Sudan’s economic freedom score is 45.0, making its economy the 173rd freest in the 2020 Index. Its overall score has decreased by 2.7 points due to a substantial drop in the fiscal health score. Sudan is ranked 44th among 47 countries in the Sub-Saharan Africa region, and its overall score is well below the regional and world averages.

The Sudanese economy has been considered repressed ever since the resumption of its Index grading in 2017. GDP has contracted because of high inflationary pressures and sharp currency movements that have dampened private consumption and deterred investment.

For most of its independent history, Sudan has been beset by conflict, making it nearly impossible to secure economic freedom. Even if the country could achieve political stability, massive reforms would be required to address serious shortcomings in fiscal health, investment freedom, and the three critical facets of the rule of law: property rights, judicial effectiveness, and the integrity of government.

BACKGROUND: Islamic-oriented military regimes have dominated Sudanese politics since independence from Anglo-Egyptian rule in 1956. In April 2019, after months of sustained mass nationwide protests, the army ousted long-time Islamist dictator Omar Hassan al-Bashir, who faces two international arrest warrants for war crimes. The political situation remains chaotic, however, as protesters persist in demanding a civilian-led government. The protests began after decades of economic mismanagement and corruption precipitated an economic crisis in 2018 that included inflation and shortages of food and water. 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 of property rights 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 and was ranked 172nd out of 180 countries in Transparency International’s 2018 Corruption Perceptions Index. Former President Omar al-Bashir was indicted in 2019 on corruption and money-laundering charges.

The top personal income tax rate is 10 percent, and the top corporate tax rate is 35 percent. The overall tax burden equals 8.0 percent of total domestic income. Government spending has amounted to 13.6 percent of the country’s output (GDP) over the past three years, and budget deficits have averaged 6.5 percent of GDP. Public debt is equivalent to 163.2 percent of GDP.

Some reforms were instituted over the past year in an effort to make it easier to do business, but most business activity outside of the oil sector occurs in the informal economy. Agriculture employs about 80 percent of the workforce. Nationwide riots touched off by an attempt to reduce subsidies for bread and fuel led to the downfall of the Bashir government in April 2019.

The total value of exports and imports of goods and services equals 22.6 percent of GDP. The average applied tariff rate is 14.0 percent, and extensive nontariff barriers further constrain the freedom to trade. Political instability and an outmoded regulatory environment significantly deter private investment. A large portion of the population remains outside of the formal banking sector, and access to credit remains limited.