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MAP



KEY TAKEAWAYS

MOST LIKELY REGIMES & THEIR PROBABILITIES	
18-MONTH	Military 60%
FIVE-YEAR	*Military-Civilian 50%

FORECASTS OF RISK TO INTERNATIONAL BUSINESS				
	TURMOIL	FINANCIAL TRANSFER	DIRECT INVESTMENT	EXPORT MARKET
18-MONTH	Very High	D-	C-	D
FIVE-YEAR	High	D+	C-	C-

() Indicates change in rating

* Indicates forecast of a new regime

KEY ECONOMIC FORECASTS			
	REAL GDP GROWTH (%)	INFLATION (%)	CURRENT ACCOUNT (\$bn)
2018-2022(AVG)	-2.1	154.4	-4.58
2023(F)	-13.0	240.0	-0.90
2024-2028(F)	1.8	65.0	-2.20

TRANSITION DERAILED BY CIVIL WAR

The faltering effort to revive a political transition derailed by the October 2021 coup that ended a power-sharing arrangement between the military faction headed by Lt.-Gen. Abdel Fattah Abdelrahman al-Burhan and civilian leaders in the Forces for Freedom and Change collapsed entirely in April 2023, as long-simmering tensions between Burhan and his second-in-command, Gen. Muhammad Hamdan Dagalo (aka Hemeti), erupted into armed conflict in the streets of Khartoum. The fighting subsequently spread to other parts of the country, and varied attempts at international mediation have made no substantive progress toward ending the conflict, which could pose a threat to regional stability if not contained.

Burhan has retained the support of the Sudanese Armed Forces (SAF) and remains the country's de facto president, but he has relocated his headquarters to Port Sudan, while Hemeti's Rapid Support Forces (RSF) control most areas of the capital. Apart from the main fighting between the rival military factions, there are reports of a renewed campaign of ethnic cleansing by Arab militias linked to the RSF in the western province of Darfur, and the SPLM-N, one of several rebel groups that signed a landmark peace agreement in 2020, has once again taken up arms against the SAF in its home base of South Kordofan.

Mediation efforts have been hampered by the mistrust of one side or the other about the intentions of the various power brokers. In June, the junta declared UN Special Envoy to Sudan Volker Perthes to be persona non grata and threatened to expel the country's UN mission (UNITAMS) after Perthes, who resigned from his post in September, and in his final report to the Security Council condemned both warring factions and warned that peace would require accountability for abuses.

Salva Kiir, the president of South Sudan, is the latest regional leader to try his hand at ending the war between the SAF and the RSF. South Sudan's dependence on Sudan's pipelines to ship its oil overseas has created an incentive for Kiir to scrupulously avoid the appearance of choosing sides in the battle between Burhan and Hemeti, a strategy that gives him credibility as an honest broker.

However, there are a multitude of issues to be addressed beyond the immediate disagreements between Burhan and Hemeti, neither of whom has displayed a willingness to address the root causes of the chronic internal unrest and instability that has plagued the country for decades. Indeed, both leaders have been accused of deliberately enflaming tensions in the periphery in pursuit of victory at the center.

The economy recorded modest real GDP growth of 0.5% in 2021, and the prospects for an improvement on that performance last year hinged on favorable conditions for agriculture and mining and a boost to private consumption and investment from increased financial flows made possible by Sudan's removal from the US State Department's list of state sponsors of terrorism. In combination, the October 2021 coup and Russia's invasion of Ukraine effectively pulled the foundation of a recovery from under the economy, which registered an annual real contraction for the fourth time in five years in 2022.

The outbreak of civil war has only compounded the economic distress. Control of ports and internal distribution routes by competing armed factions has hampered such economic activity that was not directly disrupted by warfare. According to the UN, nearly one-half of the population is grappling with food insecurity and an estimated six million people are at risk of starvation.

The economy will record a double-digit real contraction in 2023, and even the best-case scenario is grim in the near term. Inflation looks set to remain firmly in triple digits on average this year. The bigger question is just how bad conditions might get, and at present there is little reason for even cautious optimism.

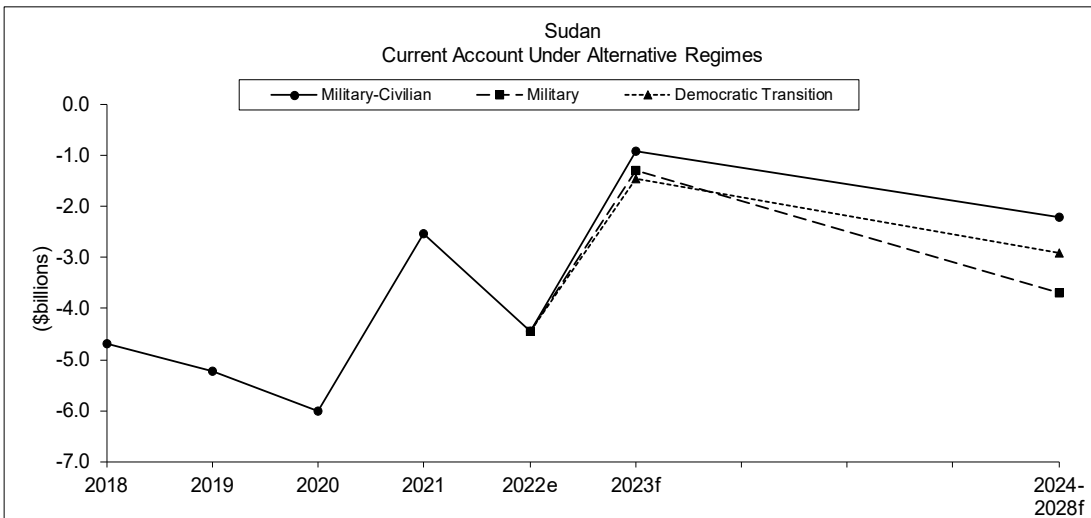
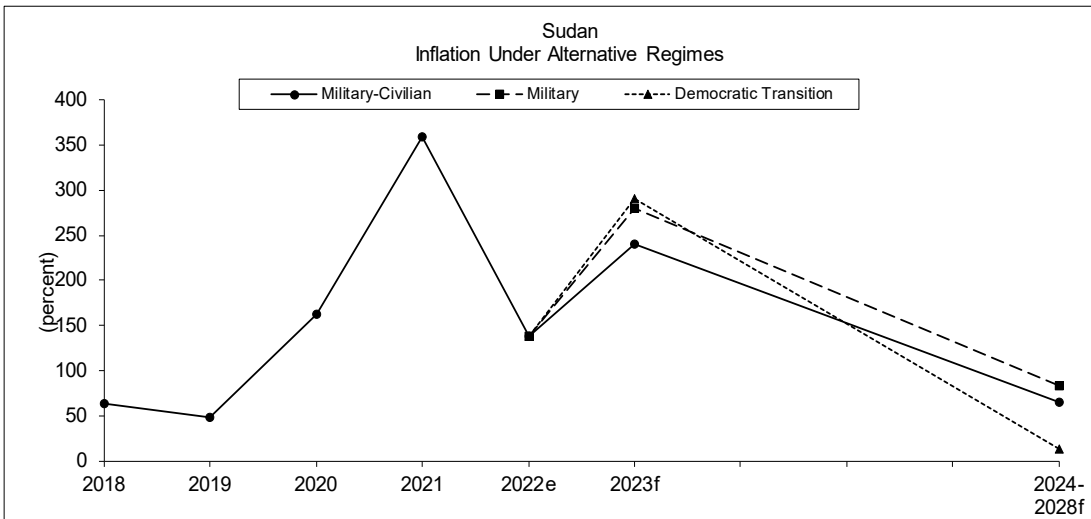
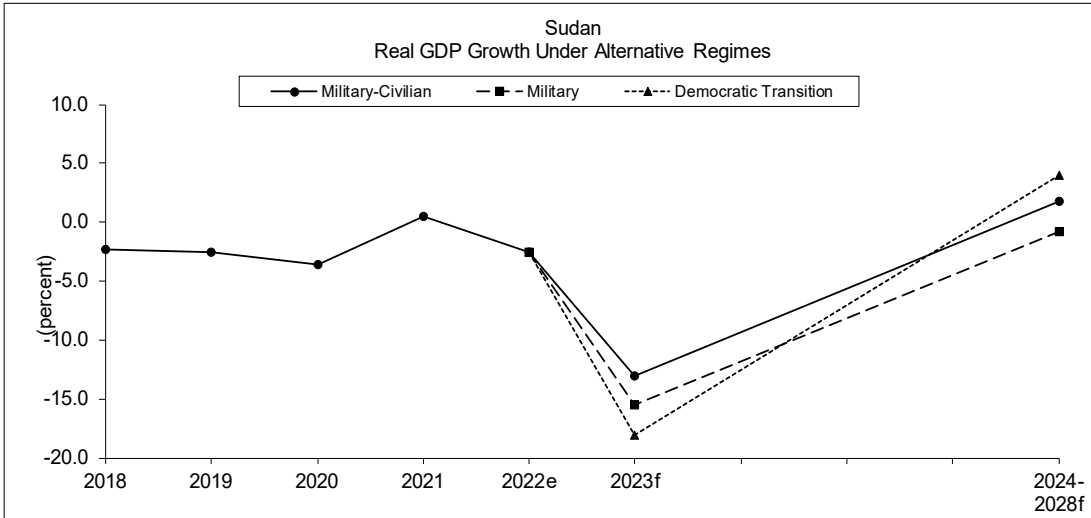
ECONOMIC FORECASTS FOR THE THREE ALTERNATIVE REGIMES

	Military-Civilian			Military			Democratic Transition		
	GROWTH (%)	INFLATION (%)	CACC (\$bn)	GROWTH (%)	INFLATION (%)	CACC (\$bn)	GROWTH (%)	INFLATION (%)	CACC (\$bn)
2023	-13.0	240.0	-0.90	-15.5	280.0	-1.30	-18.0	290.0	-1.45
2024-2028	1.8	65.0	-2.20	-0.8	83.0	-3.70	4.0	13.1	-2.90

REGIME, BUSINESS & INVESTMENT FORECASTS

SUMMARY OF 18-MONTH FORECAST				
REGIMES & PROBABILITIES		Military 60%	Military-Civilian 30%	Democratic Transition 10%
RISK FACTORS	CURRENT			
Turmoil	High	MUCH MORE	MORE	MORE
Investment				
Equity	High	SLIGHTLY MORE	SLIGHTLY LESS	SLIGHTLY LESS
Operations	Very High	MORE	SLIGHTLY LESS	LESS
Taxation	Moderate	SLIGHTLY MORE	SLIGHTLY MORE	Same
Repatriation	Moderate	SLIGHTLY MORE	SLIGHTLY MORE	Same
Exchange	Moderate	MORE	SLIGHTLY MORE	Same
Trade				
Tariffs	High	Same	Same	Same
Other Barriers	Moderate	MORE	MORE	SLIGHTLY MORE
Payment Delays	High	MORE	MORE	Same
Economic Policy				
Expansion	Very High	MORE	MORE	SLIGHTLY MORE
Labor Costs	Moderate	Same	Same	Same
Foreign Debt	Moderate	MUCH MORE	MUCH MORE	MORE
SUMMARY OF FIVE-YEAR FORECAST				
REGIMES & PROBABILITIES		*Military-Civilian 50%	Military 30%	Democratic Transition 20%
RISK FACTORS	BASE			
Turmoil	High	Same	MORE	SLIGHTLY LESS
Restrictions				
Investment	High	SLIGHTLY LESS	Same	SLIGHTLY LESS
Trade	High	SLIGHTLY LESS	Same	LESS
Economic Problems				
Domestic	Very High	SLIGHTLY LESS	Same	LESS
International	High	SLIGHTLY LESS	SLIGHTLY MORE	LESS

* When present, indicates forecast of a new regime



Sudan Econometric Data

	2013-2017 Average	2018-2022 Average	2013	2014	2015	2016	2017
Domestic Economic Indicators							
GDP (Nominal, \$bn)	58.57	37.56	52.89	60.73	65.43	64.89	48.91
Per Capita GDP (\$)	1517	857	1435	1609	1693	1639	1207
Real GDP Growth Rate (%)	3.5	-2.1	5.2	2.7	4.3	4.8	0.7
Inflation Rate (%)	28.1	154.4	36.5	36.9	16.9	17.6	32.6
Capital Investment (\$bn)	10.13	2.83	9.31	8.99	8.65	10.06	13.65
Capital Investment/GDP (%)	17.8	8.1	17.6	14.8	13.2	15.5	27.9
Budget Revenues (\$bn)	4.63	3.11	5.08	5.34	5.49	3.96	3.28
Budget Revenues/GDP (%)	7.9	8.1	9.6	8.8	8.4	6.1	6.7
Budget Expenditures (\$bn)	7.41	5.00	8.09	8.20	8.00	6.49	6.26
Budget Expenditures/GDP (%)	12.8	13.5	15.3	13.5	12.2	10.0	12.8
Budget Balance (\$bn)	-2.78	-1.89	-3.01	-2.86	-2.51	-2.53	-2.98
Budget Balance/GDP (%)	-4.8	-5.4	-5.7	-4.7	-3.8	-3.9	-6.1
Money Supply (M1, \$bn)	11.39	8.93	8.74	8.47	9.68	11.77	18.31
Change in Real Wages (%)	-8.2	-87.3	-4.2	-1.1	-3.0	-2.9	-30.0
Unemployment Rate (%)	19.4	25.8	15.2	19.8	21.6	20.6	19.6
International Economic Indicators							
Foreign Direct Investment (\$bn)	1.42	0.79	1.69	1.25	1.87	1.13	1.15
Forex Reserves (\$bn)	0.81	1.72	1.23	1.10	0.66	0.52	0.54
Gross Reserves (ex gold, \$bn)	0.99	2.08	1.42	1.28	0.83	0.70	0.70
Gold Reserves (\$bn)	0.00	0.19	0.00	0.00	0.00	0.00	0.02
Gross reserves (inc gold, \$bn)	0.99	2.27	1.42	1.28	0.83	0.70	0.72
Total Foreign Debt (\$bn)	59.06	67.94	51.99	47.55	55.82	68.52	71.41
Total Foreign Debt/GDP (%)	102.7	186.7	98.3	78.3	85.3	105.6	146.0
Debt Service (\$bn)	0.04	0.24	0.22	0.00	0.00	0.00	0.00
Debt Service/XGS (%)	0.5	3.3	2.7	0.0	0.0	0.0	0.0
Current Account (\$bn)	-4.72	-4.58	-5.82	-3.54	-5.44	-4.21	-4.61
Current Account/GDP (%)	-8.2	-12.6	-11.0	-5.8	-8.3	-6.5	-9.4
Current Account/XGS (%)	-67.6	-64.9	-71.0	-44.1	-87.7	-70.8	-64.2
Exports (\$bn)	3.92	4.08	4.79	4.45	3.17	3.09	4.10
Imports (\$bn)	8.22	8.56	8.73	8.11	8.56	7.48	8.22
Trade Balance (\$bn)	-4.30	-4.48	-3.94	-3.66	-5.39	-4.39	-4.12
Exports of Services (\$bn)	1.58	1.47	1.26	1.57	1.73	1.54	1.78
Income, credit (\$bn)	0.02	0.17	0.01	0.04	0.02	0.01	0.00
Transfers, credit (\$bn)	1.60	1.91	2.14	1.97	1.28	1.31	1.30
Exports G&S (\$bn)	7.11	7.63	8.20	8.03	6.20	5.95	7.18
Liabilities (\$bn)	5.94	13.55	3.21	4.68	6.15	7.55	8.09
Net Reserves (\$bn)	-4.95	-11.28	-1.79	-3.40	-5.32	-6.85	-7.37
Liquidity (months import cover)	-7.4	-16.2	-2.5	-5.0	-7.5	-11.0	-10.8
Currency Exchange Rate	10.126	248.069	5.938	7.257	7.846	11.465	18.123
Currency Change (%)	-20.4	-47.4	-39.8	-18.2	-7.5	-31.6	-5.1
Social Indicators							
Population (million)	38.67	43.71	36.85	37.74	38.65	39.58	40.53
Population Growth (%)	2.4	2.5	2.4	2.4	2.4	2.4	2.4
Infant Deaths/1000	46	42	48	47	46	46	45
Persons under Age 15 (%)	42	41	42	42	42	42	42
Urban Population (%)	34	35	34	34	34	34	34
Urban Growth (%)	3.0	3.7	5.5	2.4	2.4	2.4	2.4
Literacy % pop.	75	76	72	76	76	76	76
Agricultural Work Force (%)	43	40	43	43	43	42	42
Industry-Commerce Work Force (%)	15	15	16	15	14	15	14
Services Work Force (%)	43	45	41	42	43	43	44
Unionized Work Force (%)	30	30	30	30	30	30	30
Energy - total consumption (10 ¹⁵ Btu)	0.32	0.36	0.29	0.30	0.30	0.36	0.37
Energy - consumption/head (10 ⁹ Btu)	0.01	0.01	0.01	0.01	0.01	0.01	0.01

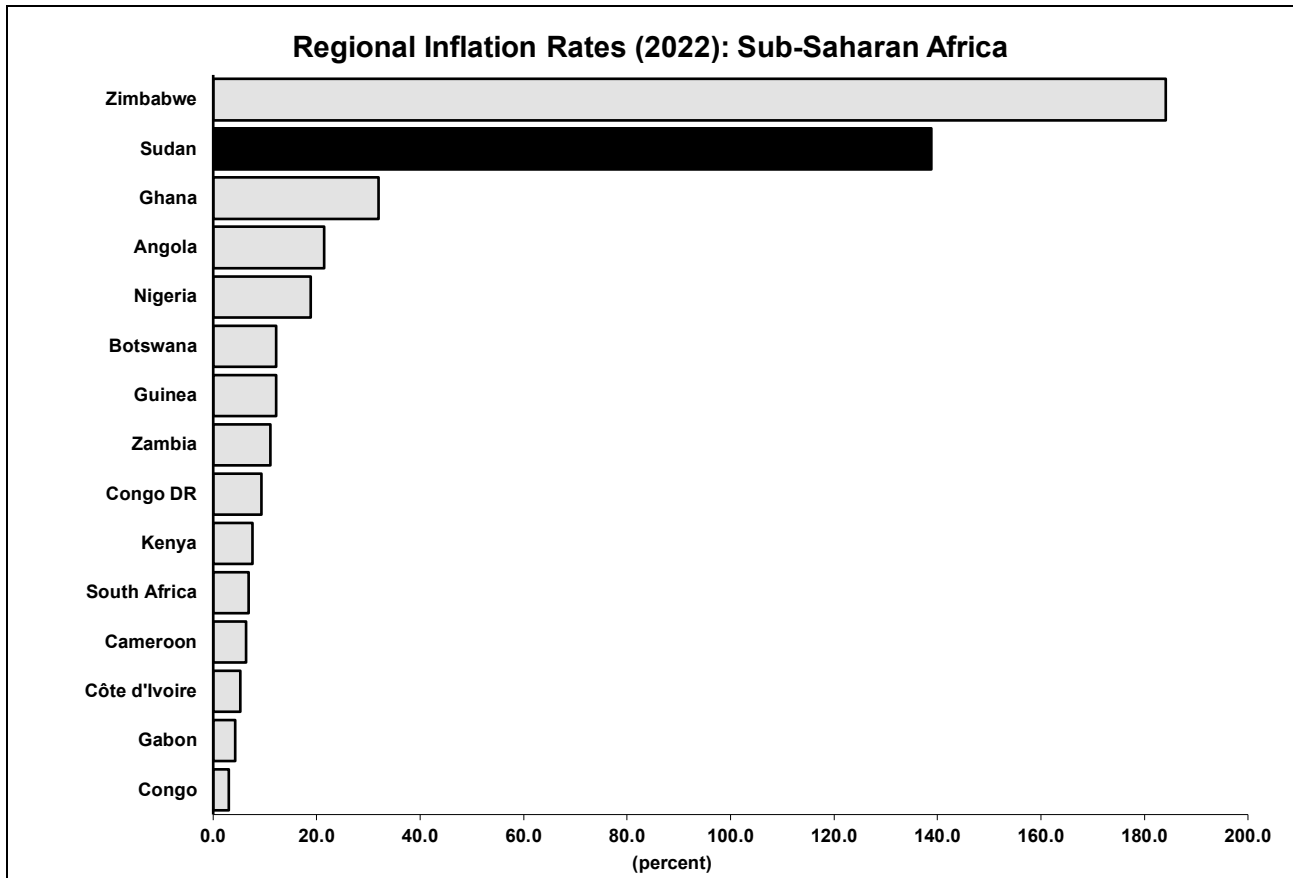
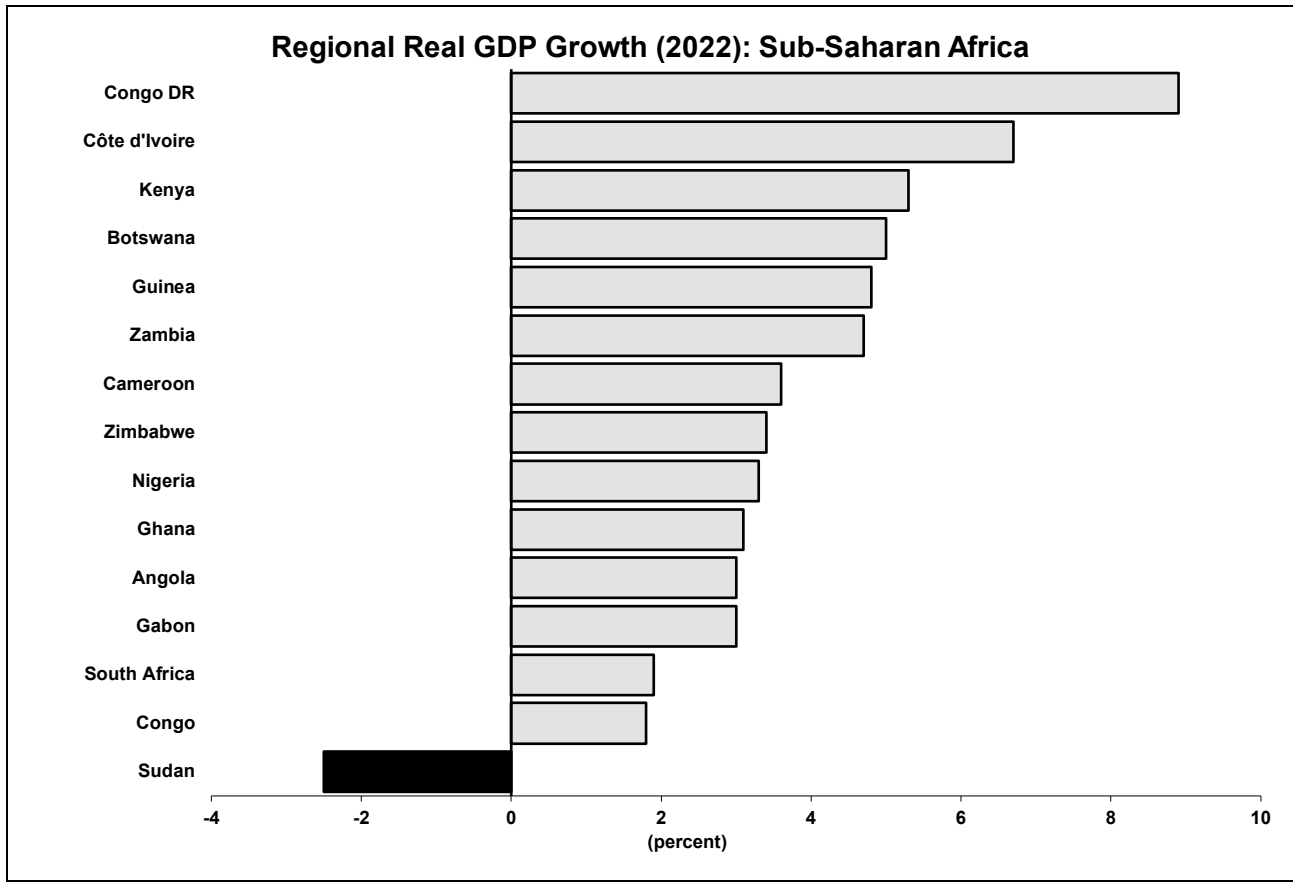
Note: 2011 Real GDP includes South Sudan for the first half of the year

Sudan Econometric Data

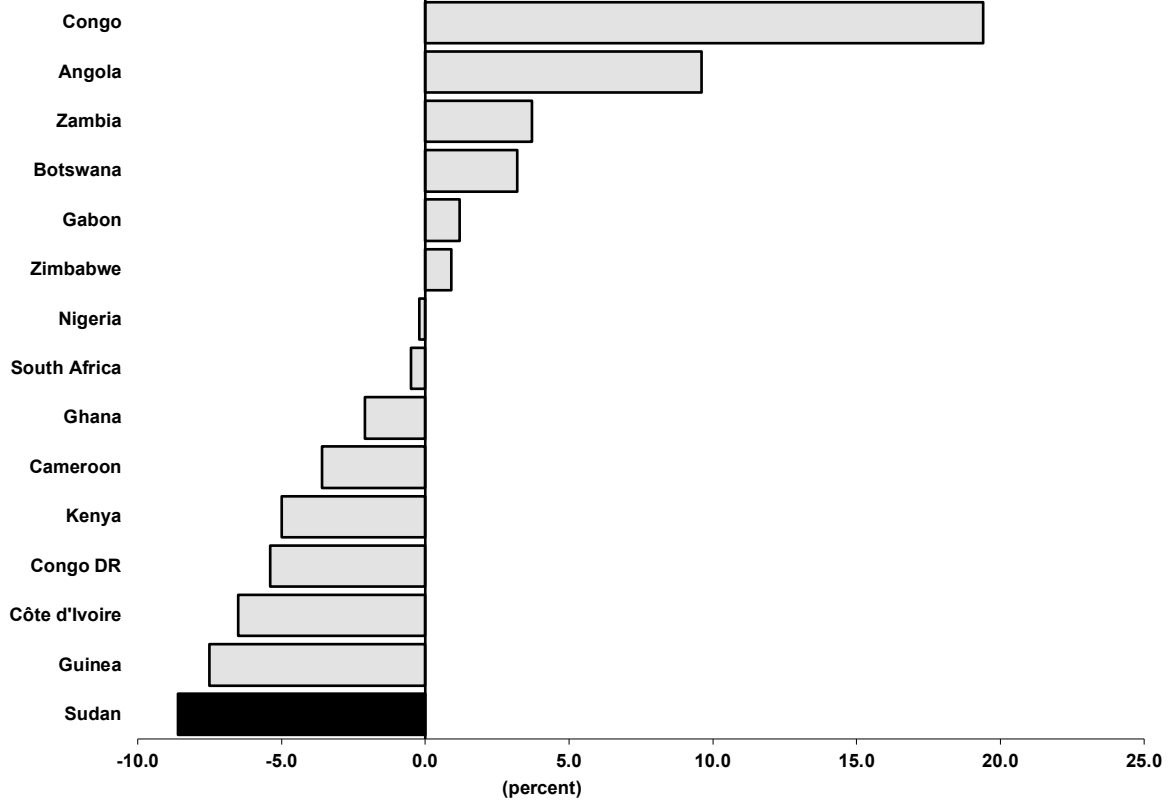
	2013-2017 Average	2018-2022 Average	2018	2019	2020	2021	2022
Domestic Economic Indicators							
GDP (Nominal, \$bn)	58.57	37.56	33.43	33.56	34.41	34.74	51.66
Per Capita GDP (\$)	1517	857	806	790	785	774	1128
Real GDP Growth Rate (%)	3.5	-2.1	-2.3	-2.5	-3.6	0.5	-2.5
Inflation Rate (%)	28.1	154.4	62.9	47.8	163.3	359.1	138.8
Capital Investment (\$bn)	10.13	2.83	3.28	3.39	3.03	3.34	1.13
Capital Investment/GDP (%)	17.8	8.1	9.8	10.1	8.8	9.6	2.2
Budget Revenues (\$bn)	4.63	3.11	2.98	2.62	1.65	3.30	4.99
Budget Revenues/GDP (%)	7.9	8.1	8.9	7.8	4.8	9.5	9.7
Budget Expenditures (\$bn)	7.41	5.00	5.62	6.28	3.68	3.40	6.03
Budget Expenditures/GDP (%)	12.8	13.5	16.8	18.7	10.7	9.8	11.7
Budget Balance (\$bn)	-2.78	-1.89	-2.64	-3.66	-2.03	-0.10	-1.04
Budget Balance/GDP (%)	-4.8	-5.4	-7.9	-10.9	-5.9	-0.3	-2.0
Money Supply (M1, \$bn)	11.39	8.93	10.36	8.72	16.17	4.84	4.57
Change in Real Wages (%)	-8.2	-87.3	-45.0	-50.0	-122.5	-169.6	-49.3
Unemployment Rate (%)	19.4	25.8	19.5	22.1	26.8	28.3	32.1
International Economic Indicators							
Foreign Direct Investment (\$bn)	1.42	0.79	1.25	0.92	0.71	0.52	0.57
Forex Reserves (\$bn)	0.81	1.72	2.12	2.93	1.17	1.23	1.16
Gross Reserves (ex gold, \$bn)	0.99	2.08	2.26	3.05	1.48	1.89	1.74
Gold Reserves (\$bn)	0.00	0.19	0.00	0.00	0.13	0.45	0.37
Gross reserves (inc gold, \$bn)	0.99	2.27	2.26	3.05	1.61	2.34	2.11
Total Foreign Debt (\$bn)	59.06	67.94	61.18	66.75	84.86	62.74	64.16
Total Foreign Debt/GDP (%)	102.7	186.7	183.0	198.9	246.6	180.6	124.2
Debt Service (\$bn)	0.04	0.24	0.00	0.00	0.84	0.24	0.12
Debt Service/XGS (%)	0.5	3.3	0.0	0.0	12.6	2.4	1.3
Current Account (\$bn)	-4.72	-4.58	-4.68	-5.24	-6.00	-2.54	-4.44
Current Account/GDP (%)	-8.2	-12.6	-14.0	-15.6	-17.4	-7.3	-8.6
Current Account/XGS (%)	-67.6	-64.9	-77.9	-82.4	-90.5	-25.9	-47.7
Exports (\$bn)	3.92	4.08	3.48	3.73	3.80	5.03	4.36
Imports (\$bn)	8.22	8.56	7.07	8.36	8.50	8.90	9.99
Trade Balance (\$bn)	-4.30	-4.48	-3.59	-4.63	-4.70	-3.87	-5.63
Exports of Services (\$bn)	1.58	1.47	1.51	1.37	1.26	1.64	1.55
Income, credit (\$bn)	0.02	0.17	0.13	0.10	0.06	0.11	0.47
Transfers, credit (\$bn)	1.60	1.91	0.89	1.16	1.51	3.04	2.93
Exports G&S (\$bn)	7.11	7.63	6.01	6.36	6.63	9.82	9.31
Liabilities (\$bn)	5.94	13.55	16.33	8.27	13.25	20.30	9.62
Net Reserves (\$bn)	-4.95	-11.28	-14.07	-5.22	-11.64	-17.96	-7.51
Liquidity (months import cover)	-7.4	-16.2	-23.9	-7.5	-16.4	-24.2	-9.0
Currency Exchange Rate	10.126	248.069	40.737	60.474	150.372	425.538	563.226
Currency Change (%)	-20.4	-47.4	-55.5	-32.6	-59.8	-64.7	-24.4
Social Indicators							
Population (million)	38.67	43.71	41.50	42.50	43.85	44.91	45.79
Population Growth (%)	2.4	2.5	2.4	2.4	3.2	2.4	2.0
Infant Deaths/1000	46	42	44	43	43	41	40
Persons under Age 15 (%)	42	41	41	41	41	41	41
Urban Population (%)	34	35	35	35	35	36	36
Urban Growth (%)	3.0	3.7	5.4	2.4	3.2	5.3	2.0
Literacy % pop.	75	76	76	76	76	76	76
Agricultural Work Force (%)	43	40	41	41	40	40	40
Industry-Commerce Work Force (%)	15	15	15	14	16	15	15
Services Work Force (%)	43	45	44	45	44	45	45
Unionized Work Force (%)	30	30	30	30	30	30	30
Energy - total consumption (10 ¹⁵ Btu)	0.32	0.36	0.37	0.36	0.36	0.36	0.36
Energy - consumption/head (10 ⁹ Btu)	0.01	0.01	0.01	0.01	0.01	0.01	0.01

Note: 2011 Real GDP includes South Sudan for the first half of the year

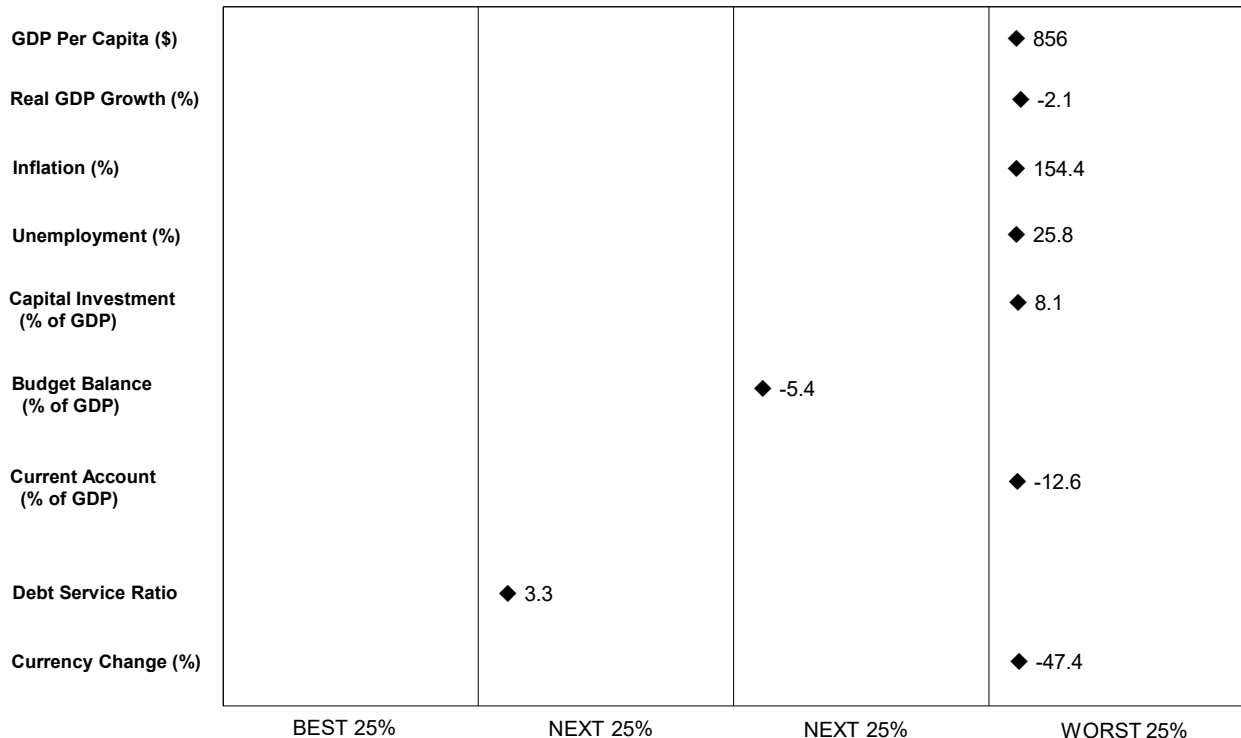
INTRA-REGIONAL COMPARISONS



Regional Current Account/GDP (2022): Sub-Saharan Africa



Economic Performance Profile Country's Ranking Relative to All Countries Covered by Political Risk Services 2018-2022



GEOPOLITICAL & ECONOMIC ANALYSIS

TRANSITION DERAILED

The faltering effort to revive a political transition derailed by the October 2021 coup that ended a power-sharing arrangement between the military faction headed by Lt.-Gen. Abdel Fattah Abdelrahman al-Burhan and civilian leaders in the Forces for Freedom and Change (FFC) collapsed entirely in April 2023, as long-simmering tensions between Burhan and his second-in-command within the Transitional Military Council (TMC), Gen. Muhammad Hamdan Dagalo (aka Hemeti), erupted into armed conflict in the streets of Khartoum. The fighting subsequently spread to other parts of the country, and attempts at mediation by the so-called “Quad” (the US, Saudi Arabia, Egypt, and the UK), the African Union (AU), and the Intergovernmental Authority on Development (IGAD), all supported by the UN, have made no substantive progress toward ending the conflict, which has forced more than 4 million people to flee their homes (increasing the internally displaced population to an estimated 7.1 million, or close to one-sixth of the population) and could pose a threat to regional stability if not contained.

Burhan has retained the support of the Sudanese Armed Forces (SAF) and remains the country’s *de facto* president, but he has relocated his headquarters to Port Sudan, while Hemeti’s Rapid Support Forces (RSF) control most areas of the capital. Apart from the main fighting between the rival military factions, there are reports of a renewed campaign of ethnic cleansing by Arab militias linked to the RSF in the western province of Darfur, and the Sudan People’s Liberation Movement-North (SPLM-N), one of several rebel groups that signed a landmark peace agreement in 2020, has once again taken up arms against the SAF in its home base of South Kordofan.

The rival commanders are both seeking external assistance, a strategy that in Burhan’s case includes securing the international community’s recognition of his regime’s legitimacy. Toward that end, he has pledged to assist the International Criminal Court (ICC) in bringing the perpetrators of abuses in Darfur to justice. However, his refusal to permit the SAF to similarly be held to account for its actions has been a persistent impediment to building broad national consensus behind a transition plan that is acceptable to civilian leaders and the TMC.

The junta and the main faction of the FFC approved a framework deal late last year that provided for a two-year transition to national elections and the restoration of civilian-led government, under which the military would wield only limited power through its participation in a security and defense council headed by the prime minister. However, many of the thorniest issues, including transitional justice and reform of the military, were left to be hammered out in a second phase of negotiations.

A minority faction of the FFC, the so-called “resistance committees” that spearheaded the 2019 protests that toppled President Omar al-Bashir from power, opposes any political role whatsoever for the SAF and

assailed the civilian leadership's failure to demand legal accountability for Burhan, Hemeti, and other top military leaders as a condition for signing on to the transition plan. Opponents of the deal immediately organized protest demonstrations, which predictably were met with harsh reprisals by the security forces. However, the regime faced new threats in the form of renewed deadly conflict in Darfur and the outbreak of fighting between tribal militias and SAF forces in eastern Sudan.

It was against that backdrop that a disagreement within the TMC over the future status of the RSF plunged the country into civil war. The December 2022 plan proposed Hemeti's elevation to equal status with Burhan within the military hierarchy and the RSF's integration into the SAF. The proposal met resistance from SAF hardliners who opposed a merger with a militia force they viewed as inferior and from RSF commanders concerned that integration would mean reduced authority and compensation. The divergent preferences of Burhan and Hemeti regarding the timeline for the integration of forces—two years and 10 years, respectively—was another sticking point.

The impasse over reforming the military delayed the implementation of other elements of the agreement, reinforcing the skepticism of political factions and armed groups that opposed the plan and heightening the risk of a further escalation of civil unrest. As tensions rose, Burhan and Hemeti prepared their respective forces to battle one another, each claiming that his rival was undermining the transition.

NO END IN SIGHT

Mediation efforts have been hampered by the mistrust of one side or the other about the intentions of the various power brokers. Burhan claims that Kenyan President William Ruto is biased in favor of the RSF and has refused to cooperate with IGAD as long as he is heading the body's mediation team. In June, the junta declared UN Special Envoy to Sudan Volker Perthes to be *persona non grata* and threatened to expel the country's UN mission (UNITAMS) after Perthes, who resigned from his post in September, condemned both of the warring factions and warned that peace would require accountability for abuses in a final report to the Security Council.

The administration in Port Sudan enjoys the strong support of Egypt, which views Burhan as a reliable ally in its ongoing dispute with Ethiopia over control of the water supply from the Nile River. But officials in Cairo are keen to protect against a refugee crisis, as are all of Sudan's neighbors, and Egypt has called upon the governments of all countries bordering Sudan to work together to end the violence. Unfortunately, that group includes Chad and Central African Republic, whose own coup-born military governments are preoccupied with other concerns, and Ethiopia, which is loath to see unrest in Sudan disturb the peace achieved in Tigray but may be reluctant to speed the end of a Sudanese conflict that has distracted Khartoum from the controversy surrounding the Grand Ethiopian Renaissance Dam.

On the other side, the UAE is alleged to have provided help to the RSF, a claim denied by Abu Dhabi, which has supported the mediation efforts of the Quad. Hemeti has cultivated a relationship with Russia, although the uncertain future of the Wagner Group paramilitary organization, which has served as the RSF's main link to the Kremlin, makes it difficult to predict what role Moscow might play (for good or ill) in the ongoing conflict in Sudan.

Salva Kiir, the president of South Sudan, is the latest regional leader to try his hand at ending the war between the SAF and the RSF. South Sudan's dependence on Sudan's pipelines to ship its oil overseas has created an incentive for Kiir to scrupulously avoid the appearance of choosing sides in the battle between Burhan and Hemeti, a strategy that gives him credibility as an honest broker.

However, there are a multitude of issues to be addressed beyond the immediate disagreements between Burhan and Hemeti, neither of whom has displayed a willingness to address the root causes of the chronic internal unrest and instability that has plagued the country for decades. Indeed, both leaders have been accused of deliberately enflaming tensions in the periphery in pursuit of victory at the center.

ECONOMIC DISASTER

The stalling of the transition has cost Sudan billions of dollars in financial support from the US and other international partners, who suspended aid flows following the October 2021 coup. A depleted treasury has left the government unable to finance its normal operations, including the payment of public-sector salaries, and the UN has noted that the cessation of foreign support has made it difficult for the government to meet its obligations under the peace agreement with the rebel groups. The Finance Ministry has attempted to offset the lost revenues by hiking tax rates and increasing fines, a strategy that has prompted strikes by workers, shop owners, and professional groups already burdened by triple-digit inflation.

At the same time, Sudan is facing a humanitarian crisis stemming from severe food shortages, the result of drought conditions in the country and a lack of foreign exchange to purchase imports of food. The problem was compounded by war-related disruptions to agricultural production in Ukraine and sanctions imposed on Russia, which contributed to a steep rise in global food prices and shortages of fertilizer and other agricultural inputs.

The signs of a brewing economic disaster were apparent even before the outbreak of war in Europe. The cash-strapped government slashed subsidies for fuel, electricity, and bread, resulting in steep increases in retail prices, the inflationary impact of which was reinforced by global price shocks. The 2022 budget projected a 145% increase in tax revenues and a 140% increase in revenues from commodities and services. The implied strategy of squeezing income from an already agitated population made plain the desperate state of public finances.

The economy recorded modest real GDP growth of 0.5% in 2021, and the prospects for an improvement on that performance last year hinged on favorable conditions for agriculture and mining and a boost to private consumption and investment from increased financial flows made possible by Sudan's removal from the US State Department's list of state sponsors of terrorism. In combination, the October 2021 coup and Russia's invasion of Ukraine effectively pulled the foundation of a recovery from under the economy, which registered an annual real contraction for the fourth time in five years in 2022.

The outbreak of civil war has only compounded the economic distress. Control of ports and internal distribution routes by competing armed factions has hampered such economic activity that was not directly disrupted by warfare. Large sections of Khartoum have been leveled by airstrikes carried out by the SAF to protect its remaining strongholds in the capital, and population displacement has turned the city into a ghost town. According to the UN, nearly one-half of the population is grappling with food insecurity and an estimated six million people are at risk of starvation.

The economy will record a double-digit real contraction in 2023, and even the base-case scenario is grim in the near term. Inflation looks set to remain firmly in triple digits on average this year. The bigger question is just how bad conditions might get, and at present there is little reason for even cautious optimism.

INTERNATIONAL COUNTRY RISK GUIDE (ICRG) RATINGS

PRS' Country Reports and Economic Forecasts (CREF) and the International Country Risk Guide (ICRG) have been independently back-tested for accuracy and relevance for over 40 years.

In a landmark 2014 study published in the International Journal of Business Studies* – using data on political risk claims and a unique textual-based database of risk realizations – both CREF and ICRG forecasts were found to have “predictive power for both political risk insurance claims as well as political risk events measured by news coverage.”

It is therefore instructive to present the scores from Table 1 of the ICRG for a complimentary look at the composite risk scores – calculated by using a combination of the overall political, financial, and economic risk metrics – for the 141+ countries covered each month. Please contact custserv@prsgroup.com for more information.

TABLE 1
COUNTRY RISK, RANKED BY COMPOSITE RISK RATING
OCTOBER 2023 VERSUS NOVEMBER 2022

RANK IN 10/23	COUNTRY	COMPOSITE RISK RATING 10/23	COMPOSITE RISK RATING 11/22	10/23 VERSUS 11/22	RANK IN 11/22
<i>Very Low Risk</i>					
1	Norway	86.0	87.0	-1.0	2
1	Switzerland	86.0	87.3	-1.3	1
3	Luxembourg	85.8	86.0	-0.3	3
4	Denmark	84.8	84.3	0.5	6
5	Taiwan	84.5	84.3	0.3	6
6	Singapore	84.3	85.8	-1.5	4
7	Ireland	83.8	82.3	1.5	8
8	Saudi Arabia	82.5	85.5	-3.0	5
9	Brunei	81.8	79.5	2.3	16
10	Canada	80.8	82.0	-1.3	10
10	Iceland	80.8	80.5	0.3	14
10	Qatar	80.8	78.8	2.0	17

* C Harvey, et al., “Political Risk Spreads,” Journal of International Business Studies, (2014), 471-493.

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RANK IN 10/23	COUNTRY	COMPOSITE RISK RATING 10/23	COMPOSITE RISK RATING 11/22	10/23 VERSUS 11/22	RANK IN 11/22
13	United Arab Emirates	80.5	82.3	-1.8	8
14	Netherlands	80.3	79.8	0.5	15
15	Kuwait	80.0	80.8	-0.8	13
<i>Low Risk</i>					
16	Japan	79.8	76.3	3.5	26
16	Sweden	79.8	81.0	-1.3	12
18	Korea, Republic	79.5	77.8	1.8	22
19	Australia	79.3	81.3	-2.0	11
19	Botswana	79.3	77.0	2.3	24
21	Finland	78.8	78.3	0.5	20
21	New Zealand	78.8	76.0	2.8	27
23	Germany	78.5	78.8	-0.3	17
24	Hong Kong	78.0	74.0	4.0	36
25	Trinidad & Tobago	77.0	77.5	-0.5	23
26	Bahamas	76.8	71.0	5.8	55
26	Portugal	76.8	75.5	1.3	31
28	Austria	76.5	78.5	-2.0	19
28	Oman	76.5	78.3	-1.8	20
30	Czech Republic	75.8	75.5	0.3	31
31	Kazakhstan	75.5	76.0	-0.5	27
32	Guyana	75.3	75.8	-0.5	30
33	Uzbekistan	74.8	73	2.3	43
34	Belgium	74.5	74.5	0.0	35
34	Italy	74.5	73.5	1.0	38
36	Malaysia	74.3	73.5	0.8	38
37	Croatia	73.8	73.8	0.0	37
37	Libya	73.8	70.8	3.0	59
37	Malta	73.8	74.8	-1.0	34

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RANK IN 10/23	COUNTRY	COMPOSITE RISK RATING 10/23	COMPOSITE RISK RATING 11/22	10/23 VERSUS 11/22	RANK IN 11/22
37	Panama	73.8	73.5	0.3	38
37	Slovenia	73.8	73.0	0.8	41
37	United Kingdom	73.8	76.8	-3.0	25
37	Uruguay	73.8	75.3	-1.5	33
44	Azerbaijan	73.3	72.5	0.8	43
45	Costa Rica	73.0	72.0	1.0	48
46	Latvia	72.8	71.5	1.3	52
47	Jamaica	72.5	72.3	0.3	46
47	Spain	72.5	72.8	-0.3	42
49	Dominican Republic	72.3	72.5	-0.3	43
50	Brazil	71.8	70.0	1.8	65
50	Chile	71.8	71.8	0.0	49
50	France	71.8	72.3	-0.5	46
50	Israel	71.8	76.0	-4.3	27
54	Bulgaria	71.5	70.8	0.8	59
54	Philippines	71.5	70.8	0.8	59
54	Poland	71.5	71.0	0.5	55
54	Vietnam	71.5	70.8	0.8	59
58	Hungary	71.0	71.5	-0.5	52
58	India	71.0	70.3	0.8	63
60	Guatemala	70.8	71.0	-0.3	55
60	Thailand	70.8	65.0	5.8	88
62	United States	70.5	71.8	-1.3	49
63	China, Peoples' Rep.	70.0	69.5	0.5	67
Moderate Risk					
64	Cyprus	69.8	70.0	-0.3	65
64	Gabon	69.8	66.5	3.3	84
64	Lithuania	69.8	70.3	-0.5	63

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67	Bahrain	69.3	68.8	0.5	71
68	Estonia	69.0	71.5	-2.5	52
68	Indonesia	69.0	68.3	0.8	73
68	Papua New Guinea	69.0	69.3	-0.3	68
71	Greece	68.8	68.0	0.8	76
71	Mexico	68.8	68.3	0.5	73
73	Congo, Republic	68.5	64.3	4.3	94
73	Iraq	68.5	71.0	-2.5	55
73	Peru	68.5	68.0	0.5	76
76	Namibia	68.3	71.8	-3.5	49
76	Slovakia	68.3	68.8	-0.5	71
78	Algeria	67.8	69.3	-1.5	68
79	Romania	67.3	66.8	0.5	82
80	Ecuador	67.0	68.3	-1.3	73
80	Gambia	67.0	65.0	2.0	88
80	Honduras	67.0	66.8	0.3	82
83	Morocco	66.8	64.5	2.3	92
83	Russia	66.8	66.0	0.8	87
85	El Salvador	66.5	63.8	2.8	98
85	Mongolia	66.5	65.0	1.5	88
85	South Africa	66.5	67.3	-0.8	80
88	Tanzania	66.3	65.0	1.3	88
89	Armenia	66.0	60.0	6.0	110
90	Serbia	65.8	67.3	-1.5	80
91	Guinea-Bissau	65.3	64.0	1.3	96
91	Paraguay	65.3	64.3	1.0	94
93	Jordan	65.0	64.5	0.5	92
94	Albania	64.8	67.8	-3.0	79

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RANK IN 10/23	COUNTRY	COMPOSITE RISK RATING 10/23	COMPOSITE RISK RATING 11/22	10/23 VERSUS 11/22	RANK IN 11/22
95	Iran	64.3	66.5	-2.3	84
96	Bolivia	64.0	66.5	-2.5	84
96	Cote d'Ivoire	64.0	62.3	1.8	105
98	Colombia	63.8	64.0	-0.3	96
98	Nicaragua	63.8	62.8	1.0	101
100	Bangladesh	63.5	62.5	1.0	103
100	Togo	63.5	63.3	0.3	100
102	Madagascar	63.0	62.5	0.5	3
103	Zambia	62.3	62.8	-0.5	101
104	Ghana	62.0	58.8	3.3	115
105	Cuba	61.8	69.3	-7.5	68
106	Cameroon	61.5	60.3	1.3	108
107	Moldova	61.3	59.0	2.3	114
107	Ukraine	61.3	51.8	9.5	133
109	Angola	60.5	68.0	-7.5	76
110	Mozambique	60.0	54.5	5.5	128
110	Uganda	60.0	59.3	0.8	113
High Risk					
112	Guinea	59.8	57.3	2.5	124
112	Tunisia	59.8	61.3	-1.5	107
114	Belarus	59.3	57.0	2.3	126
114	Senegal	59.3	58.3	1.0	119
114	Suriname	59.3	58.5	0.8	117
117	Burkina Faso	59.0	59.5	-0.5	111
118	Myanmar	58.3	55.8	2.5	127
119	Ethiopia	58.0	58.5	-0.5	117
120	Mali	57.8	58.8	-1.0	115
121	Zimbabwe	57.5	61.5	-4.0	106

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122	Egypt	57.3	57.8	-0.5	123
123	Congo, Dem. Republic	57.0	60.3	-3.3	108
123	Sierra Leone	57.0	53.5	3.5	131
125	Haiti	56.8	54.3	2.5	129
125	Kenya	56.8	58.3	-1.5	119
127	Argentina	56.3	63.8	-7.5	98
128	Nigeria	56.0	59.5	-3.5	111
129	Yemen, Republic	55.8	48.3	7.5	138
130	Turkey	55.5	54.3	1.3	129
131	Liberia	55.0	58.0	-3.0	121
131	Venezuela	55.0	58.0	-3.0	121
133	Sri Lanka	54.5	48.5	6.0	137
134	Malawi	52.3	51.0	1.3	134
135	Somalia	51.8	52.0	-0.3	132
Very High Risk					
136	Korea, D.P.R.	49.3	51.0	-1.8	134
136	Pakistan	49.3	51.0	-1.8	134
138	Niger	47.8	57.3	-9.5	124
139	Syria	44.5	43.8	0.8	139
140	Sudan	43.5	43.0	0.5	140
141	Lebanon	34.8	41.3	-6.5	141

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