

# SUDAN CONFLICT RESPONSE: CVA CASE STUDY SERIES

## Alternative approaches to Multi-Purpose Cash Assistance delivery in active conflict contexts

JULY 2023

### Background

On April 15, 2023, violent clashes erupted between the Sudanese Armed Forces (SAF) and the Rapid Support Forces (RSF). This conflict has had dire consequences, forcing people to flee. Both displaced and host communities, as well as those who have chosen to remain in sheltered locations, are grappling with immediate livelihood losses and the struggle to meet their basic needs. Escalating food and commodity prices, and the persistent violence are all contributing to the worsening state of food insecurity.

In response to the crisis and the increased needs of vulnerable communities, particularly new internally displaced persons (IDPs), Multipurpose Cash Assistance (MPCA) emerges as a valuable resource. It provides affected individuals with the flexibility and dignity to choose how to address their basic needs. Given the range of needs that target households exhibit, MPCA is an appropriate, tried and tested tool to support access to critical basic needs and strengthen food security and resilience. Where markets are functional and can support increases in demand, MPCA has been proven<sup>1</sup> to strengthen and stabilize household consumption, to improve food consumption and dietary diversity, and to reduce reliance on more severe and less reversible coping strategies. Despite the conflict, markets continue to operate in various regions with severe increases in the prices of essential goods<sup>2</sup>. MPCA serves as an effective solution for affected populations to meet their essential needs.



*Figure 1: Female headed HHs receiving MPCA. Many plan to use the cash to purchase seeds for the planting season*

<sup>1</sup> [Multipurpose cash assistance: A path for reviving sustenance for displaced families in Borno](#)

<sup>2</sup> [The cost is crazy: fighting in Sudan sends food prices soaring](#)

## The impact of the crisis on financial services

The current crisis has significantly disrupted the functionality of Sudan's banking system. The fighting has led to the closure of numerous banks, and essential banking infrastructure in Khartoum has been damaged or rendered inaccessible. In addition to bank closures, cash has been looted, the server of the Central Bank of Sudan has been affected, and cash flows into the country have come to a halt. Financial transactions since April 15 have depended primarily on Bankak (the app of Bank of Khartoum, the largest retail bank in Sudan) and informal airtime transfers through mobile network operators.

Mobile payment platforms have not been spared during the current crisis. Mobile payment platforms, including mobile money, have experienced prolonged periods of downtime. Furthermore, mobile money as a product is quite new in Sudan, with low adoption rates and a thin network of mobile money agents across the country. These circumstances pose major challenges for implementing cash assistance programs. Humanitarian organizations delivering MPCA have had to explore alternative approaches for delivery of cash assistance and have been actively seeking new Financial Service Providers (FSPs) to deliver comprehensive cash and voucher assistance (CVA) programs. Mercy Corps had existing agreements with one of Sudan's largest banks and two mobile network operators offering mobile money services prior to the start of the crisis but the current security context, liquidity shortfall and service unavailability due to the destruction of data centers in Khartoum meant these companies could not support Mercy Corps' MPCA portfolio.

## The Activity

With support from USAID's Bureau for Humanitarian Assistance (BHA), Mercy Corps is delivering the Building resilience in communities affected by conflict and crisis (BRIDGE) Program which includes delivery of MPCA to vulnerable households. BRIDGE targets underserved IDPs and vulnerable households (HHs) in South Darfur, Gadaref, and South Kordofan States that are experiencing deteriorating food insecurity and poor access to WASH services. BRIDGE's interventions aim to ensure that vulnerable households, including smallholder farmers, can engage more productively in agricultural activities and avoid resorting to negative coping strategies, strengthening household resilience to future shocks and stressors.



*Figure 2: Vulnerable members of the host community also received MPCA in line with Mercy Corps conflict sensitivity approach.*

BRIDGE provides SDG 45,800 per household during the height of the lean season to the most vulnerable households to help households avoid negative coping mechanisms that can undermine future food security. Households with malnourished children are specifically targeted with MPCA. Given the wide

range of needs for families already bearing the burden of malnutrition, MPCA transfers during the crisis enable households to prioritize their urgent needs and meet the needs of children, especially in light of the skyrocketing prices since the start of the crisis. The program currently targets the following localities: Habila Dilling and Ar Reif Ash Shargi localities in South Kordofan State; Galabat Ash-Shargiah, Al Qureisha and Basunda localities in Gadaref State; East Jebel Marra, Nyala Shimal and Nyala Janoub localities in South Darfur State.

Given the challenge of cash access and delivery post April 15, Mercy Corps approached Ebdaa Bank to pilot the delivery of MPCA given Ebdaa's strong last mile network in rural parts of Sudan. Mercy Corps has previously worked with Ebdaa to support the delivery of MFI products to smallholder farmers, agro-pastoralists and village savings groups through the development of last-mile agent networks. Prior to the current crisis, Ebdaa bank's portfolio did not include cash delivery services and Ebdaa had not worked with any agency to deliver cash assistance. The crisis represented an opportunity for Mercy Corps and Ebdaa to pilot the delivery of MPCA to meet the essential needs of communities given the lack of capacity among other FSPs.

### **Ebdaa Bank for Microfinance**

Ebdaa Bank is a Microfinance institute created in 2013 with investment from several commercial banks to extend microfinance access in Sudan. Ebdaa aims to increase the productivity of small enterprises in Sudan and support their owners, especially women. Ebdaa also aims to improve the social and economic wellbeing of low-income people by providing distinct and sustainable financial and non-financial services to suit their needs. Ebdaa bank has a total of 21 network branches and serves 90,000 customers. Prior to the conflict, Ebdaa Microfinance Institute had 6 branches in Khartoum and 15 branches in other states. Following the looting of all its branches and head office in Khartoum, Ebdaa has relocated its head office operations to Gedaref state.

Gedaref state was selected as the location for the pilot due to the stability of the security situation to date. The delivery process began with training of the Ebdaa bank team on Mercy Corps cash assistance standard operating procedures which cover fundamentals including gender sensitive programming, recipient protection and privacy, and Community Accountability and Reporting procedures. Ebdaa initially intended to use front office finance staff from the Gedaref branch for the distributions but realized it could create confusion among community members who might have interacted with Ebdaa finance officers in the past. Ebdaa decided to activate its local networks and hired local graduates who would serve as distribution officers to ensure that MPCA recipients would not think that the money would need to be paid back later. Distributions were supervised by Ebdaa's relationship manager for Mercy Corps and MC staff.

Distribution dates and locations were communicated to target recipients by community leaders and security assessments were conducted in coordination with local authorities and locality leaders in the target localities. Each locality was allocated 2 days for the distributions and community members were informed which day to attend to avoid crowding at the distribution sites. The activity reached 1,517 HHs (Target 1,600) across 13 villages in the 3 target localities. Despite the extensive preparation made for the events, the team did encounter some unexpected challenges. As Ebdaa was not familiar with the locations of some of the target villages, they did not anticipate access challenges associated with the

onset of the rains in Gedaref. The vehicles initially selected for the trips were not suitable for the terrain and had to be changed after the first day.

Liquidity presented a minor challenge as the banks' stocks reached critical levels mid-way through the distribution. The bank resolved this challenge by drawing on its local relationships with commercial vendors and other agents in Gedaref. Despite the detailed security protocols put in place, the team was concerned about transporting large amounts of cash without armed escorts. These concerns were mitigated by liaising with trusted contacts along the roads and reconfirming the security conditions before departure from Gedaref town.

Locality	HHs (#)
Galabat	
Alshargia	555
Basonda	478
Algoresha	484
	<b>1,517</b>

*Table 1: Program participants reached with MPCA*

### Lessons Learnt

The collaboration between Mercy Corps and Ebdaa, an institution that successfully delivered cash to affected people despite having no prior cash transfer experience, yields valuable lessons. Firstly, adaptability and open-mindedness are crucial, as embracing new approaches can lead to innovative solutions. Secondly, partnerships can bridge expertise gaps, fostering a shared learning environment. Thirdly, providing comprehensive training and support is essential in empowering

partners to navigate unfamiliar territory effectively. Lastly, perseverance and flexibility in overcoming challenges is essential to demonstrate the potential for unconventional actors to play a vital role in humanitarian efforts.

Following the success of the pilot, Ebdaa bank is considering adding cash transfer services to their portfolio which may open a good opportunity to link cash transfers with financial inclusion of affected people. Leveraging the last mile agent network model used in other states, they are considering creating sales points and employing agents closer to the point of delivery, as well as developing an electronic recipient management application specially for cash transfer services. While deployment may take some time, Ebdaa Bank has already started the process by developing a manual for Multi-Purpose Cash Assistance Distributions. We learned the following from the pilot distribution with Ebdaa Bank:

- **Capacity:** MFIs have good capacity and flexibility to deliver MPCA through their local branches and agent networks. Partnering with MFIs to deliver cash assistance can help MFIs sustain services and staff during crises.
- **Experience:** MFIs have experience providing funds at grassroots level through their existing financial services and products. They are well suited to conduct direct distribution of MPCA due to this experience.
- **Networks:** MFIs have strong networks of contacts in the local community and are considered trusted partners. They can draw upon these relationships to deliver MPCA in an effective manner as demonstrated by their ability to quickly recruit staff from the local community to deliver the activity.

- **Access to ID / legal documentation:** MFIs understand how to work with HHs who have limited documentation needed to access financial services. This knowledge can be leveraged to help IDPs to get new / replacement documentation needed to access public services.
- **Liquidity:** MFIs might have limited liquidity available and require time to ensure adequate funds are available. Careful planning and discussion are needed to ensure MFIs can prepare and implement contingencies such as mobilizing cash from local sources.
- **Movement of Cash to Communities:** Given the conflict and the risk of moving cash, security assessments are crucial to ensure that cash is delivered without exposing communities to risk.
- **Future financial inclusion:** Using a microfinance institution to deliver cash assistance presents a unique opportunity to foster financial inclusion among vulnerable populations. By leveraging EbdAA existing infrastructure, outreach, and expertise in financial services, EbdAA can not only distribute cash but also promote financial literacy and capability. Through tailored financial education programs, program participants can learn about savings, budgeting, and responsible borrowing, empowering them to make informed decisions about managing their funds. Furthermore, access to a microfinance institution's services may encourage recipients to establish savings accounts or engage in microenterprise activities, stimulating economic growth within their communities. This integrated approach of cash transfer and financial inclusion can empower individuals to build a more secure and sustainable future for themselves and their families.
- **Cash distribution minimum standards:** Cash transfer programming minimum standards developed by humanitarian actors serve as a comprehensive and reliable framework for microfinance institutions to effectively plan and implement cash distributions, ensuring efficient, transparent, and impactful delivery of financial support to communities.

In addition to the lessons learned, we have gained valuable insights by partnering with EbdAA. Firstly, the importance of building robust and flexible distribution networks to ensure timely and secure aid delivery. Secondly, maintaining collaboration with local authorities and community leaders is vital for smooth operations and enhanced safety. Their insights and cooperation can help address potential security risks, especially for vulnerable participants. By incorporating these insights into our humanitarian efforts, we can better reach those in need and create a more responsive response system for future crises.

## About Mercy Corps

Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now, and for the future.

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