

Sudan's Transition: Challenges and Opportunities

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Brief Analysis

Last year, the nonviolent protests of the Sudanese people triumphed over thirty years of oppression, as reflected in the Revolution's best-known slogan: "Freedom, peace, and justice." These three words represent the Sudanese people's yearning to bring these ideals to their country; pressure has led to a negotiation process culminating in a transitional political structure with sovereign, legislative, and executive branches tasked with turning these dreams into reality.

It was agreed that the executive branch would consist of qualified, nonpartisan officials in order to achieve the highest degree of consensus and protect it from partisan tensions. The transitional government was thus formed in [September 2019 \(\)](#) with Dr. Abdalla Hamdok as prime minister, an economist with experience in numerous fields including public sector reform, governance, and peace-building. His distinguished employment history includes the International Labour Organization and the Economic Commission for Africa.

Yet Dr. Hamdok, his government, and Sudan itself has faced a number of challenges over the past nine months, testing the governmental structure and raising the question of whether Sudan can stabilize its own economy during a global economic crisis. While the government has a series of options when it comes to domestic reforms, facilitating Sudan's reintegration into the global economy through the removal of sanctions while securing a political and security standard conducive to development is paramount towards the success of other reforms.

Fractured Politics and the Thorny Economic Question

Some consider the primary driver of the Revolution to have been public awareness, desire for self-realization, and the need to preserve their human dignity. Yet [Sudan's deteriorating economic conditions, which became particularly severe during the final years of the now-ousted president, served as the primary driver \(\)](#) for a large segment of the Sudanese people when protesting the old regime. The transitional government has now inherited the economic burden of its predecessor, along with empty coffers and squandered resources that have left it scant room to maneuver. [Though the Transitional Military Council initially received generous assistance from several countries—presumably motivated by political agendas \(—this assistance began to dwindle significantly once the government](#)

was formed. Many Sudanese have interpreted these aid offers as a failed attempt to tame the transitional government and create a regime to suit these countries' agendas.

Now, the transitional government faces tough choices on which of Sudan's many economic challenges it should first address. Among the variety of economic dilemmas (<https://www.reuters.com/article/us-sudan-protests-exclusive/exclusive-sudan-needs-up-to-10-billion-in-aid-to-rebuild-economy-new-pm-says-idUSKCN1VE0QZ>) faced by the government and its Ministry of Finance is how to balance its limited resources: should they be allocated towards meeting people's daily needs such as bread, fuel, and medicine, or towards strengthening the economic infrastructure in order to put Sudan on the first rungs of the ladder of development in the medium to long term?

This dilemma has put some of the groups representing the transitional government's political allies—the committee of experts from the civilian coalition Forces of Freedom and Change—at odds with the Finance Minister, whose vision for a solution involves restructuring public expenditures and prioritizing the reform of universal commodity subsidies, which the Minister sees as a burden draining resources and limiting the government's ability to redirect them. But talk of subsidy reform provokes the ire of some elements from within the political incubator, where several factions oppose such a move (<https://www.dabangasudan.org/en/all-news/article/economist-lifting-of-subsidies-in-sudan-leads-to-social-political-instability>) on ideological grounds. These groups see subsidy reform as an IMF policy aimed at impoverishing developing nations. Others oppose subsidy reform as an untimely move at present, arguing that crucial steps should first be taken to mitigate the adverse effects it would have on the already vulnerable strata of Sudan's population.

Within the context of consensus-building, the committee of experts from Forces of Freedom and Change—the political incubator—have put forward recommendations to address the economic problems without the need for commodity subsidy reform. These included the recovery of siphoned funds abroad, the restoration of the Ministry of Finance's jurisdiction over public funds, government control of companies in the military sector, and control of the production and export of gold and other commodities. These recommendations are good in substance, though some would be difficult to achieve during the transitional period.

Yet even taking this opposition to subsidy reform into consideration, it will be difficult for the transitional government, or for that matter any that follows it, to channel resources towards the productive sectors to foster growth or achieve development without reviewing Sudan's current policy of universal commodity subsidies. The policy has numerous drawbacks; a fiscal burden, it is also biased towards some Sudanese over others, favoring urban populations. Moreover, if the focus does not shift towards growing the Sudanese economy, Sudan's poor will remain trapped in a cycle of poverty that subsidies can soften but never break. Meanwhile, subsidies deplete natural resources, which could deprive future generations or reduce the share that is left for them.

These complicated discussions on a key economic issue also highlight how the current complexities of Sudan's political context cast a shadow on the performance of the transitional government. The Forces of Freedom and Change represent a broad alliance of interest, containing the Sudan Call movement and the National Consensus Forces—themselves multiparty coalitions—in addition to the Sudanese Professionals Association and other civilian groups.

Alongside Forces of Freedom and Change are movements of armed struggle including the Sudan Revolutionary Front and the Sudan People's Liberation Movement—North—with the latter containing factions led by Abdelaziz al-Hilu and by Malik Agar. There is also the Sudan Liberation Movement led by Abdul Wahid Mohamed el-Nur, which is not participating in the peace talks currently being held in Juba, the capital of South Sudan. The aforementioned political forces are classified as supportive of the transitional government, although the wide variation between their constituent parts limits their effectiveness and, as discussed above, there is a lack of consensus on the appropriate policies for a number of key issues.

Not all parties support the transitional government; Sudan's political landscape also features some Islamist organizations allied with the remnants of former dictator al-Bashir's dissolved National Congress Party (<https://www.reuters.com/article/us-sudan-politics-ncp/sudans-ex-ruling-party-condemns-law-dissolving-it-to-continue-reforms-idUSKBN1Y31P8>). These organizations consider the transitional government as leftist and seek to bring it down through protests and fomenting various crises. Resistance committees, the nonpartisan youth committees which were a pillar of the Revolution, remain the most influential actor, with their capacity for carrying out direct action through political protests.

Aside from civilian parties, Sudan's military component contains its own fractures. Its two factions—the Sudanese Armed Forces and the Rapid Support Forces—both have ambitions to gain more power and appear to be competing with one another surreptitiously. While Sudan's post-revolution political environment will not tolerate a coup or the return of military rule, the military component nonetheless represents the greatest threat to the transitional period and to the democratic process. Yet, if the fracture between the civil components is understood in the context of political competition, the rift and confrontation between military components is a significant risk that no one wishes to occur.

These political player disputes, combined with a lack of agreement on how to manage the economy, have led to paralysis and sluggishness in the performance of public finance management as well as that of other economic institutions. Thus, improved financial performance on the part of the transitional government continues to be impaired by the lack of consensus on reform priorities and methods for managing the economy.

Economic Sanctions and The Challenges of Economic Liberalization

Apart from its domestic economic woes, Sudan urgently needs to be reintegrated into the global economy. Indeed, without foreign cash inflows in the form of investments, developmental aid, and workers' remittances, and without access to closer bilateral relations and international markets, it is difficult to expect an economic rebirth for Sudan's closed, blockaded economy.

For many years, U.S. sanctions have represented one of the primary reasons behind the country's deteriorating economic performance. The most painful among them was the economic sanction issued in 1997, which isolated Sudan from the global economic system and its financial institutions. It became impossible to use banking networks for sending workers' remittances or money transfers related to foreign trade of imports and exports. Thus, the sanctions limited access to spare parts needed for railroad tracks and planes, reduced education exchanges opportunities, disrupted the transfer of knowledge, and hampered the ability for Sudanese to benefit from modern technologies.

The transitional government has undertaken numerous efforts to address the sanctions issue with the United States, including mutual visits and phone calls between the two sides. These efforts have borne some fruits: they have resulted in an agreement to upgrade diplomatic representation to the ambassadorial level. In addition, the sanctions were lifted on a number of private Sudanese companies in April (<https://www.france24.com/en/20200304-sudan-central-bank-announces-us-sanctions-lifted-on-157-companies>). To address the legal cases against Sudan in U.S. courts, settlements have been paid to families of the victims of the destroyer USS Cole despite transitional government's lack of funds. Now, the two countries are working towards a settlement of outstanding claims on the Sudanese government (<https://www.pri.org/stories/2020-05-25/state-dept-nearing-deal-over-1998-terrorism-victims-can-sudan-pay-it>), but the process is far from completion.

However, the ultimate goal of removing Sudan from the State Sponsors of Terrorism list remains a significant challenge, one that will have a direct impact on the success or failure of the transitional government. Sudan's presence on the list limits its economic capacity to receive much-needed resources, particularly aid offered by

international financial institutions. The situation also deters global banks from completing financial transactions to which Sudan is a party.

The denial of access to development assistance and concessional loans, along with global banks' reluctance to deal with Sudan, holds the transitional government hostage and leaves it subject to assistance from countries with political agendas for Sudan, such as the UAE and Saudi Arabia. In the long term, it is believed that such countries oppose any meaningful transition that would alter the balance of power within Sudan and produce a democratic state.

Despite vigorous efforts and an appeal from the UN Secretary-General Antonio Guterres to remove Sudan from the State Sponsors of Terrorism list and to support Sudan's attempted transition, progress remains slow. This has led a broad segment of the Sudanese people to feel that the U.S. administration has no real desire to support the democratic transition in Sudan. Consequently, if the transition fails, Sudanese will no doubt see the United States as bearing the largest share of the blame.

Conflict Resolution and the Cost of Peace Building

Sudan's deep wounds from decades of conflict also pose a formidable challenge to the new government. Since the secession of South Sudan, the regions of Darfur, Nuba Mountains and Blue Nile have continued to suffer from the scourge of war and the pain of displacement and instability. Achieving peace is among the most important goals of the Revolution; any efforts to achieve economic stability and developmental sustainability must rest on a groundwork of peace. As such, it is imperative to engage parts of the country that still have active war zone and conflict in peace building efforts. Sudan's history has proved that in war, the public budget and the people are losers while military generals are victorious.

Just as war is expensive, peace also has its requirements: on the economic side, substantial resources must be made available to address the issues of reparations, resettlement, demobilization, and reintegration, in addition to the delivery of basic services. Provision of resources is a challenge that the transitional government will be unable to handle on its own. The Prime Minister recognized this in his recent speech, where he called for the formation of a UN mission under Chapter VI mandate to address these issues. This type of international peace-building efforts represents one way to make available the necessary resources for achieving peace.

Vision, peace-building, and successful integration into the global economy are all necessary steps for Sudan. Even so, all these elements will still not be enough to put the economy on a sustainable path. These efforts must be accompanied by efficient institutions with high levels of both human and technological capacity. There can be no doubt that thirty years of dictatorial rule have shaped outmoded institutions in Sudan with a low level of efficiency specially when it comes to political and tribal empowerment, not to mention widespread corruption and an ineffective legal environment. Weak legal and governmental institutions curb the effective implementation of transitional government programs and therefore warrant institutional reform in conjunction with economic reforms.

Since the civilian transition takes place in a landscape of fractious political parties with volatile political structures, not even factoring in the country's armed movements and military component, its success will require leaders to have negotiating skills, a capacity for maneuverability, and perhaps regional or international oversight. Mechanisms must also be established so that those across the political arena can exchange opinions and perspectives and agree upon promoting the national agenda. Attempts to transition from a dictatorship to a democratic system go through a series of ups and downs, successes and failures; it is not a linear path. In order for the transition to succeed, those leading the change must recognize the formidable challenges that obstruct the way, and be prepared to work together to overcome them. The international community must recognize these efforts, and do everything it can to

ensure that the new Sudan is set up to succeed. With the leadership's alertness, the youth's rebellious passion, the support of friends, and a little of luck, we may see the success of the attempted transition and the birth of a different Sudan. ♦

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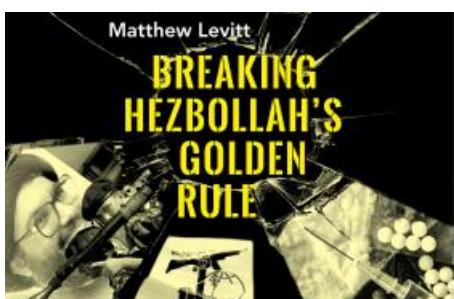
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