

# SUDAN

| Table 1  | 2022   |
|--|--------|
| Population, million                                    | 46.9   |
| GDP, current US\$ billion                              | 51.7   |
| GDP per capita, current US\$                           | 1102.2 |
| International poverty rate (\$2.15) <sup>a</sup>       | 15.3   |
| Lower middle-income poverty rate (\$3.65) <sup>a</sup> | 49.7   |
| Upper middle-income poverty rate (\$6.85) <sup>a</sup> | 86.2   |
| Gini index <sup>a</sup>                                | 34.2   |
| School enrollment, primary (% gross) <sup>b</sup>      | 79.0   |
| Life expectancy at birth, years <sup>b</sup>           | 65.6   |
| Total GHG emissions (mtCO2e)                           | 127.5  |

Source: WDI, Macro Poverty Outlook, and official data.  
a/ Most recent value (2014), 2017 PPPs.  
b/ WDI for School enrollment (2018); Life expectancy (2020).

The October 2021 military takeover weakened domestic activity, slowing progress toward debt relief as part of the heavily indebted poor countries initiative. Despite food insecurity, floods, higher input costs, and supply shortages, good rains helped agriculture recover. Growth is projected at 0.4 percent in 2023 following five years of recession. Inflation remains in double digits. The population living on less than US\$2.15 per day is estimated to have risen from 30.6 percent in 2021 to 32.3 percent in 2022.

## Key conditions and challenges

The October 2021 military takeover has come at a high economic cost for Sudan and has slowed progress in receiving debt relief under the HIPC initiative. Sudan's economy contracted for four consecutive years between 2018 and 2021, resulting in a cumulative 10.4 percent decline in output. The pause in foreign inflows caused depreciation pressures, leading the Central Bank of Sudan to shift to a fully flexible exchange rate for a brief period in March 2022. Consequently, the currency rapidly depreciated from SDG 600 to SDG 800 per US dollar in one week. The central bank immediately reverted to a managed float to curb the sharp depreciation and reduce the spread between the parallel and formal market rates. An appropriately valued and stable exchange rate is central to achieving sustained and inclusive economic growth.

Sudan is vulnerable to risks primarily from political and macroeconomic uncertainties and continued spillovers from Russia's invasion of Ukraine. Although an agreement framework that sets the groundwork for establishing a civilian-led transitional government was signed in early 2023, the political context remains uncertain and unstable. Macroeconomic risks remain high even with efforts to reduce subsidies and contain inflation. Access to external finance is also limited. Moreover, Sudan is vulnerable to natural

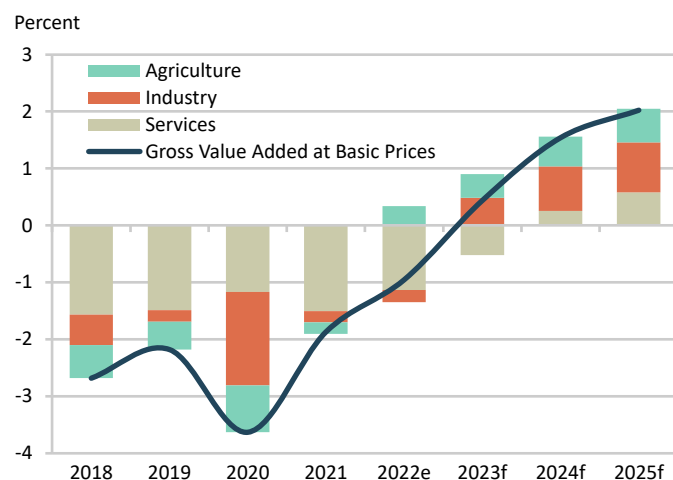
hazards, including localized flooding, drought, and locust infestations. Food insecurity will likely worsen if more climate shocks occur amid rising global commodity prices. Mitigating these risks will require resolving the political situation and maintaining economic stability.

## Recent developments

The pace of GDP contraction slowed to an estimated 1 percent in 2022, backed by stable agriculture and livestock production and modest growth in gold exports. However, both the manufacturing and service sectors shrank (0.7 percent and 3 percent, respectively) due to continued fiscal tightening from substantially higher taxes and fees, ongoing civil disturbances, and disrupted business logistics.

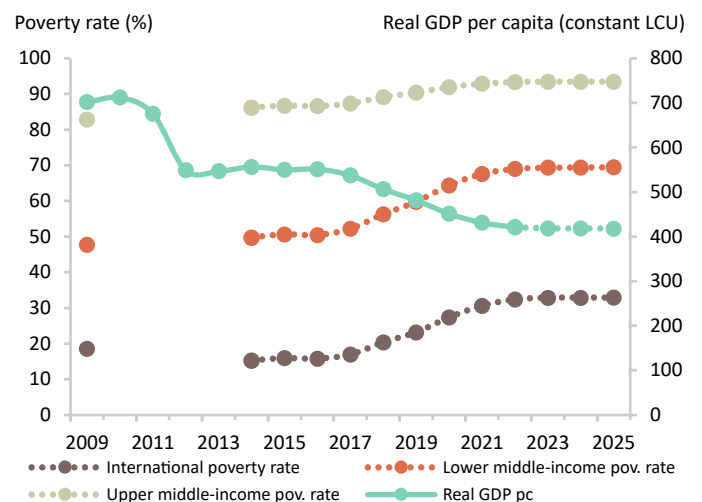
The fiscal deficit increased from 0.3 percent of GDP in 2021 to 1.7 percent of GDP in 2022, reflecting budget rigidities. Spending in 2022 rose by 131 percent to reach 11.7 percent of GDP, as wage expenditures more than tripled, while transfers (including social benefits and transfers to states) increased more than fivefold. Despite the nominal increase, spending contracted in real terms. The authorities continued efforts to reduce subsidies, which declined from 3.8 percent in 2021 to 2.9 percent of GDP in 2022. The deficit was financed by higher taxes, transit tariffs, customs duties, and domestic borrowing. Public debt declined to 183.6 percent of GDP in 2022 (from 215.6 percent in 2021).

**FIGURE 1 Sudan / Real GDP growth and sectoral contributions to real GDP growth**



Sources: Central Bureau of Statistics and World Bank's staff estimates.

**FIGURE 2 Sudan / Actual and projected poverty rates and real GDP per capita**



Source: World Bank. Notes: see Table 2.

Average annual inflation declined from 359.7 percent in 2021 to 164.2 percent in 2022, driven by a slowdown in base money growth due to reduced monetization. Weak domestic demand also contributed to slow inflation. After rapidly depreciating in March, the currency remained relatively stable, with the premium between the parallel and official rate averaging 0.6 percent from April 2022. As of end-December 2022, the parallel exchange rate stood at SDG 580 per US dollar and the official rate averaged SDG 575 per US dollar. Strong export performance (especially for gold and livestock), higher oil transit fees, and lower domestic demand helped narrow the current account deficit to 6 percent of GDP in 2022. Gross international reserves fell to roughly US\$1.2 billion in 2022 (1.4 months of imports), down from US\$1.63 billion at end-2021. Although official poverty statistics are not available after 2014, the percentage of the population living on less than US\$2.15 per

day (2017 PPP) is estimated to have increased from 20.4 percent in 2018 to 32.9 percent in 2023. The protracted economic crisis contributed to an estimated 12-percentage-point increase in extreme poverty.

## Outlook

The economy is expected to recover at a weak pace of 0.4 percent in 2023, weighed down by the slow resolution of Sudan's political crisis and as widespread social unrest and insecurity persist. Thereafter, GDP growth is expected to average around 2 percent between 2023 and 2025, driven by rising agricultural output and exports of livestock, as well as mining and services. Inflation is expected to continue declining, reflecting the authorities' aim to contain the fiscal deficit and limit monetization. However, it will remain elevated given domestic shortages coupled with high import prices for consumer goods and production

inputs. The central bank aims to reduce base money supply growth to 27 percent in 2023 from 49.4 percent in 2022.

The current account is expected to remain in a significant deficit over 2023-25, reflecting Sudan's low domestic production and high import requirements. A persistent trade deficit will continue to impede the accumulation of foreign reserves and hinder investor sentiment. The fiscal deficit is projected to average about 2.5 percent of GDP over the medium term, reflecting higher outlays on wages and transfers. Subsidies are expected to continue to decline. In the absence of grants to finance increased wages and transfers, the government is expected to delay capital spending and rely on trade receipts from exports of gold and animal products.

Projections suggest that extreme poverty will continue to increase until 2024. Even though extreme poverty is expected to stagnate at around 33 percent up to 2025, poverty rates measured by all poverty lines are still high.

**TABLE 2 Sudan / Macro poverty outlook indicators**

(annual percent change unless indicated otherwise)

|  | 2020  | 2021  | 2022e | 2023f | 2024f | 2025f |
|--|-------|-------|-------|-------|-------|-------|
| <b>Real GDP growth, at constant market prices</b>                          | -3.6  | -1.9  | -1.0  | 0.4   | 1.5   | 2.0   |
| Private Consumption  | -3.4  | -0.8  | -0.3  | 1.1   | 1.8   | 2.1   |
| Government Consumption   | -8.8  | -9.8  | -3.0  | -2.7  | 1.3   | 2.3   |
| Gross Fixed Capital Investment   | -2.0  | -2.1  | -1.6  | 0.1   | 1.0   | 1.4   |
| Exports, Goods and Services  | 5.2   | 2.0   | 4.5   | 6.0   | 12.0  | 15.0  |
| Imports, Goods and Services  | -9.0  | -0.5  | 6.0   | 5.0   | 5.5   | 5.5   |
| <b>Real GDP growth, at constant factor prices</b>                          | -3.6  | -1.9  | -1.0  | 0.4   | 1.6   | 2.0   |
| Agriculture  | -2.5  | -0.6  | 1.0   | 1.2   | 1.5   | 1.7   |
| Industry   | -5.7  | -0.7  | -0.7  | 1.7   | 2.7   | 3.0   |
| Services   | -3.0  | -3.9  | -3.0  | -1.4  | 0.7   | 1.6   |
| <b>Inflation (Consumer Price Index)</b>                                    | 163.3 | 359.7 | 164.2 | 75.0  | 35.0  | 20.0  |
| <b>Current Account Balance (% of GDP)</b>                                  | -21.6 | -7.3  | -6.0  | -7.0  | -7.6  | -7.8  |
| <b>Net Foreign Direct Investment Inflow (% of GDP)</b>                     | -2.7  | -1.6  | -1.3  | -1.6  | -2.0  | -2.0  |
| <b>Fiscal Balance (% of GDP)</b>   | -5.9  | -0.3  | -1.7  | -2.0  | -2.4  | -2.5  |
| <b>Revenues (% of GDP)</b>   | 4.8   | 10.5  | 10.0  | 10.5  | 11.0  | 11.2  |
| <b>Debt (% of GDP)<sup>a</sup></b>   | 281.4 | 215.6 | 183.6 | 167.3 | 157.9 | 149.5 |
| <b>Primary Balance (% of GDP)</b>  | -5.9  | -0.3  | -1.4  | -1.6  | -2.0  | -2.1  |
| <b>International poverty rate (\$2.15 in 2017 PPP)<sup>b,c</sup></b>       | 27.3  | 30.6  | 32.4  | 32.9  | 32.9  | 32.9  |
| <b>Lower middle-income poverty rate (\$3.65 in 2017 PPP)<sup>b,c</sup></b> | 64.4  | 67.6  | 69.0  | 69.3  | 69.4  | 69.4  |
| <b>Upper middle-income poverty rate (\$6.85 in 2017 PPP)<sup>b,c</sup></b> | 91.9  | 92.9  | 93.4  | 93.5  | 93.5  | 93.5  |
| <b>GHG emissions growth (mtCO<sub>2</sub>e)</b>                            | 0.0   | -0.1  | 0.4   | 0.9   | 1.3   | 1.5   |
| <b>Energy related GHG emissions (% of total)</b>                           | 16.6  | 16.6  | 16.9  | 17.4  | 17.9  | 18.5  |

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast.

a/ Debt projections do not include any restructuring achieved during the HIPC process.

b/ Calculations based on 2014-NBHS. Actual data: 2014. Nowcast: 2015-2022. Forecasts are from 2023 to 2025.

c/ Projection using neutral distribution (2014) with pass-through = 1 (High (1)) based on GDP per capita in constant LCU.