Sudan's economic freedom score is 47.7, making its economy the 166th freest in the 2019 Index. Its overall score has decreased by 1.7 points, with sharply lower scores for fiscal health and trade freedom outweighing an increase in government integrity. Sudan is ranked 41st among 47 countries in the Sub-Saharan Africa region, and its overall score is well below the regional and world averages.

Years of social conflict and civil war in Sudan have undermined investor confidence. The petroleum sector provides some economic stability, but other sectors face serious structural and institutional deficiencies. Currency risk was heightened in 2018 after repeated devaluations due to persistent hard currency shortages. Coupled with rising inflationary pressures, this further undermined investor sentiment and reduced private consumption and thus growth. Poor governance, weak rule of law, rigid labor markets, and an inefficient regulatory regime have impeded economic diversification and created a large informal economy.

**Background:** Islamic-oriented military regimes have dominated Sudanese politics since independence from Anglo-Egyptian rule in 1956. Omar Hassan al-Bashir, president since 1989, came to power in a military coup. He faces two international arrest warrants for alleged war crimes, crimes against humanity, and genocide in the Darfur conflict that has killed over 200,000 people. Decades of economic mismanagement and corruption precipitated an economic crisis in 2018 that featured inflation, food and water shortages, and street protests. The oil sector has driven much of Sudan’s GDP growth, but the secession of South Sudan cost Sudan two-thirds of its oil revenue. Close to half of the population is at or below the poverty line and reliant on subsistence agriculture.
There is little respect for private property, and enforcement is uneven. The judiciary is not independent, and years of political conflict have deformed the legal framework. Sudan is one of the world’s most corrupt nations. It was ranked 175th out of 180 countries in Transparency International’s 2017 Corruption Perceptions Index. Power and resources are concentrated in and around Khartoum.

The top personal income tax rate is 10 percent, and the top corporate tax rate is 35 percent. The overall tax burden equals 6.7 percent of total domestic income. Over the past three years, government spending has amounted to 10.6 percent of the country’s output (GDP), and budget deficits have averaged 1.6 percent of GDP. Public debt is equivalent to 126.0 percent of GDP.

Poor governance and inefficient regulations impede the development and diversification of the private sector. A large informal economy remains trapped by business regulations that inhibit registration and a rigid labor market that discourages formal hiring. In 2018, the government’s decision to remove fuel subsidies and eliminate wheat subsidies spiked inflation and led to widespread and violent street protests.

The combined value of exports and imports is equal to 21.5 percent of GDP. The average applied tariff rate is 17.5 percent, and nontariff barriers impose additional severe impediments on trade flows. Investment remains largely reserved for the hydrocarbon sector. Access to credit remains limited. About 17 percent of adult Sudanese have access to an account with a formal banking institution.