019. The new Government has commenced and outlined the process for a transition towards democratic elections after 3+ years. Clearly, the hopes and expectations of the people for this new Government are considerable. Building a modern and democratic Sudan will not be an easy task. The challenges are many: dismantling the deep state, combatting bad habits, rebuilding the health and education system, etc. Demographic pressure and climate change will pose additional structural challenges.

The Transition Government has outlined a three-pillar plan. One of these pillars is economic recovery, which will include improvement of public finance management and economic reforms. Mitigating measures will be needed to cushion the impact of necessary, but tough, economic reforms.

In addition to the three-pillar plan, the new Government will also seek removal from the US list of State Sponsors of Terrorism. Sudanese presence on this list currently hampers debt relief and international banking transactions. Debt relief could write off as much as 90% of current debts, estimated to be approximately USD 65 billion. However, the process of debt relief will take time, possibly two years (or more). In order to reach this (the so called "HIPC decision point"), the GoS must establish a staff monitored programme (SMP) with the International Monetary Fund (IMF), finalise and establish a six-month track record of implementation of a Poverty Reduction Strategy Paper (PRSP) and finalise technical work with IMF for debt relief. The economic reforms, particularly the anticipated removal of subsidies, 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). 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. The risk of social unrest threatening the democratisation process, as a result of unmitigated reforms and COVID 19 response, is deemed to be high.

Financial needs are immense: The World Bank estimates the financial needs to cover 80% of the population with cash transfers through the new Government-led Family Support Programme (FSP) for one year to be USD 1.9bn¹. It could take up to 2 years to reach the full coverage of 80%. The total cost of cash transfers plus fees and institution building around the programme for the first year is likely to be around \$1bn - \$1.5bn. Assuming pre-arrears clearance grants of \$400 - \$410m plus some GoS finance a funding gap of around \$800m - \$1bn for the first year remains.

Human development indicators in Sudan are among the worst in the world. Sudan had not achieved most of the Millennium Development Goals in 2015, and moving towards achieving SDGs targets poses a huge challenge. Key indicators related to this programme are:

Poverty: 14.2% extreme; 46.1% moderate (2014). Significant increase in urban areas 2009 to 2014 (WB 2019). Gini coefficient: 0.35 (WB, 2019); **Under-five mortality rate:** 68 / 1,000 live births (MICS, 2014); **Stunting:** 38.2% – very high; **wasting:** 16,3% – very high (MICS, 2014); **Food insecurity:** 6.4 million people (15%) classified as food insecure (IPC analysis, Aug. 2019); **Population displacement: refugees:** 1.2 million from South Sudan, Ethiopia, Eritrea, Syria, Yemen, and Chad (OCHA, March 2019); **IDPs:** 1.86 million (OCHA, March 2019)

2.2.2. Sector context: policies and challenges

By the end 2019, Sudan had an established social assistance system, using entirely national funds and reaching a large coverage of 500,000 households. In addition, Zakat (Islamic religious tax 2.5% on income / savings to support the poor) had been active for many years, operating as an informal social safety net (also provided via GoS systems). Sudan's existing social protection programmes were fairly comprehensive, but also in need of significant reform and support to be able to respond to the widespread poverty and vulnerability in the country. Coverage of existing social protection programmes was limited, and there was overlap between them and lack of coordination, particularly with the humanitarian actors. Crucially, the country also has not yet developed a national social protection policy. It is understood that formulation of such a policy is a priority of the transitional government. This action will support this formulation, which will subsequently inform further EU support to this critical area.

GoS social protection programmes are implemented mainly through the following modalities:

- Cash Transfer component of the **Social Initiative Programme (SIP)**: Started in 2011 and financed by the Ministry of Finance and Economic Planning (MoFEP), this is an unconditional monthly transfer to poor households identified by the Ministry of Labour and Social Development (MoLSD)² and the Zakat Chamber. Currently, the cash transfer programme reaches more than 500,000 households in all 18 states of the country providing SDG 250 per household per month (about USD 5). The Government approved an increase in the monthly payment amount to households from SDG 250 to SDG 450 in early 2019 but the increased amount was never paid due to financial constraints. It is proposed that the SIP be replaced by the more comprehensive FSP.

¹ World Bank 2020, Project Information Document (PID) Concept Stage | Date Prepared/Updated: 13-May-2020 | Report No: PIDC29085. <http://documents.worldbank.org/curated/en/230281589579860399/Concept-Project-Information-Documents-PID-Sudan-Family-Support-Program-SFSP-P173521>

² The previous Ministry of Security and Social Development has just been combined with the Ministry of Labour and renamed to the Ministry of Labour and Social Development (MoLSD). The acronym MoLSD is used throughout this document.

- **National Health Insurance Fund (NHIF)** is the second-largest programme of MoLSD. The NHIF was established as a social health insurance in 1995, mandatory to formal sectors employees and voluntary to the informal sector. The 2016 Health Insurance Act now stipulates compulsory registration of all residents in Sudan (citizens, foreigners, refugees). According to NHIF data, health insurance coverage achieved by December 2016 was 25.3 million people, or 64.4 % of the total population. The coverage of the poor is 84.7%, or 15.5 million. The "universal health coverage" objective is to cover more than 80% of the population and 100% of vulnerable groups. Through Zakat and Government funding there has been a provision to include poor households unable to contribute the premium while covering all the recipients of the SIP and other cash transfer programmes. The programme has been expanding to Darfur, including to IDP populations in the peri-urban camps in El Fasher and Nyala.

- The **National Pensions and Social Insurance Fund (NPSIF)** provides pension schemes for public, private and government employees via two pension funds (NPF and NSIF). In 2018, there were about 1.1 million contributors for about 340,000 beneficiaries throughout the country. A minimum contributory pension is set up at SDG 625 paid by the NPSIF. In accordance with the 2016 Act, MoFEP has financed an increase in the minimum pension by SDG 500, raising it to SDG 1,125. However, this pension increases only benefits pensioners who were in the formal contributory system, while poorer old age persons are excluded from the non-contributory tax-financed pension.

- **Student Support Grant:** This is a grant for students from poor households to pursue university education. Each student would receive SDG 100 per month in cash and an additional SDG 100 per month is paid to the educational institution on behalf of the student, for food and rental expenses. The programme was expected to cover 200,000 students by 2015.

- **Other, smaller programmes:** Rural Women’s Empowerment and Revolving Fund; Microfinance and Microenterprise Development/Asset Transfer; Provision of small loans for livelihood promotion; Social projects for specific target groups covering immediate needs like water and health expenses for vulnerable groups such as homeless people and IDPs; Support for the disabled: Includes distribution of prosthetic limbs and revolving funds; Community media and corporate social responsibility.

Many of these programmes are managed by MoLSD to combine cash transfers with complementary support for economic inclusion. As funding for these smaller initiatives is limited and sporadic, no systematic approach for economic inclusion has been implemented.

Despite the above encouraging efforts, the existing social assistance system is largely inadequate to respond to the widespread poverty and vulnerability in Sudan, especially in the current context of COVID-19, when many new households, especially those in the informal sector, find themselves in poverty. The extent of need outstrips the availability of resources. The systems have lacked proper targeting, a unified beneficiary registry, a regular and reliable payment schedule/system, complaint mechanisms, and transparency.

According to a recent study in Khartoum state³ urban poverty largely increased due to the economic crisis since January 2018. The crisis has pushed these urban and peri-urban

³ UNICEF, WFP, AfDB, & UNDP 2018, Rapid Assessment of the Impact of the Economic Situation on the Urban Population at Khartoum State Draft Report, October 2018.

communities to deploy limited, usually adverse, coping mechanisms. The government responses in terms of safety net, cash support, zakat, microfinance, health insurance had little positive effect due to limited resources and coverage and were not sufficient to mitigate the consequences of the economic crisis.

Humanitarian and international partners have stepped in to deliver humanitarian aid and short-term in-kind assistance over many years. Most of these programmes were initiated as an emergency response to help the targeted communities and households absorb shocks, and hence have a short-term focus. While such humanitarian interventions have contributed to meeting emerging needs, a medium- to long-term approach to provide predictable, reliable, and scalable social assistance is needed, with the Government in the lead, to strengthen people's resilience to shocks. Humanitarian needs remain underfunded.

During this transition phase, the EU will provide maximum support for GoS to assume leadership, presence, and tangible improvements to the population's social and economic situation. Scaling up the country's social protection system will be crucial for building trust and repairing the social contract between the citizens and the state. Integration of relevant programmes (social assistance, health insurance, economic inclusion) and services (e.g. nutrition, health insurance, education, labour, agriculture) is key for providing an effective avenue for graduation from poverty for the poorest and most vulnerable, which implies a critical role for strengthening the frontline social workforce. Harmonisation of the GoS social assistance programmes and humanitarian assistance is necessary.

The new Government will need further support to develop comprehensive national social protection policy. Under the leadership of the new government, it will be important to harmonize benefit levels and the modes of implementation. The Commission for Social Safety Net and Poverty Reduction (CSSPR) under the new MoLSD has the mandate to undertake this task but will need technical and financial support.

The EU adopts a universal approach to social protection, as set out in the Communication on Social Protection (COM 2012 446), which is “committed to providing universal access to social protection against the major lifecycle risks”, and which sees the aim of social protection in development as “to achieve equal and universal access to social protection throughout people's lives, with particular attention to the most vulnerable and disadvantaged people, such as children and persons with disabilities”.

While initially working through approaches for immediate impact, the EU will also support national policy development towards more sustainable and more inclusive social assistance based on tackling the vulnerabilities of individuals through the life-course.

2.2.3. Justification for the use of EUTF funds for this action

Due to the non-ratification of the revised Cotonou Agreement by the Government of Sudan, the country is not eligible for programmable, bilateral 11th EDF funding. However, the country plays a crucial role for the stability of the Greater Horn and along the migratory routes heading to the Mediterranean shores. The EU has therefore adopted *ad hoc* measures addressing the root causes of instability and displacement in the country, and these funds are channelled through the EUTF. Hence, this action also aligns with one of the key priority criteria (Essential stabilisation efforts in Somalia, Sudan and South Sudan) set for the EUTF Horn of Africa window by the EUTF Strategic Board in April 2018. In addition, the current needs of the people of Sudan are significant. Equally, the GoS need for support and tangible commitments from International Community early on in transition process, will be crucial to their credibility.

2.3. Lessons learnt

Increasing evidence from around the globe shows that the redistributive and risk management effects of well-designed social assistance programmes can contribute to inclusive growth. Key lessons learned and recommendations from interventions of international partners on social assistance are:

- Domestic resource mobilisation is one of the limiting factors for the success of social protection calling for increased political will, tax and budgets;
- It is important to leverage the political economy gains of more inclusive life-course social assistance to increase popular and political appeal and to generate increased fiscal space;
- Improving the coordination and collaboration between government and nongovernment institutions, especially in supporting issues like the National Nutrition Programme, will bring savings and efficiencies; and
- common systems across the humanitarian-development nexus will generate economies of scale.

An important lesson underpinning the EU approach is the evidence from Africa (and elsewhere in the world) that national social protection systems evolve over time to reflect the vulnerabilities that people face through their life-course. Tightly poverty-targeted interventions based on assessments of household poverty (which have been the norm under previous governments in Sudan) cannot be expected to expand into national programmes, whereas there are many examples of universal (or near-universal) life-course programmes that operate at national scale using entirely domestic funding. There is substantial evidence that such inclusive life-course social assistance is more intuitive, more popular, more politically acceptable, and therefore more sustainably affordable than tightly poverty-targeted programmes. Also, there are powerful global precedents of countries that have used inclusive social assistance as a mechanism to rebuild the social compact between the state and its citizens after a significant democratic transition, such as that experienced in Sudan (e.g. South Africa, Nepal, Myanmar, Timor Leste, the Gambia, Pakistan).

2.4. Complementary actions and synergies

The proposed project will create synergies with the existing projects of various multilateral agencies, particularly UN and the World Bank as well as ongoing and new EU projects, including projects recently approved to implement the EU Action Plan on the Humanitarian-Development Nexus in Sudan.

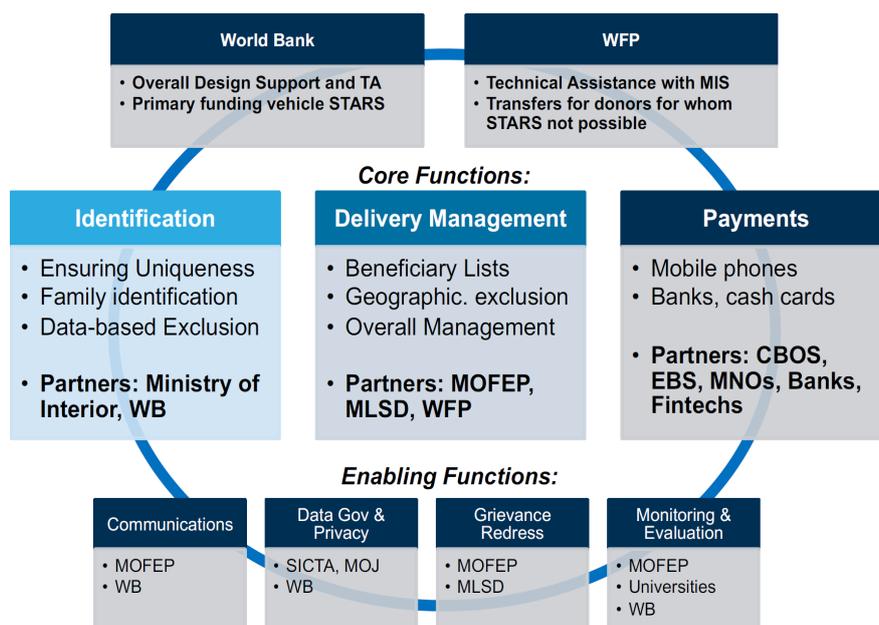
2.4.1 Ongoing support to Social Safety Nets/Social Protection in Sudan

World Bank Since November 2019 the Government of Sudan, through MoFEP, has been working on a “quasi Unconditional Basic Income” for 80% of the population, now labelled the “Family Support Programme” (FSP), supported by the World Bank. The World Bank project’s objectives are to assist the GoS to effectively provide cash transfers 80% of the population to mitigate the effects of the economic reforms. The 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: US \$5 per person per month to approximately 80 percent of the population. The second component supports establishing delivery systems and builds 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 FSP beneficiary

database, and a Management 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. The financial needs are USD 1.9 bn. The World Bank has established a multi-donor trust fund, the Sudan Transition and Recovery Support “STARS” to allow for international donor support to the FSP.

World Food Programme In February 2020, the Minister of Finance also requested WFP’s support for the FSP. WFP is supporting the FSP in four areas: (i) An interim delivery system including data analysis support, payments, and assurance services (reconciliation and grievance procedures) for rapid start-up of the Programme in Khartoum, (2) Contribution to a robust delivery system and payments process for the full programme, (3) Assurance services including a grievancemechanism , and payment reconciliation and anomaly detection. (4) A secondary funding mechanism to complement the World Bank managed “STARS” trust fund . Financing requirements are approximately USD 5 million for technical assistance to develop the system sand augment the Ministry’s staffing and USD 15 million per month thereafter to reach 500,000 families with transfers for the rapid start-up phase.

Collaborating Partners are working together on all aspects



Source: Government of Sudan, Friends of Sudan Meeting May 2020 **UK-DFID** – USD 4 mn support channelled through the World Bank’s existing Sudan Multi Partner Fund (SMPF), for scaling up of GoS SSN programme. This supports IT systems in some of the 12 remaining states to be re-certified. DFID also plans to support the development of a national social protection policy.

EU/WHO: The National Health Financing Policies foresee major reforms currently being supported by the EU with a EURO 1 million project implemented by WHO. The programme supports governance reforms of the National Health Insurance Fund in the results areas (i) NHIF governance arrangements and structure are modernized; (ii) NHIF enterprise resource planning and information system are upgraded; (iii) Improved of quality, management and

development of human resource competencies; (iv) New provider payment mechanism developed to support of improved delivery of quality health services.(v) Health programmes of EU-financed partners are strengthened and supported in Khartoum, Eastern states and Darfur, to expand the health insurance accreditation and coverage.

FAO: Together with the International Policy Centre for Inclusive Growth (IPC-IG), FAO is conducting two studies on the coverage of social protection in rural areas. The first study, which has already started, intends to estimate the gap in coverage between rural and urban areas, and to develop a toolkit on estimating social protection coverage. The second study, about to be launched, seeks to assess the coherence and interactions between agriculture and social protection to identify clear gap areas and entry points in which coherence could be improved. In the medium-term, the focus will be on establishment of areas of technical support to the government in expansion of social protection in response to gaps analysis.

UNICEF created a Social Policy Unit in 2018. The goal is to support Government to develop an integrated social protection system with needed policies and evidence that can be scaled up nationally with the view towards universal coverage. Key strategic direction of planned interventions are (i) the development of legislation and policy reforms for adequate public financing and child rights; (ii) the development of an integrated social protection pilot system; (iii) generation of sound evidence for policy dialogue and public advocacy; (iv) advocacy for scaling up nationally innovative high impact social protection system with the view to universal coverage of social transfers; access to service delivery; social support and care services. UNICEF's engagement with the CSSPR and MoLSD centres around four key building blocks of social protection system strengthening: 1) the national targeting system (social registry); 2) data and management information systems; 3) social protection strategic framework; and 4) social protection sector coordination.

2.4.2 Envisaged or on-going EU Actions

The following operational and recently adopted EUTF programmes are complementary to the envisaged action:

- EU Humanitarian Development Nexus: Support Government of Sudan and UNICEF S3M T05-EUTF-HOA-SD-53, EUR 1 mn. The objective is to collect and disseminate disaggregated data on multiple indicators pertaining to key determinants of malnutrition in young children and pregnant and lactating women through undertaking a Simple, Spatial, Survey Method (S3M) survey in Sudan.
- Humanitarian Development Nexus: Building Resilient Communities in West Kordofan (BRICK) T05-EUTF-HOA-SD-63, EUR 10 mn
- Humanitarian-Development Nexus: Strengthening a Decentralised Health System for protracted displaced populations in North and South Darfur (HealthPro) EURO 15 m. The programme will work with the National Health Insurance Fund
- Integrating refugee children into the Sudanese Education System T05-EUTF-HOA-SD-65; EUR 10 mn
- T05-EUTF-HOA-SD-91 Humanitarian-Development Nexus: Strengthening preparedness and response of the health system addressing the COVID-19 Pandemic in Sudan (COVID-19 RESPONSE Sudan), EUR 10m, to be complemented by additional EUR 10.2m
- T05-EUTF-HOA-SD-94 EU support for the Family Support Programme and for the consolidation of social protection in Sudan

2.5. Donor coordination

Donor Coordination mechanisms within Sudan around the PRSP, development aid, humanitarian aid and the humanitarian-development nexus and the Darfur Development Strategy need to be harmonised and enabled for a meaningful dialogue with Government. This has led to the creation the Sudan International Partners Forum (SIPF) in April 2019. UN-led work on “Collective Outcomes” which includes: 1) Governance, 2) Basic Social Services, 3) Climate Change and 4) Livelihoods/Economy is going to be integrated into this process.

The Commission for Social Safety Net and Poverty Reduction convened a social protection sector working group last month. The meeting was attended by the CSSPR, WFP, UNDP, UNICEF, FAO and WB. The EU will join this group and it is expected that other partners (including representatives of local and international NGOs) will also join. It is the expectation of international partners in Sudan that this will be the forum for future dialogue on social protection.

The Friends of Sudan have played a pivotal role in mobilizing international support to the political transition in Sudan and the June 25th Berlin Partnership Conference is expected to come forward with substantial additional funding for the Family Support Programme.

3. DETAILED DESCRIPTION

3.1. Expected objectives and results

The **overall objective** is to mitigate the social impact of much needed economic reforms.

The **specific objectives** are to i) deliver social assistance to vulnerable citizens and ii) contribute to the development of an effective and comprehensive Government-owned social protection system.

The expected results are as follows:

Result 1: Expansion of cash transfers through the Family Support Programme of the Government.

Result 2: Strengthened operational systems (e.g. for registration, enrolment, payment/cash delivery, links to services, complaints, communications, MIS, M&E).

Result 3: The capacity of the MoLSD for policy development towards a comprehensive social protection system across the life cycle is strengthened and policy dialogue and coordination among national and international stakeholders based on different components of the social protection floor approach is enhanced

An indicative logical framework reflecting objectives and results is included in Annex of this Action Document

3.2. Main activities

3.2.1. Activities associated with each result

Result 1: Expansion of cash transfers through the Family Support Programme of the Government.

Activities will be the contribution to the “STARS” multi-donor trust fund and the delivery of the cash transfers to the beneficiaries by the Digital Transformation Agency and its associated agencies in a manner that is people-centred, inclusive, useful to citizens, responsive to their needs and grievances, and that protects the human rights of Sudanese, including the security and privacy of their data. All services delivered by the agency should ensure that no one is left

behind, irrespective of social or demographic characteristics. Special efforts will be made to include all marginalized communities.

Result 2: Strengthened operational systems (e.g. for registration, enrolment, payment/cash delivery, links to services, complaints/grievance redress mechanisms, communications, MIS, M&E).

Activities would include capacity development support to MoFEP, MoLSD and other stakeholders, delivered complementarily with other development partners, in above mentioned operational systems areas. Among the foreseen activities is the creation of a Sudan Digital Transformation Agency, a cross-Ministerial body reporting to the Ministry of Finance and Economic Planning (MOFEP), leveraging the combined effort of the Ministry of Labour and Social Development, Interior, Justice, Health, Education and the Central Bank.

Result 3: The capacity of the Ministry of Labour and Social Development (MoLSD) for policy development towards a comprehensive social protection system across the life cycle is strengthened and policy dialogue and coordination among national and international stakeholders based on different components of the social protection floor approach is enhanced.

Activities will strengthen the institutional capacity and operational systems of MOLSD in social protection, and of other social protection stakeholders, including workers' and employers' organizations.

3.2.2. Target groups and final beneficiaries

Result 1 – The final beneficiaries of the FSP are 80 percent of the population, i.e., about 32 million individuals.

Result 2 – The immediate beneficiaries would be the technicians within Government responsible for implementing social assistance in Sudan such as MoFEP, MoLSD, Interior, Justice, Health, Education and the Central Bank.

Result 3 – Target groups will be Ministry of Labour and Social Development and of other social protection stakeholders, including workers' and employers' organizations, NGOs.

3.3. Risks and assumptions

Risks	Level of risk	Mitigating measures
Political risks		
The Government takes a long time to mobilise, appoint ministers, plan interventions.	Medium	Support the inclusion of social assistance within the “Quick Impact Programme”
Political instability continues and corruption cannot be addressed	Medium	The Action includes a secondary option to deliver through the humanitarian system, if the Government one cannot be sustained
Macroeconomic risks		
A large proportion of the poor population remains vulnerable to seasonal and other exogenous shocks	Medium	Support the evolution of robust systems that can be used as a platform to respond to negative shock impacts (including seasonal) and meet all or some of the need for humanitarian responses

Developmental/Institutional risks		
There is resistance to using the social assistance mechanisms of the previous government	Medium	The policy dialogue of the Action will explore, test and validate alternative approaches to social assistance that may be more appropriate to rebuilding the social compact between the new government and its citizens.
There is reluctance to move to alternative approaches to social assistance	Medium	The Action will seek to demonstrate the benefits of more inclusive life-course approaches. However, the systems that are strengthened and developed through the Action will be appropriate to whatever social assistance approach the government may choose.
The medium- and long-term sustainability of the social security system depends on the robustness of the fiscal system including policy choices in terms of mobilisation of domestic resources and inter-sector allocation of funds (pro-poor and gender-responsive budgeting)	Medium	The policy dialogue component of the Action will emphasise the political economy of generating greater domestic funding through more inclusive life-course approaches.
The capacity of MoLSD to lead and implement the reform of social protection is low	Medium	Engage key MoLSD planning and management staff in all aspects of the Action. Provide capacity building through technical assistance and overseas training courses
PFM/Corruption and Fraud risks		
Oversight of financial and performance plans and proper compliance of eligibility rules within the new Government is weak	Medium	Continue to be actively involved with the Government and development partners to support a PFM reform agenda. The Action itself envisages support to robust systems for cash delivery, social accountability and rigorous monitoring.
There is a likelihood of funds leakages due to corruption and weak budget controls	Medium	The establishment of robust tools for management and monitoring of social assistance will contribute to monitor and control fiduciary risks. World Bank will be asked to undertake a full delivery chain analysis of the flow of funds from the centre, and any potential weaknesses or leakage points in this. Under the terms of the grant agreement, the World Bank would cover Fraud and Corruption in the direct diversion for ineligible expenditures, as well as Fraud and Corruption engaged in for the purpose of influencing any decision as to the use of grant proceeds

The **main assumptions** are:

1. A cadre of Government staff responsible for management and oversight of social assistance is in place
2. The World Bank has a robust mechanism to deliver funding for social assistance through government channels

3.4. Cross-cutting issues

Gender equality: Social protection tools such as cash transfers have proven to influence positively girls' empowerment, enabling them to stay in school longer, delaying child marriage, and reducing early pregnancy. The increased emphasis on vulnerabilities also places more prominence on the role of women in social support and resilience, given the fact that women are disproportionately bearing the burden of dealing with the effects of shocks. This action will support the collection of gender-disaggregated data will directly contributing to the thematic priority of the Gender Action Plan II (2016-2020) entitled "promoting the economic and social rights/empowerment of girls and women", in particular through "improved access by women of all ages to decent work and to the national social protection floors".

Good governance, sustainability, transparency and accountability are at the core of the International Communities' support to the new Government of Sudan. This will be addressed through support to the relevant federal and state ministries and administrations for social protection programmes including budgetary and M & E structures and improved, more robust and transparent systems. Important aspects of the action address fiscal and financial management and accountability, which are key pillars of good governance. The previous work of the World Bank on targeting in the beneficiary states of result 1 has already reduced the political biases imposed by the old regime. Together with the complementary action of the EU on Public Financial Management this action will contribute to making social expenditure and benefits part of the fiscal balance and a macroeconomic stability factor.

Inclusion of persons with disabilities: Supporting policy development and policy dialogue towards a comprehensive life-course approach on social protection will promote the inclusion of persons with disabilities. With ILO as one of the implementing partners the action will coordinate and support the upcoming ILO's initiative funded under the UN Partnership on the Rights of Persons with Disabilities (UN PRPD) on social protection for persons with disabilities.

Climate change. Sudan is one of the countries most affected by climate change and natural disasters (e.g. desertification, forced migration, geographical areas exposed to disasters) and affecting the welfare of the vulnerable population. Although this action is not directly addressing climate change, immediate social assistance while designing the social security system is a way as to strengthen the resilience of those most at risk.

Rights-based approach. The new European Consensus reiterates EU's commitment to a rights-based approach to development and social protection. On the global scale, the EU pursues this in partnership with ILO and the Global Coalition for Social Protection Floors (GC-SPF). By choosing ILO as implementing partners to support policy development of the new Government the EU pursues a rights-based life-course approach of social protection.

3.5. Stakeholder analysis

Main Stakeholders for the action are:

Sudanese – direct and main stakeholders (duty bearers)

Federal Ministry of Labour and Social Development (formerly Federal Ministry of Security and Social Development); Federal Ministry of Finance, Poverty Unit; State Ministries in charge of Social Protection, currently State Ministries of Health and Social Protection; Commission on Social Safety Nets and Poverty Reduction; National Health Insurance Fund; Zakat Chamber; Ministry of Health; Ministry of Education; Ministries of Agriculture and Water; The Social Savings and Development Bank; and Telecommunication Companies.

Sudanese – direct and main stakeholders (rights holders)

Recipients of social protection programmes, in particular of the FSP.

International – indirect stakeholders

The World Bank; ILO; World Food Programme (potentially); Global Coalition for Social Protection Floors; INGOS; CSOs;

4. IMPLEMENTATION ISSUES

4.1. Financing agreement, if relevant

Not applicable.

4.2. Indicative operational implementation period

The implementation period will be 48 months from the start date of the earliest contract. This will allow a six-month mobilisation and inception period, followed by three and a half years of full implementation.

4.3. Implementation modalities

Result 1 will be delivered initially through an administrative agreement with World Bank on the EU contribution to the STARS trust fund

Result 2 will be delivered through an administrative agreement with World Bank on the EU contribution to the STARS trust fund

Result 3 will be delivered through a contribution agreement with ILO. Among the activities of ILO will be a partnership with the Global Coalition for Social Protection Floors (GCSPF). GCSPF is a group of over 100 NGOs supporting inclusive life-course social protection. This modality has been chosen for a number of compelling reasons that make it appropriate to the Sudanese context. The main reason is that Results 2 and 3 very much reflect the design of the EU's new global programme on "Strengthening the Synergies between Social Protection and Public Finance Management", which has a number of features (including specific objective 3 – Shock-sensitive SP in contexts of crises) which are of significant relevance to the proposed Action in Sudan. And there are a number of other convincing arguments for selecting this same consortium in the Sudan:

- The implementation of Results 3 can follow the same methodology as in all the other priority countries of the action (multi-annual work programme that focussed on the specific country demand).
- The Sudan programme can be linked to the new programme as sort of parallel project approach – but can entirely benefit from the new programme through the exchange of information with other country programmes and participation in appropriate meetings.
- The group of implementing partners has confirmed that they will base their actions on the EU Guidance Package on Social Protection across the Humanitarian-Development Nexus.
- The new Action will also establish coordination with the social protection activities of the new UN Joint Fund for Agenda 2030.

The alternative modality of using a private company or consortium was less favoured because of the likely lack of a track record in social protection in Sudan (and therefore a potential lead time for familiarisation), and because it is unlikely that such a company or consortium could quickly acquire the accessibility to government partners at the right levels to influence policy.

4.4. Indicative budget

Component	Amount from EUTF* (EUR)
Result 1 – Family Support Programme transfers	30 900 000
Result 2 – Systems strengthening	2 000 000
Result 3 – Policy development and dialogue	1 600 000
Communication and visibility	200 000
Monitoring, evaluation and audit	130 000
Total	34 870 000

4.5. Monitoring and reporting

The implementing partner must establish a permanent internal, technical and financial monitoring system for the action and prepare regular progress reports and final reports.

The World Bank will provide implementation status reports against recipient-executed activities on a biannual basis. The grant agreement will list in detail the reporting requirements, audit, and frequency. The project and Trust Fund information will be made available to the Commission through the development partner secure website and the Bank site. The task team will provide additional *ad hoc* reports as needed.

In the initial phase, the indicative logical framework agreed in contract and/or the agreement signed with the implementing partner must be complemented by benchmarks and targets for each indicator. Progress reports provided by the implementing partner should contain the most recent version of the logical framework agreed by the parties and showing the current values for each indicator. The final report should complete the logical framework with reference points and final values for each indicator.

The final report, financial and descriptive, will cover the entire period of the implementation of the action.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

The implementing partner(s) will report on a several common EUTF indicators of the selected results for this Action.

Project Implementing Partners will be required to provide regular data, including the evolution of the actual values of the indicators (at least every three months) to the contracting authority, in a format which is to be indicated during the contract negotiation phase. The evolution of the indicators will be accessible to the public through the EUTF website and the Akvo RSR platform (<https://eutf.akvoapp.org/en/projects/>).

4.6. Evaluation and audit

Given the risks of channelling funds through Government in the current situation of uncertainty, a rigorous mid-term assessment will inform a decision after 6 months whether to continue with this arrangement, or whether, as an alternative option (option B), funds are to be channelled through other institutions with a similar remit.

If necessary, ad hoc audits or expenditure verification assignments could be contracted by the European Commission for one or several contracts or agreements.

Audits and expenditure verification assignments will be carried out in conformity with the risk analysis in the frame of the yearly Audit Plan exercise conducted by the European Commission. The amount allocated for external evaluation and audit purposes should be shown in EUR. Evaluation and audit assignments will be implemented through service contracts, making use of one of the Commission's dedicated framework contracts or alternatively through the competitive negotiated procedure or the single tender procedure.

4.7. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, which will be developed early in the implementation. The measures are implemented by the Commission, the partner country, the contractors, the beneficiaries and/or the entities responsible in terms of legal obligations regarding communication and visibility. Appropriate contractual obligations will be included in the financing agreement, purchase and grant agreements and delegation agreements.

Communication and visibility requirements for the European Union are used to establish the communication and visibility plan for the action and the relevant contractual obligations.

Annex: Indicative Logical Framework Matrix

The indicative logframe matrix will evolve during the lifetime of the action and can be revised as necessary: The activities, the expected outputs and related indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the Action, no amendment being required to the financing decision. The logframe matrix should be used for monitoring and reporting purposes: new lines will be added for including baselines and targets for each indicator at contracting or inception stage new columns may be added to set intermediary targets (milestones) for the output and outcome indicators whenever it is relevant, as well as to regularly update values (“current value”) for reporting purpose. The inception report should include the complete logframe (e.g. including baselines/targets). Progress reports should provide an updated logframe with current values for each indicator. The final report should enclose the logframe with baseline and final values for each indicator.

Additional note: The term "results" refers to the outputs, outcome(s) and impact of the Action (OECD DAC definition).

	Results chain: Main expected results	Indicators	Sources and means of verification	Assumptions
Impact (Overall objective)	To mitigate the social impact of much needed economic reforms	Poverty indicators GINI coefficient Child stunting (disaggregated by gender, wealth, rural/urban) and inequalities (prevalence-ratio of poorest to richest) Child wasting (disaggregated by gender, wealth, rural/urban) and inequalities (prevalence-ratio of poorest to richest)	Household surveys MICS surveys	<i>Not applicable</i>
Outcome(s) (Specific Objective(s))	To deliver social assistance to vulnerable citizens and contribute to the development of an effective and comprehensive Government-owned social protection system.	Social assistance expenditure as a % of GDP Percentage of households who benefit from the social security system (coverage) disaggregated by gender, age, people with disability, wealth, rural/urban Timeliness of transfers Average benefit per recipient Total cost of transfer ratio (TCTR)	Government expenditure reports Programme MIS	Stable civilian government Improved government revenue Robust PFM systems

<p>Other Results (Outputs and/or Short-term Outcomes)</p>	<p><u>Result 1:</u> Expansion of cash transfers through the Family Support Programme of the Government.</p> <p><u>Result 2:</u> Strengthened operational systems (e.g. for registration, enrolment, payment/cash delivery, links to services, complaints/grievance redress mechanisms, communications, MIS, M&E).</p> <p><u>Result 3:</u> The capacity of the Ministry of Labour and Social Development (MoLSD) for policy development towards a comprehensive social protection system across the life cycle is strengthened and policy dialogue and coordination among national and international stakeholders based on different components of the social protection floor approach is enhanced.</p>	<p>Number of people receiving cash transfers*</p> <p>Value of the transfer as a proportion of the poverty line</p> <p>Number of people registered for social assistance*</p> <p>Number of people receiving payments through non-cash channels (ATMs; mobile money; banks; etc.)</p> <p>Number of people reporting complaints, and proportion of complaints resolved</p> <p>Implementation of an Assessment-Based National Dialogue (ABND)</p> <p>Delivery of TRANSFORM training</p> <p>Availability of an impact evaluation report of the maternal and child grant pilot</p> <p>Number of workshops held for policy dialogue on different approaches to social protection across the life-course</p> <p>[*disaggregated by gender, age, people with disability, wealth, rural/urban]</p>	<p>Programme MIS</p>	<p>Operational problems undermine integrity of SIP</p> <p>Insufficient technical capacity on Government</p> <p>Continuing ambiguity over social assistance policy</p>
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