



June 28, 2023

Dear Implementing Partners,

The purpose of this letter is to provide guidance to USAID implementing partners on the use of hawalas in Sudan.

USAID understands partners may be considering the use of hawalas or unlicensed/unregistered mobile money providers to support payments in Sudan. Partners should continue to use licensed/registered banks and mobile money providers to the extent possible. Please note that USAID does not have in place any extra award requirements at this time for partners who may be considering the use of hawalas or unlicensed/unregistered money transfer agents.

As with other program costs, USAID partners must administer funds in accordance with the terms and conditions of their award, their organizational policies, and the relevant CFR and AIDAR (as applicable) regulations. Additionally, USAID expects partners' use of hawalas or mobile money providers is in accordance with their own internal controls procedures, which may include standardized checking of hawalas/mobile money providers against sanctions lists and other risk mitigation measures related to fraud, waste, and abuse.

Below are questions you may wish to consider in your determination of whether to use hawalas or mobile money providers in Sudan.

Please contact us should you have any questions.

Best regards,

Erik Singer  
Contracting & Agreement Officer  
USAID/Sudan

Questions to consider in your determination of whether to use hawalas or mobile money providers in Sudan:

- 1) For what transactions do you intend to use the hawala/mobile money system for (i.e., staff salaries, payment to vendors, and/or beneficiary cash assistance)?
- 2) Is the hawala you intend to use registered/licensed? If so, where is it registered/licensed?
- 3) What process will you use to select hawalas/mobile money providers (bids, past performance, etc.)? Are there any due diligence measures your organization has in place, such as conducting background checks on proposed hawalas/providers?
- 4) How do you plan to transfer program funds to selected hawalas/providers (ie; regional banks, international banks)? Will funds be provided to hawalas/providers in advance of disbursements, or as reimbursement for disbursements already made? What sort of documentation and records will be kept on these transactions, at both the hawala/provider level and the banking level?
- 5) How are hawala brokers/mobile money providers for X network sourcing their banknotes? What will partners do if agents are facing liquidity issues? How will partners minimize community conflict that may arise from cash shortages?
- 6) If disbursements are to be made directly to beneficiaries, how far will beneficiaries need to travel to reach a hawala broker/mobile money provider? Will assistance be provided for those who have to travel longer distances? Does the community already have trust in the X network?
- 7) Do beneficiaries need to provide identification documents or are there other requirements for beneficiaries to receive the money? If not, how does the network ensure the right person is receiving the money (community trust, verification through other community members, codes/PINs/numbers provided by the NGO, etc.)? Have you considered other ways to assist beneficiaries or to provide other delivery mechanisms for beneficiaries who lack identification (ie; creation and distribution of formal IDs)?
- 8) How have you coordinated with other international, local, and humanitarian actors using the hawala system or other financial service providers?
- 9) What actions has your organization taken to mitigate the risks of diversion, fraud, waste, and abuse through the use of hawalas/mobile money providers ?
- 10) What actions has your organization taken to mitigate the risks of benefits accruing to sanctioned entities through the use of hawalas/mobile money providers?

Please note, partners are not expected or required to report answers to USAID. Questions are illustrative, i.e. partners are not required to answer all questions or these specific questions.