

SUDAN

Table 1	2023
Population, million	48.1
GDP, current US\$ billion	109.3
GDP per capita, current US\$	2272.5
International poverty rate (\$2.15) ^a	15.3
Lower middle-income poverty rate (\$3.65) ^a	49.7
Upper middle-income poverty rate (\$6.85) ^a	86.2
Gini index ^a	34.2
School enrollment, primary (% gross) ^b	77.8
Life expectancy at birth, years ^b	65.3
Total GHG emissions (mtCO2e)	126.6

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2014), 2017 PPPs.
 b/ WDI for School enrollment (2018); Life expectancy (2021).

Real GDP is expected to contract further by 3.5 percent in 2024, after a 12 percent contraction in 2023, driven by widespread destruction of productive capacity due to the domestic conflict, and weak private consumption and exports. Inflation averaged 230 percent in 2023, and the currency has depreciated by 125 percent. The collapse of government institutions has disrupted public spending and the exodus of people has reduced the tax base. Poverty remains widespread, and food insecurity is extremely high.

Key conditions and challenges

The armed conflict that erupted in April 2023 has caused severe and long-lasting damage to the economy, the industrial base, education, and health facilities. It has also led to a collapse in domestic demand and economic activity (including commerce, financial, and information and communications technology services) and is eroding state capacity. Fighting has spread across the country and reignited hostilities in traditionally restive regions, such as Darfur and Kordofan. This in turn is impacting agriculture and trade, and exacerbating food insecurity and displacement.

Decreased local crop production seriously threatens food availability. Direct fighting, displacement of civilians, and looting are affecting farming and harvesting activities. The conflict is also exacerbating challenges linked to shortages of agricultural machinery, extremely high fuel prices, and scarcity of labor. Sudan faces extreme levels of food insecurity, with 17.7 million people (37 percent of the population) experiencing acute food insecurity.

The currency has declined sharply against the US dollar, depreciating to unprecedented levels given the high demand for foreign currency in response to both the crisis and related damage to the banking and payment systems. In particular, the electronic banking system stopped functioning for a time in October 2023. Since then reports are that banking applications have operated on a

limited basis. As of end-March 2024, the exchange rate stood at SDG 1150 in official banks and SDG 1350 in the parallel market, a stark contrast to the pre-war rates of SDG 580. Exports now take alternative routes to established channels due to decreased production. Smuggling has become common in evading high duties, resulting in export revenues remaining outside Sudan's official banking system.

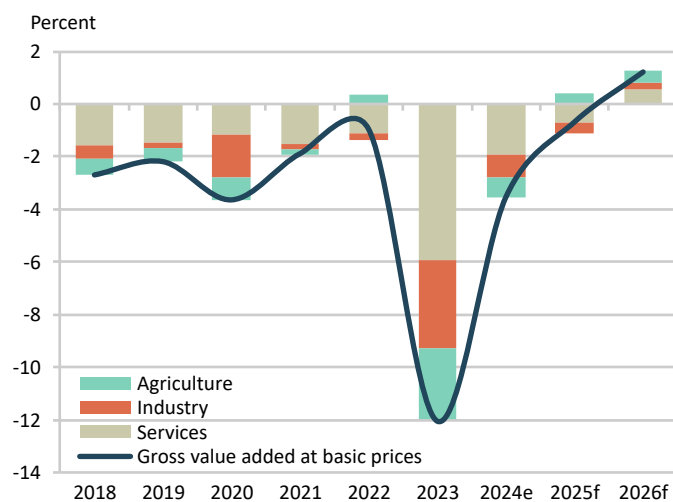
Recent developments

Amid the ongoing conflict, productive capacity has suffered drastically, and both private and government consumption have plummeted. Export volumes shrank and major external financial support and investment has been cut off. As a result, the economy is expected to contract for a seventh consecutive year in 2024, by 3.5 percent, after an estimated contraction of 12 percent in 2023.

Inflation has become more difficult to monitor. Indications are that rents have soared in safer areas, fuel costs have soared across the country, and food prices have risen sharply in areas of scarcity but plummeted in pockets of oversupply as people have fled and sold off their produce. Inflation is estimated to have risen to about 230 percent in 2023. In 2024, Sudan topped the International Rescue Committee watchlist of countries most likely to experience a deteriorating humanitarian crisis.

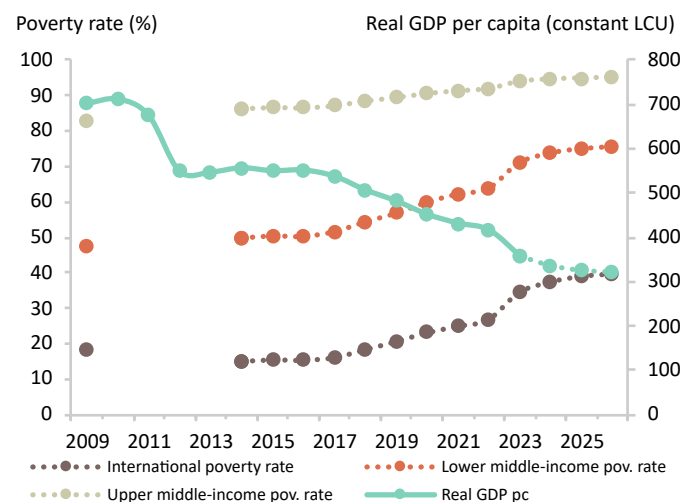
The currency has significantly depreciated by 94 percent in the official and 125 percent in parallel markets since April 2023, and the

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



Sources: National Bureau of Statistics and World Bank staff calculations.

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



Source: World Bank. Notes: see Table 2.

premium between the parallel and official rate has widened significantly, standing at 17.4 percent as of March 2024, compared to 1.7 percent in March 2023. This reflects a relative increase in demand for US dollars amid an increasingly unregulated exchange market as well as foreign currency shortages.

The shock to the economy and public institutions, coupled with the disruption of budget execution has caused a contraction in spending and revenue. Despite the heavy costs of the conflict, spending declined, as the conflict caused a marked drop in subsidies and wages. The large exodus of Sudanese and foreign nationals involved in commerce and business shrank the tax base. Consequently, the fiscal deficit is estimated at 3.5 percent of GDP in 2024.

The current account deficit is expected to widen to 6.9 percent of GDP in 2024 as agricultural and mining exports were hit by the fighting and both sides look to control productive assets. Sudan's external position is undermined by considerable capital flight and disinvestment due to the highly uncertain political outlook.

Outlook

The outlook remains highly uncertain. It is based on a gradual cessation of conflict over the coming year; however, it remains subject to large downside risks from prolonged conflict and tensions. Given the conflict-related economic losses and destruction of infrastructure, the economy is projected to contract by 3.5 percent in 2024 and 0.7 percent in 2025. Inflation is forecast to decline to 180 percent in 2024, reflecting an adjustment of the base effect.

Modest economic growth is expected from 2026, assuming the inflows of international funding resumes. The economic recovery is expected to be driven by the reconstruction of public infrastructure initially, assuming that the political upheaval begins to ease and other macroeconomic fundamentals improve from 2026. The conflict is predicted to lead to a drastic reduction in economic output across all major productive sectors, including mining, agriculture,

and oil. Gold mining and agriculture are expected to be the main drivers of growth after the conflict de-escalates.

With a gradual stabilization in the political and economic situation, inflation is projected to decrease further to 80 percent in 2025 and 45 percent in 2026. Sudan's foreign currency shortages and currency depreciation are expected to persist throughout 2024-26, as investment and other sources of foreign exchange, such as aid flows, slowly resume.

The fiscal deficit is expected to narrow as revenue increases (in line with a modest recovery, assuming the conflict subsides) from 2025 onwards, backed by reconstruction efforts. The current account deficit is expected to widen throughout 2024-26, driven by an increase in the trade deficit, given high import requirements (first, due to the war and later to meet reconstruction efforts). This should be accompanied by a gradual recovery in domestic demand and a partial recovery in exports.

TABLE 2 Sudan / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	-1.9	-1.0	-12.0	-3.5	-0.7	1.2
Private consumption	-0.9	-0.8	-10.6	-3.1	-0.9	1.4
Government consumption	-9.6	1.9	-36.5	-14.0	-4.9	3.0
Gross fixed capital investment	-2.1	1.2	-20.0	-20.0	-1.5	1.8
Exports, goods and services	8.0	12.0	-32.0	-20.0	-9.0	5.0
Imports, goods and services	-0.5	8.7	-36.0	-18.0	-14.0	8.0
Real GDP growth, at constant factor prices	-1.9	-1.0	-12.0	-3.5	-0.7	1.2
Agriculture	-0.6	1.0	-7.9	-2.0	1.1	1.1
Industry	-0.7	-0.7	-11.6	-3.0	-1.5	1.0
Services	-3.9	-3.0	-16.0	-5.5	-2.0	1.6
Inflation (consumer price index)	359.7	164.2	230.0	180.0	95.0	60.0
Current account balance (% of GDP)	-7.3	-6.0	-0.6	-6.9	-7.2	-7.5
Net foreign direct investment inflow (% of GDP)	-1.6	-1.3	-0.7	-0.9	-0.7	-0.5
Fiscal balance (% of GDP)	-0.3	-1.7	-3.8	-3.5	-3.2	-2.8
Revenues (% of GDP)	10.5	10.0	4.8	5.5	6.2	6.5
Debt (% of GDP)^a	215.6	183.6	167.3	158.5	149.5	139.3
Primary balance (% of GDP)	-0.3	-1.4	-3.7	-3.5	-3.2	-2.8
International poverty rate (\$2.15 in 2017 PPP)^{b,c}	25.0	26.9	34.5	37.4	39.0	39.6
Lower middle-income poverty rate (\$3.65 in 2017 PPP)^{b,c}	62.2	63.8	71.0	73.7	75.0	75.5
Upper middle-income poverty rate (\$6.85 in 2017 PPP)^{b,c}	91.2	91.8	93.8	94.4	94.7	94.9
GHG emissions growth (mtCO₂e)	1.1	-0.4	-1.9	0.0	1.7	2.5
Energy related GHG emissions (% of total)	17.6	17.3	15.5	16.6	18.0	19.6

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: 2015-2023. Forecasts are from 2024 to 2026.

c/ Projection using neutral distribution (2014) with pass-through = 0.7 (Low (0.7)) based on GDP per capita in constant LCU.