

MARKETS AS LIFELINES

STRENGTHENING OUR RESPONSE TO THE SUDAN CRISIS

EVENT REPORT – JUNE 2025

Background

On Thursday 12 June 2025, Mercy Corps and the Cash Consortium of Sudan (CCS), hosted the conference: "Markets as Lifelines: Strengthening Our Response to the Sudan Crisis", with thanks to SPARC (Supporting Pastoralism and Agriculture in Recurrent and Protracted Crises), funded by FCDO, whose generous support made this event possible. The event built on the momentum of past dialogues on this topic, but with an intentional focus on markets in some of the most conflict-affected areas of Sudan, including the Darfur and Kordofan regions. The discussion centered on a simple but powerful idea: that even in the most extreme conflict environments, markets are a lifeline that is central to both survival and recovery and needs to be supported through the humanitarian response to the crisis. Through a rich mix of presentations, interactive panels and dialogue, the event aimed to bridge research, practice, and policy through frank and open discussions, and led to the formulation of actionable, short-, medium- and long-term recommendations for all actors involved.

Key Recommendations:

Despite ongoing conflict in Sudan, local markets remain resilient, serving as critical lifelines for communities. However, shifting trade dynamics, accessibility challenges, and risks for traders require adaptive humanitarian responses that strengthen—rather than undermine—existing market systems. Considering the catastrophic needs and worsening situation for the people of Sudan, in the immediate term (0-6 months), donors, I/NGOs and private sector actors should:

Donors:

- Expand flexible MPCA envelopes to include market facilitation activities
- Harmonize compliance and procurement requirements across donors
- Recognize markets as a core pillar of humanitarian response, not just a development concern

I/NGOs:

- Establish consistent market focal points in each operational area
- Dedicate humanitarian coordination space to markets, while ensuring that coordination does no harm to localized systems
- Standardize feasibility checks and embed market engagement into modality selection
- Launch rapid supply-side support activities alongside MPCA to stabilize local markets

Private Sector:

- Begin forming a Sudan MSME Forum or network to express shared needs and serve as a counterpart to humanitarian coordination spaces.

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KEY TAKEAWAYS

1. Markets are still functioning amidst conflict, but new challenges and trade dynamics have emerged

Even amid intense conflict, displacement, and access challenges, evidence presented by researchers working under the SPARC project, Mercy Corps, The Rift Valley Institute, Impact Initiatives and the University of Khartoum shows that local markets continue to function across much of the country, including in conflict-affected regions such as Kordofan and Darfur. However, in places like Darfur and Kordofan where the conflict is at its worst, traders are forced to navigate new challenges resulting in shifting trade dynamics.

- **Remote sensing methodology shows that rural markets have proven to be particularly resilient across Sudan** – only 9 out of 484 markets analyzed closed, others recovered and even **grew when urban markets nearby were impacted by conflict shocks**. This means that in rural areas, people can still rely on markets to meet their daily needs. However, this methodology has limitations and does not tell us about key elements like affordability of goods. Whilst conflict events drive shrinkage in nearby markets and crop production, recovery is consistently happening within 1-8 months – but delayed by recurrent violence. We also see that when a market shrinks, this has an impact on crop production that decreases and market growth drives increase crop production, reflecting availability of inputs and/or expectation of sales venue for farmers.
- **The duration of conflict events has a significant impact on market functionality and recovery.** In the Darfur region, longer exposure to conflict is significantly associated with lower levels of resilience among vendors and local markets. In South Kordofan, conflict duration is strongly associated with a decline in affordability.
- **Traders face significant and unique challenges due to conflict.** Traders navigate dangerous routes to supply communities. Key challenges facing markets include – multiple checkpoints, increased costs, looting, taxes, and being targeted by military activity. Moving commodities between states is harder and more expensive – a lot of trade has become more local as a result, with long-distance trade becoming more difficult and/or risky.
- **The situation is complex, and humanitarian actors must be mindful of existing markets, the potential to work through them, and the risk of undermining them.** In addition, we should avoid jumping to quick or simple conclusions – given there is a strong variance across geographies. Specific contexts must be considered when designing and implementing humanitarian support – e.g. Darfur needs more support on supply chains, Kordofan more liquidity support and cash. The fast-evolving conflict since 2023 has underscored the need for granular, ongoing context analysis to be able to design adaptive, location-specific responses.
- **Some impact on the war economy is inevitable, so our focus should be on how to minimize that impact rather than how to avoid it.** This impact can be mitigated through strong and regular political economic analysis. Where there is support to market and traders, there is a need to understand trader profiles and ensure that support is prioritized to established traders who are rooted in communities and motivated to support local communities - meanwhile avoiding supporting some of the new entrants to the market who are likely aligned with parties to the conflict. This requires working through levers, community structures, traditional market institutions and local civil society organizations – many of whom were supported through development work pre-conflict.

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2. Working through markets is possible and can increase the reach and scale of our response, but barriers remain

- **Working with and through local markets is a resilient and adaptable approach and has enabled humanitarian actors to reach people at scale and efficiently.** For instance, vouchers have enabled humanitarian actors to address liquidity challenges, support dignity, and be faster and cheaper. It's key to support both sides of the system, both supply and demand. Successful examples exist, including the cash support to bakeries across Darfur or the market support approach being piloted in Tawila. These actions are low-cost and can be managed through NGO field teams or local partners. While not part of routine MPCA programming, they should be seen as essential complementary activities that enable a functioning market response.
- **Some of the lessons learned by humanitarian actors working with market actors both before and during the conflict include:**
 - It helps to have an existing network of private sector actors that worked during stable times, but this network can also be built during conflict. In general, market actors never say no when asked to work with humanitarians, but they might be facing challenges or have conditions that need to be considered in program design and processes.
 - Some aid agencies continue to use approaches that undermine existing systems and create aid dependency. It's key to continue pushing for the humanitarian community to support a more market-based approach to safeguard livelihoods and support communities' existing coping mechanisms.
 - Layering partnerships at different scales and geographies to improve local coping is essential. Successful crisis response hinges on strong, multi-level and diverse partnerships, such as with national suppliers alongside local businesses and distributors, for example. Local actors are often more agile and context-responsive than aid actors.
 - It is important to understand the unique capabilities and risks of different partners to support more robust markets. Partnerships with market actors that can pivot in the face of a shock are critical, but having partners with diverse strengths is also key. At the same time, aid actors should invest in building stronger relationships with and capacity of private sector actors.
 - Collaborative approaches are scalable and impactful. The Cash Consortium of Sudan (CCS), formed in 2023, exemplifies scalable coordination. By uniting 20 organizations around a harmonized cash and markets approach, the CCS has enabled an integrated, cost-effective response across all 18 states, including hard-to-reach and conflict-affected areas.
- **SMEs are essential to the daily lives of the Sudanese people**, providing them with goods and services across multiple sectors including small manufacturing, agriculture, health, education, and solar energy. Aid actors should support them with targeted interventions, moving from pilots to large-scale interventions.
- **But barriers either caused by conflict or imposed by donors and INGOs continue to hinder the scalability of some of those market-based approaches.**
 - Compliance requirements need to be reduced. SMEs face many barriers in terms of requirements, procurement checklists, and reporting, which excludes many of them from potential partnerships offered by INGOs.
 - Traders face many risks operating in insecure environments, and there is a need to invest in and support more risk-taking.
 - There are asymmetrical power relations where donors or international partners will shift the risk on small businesses, which represents a huge challenge for them. How can we ensure more dialogue about the entire process and equal partnerships, in the same way that those discussions now happen with local civil society organizations?

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3. Humanitarians and the private sector speak different languages but can find common ground through meaningful dialogue and collaboration

- **Many NGOs and donors are already working with the private sector in various ways and with deep connections - however, there is often a disconnect in ways of working.**
 - There are different incentives for different actors, but it is possible to align those incentives. It's a mistake to assume that all private sector actors only have profit as an incentive – many of them have social incentives as well as wanting to provide the goods and services their communities need most in difficult times.
 - A key challenge is around two very different worlds interacting and engaging, including different success metrics and different languages. The private sector often does not understand what humanitarians are trying to achieve and equally, NGOs can lack a private sector mindset, with slow, risk-averse contracting and procurement processes that are not aligned with the way the private sector works.
- **The private sector is not a monolith, and there cannot be a one-fit-all approach to working with those actors.**
 - Instead of treating the private sector as a blanket sector, humanitarians could segment the private sector by type/scale and design interventions for each segment.
 - The private sector and markets are often seen as one entity, with international actors holding assumptions and biases about how to engage with them. The private sector is not one group; each company has its own challenges, needs, and unique potential. When organizations want to distribute aid through the private sector, they need to understand the challenges of the private sector and adopt different models to fit different needs, and through co-design, implement approaches that understand the unique capacities and skills of each private sector actors. International actors should increase investments in getting to know their partners, the operational challenges and structural limitations that exist in order to design realistic and achievable programs.
 - Some businesses will have more capacity than others, and some will have more experience working with international actors. When INGOs support SMEs with trainings, they should ensure that there is a selection criterion so there isn't too much diversity in the participants – however it's also important to support the smaller businesses to build their capacity, this can sometimes be done by ensuring that a more experienced company sponsors a smaller one.
- **There is currently a lack of dedicated spaces within humanitarian coordination mechanism to talk about markets**
 - There should be space made within the humanitarian coordination structures to include the voices of market actors.
 - However it's essential to ensure that this does not undermine or harm pre-existing local coordination systems and structures that private sector actors already rely on. There is no need to reinvent the wheel; humanitarians can identify existing local structures and work to reinforce them, rather than try to replace them.
 - These efforts should always prioritize local voices to understand what the needs are.

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RECOMMENDATIONS FOR ACTION

Markets are one of the last lines of defense for Sudanese communities, and one of the most scalable tools humanitarians have to address the critical and widespread needs in Sudan. Failing to support them now will dramatically increase future needs for assistance and create dependence. Based on discussions held during this event, we outline below a phased set of actions that can strengthen humanitarian effectiveness today and lay the groundwork for sustainable recovery tomorrow.

QUICK WINS (0–6 months)

DONORS	I/NGOs	PRIVATE SECTOR
Expand flexible MPCA envelopes to include market facilitation activities Allow a percentage of MPCA funding (e.g. 5–10%) to be used for interventions that sustain supply chains, such as emergency transport subsidies, emergency business grants, vendor validation, market assessments, and other informal credit mechanisms.	Establish consistent market focal points in each operational area Every INGO operating with cash or livelihoods should designate a market focal point responsible for liaising with traders, Chambers of Commerce, and coordination bodies.	Begin forming a Sudan MSME Forum or network Private sector actors, with support from local partners or Chambers, should organize into a consultative platform to jointly engage with donors and INGOs. This forum can express shared needs (e.g., de-risking, simplified procurement, fair contracting), and serve as a counterpart to humanitarian coordination spaces.
Harmonize compliance and procurement requirements across donors Contracting, due diligence, and reporting requirements should be aligned to remove duplication and complexity. This includes piloting simplified procurement pathways and adopting the spirit of the Grand Bargain.	Dedicate humanitarian coordination space to markets and avoid harm to localized structures State- or area-level humanitarian coordination meetings should include rotating slots for market actors engagement. At the same time, coordination mechanisms must not override or displace existing market leadership structures such as Chambers of Commerce, vendor unions, or local supply committees.	
Recognize markets as a core pillar of humanitarian response Donors should make a clear commitment to recognizing that markets are central to both survival and recovery and supporting them is essential to enable scale, speed, and dignity in humanitarian response. This commitment should be reflected in strategy	Standardize feasibility checks and embed market engagement into modality selection Ensure every MPCA or in-kind intervention is preceded by a rapid, structured feasibility assessment that includes market functionality, trader perspectives, and supply-side constraints, and use each distribution as an opportunity to engage the private sector through vendor mapping, trader feedback sessions, or joint planning meetings.	

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documents and funding guidance, enabling agencies to plan more holistically and engage with private sector actors from the outset of a crisis response.	Launch rapid supply-side support activities alongside MPCA to stabilize local markets As MPCA distributions scale, INGOs should implement quick, targeted interventions to strengthen the supply side of local markets, especially in areas where traders face recurring challenges accessing goods, storage, or transport.	
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MEDIUM-TERM PRIORITIES (6–18 months)

DONORS	I/NGOs	PRIVATE SECTOR
Launch targeted funding windows for market-based response mechanisms Create or expand funding lines specifically for market-support activities that sit outside standard MPCA envelopes. This includes support for emergency warehousing, transport subsidies, small manufacturer and trader grants, and chamber or market coordination platforms. This will require building in contingency options, operational flexibility, and space for course correction as contexts evolve.	Build layered partnerships across the supply chain Support supply resilience by linking national wholesalers, cross-border traders, and local vendors in a structured system using joint contracts or co-designed implementation models to build robustness and flexibility into market-based responses.	Invest in operational literacy of humanitarian systems SMEs should be supported to understand the basics of humanitarian principles and ways of working/incentives of the humanitarian community as well as humanitarian finance, donor compliance, and procurement. INGOs and Chambers can jointly run trainings or onboarding sessions to help the private sector understand what is needed to participate and advocate for more proportional standards.
	Co-design vendor engagement models with market actors Move beyond one-size-fits-all procurement and design delivery models <i>with</i> vendors, especially informal actors, accounting for their capacities, incentives, and constraints.	
	Treat private sector actors as partners, not sub-contractors Shift NGO approaches from transactional procurement to peer-based implementation, leveraging the crucial local knowledge and reach of private sector actors.	
Establish pooled funding mechanisms to support critical market functions in humanitarian response Donors should invest in shared, multi-partner funding mechanisms specifically designed to support essential market functions during crisis. These mechanisms can be used flexibly to respond to real-time challenges faced by market actors, including traders, transporters, and local suppliers. Depending on context, pooled funds could finance activities such as transport support, risk-sharing, liquidity buffers, warehousing, or coordinated bulk procurement.	Institutionalize political economy and market analysis in program cycles Embed iterative market diagnostics into program design and review stages. Partner with researchers to develop localized analysis that goes beyond price monitoring and includes market mapping, vendor profiling, supply chains, trade risks, and conflict linkages.	

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<p>Prioritize support to community-rooted and vetted traders</p> <p>NGOs and donors should prioritize support to businesses with demonstrated community linkages, a track record of local service, and operational presence during times of crisis. This requires proper trader profiling, ongoing vetting, and close coordination with local Chambers or market leadership. To avoid reinforcing monopolistic dynamics, procurement processes should remain flexible and may need to be split between multiple suppliers even when it is less administratively efficient to preserve diversity, local competition, and equitable access.</p>	
<p>Develop localized risk-sharing mechanisms for SMEs</p> <p>Reduce the disproportionate risk carried by small vendors through models like staggered payments, pooled guarantees, or community-backed risk-sharing funds. This allows smaller businesses to participate in aid delivery without taking on unsustainable debt or loss exposure.</p>	

LONG-TERM SOLUTIONS (18–36 months)

DONORS		I/NGOs	PRIVATE SECTOR
<p>Fund cross-border and inter-state trade infrastructure and coordination platforms</p> <p>Longer-term investment is needed to re-link disrupted corridors especially between Darfur, Chad, and South Sudan. Priorities include market infrastructure rehabilitation (e.g. Zalingei, El Geneina), warehousing, and coordinated cross-border trader support.</p>		<p>Support conflict-sensitive digital market information systems</p> <p>Fund adaptive systems to track pricing, stock availability, and transport constraints across key market hubs. Where possible, use mobile-accessible or offline tools to ensure traders and aid actors can access real-time information. Consider platforms like Commcare/KoBo-based price trackers, or SMS price alert pilots.</p>	<p>Promote business-to-business solidarity and mentorship models</p> <p>Encourage larger or more experienced businesses to mentor or sponsor smaller MSMEs through shared contracts or support structures. This fosters equitable inclusion in aid delivery and helps newer entrants gain operational resilience.</p>
<p>Pilot hybrid financial access models (e.g. hawala–bank fusion)</p> <p>Facilitate partnerships between informal money transfer systems and formal financial institutions to enable secure, accountable cash flows. These models are especially relevant in areas where Bankak is inaccessible, and cash liquidity is low. This can support both MPCA and vendor liquidity.</p>			
<p>Create joint donor forums to align market-based response strategy</p> <p>Establish regular forums between key donors to align approaches, deconflict overlapping market programs, co-fund successful pilots, and test harmonized compliance models.</p>		<p>Provide capacity building on market systems for NGO staff</p> <p>INGOs should integrate market systems training into onboarding and learning platforms, helping teams better understand trader incentives, market functionality, and economic resilience strategies.</p>	
<p>Use storytelling and evidence to build donor confidence</p> <p>Document success stories from emergency transport pilots, token-based systems, and SME grants and use them to shift donor risk thresholds.</p>			

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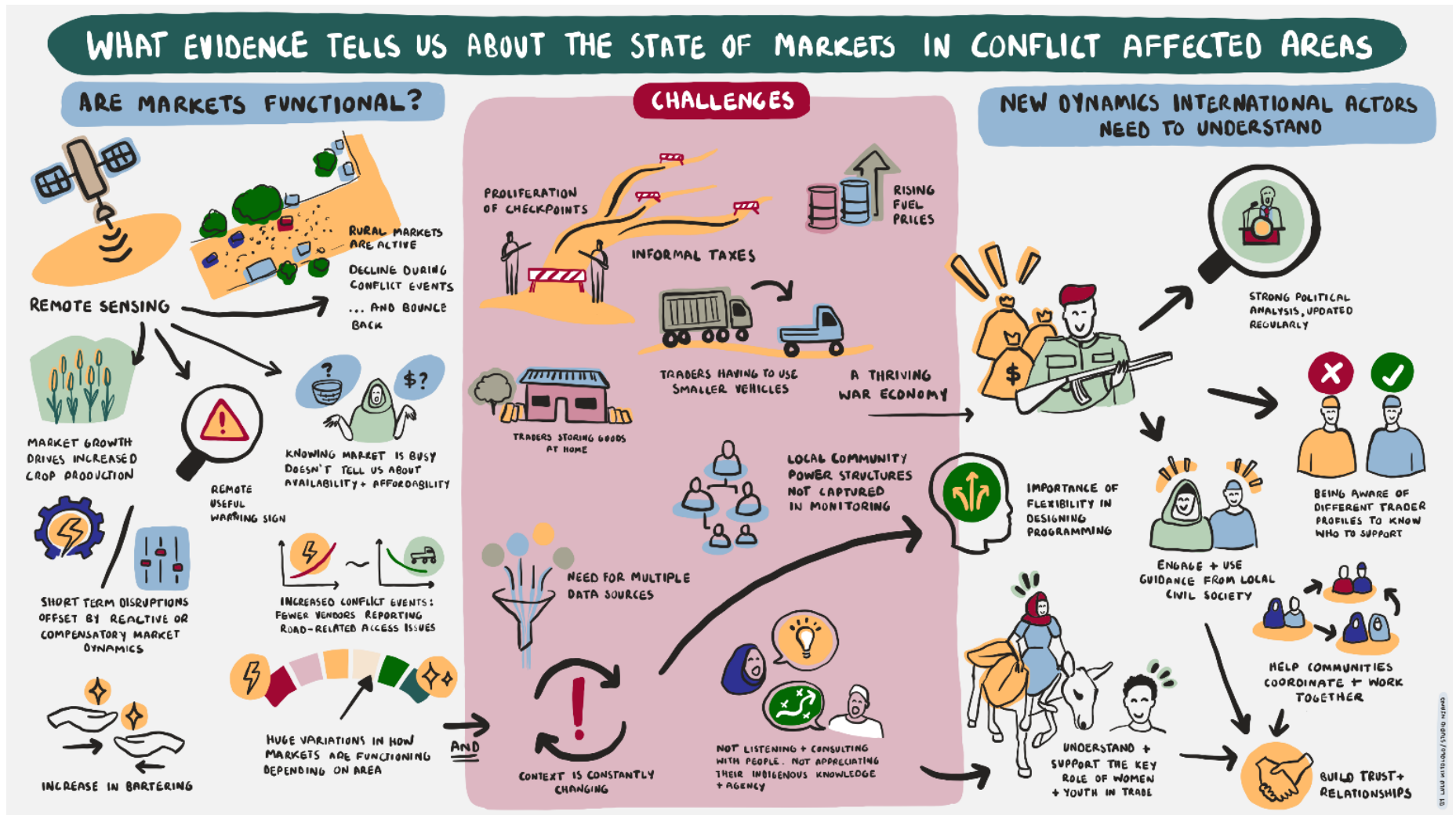
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Live graphic recording of the event (by Lulu Kitololo):



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THE POWER OF WORKING THROUGH MARKET ACTORS: WHAT WORKS + CHALLENGES

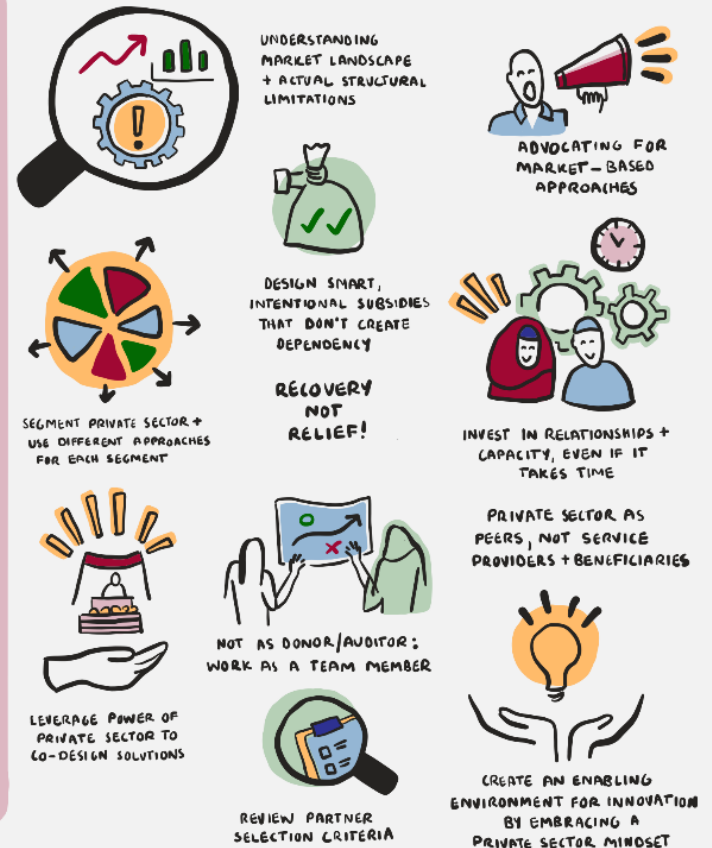
NGO EXPERIENCES



BARRIERS + CHALLENGES



WHAT WORKS?



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HOW DO WE MOVE TOWARDS A CONFLICT-SENSITIVE, MARKET-BASED RESPONSE IN SUDAN?

COORDINATION + ROLES



NO DEDICATED SPACE WITHIN AID FOR MARKETS



COORDINATION MECHANISMS ON NATIONAL LEVEL DON'T TRANSLATE ON STATE LEVEL

POLITICAL ENVIRONMENT PROHIBITS COORDINATION MECHANISMS FROM TAKING HOLD



ACKNOWLEDGE WE'RE NOT PRIVATE SECTOR EXPERTS + COME TO THEM TO FIND A MID-POINT + COMMON LANGUAGE



AID STRUCTURES CAN BE DAMAGING TO ALREADY EXISTING LOCAL STRUCTURES THAT SERVE PEOPLE

FUNDING MARKET-BASED RESPONSES



SHORT-TERM FUNDING CYCLES

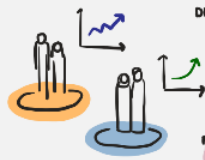


CAPACITY GAPS



DIFFERENT DONOR REQUIREMENTS

BARRIERS TO SCALABILITY



SILOED: ENGAGEMENT WITH AID SECTOR + ENGAGEMENT WITH PRIVATE SECTOR

DIFFERENT METRICS FOR THE TWO SECTORS: IMPACT VS. REVENUE

EXTERNAL CHALLENGES: LIQUIDITY, MOBILITY ETC.



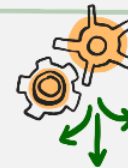
COMPLIANCE + DUE DILIGENCE CAN BE RIGID + PRESCRIPTIVE

MARKET-BASED CHALLENGES

ENGAGING THE PRIVATE SECTOR



GAP BETWEEN PRIVATE + HUMANITARIAN SECTOR: EACH SIDE DOESN'T UNDERSTAND HOW THE OTHER WORKS



WHAT LEEWAY DO IMPLEMENTERS HAVE? HOW FLEXIBLE CAN THEY BE?



UNDERSTANDING PARAMETERS AID SECTOR WORKS WITHIN + HOW IT CASCADES DOWN TO COMPLIANCE CRITERIA

WHAT'S SO

RECOMMENDATIONS

NO NEED TO BREAK DOWN EXISTING COORDINATION MECHANISMS BUT, REFORM TO CREATE SPACE FOR MARKETS



UNDERSTAND, DON'T UNDERESTIMATE + WORK WITH INFORMAL MARKETS



TALK TO LOCAL COMMUNITIES + NETWORKS: ENSURE YOU'RE LISTENING TO DIVERSE VOICES (NOT JUST ELITE PRIVATE SECTOR)



OPPORTUNITY: LOTS OF DATA BUT NO ONE SOURCE AGGREGATING IT



RECOGNISE WHERE WE NEED TO BE + WHERE WE DON'T



BRIDGE LANGUAGE GAP BETWEEN PRIVATE + AID SECTOR



CONFLICT SENSITIVITY: BE AWARE OF WAR ECONOMY BUT NOT OBSESSED BY IT

DO NO HARM!

BRING PRIVATE SECTOR VOICES TO THE TABLE



EMBED CONFLICT EXPERTISE WITHIN ORGANISATIONS



PILOT NEW FUNDING MODELS / USE EXISTING ONES NOT IN USE IN AID SECTOR

ENGAGE MORE WITH NATIONAL GROUPS + CONSORTIA

LEVERAGE EXPERTISE OF PRIVATE SECTOR



MORE FACE TIME WITH IMPLEMENTERS + INTERMEDIARIES, AS WELL AS DONORS + INTERVENTION DESIGNERS



CREATE COMMON VALUES



PRIVATE SECTOR IS DIVERSE: ONE SIZE DOES NOT FIT ALL FOR SOLUTIONS

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