

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) ^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	79.0
Life expectancy at birth, years ^b	65.3
Total GHG emissions (mtCO2e)	126.0

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

Broad destruction of the economic base due to the conflict has set the country back several decades. GDP is expected to contract by 12 percent in 2023, driven by substantial socioeconomic and infrastructure damage and lower consumption. This would result in a deterioration of households' welfare as the extreme poverty rate is projected to increase to 35.7 percent in 2024. Alongside a collapse in government revenues, significant currency pressure and supply-side disruptions are expected to cause a return to triple-digit inflation.

Key conditions and challenges

Entering the April 2023 conflict, the economy was already weak, having suffered five consecutive years of contraction. Attempts in 2019 to shift course via a brief transition to a reform-minded civilian government, re-engagement with the international community, and the launch of the Heavily Indebted Poor Country debt relief process, were derailed by a military takeover in 2021. The loss of an estimated US\$2 billion in annual foreign inflows, along with slow-downs in reforms and foreign investments, further depressed growth. Additional tax hikes, as the government attempted to compensate for forgone revenues, further depressed private sector activity.

In 2022, there was a fresh effort to transition to civilian administration: a framework political agreement was signed in December 2022, with elections planned for two years later. However, mounting tensions between the Sudanese Armed Forces and the Rapid Support Forces delayed the return to a civilian-led transitional government. The conflict that erupted in April 2023 destroyed the industrial base, halted services, and led to the erosion of state capacity amid high and rising levels of displacement and food insecurity. As of August 15, more than 4mn people have been displaced inside and outside the country. Per the UN, conflict-induced food scarcity has plunged 20.3mn people into severe acute hunger, of which 6.3mn (more than

1 in 10 people in Sudan) are facing emergency levels close to famine.

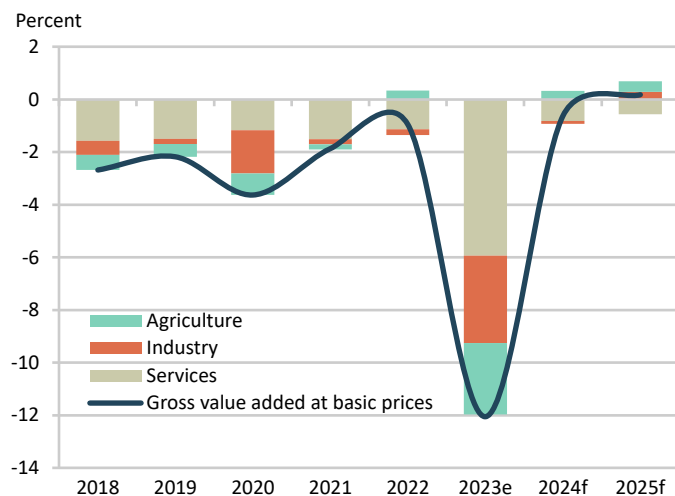
The broad destruction of the economic base will set the country back several decades. The erosion of state capacity to deliver basic services is expected to prolong reconstruction efforts and recovery from the conflict when it ends. The cost of the conflict to the economy is more starkly evident in the cumulative loss in GDP and GDP per capita.

Recent developments

GDP fell by an estimated 1 percent in 2022. The conflict has triggered a further collapse in activity, including wholesale/retail sales, restaurants, financial and ICT services, and damaged education and health facilities. Prior to April 2023, cereal production was improving due to better weather and a shift to less resource-intensive crops. Net exports, investment, and revenues were negligible prior to the outbreak of fighting in April 2023, but have since collapsed, while agricultural output and exports (gold, sesame, gum Arabic, and livestock) have been severely affected. Rising displacement and the devastation of the marketed surplus/incomes of agricultural households have weighed on consumption, which comprises roughly 94 percent of GDP.

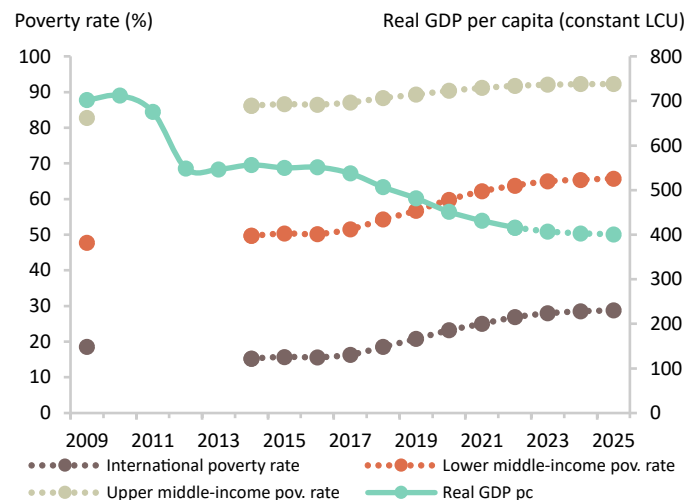
Fiscal pressures, already significant in recent years, have increased, while the ability to deliver basic services has been severely disrupted. Tax revenues were expected to contribute 68 percent to

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.

total revenues, but are now expected to fall to extremely low levels, with implications for non-military expenditures. Sudan faces a dire economic situation, with rapid currency depreciation as Sudan's central bank is forced to monetize a mounting government deficit, supply disruptions, and food shortages contributing to hyperinflation. Foreign reserves were already below one month's of import coverage at end-2022, and the state remains unable to access external financing due to its default status.

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 35 percent in 2023. The protracted economy and the ongoing conflict contributed to an estimated 15 percentage-point increase in extreme poverty.

Sudan's closest neighbors are shifting to alternative trade routes. Last year, Sudan imported almost 1.8 million tons of mainly Indian sugar, with much of it then going to Chad and the Central African Republic. Those countries are now importing

Brazilian sugar, which is routed through West African ports. As new trade routes are established, Port Sudan could lose its regional importance, with negative long-term consequences for the country.

Outlook

The conflict is expected to significantly affect the coming agricultural growing season, in turn worsening an already dire food security situation, with the number of people in need of humanitarian food assistance estimated at 25 million out of 42 million population, according to the UN.

The outlook remains highly uncertain; predicated on a gradual cessation of conflict over the coming year, it remains subject to large downside risks of prolonged conflict and tensions. Given conflict-related economic losses and destruction of infrastructure, a 12 percent GDP contraction is anticipated in 2023 (this follows a cumulative 11.3 percent decline since 2018). As economic activity stabilizes and households

and businesses adjust, a modest 0.6 percent decline is expected in 2024 and a slow recovery thereafter, amid limited external and domestic resources to support reconstruction. Agriculture will remain a mainstay for livelihoods, and rising agricultural output and exports of livestock, as well as mining and services should gradually support activity and incomes in coming years. The fiscal deficit is projected to narrow over the medium term, reflecting modest recovery in tax revenue collections; however, continued monetization should keep inflation high. The current account deficit is expected to widen modestly in the medium term and average 7.5 percent of GDP over 2023-25, reflecting Sudan's high import requirements due to the war and a partial recovery of exports.

Extreme poverty is expected to worsen with the massive destruction of infrastructure and limited access to essential services. Projections suggest that extreme poverty will steadily increase to 36 percent by 2025. A quick end to the conflict and a collaborative reconstruction effort are needed to reverse the trend of poverty in Sudan.

TABLE 2 Sudan / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2020	2021	2022	2023e	2024f	2025f
Real GDP growth, at constant market prices	-3.6	-1.9	-1.0	-12.0	-0.6	0.2
Private consumption	-3.4	-0.9	-0.8	-10.6	-0.2	1.1
Government consumption	-8.8	-9.6	1.9	-36.5	1.1	1.6
Gross fixed capital investment	-2.0	-2.1	1.2	-20.0	1.3	2.5
Exports, goods and services	5.2	8.0	12.0	-32.0	6.0	9.0
Imports, goods and services	-9.0	-0.5	8.7	-36.0	11.0	19.0
Real GDP growth, at constant factor prices	-3.6	-1.9	-1.0	-12.0	-0.6	0.1
Agriculture	-2.5	-0.6	1.0	-7.9	0.9	1.1
Industry	-5.7	-0.7	-0.7	-11.6	-0.4	1.0
Services	-3.0	-3.9	-3.0	-16.0	-2.3	-1.6
Inflation (consumer price index)	163.3	359.7	164.2	230.0	95.0	65.0
Current account balance (% of GDP)	-21.6	-7.3	-6.0	-0.6	-7.2	-7.8
Net foreign direct investment inflow (% of GDP)	-2.7	-1.6	-1.3	-0.6	-0.5	-0.4
Fiscal balance (% of GDP)	-5.9	-0.3	-1.7	-3.5	-3.0	-2.6
Revenues (% of GDP)	4.8	10.5	10.0	5.1	6.0	6.8
Debt (% of GDP)^a	281.4	215.6	183.6	167.3	157.9	149.5
Primary balance (% of GDP)	-5.9	-0.3	-1.4	-3.5	-2.9	-2.5
International poverty rate (\$2.15 in 2017 PPP)^{b,c}	27.3	30.6	33.3	35.0	35.7	36.0
Lower middle-income poverty rate (\$3.65 in 2017 PPP)^{b,c}	64.4	67.6	69.9	71.3	72.0	72.4
Upper middle-income poverty rate (\$6.85 in 2017 PPP)^{b,c}	91.9	92.9	93.6	93.8	94.0	94.0
GHG emissions growth (mtCO₂e)	-0.1	-0.3	-0.4	0.1	0.5	0.8
Energy related GHG emissions (% of total)	16.4	16.3	16.0	15.7	15.7	15.8

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.