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Republic of Sudan
Country Strategic Opportunities Programme
2021-2027

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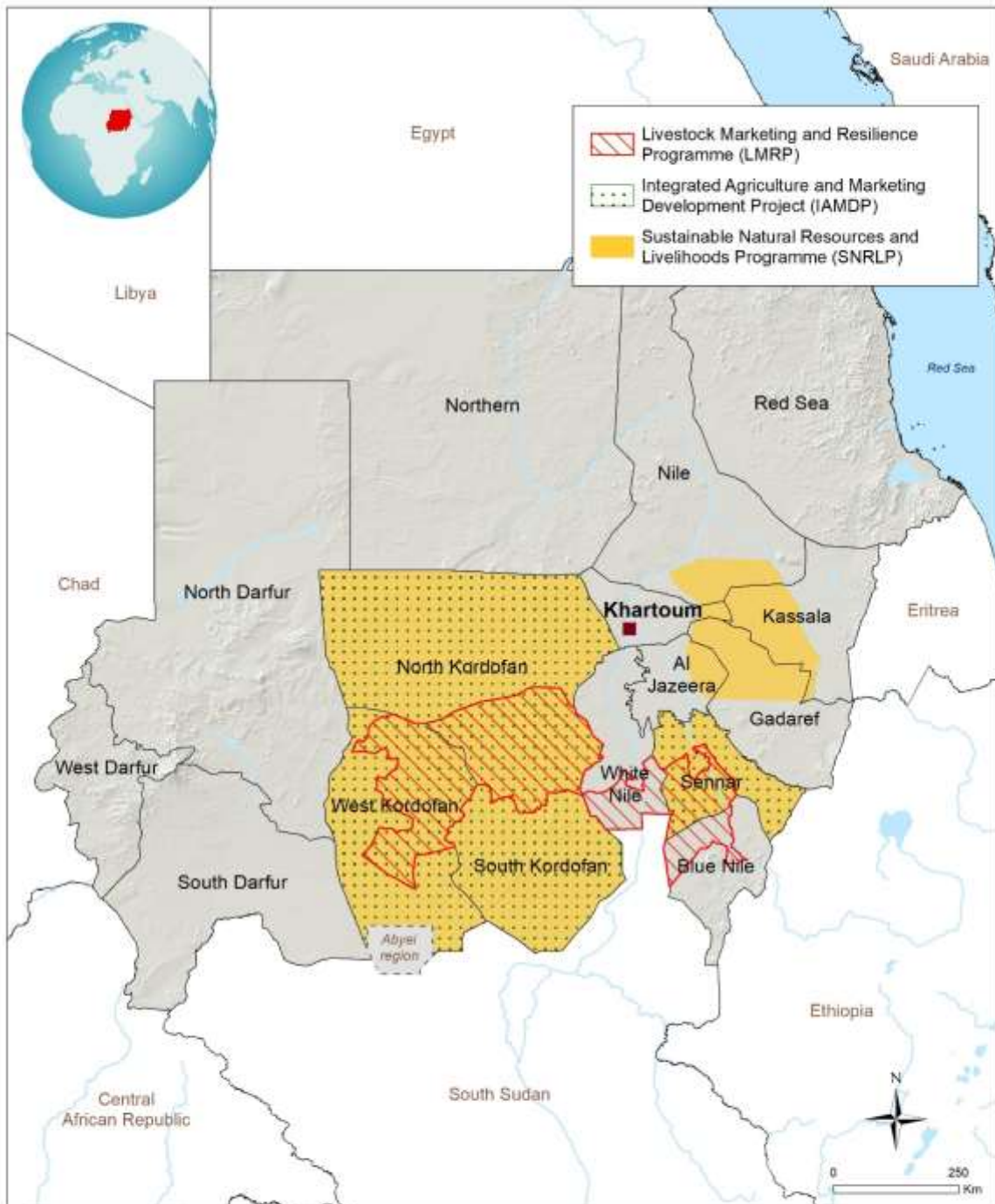
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Abbreviations and acronyms

BIRDP	Butana Integrated Rural Development Project
CSPE	country strategy and programme evaluation
FAO	Food and Agriculture Organization of the United Nations
FOs	farmers' organizations
GGW	Green Great Wall initiative
IAMDP	Integrated Agricultural and Marketing Development Project
ICO	IFAD Country Office
IVCDP	Inclusive Agri-business Value Chain Development Programme
LMRP	Livestock Marketing and Resilience Programme
M&E	monitoring and evaluation
NDC	nationally determined contribution
SDG	Sustainable Development Goal
SDP	Seed Development Project
SMEs	small and medium-sized enterprises
SNRLP	Sustainable Natural Resources and Livelihoods Programme
SO	strategic objective
SSTC	South-South and Triangular Cooperation
UNDP	United Nations Development Programme

Map of IFAD-funded operations in the country



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof. Final status of the Abyei area is not yet determined.
 Map compiled by IFAD | 30-11-2020

Executive summary

1. This country strategic opportunities programme (COSOP) is being developed in an enabling political context characterized by a new reform-oriented transitional government that offers a window of opportunity to spur economic growth and rebuild resilience. Despite the Sudanese economy's dependence on agriculture, the sector faces many challenges: low yields and production, vulnerability to climate change, and post-harvest processing and value addition far below potential.
2. The current portfolio consists of three active operations: the Livestock Marketing and Resilience Programme, the Integrated Agricultural and Marketing Development Project and the Sustainable Natural Resources and Livelihoods Programme. Lessons learned from previous experience highlight the need for: (i) an inclusive approach to improving natural resource management and governance; (ii) promotion of pro-poor microfinance for smallholder producers and small and medium-sized enterprises (SMEs); and (iii) promotion of linkages between smallholder producers and private sector actors to ensure the sustainability of poverty alleviation investments.
3. The COSOP interventions will benefit people living in fragile rainfed ecosystems: (i) smallholder farmers, agropastoralists, settled and mobile pastoralists and their organizations; and (ii) agroentrepreneurs and their organizations involved in pro-poor value chains. Special efforts will be undertaken to reach women (60 per cent) and youth (40 per cent).
4. The COSOP's goal is to contribute to reducing poverty, food insecurity, vulnerability and youth unemployment through investment in selected value chains with high impact on the livelihoods of the rural poor and their fragile environments. These value chains include gum arabic, sesame seeds, livestock for meat and organic herbal, medicinal and aromatic plants such as hibiscus and baobab. The COSOP goal will be pursued through two strategic objectives:
5. Strategic objective 1: Strengthen the resilience of vulnerable rural populations and their production systems to food and nutrition insecurity and climate change. The expected outcomes are: (i) rural households adopt improved and sustainable technologies (including natural resource management) that increase productivity and build resilience to climate change; and (ii) rural households have access to nutrient-rich food and improved nutritional methods.
6. Strategic objective 2: Improve the performance of key agricultural value chains that create employment and wealth for rural populations. The expected outcomes are: (i) improved financial and non-financial services available for smallholder producers and SMEs; (ii) stronger linkages to input and output markets in agricultural value chains; (iii) enhanced organization of stakeholders in farmers organizations; and (iv) promotion of SMEs and employment.
7. The COSOP will adopt a programmatic approach in designing a new programme, the Inclusive Agribusiness Value Chain Development Programme. The programme will extend over two cycles of the performance-based allocation system, under the Twelfth and Thirteenth Replenishments of IFAD's Resources. Additionally, opportunities for the Republic of the Sudan's private sector to benefit from new financial instruments, such as the Agribusiness Capital Fund and the Private Sector Financing Programme, will be explored.
8. The COSOP will promote at least three innovations: adoption of an ecosystem-based cluster approach to targeting; promotion of inclusive high-potential value chains; and promotion of information technologies for communication and provision of services. The COSOP will scale up proven successful initiatives such as innovative pro-poor financial products; the Gender Action and Learning System methodology; solar systems to operate storage and processing facilities and water points at village level; and climate-smart agriculture.

9. Key priorities for policy engagement within the COSOP framework include improving the institutional framework for sustainable natural resource management, and establishing sustainable seed systems and sustainable pro-poor rural financial systems.

I. Country context and rural sector agenda: key challenges and opportunities

1. **Political context:** Following the change in government in the Republic of the Sudan, the military council and civilian opposition alliance signed an agreement in August 2019 paving the way to civilian rule. The new reform-oriented transitional Government, together with the lifting of sanctions, create a unique window of opportunity to spur economic growth and resilience.
2. **Economy:** Facing serious social and economic challenges,¹ the economy contracted by 2.5 per cent in 2019 and by a further 8 per cent in 2020 due to the toll taken on the economy by the COVID-19 pandemic. The fiscal deficit rose to 10.8 per cent of GDP in 2019, due to energy subsidies and weak revenue mobilization. Inflation is very high and reached 140 per cent in October 2020.² Public and external debt ratios remain high and unsustainable (211.7 per cent and 198.2 per cent of GDP, respectively, in 2019), reflecting mainly arrears. The gross national income (GNI) per capita was estimated at US\$840 in 2018. Sudan was downgraded by the World Bank to the low-income category in 2020 (see appendix X).
3. **Potential transition scenarios:**³ Under the high scenario, exchange rate, monetary and financial sector reforms, and fiscal consolidation would boost macroeconomic stability and strengthen competitiveness. These measures would support an increase in GDP growth to 4.5 per cent over the medium term. On the fiscal front, fuel subsidy reforms, revenue measures and donor grants would support a decline in the deficit by 7.25 per cent of GDP over 2020–2021, with a further deficit reduction in 2022. The high scenario would be stimulated by the lifting of sanctions, allowing Sudan's entry into the Heavily Indebted Poor Countries initiative to clear arrears. Under the low scenario, large imbalances and loose policies shape an alarming outlook without policy reforms. The absence of corrective measures, growth is likely to remain very weak over the medium term, with minimal investment and subdued consumption (see appendix II).
4. **Poverty:** Sudan ranked 168th of 189 countries on the Human Development Index (2019) with a rating of 0.507 falling in the low human development category. The national poverty level stands at 52.3 per cent according to the United Nations Development Programme.⁴ Rural poverty is much higher at 58 per cent in the rainfed sector due to fragility, remoteness, limited employment opportunities, and poor natural resource management and governance. Additional pressure on smallholders' access to land and resources comes from expansion of mechanized farming and mining activities in landscapes traditionally used by smallholder agropastoralist communities. Households with small herds and small-scale farms are the most affected in the rainfed areas. There is an inherent sensitivity to rainfall amounts, making climate change a critical factor affecting the economy, livelihoods and food security (see appendices III and IV).
5. **Gender:** Sudan ranked 140th of 159 countries in the UNDP Gender Inequality Index.⁵ Women earn significantly less than men. About 50 per cent of rural young women in Sudan are literate. Women's participation in the labour market is 24.3 per cent compared to 72.2 per cent for men. Women comprise 78 per cent of the economically active population working in agriculture compared to just 57 per cent for men (see appendices III and IV).
6. **Youth:** Young people constitute 23 per cent of the total population, and 55 per cent of them are poor. One third of girls and one quarter of boys aged 15 to

¹ International Monetary Fund (IMF) Report June 2020.

² <https://www.imf.org/en/Countries/SDN#whatsnew>.

³ IMF Country Report No. 20/289, October 2020.

⁴ UNDP, 2019.

⁵ UNDP, 2019.

24 years are illiterate. Education uptake remains low, particularly in rural and nomadic areas where many young people receive little or no education after primary level. Lacking the necessary access to finance and business management skills, young people have few employment opportunities (see appendices III and IV).

7. **Indigenous people and minorities:** Approximately 70 per cent of Sudanese are Arab. There are also significant black African minorities (Fur, Beja, Nuba and Fallata). Intermarriage and the coexistence of Arab and African peoples in Sudan have blurred ethnic boundaries to the point where distinctions have become impossible. Ethnic boundaries have re-emerged in response to decades of conflict fueled by political manipulation of identity.
8. **Nutrition:** Sudan is rated 112th of 119 countries in the Global Hunger Index for 2019,⁶ indicating fragile food and nutrition security and widespread undernourishment. The chronic malnutrition rate stands at 38 per cent. Sudan is one of the 14 countries that are home to 80 per cent of the world's stunted children. According to the United Nations International Children's Emergency Fund (UNICEF), malnutrition is caused by high food costs, poverty and a lack of essential nutrients in food. These issues are amplified by poor water and sanitation conditions and high disease prevalence⁷ (see appendices III and IV).
9. **Fragility:** Sudan is included in the World Bank list⁸ of countries with high levels of institutional and social fragility, and has a country policy and institutional assessment score estimated at 2.47. Civil war and famine in South Sudan and recent events in Eritrea and Ethiopia have caused many refugees to seek safety in Sudan, putting pressure on already strained resources, especially in border states. Internal conflicts often occur between tribes over access to natural resources (see appendices III, IV and V).
10. **COVID-19 implications:** Reported COVID-19 infections stood at around 20,000 cases and 2,000 deaths by end-2020. In addition to the deteriorating socio-economic situation, COVID-19 impacts on the production of field crops cultivated by small-scale farmers include: (i) an inability to transport products to markets; (ii) increased post-harvest losses; and (iii) the loss of off-season jobs, especially for young people, due to the lockdown.
11. **Agriculture:** The Sudanese economy is highly dependent on agriculture, which employs 43 per cent of the labour force according to the Food and Agriculture Organization of the United Nations (FAO)⁹ and 34 per cent of GDP.¹⁰ Although the sector operates below potential, a diverse range of raw material crops are exported, including cotton, sesame, gum arabic, groundnuts, sorghum, hibiscus, melon seeds and livestock (mainly small ruminants). The traditional rainfed sector covers about 9 million hectares and includes the poorest and most vulnerable farmers. The sector is composed of family units farming between 2 and 50 hectares for income and subsistence. Yields are low and vulnerable to climate change. Post-harvest processing and value addition are far below potential. Contrary to the situation of rainfed agriculture, access to water resources from the Nile River for irrigation enables intensive agriculture and better access to rural finance, input and extension services. Rural poverty in irrigated areas is much less severe than in the rainfed agricultural areas, which occupy 90 per cent of Sudan (see appendices III and IV).

⁶ <https://www.globalhungerindex.org/pdf/en/2019/Sudan.pdf>.

⁷ UNICEF, 2020.

⁸ <https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations>.

⁹ FAO, 2019.

¹⁰ World Bank, 2019.

II. Government policy and institutional framework

12. Sudan is counting on its 25-year National Strategic Plan (2007-2031), which set forth a strong commitment to achieving the Sustainable Development Goals (SDGs). The current Government is highly committed to enhancing smallholder agriculture in rainfed areas. The Government is currently formulating a full-fledged Poverty Reduction Strategy Paper (PRSP). The PRSP is the top priority policy framework, addressing the following causes of poverty: (i) governance issues underpinned by the lack of pro-poor policies; (ii) systemic institutional weaknesses that render institutions incapable of delivering core services to the poor; (iii) the lack of a vibrant and organized civil society to influence pro-poor government policies and programmes; (iv) limited, untimely and poorly accessible microfinance services for agricultural activities; (v) poorly tapped natural resources coupled with destructive climate change impacts and successive droughts resulting in a stagnant rural economy; and (vi) a proliferation of community-level conflicts between pastoralists and farmers over land, water, pastures and livestock routes.
13. Given the high potential of the agricultural sector in driving the national economy and reducing poverty, the Government considers agricultural investments a top priority, as reflected in the following courses of action: develop value chains and market access; develop agricultural support services; increase agricultural production and productivity; achieve food security; and build climate change resilience.

III. IFAD engagement: lessons learned

14. The current IFAD portfolio consists of three active operations: the Livestock Marketing and Resilience Programme (LMRP), the Integrated Agricultural and Marketing Development Project (IAMDP) and the Sustainable Natural Resources and Livelihoods Programme (SNRLP). Previous operations implemented between 2013 and 2020 reached 2.2 million beneficiaries belonging to approximately 200,000 households. Impact surveys of the completed operations – the Seed Development Project (SDP), Western Sudan Resources Management Programme, Butana Integrated Rural Development Project (BIRDP) and the Supporting Small-scale Traditional Rainfed Producers in Sinnar State (SUSTAIN) – indicated positive improvements in the household asset ownership index (increases in the number of cattle, sheep and goats per household by 194, 25 and 62 per cent, respectively), a 100 per cent increase in household-owned durable assets and a 40 per cent increase in household-owned economic assets. The proportion of households storing crops rose from 49.2 to 66.8 per cent, those experiencing food shortages fell from 48.6 to 31.7 per cent, and household access to food increased from eight months of the year to a full 12 months. The 2020 country strategy and programme evaluation (CSPE) confirmed the significant results with respect to increasing the incomes and food security of beneficiaries, especially women. It also confirmed a sustainable increase in agricultural productivity and production and sustainable natural resource management. The project completion reports and the CSPE indicated that COSOP performance was less successful vis-à-vis domestic cofinancing mobilization, pro-poor sustainable rural finance and inclusive value chain development. This COSOP will ensure that realistic estimates are made for domestic cofinancing, and that rural finance is scaled up to serve smallholder producers and small and medium-sized enterprises (SMEs) along selected value chains.
15. As indicated in the previous COSOP completion review and the CSPE, the lessons learned from previous programme implementation have been incorporated into the current COSOP. The most important lessons include:
16. **Inclusive approach to improving natural resource governance.** Given the interdependence between natural resources, crop and animal production and users,

it is critical that different interest groups are involved in processes of developing rules and regulations around natural resource management. The establishment of community-based networks for natural resource management is essential for fostering community dialogue around sensitive topic management and equitable governance of resources. This will be enhanced by having networks and communities participate in decision-making and by the empowerment of women and youth groups. In this regard, BIRDP success in promoting natural resource management governance in the project area was crucial to the delivery of project outcomes on conflict resolution.

17. **Promotion of pro-poor microfinance** is essential for smallholder producers and SMEs to invest in agriculture and post-harvest activities. Previous microfinance schemes have succeeded in reaching out to poor producers, particularly women. The economic success of women's groups has stimulated the development of men's groups with active saving behaviour.
18. **Promotion of linkage between smallholder producers and private sector actors is essential for the sustainability of rural poverty alleviation investments.** Private sector actors, ranging from well-established companies (e.g. seed production companies and large processors) to smaller-scale service providers and input suppliers in and around villages (e.g. spraying services, mechanized services, agro-dealers) successfully established win-win business contractual arrangements with the target groups after project completion.
19. Regarding COSOP **implementation and financial management**, the performance ranged between moderately unsatisfactory to moderately satisfactory. Weaknesses were mainly due to less than optimal capacities of government staff seconded to project management units (PMUs), which will be addressed through extensive training, and insufficient allocation or delays in transferring counterpart cash contributions. Nonetheless, counterpart cash contributions have improved in the last two years, and will be realistically estimated during the course of this COSOP (see appendix VI).

IV. Country strategy

A. Comparative advantage

20. IFAD is the largest financier of rural and agricultural development. The Government considers IFAD a key player in promoting inclusive and sustainable rural transformation because of its capacity to transfer expertise and long experience in financing pro-poor agricultural value chains and building resilience. IFAD enjoys a unique position with the Government in terms of combining concessional financing, leveraging other donor resources, policy dialogue, focused targeting and ability to secure impact at scale.

B. Target group and targeting strategy

21. **Target group:** COSOP interventions will benefit primarily: (i) poor smallholder farmers, agropastoralists and settled and mobile pastoralists and their organizations; and (ii) agroentrepreneurs and their organizations involved in key pro-poor value chains. Special efforts will be undertaken to reach women (60 per cent) and youth (40 per cent).
22. **Targeting strategy:** In terms of geographical location and at the Government's request, the COSOP will focus on rainfed agriculture. Unlike producers in irrigated areas along the Nile, smallholders in west, central and eastern states experience serious fluctuations in rainfall patterns, impacting crop productivity and causing fragility and poverty. The COSOP will concentrate on the following states: River Nile, Khartoum, Gezira, Gedaref, Kassala, Sennar, North, South and West Kordofan States, White Nile and Blue Nile. These states are vulnerable to climate change and have a high incidence of poverty, ranging between 26 per cent and 60 per cent,

coupled with malnutrition of between 14 per cent and 20 per cent. Activities supported by the COSOP would impact assets commonly used by communities, such as water resources, rangelands and storage facilities. As evidenced by the BIRD project, a cluster of communities sharing a common ecosystem would be targeted, rather than individual producers or isolated communities. These common resources do not lend themselves to exclusive targeting. In light of specific challenges to reach mobile pastoralists, targeting will focus on those who are relatively marginalized despite their significant contribution to the agricultural economy and significance as natural resource users. Other activities, such as rural finance, SMEs, home gardens or *jubraka* and training are, by definition, self targeting and less attractive to local elite groups (see appendix IV).

C. Overall goal and strategic objectives

23. Building on the previous COSOP but with an incremental emphasis on value addition, the goal of this COSOP is to contribute to reducing poverty, food insecurity, vulnerability and youth unemployment in rural communities. Value will be added through investment in selected value chains with high impact on the livelihoods of the rural poor and their fragile environments, such as gum arabic, sesame seeds, livestock and organic herbal, medicinal and aromatic plants such as hibiscus and baobab. The COSOP has two strategic objectives (SOs) that respond directly to the Government's post-revolution shift from a short-term vulnerability relief approach towards longer-term sustainable agriculture, emphasizing modernization and industrialization of the sector to promote vital value chains.
24. **SO1: Strengthen the resilience of vulnerable rural populations and their production systems to food and nutrition insecurity and climate change**, with emphasis on good agriculture practices and village-based rural infrastructure such as rural roads and irrigation. The expected outcomes are: (i) rural households adopt climate-smart agriculture; and (ii) rural households have access to nutrient-rich food and improved nutritional methods. SO1 is aligned with SGDs 1, 2, 5, 6, 12, 13 and 15.
25. **SO2: Improve the performance of key agricultural value chains that create employment and wealth for rural populations.** The expected outcomes are: (i) improved financial and non-financial services available for smallholders, specifically women and youth; (ii) stronger linkages to input and output markets in key agricultural value chains; (iii) enhanced organization of stakeholders and farmers' organizations (FOs); and (iv) viable SMEs and jobs promoted, mainly through investment in storage and processing facilities and village market outlets. SO2 is aligned with SGDs 1, 2, 8, 12 and 15.
26. **The theory of change of the COSOP** builds on scaling up the main thrusts of IFAD in Sudan and maximizing their impact: (i) agriculture productivity increases, with an enhanced focus on natural resource management and climate change resilience and adaptation; (ii) inclusive value chain development, with an enhanced role for the private sector and FOs, while mainstreaming nutritional aspects; and (iii) promotion of pro-poor rural finance. The theory of change assumes an increase in rainfed farming productivity at the community level (through promotion of smart agriculture and resilient rural infrastructure), combined with backward and forward market linkages and stronger FOs and income-generating activities to ensure higher farm production and marketing of surpluses. Through access to market information and promotion of storage and processing facilities and village market outlets, rural enterprise development will ensure that the surplus of rural young labour is employed more productively and provide services to value chain actors. With only 10 years remaining to achieve the SDGs, the impacts of critical shocks – including increased climate volatility and the economic and social effects of the COVID-19 pandemic – pose a threat to poverty and hunger eradication. In response to the transitional Government's requests and priorities, the COSOP will build on the achievements and lessons from the previous COSOP to move further

from local to national and international market connection for selected high value agricultural products, through the promotion of inclusive value chains. This is driven by the current political situation, which by lifting sanctions and improving the business environment is more favourable to boosting exports of crop and livestock products, thus improving the livelihoods of rural poor people.

27. **The IFAD12 mainstreaming themes** will be addressed as follows: (i) climate change measures will be embedded into investment programme design with a clear focus on adaptation, as the first and overriding priority of Sudan's climate actions and a major part of its nationally determined contribution (NDC);¹¹ (ii) women and youth will comprise 50 per cent and 30 per cent of beneficiaries, respectively, with gender and youth mainstreaming action plans to be developed during the programme design phase; and (iii) nutrition will be mainstreamed by selecting nutrition-sensitive crops for value chain development and home gardens (*jubraka*).
28. The strategic objectives are aligned with the five interlinked United Nations Development Assistance Framework (UNDAF) focus areas for 2018-2021: (i) economic development and poverty reduction; (ii) environment, climate resilience and disaster risk management; (iii) social services; (iv) governance, rule of law and institutional capacity development; and (v) community stabilization.

D. Menu of IFAD interventions

29. **Loans and grants.** IFAD's current portfolio consists of three projects: LMRP, IAMDP and SNRLP. The COSOP will adopt a programmatic approach to design a new programme, the Inclusive Agribusiness Value Chain Development Programme (IVCDP). In line with the emphasis of IFAD12 on the programme approach, the programme would cover the two performance-based allocation system (PBAS) cycles of the Twelfth Replenishment of IFAD's Resources (IFAD12) and IFAD13 (design cost effectiveness). Within the rainfed subsector ecosystem, there are at least three high-potential agricultural value chains: gum arabic, sesame seeds and livestock for meat, in addition to organic herbal, medicinal and aromatic plants such as hibiscus and baobab. As confirmed by a recent World Bank study,¹² these value chains provide an excellent opportunity to empower poor smallholder farmers and labour in peripheral areas of Sudan by engaging in public-private partnerships with local and national actors and international importers to increase the value added to poor smallholder producers, including women and youth. IVCDP will complement previous and ongoing projects that helped smallholders increase productivity and production, moving beyond production to processing, marketing and export. In addition to the two PBAS allocations, opportunities could be explored for Sudan's private sector to benefit from IFAD new financial instruments, such as the Agribusiness Capital Fund and the Private Sector Financing Programme, in line with the IFAD Private Sector Engagement Strategy 2019-2024.
30. **Country-level policy engagement.** The 2013-2020 COSOP presented a number of possible areas for policy dialogue. While field results have been notable in many areas, concrete progress at policy level is still modest. This COSOP will further enhance IFAD policy engagement at the federal and state level through the IFAD country office in coordination with other donors, and with projects' field results feeding into the policy agenda. Policy engagement will be enhanced through the planned three regional natural resource management policy coordination centres to

¹¹ Sudan ratified the Paris Agreement in September 2017 and submitted its first Intended Nationally Determined Contribution (INDC) as the basis of the NDC. It contains both mitigation and adaptation measures that Sudan aims to undertake towards achieving the United Nations Framework Convention on Climate Change objective and its national development priorities. The alignment between the SDGs and the INDC is an entry point for considering the degree of potential alignment between the country's climate and sustainable development objectives. IFAD's COSOP orientation is aligned with both the INDC orientation and the SDGs, specifically SDGs 1, 2, 5, 6, 12, 13 and 15. Details of the alignment analysis are presented in annex IV to the Social, Environmental and Climate Assessment Procedures (SECAP) analysis.

¹² World Bank, Sudan Agriculture Value Chain Analysis, June 2020.

be established by the SNRLP project. Key priority areas for IFAD policy engagement would include:

- (a) **Improving the institutional framework for sustainable natural resource management:** There are multiple parallel systems for natural resource management and governance, resulting in confusing land tenure arrangements and inconsistencies in laws and policies that leave user rights open to dispute and sometimes cause conflicts. Building on the BIRDP achievement, government policy makers at the federal and state levels will engage in establishing a uniform natural resource management framework to sustainably improve the management of rangelands, demarcation and regulation of stock routes, control of animal diseases, taxation, quality standards and trade, and to define clear user rights for pastoralists, smallholders and large-scale producers.
 - (b) **Establishment of a sustainable seed system:** A major outcome of the SDP was the development of a nation-wide enabling institutional and policy environment for the seed sector to strengthen relevant seed-related authorities, such as the Federal Seed Act (FSA), National Agricultural Seed Council and Agricultural Research Corporation (ARC). Benefiting from the resulting strengthened institutional and technical capacities, the COSOP will engage in policy dialogue towards the establishment of a seed system. This will include: (i) ratifying the seed law; and (ii) fully accrediting the FSA through compliance of its central/state seed lab equipment (provided by SDP) with the technical requirements of the International Seed Testing Association.
 - (c) **Establishment of a sustainable pro-poor rural financial system:** A prerequisite for successful agricultural production and value addition is access by value chain actors to finance. Financial intermediation in the rural sector is low, and non-bank financial markets and institutions are small and underdeveloped. The COSOP will ensure further engagement of the Central Bank of Sudan and Agricultural Bank of Sudan in addressing the financial constraints of smallholder producers, rural women and youth, by scaling up the Agricultural Bank of Sudan Microfinance Initiative (ABSUMI), Bara'ah and other rural finance initiatives such as the Great Green Wall (GGW) Inclusive Green Financing (IGREENFIN) initiative.
31. **Capacity-building** will be provided in three main areas: (i) strengthening the technical, institutional and organizational capacities of key stakeholders at the community level, such as community-based organizations and village business agents, and service providers; (ii) strengthening the fiduciary and procurement management capacities of PMU staff and key implementing agencies; and (iii) building public sector capacities to develop policies, regulatory frameworks and project monitoring and evaluation (M&E) among relevant staff at the ministries in charge of agriculture, animal and fishing resources and economy. South-South and Triangular Cooperation (SSTC) will be used as much as possible. The procurement risk matrix outlines measures such as continuous IFAD Country Office (ICO) monitoring to ensure that relevant staff, bidders and service providers observe the highest standard of ethics and integrity during procurement and execution of IFAD-financed contracts. Moreover, specific anti-corruption training will be provided through IFAD support to both project and government staff. Technical assistance to be provided by hiring procurement specialists will also ensure the backstopping of procurement functions.
 32. **Knowledge management.** Knowledge will be generated from structured discussions among stakeholders in workshops and case studies, which may be complemented by data generated through M&E, commissioned studies and implementation reviews. Regular workshops will be held to stimulate discussion of lessons learned and influence national policy, with the participation of the

development community and stakeholders. Policy briefs, brochures and web-based platforms will be developed. Additionally, PMUs will report on progress made in knowledge management and communication.

33. **South-South and Triangular Cooperation.** The COSOP will pursue SSTC largely through the China-IFAD SSTC Facility, Turkish International Development Agency and FAO-China Trust Fund, with a focus on training, capacity-building and exposure of technicians and farmer leaders to success stories and best practices in other countries. This will include innovative and tested solutions for developing agricultural value chains, resilience to disasters and climate change, and delivering up-to-date agriculture-related information to smallholder producers on production, weather, market prices and other important areas through digital services.
34. **Communication and visibility.** The COSOP's communication strategy will focus on boosting FOs, private sector partnerships and the impact of value chain projects and rural finance. Visibility will be enhanced through social media, visit exchanges and policy forums. Communication products will also include project documents, case studies and thematic events in areas such as natural resource management, post-harvest processing and market access.

V. Innovations and scaling up for sustainable results

35. **Innovation.** Learning from previous projects, an important innovation under the COSOP will be the adoption of an ecosystem-based cluster approach whereby a cluster of communities sharing a common ecosystem will be targeted rather than individual isolated communities. This innovation will be driven by consultative processes around natural resource management, promotion of community networks and mobilization. Inclusive high-potential value chains will be promoted through partnerships with private sector actors such as input and service suppliers, processors and exporters, to create backward and forward linkages with smallholder producers. Another innovation is the promotion of information technologies for communication and provision of services. Several tools are used by IFAD and other partners to support projects and programmes in achieving their goals on mainstreaming themes. IFAD is developing an action plan on information and communication technologies for development, and possesses Sudan-suitable technologies, including We Connect Farmers¹³ and the World Overview of Conservation Approaches and Technologies platform¹⁴, which serve to disseminate and exchange good practices.
36. **Scaling up.** Innovative initiatives in the local context that have proven successful in previous and ongoing projects will be scaled up in new programme areas and other states (through government- or donor-funded programmes). These include: (i) innovative financial products, such as ABSUMI and other savings and credit groups like Bara'ah, to promote inclusive rural finance systems; (ii) the Gender Action and Learning System methodology to facilitate women's empowerment, equitable distribution of responsibilities and resources, and nutrition awareness; (iii) solar-powered systems to operate storage and processing facilities and water points at village level; (iv) climate-smart agriculture through participatory pro-poor agricultural research (in collaboration with ARC); (v) promotion of machinery for land preparation, cultivation and harvesting, and improved seeds (in collaboration with private sector actors); and (vi) proximity extension services (through establishment of community extension agents).

¹³ <http://www.weconnectfarmers.com>.

¹⁴ <https://www.wocat.net>.

VI. COSOP implementation

A. Financial envelope and cofinancing targets

Table 1
IFAD financing and cofinancing of ongoing and planned projects
 (Millions of United States dollars)

Project	IFAD financing	Cofinancing		Cofinancing ratio
		Domestic	International	
Ongoing				
LMRP	31 470 000	79 100 000	18 126 000	
IAMDP	26 764 695	21 497 000	-	
SNRLP	62 944 628	21 742 139	1 960 238	
Planned				
IVCDP	60 000 000	30 000 000	50 000 000	1.34
Total	181 000 000	122 000 000	53 000 000	1:1

B. Resources for non-lending activities

37. Non-lending activities will be integrated into the investment programme as well as through SSTC, and will include: (i) ongoing and future engagement in policy dialogue, United Nations Country Team (UNCT) meetings and other forums; (ii) piloting innovations, technology transfer and knowledge sharing through SSTC; and (iii) communication activities.

C. Key strategic partnerships and development coordination

38. In line with UNDAF and UNCT dialogue and consultations, IFAD coordinates with other United Nations agencies wherever possible. Input was sought from the United Nations resident coordinator during the COSOP design process. IFAD and FAO seek to support national agricultural development issues. A donors coordination group for the agricultural sector is co-led by IFAD and FAO. Synergies with the United Nations Industrial Development Organization in agro-industry are explored for quality control and post-harvest processes in value chains. A partnership with UNICEF helps to prevent an outbreak of disease in the programme area by building latrines and hand-washing stations, teaching hygiene and providing clean water. Partnerships are fostered with international financial institutions such as the World Bank and with regional donors including the Arab Coordination Group – Islamic Development Bank, Arab Fund for Economic and Social Development, OPEC Fund for International Development, Abu Dhabi Fund and Arab Authority for Agricultural Investment and Development (AAAID) – for cofinancing purposes. In particular, AAAID, based in Khartoum, is a strategic partner in relation to seed systems (through contractual farming with its affiliate Arab Sudanese Seed Company) and for rural finance. The African Development Bank is another strategic partner through its Feed Africa strategy (inclusive and business-oriented agriculture). The Programme Management Department and the Environment, Climate, Gender and Social Inclusion Division will continue to mobilize grant financing from the Green Climate Fund (GCF), enhanced Adaptation for Smallholder Agriculture Programme (ASAP+), Global Environment Facility (GEF) and Adaptation Fund for climate change resilience building. Additional opportunities will be explored in the context of GGW and IGREENFIN. As Sudan is a GGW country, the COSOP will take advantage of IFAD's position as coordinator of the GGW Initiative Umbrella Programme of the GCF. There will also be a GEF impact programme for the GGW, coordinated by FAO and the United Nations Environment Programme.

D. Beneficiary engagement and transparency

39. **Beneficiary engagement.** Programme beneficiaries and their organizations will be consulted and engaged through adoption of participatory M&E approaches to

guide local decision-making, promote the implementation of effective interventions and address emerging issues in the course of programme implementation. Beneficiary feedback will be secured through stakeholder consultations at investment programme design and implementation stages.

40. **Transparency.** Arrangements will be put in place during COSOP implementation to enhance the transparency, visibility and results of IFAD interventions, and those of governments and implementing partners: publication and disclosure of financial results and supervision reports, evaluation reports, impact assessment reports, etc.

E. Programme management arrangements

41. The ICO in Khartoum has managed the portfolio effectively within the challenging politico-economic environment that characterized Sudan over the last decade. The IFAD Country Director and local team will manage the COSOP from Khartoum with support from technical staff located at IFAD headquarters and in the Regional Hub.

F. Monitoring and evaluation

42. Implementation will be monitored using: (i) the Operational Results Management System; (ii) supervision and implementation support missions; and (iii) annual outcome surveys. The Government and IFAD will conduct a COSOP results review in 2024 to assess the programme's relevance, effectiveness and efficiency, and make any necessary adjustments. Annual meetings to review the COSOP results will evaluate the progress made to draw lessons and issue recommendations. A COSOP completion review will be conducted in 2026.

VII. Risk management

Table 2
Risks and mitigation measures

<i>Risks</i>	<i>Risk rating</i>	<i>Mitigation measures</i>
Political/governance	High	Considering Sudan's political transition, COSOP implementation will be rooted within local entities and community-based organizations. While most potential COSOP areas are safe, the ICO will continue to closely monitor political and security developments through the United Nations Department for Safety and Security.
Macroeconomic	High	The COSOP will contribute to building rural poor assets to minimize the impact of financial instability and inflation. The ICO will promote fiscal discipline for agreed budgets in relevant federal and state ministries and will minimize debt default risks through early flagging and discussion with Ministry of Finance.
Sector strategies and policies	Medium	Support agriculture and natural resource management policy formulation and contribute to policy dialogue through the donors coordination group for the agricultural sector.
Institutional capacity	Medium	Comprehensive training programmes for government staff and community-based organization members.
Portfolio	Medium	Closely monitor portfolio progress; provide support in project management, knowledge management and M&E.
Fiduciary – financial management	High	Strengthen internal control systems and oversight mechanisms, and provide continuous training, capacity-building and implementation support.
Fiduciary – procurement	Medium	Adopt a proactive approach to systematically review procurement performance and risk matrix in line with IFAD's procurement guidelines.
Environment and climate	Medium	Promote climate resilient agricultural practices, renewable energy and income-generating activities to ease pressures on natural resources.
Social	Medium	Promote remunerative value chain-based and rural youth employment opportunities, and address gender inequality in rural communities through rural women's empowerment.
Overall	Medium	

COSOP results management framework

Country strategy alignment	Related SDG and UNDAF outcomes	Key COSOP results			
		<i>Strategic objectives</i>	<i>Lending and non-lending activities for the COSOP period</i>	<i>Outcome indicators</i>	Milestone indicators (Progress will be tracked through progress reports and COSOP MTR and final review, and impact studies).
<ul style="list-style-type: none"> Sudan Agricultural Revival Programme and National Agricultural Investment Plan (SNAIP): increasing productivity and efficiency of the production and processing stages; Promotion of exports of crops and livestock; achieving food security; reducing poverty and generating job opportunities and increasing per capita income; and protection of natural resources to ensure renewal and sustainability. 	<p>SDGs¹⁵: SGD1; SDG2, SDG5; SDG 6; SDG7; SDG8; SDG12; SG13; SDG 15.</p> <p>UNDAF: (i) poverty reduction; (ii) resilience to climate change; (iii) institutional capacity building.</p>	<p>The goal of the COSOP is to contribute to the reduction of poverty, food insecurity, vulnerability and youth unemployment in rural communities</p>	<p>Lending/investment activities</p> <ul style="list-style-type: none"> Ongoing: LMRP, IAMDP, SNRLP Indicative pipeline (two PBAS): IVCDP <p>Non-lending/non-project activities</p> <ul style="list-style-type: none"> CLPE: Inclusive NRM, inclusive rural finance, Sustainable seed system Partnerships: RBA, IFIs, regional and bilateral donors, private sector companies SSTC: IFAD-China facility, TIKA, FAO-China trust Fund Knowledge management 	<ul style="list-style-type: none"> 5% reduction in per centage of stunted children below 5 years. 70% of targeted HHs reporting 20% increase in income 	<ul style="list-style-type: none"> XXX HHs or XXX of beneficiaries reached through different COSOP programme interventions¹⁶ (at least 50% women and 30% youth). 60% Women reporting improvement in minimum dietary diversity (MDDW CI 1.2.8.) <p>(Progress will be tracked through progress reports and COSOP MTR and CCR, and impact studies).</p>
<ul style="list-style-type: none"> Sustainable increase of agricultural Production and Productivity Promotion of good agricultural practice and NRM for building resilience of rain-fed agriculture to climate change 		<p>SO1: Strengthen the resilience of vulnerable rural populations and their production systems to food and nutrition insecurity and climate change</p>	<p>Lending/investment activities</p> <ul style="list-style-type: none"> Ongoing: LMRP, IAMDP, SNLRP Indicative pipeline (two PBAS): IVCDP <p>Non-lending/non-project activities</p> <ul style="list-style-type: none"> CLPE: Inclusive NRM, inclusive rural finance, Sustainable seed system Partnerships: RBA, IFIs and regional donors, private sector companies SSTC: IFAD-China facility, TIKA. FAO-China Trust Fund 	<ul style="list-style-type: none"> 70% HHs reporting average 50% increase in productivity XXX HHs report increase in production (CI 1.2.4.) 60% HHs reporting adoption of environmentally/climate resilient technologies or practices (CI 3.2.2.); 	<ul style="list-style-type: none"> 60% of rural households adopt improved production practices/ technologies (CI 1.2.2) XXX Ha of land brought under climate-resilient management (CI 3.1.4./ASAP) XXX Groups supported to sustainably manage natural

¹⁵ SGD1 (no poverty); SDG2 (no hunger). SDG5 (gender equality); SDG7 (access to reliable energy); SDG8 (inclusive economic growth and productive employment). SDG12 (responsible production patterns), SG13 (climate change).

¹⁶LMRP, IAMDP and SNRLP

<ul style="list-style-type: none"> Sustainable development of export oriented value chains and market access 			<ul style="list-style-type: none"> Knowledge management 	<ul style="list-style-type: none"> 70% HHs reporting improved access to land, forests, water or water bodies for production purposes (CI 1.2.1.) 60% Persons reporting reduction in dispute over use of land and natural resources 80% of rural households have access to nutrients-rich food and improved nutritional methods. 	<p>resources and climate-related risks (CI 3.1.1/ASAP)</p> <ul style="list-style-type: none"> Seed system fully operational # International exposure visits of public technicians and FOs organised through SSTC. 11 Policy-relevant knowledge products completed (Policy 1) in NRM XXX HHs provided with targeted support to improve their nutrition (CI 1.1.8)
		<p>SO2: Improve the performance of key agricultural value chains that create employment and wealth for rural populations.</p>	<p>Lending/investment activities</p> <ul style="list-style-type: none"> Ongoing: LMRP, IAMDP, SNLRP Indicative: IVCDP (two PBAS) <p>Non-lending/non-project activities</p> <ul style="list-style-type: none"> CLPE: Inclusive NRM, inclusive rural finance, Sustainable seed system Partnerships: RBA, IFIs, regional and bilateral Donors, private sector. SSTC: IFAD-China facility, TIKA, FAO-China Trust Fund Knowledge management 	<ul style="list-style-type: none"> 80% of farming households reporting a 50% increase in value of sales from selected VCs. 20% reduction in unemployment of women, men and youth. XXX jobs created (40% women and 30% youth) (CI 2.1.1.) 	<ul style="list-style-type: none"> XXX SMEs accessing business development services in COSOP programme area. XXX HHs accessing rural financial services (CI 1.1.5) XXX Rural producers' organizations engaged in formal partnerships/ agreements or contracts with public or private entities, (CI 2.2.3) XXX international exposure visits of SMEs organised through SSTC.

Transition scenarios

Table 1
Projections for key macroeconomic and demographic variables

<i>Case</i>	<i>Base</i>	<i>High</i>	<i>Low</i>
Average GDP growth (2021-2025)	0.8	+4.5%	-1.6
GDP per capita (2020, PPP)	3547		
Public debt (% of GDP) (2020- 2025)	13.4%	7.7%	13.9%
Debt service ratio (2020)	80%		
Inflation rate (%) (2020)	141%	35%	70%
Rural population	Current (2020): 43,849,260 (2030): 49 353 272. Annual growth rate: 2.4%		
Investment climate for rural business	3/6: Sudan reforms for business improvement are still limited.		
Vulnerability to shocks	3/6: As clearly indicated in the SECAP report and fragility assessment section, the country vulnerability to climate change; food price shocks and political risk is still high.		

1. Sudan is ranked 171 among 190 economies in the ease of doing business, according to the latest WB annual ratings. The rank of Sudan deteriorated to 171 in 2019 from 162 in 2018, a weak business environment, where political uncertainty discouraged private investment, dampened confidence and productivity.
2. **Three hypothetical transition scenarios are considered for analysis in the COSOP implementation framework:**
3. **The base case scenario** is one where national and local drivers agricultural transformation continue to shape its patterns and outcomes. In this scenario, which is also the most likely one, Sudan's medium-term outlook further improves. According to the WB and IMF, GDP is projected to contract further by 1.6% in 2020 and 0.8% in 2021 due to the political situation, tepid domestic demand, and weak private sector investment. Inflation, projected at 61.5% for 2020 and 65.7% for 2021, is mainly driven by the monetization of the fiscal deficit, projected at 9.9% in 2020 and 10.9% in 2021. Under this scenario, Sudan PBAS allocation would stay roughly the same or enjoy a slight increase linked to improved portfolio management and disbursement rates.
4. **High case scenario:** While public investment is subject to budget constraints, private investments will be dynamic. This is triggered by the US president, signing an executive order to remove Sudan from the US State Sponsors of Terrorism List (SSTL) in October 2020, clearing the way for Sudan to seek international assistance and secure crucial financial aid in order to address its dire economic situation. With the lift of Sudan from the list of countries supporting terrorism, many foreign investment opportunities will be available to the countries. Sudan graduation out of this list will also open the door for its joining HIPIC, a unique opportunity to access concessional foreign development assistance. About 63% of Sudan's land is agricultural, and only 15–20% of it is under cultivation, offering huge private investment opportunities. Agricultural exports are expected to increase with increasing establishment of international trade agreements, taking

advantage of Sudan strong agricultural comparative advantage. The boost in agricultural exports will generate foreign exchange, and reduce the current account deficit. In this scenario, the rural sector and IFAD portfolio performance will improve, the youth unemployment rate will decrease and inflation will be controlled. Sudan will need additional support to accompany this dynamic, particularly in rural areas. In this context, Sudan will be ready to absorb and IFAD can significantly increase its financial support to the country (leading to an increase in PBAS allocation at least under IFAD12 and IFAD 13).

5. **Low case scenario:** Although it is unlikely, but should the political instability worsen, business environment will deteriorate and growth will decrease, with hardening economic conditions and macro economic indicators. The Covid-19 pandemic remains into 2021, driving the economy into a prolonged deep recession. Severe economic deterioration: under debt pressure not reimbursed, regional conflicts (for example, the conflict in neighbouring Ethiopia will also increase the risk of a refugee crisis alongside a high level of internal displacement. The security situation in South Sudan will also remain volatile and increasing droughts, the security situation worsens, social cohesion explodes and activities economies reduced with rising inflation. In this scenario, the risk of losing part of Sudan PBAS allocation for IFAD 12 and IFAD 13 is a real threat to Sudan.

Agricultural and rural sector issues

Context

1. Sudan is a dry country exhibiting typical Sahelian zone with its characteristic low amount of rainfall that varies enormously over space and time. In spite of the rapid pace of urbanization (from 8.3% in 1955/56 to around 40% in 2019) the country remains agrarian in social, economic and cultural outlooks. The majority of the population is rural pursuing environmentally extractive livelihoods founded fundamentally on crop farming and pastoralism. Arable land is estimated as 90.7 million hectares, only around 25 per cent of it cultivated. Agriculture contribution to the GDP was 31% in 2019¹⁷ while constitutes the main source of employability (around 48% of total labour force).

Agriculture

Crop farming

2. Four major agricultural production systems exist in the county, namely traditional rain-fed, irrigated agriculture; semi mechanized farming and traditional pastoralism. In 2017/2018 approximately 56 million feddan were under cultivation.
3. The traditional farming systems dominates the rain lands of the country away from the Nile and its tributaries. Being a village-based agriculture it constitutes main source of income and food security for individual rural households in the country. Although frequently portrayed as subsistence and household-based smallholdings, the system has recently become increasingly market-oriented with increasing dependence on modern technology, mainly tractors that further contributed to remarkable increase in the size of cultivated plots.
4. The semi mechanized farming concentrates on the central clay plains of Sudan. This sub sector is made up of two distinct elements: farms that have been legally acquired from Government through leasehold and farms that have been established without any form of official approval. In spite of its contribution to national food security, the semi mechanized is frequently accused for being a major contributor to severe land degradation, elite capture of land, proliferation of local level conflicts and closure of livestock routes.
5. Irrigated agriculture is practiced in the semi-arid and arid savannah belt that stretches across the centre of the country and along the main Nile and its tributaries. Modern irrigation systems (water pumps) have expanded the system to flood plains of the major wadi systems, especially in Darfur. The land under irrigation, where various crops are grown, covers approximately 3.5 million feddans (1.47 million hectares). Although irrigated agriculture only covers about seven per cent of the cultivated land area in the country, it accounts significantly to the country's output of agricultural produce (Ijaimi 2016).
6. At present, Sudan agriculture, especially in the rain-fed sector, suffers acute structural problems, important among which are:
 - a. Lack of title and secured access to land as all lands under traditional rain-fed farming and pastoralism are held under the customary land tenure system that has no legal recognition or legitimacy.
 - b. Severe land degradation and the resultant decline in land capability caused by expansion of cultivation on marginal lands; wholesale clearance of trees for cultivation; absence of land or crop rotation; monoculture practices; use of environmentally destructive technology; lack of investment to conserve land

¹⁷ World Bank, 2020 Economy Profile Sudan; Doing Business, <http://documents.worldbank.org/curated/en/441871575346787051/pdf/Doing-Business-2020->

and enhance its productivity and absence of concrete policy response to drought and the impacts of climate change

- c. Proliferation of conflicts over land and natural resources on the rain lands of the country resulting in the disruption of rural economy and instability of the population
- d. Loss of labour in farming and pastoral sectors to artisanal gold mining. According to available estimates¹⁸ the artisanal sector provides employment for more than one million persons the majority of whom were previously farmers and pastoralists.
- e. The very limited input of extension and investment in social capital development.
- f. Access to market constraints associated with the very poor infrastructure of roads and transport in the country.
- g. The very high cost of production associated with the macroeconomic crisis in the country.
- h. Neglect of the agricultural sector where the expenditure in the sector, according to Technical Food Secretariat 2020, fluctuate around 2.6% of the total government expenditure.

Pastoralism

7. Sudan is the home to a large concentrations of pastoralists, estimated around 13% of total population¹⁹. Under the pastoral system an estimated 109.3 million head of livestock (31.5 million cattle; 40.9 million sheep; 32.0 million goats; 4.9 million camels) are raised²⁰. However, an increasing tendency towards combining animal husbandry with crop cultivation has been observed and documented²¹. The pastoral system in the country varies along a north-south axis with camel pastoralism dominates the desert and semi desert areas north of latitude 16 degrees and cattle herding in the savannah belt towards the south. Seasonal mobility, made imperative by ecological variations, remains one of the defining features of pastoral livelihoods. Because of that, the landscape of Sudan rain lands is crisscrossed by a network of livestock routes linking wet and dry season areas; the length of some routes exceeds 1,000 km, particularly in Darfur. Frequent droughts in the country and environmental degradation have forced camel-herding groups to move further south deeper into the rich savannah areas resulting in frequent disputes with farmers. Despite the vital role the pastoralists play in the national and local economies and in food security, pastoral communities in the country are in a state of crisis. Over the course of recent history rangelands are continuously shrinking and the livestock migration routes have become increasingly appropriated and closed by the spread of cultivation, in both the traditional and mechanized sectors and the continuously expanding investment capital in agribusiness, oil industry and gold mining. Lack of recognizable rights to land and secured access to livestock routes, heavy taxation, lack of investment in livestock extension and social capital development and decreased resilience to climate change have created the pastoralists, especially their women and children as one of the most politically and socially marginalized groups in the country. Because of that the pastoralists have become susceptible to all forms of radicalization and recruitment by insurgent groups and conflict entrepreneurs.

¹⁸ Ministry of Finance and National Economy, General Directorate of International Cooperation, 2015, Impact of traditional mining of gold on the social and economic life in Sudan and on the environment

¹⁹ Casciarri, Barbara (2009), between market logic and communal practices: Pastoral Nomad groups and globalization in contemporary Sudan, Nomadic Peoples, Vol 13 (1)

²⁰ Ministry of Animal Resources, 2019

²¹ FAO, 2018, Baseline and Land Resource Mapping in 20 Localities in the Five Darfur States

Sudan High Value Export Products

8. Sudan enjoys a high comparative advantage on agricultural exports. The following crops are the dominant ones within the rain-fed sector, with strong impact on the livelihoods of the smallholder producers:
- **Gum Arabic.** Sudanese gum Arabic sets quality standards for global markets, and the crop is an important source of foreign exchange earnings. Exports have grown following the end of the parastatal monopoly in 2009 and tax reductions. There is substantial potential to enhance productivity and exports and create job opportunities for the rural youth and smallholder producers. There is also potential to add value by expanding domestic processing.
 - **Sesame seeds.** Sudan produces high-quality sesame seeds and has a relative advantage in global markets because of its access to large and fast-growing import markets like China and Japan. Many smallholder farmers grow sesame seeds as a cash crop and could benefit from interventions that bolster demand and prompt productivity gains. Additionally, opportunities are present in job creation from processing and value addition.
 - **Livestock (meat).** The livestock value chain is a key contributor to foreign exchange earnings of the country. The value chain provides opportunities for the livelihood to more than 50 per cent of the Sudanese population, many of whom are part of pastoralist communities that could benefit by addressing challenges in this sector.
 - **Organic Hibiscus:** Sudan is renowned for producing high quality hibiscus, reckoned by some as perhaps the best in the world. Hibiscus is widely used as major ingredient of fruit teas. Primary producers within the hibiscus value chain are mainly poor rural women.
 - **Organic Baobab:** Baobab is native to the African continent, typically found in sub-Saharan African countries. Western countries, particularly Europe have an attractive market for baobab, since there is a growing demand for supplements as well as ingredients with high nutrient content and antioxidant properties. According to the [African Baobab Alliance](#), the exports of baobab reached 450 tonnes in 2017. It is forecast that the exports of baobab will reach 5,000 tonnes by 2025.

National Policy Frameworks Related to Agriculture and Climate Change

The Three-Year Programme for Stability and Economic Development (2021-2023)

9. The programme is currently under finalization by the Ministry of Finance and Economic Planning. A committee was commissioned to prepare the environment projects to be implemented under the Programme. The proposed pipeline projects under the programme are:
- Rehabilitation of degraded agricultural land and sand dune fixation
 - Enhancing community participation in combating land degradation and desertification
 - Capacity building through knowledge management products and best practices to address the problem of land degradation
 - Environmental governance project focusing on institutional capacity building
 - Strategic orientation and assessments focusing on: baseline survey of Sudan natural resources; preparation of Sudan strategy for environmental management; development of national strategy for water management; reviewing the institutional structure of Forests national Corporation; national strategy for drought and disaster management; national strategy for the management of fish and marine resources; updating the renewable energy strategy
 - Rehabilitation and management of livestock routes

- Water harvesting for improved agricultures, rangelands and soil conservation
- Promoting the value of agricultural residues project (fodder collection, bailing, storing, etc.)

Sudan National Agricultural Investment Plan SNAIP

10. SUDNAIP (2016-2020) maps the investments needed to achieve the Sudan Comprehensive Africa Agriculture Development Programme (CAADP) target of six % annual growth in Agriculture Domestic Product (GDP). The Sudan will pursue this target through allocating a minimum 10% of its budget to the agricultural sector. The objectives of the SDNAIP are:
- Promotion of exports of crops and livestock with a view to safeguarding against the risks of collapse of the whole economy
 - Increasing productivity and efficiency at the production and processing stages.
 - Realization of food security and nutrition.
 - Reducing rural poverty and generation of job opportunities, especially for youth and women, and increasing per capita income.
 - Achievement of a regionally balanced sector and economic growth
 - Development and protection of natural resources to ensure its renewal and sustainability.

Draft Food Security and Nutrition Policy

11. In late 2020 a draft food security and nutrition policy document had been prepared by the Food Security Technical Secretariat FSTS. Mapping the food security and nutrition in the country, the document maintained that 13.7% of the population are in food crisis and that 9.3 are vulnerable to food insecurity and are in need for support. The Document estimates the total deficit in cereals production as one of 250 -350 tones. The Document also pointed out the apparent deficit in the production of food items of high nutritional value (livestock products, fish and vegetables and fruits). 50% of the milk produced by pastoralists, according to the FSTS, doesn't find its way to the market. Multi-dimensional poverty was provided as 53.4% exceeding income poverty which 37.4%.
12. Important aspects of policy recommendations to address food insecurity and malnutrition are the followings:
- Policy supporting the enabling environment for sustainable agricultural growth and development involving: land tenure reform to secure the rights of smallholder producers, including women, to land; investment and protection of forests to reach 20% of the country's area; support to community forests; active community participation and capacity building in land and NRM; reopening and management of livestock routes; effective management of water resources.
 - Food availability and safety: investment in home farms/garden including support to raising of small ruminants, including poultry; capacity building in animals' feeding and use of fertilizer; awareness campaigns and capacity building in food processing among rural communities, access to microfinance
 - Economic and financial policies including reform of taxation laws, revision of investment law, reduction of water fees for rural and urban populations, prioritize government expenditure so that 10% be allocated to agricultural sector,
 - Support to improved infrastructure for agricultural production and marketing
 - Investment in social capital development through the provision of basic services (water, education, health) and upgrading of productive skills.

Zero Hunger Strategy (2019–2023)

13. This five-year country strategic plan (2019–2023), developed by WFP, in partnership with the Government of Sudan (MoAF). The strategy has four interlinked strategic outcomes. Activities under strategic outcome 1 – responding to protracted emergencies–aims at ensuring that humanitarian action is strategically linked to development and peacebuilding while strengthening government and non-government partnerships to enhance efficiency and

effectiveness. Strategic outcome 2 aims at reducing malnutrition and its root causes through an integrated package of nutrition-specific and nutrition-sensitive interventions. Strategic outcome 3 focuses on strengthening the resilience of food-insecure households and food systems while strengthening the capacity of national actors. Strategic outcome 4 aims at fostering strategic partnership with the various actors engaged in relevant interventions. In addition, dialogue platforms, frameworks and resources, including those of government, private sector and CSOs partners, have been incorporated to maximize the impact of the strategy.

SECAP background study

Introduction

1. The main objective of the background study of the Social Environment and Climate Assessment Procedures (SECAP) is to inform and strategically orient the COSOP on social, environmental and climate change issues. It includes: (i) a synthesis of the key climate, environmental and social challenges identified as mainstreaming priorities for IFAD (ii) an institutional analysis, and (iii) key recommendations to address the challenges to targeting vulnerable groups including women, youth, indigenous peoples, people with disabilities and undernourished individuals in the face of climate change, land degradation and other environmental challenges.
2. Significant constraints were present during the COSOP's SECAP background study. The Covid-19 pandemic did not allow the original COSOP team to undertake the mission on the field. The remote mission team worked with local consultants based in Khartoum and organized virtual meetings to coordinate with the local government bodies and other stakeholders.
3. Consequently, the study is mostly based on desk review and is enriched by outcomes of relevant discussions with partners and analysis of geographic information system datasets downscaled at national level for Sudan through remote sensing.

Part 1 - Situational analysis and main challenges

4. Sudan is situated in north-eastern Africa with a coastline bordering the Red Sea. It is the third largest country, in size, in Africa. Sudan has been in conflict for most of its independent history. On-going conflict and fragility drivers in Sudan fall under four broad categories, among them, governance and political institutions and, the environment and natural resources ('lack of economic diversification as reflected in the over-dependence on the extractive sector and, neglect of the agriculture and livestock sectors, which are marred by low productivity and vulnerability and from where the poorest 40 per cent of the population derive their livelihoods'). Employment in Agriculture of 43.1% and vulnerable employment (% of total employment) is 40% (susceptible to shocks). Sudan has been included in the World Bank's List of countries with fragile and conflict-affected situations as a country with high institutional and social fragility. This means that Sudan is faced with high institutional and social fragility including institutional crises, very poor transparency, government accountability and weak institutional capacity (World Bank, 2020).

Socio-economic situation and underlying causes

5. **Poverty:** Sudan ranked 168 out of 189 countries on the Human Development Index (2019) with an index of 0,507 characterized as low human development category. The National poverty level is at 52.3 % (nearly 20 million people. UNDP, 2019). According to the Food and Diet Survey 2014/2015, one third of the households in Sudan reported farming or animal husbandry as their main livelihood. Poverty is highest among the farmers. Although Sudan's GDP per capita rose to \$2,140 in 2016, unequal distribution of wealth and resources has exacerbated socioeconomic inequality through different regions of the country (The Borgen Project, 2013). Rural poverty is much higher at 58% and is more pronounced in the rain-fed sector due to droughts, isolation from markets, poor infrastructure, pastoralism and conflicts. Households (HHs) with small herds and small scale rain-fed farms suffer most from food insecurity in the case of losses. There is an inherent sensitivity to rainfall amounts, making climate change a critical factor affecting the economy, livelihoods, and food security. The other

causes of poverty and food insecurity include, moderate NR management and governance legislation coupled with poor enforcement and lack of employment opportunities.

6. **Gender:** The country is ranked 140 out of 159 countries in the UNDP Gender Inequality Index (GII). In general, Women live longer than men (65 years versus 62.2 for men) but spend on average 3 years in school (compares in 4.1 years for men). In addition, Women earn significantly less than men (1,902 compared to 5,775 GNI per capita for men). The MICS 2014 survey shows that 11.9% of women aged 15-49 years were married before the age of 15. About 59.8% of young women in Sudan are literate and the literacy status varies greatly by area (79.8% in urban areas and 50% in rural areas). Women's participation in the labor market is 24.3% compared to 72.2% for men. At the same time, women comprise 78% of the economically active population who work in agriculture compared to only 57% of men. Consequently, women are not adequately protected by labour regulations. Still, a large per centage of household depend on agriculture as their main source of income. Typically, a women's responsibility in agriculture include: (i) farming on the HH fields (2 feddans/0.84 Ha), growing leafy vegetables, tomatoes, cowpeas, okra, millet and maize for both HH consumption and sale; (ii) all HH work, e.g. preparing food, collecting firewood and fetching water; (iii) childcare; (iv) rearing small animals; and (v) petty trade. Although women are the main responsible for agricultural activities and control cash income from petty trade, poultry rearing and selling jubraka crops, men are controlling the majority of the other monetary resources that are created through agriculture(JICA, 2012: Sudan - women gender analysis). This status quo remains unchanged as women suffer from unequal access to land, credit and other agricultural services or resources. Women are more likely than men to be landless with the limited rights over agricultural land, and other reproductive resources.

7. Besides primary production, women have also responsibilities for herding, feeding, milking, and processing of animal products in pastoral families. Their final workload depends on the number of animals a family has, which affects their overall poverty status. Civil war and droughts required of the pastoralists to modify their livelihood strategies which ultimately resulted in additional unpaid work tasks for women to ensure family income. Finally, at a communal and family level gender roles in Sudan tend to be traditional. This is confirmed by the 2014-2015 household survey (Figure 1), where men are sometimes able to find wage employment whereas women are usually involved in unpaid family labour. This indicates that it is likely that cultural norms prevent young women from partaking in the labour force. Usually a man is the 'head' of the house as official leader. He is responsible for all financial aspects of family life. Customarily, the father makes all decisions regarding the family and may consult his brothers and brothers-in-law or other male family members. While women are considered subordinate family member, although this varies across tribes and locations. With the pressure of domestic responsibilities and limited opportunities to meet employment, financing, and education, women are confined to particular occupations such as income generating activities. Families support each other financially and socially. Traditionally, families take care of their sick, old, and mentally ill members. Women provide most of such family services and are also responsible for maintaining the home and raising the children (JICA, 2012: Sudan - women gender analysis). This is exacerbated by the fact that equal gender rights are not uniformly codified in all aspects of Sudanese law. For example, although the interim constitution protects children from marriage under 18 years of age, there are other pieces of legislation that allow for marriage under 18 in some cases. In a similar vein, women require the permission of a guardian to marry. A woman must also provide consent for the

marriage to be legal. However, a woman's consent can be sought after the marriage has been concluded (UNFPA, 2018).

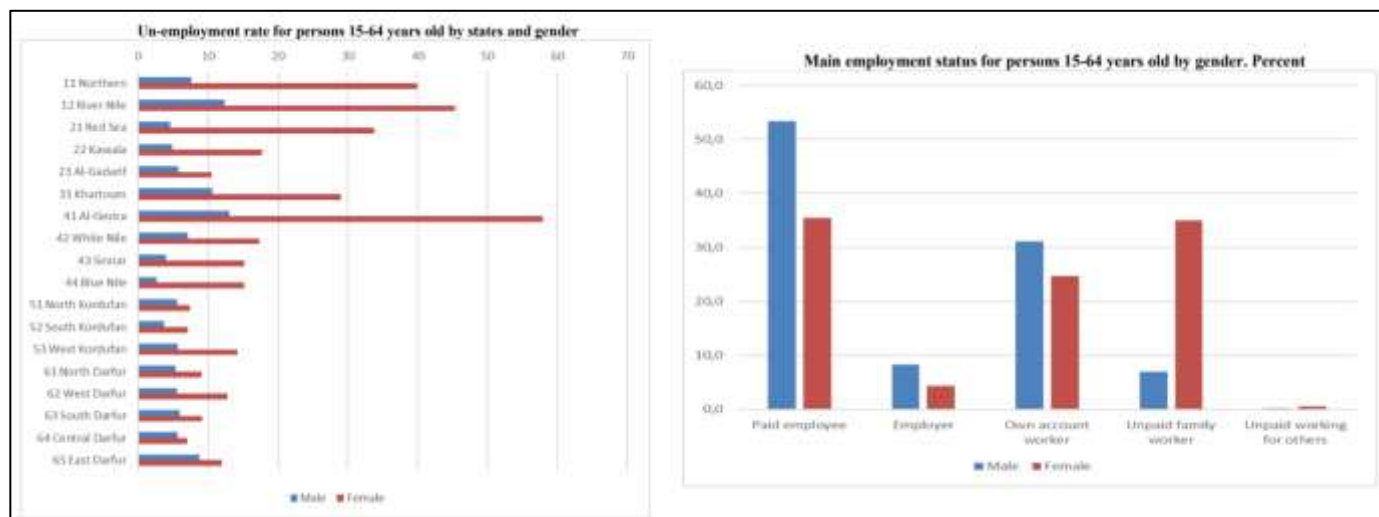


Figure 1: Unemployment rate and Main employment status per persons 15-64 years old, by States and gender
Source: Sudan National Household Budget and Poverty Survey.

8. **Youth:** One third of girls aged 15-24 years and almost one quarter of boys in Sudan are illiterate. Only half of young people complete primary school (47% for girls and 53% for boys), indicating high dropout rates, especially amongst school-age girls. An estimated 46% of girls and 54% of boys age 14-19 years are currently attending secondary schools. The uptake in secondary and post-secondary education in Sudan remains low, particularly in rural and nomadic areas where many young people receive little or no education after primary level. Youth constitute 23% of the total population and 21% of poor. Around 55% of youth, aged 15 to 24, are poor. Rural youth do not have sufficient employment opportunities and lack the skills (business management and technical) and access to finance to start and run their own businesses. Other constraints faced by youth in terms of finding employment in the agricultural sector are access to finance, land and inputs. The inability to find a decent job also creates a sense of frustration among young people. Many of them work for long hours under informal and insecure work arrangements, characterized by low earnings and lack of social protection. Despite the large youth population, the participation of young Sudanese in social and political life is limited. Some young people, particularly university students, participate in local or national political life or civil society organizations, but those represent only a small number of this cohort and they are predominantly male. Many Sudanese youth feel that there are severe limitations both on their influence in their families and communities and on their future possibilities. Although a national youth strategy should have been developed together with UNFPA in 2012, it has not yet been published online (UNFPA, 2013).
9. **Nutrition:** Sudan is rated 112 out of 119 countries in the Global Hunger Index indicating fragile food and nutrition security and widespread undernourishment. There are 5.5 million (13%) food insecure people and 80% of them are unable to afford their daily food need. Chronic malnutrition rate is at a staggering 38%. Under-nutrition is serious with over 16.3% of the population in the global acute malnutrition (GAM) category. Around 58% pregnant women are anaemic resulting in high rates of wasted (low weight-for-height) and stunted (low height-for-age) children. Sudan is one of the 14 countries with 80% of the world's stunted children. Over 2.2 million children less than five years are stunted and face high risk of dying from infectious disease (see figure 2). There are 9 non-conflicted States faced acute malnutrition and severe wasting affects children in the states of North

Darfur (8.6 per cent), West Darfur (6.7 per cent), Central Darfur (4.3 per cent) and Kassala (5.1 per cent). The prevalence of underweight is 23.2 per cent in urban area in comparison to 37.1 per cent in rural area; 17.4 per cent of children living in rural area are affected by acute malnutrition in comparison to 13.4 per cent for urban area. The gap is very high regarding child stunting between rural area (43 per cent) and urban area (27.1 per cent). Severe annual statistical reports from Sudan's Ministry of health indicate that pneumonia, malaria, diarrhoea and malnutrition are the major causes of under-five illness and hospital admission. According to UNICEF, malnutrition is generally caused by increased food costs, poverty, and a lack of essential nutrients in food. These issues are amplified by poor water and sanitation conditions along with high disease prevalence (UNICEF, 2020).

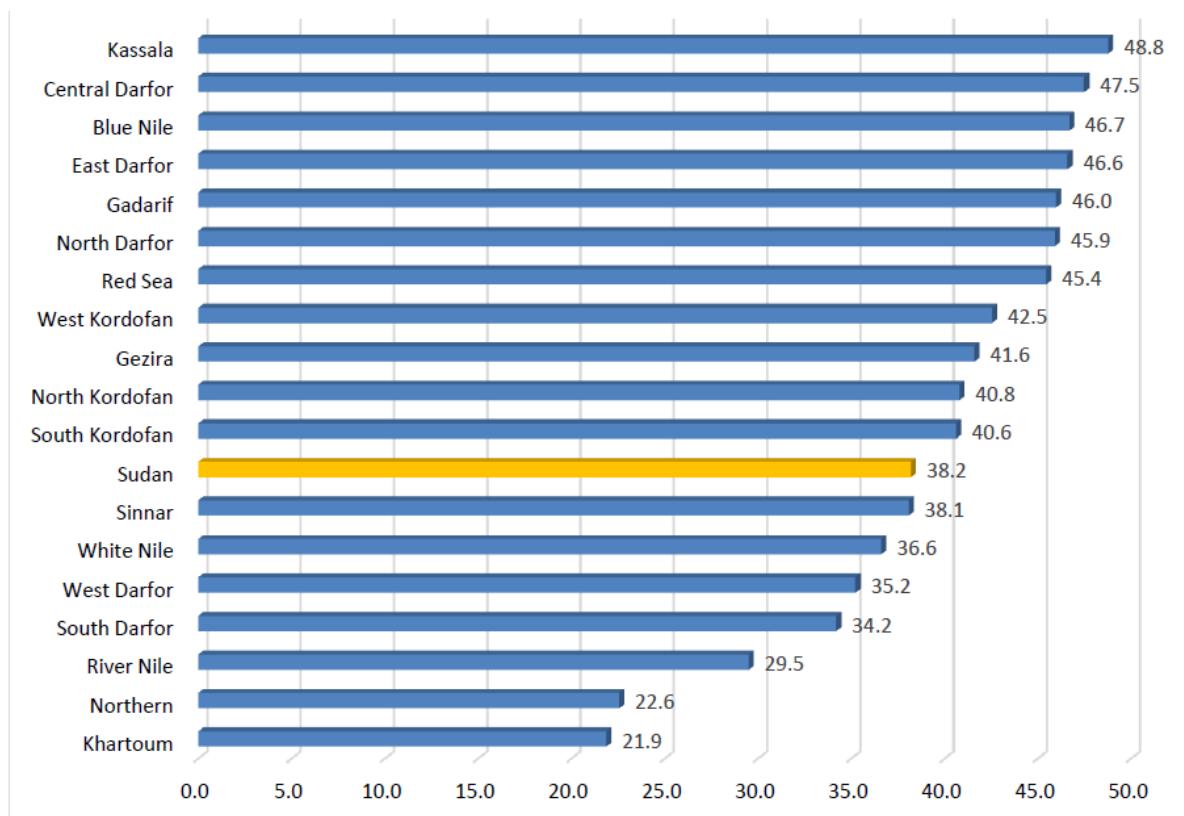


Figure 2: Stunting by state. Source: Sudan National Household Budget and Poverty Survey.

10. **Indigenous peoples and minorities:** Bearing in mind that the data quality in Sudan is considered unreliable, it is estimated that besides the approximately 70 per cent of Sudanese Arabs, there are significant black African minorities, including Fur, Beja, Nuba and Fallata. In total, more than 500 ethnic groups in the country are speaking more than 400 languages. While intermarriage and the coexistence of Arab and African peoples in Sudan over centuries has blurred ethnic boundaries to the point where distinctions are often considered impossible, ethnic boundaries have re-emerged in response to decades of conflict fuelled by political manipulation of identity. Despite of increased assimilation, non-governmental Organisations report discrimination of minorities in Sudan. Reportedly, religious minorities are faced with constrains to practice their region. Finally, civil rights of South-Sudanese, who fled to Sudan after civil unrest in South-Sudan, are not uniformly guaranteed and for example not able to apply for Sudanese citizenship (Minority Rights, 2018).

11. **Persons with disabilities:** In September 2018, Sudan presented an outstanding report on the status of Persons with Disabilities (PWD) to the UN committee on persons with disabilities. According to this report, the number of disabled persons was 1,854,985, or 4.8 per cent of the total population. Disability is more prevalent in rural than in urban areas by a factor of 1.3 per cent. Males account for 53 per cent of persons with disabilities and females for 47 per cent. A disabled person is defined as a persons who has a long-term physical, mental or sensory impairments which may prevent or hinder them from participating fully and effectively in society on an equal footing with others²². Although the committee appreciates the strengthening of the legislative framework, the committee is concerned about (i)The omission of psychosocial disability from the definition of disability in national legislation, in particular in the Persons with Disabilities Act of 2017, (ii)The limited effective involvement of organizations of persons with disabilities in decision-making processes affecting them and (iii) The absence of clear plans, timelines or budgets to ensure the progressive implementation of the rights of persons with disabilities²³.

Environment and climate context, trends and implications

Major land uses

12. The Republic of Sudan covers an area of about 1.87 million km², (UN and Partners Work Plan, 2012 and FAO, 2012). In general terms, desert and semi desert conditions cover between 60-70 per cent of the country's total area (between 1.13 - 1.25 million km², FAO - UNEP). Interpretative work on imagery was made by IFAD from European Space Agency data (Climate Change Initiative – Land cover) and is aligned with a previous study done by Sudanese teams at the Remote Sensing Authority.

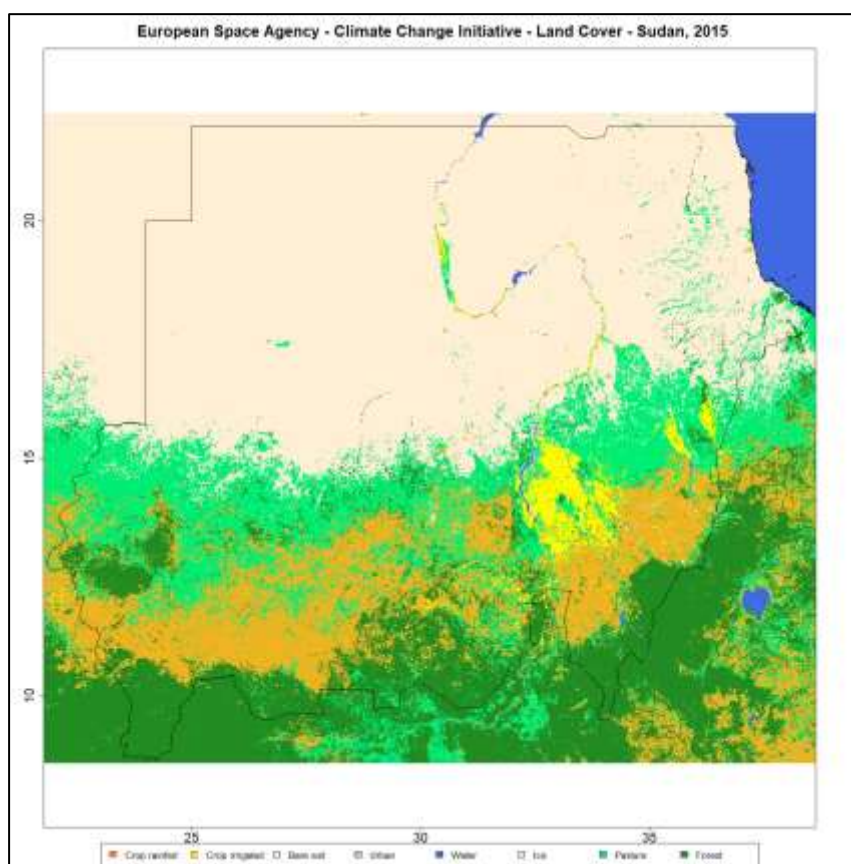


Figure 3: Sudan's Land Cover, 2015. Source: ESA, CCI.

13. The assessment has shown that some more than 50 per cent of this surface area is categorised as bare rocks, bare soil and other unconsolidated materials (such as

²² Committee on the Rights of Persons with Disabilities, Consideration of reports submitted by States parties under article 35 of the Convention – Sudan.

²³ Concluding observations in relation to the initial report of Sudan: Committee on the Rights of Persons with Disabilities: <https://digitallibrary.un.org/record/1483582>

wind-blown sands free of vegetation in hyper-arid areas). A further 11% is classed as forest and 17% as pasture land. Agricultural land use is largely confined to the strips of suitable soils along the Nile and Atbara Rivers. In all some 17 to 18% of the land of Sudan is cultivated, mostly under traditional rain-fed agriculture (15%). The map of main land use in Sudan is presented in figure 3.

Agro-ecological zones

14. According to Abdel Magid and Badi (2008), Sudan can be ecologically divided in five vegetation zones related to rainfall patterns from North to South: (i) Desert, 0-75 mm of precipitation; (ii) Semi-desert, 75-300 mm; (iii) Low rainfall savannah on clay and sand, 300-800 mm; (iv) High rainfall savannah, 800-1500 mm; and (v) Mountain Vegetation, 300-1000 mm. The ecological zones extend over a wide range from the Hyper Arid in extreme North to the Moist Sub-humid in the South (see figure 4, climate classification).

Soil and water resources

15. Although more than half the area of the Sudan is arid and semi-arid, country's economy is based on agriculture. Under such conditions, soil forms a vital resource that deserves every care. Nevertheless, soil misuse has led and will continue to lead to degradation resulting in desert creep into better areas. Practices like shifting cultivation, uncontrolled grazing, irrational use of machines on light soil, and fires are amongst the most serious factors causing soil erosion.
16. Generally Sudan has large expanses of homogeneous soils (Shallal et al., 2014). The country's soils can be divided geographically into three categories. These are the sandy soils of the northern and west central areas, the clay soils of the central region, and the laterite soils of the south. Less extensive and widely separated, but of major economic importance, is a fourth group consisting of alluvial soils found along the lower reaches of the White Nile and Blue Nile rivers, along the main Nile to Lake Nubia, in the delta of the Qash River in the Kassala area, and in the Baraka Delta in the area of Tawkar near the Red Sea in Ash Sharqi State.
17. Waters in Sudan are available in four sources: rain water (contribute to 80% of agricultural sector and domestic use), perennial streams, flood water, ground aquifer. Sudan has around one million hectares of surface water, the most important of which is a 2,000km-long stretch of the Nile and tributaries. Wetlands cover 10% of the country (Moghraby, 2011). There are many seasonal water courses (khors) that run during the short rainy season. The agricultural water withdrawal as % of total renewable water resources was estimated at 68.54% in 2011 (AQUASTAT/FAO). In 2008, the Food and Agriculture Organization of the United Nations estimated the annual water withdrawal per capita to be 1,020m³. Sudan has great potential of renewable and non-renewable groundwater resources which are important sources of water supply for domestic, industrial and agricultural uses. It is a key element for human settlement and sustained socioeconomic activities.
18. The most abundant water resource is rainfall. It is estimated that the total annual precipitation is around 468 billion cubic metres (AQUASTAT/FAO, 2017 and Makawy, 2013). Rainfall varies in amount and frequency, with amounts generally decreasing from north to south as presented in the figure 4. Groundwater is more readily available than other water resources during the long dry season. At least 80% of the population depends almost entirely on groundwater (UNEP, 2015). Away from the Nile basin and other non-Nilotic river wells, groundwater is the only constant source of water.
19. Demand for groundwater in many areas of the Sudan has recently increased considerably in order to meet the needs for the implementation of agricultural and

economic development plans but regrettably, these development are taking place in a rather unplanned manner leading to many problems such as overexploitation, reduction of reliable yield, and deterioration of quality (Abdo et al., 2012). Groundwater investigations and development in Sudan are still embryonic. Given the size, complexity and cost of groundwater investigations, information on availability of groundwater resources in the country as a whole is imprecise. Sudan has great potential of renewable and non-renewable groundwater resources which are important sources of water supply for domestic, industrial and agricultural uses. It is a key element for human settlement and sustained socioeconomic activities.

20. This emphasizes the need for sound polices and optimum plans for groundwater resources management in order to ensure its long term sustainability. Collaboration with universities and research institutes in groundwater research and capacity building should be encouraged and will certainly contribute to the optimum and sustainable development and management of groundwater resources of the Sudan (see recommendations, Part 3).

Biodiversity

21. Sudan started to establish protected areas according to London convention for protection of African plants and animals in 1933. The protected area in Sudan is represented in the figure below, with eleven inland protected areas and two marine protected areas.
22. Along the line of conservation efforts and the country's strategy to cope with biodiversity crises, the GoS has initiated several national action plans on biodiversity. The most recent strategy is called the National Biodiversity Strategy and Action Plan (NBSAP, 2015) for the 2015-2020 period (see part 2).

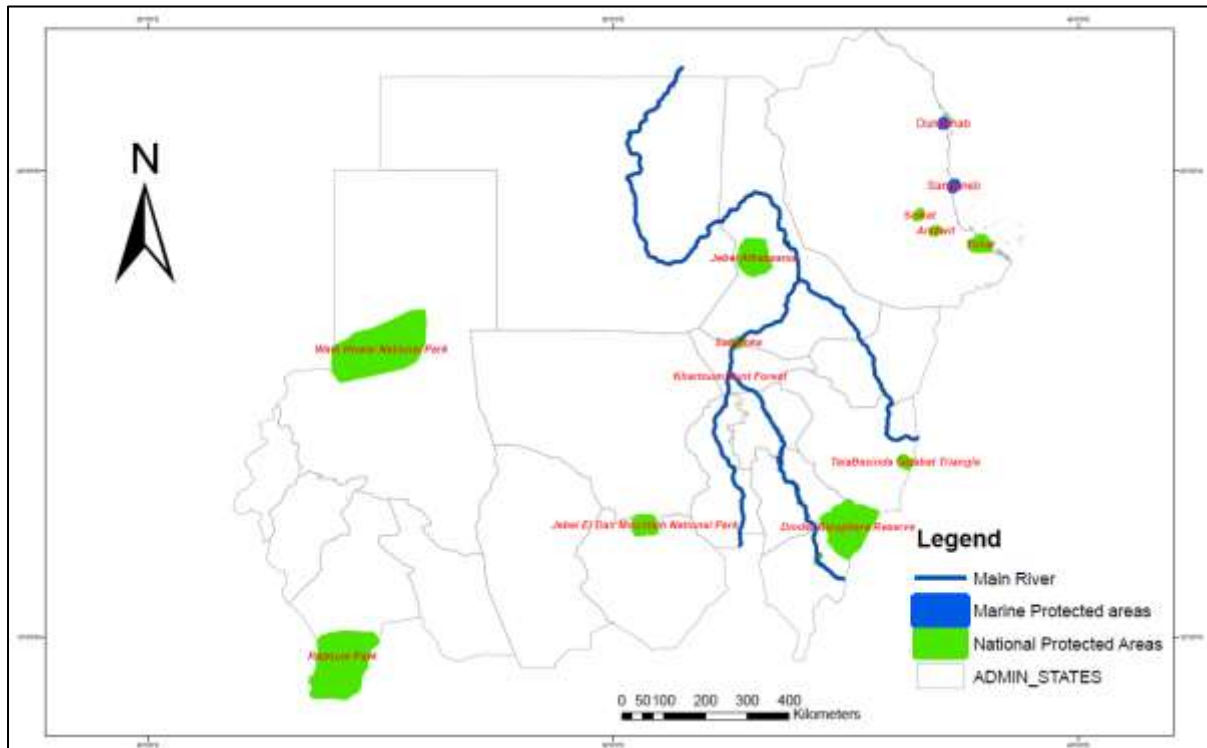


Figure 4: National and Marine Protected areas in Sudan. Source: Ghanawa, El Tayeb S, (2020) GIS Lab, Faculty of Geography and Environmental Sciences, U. of Khartoum, Sudan

23. Biodiversity is of critical importance to the livelihood of people and is also of high ecological value. Despite its importance, biodiversity in Sudan, as many other resources, has been a victim of political instability and continuous civil wars since the 1950s. Absence of strong governance and policies, and socioeconomic factors have contributed to this substantial deterioration. Moreover, industrial agriculture is driving habitat loss and creating the conditions for diseases and viruses to emerge and spread (IPES Food, 2020).
24. The forestland is continuously deforested and the remaining forests are degraded because of agricultural practices and the absence of management plan. In addition, the harsh setting, drought, desertification, flooding, fire, habitat destruction (grazing; expansion of cultivation (traditional and mechanized); illicit woodcutting for timber and other domestic purposes; lack of awareness of deforestation and biodiversity problems) and recent climate change have played a great role in reducing habitats and biological populations.
25. Several studies analysed the relation between biodiversity and rural communities in Sudan (Osman et al., 2020; Bashir et al. 2010; El Gunaid et al., 2013; Adam et al. 2013). According to these studies, forests in Sudan provide almost all the energy needs in terms of firewood and charcoal, timber for construction and building materials. They are also a source of foreign exchange from the sale of gum arabic and other gums and they serve as sources of non-timber forest products (NTFPs) for rural people. Furthermore, they are the key components for the sustainability of the traditional smallholder agricultural systems.
26. The role of community participation is crucial in conservation and sustainable management of natural resources. Indeed, studies concluded that human activities were the main factors influenced diversity and regeneration of trees in the forest. However, communities relies mainly on fuel wood as the main source of energy with a limited use of alternatives sources like kerosene and gas. This may necessitate a shift toward alternatives sources in order to reduce the consumption of wood, and improve and sustainably protect local biodiversity. Key activities are essential to protect and conserve biodiversity and natural habitats while developing and are presented in the recommendation section of this document.

Current climate

27. The Remote Sensing Authority (RSA) of Sudan in collaboration with FAO SIFSA project (Sudan Integrated Food Security Information for Action), and the Ministry of Agriculture, produced a multipurpose Sudan Land Cover database 2003 and 2011. One of its results was Sudan Climate Zones, which were as follows: Hyper Arid, Arid, Semi Arid, Dry Sub Humid, Moist Sub Humid.

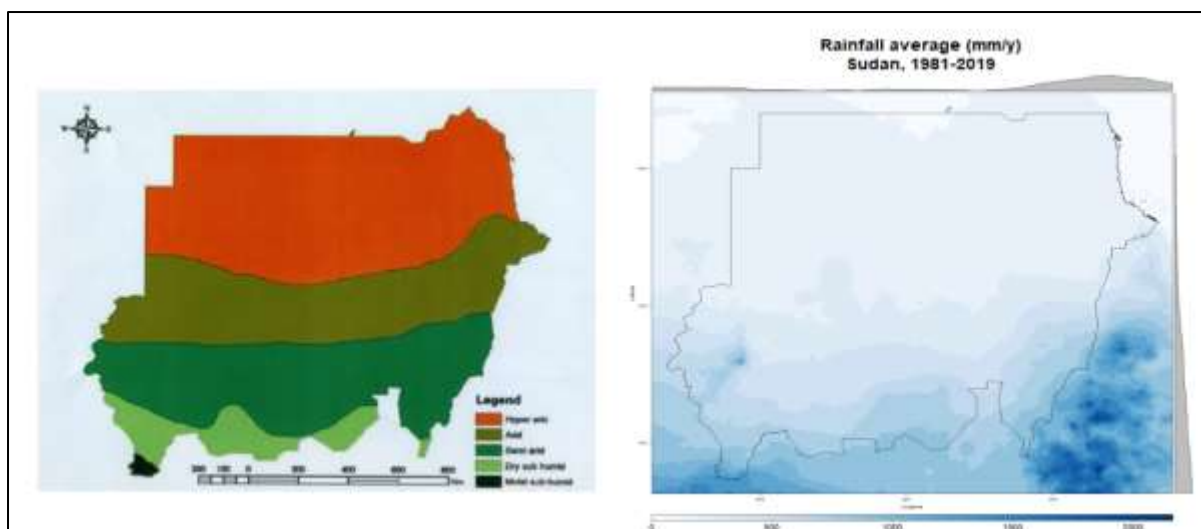


Figure 5: Sudan map of climate classification (left) and Rainfall average for the period 1981-2019 (right). Sources: Wikipedia and CoMon IFAD tool respectively.

28. Sudan experiences mean annual temperatures between 26°C and 32°C, with

summer temperatures in the north often exceeding 43°C. Rainfall in Sudan is unreliable and erratic, with great variation experienced between northern and southern regions. Northern regions typically experience virtually no rainfall (less than 50 mm annually), central

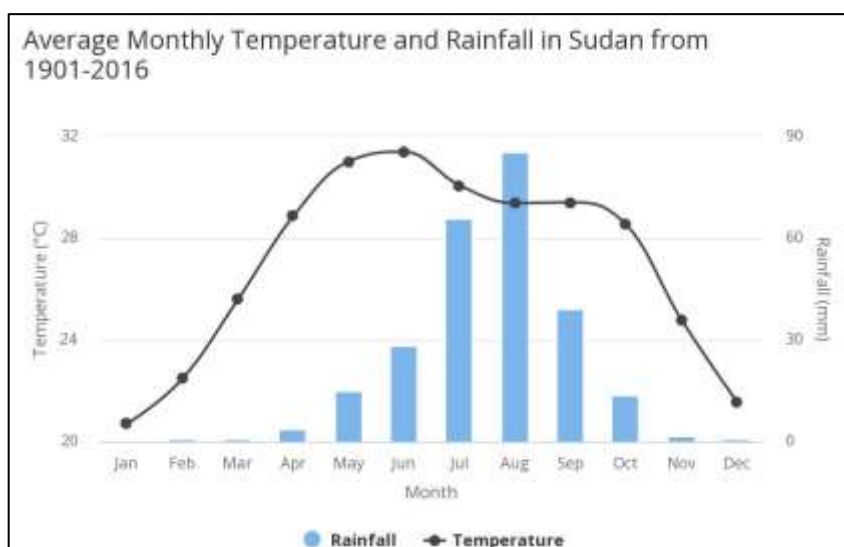


Figure 6: Average monthly temperature and rainfall in Sudan for the period 1901-2016

regions receive between 200 mm and 700 mm per year, and some southern regions experience more than 1,500 mm annually. Most rainfall occurs during the rainy season from April to October, with greatest concentration between June and September.

Main environmental challenges

29. Sudan is facing many challenges, the most prominent of which are the accelerating rates of desertification and land degradation due to the drop in the rainfall rates and because of droughts that have hit the country in recent decades. Moreover, the effect of the green revolution policies implemented in late 1970s, 1980s and till mid-1990s were deleterious on environment when fast forest and woodland areas have been cleared for crop production, the so call mechanized rain-fed agriculture. The affected land areas continued to be cultivated in the absence of proper extension services and appropriate cultivation practices, a situation led to a large areas lost productivity in central Sudan (highest population intensity area) and is now severely degraded or degrading.

30. Like in other Sahelian countries, livelihoods in Sudan depend heavily on soil, water and vegetation resources. It is estimated that agriculture (crops, livestock and forestry) contributes 35-40 per cent of GDP (with livestock accounting for 50 per cent of the production) and employs more than 80 per cent of the total population (Lee, et al, 2013). Traditional farming accounts for 60-70 per cent of the agricultural output and is largely subsistence production based on shifting cultivation and livestock rearing (Badri, 2012).
31. Harnessing rainwater and floods is not widely practiced and water harvesting is poorly developed. Although the practice is old, it is only carried out on a small scale. Rainwater is used to cultivate subsistence and semi-mechanized rain-fed agriculture. Most of the rainwater evaporates, although some recharges groundwater or run-off in seasonal streams.
32. Demand for groundwater in many areas of the Sudan has recently increased considerably in order to meet the needs for the implementation of agricultural and economic development plans but regrettably, these development are taking place in a rather unplanned manner leading to many problems such as overexploitation, reduction of reliable yield, and deterioration of quality. The most obvious of these challenges is the absence of quantitative and qualitative monitoring and scarcity of information on aquifers geometry and their hydro geological characteristics. Another major difficulty is related to the understanding of flow dynamics and recharge sources and mechanisms for the different aquifers. This makes the estimation of recharge volumes an extremely difficult task. Other key challenges facing groundwater management in Sudan are the management of shared non-renewable aquifer resources, lack of comprehensive guiding plans and policies, poor governance and legislative framework, inadequate capacity, and lack of coordination among groundwater sub sectors.
33. This raises significant concerns about the possible appropriate institutional arrangements for the management of resources and conflict at local levels and about how to reconcile indigenous structures and the emerging new political forces. Pastoralism and agriculture have historically evolved and survived as complementary livelihood and economic systems, characterised by mutually beneficial exchange processes. In many places though, this historical relationship has been altered significantly, with the two systems competing rather than complementing one another (such as in the States of Kordofan and Sennar). The situation is aggravated by resource scarcity and degradation, growth in human and livestock populations, and increasing incidences of drought and unpredictability of rainfall. This creates challenges for the balance of traditional and formal governance systems of rural Sudan creating a further driver of change in environmental governance. Some parts of Sudan that were previously agricultural and pastoral have become deserts and some pastoral parts have been barred by settlers. Sudan remains essentially rural with the majority of the population dependent on the country's natural resources for their livelihoods.
34. In the Sudan, desertification had threatened all parts of the country, especially the irrigated sector, mechanized crop production schemes and the traditional rainfed agriculture. Moreover, desertification is threatening almost all the potentially cultivable land in the country (Abdellatif et al., 2015).
35. Desert locust counts among the potential main environmental challenges in the Sudan, the Horn of Africa is facing the worst Desert Locust crisis in over 25 years.

The desert locust crisis is affecting around 54.9 million people who are already in

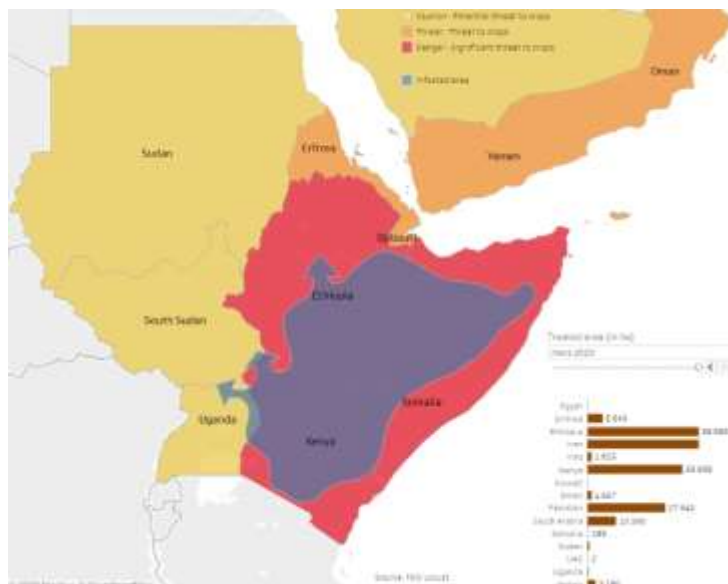


Figure 7: Areas affected by the desert locust crisis in the Greater Horn of Africa according to the data from the latest FAO Desert Locust bulletin. Author: FAO.

acute food insecurity (IPC Phase3) or worse in Afghanistan, Pakistan, Iraq, Yemen, the Sudan, South Sudan, Ethiopia, Somalia and Kenya (Global Report of Food Crises, WFP 2020). According to the "Desert Locust Bulletin" (Desert Locust Bulletin FAO, June 2020), in the worst-case scenario in the Sudan, desert locust infestations would: (i) cause significant losses during the 2020 main and secondary seasons, resulting in below-average harvests; and (ii) cause major pasture and browse losses in arid and semi-arid regions, resulting in a more dire food security outlook. Under this

scenario, a deterioration in food security outcomes would likely begin in mid-2020 (IGAD, 2020).

36. In addition, the novel coronavirus disease (COVID-19) is having an unprecedented impact around the world, both in health and socioeconomic terms and does not spare the Sudan. The situation is evolving quickly and approaches and mechanisms to build resilience of the population are key to face such shocks. Recommendations to respond to these many challenges are detailed in the part 3 of this document.

Land degradation and pollution

37. In the Sudan the miss use of pesticides in agriculture is common, although there is a good regulations and laws (the pesticides act 1974) under supervision in the National Council of Pesticides. The miss management is due to abuse of application of non-recommended pesticides, smuggling and counter field in local market, lack of observation of safety period, poor storage and lack of proper disposal (FAO, 2015).
38. Environmental degradation in Sudan finds its sources in environmental challenges and overpopulation. Indeed, as described earlier, drop in rainfall and more frequent droughts have increase land degradation and desertification, reducing agricultural and forest land. This reduction in both agricultural and forest land is exacerbated by population growth and population density. The diagram in Annex 1 illustrates this dynamic and the consequences on water, food and air pollution throughout several pollution factors.

Observed and projected trends of climate change

39. The full analysis of the observed and projected trends of climate change is presented in Annex 2 of the SECAP note.

Part 2 -Institutions and legal framework

Institutions

40. **Gender:** There are multiple institutions and ministries involved in gender relates issues in Sudan. The Ministry of Welfare and Social security (MoWSS) is the main ministry in charge of social protection and responsible for the protection of the protection, prevention and promotion of the poor and vulnerable. The ministry has 5 main streams of work²⁴ that are implemented by eight directorates and ten semi-autonomous agencies (World Bank, 2014). The General Directorate of Women and Family Affairs (GDWFA), which is part of MoWSS develops national programmes in the field of childhood and motherhood social care. Its mandate entails developing and implementing women empowerment and family policies, developing women's capacities and enhancing their skills, and coordinating efforts related to women's empowerment and family affairs. The Directorate led the development of the Women Empowerment Policy and an action plan.
41. **Youth:** Sudan has a ministry of Youth and Sports which is headed by Walaa Issam ElBoushi. Ms. ElBoushi became the minister of Youth and Sports after the coup d'état of September 2019. Her appointment at this Ministry is part of the "2019–2021 Sudanese transition to democracy", which is a roadmap developed in close collaboration with the African Union. Under her leadership, the Women Football league was established. There are multiple Youth organizations in the country including the "Youth Forum Organization" and "Sudan Youth organization on climate change".
42. **Environment and Climate Change:** The Higher Council for Environment and Natural Resources is the main institutional structure mandated with the overall environmental management issues in the country. The section "Institutions, policy and lessons" of this COSOP gives detailed information on institutions working on environment and climate change in the Sudan.

Policy and regulatory frameworks

43. **Poverty, Gender and Youth²⁵:** Sudan is currently implementing a Twenty-Five-Year National Strategy aims at generating a prosperous life for the entire Sudanese population. The economic dimension of this strategy aims at advancing "justice" and "equality" in the distribution of wealth and work opportunities based on 'personal merits' without isolation or seclusion. One of the strategy objectives is to provide a "freedom to earn" to the population without being subjected to any discrimination practices. The strategy states that "all economic ministries shall undertake to meet the basis needs of citizens in justifiably and equitably realizing social justice and well-being." The capacity building and community improvement dimension of the strategy pledges for an equal opportunity to excellent education in a healthy environment to all. In addition, the strategy prioritizes the realization of balanced educational opportunities for the population. Interestingly, the Youth and Sports strategy set among its objectives to "make sport compulsory in the education syllabus for both sexes." In addition, the Non-Governmental Organisations Strategy recognises the challenge to activate the women's sector and develop women's capacity to play an active role in family and community building. Therefore, the strategy seeks to prepare and implement special programmes in the area of balanced and sustainable capacity building with "all sectors" equally. The National Women Empowerment Policy, endorsed by the President in 2007, focused on six pillars for empowering women: education, health (including environment and hygiene), political participation, peace and conflict resolution, economic empowerment, and human rights. The General Directorate for Women and Family Affairs in the federal Ministry of Welfare and Social Security

²⁴ (i) the Zakat Chamber that manages a compulsory charity tax, (ii) social insurance programmes, (iii) microfinance and income generating activities programmes, (iv) social services and rural development projects and (v) advocacy and social policy activities.

²⁵ An elaborative description of policies and regulatory frameworks can be found in the Annex 7 of this COSOP.

was named for coordinating and providing technical assistance for gender mainstreaming and implementation of the Women Empowerment Policy throughout the government institutions and civil society.

44. **Nutrition:** Nutrition and nutrition related initiatives fall under the supervision of the Federal Ministry of Health (MoH) and the National Council for Food Security and Nutrition under the Ministry of Agriculture. After the cession of South-Sudan the federal ministry of Health has undergone a process of decentralization. However, this resulted in challenges in coordination between health policies and overall health planning, as well as difficulties in translating national level planning to all levels of a decentralized health care system. Coordination between health and education sectors has been weak, resulting in misdistribution and imbalance in the production of health workers in certain professions (WHO). In 2015, Sudan Joined the UN Scaling Up Nutrition Initiative. Further to the second International Conference on Nutrition (ICN2), Sudan recognises malnutrition as the single most important threat to health – limiting education achievements and opportunities for economic development. Despite efforts of various sectors, a huge gap remains between the coverage of basic services and actual needs of the targeted population. Sudan aims to address these factors by effectively engaging, through institutions responsible for the alignment of policies and legislation on the Code of Marketing of Breast-milk Substitutes and maternity protection. After a careful gap analysis, the National Council for Food Security and Nutrition has been mandated to decentralise (Scaling up Nutrition).
45. **Environment and Climate Change:** The Ministry of Environment, Forestry and Physical Development is the main government body responsible for developing and implementing climate change policies. The first National Adaptation Plan was developed in 2014 with international support. Sudan also carried out significant climate related research for its Second National Communication to UNFCCC in 2013 and identified climate vulnerabilities and priorities for adaptation in its National Adaptation Programme of Action (NAPA) in 2007. Sudan ratified Paris Agreement in September 2017 and submitted its first Intended Nationally Determined Contribution (INDC). Furthermore, the GoS, through the partnership of the Forest National Corporation (FNC) and FAO, has submitted its first subnational Forest Reference Emission Level (FREL) to the UNFCCC in January 2020²⁶.
46. The alignment between the SDGs and the INDC is an entry point for considering the degree of potential alignment between the country's climate and sustainable development objectives. The full analysis is present in Annex 4.
47. The most recent strategy on Biodiversity is called the National Biodiversity Strategy and Action Plan (NBSAP) for the 2015-2020 period. The main objectives of this strategy are: (i) Increasing conservation efforts and establishment of new protected areas to satisfy community needs; (ii) enforcing laws and legislations; (iii) increasing governmental commitments regarding funding and institutional reforms; (iv) developing an effective system of raising awareness and actively involving communities in conservation practices; and (v) fulfilling international commitments and conventions. The global 20 Aichi Biodiversity Targets were selected and used as Sudan national strategic goals. Management and conservation of biodiversity components and ecosystem frameworks have been integrated into sustainable development planning. The list of regional and international

²⁶ This submission is intended for technical assessment in the context of results-based payments for reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries (REDD+) under UNFCCC. Sudan also considers the development of the FREL/FRL as very important for enhancing implementation of national forest programme including REDD+ strategy and for contributing to the global climate change mitigation and adaptation objectives through preparation and implementation of NDCs.

conventions that Sudan has signed and considered an active member is presented in Annex 2 (Pullaiah, 2018). More information on Policy and regulatory frameworks is available in the section "Institutions, policy and lessons" of this COSOP.

Programmes and partnerships

48. **Nutrition:** One of the key priorities for 2020 is to finalize the formulation of the next National Multi-sector Nutrition Plan. Besides interventions it map all the nutrition related interventions in the country. The financing and tracking of different goals will be led by the Scaling-Up Nutrition (SUN) Framework currently hosted by the Republic of Italy. The reduction of child malnutrition is one of the goals of Sudan's National Health Sector Strategic Plan (NHSSP) 2012-2016 which intended to reduce the prevalence of moderate malnutrition (underweight) from 32 per cent to 16 per cent.
49. **Gender:** UN women has an active and well developed programme in Sudan. There interventions revolve around 3 main areas of work, namely female leadership, the empowerment of poor women, young women, gendered governance and women's roles in peace and security (UN-WOMEN). Other important actors in Sudan working on the normative side of gendered work is UNFPA focusing more on Women's health. Completed programmes around women empowerment is he Rural Women Economic Empowerment Joint Program implemented together with IFAD, UNWOMEN, FAO and WFP.
50. **Youth:** Funded by the government of Australia, the Global youth mental health awareness was developed in response to the growing need to communicate and engage with professionals and the youth of the community, to the issues associated with Youth Mental Health and the stigma associated with those individuals who may seek help. One of the key outcomes is to ensure that positive psychology becomes a household term; that ensures the youth of our community are including and not discriminated against. Sudan is one of the beneficiaries of this programme. In addition, UNFPA spearheads the Youth agenda in Sudan specifically focusing on Youth participation and leadership, sexual and productive health, child marriages and adolescent pregnancies. UNWOMEN hosts the Africa Youth Conference that brings together Youth Organizations from the entire continent including from Sudan. Working closely with the ministry of human resources development and labour, the International Labour Organization (ILO) hosts multiple programmes and vocational training and skills development.
51. **Environment and Climate Change:** Specific information related to Environment and Climate Change is available in the section "Institutions, policy and lessons" of this COSOP.

Part 3 - Strategic recommendations

Lessons learned

IFAD in the Sudan

52. An analysis of the previous and on-going projects and programmes in the Sudan is extremely valuable in shedding light on the best practices, the ones that should be scaled up and the ones that should be avoided or reviewed. The main recommendations built on lessons learned from previous IFAD intervention in the Sudan are presented here.

53. Future IFAD projects should continue building on previous experiences of early warning infrastructure built by other initiatives²⁷. The future EWS should aim at strengthening the capacities of these existing systems and expand their reach to other areas still not covered. An information and response system should not be developed as a stand-alone initiative that will likely end up being ineffective and unused after programme closure. Future initiative should seek for synergies with agencies working on similar systems²⁸ in the Sudan to reduce time related to development of the system, relying on an existing system's infrastructure, and to secure use and sustainability. The information produced by those agencies is mostly in line with the need of IFAD stakeholders and covering the Sudan nationwide. Therefore, the COSOP recommends the next projects and programmes to gather all the efforts of previous and on-going initiatives working on EWS. This approach is used in the latest IFAD Sustainable Natural Resource and Livelihood Programme (SNRLP).
54. The adoption of participatory approach has showed great results to create cluster/networks of villages in order to establish sustainably resilience of communities to shock under the Butana Integrated Rural Development (BIRD) project. Recognizing the high levels of vulnerability and risks to the impacts of climate change and vicissitudes of nature among the Butana population, the project has effectively managed to enhance and strengthen population adaptation to climate change. Building on indigenous knowledge and cultural heritage the project successfully managed to engage communities in climate resilient interventions that proved effective in reducing their vulnerabilities, especially to drought. The COSOP recommends to use the successful approaches using climate and environment related plans. In BIRD, the development of Climate Resilient Community Village Plans and the mapping exercise involved has further contributed to enhance the awareness of communities about their natural resources and the importance of their protection. In the same way, the implementation of natural resource investment plans showed very successful results under the Supporting Small-scale Traditional Rainfed Producers in Sinnar State (SUSTAIN) project and is also encouraged.
55. To build resilience of the communities, many initiatives successfully promoted by BIRD are worth scaling up by ongoing and future IFAD or GoS or other donors funded development projects. The project developed Women groups and improved food availability, both self-produced (jubraka) and purchased, ensuring a minimum necessary intake for households members, particularly among children and women.
56. Indeed, in the IFAD funded BIRD, a variety of approaches have been applied in order to set a gender transformative process in motion. The project trained staff and communities training in GALS further to a learning route organised by Procasur. Female young professionals stayed in communities and gender focal point in the PMU was held responsible for gender issues in the PMU. The focused attention on gender resulted in increased voice both at household level and PMU level and economic empowerment. However, as the Sudanese society remains to be conservative, this process will need to take place over the course of multiple years. Time and dedication from gender sensitive staff is needed²⁹. Investments in markets or other type of infrastructure could economically empower women as they are closer to the household. The current structure of the Sudanese society

²⁷ Among others the GEF-funded Climate Risk Finance for Sustainable and Climate Resilient Rainfed Farming and Pastoral Systems Project as well as LMRP's Drought Monitoring, Preparedness and Early Response System (DMPERS).

²⁸ Famine Early Warning Systems Network (FEWSNET) USAID, FAO Global Information and Early Warning System (GIEWS), UNDP Early Warning Systems, ICRAF which is undertaking the same exercise in Chad in two IFAD funded projects (PARSAT and RePER)

²⁹ Source: BIRD, Project Completion Report.

does not allow for women to take up employment to far from the homestead. For that reason, markets or infrastructure near the homestead can increase a women's access to food, inputs and finance.

57. During the implementation of gender related project activities, the timing and actual length of project activities could influence the outreach and uptake of female beneficiaries. BIRDP initially had a little outreach amongst women, also because women sometimes had to travel to markets for over 2-4 hours per day. Communal infrastructure management systems were developed under BIRDP further to a learning route that was executed in Kenya. Although the model implemented in Kenya was solid, it is important that a project design allow for enough flexibility for communities to design their own oversight mechanisms (BIRDP Completion Report).
58. It is worth mentioning that diversification and access to local to regional market has greater potential for enhancing resilience of most vulnerable people than relying on international markets. Indeed, the Livestock Marketing and Resilience Programme – LMRP, one of the IFAD on-going project in Sudan (USD 119.2 million programme entered into force in March 2015, completion date March 2022), mostly focused its activities on the export of livestock and faced great issues when export prospects decreased and local market could not absorb the offer. Similarly, focus on staple crops and monoculture is not recommended, but it should rather be on diversification to support healthy diet and increase resilience.

IFAD and other partners

59. Several tools are used by IFAD and by other partners to support projects and programmes in achieving their goals on mainstreaming themes. An action plan on Information and communication technologies for development (ICT4D) is in development within IFAD. Existing technologies that are suitable for Sudan include We Connect Farmers³⁰ and the WOCAT platform³¹ to disseminate and exchange good practices. Tools such as the Social Tenure Domain Model (STDM), a mobile application to innovatively address the emerging tenure-related conflicts and to predict new potential conflict areas, developed under an ASAP2 grant, could be worth scaling up in the future.
60. Another way to reach the most vulnerable people is through social protection programmes and cash transfer for resilience. IFAD is experimenting the approach in Tunisia under the IESS-Kairouan project and similar approach is also used under the FAO From Protection to Production Project (PtoP). Studies on the subject show that food security indicators revealed increases in the proportion of households being food secure as a result of cash transfer programmes (Asfaw & Davis, 2017). Since cash transfer programmes impact the livelihoods of households, articulation with other sectorial development programmes in a coordinated rural development strategy could lead to synergies and greater overall impact.
61. The use of insurances to cost-effectively mitigate the increasingly deleterious impacts of climate risk on poverty and food insecurity was studied by FAO based on USAID project experiences (Carter et al., 2018). The Index-based Livestock Insurance (IBLI) insures pastoralists against forage deterioration that can lead to drought, resulting in livestock deaths. IBLI pilot projects in Kenya and Ethiopia indicates that even within the generally positive environment, there is ample evidence of the limitations to index insurance including high costs. Efforts to scale the IBLI contract to nearby pastoral regions has proven challenging. Similar on-

³⁰ <http://www.weconnectfarmers.com>

³¹ <https://www.wocat.net>

going initiative of WFP (R4 Rural Resilience Initiative) has demonstrated positive results in several countries³² (WFP, 2019). Future projects in the Sudan could work on similar pilots in order to better adapt existing tools and initiatives to the environment of the Sudan and local communities.

Strategic orientation

62. The Sudan has developed its Intended National Determined Contribution (INDC) as basis of the NDC. Sudan's INDC contains both mitigation and adaptation aspects that Sudan aims to undertake towards achieving the objective of the UNFCCC and its national development priorities. The Annex 4 presents the analysis of the alignment of the Sudan's INDC to the SDGs targets and IFAD COSOP orientation.
63. The Sudan's previous COSOP review workshop was held at the end of 2019 with many stakeholders. The participants proposed two ideas for potential projects to be covered by the new COSOP. The idea which appealed most is presented first:
 - a. Strengthening the enabling environment for Agricultural (plants and animals) Extension Services and Knowledge Management and – Sharing (KM & KS) networking at all levels for Climate Change Adaptation and Mitigation, Livelihood development, Food security and balanced Nutrition, Peace building and Sustainable Development.
 - b. Inclusive Agricultural business development around selected value chains with specific consideration for Youth – and Women service providers through co-financing to build National Agricultural Development Funds.
64. Climate mitigation and increasing Resilience was raised in many forms during the review, it indicates the high value participants give to these areas. Furthermore, reference was made to Climate Resilient Community Village Plans (CR CVP) in which rural communities in IFAD projects such as BIRDPA have shown ownership resulting in managing the Natural Resources on short and long term in a sustainable manner as mentioned above. Another well-defined areas were also frequently mentioned: 'Water harvesting', 'Gender, Youth and Women', 'Knowledge Management and Generation' and 'Rural financing'. Moreover, Conflict between farmers and pastoralists was also one of the prime elements of the future COSOP and projects in the Sudan.
65. Gender transformative approaches are considered whereby not overlooking the women and fe/male youth. Attention for Knowledge Management is required, and every project should have a Knowledge Management culture. Needs for knowledge products should be addressed, and studies to document the current good practices/successes be initiated. The accent of rural financing is on policy reforms for the rural micro financing sector, while female access to rural finance is also stressed. IFAD toolkit and other How to do Notes³³ on conflicts and pastoralism are available to support future projects in the Sudan.
66. The National Biodiversity Strategy and Action Plan (NBSAP) presents the commitments that the Sudan should undertake. On this basis, identifiable recommendations for Sudan regarding biodiversity and environment for IFAD investments were determined:
 - a. In the context of IFAD interventions, surveying different ecosystems and agro-ecological zones including those related to cultivated plant species,

³² Ethiopia, Senegal, Malawi, Zambia, Kenya, Zimbabwe, Burkina Faso and Mozambique.

³³ IFAD Toolkit: Engaging with pastoralists – a holistic development approach:

<https://www.ifad.org/en/web/knowledge/publication/asset/40318876>

Lessons learned: Pastoralism land rights and tenure:

<https://www.ifad.org/en/web/knowledge/publication/asset/39183099>

natural range plants, wild food plants and weeds within different production systems.

- b. Establishment of biodiversity national information system (e.g. integrated to an existing system) with information sharing mechanisms on the state of in-situ and ex-situ conditions, with due consideration to establishing an early warning system as part of the national information system. This system should also monitor, evaluate and manage invasive alien species.
- c. Establish effective linkages between conservation and use of the conserved genetic resources. Initiate and support on-farm conservation activities for cultivated plant species.
- d. Give power to rural communities and build their capacities for the mutual management of natural resources as primary users and managers.

Strategic actions and targeting

Strategic Actions

67. The major strategic actions with regards to poverty & targeting, youth and gender and the major strategic actions with regards to environment and climate are outlined in Annex 4.

Environment and climate financing

68. Opportunities exist to access environment and climate financing from the main funds: the Global Environmental Facility (GEF), Green Climate Fund (GCF), Adaptation Fund (AF). The GCF supports two readiness activities but no full size project yet. Thus, IFAD should seek to reach GCF to support activities such as agro-forestry, community forest networks/clusters and water and pasture management. The same window of opportunity exists with the Adaptation Fund in the Sudan as no project has been supported so far by the fund. At this date, only one project was submitted for Sudan to the AF by the United Nations Human Settlements Programme (UN-Habitat) in 2018 using the full amount allocated for the country (USD 10 million by country) but the proposal is still in Project/Programme Review Committee (PPRC) stage. Concerning the GEF, several proposals have been submitted by FAO, World Bank, UNEP and UNDP but none has reached CEO endorsement yet. IFAD has submitted a proposal to the GEF, the Sustainable Natural Resource and Livelihood Adaptive Programme (SNRLAP) to support the latest IFAD Sustainable Natural Resource and Livelihood Programme (SNRLP). The SNRLAP is a USD 2 million projects. It has reached CEO PIF Approved stage and IFAD has submitted the full proposal for CEO endorsement in August 2020.

Targeting

69. In order to target the most vulnerable areas and population, IFAD undertook a climate vulnerability analysis. The analysis consider the exposure, the sensitivity and the adaptive capacity of the system (i.e. environment and population). The figure below indicates the Vulnerability areas of the Sudan and the Annex 6

presents the methodology and the details of the analysis. The most vulnerable areas should be considered as priority areas for future IFAD investments.

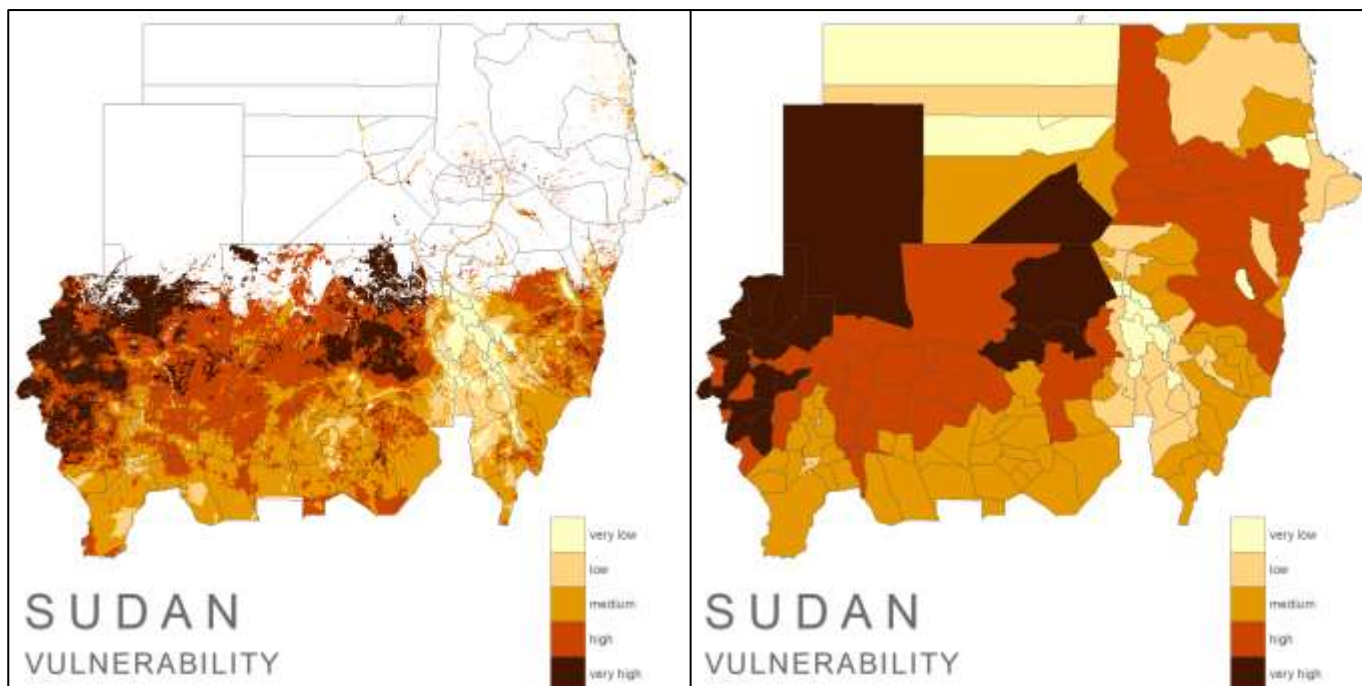


Figure 8: Sudan's Climate Vulnerability. Source: IFAD, 2020

Monitoring

70. For projects designed under this COSOP which are Gender Transformative, the empowerment indicator needs to be included in logframes. The empowerment indicator is a composite indicator that consists of 9 dimensions. These dimensions will monitor progress a projects make in terms of economic empowerment, voice and equal care when implementing gender transformative projects.
71. With ASAP funding, the Social Tenure Domain Model has been developed in Sudan. STDM is a mobilized technology to innovatively address the emerging tenure-related conflicts and to predict new potential conflict areas. STDM allows beneficiaries to survey track and register livestock routes. To that end, comprehensive GIS guidelines were developed and beneficiaries need to be trained in how to use the application. By matching the inputs from the beneficiaries into STDM with other land use maps, potential hotspots for conflict were provided. In addition, the application can be used for real-time conflict management

Scorecard on resilience

72. IFAD is applying a resilience model in its projects to identify adaptation actions to be supported. It develops a scorecard to monitor changes in resilience for project beneficiary households specifically for projects with Project Goal aiming at improving food security, incomes and resilience of communities.
73. At design, the Environmental and Social Management Plans of each identify risks and vulnerabilities of rural families, and presents the mitigation measure through the activities of the project. It also presents tentative questions proposed for the scorecard to monitor the increase in household resilience. A resilience indicator is included in the logical framework to reflect the resilience scorecard results and monitor it at outcome level through surveys to beneficiary groups.

Economic and Financial Analysis (EFA)

74. The use the EFA could be extended to support the Monitoring and Evaluation of Projects and Programmes. Indeed, the models developed at design should be revised during implementation at the M&E level to track if the models are still profitable and sustainable on the basis of updated data and implemented activities. The models are therefore used as effective tools by the Project or Programme staff for each activity to develop business plans to be adapted along the implementation.

Grievance Redress Mechanisms

75. Although IFAD normally addresses risks primarily through its enhanced quality enhancement/quality assurance process and by means of project implementation support, it remains committed to: (i) working with the affected parties to resolve complaints; (ii) ensuring that the complaints procedure and project-level grievance mechanism are easily accessible to affected persons, culturally appropriate, responsive and operates effectively; and (iii) maintaining records of all complaints and their outcomes.
76. For all projects, IFAD requires the Borrower/Recipient to provide an easily accessible grievance mechanism to receive and resolution of concerns and complaints of people who may be unduly and adversely affected or potentially harmed by IFAD-supported projects that fail to meet the SECAP Standards and related policies (presented in the SECAP document³⁴). Information about the existence and functioning of such mechanism should be readily available and be part of the overall community engagement strategy. Grievance redress will use existing formal and informal grievance mechanisms, strengthened or supplemented as needed with project-specific arrangements, and will be proportionate to the risks and impacts of the project.
77. In addition, IFAD has established a Complaints Procedure to receive and facilitate resolution of concerns and complaints with respect to alleged non-compliance of its environmental and social policies and the mandatory aspects of its SECAP in the context of IFAD-supported projects. The procedure allows affected complainants to have their concerns resolved in a fair and timely manner through an independent process. IFAD may be contacted by e-mail at SECAPcomplaints@ifad.org, via its website or by post. Any complaints of sexual harassment and/or sexual exploitation and abuse received through the complaints procedures will not be processed under the SECAP complaints mechanism and shall be forwarded immediately to IFADs Ethics Office for further action. For projects co-financed with other development partners, IFAD will agree on a common approach to receiving, resolving and reporting complaints and this shall be reflected in the Financing Agreement and Project Implementation Manual.

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³⁴ <https://www.ifad.org/en/secap>

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Fragility assessment note

1. With a Country Policy and Institutional Assessment (CPIA) score at 2.47 Sudan is classified as a fragile country. The key drivers of fragility are: i) political instability ii) slow economic growth and economic shocks, high inequality, and unsustainable fiscal balances iii) the limited capacity of the public administration; iv) inconsistent laws and regulations; v) regional instability and external relations (international sanctions) . In the rural sector, climate change and weather related shocks (severe and prolonged drought and very high temperature) and land degradation in the rain fed sun-sector are the most important drivers of fragility for agriculture and livestock production systems. Weather-related shocks and long-term climate change is impacting agricultural productivity and production. Deforestation and desertification are damaging local ecosystems. Combined, these drivers of fragility hinder economic growth and prevent the country to achieve rural transformation.

The effects of the country's fragility on the agricultural sector

2. The effects of the country's fragility on the rain fed agricultural and livestock sector can be summarized as follows:
 - a) The rain fed agricultural sector is still marked by low productivity and high vulnerability because of climate change and climate variability. Increased temperatures and higher rates of evapotranspiration will increase moisture stress in crops and water demand for agriculture significantly, as presently many of the cultivars in use in Sudan are already close to their heat threshold. Declines in yields could range from 5% - 50%, or 15-25% in terms of value of agricultural output by 2050, reducing GDP by US\$ 7 to 14 Billion (IFAD/ECCA, 2013). The trend will be made more severe by widespread deforestation for fuel wood and charcoal, which shall contribute to the vicious circle of degradation of soil, forests, biodiversity, and range resources. Uncontrolled fires destroy grazing land and cause further damage.
 - b) Despite public awareness that environmental degradation is as a major source of fragility, the country's weak public institutions are incapable of enforcing environmental protections. Unsustainable agricultural practices, such land preparation and over-grazing, and gold mining are exacerbating economic vulnerability and food insecurity among rural communities, with implications for overall fragility
 - c) In addition to climate change, conflicts between tribes over access to natural resources is exacerbating country fragility. The shrinking of the natural resource base as a consequence of land degradation and climate change is further exacerbating land disputes, confronting the different categories of users – mainly pastoralists and farmers, gold miners, and the authorities. Previously, the communities mitigated such conflicts through effective local governing bodies called Native Administration (NA). However, with changing policies over time the strength of the NAs has been compromised without other effective systems replacing them leaving local communities without alternative ways to manage and resolve conflicts. Currently, there are multiple parallel systems for NR management and governance resulting in confused land tenure arrangements, inconsistencies in laws and policies and unclear institutional arrangements leaving user rights open to dispute and sometimes causing severe conflicts
 - d) Civil war and famine in South Sudan have caused 0.7 to 1.0 million refugees to seek safety in Sudan, putting pressure on already strained resources especially in the border States e.g. West and South Kordofan and White Nile

Potential risks on country programme and mitigation measure

<i>Risks</i>	<i>Mitigation measures</i>
Slow Implementation due to limited Government contribution within budget (poor macro-economic performance)	Government contribution to COSOP programme will be minimized.
Implementation delays (i) due to Political instability induced by internal conflicts over resources (ii) Civil conflicts in neighboring South Sudan or Eritrea.	Implementation is rooted within local entities, communities and CBOs. Adoption of participatory NRM and clear demarcation of stock roots. Most of the potential COSOP areas are safe and far country from borders.
Limited Institutional capacity for CC awareness and resilience building	COSOP will provide comprehensive training programs for government staff and members of the CBOs.
Severe climate change leading to NR degradation and low yields.	Promoting sustainable and climate resilient agricultural practices, renewable energy, Income diversification to ease the pressure on natural resources.

- As land degradation is the main source of fragility, NRM with its dual dimension of physical investment and policy development, is a top priority within government programmes and donors support. COSOP programme will help build capacity of grass-roots organizations at other local institutions, largely through the Regional Policy Coordination Centers, to be established by the newly-approved SNRLP project. These centres aim at anchoring the programme activities related to NR policy, laws, governance and regulations in the sector.

Agreement at completion point

Introduction

1. The Independent Office of Evaluation of IFAD (IOE) undertook a country strategy and programme evaluation (CSPE) in Sudan in 2019. This CSPE followed the country programme evaluation in 2008 by IOE and was the third country-level evaluation for Sudan. The main objectives of the CSPE were to: (i) assess the results and performance of the IFAD country programme; and (ii) generate findings and recommendations to steer the future partnership between IFAD and the Government for enhanced development effectiveness and rural poverty eradication.
2. The CSPE covers the period 2009-2018. Three key dimensions of the country strategy and programme were assessed in the CSPE: (i) project portfolio performance; (ii) non-lending activities, namely, knowledge management, partnership building and country-level policy engagement; and (iii) performance of IFAD and the Government. Building on the analysis on these three dimensions, the CSPE assesses the relevance and effectiveness at the country strategy and programme level.
3. This agreement at completion point (ACP) contains recommendations based on the evaluation findings and conclusions presented in the CSPE report, as well as proposed follow-up actions as agreed by IFAD and the Government. The signed ACP is an integral part of the CSPE report in which the evaluation findings are presented in detail, and will be submitted to the IFAD Executive Board as an annex to the new country strategic opportunities programme for Sudan. The implementation of the recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions, which is presented to the IFAD Executive Board on an annual basis by the Fund's Management.

Recommendations and proposed follow-up actions

4. **Recommendation 1:** Identify opportunities for partnerships and cofinancing to scale up achievements in key areas and generate greater impact, including the following:
 - a. Explore options to mobilize resources for integrated programmes, including basic infrastructure interventions. The rural infrastructures funded by IFAD's portfolio, such as rural roads and water provision (for humans and animals), have proven effective and often necessary interventions to address rural poverty, complementing productive activities (crop and livestock production, forestry) and natural resource management. IFAD should explore options for mobilizing cofinancing resources for this purpose so as to facilitate enabling conditions for rural communities to be engaged in productive activities and to reduce the risk of a more commercialized approach favouring the better-resourced and more accessible communities. At the same time, there should also be policy engagement with the Government to develop and operationalize a strategy and mobilize resources for adequate operation and maintenance. Support for water provision (for humans and animals) is key in rainfed areas and needs to be integrated into IFAD investment or complementary interventions.
 - b. Identify and strengthen partnerships with non-state actors and development agencies fundamental to the achievements of the projects and the COSOP. IFAD needs to be more inclusive and gain from the comparative advantage of other organizations and institutions with complementary expertise (e.g. academic and research institutions, civil society organizations, NGOs, bilateral and multilateral development agencies and international agricultural research centres). This is important to strengthen: poverty, food and nutrition analysis

- and assessments; conflict analysis; agricultural research; community development; natural resource governance; agriculture policy dialogue; technology transfer; and innovation.
- c. Refocus attention on institutional and policy influence to promote inclusive finance. IFAD should, in collaboration with CBOS and other partners, identify opportunities to address policy-level and systemic issues to develop an enabling environment for inclusive finance. This should build on the experience on the ground in Sudan, as well as IFAD corporate experience and knowledge elsewhere. Support may be within the project framework as well as by mobilizing technical assistance or a grant. Furthermore, the relationship with ABSUMI and ABS should be revisited to clarify a long-term vision and the scope for reinforcing the strategic partnership.
5. Proposed follow-up: Agreed. IFAD and the Government of Sudan to take the full advantage of the new opportunities and synergies to collaborate with a range of local and international development partners to strengthening Sudan's investment in key sectors such as basic services, agriculture and agribusiness including climate resilience.
 6. There should be a commitment by IFAD and the Government to enhancing efforts to develop new partnerships and to strengthen coordination in resource mobilization in particular to activities supporting the scaling-up and sustaining impacts generated by development interventions in areas of infrastructure and basic services provision. The added value and the synergies leveraged by government, communities, UN agencies, private sector and development partners in availing additional resources is an opportunity to complementing each other on the programmatic activities through strengthened resource mobilization efforts.
 7. Stakeholders and partners, such as academia (universities & research institutions), NGOs, CSOs and development partners have to work closely with the government on common agenda related to poverty alleviation, food security, nutrition, agricultural policies, technology transfer, natural resources governance and conflict management through defined long-term vision in prioritizing thematic areas for reform.
 8. Using experiences emanating from the practical implementation to anchor the policy dialogue on an evidence-based to influence policies and institutions reform. This has added credibility to IFAD's policy engagements and is testimony to the value of having a bottom up policy dialogue approach, The IFAD's experience with ABSUMI remains valid for fostering collaboration among development funding institutions including CBOS to identify opportunities to address policy-level and systemic arrangements to develop an enabling environment for reframing strategic partnership for inclusive finance to rural investment activities.
 9. Responsible partners: al/ projects/programmes, Ministry of Finance and Economic Planning, Directorate of Foreign Finance, Ministry of Agriculture and Natural Resources, International Relations Department, other relevant line ministries departments, UN agencies, Donors and IFAD.
 10. Timeline: 2020 onward, Government strategies and agreements will give special attention to the promotion of co-financing through government partnership with international financing institutions and allocation of counterpart funding from government resources, MoFEP and MoANR to provide sufficient support to strengthening of partnership with technology promotion and MFIs.

11. **Recommendation 2:** Ensure an inclusive and differentiated targeting strategy. In particular, greater attention is needed to more effectively engage mobile pastoral communities as well as vulnerable households based on sound diagnostic analyses, and to monitor their participation and outcomes, while building on the solid achievements made in promoting gender equality and women's empowerment and reinforcing support for the rural youth.
12. Proposed follow-up: Agreed. Mobile pastoral communities have truly been targeted by completed and ongoing IFAD projects in Sudan, Effective outreach and targeting approaches should be considered for better engagement of such categories through comprehensive analysis of their needs and demand for services. The approaches should take into account the geographical areas, type and timing of interventions, gender and specific needs, building on proper situational analysis and in-depth understanding of the context.
13. Projects outreach and targeting approaches to consider engagement of mobile pastoralists through targeting and selection criteria based on understanding the pattern of their livelihoods.
14. Studies and assessments conducted by government, projects and partners must serve to highlight gaps in services directed to different components of the communities.
15. Responsible partners: al/ projects/programmes, government related ministries and departments at federal and state levels and IFAD.
16. Timeline: 2020 onward Federal and state levels government will provide clear guidance on poverty targeting approaches and strategies that will be imbedded in the new COSOP (2021-2026) for the Sudan.
17. **Recommendation 3:** Support the institutional capacity development of key government counterpart agencies at local and state levels, while building stronger links with IFAD-financed projects, to enhance sustainability. IFAD needs to adopt a strategy of closer integration with relevant line ministries and agencies at a decentralized level (especially those responsible for agriculture, animal resources and range, and water). Key entry points for support could be in the areas of essential functions of these institutions - for example, data collection and collation (e.g. agricultural statistics), the development of M&E systems for government and non-government interventions in the sector(s), shared extension services, and the formulation of strategies and policies.
18. Proposed follow-up: Agreed. This requires government and IFAD to consider existence of sustainability elements in terms of institutions, implementation arrangements, technical capacities and financial resources to be secured with sufficient functionality and adequate governance and transparency measures.
19. Starting from the design of the projects, sustainability factors should be taken into account based on a solid analysis of existing government and community institutions to ensure their capability in taking over the responsibility of upscaling and sustaining the development impacts and results.
20. Government is a key community supporter in better planning by forming the structures and organizations to provide the legal, administrative and financial requirements for sustainable development.

21. IFAD will ensure a critical institutional assessments would be carried out to inform the exit strategy planned at the design of projects to satisfy the sustainability requirements. Hence, design of interventions should pay full attention to the sustainability factors throughout the implementation and evaluation of the interventions.
22. Responsible partners: al/ projects/programmes, government related ministries and departments at federal and state levels, targeted communities and IFAD.
23. Timeline: 2020 onward. Al/ designs of the new projects/programmes have to ensure integration of sustainability elements including resources in every development intervention.
24. **Recommendation 4:** Better articulate the theory of change in country and project strategies that underlines the expected poverty impact. Greater attention is required at the project conceptualization stage to identify the pathways through which the project goals (e.g. reduced poverty, food insecurity and malnutrition) could be achieved. Consistent indicators for measuring the effectiveness and impact of project interventions should be set along the same pathways. This will contribute to a more effective monitoring and analysis of the activities which lead to scaling-up of good practices that bring fundamental changes in the livelihood contexts of the engaged rural communities.
25. Proposed follow-up: Agreed. Usually development strategies require government to put in place specific planning, participation and evaluation methodologies with the involvement of the communities to promote socioeconomic changes. These strategies show how expected outcomes occur over the short, medium and longer terms as a result of a joint work.
26. Goals assist in selecting right implementation arrangements and practices in achieving the specified objectives within specific timeframes. The government has a fundamental role in setting the strategies and objectives for creating the intended changes.
27. All stakeholders including government and communities should adopt effective/efficient monitoring tools to track the changes encountered from applied practices and interventions.
28. Outcome evidences will be used to convincing decision and policy makers on results for improvement. Stakeholders are encouraged to adopt qualified monitoring and evaluation systems and equipment.
29. Responsible partners: al/ projects/programmes, Ministry of Finance and Economic Planning, Directorate of Foreign Finance, Ministry of Agriculture and Natural Resources, International Relations Department, other relevant line ministries departments, state-level ministries and departments, communities and IFAD.
30. Timeline: 2020 onward. Government ministries will lead the technical implementation of the development projects to provide guidance on government priorities and objectives for defining changes under questions. As well, strengthening its monitoring mechanisms to qualifying and quantifying results of interventions and value of resources.
31. **Recommendation 5:** Strengthen the KM platform for IFAD-financed projects to foster information-sharing across the projects and partnership, as well as to bolster effective monitoring of the IFAD portfolio. The strategy for KM is ambitious and well

intentioned, but without sufficient resources, technical support and leadership it will not be realized. It is important that IFAD, the Government of Sudan and other development partners benefit from the rich experience of the IFAD portfolio in the country, including good practices and lessons learned.

32. Proposed follow-up: Agreed. The Country KM Strategy contributes to meeting the Sudan portfolio targets, enhances the implementation of the RB-COSOP, generates evidence-based knowledge that improves the effectiveness, efficiency and quality of IFAD's operations for greater outreach and impact as well as improve visibility, credibility and influence on sustainable rural development.
33. Key stakeholders including the Central Coordination Unit (CCU), the projects, key Ministries at State and Federal level, communities and the ICO to avail financial and human resources as well as, creation of suitable structures and facilities for the implementation of the KM strategy.
34. Ministries at state and federal level, beneficiaries organizations and partners to foster better planning, coordination and dissemination (better audience targeting) of knowledge and good practices with the purpose of supporting the sustainability and scaling up of successes.
35. Technical capacities from government staff, projects staff, CCU, communities and partners to be strengthened and equipped with appropriate tools and facilities to maximize use of KM in improving outcomes and impact of development interventions, as well as policy engagement.
36. Responsible partners: al/ projects/programmes, Ministry of Finance and Economic Planning, Ministry of Agriculture and Natural Resources, Ministry of Anima/ Resources and Fisheries, CCU, state-level ministries and departments, communities, relevant partners and IFAD.
37. Timeline: 2020 onward. The government line ministries will link the existing KM platforms, activities and structures with IFAD-funded projects strategies through better coordination and leadership.
38. **Recommendation 6:** Strengthen IFAD's capacity to be better engaged in project supervision and reviews, KM, coordination across strategic partnerships (especially on NRM), and policy dialogue. This could involve human resource and technical capacities (e.g. staffing at the country office, technical support from headquarters or the sub-regional hub), as well as resource allocation to upgrade non-lending activities (e.g. grant funding to pilot innovative approaches and/or to engage strategic partners; analytical studies). It is important that the country office be more actively engaged in project oversight, supervision and conceptualization to ensure consistency in approach. This in turn needs to draw upon an effective and informative knowledge platform. Furthermore, the country office, in collaboration with relevant partners, should be more active in policy engagement in the new political environment emerging in Sudan.
39. Proposed follow-up: Agreed. The ICO has control over field missions besides handling other variety of obligations, not limited to, the day-to-day follow up with government and projects on portfolio management and operations and contributing to the UNCT responsibility framework.
40. IFAD Country Office (ICO) should maximize the use of its financial resources and technical capacities (human resources) to improve its engagement in the non-lending activities.

- 41. Government to facilitate identifying areas for policy engagement and to provide effective follow-up procedures and regulatory frameworks for investment on KM products for the sake of creation conducive environment for development initiatives to widen the scope of benefits generated by collaborative development interventions.
- 42. Responsible partners: IFAD Headquarters, FAD Country Office and government related line ministries and departments.
- 43. Timeline: 2020 onward. ICO will communicate and work closely with the Headquarters, sub-regional hub, government and projects to promote engagement in al/ country related activities.

Signed by:

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Azhari Idries Bakhiet
Acting /Undersecretary of Economic planning
Ministry of Finance and Economic Planning - Sudan

- Date: 06/ 2-02 C)



Mr Donal Brown
Associate Vice-President, Programme Management Department International Fund for
Agricultural Development

Date: 1/2020

COSOP preparation process

1. Preparation of the present COSOP report took place through an extensive consultative process within the country prior to the Covid 19 pandemic and remotely afterwards. The Covid-19 pandemic did not allow the original COSOP team to undertake the mission on the field. The remote mission team worked with local consultants based in Khartoum and organized virtual meetings to coordinate with the local government bodies and other stakeholders.
2. Consultations involved many stakeholders representatives of GOS at the federal and state levels, Producers organisations (on behalf of smallholder producers, rural women, youth), private sector actors (seed companies, input suppliers, service providers (rural finance and mechanisation, potential processors and exporters, etc.) and donor representatives including UN team (FAO, WFP, UNDP) and IFI's representatives in Khartoum (WB, AfDB, IMF, AAAID).
3. The Sudan's previous COSOP was reviewed through a workshop held in Khartoum at the end of 2019. The participants appreciated IFAD support expressed their satisfaction to the programme achievements. Two proposals were recommended for consideration within the new COSOP lending and non-lending programme:
 - a. Strengthening the enabling environment for Agricultural (plants and animals) Extension Services and Knowledge Management and – Sharing (KM & KS) networking at all levels for Climate Change Adaptation and Mitigation, Livelihood development, Food security and balanced Nutrition.
 - b. Inclusive Agricultural business development around selected value chains with specific consideration for Youth – and Women.
4. A COSOP completion review (CCR) was commissioned by the ICO in July 2020. The COSOP performance in relation to its relevance, effectiveness, Knowledge management and Strategic partnerships was rated satisfactory. Policy engagement was rated as moderately satisfactory. While the SOs were found still appropriate in the current country context, The CCR recommended adding another dimension to SO2 through stronger support to the recent emphasis on promoting agricultural exports through value addition and partnership with the private sector. Within the rain-fed sub-sector eco-system, there are at least three high-potential agricultural value chains carrying a strong comparative advantage to Sudan: gum Arabic, sesame seeds, and livestock (meat), in addition to organic HMAP, such as Hibiscus and Baobab. Moreover, the CCR recommended further pursuing policy engagement on the themes mentioned in this COSOP report.
5. Parallel to the preparation of the CCR, a SECAPE report was prepared by the ECG team. The report analysis, findings and recommendations are presented in Appendix IV.
6. An in-country final workshop validation was organised by IFAD ICO in Khartoum 9 December 2020. Fifty stakeholders representatives (including Federal Ministers of Finance, Agriculture and Livestock) engaged in intensive discussions of the COSOP main finding and recommendations, which were all endorsed.
7. Throughout the COSOP preparation process, the PDT members from the ICO, Cairo Hub and IFAD HQ played an extensive role in guiding and informing the report.

Strategic partnerships

1. **UNCT:** Within the context of current UNDAF, and as part of the UNCT, IFAD will coordinate with UN agencies wherever possible. IFAD and FAO will seek to support national agricultural development issues. A donors' coordination group for the agricultural sector is currently being considered with co-leadership by IFAD and FAO. Possibilities for synergies with UNIDO in agro-industry will be explored for quality control and the post-harvest level of the VC, particularly at the smallholder producers and processors level. This would be crucial for Sudan to comply with external markets regulations (GCC, EU, etc.). With regards to hygiene aspects at the HH level, and through WASH (Water, sanitation and hygiene) programme, partnership with UNICEF would help preventing an outbreak of disease in programme area through building latrines and hand-washing stations, teaching hygiene and providing clean water. UNICEF yearly outreach is estimated at 200,000 people gaining access to improved sanitation facilities. Proper latrines, hygiene and waste disposal are the best ways to keep water sources clean and safe for people to drink, cook and bathe. Partnership with WFP will focus on synergies with COSOP programme to help reduce malnutrition and its root causes through WFP's ongoing and future (2019-2023) integrated package of nutrition-specific and nutrition-sensitive interventions, including strengthening the resilience of food-insecure households and food systems while strengthening the capacity of national actors. Key elements include productive safety nets for chronically food-insecure rural households and reducing post-harvest losses for smallholder farmers and their associations.
2. **Partnerships with international, regional and bilateral donors:** It is expected that, following graduation of Sudan out of the list of countries sponsors of terrorism, several opportunities for donors assistance will be available. In this regards, the most active IFIs and potential co-financiers would be the World Bank which is already engaged in thematic studies on climate, Value chain, capacity building and exports promotion. While the Bank does not have a formal International Development Association (IDA) program because of the country's non-accrual status, the WB continues to build a dynamic portfolio of projects financed by trust funds by mobilizing third-party financial resources. The African Development Bank is another strategic partner through its Feed Africa strategy which is focused on transforming African agriculture into a globally competitive, inclusive and business-oriented sector that creates wealth, generates gainful employment and improves quality of life. At the Arab regional level, partnership with Arab Coordination Group (IsDB, AFESD, OFID, Abu Dhabi Fund, Arab Authority for Agricultural Investment and Development (AAAID)) would be fostered for co-financing of rural infrastructure and rural finance. In particular, AAAID, with its HQ in Khartoum, is a strategic partner in relation to seed systems (through contractual farming with its affiliate Arab Seed Company) and for rural finance (AAAID is currently in the process of establishing a smallholder rural finance fund in the Arab region).
3. **Climate finance:** IFAD country team will work with the GoS to develop strong applications to mobilize additional support for climate resilient activities. Building on previous successful achievements, IFAD ICO and ECG division would continue mobilising grant financing from the GCF, ASAP+, GEF and AF for climate change resilience building. Moreover, additional opportunities will be explored in the context of the GGWI and IGREENFIN. As Sudan is GGW country, the COSOP programme will take advantage of IFAD being the coordinator of the GGW Initiative Umbrella Programme of the GCF. There will also be a GEF Impact Programme for the GGW (coordinated by FAO & UNEP).

<i>Partnering objectives</i>	<i>Partners/networks/platforms</i>	<i>Partnership results and outcomes</i>	<i>Justification for partnership</i>	<i>Monitoring and reporting (to be completed for CRR and CCR)</i>
Engaging in policy and influencing development agendas	FAO WB	IFAD-FAO co-leading coordination group on agricultural development Policy coordination with WB on VC development to ensure inclusive approach in favour of rural poor producers.	RBA partner and Key player for agricultural development. WB conducted a detailed analysis of the key agricultural VC for possible financing.	
Leveraging cofinancing	Government of Sudan	US\$ 140 million (including the two on-going projects and the pipeline programme)	Key strategic partner	
	Producers Organisations	Participatory local development promoted at community level.	Key partner at the local level. Working with existing producer associations and supporting the formation of new ones in necessary.	
	Multilateral and bilateral: (AfDB, WB, GCF, ASAP+, AF, GEF, IsDB, OFID, AFESD, AAAID)	At least US\$ 60 million (including the two on-going projects and the pipeline programme)		
	UNCT: UNICEF, WFP, FAO, UNIDO, UNEP	Improved UNDAF development and monitoring	In collaboration with Government, major effort to improve data collection for and analysis to monitor progress towards SDGS	
Developing and brokering knowledge and innovation (including SSTC)	IFAD-China SSTC facility. Turkey (TIKA) FAO-China SSTC Trust Fund	Training and capacity building of Public and CBOs for successful selected VC.	SSTC a very important and relevant cooperation modality in the country context.	
Strengthening private sector engagement	Arab Authority for Agricultural Investment and Development (AAID)	Engaging AAAID through its affiliates in Sudan for contractual farming with smallholder producers.	Sustainable Development of VC through 4Ps.	
	Input suppliers and service providers, Agro-Processors exporters	Backward and forward linkages with smallholder producers	Sustainable Development of VC through 4Ps.	
Enhancing visibility	UNCT: UNICEF, WFP, FAO, UNIDO. UNEP.	IFAD co-chairs with FAO the donors group on agriculture and ensures pro-poor continuous and sufficient support	All key development partners participate, along with Government	

South-South and Triangular Cooperation strategy

I. Introduction

1. SSTC will be an important component of IFAD's overall operating model in Sudan. IFAD seeks to raise its level of ambition for harnessing SSTC as an instrument for improving the livelihoods of rural people and their organizations. In line with the IFAD SSTC Strategy, the SSTC dimension in this COSOP period will be effectively used as a key means to deliver capacity building, resources mobilization, technology transfer to the benefit of Sudan, and within the context of the broader IFAD programme.

II. Opportunities for rural development investment promotion and technical exchanges

2. This COSOP proposes a strategic partnership with at least three SSTC sources: IFAD-China facility, TIKA (Turkey) and FAO-China SSTC Trust Fund, focusing on support for relevant exchange of knowledge with countries especially China, Turkey, Kenya, Egypt, etc., Skills improvement, resources and technical know-how on smallholder agriculture and rural development including innovative and tested solutions on land and water development and value chain development (for selected crops). Countries like Egypt, China, Turkey and Kenya have gained pertinent experienced and know-how that could be easily transferred to Sudan. Previous IFAD funded projects benefited from study tours and training in these countries.

III. SSTC engagement rationale

3. Developing countries are increasingly interested in learning from the successes and practical lessons from experience of their peers. IFAD, being a specialized agency of the United Nations as well as an International Financial Institution, engages in SSTC to contribute towards enhancing development effectiveness not only brokering the knowledge and technical cooperation but also by catalysing investments between developing countries.
4. SSTC will be undertaken in a strategic partnership with other RBAs based in Sudan, informed by the MOU signed between IFAD, FAO and WFP in June 2018, which underlines the importance of collaboration to achieve SDG 2: No Hunger, particularly through reciprocal exchange of expertise and mutual engagement to achieve the SDGs in the context of the UN Sustainable development Partnership in Sudan.

IV. Partnerships and initiatives

5. Specific activities will include support for the development of SSTC action, and a coordination mechanism at IFAD Central Coordination Unit in Khartoum in collaboration with the technical ministries, to support the agriculture sector, the implementation of the COSOP. Moreover, IFAD ICO and FAO staff at Khartoum could contribute to establishing and enhancing the SSTC partnership and identify key opportunities for mutual learning, exchange of experience, rural innovation (e.g. training and technology transfer), visits, workshops and training with these countries and others of relevant experience. In addition international research partners, such as ICARDA, ACSAD, ILRI, and AAAID (through its development unit) could be explored.

V. Conclusion

6. This SSTC cooperation strategy for Sudan will be discussed and developed in consultation with GOS during initial implementation processes related to this

COSOP programme, starting 2021. The three ongoing projects (LMRP, IAMDP, and SLNRP) would be the first beneficiaries from SSTC, followed by the pipeline project afterwards.

Country at a glance

Economic structure	2016[a]	2017[a]	2018[a]	2019[a]	2020[b]	2021[c]	2022[c]
GDP at market prices							
Nominal GDP (US\$ bn)	95.6	123.1	30.9	25	51.5	90	150
Nominal GDP (SDG bn)	593.6	822.4	995.6	1,143.1	2,788.7	6,184.2	11,256.2
Real GDP (SDG m at 1996 chained prices)	31,897.8	33,264.0	32,492.0	31,661.7	28,907.0	29,788.9	30,620.4
Expenditure on GDP (% real change)							
GDP	4.7	4.3	-2.3	-2.6	-8.7	3.1	2.8
Private consumption	3	3	-3.2	-2.5	-7.9	1.5	2
Government consumption	12.5	15.5	-1.1	-9.8	2	3	2.5
Gross fixed investment	3.7	3	-2.9	-1.5	-11	7.8	4
Exports of goods & services	4.1	3.5	0.8	2.3	-13.5	3	3.1
Imports of goods & services	-1	-1	-0.4	1.6	-9	2.5	2.8
Origin of GDP (% real change)							
Agriculture	5.2	2.5	-1.5	-1	-5	3.8	3
Industry	5.5	4.5	-1.7	-0.7	-8	2	3
Manufacturing	11.2[b]	-0.4[b]	13.4[b]	3.4[b]	-8	2	3
Services	3.8	4.5	-3.2	-4.7	-11	3	2
Ratios, GDP at market prices (%)							
Gross fixed investment/GDP	18.7	18.4	24.1	31.1	28.5	29.2	29.4
Exports of goods & services/GDP	9.8	9.7	10.2	12.6	2.9	1.8	1.2
Imports of goods & services/GDP	12.5	11.8	12.3	14.1	6.4	3.6	2.2
Ratios, GDP at factor cost (%)							
Agriculture/GDP	25.2	24.6	22.6	31	32.2	32.5	32.6
Industry/GDP	19	19.2	30.6	33.6	33.8	33.5	33.6
Services/GDP	55.7	56.2	46.8	35.3	34	34.1	33.8
Energy indicators							
Petroleum production ('000 b/d)	104.0[b]	95.0[b]	100.0[b]	104.0[b]	84	95	115
Petroleum reserves (m barrels)	1,450[b]	1,455[b]	1,452[b]	1,475[b]	1,490	1,491	1,500
Population and income							
Population (m)	39.9	40.8	41.8[b]	42.8[b]	43.9	44.9	46
Population growth (%)	2.4	2.4	2.4[b]	2.4[b]	2.4	2.4	2.4
GDP per head (US\$ at PPP)	4,415.5	4,362.9	4,259.0[b]	4,122.8[b]	3,689.6	3,775.5	3,853.9
^a Actual. ^b Economist Intelligence Unit estimates. ^c Economist Intelligence Unit forecasts.							

Natural resources: Petroleum; small reserves of iron ore, copper, chromium ore, zinc, tungsten, mica, silver, gold, hydropower.

Agriculture products: Cotton, groundnuts, sorghum, millet, wheat, gum Arabic, sugarcane, cassava (tapioca), mangos, papaya, bananas, sweet potatoes, sesame; sheep, livestock.

Industries: Oil, cotton ginning, textiles, cement, edible oils, sugar, soap distilling, shoes, petroleum refining, pharmaceuticals, armaments, automobile/light truck assembly.

Exports - commodities: gold; oil and petroleum products; cotton, sesame, livestock, peanuts, gum Arabic, sugar.

Exports - partners: UAE 32%, China 16.2%, Saudi Arabia 15.5%, Australia 4.7%, India 4.2% (2015)

Imports - commodities: foodstuffs, manufactured goods, refinery and transport equipment, medicines, chemicals, textiles, wheat.

Imports - partners: China 26.4%, UAE 10.1%, India 9.1%, Egypt 5.6%, Turkey 4.7%, Saudi Arabia 4.4% (2015)

Financial management issues summary

COUNTRY	Sudan	COSOP
A. COUNTRY PORTFOLIO PERFORMANCE		
Country – FM KPIs:		
FM Inherent Risk:	High	Transparency International (TI)
1Country Disbursement Ratio (rolling-year)	10.30%	Sudan scored 16 points out of 100 on the 2019 Corruption Perceptions Index reported by Transparency International. Corruption Index in Sudan averaged 16.27 points for the period 2003 to 2019, reaching an all-time high of 23 points in 2003 and a record low of 11 points in 2013. Sudan remains near the bottom of TI ranking (173/198) in 2019.
Outstanding Ineligible Expenditure	None	
Outstanding Advances (Projects in Expired Status)	6,937 EUR	
Applicable PBAS cycle for COSOP:	IFAD12 and IFAD 13	Public Expenditures and Financial Accountability (PEFA)
PBAS Available allocation:	0	No recent data available, The latest PEFA assessment for Sudan at national level was performed in 2010 and no longer relevant.
		MDBs Diagnostic Reports
		The Global Partnership for Effective Development Co-operation's Country Brief for 2018 and World Bank Report reported that the government is taking numerous steps to strengthen their Public Financial Management, along with other measures such as the adoption of Treasury Single Account (TSA). The Government, with the assistance of the IMF, has drawn up a PFM Reform Action Plan. This action plan is being implemented to address the gaps identified. Some of the pillars of the action plan include: (i) implementing an automated Integrated Financial Management Information System (IFMIS) that is to be piloted in the Ministry of Finance and Economic Planning (MoFEP) before rolling out to other ministries and to states; (ii) modernizing the internal audit approach; (iii) strengthening analysis of project proposals; (iv) roll out of Government Financial Statistics (GFS) budget classification; and (v) making budget information publicly available.
		Debt Sustainability
		According to the WB-IMF DSA of October 2020, Sudan's external debt risk keeps being in debt distress and unsustainable, unchanged from the last report of March. Reflecting the economic effect of COVID-19 pandemic, and even after the planned customs exchange rate and fuel subsidy reform (elimination of diesel and gasoline subsidies), all external debt indicators still breach their indicative thresholds under the baseline scenario and debt solvency indicators stay above the thresholds throughout the time horizon of the analysis (20 years). External debt is estimated to amount to about \$56.3 billion, or 199% of GDP at end-2019, rising from 182% of GDP in 2018 due to large currency depreciation (while domestic debt only accounts for 8% of GDP). About 85% of the external debt was in arrears in 2019. The bulk is public and publicly guaranteed (PPG) debt (\$54.6 billion, of which 85% are in arrears), mainly owed to bilateral creditors and roughly equally divided between Paris Club and non-Paris Club credit. A large portion of the increase in these estimated total arrear amounts is due to assumed accumulation of interest arrears, in addition to relatively small new disbursements. About \$1.8 billion is private debt owed to suppliers. Sudan had signed a debt settlement agreement with the Fund in October 2012.
1Corporate Disbursement Ratio Methodology considers ASAP, AFD, IFAD, KFW and SPA financing sources only.		

CURRENT LENDING TERMS	DSF Grant
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B. PORTFOLIO, FM RISK & PERFORMANCE

Existing Portfolio:

Project	Financing instrument	FLX Status ⁽²⁾	Lending Terms	Currency	Amount (million)	%Disbursed	Completion date
BIRDP	200000163300	EXPD	ASAP GRANTS	XDR	2.15	99.87	30/09/2019
	200000163400	EXPD	DSF HC GRANTS	XDR	7.37	100	30/09/2019
	L-I--717-	EXPD	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	16.8	99.98	30/09/2019
LMRP	200000077500	DSBL	DSF HC GRANTS	XDR	16.55	64.49	30/03/2022
	200000077600	DSBL	ASAP GRANTS	XDR	4.73	60.33	30/03/2022
	200000091100	DSBL	ECD GRANTS	USD	8.53	49.72	30/03/2022
	200000241900	DSBL	SUPPLEMENTARY FUNDS GRANTS	EUR	7.88	23.61	30/12/2021
Sudan: Carbon Sequestration	G-G-FSP-27-	EXPD	ECD GRANTS	USD	3.65	84.93	30/09/2019
IAMDP	200000214100	DSBL	DSF HC GRANTS	EUR	22.4	32.61	30/03/2024
	200000353400	APPR	SUPPLEMENTARY FUNDS GRANTS	USD	0.75	0	31/12/2021
SNRLP	200000311600	SIGN	DSF HC GRANTS	EUR	45.2	0	
	200000311700	SIGN	HIGHLY CONCESSIONAL BY CURRENCY	EUR	11.3	0	

Project	Project FM risk rating	Performance Score: Quality of Financial Management	Performance Score: Quality & Timeliness of Audit	Performance Score: Disbursement Rate	Performance Score: Counterpart funds
BIRDP	High	Moderately Unsatisfactory	Mod. satisfactory	Moderately Unsatisfactory	Unsatisfactory
LMRP	Substantial	Moderately Satisfactory	Mod. unsatisfactory	Moderately Unsatisfactory	Satisfactory
Sudan: Carbon Sequestration	High	Moderately Unsatisfactory	Satisfactory	N/A	Moderately Unsatisfactory
IAMDP	Substantial	Moderately Satisfactory	Satisfactory	Moderately Unsatisfactory	Satisfactory
SNRLP	High	N/A	N/A	N/A	N/A

Currently there are two ongoing projects (LMRP and IAMDP) in the portfolio. The inherent financial management risk of both project is rated as substantial and the residual risk as moderate. The risk is due to a number of issues that range from weak financial management staff seconded to the States Implementation Units; high staff turnover, adherence to internal controls systems and absence of a unified salary scale and benefits across the different projects. In addition to, the economic environment and in particular, the increasing difference between the official and informal exchange rates that hinders the implementation of the projects activities. SNRLP was approved in September 2019 (16 months elapsed since approval), and was entered into force on 3 February 2021. BIRDP and ICSP had passed their closure dates, and they will be closed over the system once the remaining unspent balance of advance is refunded to IFAD and the management letter related to the final audit report is received respectively.

C. DEBT SERVICING

Sudan continued to honour its debt as per the signed debt settlement agreement with the Fund. The most recent bills were issued on 15 November 2020 and they have not been settled as of date of this summary.

D. COSOP

The proposed project under this COSOP will capitalise on IFAD experience in the country. IFAD will continue its reliance on some aspects of the public financial management systems, which meet minimum acceptable standards such as external and internal audits.

Given the weak institutional capacities and the historically poor counterpart cash contribution performance until recently, it is imperative that the key financial management staff at Programme Management Unit are recruited competitively from the open market and to ensure that the counterpart cash contributions is realistically estimated.

There is high risk of exchange rate losses if the proposed reform of moving exchange rate from fixed rate to floating rate do not take place. The significant difference between official and informal exchange rate will erode the expected total value of the proposed investment and meeting the project's development objective.

The COSOP envisages one project to be designed and with wide geographical coverage. The project is expected to be the largest ever project in the portfolio and will be financed over IFAD 12 and IFAD 13 PBAS cycles. This is likely to pose challenges and risks in term of fund flows, reporting and implementation; hence, detailed arrangements will need be carefully designed to mitigate these risks.