

Beneath the Surface: Exploring the Economic Dynamics of Sudan's Crisis for Humanitarians.

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Updated: 31/10/2023

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Cash distribution to displaced population - part of the Rapid Response Mechanism program of NRC Sudan.



Norwegian Ministry
of Foreign Affairs

Acknowledgements

This report acknowledges the tremendous human suffering and exacerbated significant pre-existing humanitarian needs amongst the civilian population in and surrounding Sudan. It also recognises the tireless work of the individuals and institutions dedicating themselves to addressing these humanitarian needs.

Appreciation to all those who were consulted to inform this report for candidly sharing their time and intellect.

Thanks are also due to the Reference Group for this report, namely: Will Carter, Grace Oonge, Abid Ali, Lili Mohiddin and Rachid Moujaes.

Special thanks to Rachid Moujaes, for commissioning and framing the scope of work, and inclusively chairing the Reference Group.

Disclaimer

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Acronyms

See [here](#) for the full list of acronyms referred to in this report.

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EXECUTIVE SUMMARY

Objective

This report has been produced to provide NRC Sudan with a diagnostic of the current macroeconomic challenges in Sudan and the state of the financial system, and an analysis of the key risks that these problems pose for humanitarian programming and operations.

The first section of the document provides essential background information about Sudan that informs the understanding of the current economic situation. The following sections are the diagnostic of economic problems & how they impact humanitarians. The final section provides operational, programmatic & policy recommendations for how to navigate the current state of play and preparedness actions for possible deterioration of the situation in the short and medium term.

[A central digital hub](#) has been developed to make it easier for all stakeholders, and in particular externals to NRC, to access the depth of materials (most of which are hyperlinked in this report).

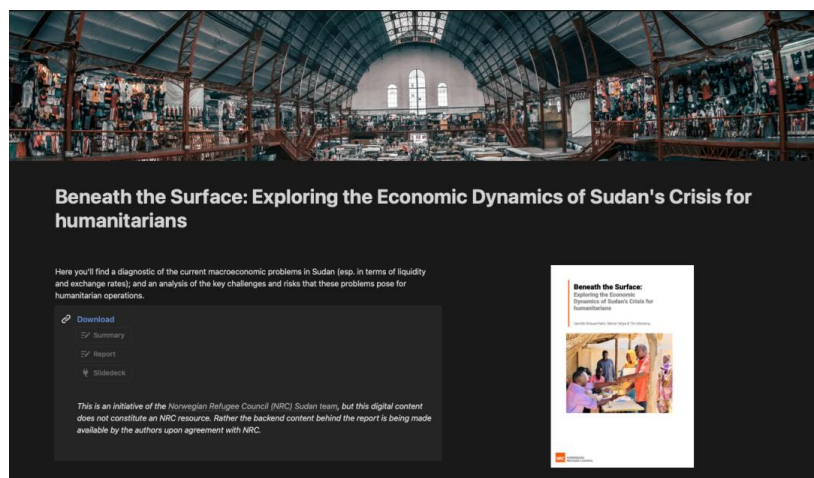


Figure 11: Landing page of the central digital hub

Methodology

This report is informed by a comprehensive secondary data review of 200+ resources, 15+ specialized key informant interviews, and expert judgement of the authors & reviewers. The report was developed in September & October 2023 by a multidisciplinary team, with the support of a Reference Group composed of NRC Sudan staff.

Analysis

An analytical framework was developed to inform the evidence review. This led to the formulation of the [Background](#) section – which includes the foundational knowledge about Sudan that one needs to understand the subsequent analysis. The [Situation Analysis](#) section unpacks the economic situation in Sudan from the perspective of money circulation at the macro, meso and micro-economic levels. Then the [Impact Analysis](#) unpacks how the identified challenges and opportunities will affect humanitarians in their programming and in their operations. All of which comes together to inform the final findings presented in this report.

The **diagnostic** of the current situation is that, as long as things continue in their current trajectory, humanitarians will be operating within a weak but partially functioning formal financial system within a largely informal economy. The focus should be on adapting to high, and possibly fast inflation. Depreciation, driven by nominal inflation, and multiple exchange rates will increase the complexity of operating in Sudan. Liquidity challenges in both SDG and USD that are stemming from both temporary and longer term sources will have to be managed accordingly.

The **prognostic** is that things could get (a lot) worse in the short and medium term, and that humanitarians should prepare for highly likely devaluations (though those who have low impact for them). The situation is also somewhat likely to devolve into spirals of fast inflation and depreciation, if the authorities do not exercise some measure of restraint in their use of monetary and fiscal policy. A scenario of true hyperinflation, with a generalised collapse of the formal financial system, is considered possible given the loss of confidence in the economy. Finally, the dollarization of the economy is considered not likely at this point, as there are no signs of it yet, but it is not entirely impossible.

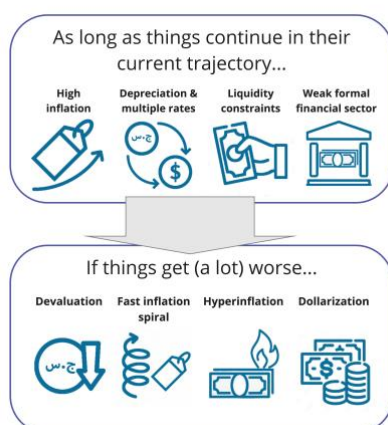


Figure 2: Structure of the findings

Findings

The macro-level analysis has shaped the findings into two groupings relevant for humanitarians supporting Sudan. Each with 4 economic risks containing 1-5 specific actions (24 actions in total). Below is a summary of the findings.

As long as things continue in their current trajectory...

1. High inflation

- 1.1. Ensure that inflation is forecasted in all calculations and documents: programmatic costs, budgets, BOQs, contracts, etc ●
- 1.2 Use SMEB data to forecast and monitor inflation ●
- 1.3 Consider adjusting your targeting approach to give bigger weight to socio-economic considerations. Also plan on adjusting your targeting approach over time ●
- 1.4 Use a cash first approach and adjust the design of your cash component to account for inflation ● 📄

2. Depreciation and exchange rates

- 2.1 Limit liquidities and outstanding balance on local accounts & work from bank accounts in foreign currency ●
- 2.2 Peg all values and calculations in USD (in contracts, budgets, programmatic payments) ●
- 2.3 Anticipate commitment & disbursement deadlines ●
- 2.4 Leverage your capacity to absorb (nominal) inflation in contract negotiation with local suppliers and partners to obtain better terms ●
- 2.5 Use a cash *plus* approach and CVA best practices that clarify value of the transfer and facilitate the tracking & reconciliation processes ● 📄

3. Liquidity constraints

- 3.1 Increase the level of communication with your existing FSPs and adjust your procedures to account for their new constraints and capacities ●
- 3.2 Make many framework agreements for as diverse a set of delivery mechanisms and with as many different partners as possible ●
- 3.3 Conduct a broad stakeholder analysis to identify actors that could be a potential source of liquidities for you ●
- 3.4 Monitor the quality and availability of specific currency denominations, adjust transfer sizes accordingly, and consider mixing currencies if appropriate ● 📄
- 3.5 Consider available options for broader supply-side support to help key local stakeholders deal and recover faster from the impact of liquidity constraints ● 🍷

4. Weak formal financial sector

- 4.1 Consider embedding across all of your programming elements of financial inclusion targeted at households and at businesses ●
- 4.2 Support broadening the use of informal financial service providers by the aid community in Sudan for both operational & programmatic payments ●

4.3 Safe & Inclusive Programming (SIP) Pay extra attention to changes in local dynamics in terms of threats, vulnerabilities, and capacities as well as to the use of specific negative coping strategies ●

If things get (a lot) worse...

5. Devaluation

5.1 Review any contractual payments or programmatic value that is still defined in local currency and ensure that your holdings in local currency are liquidated before the devaluation takes effect ●

5.2 Update your understanding of key elements of the structure of the economy with regard to external trade and consider additional support to import-dependent segments of the population ● 🍷

6. Fast inflation / depreciation spiral

6.1 Check whether contracts and 'invisible' payments can be set in foreign currencies in order to limit your exposure to underspent budgets ●

6.2 Adjust the scope of your programming as well as you're targeting and your delivery to the expected increase in levels & severity of needs ●

6.3 Encourage the international community to advocate with the authorities for the pursuit of the efforts initiated in 2019 to strengthen and advance the financial system ●

7. Hyperinflation

7.1 Review your implementation and operational models ●

7.2 Activate dormant delivery mechanisms and favour digital exchange mechanisms ●

7.3 Consider shifting the nature and modalities of your programming ● 📄

7.4 Seek additional flexibility in funding, be selective with donors, and cautious with programmatic commitments ●

8. Dollarization

8.1 Consider switching to using USD in all operational payments and carefully discuss the appropriateness of switching to USD for programmatic payments

●

INTRODUCTION

The primary audience for this document is the NRC Sudan staff, current and future, who are well placed to translate the report findings and recommendations into the practicalities of their individual areas of responsibility.

Other humanitarian actors operating in Sudan have also been considered as a secondary audience, including NRC consortium partners, operational peers, donors and analytical entities.

This research project produced a comprehensive amount of contents, most of which is hyperlinked into this report. [A central digital hub](#) has been developed to make it easier for stakeholders to access the depth of materials.

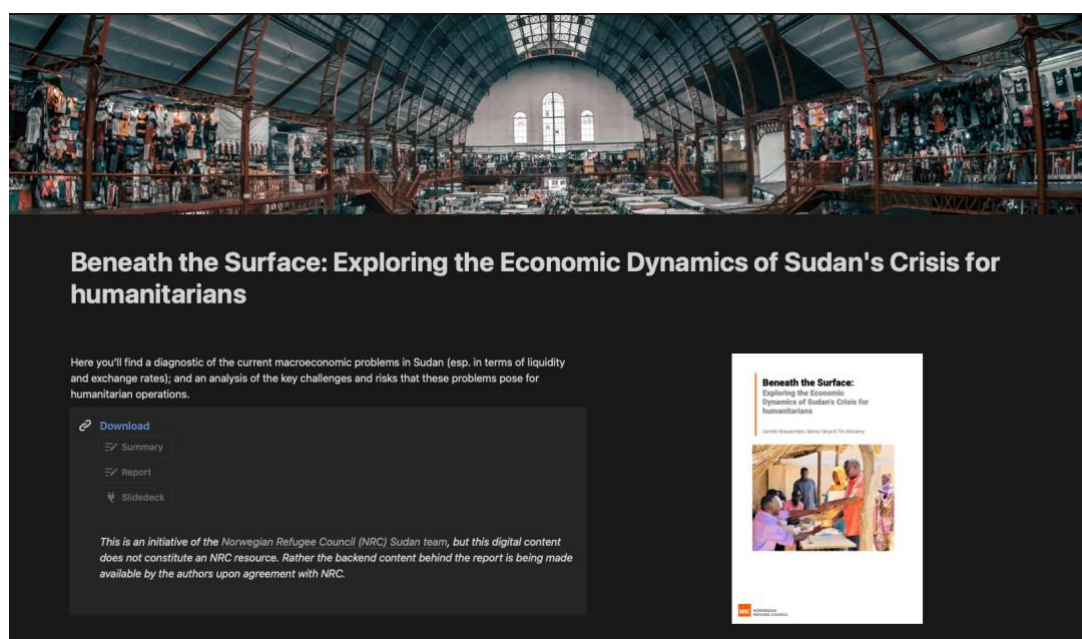


Figure 13: Landing page of the online central digital hub

Methodology

This report is informed by a comprehensive secondary data review of 200+ resources, 15+ specialized key informant interviews, and expert judgement of the authors & reviewers. The report was developed in September & October 2023 by a multidisciplinary team, with the support of a Reference Group composed of NRC Sudan staff. [See Methodology section for more detail.](#)

ANALYSIS

The findings of the report are underpinned by three layers of analysis, each building on the other with interconnected topic areas.

Background

This is the foundational knowledge about Sudan that one needs to understand before reading the economic analysis and recommendations in this report. It is updated as of October 2023 and is written for humanitarian staff supporting the Sudan response to understand the economic situation in Sudan, through very brief insights into:

1. [Pre-existing, weak fundamentals & structural weaknesses](#) in the economy
2. [Aggravating factors](#) (compounded political decisions or social practices that have a deleterious effect on the economy)
3. [Key characteristics of the population and society](#), and
4. [The direct impact of the conflict of April 15th](#) (& how it interacts with these pre-existing factors)

[Access the Background here](#)

Situation Analysis

The situation analysis unpacks the economic situation in Sudan from the perspective of money circulation. It looks at the ‘nominal’ side of the economy (rather than focus on the real economy) across the macro, meso & micro levels.

1. [Macro-level - Inflation, depreciation & liquidity constraints](#)
 - [What is happening with the currency?](#)
 - [What is happening with the exchange rate?](#)
 - [What is happening with prices?](#)
2. [Meso-level - The financial system](#)
 - [The supply side](#)
 - [The demand side](#)
 - [The support functions & infrastructures](#)
 - [The rules & regulations](#)

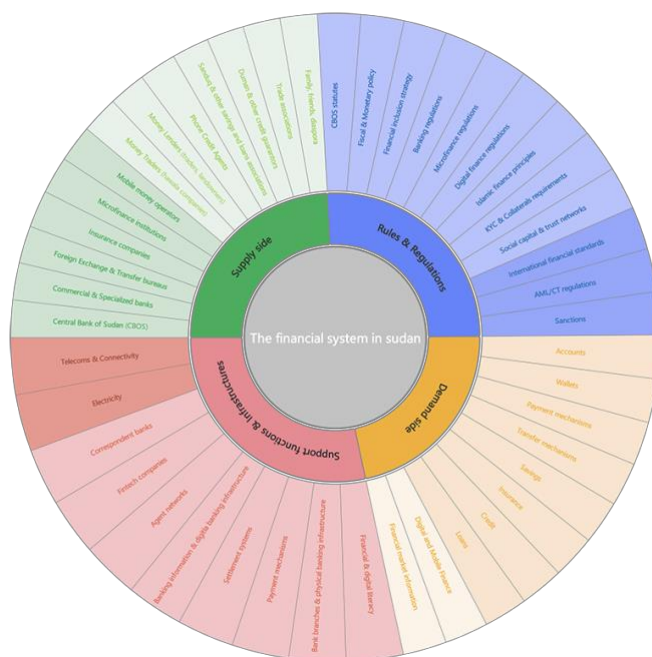


Figure 4: [Financial System Map](#)

3. [Micro-level - Financial inclusion & Social protection](#)

- [Individual financial resilience & coping mechanisms](#)
- [Collective financial resilience & social protection mechanisms](#)

[Access the full Situation Analysis here.](#)

Impact Analysis

The impact analysis builds upon the situation analysis to unpack how the identified challenges and opportunities will affect humanitarians. The complex economic problems affecting NRC's response to the crisis are grouped in two key ways:

1. [Impact on populations: what changes for program teams](#)

- [Impact on needs](#)
- [Impact on vulnerabilities](#)
- [Impact on delivery mechanisms](#)

2. [Impact on operations: what changes for support teams](#)

- [Impact on HR](#)
- [Impact on Finance](#)
- [Impact on Procurement](#)
- [Impact on Risk & Compliance](#)

[Access the full Impact Analysis here.](#)

FINDINGS

The findings are organised into two groupings relevant for humanitarians supporting Sudan.

- I. Recommendations for *as long as things continue in their current trajectory...*
- II. Key preparedness actions for *if things get (a lot) worse...*

There are eight economic risks, each containing 1-5 specific actions (24 recommendations/preparedness actions in total).

[Don't forget to click through the links!!](#) Sub-recommendations are detailed in the online version of the contents. Additional considerations (hyperlinked) are provided, as well as important 💡 technical notes and sub-pages.

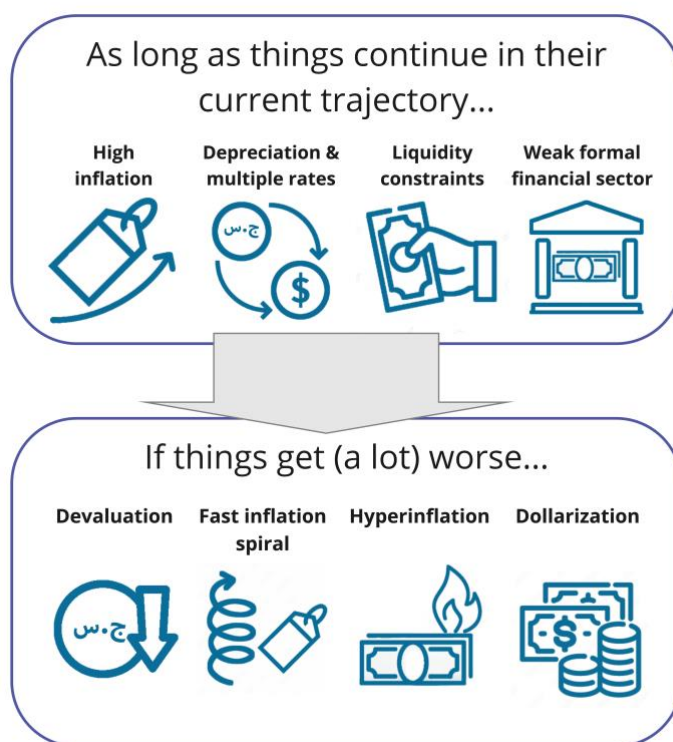








Figure 25: Structure of the findings

💡 **Remember:** The situation analysis contains important indicators that can be used to compiled into a monitoring framework for the macroeconomic problems unpacked below!

Legend: To guide staff in finding key points most relevant to them, different symbols are used for different types of recommendations:

-  Programmatic
-  Operational
-  Policy and advocacy
-  Actionable by multiple teams

Recommendations that are specific to CVA () or related to market-based programming () are also indicated with dedicated symbols.

As long as things continue in their current trajectory...

In Sudan, there is a history of loops between inflation and exchange rates. However, with the conflict that started in April 2023, the most visible and immediate change in the economy is related to the availability, circulation, and access to currency. Therefore, key recommendations are provided for how to deal with 1. high inflation, 2. depreciation and multiple exchange rates, 3. liquidity constraints, and a 4. weak formal financial sector.

1. High inflation

Summary diagnostic: In recent years, there has been a high (and occasionally) rapid nominal inflation in Sudan, mostly driven by policy decisions. With the conflict, there are new sources of real inflation, which has remained relatively stable albeit uneven. And arguably, it continues to be stable enough to be forecasted somewhat accurately.

See [Situation Analysis > ... > Inflation](#) for the full diagnostic including more details about the source and nature of inflation

 **Remember: You need to understand the fundamentals of inflation!**

See also [Impact Analysis](#) for more details on how high inflation affects humanitarian programming and operations

1.1. Ensure that inflation is forecasted in all calculations and documents: programmatic costs, budgets, BOQs, contracts, etc ●

It is essential to factor in inflation when quoting price points in any document. This entails accounting for both the current prices in a specified currency and the anticipated inflation rate over the implementation period. This principle is crucial for budget preparation, procurement processes in general, Bills of Quantities (BoQs), and all contracts—whether with suppliers, service providers, or partners. Similarly, it is important to also consider this when determining salaries for our staff.

💡 [Remember: We use USD as the reference hard currency!](#)

Additional considerations

- a. [Adapt your regular revision schedules for all documents that include price points or calculations.](#) ●
- b. [Define trigger mechanisms for ad hoc revisions of your calculations.](#) ●

1.2 Use SMEB data to forecast and monitor inflation ●

Whether there is high inflation or not, we should be consistently monitoring the price in SDG of the SMEB in local marketplaces within our areas of operation anyway. Program teams use this information in their gap analysis as well as in decisions such as transfer size. Even in areas where we don't use cash and our interventions are sector-specific, monitoring the full SMEB is recommended as a best practice. It provides insights into recipients' ability to meet their basic needs, which subsequently can influence the efficacy of labelled interventions. In conflict contexts, it also ensures that we have consistent and reliable information about inflation trends - if minimal - in case like in Sudan that authorities are for some time not able to provide national statistics.

In contexts of high and rapid inflation, when documenting these prices, it's essential to actually record both the monthly price in SDG and its equivalent in USD at that time. This dual recording makes it easy to track both nominal and real inflation. It's also crucial to start analysing the SMEB disaggregated, as different commodities and services may experience varied inflation rates.

[More about monitoring inflation through SMEB](#)

Additional considerations

- a. [Encourage coordinated efforts and information sharing within the aid community in the monitoring of inflation and compare trends in your inflation data to other locations](#) ●
- b. [Consider also monitoring income by using expenditures as a proxy](#) ●

1.3 Consider adjusting your targeting approach to give bigger weight to socio-economic considerations. Also plan on adjusting your targeting approach over time ●

[🔔 Remember: High inflation increases both the levels and severity of needs overall in the short term, but ultimately it affects the poor the most, especially in the medium term!](#)

The current humanitarian needs of the Sudanese population are not only related to the impact of the conflict on different groups and profiles of participants, but also the economic crisis. And similarly, geographical targeting considerations for humanitarian operations take into account not only needs, but also factors such as access, capacity, and overall response strategy. Therefore, it is challenging to provide precise recommendations about geographical and household targeting solely based on the impact of the economic crisis.

That being said, in the areas which NRC will have decided to focus on, a phased approach to household targeting will be necessary over time based on analysis of the short and medium-term effects of inflation. This is because inflation will substantially increase both the levels and the severity of needs, which means that with similar resources targeting will need to be adapted as well as possibly the value of assistance. Yet, while all will be affected in the short term by inflation dynamics, the poor will be affected the most and the longer in the medium term. *See [Impact analysis > ... > Levels & Severity of Needs for more details](#)*

Initially, it would be appropriate to provide broader coverage to the affected population based on socio-economic criteria in order to address the higher levels of needs. At the same time, supplemental assistance should be provided to the most vulnerable households within the affected population. As time goes on, the humanitarian needs of the middle class are expected to decrease as they have access to more coping strategies and are more resilient to inflation compared to the poorer segments of the population. Therefore, it will be appropriate to gradually transition towards interventions that target more narrowly the most vulnerable in socio-economic terms.

Additional considerations

- a. [In the short term, use mixed modalities to address differential needs within a location rather than more restrictive targeting ●](#)
- b. [In the medium term, adapt your targeting and coverage by area profile with the increase in population ●](#)

1.4 Use a cash first approach and adjust the design of your cash component to account for inflation ●

When dealing with generalised inflation, where all prices increase across the board, cash is usually relevant in responding to needs that are both multiple and highly variable across households and locations. Pending a more precise modality decision that will confirm the relevance, feasibility, and appropriateness of using cash

transfers in specific locations and for specific population groups in Sudan, there are reasons to think that the response will incorporate cash components in line with NRC's approach is to use cash first. In that case, the design of the cash transfers can be adjusted to better fit high and fast inflation contexts.

See [GD](#) for more details about the Cash First approach.

Additional considerations

- a. Ensure that inflation is also forecasted in transfer size, and that the frequency and trigger mechanisms for revisions of transfer size are adjusted ● [GD](#)
- b. Consider varying the frequency and timing of your distributions depending on the type of use for the transfer that you are expecting ● [GD](#)
- c. Consider whether local procurement can help overcome some of the market rigidities and make sure that your cost-analysis of international vs local procurement incorporates a programmatic angle ● [GD](#)

2. Depreciation and multiple exchange rates

Summary diagnostic: Sudan has experienced multiple devaluations or pseudo-devaluations of the currency in recent years, in part because the official exchange rate is fixed by authorities instead of floating. The significant depreciation of the currency, which is mostly a result of trade imbalances, is reflected in the market exchange rate. The discrepancies between the market rate and the official rate can become substantial and make business operations complex. And it is also possible that future governments will further complicate the navigation of exchange rates by reverting to a multiple exchange rate system. Overall, this will make it difficult to anticipate which exchange rate should apply to which transaction.

See [Situation Analysis > ... > Exchange rates for the full diagnostic](#)

[💡 Remember: Timing matters!](#)

See also [Impact Analysis](#) for more details on how depreciation and multiple exchange rates affect humanitarian programming and operations

2.1 Limit liquidities and outstanding balance on local accounts & work from bank accounts in foreign currency ●

Currently, the NRC Sudan team primarily uses its Sudanese accounts in USD, as authorised by the Central Bank of Sudan (CBOS) for international organisations. It is recommended to continue working primarily from USD accounts for as long as possible. However, the CBOS has already imposed restrictions on the amount and frequency of transfers and withdrawals from USD accounts. Considering the ongoing economic dynamics, it is likely that additional restrictions will be imposed in the future regarding the use of USD accounts. Consequently, NRC may increasingly need

to rely on SDG accounts for payments within the country and to process the necessary financial volumes on a monthly basis.

See [Impact Analysis > ... > Payments](#) for more details

Overall, the goal is to minimise the amount of money in SDG that NRC holds at any given time, as well as the duration for which NRC holds SDG before transferring it to the final recipient. Specifically, it is important to eliminate balances at the beginning of the month to avoid remaining amounts at unfavourable exchange rates, as this would skew NRC's weighted average system for exchange rates on Agresso.

Additional considerations

- a. [Negotiate with your FSPs for a higher frequency of smaller payments](#) ●
- b. [Adopt a flexible planning for your expenditures](#) ●

2.2 Peg all values and calculations in USD (in contracts, budgets, programmatic payments) ●

💡 [Remember: Pegging values does not change the currency used for payments!](#)

Most of your payments are likely to be in local currency. The economy of Sudan is not dollarized, so programmatic payments should be distributed in local currency. It is also likely that most local suppliers, service providers, and partners are unable to receive payments in foreign currency. The leniency of CBOS in opening local accounts in USD only applies to international organisations and their staff.

Therefore, operational payments should also be made in SDG. *See [Impact Analysis > ... > Financial Management](#) for more details*

However, NRC can still express the value of these payments in a different currency without writing the contract in USD. More specifically, by mentioning the value of the contract in USD while clarifying that the actual payment will be made in SDG.

Although it is rare, some countries prohibit mentioning prices in foreign currencies in contracts. As of our research, this does not seem to be the case in Sudan currently. However, it is important to monitor the legislation. Even if this were to change in the future, there are still ways to peg values to hard currencies. For example, you can peg a contractual value to the value of an asset expressed in a hard currency.

Note that when making calculations, the exchange rate value applicable at the time of payment (whether official or market) should be used to calculate the pegging value. It is recommended to use as much as possible delivery mechanisms that rely on market rates (see more below on this point).

Additional considerations

- a. [Analyse the regulatory environment, document the market exchange rate, and map access to various exchange rates by stakeholder](#) ●
- b. [Map your delivery mechanisms to identify who can proceed to the conversion into SDG & when, and favour late conversion](#) ●

- c. Anchor your programmatic calculations on the relevant transfer value for final recipients & adjust planned targets accordingly based on your budget constraint ●
- d. Define salary scales in USD ●
- e. Advocate for a collective negotiation of preferential exchange rates ●

2.3 Anticipate commitment & disbursement deadlines ●

With currency depreciation, the main risk for our budgets (which are in foreign currency) is underspending. To avoid ending the budget period with extra money, budget holders should try to disburse funds earlier than usual. This also means that the review of commitments and disbursement levels should happen earlier than usual, allowing time for adjustments if necessary. *See Impact Analysis > ... > Financial Management for more details*

In contracts with suppliers, service providers, and other partners, especially long-standing ones, you can typically anticipate payments and / or negotiate a longer lead time between payments and the actual service provision or implementation of activities. Your partners are likely to accept such amendments to existing contracts, as they will themselves also benefit from the earlier cash flow. This may in turn require slight, exceptional adjustments to your monitoring procedures. And for larger payments, you may consider revising payment schedules to smaller, more frequent disbursements as well to further mitigate the risk of non-delivery of services. However, in essence, this practice is not very different from the practice of disbursement in tranches.

Additional considerations

- a. Identify potential additional caseloads at the beginning of a program cycle ●
- b. Discuss with donors how to proceed with exchange gains and losses and ask for additional flexibility in budget allocation ●
- c. Use different systems for financial management, financial reporting and accounting and ensure that all your documents that include price points or calculations are clearly dated ●

2.4 Leverage your capacity to absorb (nominal) inflation in contract negotiation with local suppliers and partners to obtain better terms ●

Usually, local actors are less keen to make contracts in times of depreciation. This is essentially because depreciation drives high nominal inflation, such that any price points that they can give at the time of the tendering will likely be inaccurate by the time of implementation when they have to incur the actual costs, and even more by the time of financial reconciliation when they receive payments. But because your budgets are in a foreign currency, you can actually absorb the nominal part of inflation on behalf of your potential partners. One simple mechanism to do so is described above as pegging values in USD. Another one would be simply to explicitly

state in the contract that prices will be adjusted for nominal inflation at the time of payment.

In other words, when dealing with contracts in local currency, you can use this leverage to negotiate better terms for NRC such as duration, lead times, fees, etc. This strategy is particularly beneficial for longer-term contracts or contracts with repeated payments, such as rental contracts.

It is important to note that these adjustments should only apply to the nominal part of inflation, which does not affect a budget in foreign currency. Real inflation should still be forecasted using the aforementioned best practices.

Restricting contract renegotiation to nominal inflation helps prevent additional increases in real prices. This can be a powerful bargaining tool, especially in Sudan where up to 95% of inflation has been driven by depreciation in recent years.

Alternatively, when dealing with suppliers or service providers that can receive payments in USD, which can often be the case of FSPs, you can leverage in your negotiation the possibility of paying them in USD, such they take on the exchange risk. *See [Impact Analysis > ... > Contract negotiation](#) for more details*

Additional considerations


- a. Consider making longer term contracts ●
- b. Consider providing higher down payments and agreeing to early disbursement schedules ●

2.5 Use a cash *plus* approach and CVA best practices that clarify value of the transfer and facilitate the tracking & reconciliation processes ●

The best practice of pegging the value of a transfer distributed in SDG into an amount in USD is also applicable to cash transfers. *See [Recommendation 2.2](#) for more details about pegging*

In contexts of multiple exchange rate and currency depreciation, there are also additional, complementary activities to cash components that can contribute to increase the impact of the intervention. In particular, information and clarity about the value of the transfer is valuable to participants. The use of tokens during distributions can both contribute to that clarity as well as facilitate financial tracking and reconciliation processes.

Additional considerations

- a. Use tokens in distributions and complement your programming with information provision & communicate with participants about stable value of the transfer ● 
- b. Advocate for increased harmonisation and coordination in exchange rates practices across agencies ●

3. Liquidity constraints

Summary diagnostic: There are currently both perceived and real liquidity constraints in Sudan. The perceived constraints on the liquidity of physical currency in SDG are due to the current lack of circulation of bills and coins. This is because most marketplace exchanges have stopped since the beginning of the crisis. However, these are constraints that are expected to be temporary and are likely to diminish as the conflict recedes. There are in fact already signs of easing, as the war economy adjusts to the current situation. Additionally, the circulation of electronic currency is also limited, and there are real constraints to liquidating electronic money in both SDG and USD because of the fractional nature of the reserves in the banking system. The challenge in finding USD is compounded by the fact that foreign reserves were already low pre-crisis.

See Situation Analysis > ... > Currency for the full diagnostic including more details about the sources and nature of the liquidity constraints.

The formal financial system has displayed important weaknesses since April, leading to money flowing out of the banking system due to eroded trust. However, the impact of this second liquidity constraint currently somewhat limited by the restricted functionality of the banking system and the measures put in place to prevent a bank run. Nevertheless, there are serious concerns about the overall liquidity of the banking system in the short and medium term. This concern is however mitigated by the recognition that most liquidity in Sudan, whether in USD or in SDG, resides in the informal financial system. *See also Recommendation 4.2 below about using informal financial service providers in humanitarian response*

Finally, formal money flows into the country and the international circulation of money are further impeded by the imposition of new sanctions and the renewed risk aversion of correspondent banks within the international financial system with regard to transactions with Sudan. *See Situation Analysis > ... > Financial System for the full diagnostic of the formal and informal financial system and in particular de-risking behaviours by correspondent banks.*

See also Impact Analysis for more details on how liquidity constraints affect humanitarian programming and operations

 **Remember: Break down money flows into different segments!**

3.1 Increase the level of communication with your existing FSPs and adjust your procedures to account for their new constraints and capacities ●

Maintaining good relationships with financial service providers is crucial in contexts of liquidity constraints, as they may end up favouring the demands of some of their clients over others. FSPs in Sudan are particularly affected by the crisis, in terms of their HR capacity as well as the reliability and constraints of their technical systems. As with all your other local partners, it is important to recognise and understand how they are themselves affected and to enquire about how they cope with the

current situation. This will also give you valuable information about their capacity to handle all or part of your operations and the resilience of their systems. See [Impact Analysis > ... > Delivery mechanisms for more information](#)

Additional considerations

- a. Provide FSPs with as much advance notice as possible about transactions and agree the frequency of orders rather than the frequency of transactions ●
- b. Be mindful about how you label transactions when making international transfers ●
- c. Use NRC's influence and networks to help rebuild relationships with correspondent banks ●

3.2 Make many framework agreements for as diverse a set of delivery mechanisms and with as many different partners as possible ●

To mitigate the operational risks associated with relying on a single service provider in Sudan currently, considering the existing liquidity constraints, NRC should establish framework agreements with a greater number of financial service providers. This will allow for the use of different financial services and delivery mechanisms based on geographical locations or types of payments. The idea is also to increase competition between different providers to decrease costs.


Drafting additional agreements with new partners requires time and effort, so this would need to be set as a clear priority for procurement teams while acknowledging that they will have to balance that with all the other exceptional requirements that they have to juggle currently. However, it is a crucial step in mitigating the risk of relying solely on a single mechanism, which could potentially lead to failure.

The point of failure of a delivery mechanism can come from the failure of the service provider as a whole or the failure of a specific technical system. Therefore, it is important to have framework agreements with as many different providers as possible. But each agreement should also be broad enough to cover as many delivery mechanisms as possible, even if currently only one or a few are effectively being used.

See also [Recommendation 4.2](#) about broadening the use of informal financial service providers by the aid community

[More about how to effectively diversify framework agreements](#)

Additional considerations

- a. Use the user journey technique to map active delivery mechanisms & payment systems and understand KYC requirements for each possible channels ● 
- b. Keep a joint, up-to-date mapping of information about delivery mechanisms and service providers ●

c. Encourage other agencies to negotiate framework agreements together with each financial service providers (and then establish individual contracts) ●

3.3 Conduct a broad stakeholder analysis to identify actors that could be a potential source of liquidities for you ●

NRC should continue to look for actors that are or were in Sudan before the crisis and that either have a reverse business model to yours in terms of financial flows or a different set of constraints in terms of access to liquidities. The identification and partnership with the DAL group as a potential supplier of liquidities was already a great step in this direction. But they are likely to eventually also be subject to additional restrictions, given that banks are trying to limit such practices to avoid bleeding out their cash reserves. So, it is worth looking more broadly into a few other actors that might offer similar opportunities, so as to diversify the risk of relying on any single one of them at a given point in time.

To avail physical liquidities in local currency, NRC should look for local actors that have an international footprint and currently hold currency in either SDG or USD within Sudan. For example, they can be other large commercial actors like DAL that are operating in Sudan (so they have SDG available but would prefer to hold USD instead, or they have USD in Sudan but would rather have USD outside of Sudan). Hence, they would be amenable to making SDG or USD available to you inside Sudan in exchange for payments in USD outside of the country. However, given the ties of many private sector companies with the military-security-industrial complex that is party to the current conflict, adequate due diligence would be paramount. *See Background > ... > Private Sector for more details*

Another option to solve the liquidity issue related to moving currency into Sudan is to also look for actors that have reserves in SDG or USD in Sudan, but for whom these reserves are currently inaccessible or unusable. This could be the case of international organisations that have had to shut down their operations or leave the country, like embassies, etc. Since these organisations have ceased their operations in Sudan and repatriated their staff, they don't have anymore local costs or use of their local accounts. They can make their USD or SDG currently in Sudan available to you in exchange for payments outside of the country. There is suggestive evidence from our key informants several hundred thousand USD of such resources may be currently available on banks accounts in USD in Sudan.

Finally, another option that has been used in the past in countries like Afghanistan is to press through the donor community and coordination channels the use of UN channels for making transfers. Based on similar needs that have arisen in other contexts, the UN has a ready-to-go model, now approved by the US Treasury and World Bank, which could be used and / or adapted to the Sudan context. This is a discussion that NRC could help the rest of the aid community take up, especially with UNDP, UNOPS and the World Bank in Sudan.

Note that this recommendations would solve the problems one of the identified liquidity issues which is availing funds inside of Sudan. However, it would not necessarily solve

the challenge of cashing these funds out, insofar as banks are still likely to increasingly put restrictions on the liquidation of holdings, due to their own low reserves. See [Situation Analysis > ... > Currency](#) for more details about bank reserves and [Situation Analysis > ... > Fractional Banking](#) for an understanding of minimum reserves regulations and the restrictions that have been put in place

3.4 Monitor the quality and availability of specific currency denominations, adjust transfer sizes accordingly, and consider mixing currencies if appropriate ●

Consider in particular the quality and availability of smaller denominations of SDG. It is possible that the smaller denominations will be hoarded by specific industries and types of commerce. And in the short term money in circulation is not being replaced by newly printed one, so it is also likely that the bills and coins in circulation will start deteriorating from being used and re-used, to the point that some traders or shops may not accept them anymore. This is likely to happen first and faster with the smaller denominations. It is estimated that it takes 6 to 10 months for a bill to become unusable. This would be a challenge mostly for programmatic payments, as large amounts of good quality small denominations may become more difficult to come by. If mixing currency in distributions to participants is not an option, you will want define your transfer values as a multiple of the most easily available denominations. Also monitor the circulation and quality of denominations in USD as the same phenomenon could also quickly happen with USD and start presenting challenges for operational payments such as salaries.

There are in practice two different risks identified in Sudan in the medium term that would affect the usability of the currency: the degradation of bank notes beyond the point of use and the circulation of stolen or fake money. Both affect which notes are actually considered legal tender. NRC could thus also ask for guidance from the authorities and commercial banks on which notes are considered legal tender.

See [Situation Analysis > ... > Currency](#) for more details about these risks and see [Impact Analysis > ... > Risks](#) for more details about their impact

Additional considerations

- a. [Consider the appropriateness of shifting to value vouchers and / or using digital delivery for some transactions](#) ● 
- b. [Check the functionality of supply routes for essential items & consider complementary supply-side support](#) ● 

3.5 Consider available options for broader supply-side support to help key local stakeholders deal and recover faster from the impact of liquidity constraints ●

In local market systems, the same liquidity constraints that affect the feasibility of humanitarian operations result in low capacity for exchange and limited transaction levels that also critically impair the recovery of the affected population. There are

key opportunities for NRC in this response to increase the impact of its activities by leveraging market-based programming and in particular market support interventions to key local actors on the supply-side.

Additional considerations

- a. Consider supporting local partners that are key to the continuity of your operations ● 🤝
- b. Consider supporting local vendors in local marketplaces of your areas of intervention ● 🤝
- c. Consider supporting more broadly systems that are critical to the humanitarian response or to the recovery of the Sudanese economy ● 🤝

4. Weak formal financial sector

Summary diagnostic: The formal financial system in Sudan was already structurally weak and under-developed before the start of the crisis. Most of Sudan’s cash was actually circulating in the informal economy. Various types of informal services providers are typically filling the gap left by formal finance and the lack of financial inclusion. And they are expected to continue doing so increasingly in the short and medium term.

See *Situation Analysis > ... > Financial System for the full diagnostic of the financial system and the existing challenges and opportunities.*

The following recommendations are cross-cutting and equally relevant for all three of the problems described above.

See also *Impact Analysis for more details on how the weakness of the formal financial sector affects humanitarian programming and operations*

4.1 Consider embedding across all of your programming elements of financial inclusion targeted at households and at businesses ●

More about Financial Inclusion in Sudan

💡 Remember: Financial inclusion can have micro, meso, and macro-level impacts!

In the short and medium term, access to finance will be crucial for micro and small entrepreneurs to reinvest in their businesses, for individuals to repair or rebuild their homes, and restart their lives. However, before the crisis, financial products tailored to the needs of the most vulnerable were not widely available. This was due to a variety of factors, including the strict requirements imposed by formal financial institutions regarding documentation and collaterals. See *Situation Analysis > ... > Rules & Regulations for more details*

In the aftermath of the conflict, the loss of collaterals and overall economic instability will make obtaining finance even more challenging. In the short term, in

addition to incorporating into the design of cash transfers elements related to access to liquidity, sound financial management, and means of preserving value, NRC could consider also including to its programmatic portfolio more broadly interventions fostering informal financial inclusion interventions, and in particular components related to facilitating access to sources of credit.

In the medium term, NRC could prioritise program designs that facilitate the transition from providing financial support and resources to individuals and businesses affected by the crisis to establishing favourable loan schemes. NRC could also explore design for financial inclusion interventions that facilitate the transition from informal to formal finance models.

Finally, it is important to note that the aspect of finance that remains the most underdeveloped in Sudan is savings, which will be a critical tool for affected population to build their resilience and increase their self-reliance. Even though this aspect is likely to be particularly challenging in contexts of inflation, depreciation, and liquidity constraints, any progress that NRC can contribute to would likely make a big difference in the lives of participants. *See [Situation Analysis > ... > Demand for finance](#) for more details.*

Additional considerations

- a. [Develop a financial inclusion strategy](#) ●
- b. [Leverage the potential of NRC to act as a financial intermediary](#) ● 🤝
- c. [Focus on inclusive finance, finance in agriculture as well as on opportunities to build on digital mechanisms for financial integration](#) ●
- d. [Look for innovative intervention models that allow for a progressive shift from informal to formal financial inclusion](#) ●
- e. [Consider financial literacy on the supply-side](#) ● 🤝

4.2 Support a broadening of the use of informal financial service providers by the aid community in Sudan for both operational and programmatic payments ●

More about Informal FSPs in Sudan

Based on our analysis, there are some opportunities to use informal value transfer systems (IVTS) in Sudan in the short and medium term in support of the humanitarian response. Various IVTS can be used for either international or domestic transfers, as well as for programmatic or operational payments. *See [Impact Analysis > ... > Delivery Mechanisms](#) for more details*

This includes in particular the informal money transfer systems also known as hawala. However, this will be a significant change that will need to happen at the level of the entire aid community in Sudan. This is why this recommendation is categorised as advocacy rather than a unilateral decision that can be made by NRC program and support teams. *See [Situation Analysis > ... > Informal actors](#) for more details*

In order for the aid community in Sudan to develop and adopt a framework for using IVTS (including hawala), key stakeholders including donors need to be engaged into a thoughtful, contextualised and well-informed discussion about the real, residual risks of engaging with informal financial actors in general, and with hawala companies in particular. See *Impact analysis > ... > Impact on Risk & Compliance for more details*

💡 [Remember: We should discuss hawala, but we don't need to talk about hawala!](#)

Additional considerations

- a. Encourage a strong, collective, structured, and documented approach to risk analysis and risk management in the use of various informal FSPs and their delivery mechanisms that includes donors. ●
- b. Encourage donors and the rest of the aid community to engage in a frank dialogue, seeking guidance on the content, scope, and application of counter-terrorism measures and advocate for donors to pool the costs and efforts related to due diligence for info ●

🗉 [What about cryptocurrency?](#)

4.3 Safe & Inclusive Programming (SIP) Pay extra attention to changes in local dynamics in terms of threats, vulnerabilities, and capacities as well as to the use of specific negative coping strategies ●

Macroeconomic stressors can change the sources of threats that people face (with new sources such as foreign exchange or cash out agents). They also change the vulnerabilities that make the incidence of these threats higher as well as the capacities that individuals have to address these threats. In other words, it is the whole protection risk analysis process that needs to be reviewed. See *Impact Analysis > ... > Impact on Vulnerabilities for more details*.

Additional considerations

- a. Systematise the monitoring of negative coping strategies as part of routine analysis and disaggregate the results in terms of the different strategies rather than looking only at a compound index ●

If things get (a lot) worse...

Key preparedness actions are provided for risks of 5. devaluation, 6. fast inflation/depreciation spirals, 7. hyperinflation, and 8. dollarization.

See *Situation Analysis > Macro-level analysis for the full diagnostic of risks in the short & medium term*

💡 [Remember: Talk to your colleagues!](#)

5. Devaluation

Summary prognostic: Devaluations of the SDG are highly likely to occur in the short and medium term. However, their impact on NRC operations should be minimal, provided that our systems are already properly adjusted to depreciation risks as recommended above. As such, you should mostly care about devaluation risks insofar as they may have some impact on specific segments of the population.

See *Situation Analysis > ... > Exchange rate for more details about the risk of devaluations*

💡 [Remember: You will know about it in advance!](#)

5.1 Review any contractual payments or programmatic value that is still defined in local currency and ensure that your holdings in local currency are liquidated before the devaluation takes effect ●

See above *Recommendation 2.2 on depreciation*

If for some reason it was not possible to peg all contractual payments in a USD value, then you should ensure that the few outstanding provisions in SDG are reviewed and revised with your partners as soon as the planned devaluation is announced by the authorities.

You also want to make sure that at the date of the devaluation (and in the days leading to it), you have as little outstanding balance on your accounts in local currency as possible.

5.2 Update your understanding of key elements of the structure of the economy with regard to external trade and consider additional support to import-dependent segments of the population ● 🤝 -

You want to anticipate who in the population will be most affected by the devaluation and how that will affect your targeting. This includes understanding the level of import/export dependency of various segments of population (which is

indicative of how prices / purchasing power will be affected when devaluation happens). In short, people who depend the most in their livelihoods on imports will be most affected. Note that with the current conflict, the nature of the dependence upon imports / exports may have changed. So, you cannot rely on pre-crisis analysis.

Consider additional targeting of import-dependent segments of the population and / or market-support programming for key import-dependent value chains such as agricultural value chains. In terms of livelihoods and food security objectives, focus on supporting local food production that can substitute to imports as well as production that has export value.

6. Fast inflation / depreciation spiral

Summary prognostic: There is a high probability that the current trends in inflation and depreciation could spiral out of control in the short or medium term. Regardless of which authorities come into power, they will require financing for recovery and reconstruction. It is possible that they may deviate from the previous efforts towards financial restraint and reforms initiated by the civilian transitional government between 2019 and 2021. Consequently, they may resort to monetisation once again to finance their budget deficit, leading to an accelerated and uncontrollable increase in nominal inflation.

See [Background](#) as well as [Situation Analysis > ... > Inflation](#) for more details about fast inflation and the risk of inflation / depreciation spirals

If you anticipate an inflation or depreciation spiral, the aforementioned best practices regarding high and rapid inflation, as well as currency depreciation, become particularly crucial. Additionally, there are a few extra measures you can implement. *See above [Recommendations 1](#) about inflation and [Recommendations 2](#) on depreciation*

 [Remember: An inflation/depreciation spiral affects predictability!](#)

6.1 Check whether contracts and 'invisible' payments can be set in foreign currencies in order to limit your exposure to underspent budgets ●

The main additional sources of inflation that start an inflation / depreciation spiral are usually typically nominal. So, you should expect broadly speaking that the main effect on your budgets is to increase the risk of underspent. With simple depreciation of currency, inflation can still be accurately forecasted and the pegging of contractual prices into USD is a sufficient risk mitigation measure. But when you have inflation / depreciation spirals, prices become less predictable even in the very short term. It is thus more advisable to actually shift from contracts paid in SDG to contracts paid in USD wherever possible. In particular, consider whether some suppliers (i.e., FSPs, traders, other types of service providers and partners) can be paid in hard currency inside or outside the country of operation.

Additional considerations

- a. [Increase the frequency of your financial monitoring and reporting](#) ●

6.2 Adjust the scope of your programming as well as you're targeting and your delivery to the expected increase in levels & severity of needs ●

In Sudan, the spiralling out of control of inflation and depreciation either during or shortly after the current crisis will dramatically increase both the levels and severity of needs. It will also fundamentally change the priorities in terms of programming and targeting. *See [Impact analysis](#) > ... > [Needs for more details](#)*

You will have to respond to needs that are both significantly more severe and diverse with larger potential caseloads. Assuming at a given point in time that budgets are fixed (especially in short term), there is two ways to think about adjustments to higher levels and severity of needs: assist less people better or assist more people with less. This applies both to considerations about geographical targeting by reducing the number of areas in which we work (in order to better cover the higher level of need per area), as well as within areas to household targeting (by changing the nature of programming and the type of activities to adjust the depth or breadth of targeting).

[More about Digital Systems in Sudan](#)

Additional considerations

- a. [Consider digital options for your delivery systems](#) ●
- b. [Identify possible liquid assets or refuge value to protect resource transfers against rapid devaluation](#) ●
- c. [Consider more area-based targeting strategies](#) ●
- d. [Monitor tensions with non-beneficiaries](#) ●
- e. [Start identifying emergency funds for top-ups](#) ●

6.3 Encourage the international community to advocate with the authorities for the pursuit of the efforts initiated in 2019 to strengthen and advance the financial system ●

Ongoing reforms were being implemented to improve the functioning of the financial system. However, many of these reforms have been put on hold since the October 2021 coup. It is uncertain whether a new government would continue to support these reforms once the conflict subsides. Nevertheless, these reforms are crucial for business continuity, the expansion of humanitarian operations, and the overall recovery of the financial sector. *See [Background](#) > ... > [Reforms as well as Situation Analysis](#) > ... > [Rules and Regulations](#) for more details.*

Additional considerations

- a. Advocate for carefulness in the use of expansionary fiscal and monetary policy ●
- b. Advocate for decentralisation of the financial system and CBOS independence ●
- c. Advocate for investments in a financial system that will increase its health, density and integration and eventually favour financial inclusion ●

7. Hyperinflation

Summary prognostic: Considering the structural weaknesses already observed in the financial system and the uncertainty surrounding the recoverability of bank information, there is a possibility of a widespread failure of the banking system and other formal financial systems. This could result in the Sudanese population losing even more faith in their financial institutions and increasingly abandoning the SDG. This would cause the country to experience a prolonged period of hyperinflation.

See [Situation Analysis](#) > ... > [Inflation](#) for more details about the risk of hyperinflation

If you anticipate hyperinflation, most of the aforementioned best practices regarding inflation / depreciation spirals are still relevant. You can also consider implementing some of the actions below.

💡 [Remember: Hyperinflation is defined by a change in behaviours!](#)

7.1 Review your implementation and operational models ●

Hyperinflation is a severe situation that would have a significant impact on your ability to operate in the country, and it may even cause you to reconsider maintaining a presence there altogether. This study does not aim to provide a comprehensive set of strategic recommendations on this issue. However, if you choose to continue operations in a hyper-inflationary environment, there are several factors to consider when adjusting your programming and implementation models.

The main driver of rigidities in hyper-inflationary environment is high and unpredictable transaction costs: each money movement, transfer, payment will not only be significantly more expensive, but they will also often take a long time and sometimes will simply eventually never go through.

Additional considerations

- a. Review your SOPs and identify opportunities for time savings ●
- b. Review your cost structure to rationalise repeated, fixed costs and identify strategies that allow you to be more nimble in your implementation ●
- c. Start implementation as early as possible in the grant cycle and adjust the way workplans are made ●
- d. Maximise the use of foreign bank accounts and minimise the number of local transactions ●
- e. Review your risk matrix and mitigation measures for economic risks ●

- f. Prioritise and design your activities to maximise autonomy in implementation ●

7.2 Activate dormant delivery mechanisms and favour digital exchange mechanisms ●

In the period leading up to hyperinflation, you should have already diversified your partners and available delivery mechanisms. Yet, you will have kept some of them in the pilot stage, or as a potential option in contracts. Hyperinflation serves as the trigger to effectively activate all available mechanisms. Specifically, this applies to all available digital payment methods. They may not have been your preferred option until now because of limitations in reach or scope, or higher costs. But the use of physical local currency will simply not be feasible at all anymore, and the use of other physical hard currencies for transactions in country may pose additional security concerns and legal obstacles.

Additional considerations

- a. Check for possible technical limitations in systems and software ●
- b. Scope for innovative solutions and continuously explore new options as they emerge ●

7.3 Consider shifting the nature and modalities of your programming ● 🗣️

You will have to respond to needs that are considerably more severe and more prevalent with usually somewhat similar, if not more restricted resources. The levels and severity of needs will probably simply be too high to address at the individual level, so you will want to focus on the leverage effect of system level interventions by helping groups or communities as a whole as well as critical institutions rather than trying to address individual needs.

During hyperinflation, with the same financial and human resources, your capacity to implement programs will also be significantly more limited both in reach and in scope. In this situation, it is important to refocus on the most essential aspects of your response. This means prioritising only the most critical programs and selecting a small number of locations to implement them.

Additional considerations

- a. Assess programs criticality and focus programming on a limited number of critical systems and locations ● 🗣️
- b. Focus on basic needs & service provision and look for system-level interventions that can contribute to increase self-reliance ● 🗣️
- c. Favour increasing the duration and frequency of assistance over its value or its coverage ●
- d. Favour blanket targeting & consider support to entire groups and communities ●

7.4 Seek additional flexibility in funding, be selective with donors, and cautious with programmatic commitments ●

Implementing projects in the context of hyperinflation is complex and requires significant adjustments in your approach. It is important to communicate these adjustments to donors, explaining how they will impact the nature of your activities and the timelines within which you can reasonably expect to complete them. While you may be able to implement meaningful activities in practice, it will be difficult to plan in advance which activities precisely, and when and where they will be effectively carried out.

This means that you will need more flexible funding in general, and traditional humanitarian donors may not always be the most suitable source of funding. Humanitarian donors often have specific and restrictive rules on how their funds can be used and provide limited flexibility for reallocation of costs. They typically require detailed budget line specifications in advance, rather than general envelopes by budget categories or global allocations per activity.

Additionally, they have strict audit procedures to ensure compliance with budget commitments. However, in a hyperinflation context, it may not be possible to make such precise commitments well in advance.

Unless you can negotiate more flexible funding arrangements with your traditional donors, it is crucial to carefully consider what you can commit to in proposals. You should also be selective in the donors you choose and the grants you apply for, to avoid the risk of significant cost disallowances later on.

Additional considerations

- a. [Explore alternative financing mechanisms and private sector fundraising](#) ●
- b. [Use crisis modifiers to mitigate risks related to real inflation](#) ●

8. Dollarization

Summary prognostic: Surprisingly, the circulation of USD in the Sudanese economy, both formal and informal, appears to remain very low since the beginning of the crisis. This is likely due to the historical legacy of US sanctions and low foreign reserves. Yet, there is evidence of the population increasingly using USD to protect the value of their savings. Therefore, while the risk of dollarization is not likely in the short term, it is not impossible in the medium term.

See [Situation Analysis > ... > Currency](#) for more details about the risk of dollarization

🔔 [Remember: Distinguish the dollarization of the economy from the dollarization of assistance!](#)

8.1 Consider switching to using USD in all operational payments and carefully discuss the appropriateness of switching to USD for programmatic payments ●

If exchanges in Sudan are conducted in dollars, there may be opportunities to reconsider the currency in which assistance is provided.

You should only start considering transitioning to USD-only programmatic payments after your participants are already effectively using it in their daily lives. However, the decision to shift currencies requires careful thinking and preparation, both internally within NRC and collectively with the rest of the aid community.

An intermediate step, as the circulation of USD or another hard currency by the Sudanese population increases, would be to consider a currency mix. For example, with cash transfers, you could distribute part of the windfall value in USD and part in SDG. This would be appropriate to mitigate liquidity constraints in either currency and help participants store value and protect against the depreciation of the SDG. However, this requires a careful analysis of the terms of access to foreign exchange for different participant profiles, as well as an analysis of the legal framework and regulations applicable to foreign currency distributions. In theory, if parts of the economy are dollarized before others, a hybrid approach could also be considered, whereby some transfers are made in hard currency for some core competencies or objectives (where expenditure are more likely to be in hard currency) but not for others.

Another argument that often arises in discussions within the international community about dollarization of assistance is related to the spill-over effects that such a decision could have on inflation and depreciation dynamics within the economy as a whole. However, as long as the decision comes after the effective dollarization of the economy, this should not be a major concern, considering that international aid flows are very marginal compared to the overall volume of exchanges in the economy.

Additional considerations

- a. Check exchange conditions & access to hard for local actors (including participants) ●
- b. Negotiate transaction costs and adapted regulations jointly with other agencies and collectively study the relevance, feasibility, and appropriateness of using a new currency ●
- c. Prepare carefully affected communities to the change in currency and adapt your programmatic designs accordingly ● 

-

Next steps

These are provided to NRC Sudan as considerations to build on this body of work:

- **Dissemination of the findings** - a simple communications plan can ensure the report and supporting evidence are made available to internal and external stakeholders.
- **Monitoring mechanism** - NRC Sudan (and peers) are advised to put in place basic monitoring mechanisms for the macroeconomic problems unpacked in the report – see the [situation analysis](#) for example indicators. In order to understand signs of scenario shifts that should trigger operational and programmatic action.
- **Operationalise priority recommendations** - NRC Sudan Country Management Team can instigate a process (perhaps mirroring the NRC Management Response format) for functional teams to review their recommendations and discuss and document the action they'll take (or not). In particular flagging to staff the top 3-5 actions that need to be first steps.
- **Embed the findings into strategy** - as NRC Sudan is in the midst of the Country Strategy Revision process, the report findings can be interwoven within the Area and Country level sessions.
- **Commission subsequent studies** - throughout the report, flags are planted on potential areas NRC could further explore, such as [financial inclusion](#) strategy, diversion risks and [informal](#) money trader networks.
- **Capacity building for staff** - setup dedicated short mentoring sessions etc for functional teams e.g. support separate from programme to dive deeper into the relevant findings and for individuals to become more conversant in the key macroeconomic concepts. These could be exchange experience sessions between Support teams across responses.
- **Periodic refresh** - the findings can be reviewed and tweaked in in mid-2024 or at an inflection point in the crisis. Building fresh resources into the extensive evidence review should be a lighter-touch effort.
- **Incorporate Sudan experiences into NEXT** - the [NRC Economic Crisis Toolkit \(NEXT\)](#) Project is currently in-build in MERO & ALAR. The Global CVA Advisor (acting) can be the bridge to ensure Sudan experiences are translated into and linked to the NEXT and vice versa.

ANNEXES

Annex 1 – [List of interviewees](#) (NRC Sudan internal)

Annex 2 – [List of references](#)

Annex 3 – [Terms of Reference](#) (NRC Sudan internal)