



Justice Africa Sudan

Briefing

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Sudan's War Economy, Currency Collapse

The collapse of the Sudanese pound reflects Sudan's economic decline since the National Islamic Front (NIF) coup in 1989. general Burhan military coup against the interim government in 25 October 2021 and the ongoing war that began in April 2023 between the Sudan Armed Forces (SAF) and the Rapid Support Forces (RSF).

This period was marked by corruption, patronage, and mismanagement. Economic activities were dominated by the military, security services, and RSF, operating outside the Ministry of Finance and the Central Bank. Taxes and customs were bypassed, resources diverted to enrich elites, while the government abandoned its responsibility to provide essential services such as education, healthcare, and infrastructure.

Currency Collapse and Inflation Trajectory (Adjusted for Redenomination)

- 1989 (pre-coup): The Sudanese pound traded at 1 USD $\approx$ 12.5 SDG (old pound).
- Post-redenomination: After successive currency reforms, 1 new pound = 1,000 old pounds, meaning the real value collapsed far more sharply than official figures suggest.
- April 2023 (war onset): The pound traded at roughly 1 USD $\approx$ 520 SDG (new pound).
- 2026: The collapse deepened to 1 USD $\approx$ 601.5 SDG (new pound), equivalent to $\approx$ 601,500 old pounds per USD - a staggering depreciation that illustrates the destruction of monetary credibility.

Link Between Inflation and Currency Value

- Inflation erodes purchasing power: Rapid price increases reduce the real value of money.
- Currency depreciation: High inflation undermines international confidence, weakening exchange rates.
- Sudan's case: Hyperinflation in the 1990s and 2020s (annual rates exceeding 100–300%) destroyed the pound's credibility.

Relation Between Economy and Currency Value

- Strong economy → stronger currency: Stability, exports, and reserves support currency strength.
- Weak economy → weaker currency: War, sanctions, corruption, and deficits drive depreciation.
- Sudan’s trajectory:
 - 1989 (pre-coup): Pound was internationally tradable and relatively stable at 12.5 per USD.
 - Post-1989 coup: Civil war, isolation, and poor governance transformed Sudan into a war economy, undermining currency stability.

Comparison of Sudanese Pound Value (Adjusted)

Year	Exchange Rate	Context
1989 (June 30)	1 USD ≈ 12.5 SDG (old pound)	Before coup, pound relatively strong internationally
2026 (Sept)	1 USD ≈ 601.5 SDG (new pound) → 601,500 old pounds per USD	Severe depreciation due to inflation, war economy, and political instability

Key Drivers of Collapse

- War economy: Armed groups captured revenues from gold, agriculture, and trade, weakening state control.
- Sanctions & isolation: Limited access to foreign reserves and international markets.
- Chronic inflation: Prices rose by hundreds of percent annually in some years.
- Economic mismanagement: Lack of reforms, corruption, and reliance on unstable revenue sources.

Takeaway

The Sudanese pound’s collapse from 12.5 per USD in 1989 (old pound) to ≈ 601,500 old pounds per USD in 2026 illustrates the devastating impact of inflation and economic decline. Political instability, war, and mismanagement transformed a once moderately strong currency into one of the weakest globally.

Annex 3: Sudan Inflation Trajectory (1989–2026)

Period	Approx, Inflation Rate (%)	Economic Contest/ Key Events
1989-1999	50-120	Islamist regime consolidation, fiscal instability and early inflation spikes
2000-2010	20-60	Oil boom stabilizes briefly; sanctions re-ignite inflation pressures

2011	80-100	South Sudan Secession, loss of oil revenue and fiscal contraction
2012-2017	60-150	Currency depreciation; subsidy removal; widening fiscal deficits
2018-2019	200-250	Popular uprising; regime change; transitional uncertainty
2020-2022	300-350	Hyperinflation; collapse of monetary confidence; parallel exchange rates
2023-2026	250-320	War economy; market fragmentation; currency collapse

Caption: This annex illustrates Sudan’s inflation trajectory from 1989 to 2026, highlighting how macroeconomic instability and political transitions directly influenced price levels and currency valuation.

Footnotes:

1. Inflation data compiled from CBS and IMF datasets (latest available estimates).
2. Political event annotations derived from Justice Africa Sudan’s governance timeline.
3. Figures represent approximate annual averages; actual monthly variations may differ.

Root Causes of the Collapse of the Sudanese Currency and the Failure of Successive Governments

The collapse of the Sudanese currency, the pound, is rooted in decades of systemic corruption and economic malpractice. During the 30-year rule of the National Congress Party (NCP) under Omar al-Bashir, governance was characterized by nepotism, patronage, and the deliberate weakening of state institutions. Relatives and loyalists were granted unchecked authority to control key sectors of the economy, while policies and regulations were routinely altered to serve narrow personal and factional interests.

This entrenched system of corruption eroded fiscal discipline, undermined the role of the Ministry of Finance and the Central Bank, and diverted national resources away from public investment in education, healthcare, and infrastructure. Instead, revenues from gold, agriculture, and trade were captured by ruling elites and security organs, fuelling inequality and weakening the state’s capacity to manage the economy.

Today, General Abdel Fattah al-Burhan has replicated many of the same practices, perpetuating the cycle of mismanagement and elite capture. By empowering relatives and allies to dominate economic activities, and by reshaping policies to benefit a narrow circle, the current leadership has continued the legacy of corruption that hollowed out Sudan’s financial system.

The result has been catastrophic: hyperinflation, loss of monetary credibility, and the near-total collapse of the pound’s value. What began under Bashir’s regime has now been entrenched under Burhan, leaving Sudan with one of the weakest currencies globally and a population struggling under the weight of economic decline.

Currency Measures and the Path to Reform

Both past and current regimes have attempted to control foreign exchange markets through arrests, restrictions, and intimidation rather than addressing structural corruption and mismanagement.

Historical Precedents

- Nimeiri Era: Former President Jaafar Nimeiri adopted harsh security measures against foreign currency dealers. These actions failed to stabilize the economy and instead deepened mistrust and instability.
- NCP Regime: Omar al-Bashir's National Congress Party (NCP) repeated these measures multiple times, imposing death sentences on four individuals accused of currency trading. Rather than strengthening the pound, these policies aggravated the crisis and entrenched corruption.
- Current Regime: General Abdel Fattah al-Burhan's leadership has continued the same failed approach- attempting to control markets through force. These measures distort the economy, drive transactions underground, and worsen inflation.

E. Why These Measures Fail

Attempts to stabilize Sudan's economy through coercive or superficial interventions consistently fail because they ignore the structural drivers of collapse and reinforce the dynamics of a war economy.

- Absence of legitimate governance State institutions lack both authority and capacity to manage the economy. Resources are systematically diverted to sustain the war through proxy militias, while military elites enrich themselves. Their families reside abroad—in Egypt, Turkey, and other capitals—living in luxury, disconnected from the suffering of ordinary citizens. This erodes public trust and undermines any prospect of recovery.
- Short-term coercion without reform Arrests, restrictions, and punitive measures are deployed as substitutes for genuine policy. These actions may silence dissent temporarily but fail to address the root causes of economic decline, including corruption, mismanagement, and war-driven resource capture.
- Market distortion and informalization Suppressing legitimate trade forces transactions into informal and illicit networks. This weakens state oversight, reduces tax revenues, and entrenches parallel economies that operate beyond government control.
- Entrenched corruption and elite capture public resources remain monopolized by ruling elites and military actors. Corruption is systemic, and reforms are consistently undermined by vested interests. Elite capture blocks transparency, accountability, and any pathway to sustainable recovery.
- Persistence of the war economy Ongoing conflict diverts resources to military spending, fuels illicit trade, and incentivizes violence. As long as war remains the organizing principle of Sudan's economy, stabilization efforts will fail. Military actors benefit from instability, leaving no space for peace-driven reconstruction.

Key Insight Sudan's economic decline is not the result of isolated policy missteps but of a deeply entrenched war economy sustained by corruption, elite capture, and the absence of accountable

governance. Without peace, institutional rebuilding, and genuine reform, coercive measures will continue to fail deepening poverty and prolonging national collapse.

The Only Way Forward

Sudan's currency crisis cannot be solved through repression. The path to recovery requires:

1. Ending the war – dismantling the war economy and halting resource diversion.
2. Restoring civilian governance – ensuring transparency, accountability, and legitimacy.
3. Re-engagement with international institutions – rebuilding Sudan's position within regional and global financial systems.
4. Serious economic reforms – strengthening fiscal discipline, empowering the Central Bank, and stabilizing monetary policy.
5. Ending corruption – dismantling patronage networks and prosecuting economic crimes.

Conclusion

The repetition of failed currency measures by successive regimes has only deepened Sudan's economic collapse. Arrests, restrictions, and executions cannot stabilize the pound. The only viable solution lies in peace, reform, and reintegration into the international community. Without these steps, Sudan will remain trapped in hyperinflation, corruption, and economic despair.

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