



Policy brief

# Funding mutual aid groups in Sudan: routes, losses and what needs to change

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ODI Global



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# Acknowledgements

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## **About this publication**

This brief is an output of a joint research and influencing programme between ODI Global's Humanitarian Policy Group (HPG) and Shabaka on locally led crisis response in Sudan. It reports findings from the first phase on how humanitarian funding reaches mutual aid groups.

Next, we will work with the groups to analyse their data by geography, identify their needs and further analyse the intermediary interviews. A longer working paper will build on this brief. The groups will be credited for the outputs they lead.

## **About the authors**

Bashàir Ahmed is the Director of Shabaka and Mussab Alhadi works with Shabaka. The Co-Researcher Collective refers to the mutual aid groups who took part in this project as co-researchers. Members are credited collectively rather than by name. Findings are not attributable to individual authors. Further outputs will be developed with and by the groups, and authorship of those outputs will be credited accordingly, in ways each group judges safe.

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# Abbreviations and acronyms

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|             |                                                        |
|-------------|--------------------------------------------------------|
| <b>ERR</b>  | Emergency Response Room                                |
| <b>NGO</b>  | non-government organisation                            |
| <b>OCHA</b> | UN Office for the Coordination of Humanitarian Affairs |
| <b>SDG</b>  | Sudanese pound                                         |
| <b>SHF</b>  | Sudan Humanitarian Fund                                |
| <b>UN</b>   | United Nations                                         |
| <b>US</b>   | United States                                          |
| <b>VAT</b>  | value-added tax                                        |

# Key messages

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**Funding to local actors is counted when it leaves the funder, not when it is used.** This is misleading. In Sudan, mutual aid groups carry much of the response. Nevertheless, the funding meant for them loses significant value that no record captures.

**Funding routes differ by place, and some work better than others.** Thirty-one mutual aid groups in five states described four regional patterns: chains of intermediaries with deductions of 7% to 22%; direct grants open only to groups that can register; small direct grants that arrive quickly but end abruptly; and thin, irregular funding from local sources. Direct grants and grants through grassroots coordination bodies were among the fastest and most complete. A range of routes is a strength. The problem is how unevenly costs and conditions fall on groups.

**The largest losses occur at the last mile, the final step before money reaches a group. Some losses are a result of funders' own rules.** Where donors require conversion at the bank rate, a grant buys about half what it would at the market rate (4,200 SDG against 8,200 SDG to the US dollar on 4 October 2026). Formal receipts, which some intermediaries demand, trigger 17% VAT. Transfer and cash-out fees can add another 20–30%.

**Mutual aid groups subsidise the response from their own pockets.** In all four regions, members paid for transport and fuel, registration with the authorities, bank fees and receipts, and gave their time unpaid. One group itemised about \$24,600 of its own money against \$109,000 received in grants.

**Risk and compliance pass down the funding chain, while decision-making stays at the top.** Intermediaries may add requirements beyond those set by donors. Funders often record groups as cash recipients, partly for reasons of flexibility and safety. However, this makes groups harder to see and risks keeping them out of decision-making.

**A banking deadline set by the Central Bank of Sudan could cut mutual aid groups off from their funding.** Every account opened before 2025 must have its data updated in person at its bank by 31 December 2026 or face suspension. This is difficult in many highly conflict-affected areas. Funding often reaches groups through a small number of accounts. We found no public position from donors or humanitarian coordination bodies on this requirement.

**Donors can act now, within existing instruments.** Previous ODI Global and Shabaka work called for disclosure at every tier, independent verification at the last mile and reform of eligibility rules. This brief recommends nine practical steps that need no new architecture, three of which must be implemented before 31 December.

# 1 Introduction

Sudan's humanitarian response differs greatly in practice from what funding data describes. For more than three years of war, mutual aid groups, such as community groups and the Emergency Response Rooms (ERRs), have fed neighbourhoods, kept water flowing and moved people to safety, often in places international agencies cannot or will not reach. They are volunteer-run, neighbourhood-rooted networks that pool local and diaspora resources to run community kitchens, water points and evacuations. This community level is where some of the most critical response actually happens. However, the international system measures its support at the point where money leaves the funder. What reaches these mutual aid groups, when and at what cost, goes almost entirely unrecorded.

That opacity is not neutral. Each organisation in the funding chain sees only one step in each direction, so no intermediated grant can easily be traced from end to end. The considerable losses after the last reported transfer fall on the mutual aid groups themselves, which are least

able to absorb them, and these losses appear in no one's accounts. They include exchange rate losses, cash-out charges (fees for turning a digital balance into cash) and the costs volunteers cover themselves. Payment delays erode value further.

The last mile matters everywhere, but in Sudan it decides whether aid arrives at all (see Box 1). Many bank branches in conflict-affected areas are closed, physical cash is scarce and most transfers pass through a single mobile banking app. International agencies cannot reach many of the places where needs are greatest, so mutual aid groups are often the only responders present. A loss at the last mile is therefore not a marginal inefficiency. It is the difference between a community kitchen that stays open and one that closes.

Recognition of these groups is growing. The ERRs were nominated for the Nobel Peace Prize in 2024, 2025 and 2026. Recognition matters. But focusing on one visible mutual aid model can expose it and leave the wider

## Box 1 The last mile

The last mile is the final step in a funding journey: when money leaves the last organisation that reports on it and reaches the mutual aid group that will use it. It covers the transfer itself, conversion into Sudanese pounds, cash withdrawal and the costs a group incurs in receiving and accounting for the money. Funding data usually stops before this step. Often, only the groups themselves record what happens here.

network of mutual aid groups under-supported. Praise also does not change how money moves, or the associated costs and risks.

This brief examines the funding architecture on which all mutual aid groups depend. It builds on two earlier pieces. *Beyond the buzz* set out why ODI Global and Shabaka are examining locally led crisis response in Sudan (Fouad et al., 2026). *Realising the right to development* called for disclosure of what is retained at every tier of the response; independent verification at the last mile; and reform of eligibility rules (Shabaka and ODI Global, 2026). Those calls stand.

This brief adds significant evidence from mutual aid groups themselves. Thirty-one groups took part and traced their own funding journeys. We analysed their accounts, interviewed some of the intermediaries that fund them and reviewed a new banking requirement that threatens the accounts they rely on. The global crisis-response architecture is widely recognised as failing, yet little vision exists for what should replace it. The recommendations that follow are deliberately practical: steps that donors, pooled funds and intermediaries can take now, within existing instruments.

## Box 2 Evidence and analytical approach

This brief draws on three strands of data and analysis.

- Funding journeys traced by mutual aid groups. Thirty-one mutual aid groups in five states participated, with six co-researchers from the groups, each tracing one or two funding episodes of their choosing.
- Interviews with intermediaries and a donor. Ten key informant interviews, including with intermediaries (national and international). All the national informants make the final transfer. By intermediaries, we mean international and national non-government organisations (NGOs), pooled funds and networks.
- Review of the bank data update requirement: Official statements and Sudanese press reporting from February to 5 October 2026.

To protect the groups and their volunteers, we do not name the states or localities where they work. Instead, we group them into four broad regions: South (five groups), East (12), North (eight) and West (six). Each region covers groups in one or two of the five states. These are protective labels, not neatly defined geographical units, and they do not correspond to Sudan's administrative regions. We also withhold the names of groups, funders and intermediaries. Figures are as reported by groups and interviewees.

## 2 Funding routes

Groups described a different funding pattern in each of the four regions (Figure 1). Differences between places exceed what any national average would show, so we describe each in turn.

- **South:** Funding passed through intermediaries and sometimes a transfer agent (an individual or business that moves money for a fee). Three of the five groups reported deductions totalling between 7% and 22% of the amount sent. Intermediaries took 5–20% and, in two cases, a transfer agent took a further 2%.
- **East:** Most funding came directly from national funders, including women's rights funders, or through a registered host organisation. Funds usually arrived intact, but seven of the 12 groups named registration, and the bank account it requires, as the hardest condition or the biggest barrier. Here the problem is access to funds, not leakage.
- **North:** Small grants came directly from international NGOs and usually arrived within a month. Two of the eight groups reported a deduction, each of about 3% or less. Two routes through a grassroots coordination body were the fastest in the region and carried no reported deduction. Groups lost continuity when funding ended abruptly, or projects were halted.
- **West:** Funding was small and irregular. It came from an international NGO and from local sources: a zakat (Islamic almsgiving)

institution, individuals and the Sudanese diaspora. Only two of the six groups kept working while they waited for funds. Groups often could not say where the money had come from.

Intermediaries describe the same variation from their own position in the chain. Some groups are two transfers away from the donor; others are five. Each organisation can say what it received and what it passed on, but not what was originally sent or what happened afterwards.

**Funding rules shape these routes.** Three kinds of rules recur.

- First, **eligibility rules.** Registration with the authorities, and the bank account that depends on it, dictates which groups can be funded at all. In the East, where this was the main barrier, groups paid registration costs themselves, relied on a registered host or lost funding when they could not register in time.
- Second, **rules on shares.** Some funders set a minimum share that must reach groups, of between 60% and 70%. The remaining 30–40% covers staff, communications, transport and financial service provider costs. Funders describe this share as an investment in accountability, not as a loss. Nevertheless, the minimum can be lower when funding passes through an additional partner, leaving more margin for each added layer.

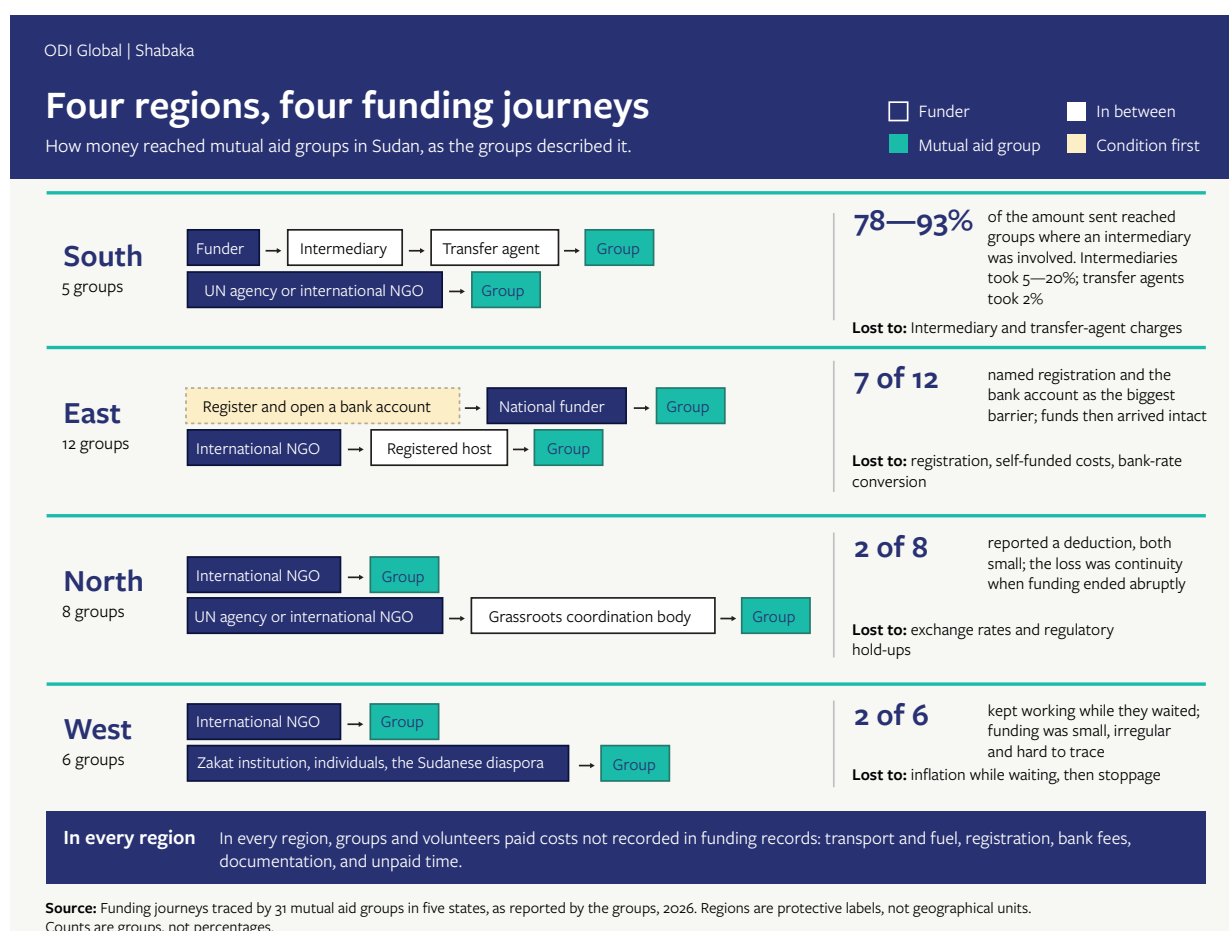
- Third, **ceilings**. Transfers to a group are often capped, for example at \$6,000 with the intermediary's approval, and \$20,000 with the funder's approval.

The funding architecture described here transfers risk; it does not share it. Three implications follow for policy. First, a single national fix will not work: cutting intermediary layers matters in some places, while removing registration barriers or sustaining funding matters more in others. Second, efficiency is not the only test. A shorter chain is not automatically safer. National NGOs are beginning to act as lead organisations, holding donor grants directly and transferring funds to groups. This lowers costs, but interviews

suggest that national NGOs face more pressure from authorities than international organisations. Risk needs to be shared, not simply transferred. Third, the last mile reveals policy and advocacy issues that are otherwise missed. The banking deadline is one example: it appears in no funding report, yet it could halt transfers to groups across the country.

The most important conclusion is a practical one: working routes already exist. Direct grants and grants via grassroots coordination bodies were among the fastest and most complete routes in the data. They do not need to be invented, only expanded. A range of routes also makes the response more resilient than reliance on a single chain.

**Figure 1** Funding routes as mutual aid groups described them



### 3 Where value is lost

The largest losses occur after the last reported transfer, so no allocation record shows them. The intermediaries interviewed agreed that the mutual aid groups bear these losses. Each described its own stage as low-cost and quick, and located cost and delay elsewhere. Figure 2 shows where value leaks.

**Currency conversion begins with donor policy.** Some donors require transfers in Sudanese pounds at the official rate. The loss therefore begins with a funding rule, not in Sudanese markets. Interviews with intermediaries named the exchange rate as the main risk to transfers. On 4 October, dealers quoted 4,200 Sudanese pounds (SDG) to the United States (US) dollar at the bank buying rate and 8,200 SDG on the parallel market. At those rates, a grant converted at the bank rate buys about half as much as it would at market prices. This problem has been documented since at least 2020 (Shabaka and ODI Global, 2026).

**Compliance creates its own costs.** Some intermediaries still demand formal receipts, which the Sudan Humanitarian Fund (SHF) made optional in 2024 on security grounds (Carter and Alattar Satti, 2025). In practice, a formal receipt triggers 17% value-added tax (VAT), and groups described traders charging a fee to issue invoices.

#### **Converting digital balances into cash, known as cash-out, adds further costs.**

Published research puts informal cash-out charges at 20–30% in some areas, mainly the western states (Carter and Alattar Satti, 2025). Informants reported the heaviest charges in Darfur and in areas where transactions are made in CFA francs. Interviews with intermediaries also reported that 20–30% of a transfer can be lost to financial service providers' fees, with no way to avoid them.

#### **Groups and volunteers bear costs themselves.**

In all four regions, members paid for transport and fuel, registration with the authorities, bank fees and receipts, and gave their time unpaid. Reported registration costs alone ranged from about \$300 to \$700. One group in the East itemised about \$24,600 of its own money, against \$109,000 received in grants.

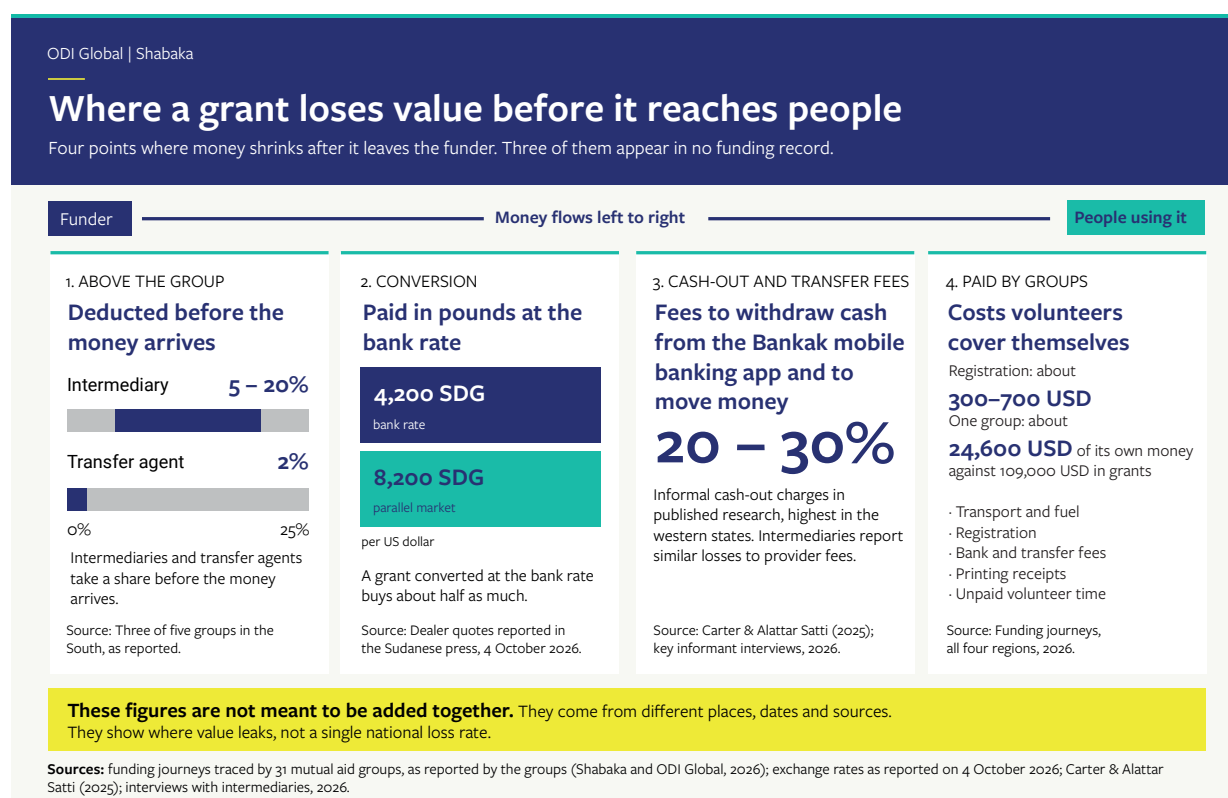
**Waiting is itself a loss.** National intermediaries reported 1–20 days at their stage, compared with 30–45 days earlier in the chain. Others placed the hold-up in the middle of the chain. The final transfer was reported to take between two days and a week, depending on connectivity, service providers and interference by the authorities. Each layer captures different time periods of the overall

funding journey. Across the four regions, groups received funds between one week and five months after they were promised. Prices rise while they wait, eroding the value of funds that are finally received. For the same reason, a fixed transfer ceiling loses value over time: interviews indicate that \$6,000 no longer covers running a community kitchen in some places thanks to sharp price inflation. A loaf of

bread that cost 1 SDG in 2023 now costs 1,000 SDG in some areas.

The effects compound. A grant that arrives months late, converted at half its value and with a fifth or more lost to cash-out, achieves far less than the headline figure suggests. None of this appears in reporting on how much funding reaches local actors.

**Figure 2** Where grants lose value



## 4 Risk and compliance

The current architecture shifts risk towards those least able to bear it and keeps decisions with those furthest from the response. The data we collected shows this in four ways.

### **Requirements grow at each transfer.**

Intermediaries can add documentation in anticipation of audit, beyond what donors themselves require. Interviewees explained the logic: accountability is still understood as upward compliance, and risk management protects actors higher up the chain and tracks the dollar. Funders may ask groups only for simplified forms, with no narrative reports. However, the intermediary organisation faces the audit alone, giving it a reason to ask for more.

**Transparency is demanded of mutual aid groups, not of intermediaries.** Groups have been pressed to disclose where, how and how much they spend. However, some intermediaries still withhold their own budgets, funding sources and overheads from the organisations they fund. Consortium allocation data goes to donors but is not published. Funders' view often ends with the organisation they fund: they see only the larger individual transfers and rely on the lead intermediary organisation to hold proof of the rest.

**Easy to fund means hard to see.** Funders often record unregistered groups as cash recipients: as 'beneficiaries' in their own terms, and not as partners. This has practical advantages. It reduces compliance burdens, and lets funding move between community kitchens, protection and water, and between areas, without a project amendment. It also keeps unregistered groups at a lower profile. But the costs are serious. The label casts

groups as aid recipients when they deliver the response. It removes them from the figures that inform allocation decisions, and from the forums where those decisions are made. Interviewees pointed to continuing debate over whether the label is accurate or fair. Two groups in the West said plainly that they had no power to change how funding reached them.

### **Commitments to local leadership have not become practice.**

Donors and agencies have committed, through the Grand Bargain and other agreements, to shift funding and decisions towards local responders. Interviewees described the move to transfer cash directly to groups as a real and positive shift, but it was not sustained. In practice, they did not adopt a 'no-regret' approach and act early on the best available information. Pressure soon grew to return to standard project requirements, such as detailed needs assessments and logframes. Coordination also works against groups. The international response is organised into sector clusters, while groups respond to whatever their community needs. Forcing their work into single sectors divides it and undermines preferences for integrated approaches. Area-based coordination efforts to move decisions closer to the local level are exploring how to involve groups in decision-making without increasing their exposure to risk.

This helps explain how a donor can be committed to local leadership yet still fund through a system that excludes it. A humanitarian framing reduces a plural civil society ecosystem to a single function: service delivery (Fouad et al., 2026), and the funding architecture is built around that function.

## 5 Banking requirements

A new banking re-registration requirement threatens the accounts through which much of this funding moves. If it is enforced as written, groups in the most conflict-affected areas could lose access to their funds. The Central Bank of Sudan has instructed banks to update customer data for every account opened before 2025. Customers must update their information in person at banks, which will suspend or freeze accounts that are not updated. After crowding at branches, the deadline was extended on 16 August from a two-month window to 31 December 2026. The requirement, however, remains unchanged.

As of 5 October 2026, only one bank offered a working remote option. Bank of Khartoum, which runs the Bankak mobile banking app most people rely on, promised an online service but gave no date. No account has been confirmed as frozen yet. So far, problems stem from a combination of fear of the deadline, app outages and the long-running shortage of physical cash. Account freezes for other reasons have already interrupted funding, with transfers halted until accounts were restored.

The risks for funding to mutual aid groups are structural and deeply concerning:

- **Concentration.** Funds often reach groups through a small number of personal accounts, many opened before 2025. A single restricted account can halt an entire local response.
- **Proxy chains.** Many households receive money through someone else's account. If the holder cannot update their account, everyone who relies on that account is cut off.
- **Exposure follows the front line.** Account-holders in besieged or contested areas, displaced people, refugees and people without identity documents often cannot update their details.
- **Collective funds do not fit personal profiles.** An account used for community funds will not match a personal income declaration, which can trigger flags or put the holder at risk with authorities.

Without a remote option, people are likely to move their money out of Bankak, the app most groups rely on to receive transfers. Cash-out premiums will rise, and more money will move through unregulated transfer systems that cost more and are harder to trace. For mutual aid groups, less of each grant would reach people. For donors and the Central Bank, less of the money would be visible. We present this as a risk, not a pre-determined outcome. We found no public position from donors, the UN Office for the Coordination of Humanitarian Affairs (OCHA) or the Cash Working Group, which coordinates cash assistance in Sudan. Urgent action is needed to prevent or mitigate the worst impacts.

## 6 Recommendations

Nine steps follow, grouped by when they can be taken. Each step names who should act. The earlier calls in this brief, for disclosure at every tier, independent verification at the last mile and reform of eligibility rules, still stand.

### Before 31 December 2026:

1. **Keep account updates out of funding conditions and agree a loss policy in advance.** Donors and pooled funds should confirm that no group or account-holder will be penalised for funds frozen or lost because of the update requirement. Frozen accounts have already halted transfers for other reasons. **Who:** Institutional donors, philanthropies and other funders.
2. **Demand a safe remote update option through a joint donor approach.** Donors should raise with the Central Bank of Sudan and the retail banks the need for a remote option for people in conflict-affected areas, and for proportionate enforcement. OCHA and the Cash Working Group should set out a public position. **Who:** Donors acting together; OCHA; the Cash Working Group.
3. **End conversion at the official rate.** From the next allocation, allow disbursement in hard currency or conversion at the UN operational exchange rate on the day of transfer. **Who:** Donors and pooled funds.

### In the next allocation round:

4. **Make last-mile costs eligible.** Include cash-out, conversion and transfer charges, transport and registration as eligible costs in every agreement that passes funding on, and budget for them in full. **Who:** Donors, pooled funds, intermediaries.
5. **Add a no-additional-conditions clause.** Agreements that pass funding on should prevent intermediaries from requiring more of groups than the donor itself requires. They should accept alternative proof of purchase where formal receipts trigger VAT or create risk. They should also share audit liability, so that the lead organisation does not carry it alone, and limit the data collected on groups to what is strictly needed. **Who:** Donors, in their contracts; intermediaries, in applying them.
6. **Count groups without burdening them.** Report funding that reaches mutual aid groups as a distinct category in SHF data and in the UN's Financial Tracking Service, including funding to groups recorded as cash recipients. Do this in aggregate, without registering groups as sub-partners, to maintain flexibility and a low profile. **Who:** OCHA and the SHF, at donors' request.

7. **Review transfer ceilings as prices rise.**

Index fixed ceilings per transfer to local prices and review them at each allocation.

**Who:** Pooled funds and intermediaries.

8. **Do not reward the extra layers.** Set a minimum share that must reach groups so adding a partner does not earn a larger operating margin. **Who:** Pooled funds and donors.

**Over the next funding cycle:**

9. **Fund continuity and plurality.** Provide flexible, multi-year funding that can be scaled up as needs rise and give notice before any funding ends. Channel funding through a range of routes, including direct grants, grassroots coordination bodies and hosts chosen by groups themselves. Budget lines earmarked for unforeseen emergencies are one way to do this. Involve groups in area-based coordination only on terms that do not increase their risk exposure. **Who:** Donors, pooled funds, philanthropic funders.

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