Sudan Economic Outlook

Recent macroeconomic developments

Real GDP growth rebounded modestly to 1.2% in 2025, following a 13.5% contraction in 2024, supported by improved agricultural output and a gradual recovery in services. On the demand side, relative stability in parts of the country supported a modest pickup in private consumption. The Sudanese pound continued to depreciate sharply, reflecting weak export receipts and strong demand for foreign currency amid ongoing conflict. The fiscal deficit widened to 2.8% of GDP in 2025 from 1.6% in 2024, driven by higher spending and weak revenue performance, leading to continued monetization. Inflation remained elevated at 150.2%, down from 170.1%. The current account deficit widened to 6.0% of GDP from 4.0%, financed mainly by remittances and reserve drawdowns. Foreign exchange reserves remained critically low at $1.17 billion (1.1 months of imports). Banking sector stress increased, with non-performing loans rising to 16.5%, reflecting conflict-related disruptions.

Social developments

Poverty has surged amid conflict and economic collapse, rising to 71% in 2025 from 36% pre-war, leaving about 23 million people poor. Livelihoods and services have been severely disrupted, with Sudan ranking 171 of 193 on the 2025 Human Development Index (0.51).

Outlook and risks

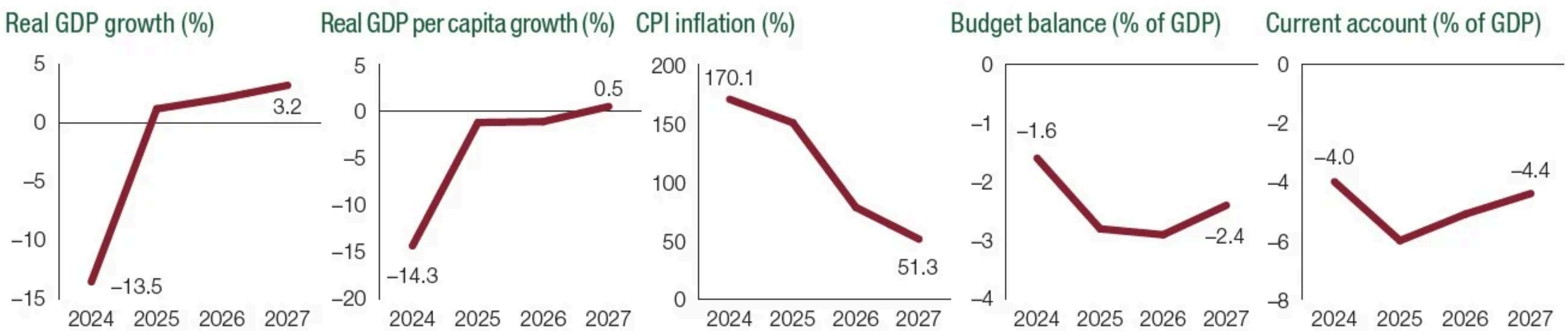
Real GDP growth is projected to strengthen to 2.1% in 2026 and 3.2% in 2027. The recovery is expected to be driven by reconstruction-related spending, particularly in social services and infrastructure, alongside a gradual resumption of economic activity. Improved revenue performance and stronger activity are projected to keep the fiscal deficit low, at 2.9% of GDP in 2026 and further reduced to 2.4% of GDP in 2027. With reduced reliance on monetary financing, inflation is expected to decelerate to 78.3% in 2026 and further to 51.3% in 2027. And the current account deficit is projected to ease slightly to 5.1% of GDP in 2026 and further fall to 4.4% in 2027, reflecting improved exports due to relative stability. The outlook remains positive subject to significant downside risks, including a protracted conflict, climate-related shocks, and weak institutional capacity. A durable peace agreement would materially improve prospects and mitigate these risks.

Mobilizing development financing at scale in a fragmented world

Sudan faces acute financing constraints arising from weak domestic revenue mobilization, a large informal economy and limited access to capital markets. Geopolitical tensions and increasing fragmentation of global finance have further narrowed available financing sources, raised borrowing costs, and reduced the predictability of external flows.

Building an integrated financial system capable of supporting cross-border capital flows and affordable financing will require coordinated progress across several reforms. Priority reforms include strengthening legal and regulatory frameworks in line with international anti–money laundering and counterterrorism standards, modernizing payment and settlement systems, and improving exchange rate transparency. Reforms focusing on strengthening institutions and effective governance will improve financial inclusion and attract capital inflow to meet development objectives. Sudan needs to renew engagement with the international community to help support peace efforts and gradual recovery to build an inclusive economy integrated with regional and global financial markets.

Mobilizing development financing at scale will hinge on restoring macro-fiscal credibility through improved budget discipline, strengthened public financial management, and greater transparency and accountability. Strategic re-engagement with multilateral development banks can unlock concessional financing and guarantees, while expanding financial inclusion, digital finance, and targeted diaspora instruments can help mobilize domestic and external savings for productive and growth-enhancing investment.



Source: Data are as of March 2026 and are from domestic authorities; figures for 2025 are estimates and figures for 2026 and 2027 are projections by the African Economic Outlook team.

Source: African Economic Outlook (AEO) 2026 (https://www.afdb.org/sites/default/files/documents/publications/afdb26-04_aeo_complete_english_0525.pdf)

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