

## FROM FEASIBLE TO LIFE-SAVING

### *The Urgent Case for Cash at Scale in Sudan*

APRIL 2024

#### EXECUTIVE SUMMARY

- About 18 million people are currently facing crisis (IPC 3) or emergency (IPC 4) levels of food insecurity across Sudan. This means **more than one in three people are suffering from acute hunger in the country**. As the conflict rages on, food insecurity is rapidly deteriorating, and communities in many parts of the country are being pushed to starvation.
- The humanitarian response has thus far not even come close to matching the scale and severity of people's needs, and has prioritized distributing 'in-kind' (food, basic goods) over cash assistance. By prioritizing in-kind aid, humanitarian donors and responders are limiting the effectiveness of the response and risk undermining the local markets on which people desperately rely to cope with the crisis. Hampered by serious access constraints and high operational costs - particularly across borders - **in-kind aid cannot reach people in need rapidly enough and at the scale required to prevent a potential famine**. As a result, in many parts of the country communities requiring urgent food assistance to survive are not currently accessing any.
- The potential of cash programming has been largely overlooked and underutilized in this response. Yet, in many contexts, **the use of cash has been recognized as a key aid modality to prevent famine and support local markets to continue functioning through crisis**. In Sudan, cash also offers the only option for life-saving assistance where in-kind aid delivery is constrained.
- Ongoing analyses show that **markets remain active and stocked with food and other essential goods in most areas across Sudan**, including in states most severely affected by food insecurity such as West Darfur, Khartoum, or South Kordofan. However, people are currently unable to afford these goods due to loss of purchasing power during the war, and the lack of demand is putting existing local markets at risk.
- Urgent action is required to help people access food through local markets and ensure that market actors can continue to operate, providing a lifeline for those facing high levels of food insecurity. Some initiatives - such as the Cash Consortium of Sudan - are already reaching people across the country with much needed cash, but the lack of dedicated funding to cash programming limits the reach and impact of these interventions. Therefore, **donors and operational agencies alike should urgently adopt a cash-first approach**, making cash programming the central pillar of the humanitarian response in Sudan.



Photo credit: Mutwakil Orman Ahmed / Mercy Corps

## INTRODUCTION

Sudan is on the verge of earning the grim label of “[world’s largest hunger crisis](#)”. Nearly a year of brutal conflict has caused the number of people facing acute hunger to almost double, with an estimated [18 million people](#) currently facing severe levels of food insecurity (IPC 3 or above), including five million people facing emergency levels (IPC 4), based on the latest projections.<sup>1</sup> Humanitarian actors, including local groups such as community-based organizations, are doing everything they can to contain the crisis and have reached [nine million people](#) with life-saving assistance between April 2023 and February 2024. Yet, that is barely a third of the 25 million individuals with humanitarian needs this year.

Now, a combination of factors including the expansion of the conflict into key agricultural areas, deteriorating humanitarian access, and serious funding shortfalls, is pushing populations closer to famine. Alarmingly, while food is available in local markets,<sup>2</sup> people cannot afford to purchase it. And while humanitarian trucks are loaded with food aid, they cannot reach the large majority of communities in need due to access constraints. Reports of starvation are already happening across Sudan, and in an update published in March 2024, The Famine Early Warning Systems Network (FEWS NET) [confirmed](#) there is a risk of Famine (IPC 5) during the lean season (March to September) in parts of West Darfur, Khartoum, and areas in Greater Darfur with high concentrations of protracted and often re-displaced persons.

### How does cash support local markets?

The use of cash, including multi-purpose cash assistance (MPCA), is a critical form of aid in humanitarian crises. In clear contrast with in-kind aid which can undermine local markets and economies, cash-based programs have the distinct advantage of providing a mechanism for aid delivery that works with and through existing local markets. Providing people with cash sparks spending, helps keep food and essential goods affordable, and strengthens the local businesses people rely on during crises. While in-kind aid can be necessary in areas where markets are not functioning, it is essential to rely on market assessments and analyses available to ensure that wherever possible, cash-based programming is prioritized.

<sup>1</sup> Based on IPC data published in December 2023, providing food insecurity projections for the period October 2023-February 2024.

<sup>2</sup> Market functionality and the supply of key food and non-food items has been indicated by market assessments and data from the Joint Market Monitoring Initiative (JMMI), IOM’s Displacement Tracking Matrix (DTM), and WFP’s market monitor (VAM).

There is no time to waste in preventing Sudan from plunging into famine. Donors and humanitarian organizations must act urgently to provide people with the means to access food. For Sudan, given the functionality of markets and limited access for in-kind humanitarian aid, this means providing cash transfers to enable people to buy food and other essential items available in local shops. Today, cash programming represents our best strategy for reaching people at scale with a principled, multi-sectoral response in Sudan, providing a lifeline for people, markets, and communities grappling with high levels of food insecurity.

## PREVENTING WIDESPREAD FAMINE THROUGH CASH

Across several contexts including Yemen, Somalia or South Sudan, cash has proven to be a pivotal modality for famine prevention and response. For instance, the expansion of cash-based programming has been central to strategies for famine prevention in Somalia, based on [lessons learned](#) from the famine response in 2011, and the humanitarian response that prevented another famine in 2017.

In Sudan, where conflict rages on with no end in sight and famine warnings grow louder by the day, cash programming has so far been underutilized. The humanitarian response has not been up to the scale required by the severity of the crisis, and requires an urgent rethink. Prioritizing cash programming, especially through consortia which have shown their ability to achieve [scale](#), can enable a rapid scale-up of the response, avert famine for the worst-affected populations by ensuring their access to vital markets, and expand reach through cost-efficiency. The lives of millions facing extreme food insecurity, especially in the greater Darfur, greater Kordofan, and Khartoum state, hinge on the ability of the humanitarian response to make use of the full potential of cash programming.



"I used the money received from Care to buy medicines for my sick mother and we bought her some good nutrients as well." - *Fatima, a 45-year-old woman displaced from Khartoum into Wad Madani.*

**Cash can reach people where in-kind cannot** due to major access constraints. For example, food trucks from the World Food Programme (WFP) frequently encounter delays of several weeks while awaiting approvals from authorities to move to areas where people require urgent food assistance, and ongoing fighting also continues to hinder access. WFP has recently [warned](#) that 90 percent of populations facing acute hunger are in areas they cannot reach. In these places cash programming is currently the only way to reach people in need.

**Cash can be faster, more cost-effective, and stimulate local markets.** Cash programming reduces the need for and cost associated with transportation of humanitarian goods, warehousing, and other logistical activities, thus enabling a more rapid and cost-efficient delivery of aid. In a context like Sudan, where needs by far exceed resources available and humanitarian actors face important costs to transport in-kind supplies,

### Case study: Overcoming internet shutdowns through offline mobile app for cash support

Following the start of the conflict, frequent and widespread connectivity disruptions, including near-total internet blackouts, have made it difficult for humanitarian organizations to use web-based platforms for delivery of cash assistance. However, cash programming has been able to adapt. To overcome connectivity challenges, Mercy Corps piloted the development and roll-out of a digital cash delivery solution that can be used without the internet and is suited to a wide range of mobile devices. In collaboration with [Genius Tags](#), the mobile application was developed and then tested by Mercy Corps in North Kordofan and South Kordofan states, with distributions to 814 households, in both rural and urban locations. Designed to allow same day program participant verification and cash delivery, most people reported being able to go through the verification process and receive cash in under five minutes. But the key benefit of this app is that once downloaded, it does not require an internet connection to be used, thus overcoming delivery challenges caused by connectivity issues in Sudan. By the end of the pilot, due to its success in reaching people even in areas with limited to no network connectivity, the mobile app started being rolled out to all Mercy Corps' cash program locations.

especially across borders,<sup>3</sup> cost-efficiency is more critical than ever. Cash is not only cheaper to deliver than in-kind aid in Sudan, it also contributes to stimulating local markets and economies, generating cost-efficiency gains over the medium and long term. In addition, [evidence](#) shows that cost-efficiency of cash-based programming improves once programs are delivered at scale.

**Cash can also support wider social and economic systems.** The severity and scale of needs are simply too high to address solely at the individual level. To avert famine, the humanitarian response urgently needs to increase its reach and impact by leveraging the potential of system-level interventions with significant ripple effects within and beyond communities. Cash programming emerges as a crucial modality for supporting the local groups, networks, and institutions that people rely on during crises and usually have more reach and sustainable impact than international humanitarian agencies themselves. For example, supporting community-based organizations with Group Cash Transfers<sup>4</sup> has enabled them to sustain their essential work in support of different needs in their communities such as food, health, water, shelter, or protection, including in areas that are currently not accessible to international organizations. Similarly, providing cash assistance directly to market vendors enables them to strengthen their operations, keep goods affordable, and support people beyond their own communities.

#### Case study: Supporting bakeries to bounce back through cash

After conducting baseline assessments in the El Geneina market of West Darfur state, the Norwegian Refugee Council (NRC) found that 90 percent of bakeries reported a decrease in the number of consumers they serve due to the elevation of bread prices. Through cash programming, NRC therefore decided to start implementing the Bakery Support Initiative, which supports bakeries to cover part of the cost of wheat flour for bread production. Adam, a 41-year old resident of El Geneina, owns one of the bakeries supported through the initiative. Since receiving support, Adam was able to reduce his prices, allowing people from his neighborhood, as well as other areas, to access his products now more affordable. During the endline evaluation of the initiative, NRC found that 87 percent of respondents stated that they could now afford to buy bread, increase meals and save money for other essential items and services. The initiative thus not only contributes to addressing people's food needs but also a multitude of other basic needs, including nutrition and health. It has also led to strengthened operations for Adam's bakery, which has hired three additional staff members since receiving support. In total, the initiative has supported 108 bakeries reaching 11,957 households and benefiting 89,520 individuals indirectly.

**Another key benefit of cash-programming, especially MPCA, is the potential to layer it with other forms of assistance** (an approach known as Cash+), where and when appropriate, enhancing the impact and sustainability of interventions. This is especially crucial when trying to prevent famine in a conflict setting, as layered issues such as malnutrition, health complications, and the loss of income can hinder people's ability to recover. For example, layering MPCA as a tool to access critical basic food and non-food needs with other programming such as nutrition awareness and supplements or access to safe drinking water can yield sustained improvements in nutrition outcomes for children. Similarly, layering MPCA with livelihood support such as small business grants or asset recovery can ensure a quicker recovery and increased resilience for people in need.

**Finally, as a people-centered approach, cash affords individuals the agency to make decisions regarding their household needs in dignity.** This includes meeting a multitude of basic needs, reducing debts, and investing in livelihoods and economic opportunities. Cash is also essential in preventing negative coping mechanisms linked to food insecurity, such as the sale of key assets, or protection risks, especially for women and girls.

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<sup>3</sup> It can cost up to 5,000 USD to move a truck loaded with in-kind aid from Adre in Chad to Geneina in the West Darfur state of Sudan.

<sup>4</sup> Group Cash Transfers consist of resource provision in the form of cash transfers to a selected group of people from an affected population to implement projects that benefit either a subsection of the community or the community at large.

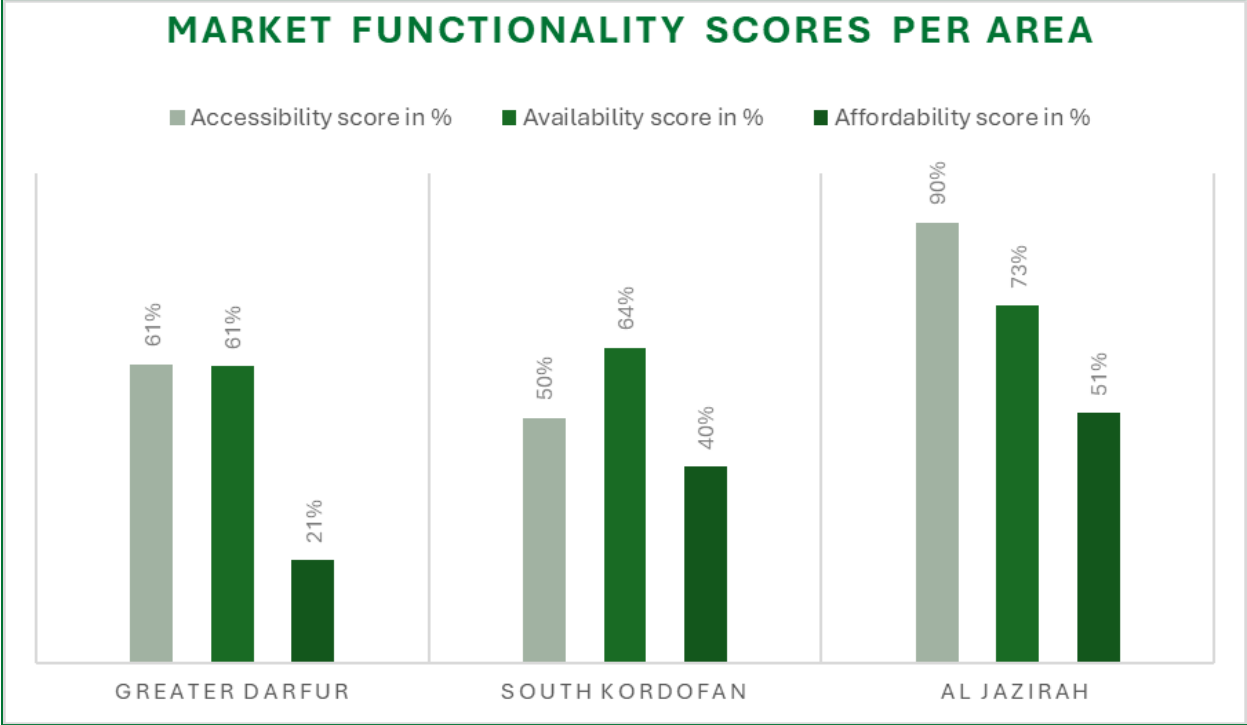
As a central pillar of the Sudan crisis response, cash programming thus has the potential for addressing a multitude of critical needs - including food - for survival, while also setting the foundations for recovery.

## THE RELEVANCE OF CASH IN SUDAN

Extensive evidence from global humanitarian practice shows that in contexts where populations' needs are multiple and varied, where markets are generally functional, and where the main barrier for people to independently and sustainably meet their basic needs is the lack of purchasing power, cash programming is the best response modality. Increasing the routine use of cash is also a long-lasting core commitment under the Grand Bargain, endorsed by over 60 of the largest humanitarian donors and international responders.

In Sudan, cash programming is not only endorsed by the humanitarian community, but also favored by people affected by the conflict. A Mercy Corps needs assessment from December 2023 found that cash was often cited as a priority need and preferred response modality, given its flexibility to meet various needs. Similarly, findings from a post-distribution monitoring assessment by the Cash Consortium of Sudan showed that 98 percent of recipients thought that cash was an appropriate assistance modality.

Market functionality is also conducive to cash programming in Sudan. Continuous assessments, analyses and monitoring initiatives, including the Cash Working Group's and IMPACT's Joint Market Monitoring Initiative (JMMI), IOM's Displacement Tracking Matrix (DTM), and WFP's market monitor (VAM), consistently indicate that despite being affected by the conflict, with reports of shortages on some specific items,<sup>5</sup> and reduced accessibility in some areas, the majority of markets across the country are currently active and stocked with most essential food and non-food items. This includes in areas currently experiencing emergency levels of food insecurity (IPC 4) such as Al Geneina in West Darfur, where over 200,000 people are currently affected, Nyala Shimal in South Darfur, with over 100,000 people affected, or Dilling in South Kordofan, where nearly 50,000 are affected.



*\*Based on available data from the Joint Market Monitoring Initiative (JMMI) from December 2023.*

<sup>5</sup> Such as onions, sanitary pads, gas refills and water containers.

Although products are widely available in local markets, data also indicates that affordability remains a challenge for populations. In line with JMMI findings, IOM's February 2024 DTM [report](#) shows that 95 percent of IDPs surveyed indicated that food was available in markets, but not affordable. This holds true when zooming in on areas most affected by food insecurity such as West Darfur and Khartoum where respectively 82 percent and 66 percent of IDPs surveyed stated food was available but not affordable. If the goods available in local markets cannot be bought due to a lack of purchasing power, or if they are undermined by humanitarian in-kind assistance, local markets become at risk. Due to low demand, market vendors may decide to stop restocking essential items, or even cease their operations entirely, putting an end to one of people's most vital coping capacities and leading to further economic decline, making it harder to recover.

Cash-based programming is therefore not only feasible and preferred by conflict affected communities, but a humanitarian imperative. Cash represents an essential bridge between the goods that can be found in shops, and people's ability to purchase them. It is an efficient and urgently needed way to support local markets to keep operating amidst the crisis, and to increase the reach of humanitarian efforts.

### Adapting cash to evolving market and macroeconomic conditions

Just like any other aid modality, cash programming is founded on robust analysis and monitoring of the context where it is implemented to adapt interventions accordingly. This includes ongoing market assessments, conflict and gender analyses, and monitoring of macroeconomic challenges. In Sudan, Cash Working Group (CWG) partners have mobilized the Joint Market Monitoring Initiative (JMMI) to establish a national evidence base on the status of market functionality and prices for key basic needs. It is a monthly exercise that will continuously inform cash programming in Sudan. Trends in inflation and depreciation are also closely monitored in case it is eventually necessary to adjust transfer values to preserve purchasing power. The impact of the conflict on banks and other financial service providers should also be considered due to its potential impact on cash programming. The CWG has an important role to play in ensuring continued relevance of cash and should be empowered with the resources to guide the humanitarian community in adapting cash to the evolving context.

## DEADLY DELAYS, AGAIN?

Regrettably, this is not the first time that a hesitancy to fund cash programs has been called out as harming communities facing risks of famine. Notably, when famine was declared in Somalia in July 2011, agencies had already been warning about the impending hunger catastrophe for nearly a year, and by February 2011 market analyses already showed that cash transfers were a viable form of assistance in southern regions to meet immediate food needs. At the time, WFP had stopped operations in South-Central Somalia due to insecurity, and cash transfers were effectively the only form of assistance that humanitarian agencies could provide to increase populations' access to food and other basic needs quickly and on the scale required to prevent famine.

The parallels with the Sudan situation are alarming. With WFP being able to reach a mere 10 percent of people facing severe acute hunger across Sudan, cash transfers represent the only option to access food for the majority of people in need. In Somalia, approximately 18 months lapsed between the initial warnings of a food crisis and the commencement of cash transfer programming in September 2011, and about 260,000 people - nearly half of them children - died as a result of the famine.

The humanitarian community has often justified their reluctance to fund cash programming by highlighting risks associated with this type of aid modality, including risks of aid diversion. However, there is no evidence of cash being more prone to diversion than other modalities. In fact, because cash assistance involves fewer intermediaries, in high-risk environments like Sudan, it can even be an effective tool to avoid diversion.

By limiting the potential of cash in Sudan, global donors are not only backsliding on Grand Bargain commitments made years ago to *“increase the use and coordination of cash-based programming,”* and *“include people receiving aid in making the decisions which affect their lives,”* but also falling into inaction in the face of a potential widespread famine again. The loss of life resulting from this delay could be catastrophic. However, it is also preventable. Considering the available evidence, there is no doubt that in many areas of the country, cash programming should urgently be implemented as the main pillar of an efficient, principled, multi-sectoral humanitarian response and famine prevention strategy, and supplemented with other interventions only when necessary. Failing to fund these types of programs is yet another demonstration of neglect and complacency for the tremendous suffering affecting people in Sudan.

### The opportunity: Scaling-up cash through the Cash Consortium of Sudan

The Cash Consortium of Sudan (CCS) is a collaborative platform to advance a progressive vision of the potential of cash and markets assistance to transform humanitarian response and recovery in partnership with vulnerable conflict-affected populations in Sudan. The CCS is a partnership of six INGO and nine Sudanese NGOs. Through bilateral funds, CCS partners have reached nearly 30,000 conflict-affected households spanning 35 localities in ten states since the beginning of the conflict in April 2023. This includes in greater Darfur, Kordofan and Khartoum states. Beyond household-level cash assistance, CCS partners have also collectively reached 122 Community-Based Organizations in 15 states with Group Cash Transfers to support diverse activities addressing a multitude of needs. CCS partners stand ready to expand their cash operations. With dedicated funding for cash programming, the reach and impact of the CCS could increase significantly, bringing the cash response to the scale required by current needs.



## KEY RECOMMENDATIONS

**Humanitarian donors should urgently allocate additional funding to cash operations at scale, in particular multi-purpose cash. This is essential to meet urgent and spiraling humanitarian needs today and keep local markets afloat during and beyond the crisis.**

- The funding should be allocated immediately, while the window to prevent widespread famine is still open. It should also be flexible and sufficient to enable an urgent scale-up of the cash response across Sudan, especially in areas most affected by food insecurity.
- The Central Emergency Response Fund (CERF) as well as the Sudan Humanitarian Fund (SHF) should increase funding directed toward cash-based programming, especially multipurpose cash assistance.

**Humanitarian donors and operational agencies should recognize the limits of in-kind assistance in Sudan and urgently adopt a cash first approach as a key market-driven, multi-sectoral pillar of the humanitarian response. More specifically, it is essential to:**

- Provide vulnerable households with cash to enable them to access essential food and goods and meet basic needs across multiple sectors, with an immediate focus on areas most affected by food insecurity where markets are functioning including in greater Darfur and Kordofan and in Khartoum.
- Directly target farmers with cash to enable them to meet their basic needs while also investing in agricultural inputs ahead of the planting season, and bolster food production for the next harvest.
- Support community-based organizations with group cash transfers to enable them to continue leading response efforts to support their community's most pressing needs.
- Support market actors with grants and/or incentives to strengthen their ongoing operations and reduce costs of essential goods for vulnerable households.
- Promote and implement Cash+ approaches that address both immediate basic needs alongside other interventions such as nutrition, livelihoods activities, and agricultural support, to ensure a sustained and deeper impact.

**Donor and UN humanitarian leadership in Sudan should uphold commitments made under the Grand Bargain and wherever possible prioritize cash-based programming as a central pillar of the humanitarian response. In particular:**

- UN leadership should make cash programming a central pillar of the UN Famine Prevention Strategy, recognizing that it enables people to drive their own decisions about meeting their basic needs across multiple sectors, while safeguarding the local markets people rely on to buy essential goods, including food.
- Cluster leads should improve inter-cluster coordination and increase clusters' accountability for program quality and effectiveness. Based on evidence available, they should encourage the use of cash over in-kind aid, which risks undermining local markets and economies and not providing people with what they really need.
- Donors and OCHA should invest in providing sustained and comprehensive support to the Cash Working Group (CWG) to facilitate adequate coordination of the cash response. This should include the immediate appointment of a full-time, dedicated and senior CWG Coordinator, as well as investment in information management capacity on data and analyses related to cash and markets to facilitate a quick, evidence-based scale-up of cash programming across clusters.

