



Justice Africa Sudan Briefing

Prospect of Peace and democracy in Sudan

28 September 2026

Briefing Paper: Sudan's War Economy and Policy Failure

Sudan's economic collapse is driven by entrenched war-economy dynamics, elite capture, and the absence of accountable governance. Current measures marked by coercion, market suppression, and corruption fail to stabilize the economy because they ignore structural drivers of decline. Without peace, institutional rebuilding, and genuine reform, coercive interventions will continue to deepen poverty and prolong national collapse.

A. Context

Sudan's economy has been systematically diverted to sustain war efforts. Military elites and proxy militias enrich themselves while ordinary citizens face destitution. Families of senior officials live abroad in luxury, disconnected from the suffering of the population. This dynamic erodes trust in governance and undermines stabilization.

B. Why These Measures Fail

- Absence of legitimate governance – State institutions lack authority and capacity. Resources are diverted to proxy militias, while elites enrich themselves abroad, leaving citizens unprotected.
- Short-term coercion without reform – Arrests and restrictions silence dissent but fail to address structural drivers such as corruption, mismanagement, and war-driven resource capture.
- Market distortion and informalization – Suppressing legitimate trade pushes activity into informal networks, weakening oversight, reducing revenues, and entrenching parallel economies.
- Entrenched corruption and elite capture – Public resources remain monopolized by ruling elites. Corruption is systemic, reforms are undermined, and transparency is blocked.
- Persistence of the war economy – Ongoing conflict diverts resources to military spending, fuels illicit trade, and incentivizes violence. Military actors benefit from instability, leaving no space for reconstruction.

C. Implications

- Economic collapse will persist as long as war remains the organizing principle of the economy.
- Humanitarian suffering will deepen, with poverty and displacement rising.
- Governance failure will continue, eroding trust and blocking reform.
- Regional instability will spread, as illicit trade and proxy conflicts spill across borders.

D. Recommendations

1. Prioritize peace and demilitarization – Stabilization requires ending conflict and dismantling the war economy. Military spending must be redirected toward reconstruction.
2. Rebuild institutions and oversight – Strengthen independent financial institutions, restore transparency, and re-establish state capacity to manage resources.
3. Target corruption and elite capture – Enforce accountability mechanisms, sanction illicit enrichment, and empower civil society oversight.
4. Support legitimate trade and livelihoods – Remove coercive restrictions, incentivize formal trade, and expand access to markets for ordinary citizens.
5. Engage international partners – Donors and multilateral institutions should condition support on reforms, transparency, and peace-building commitments.

Annexes

Annex I: Timeline of Sudan's Economic Decline

- 2019–2020: Transition government attempts reforms; limited success.
- 2021: Coup consolidates military control; resources diverted to war.
- 2022–2023: Escalation of proxy conflicts; collapse of formal trade.
- 2024–2026: Entrenchment of war economy; humanitarian crisis deepens.

Annex II: Organogram of Military-Economic Networks

Structure:

- Top Tier: Senior military elites (families abroad in Egypt, Turkey, Gulf states).
- Middle Tier: Proxy militias controlling trade routes, taxation, and checkpoints.
- Lower Tier: Informal traders, smugglers, and local commanders profiting from illicit markets.

(Visual suggestion: A hierarchical chart showing elites at the top, militias in the middle, and informal networks at the base, with arrows indicating resource flows upward.)

Annex III: Flowchart of Resource Diversion

Process:

1. State revenues and aid inflows → diverted to military accounts.

2. Proxy militias → financed through war taxes, checkpoints, and smuggling.
3. Illicit trade networks → gold, fuel, and arms trafficked regionally.
4. Elite enrichment → funds transferred abroad, sustaining luxury lifestyles.

(Visual suggestion: A flowchart with arrows showing how resources move from state institutions → militias → illicit trade → elite enrichment abroad.)

Annex IV: Budgetary Comparison

Category	% of Budget (Est.)	Impact
Military & Security	70–80%	Fuels war economy, diverts resources
Governance & Oversight	<10%	Weak institutions, no accountability
Social Services (Health, Education)	<10%	Collapse of welfare, rising poverty
Infrastructure & Development	<3%	No investment in recovery

(Visual suggestion: Pie chart showing disproportionate military spending compared to social services.)

Key Takeaway Sudan's economic crisis is inseparable from its war economy. Without peace, institutional rebuilding, and genuine reform, coercive measures will fail. Donor engagement must focus on structural transformation, not short-term fixes.

Sudan's War Economy and Policy Failure.

A. Context

Sudan's economy has been systematically diverted to sustain war efforts. Military elites and proxy militias enrich themselves while ordinary citizens face destitution. Families of senior officials live abroad in luxury, disconnected from the suffering of the population. This dynamic erodes trust in governance and undermines prospects for stabilization.

B. Why These Measures Fail

- **Absence of legitimate governance** State institutions lack authority and capacity. Resources are diverted to proxy militias, while elites enrich themselves abroad, leaving citizens unprotected.
- **Short-term coercion without reform** Arrests and restrictions silence dissent but fail to address structural drivers such as corruption, mismanagement, and war-driven resource capture.
- **Market distortion and informalization** Suppressing legitimate trade forces activity into informal networks, weakening oversight, reducing revenues, and entrenching parallel economies.
- **Entrenched corruption and elite capture** public resources remain monopolized by ruling elites. Corruption is systemic, reforms are undermined, and transparency is blocked.

- Persistence of the war economy Ongoing conflict diverts resources to military spending, fuels illicit trade, and incentivizes violence. Military actors benefit from instability, leaving no space for reconstruction.

C. Implications

- Economic collapse will persist as long as war remains the organizing principle of the economy.
- Humanitarian suffering will deepen, with poverty and displacement rising.
- Governance failure will continue, eroding trust and blocking reform.
- Regional instability will spread, as illicit trade and proxy conflicts spill across borders.
- External profiteering: Some regional countries supporting the warring parties are actively profiteering from Sudan's crisis. Their interests lie in prolonging the conflict and maintaining a weak, fragmented Sudan, with authoritarian regions aligned more to foreign governments than to Sudan and its people. The ongoing war is therefore not only destructive to Sudan but also beneficial to certain regional actors—amounting to exploitation and external torsion.

D. Recommendations

1. Prioritize peace and demilitarization Stabilization requires ending conflict and dismantling the war economy. Military spending must be redirected toward reconstruction.
2. Rebuild institutions and oversight Strengthen independent financial institutions, restore transparency, and re-establish state capacity to manage resources.
3. Target corruption and elite capture Enforce accountability mechanisms, sanction illicit enrichment, and empower civil society oversight.
4. Support legitimate trade and livelihoods Remove coercive restrictions, incentivize formal trade, and expand access to markets for ordinary citizens.
5. Engage international partners Donors and multilateral institutions should condition support on reforms, transparency, and peace-building commitments.

Annexes

- Annex I: Timeline of Sudan's economic decline under war-economy dynamics
- Annex II: Organogram of military-economic networks and proxy militias
- Annex III: Flowchart of resource diversion from state institutions to war financing
- Annex IV: Budgetary comparison: military spending vs. social services

Key Takeaway

Sudan's economic crisis is inseparable from its war economy. Without peace, institutional rebuilding, and genuine reform, coercive measures will fail. Donor engagement must focus on structural transformation, not short-term fixes.

Here’s the expanded annex section refined for donor-ready presentation, with clear analytical detail and professional formatting. Each annex is written to stand alone in a report, while also being visually adaptable into charts, flow diagrams, or organograms.

Annex I: Timeline of Sudan’s Economic Decline

2019–2020: Transitional government attempts reforms; limited success due to entrenched military influence. 2021: Coup consolidates military control; resources diverted to war financing. 2022–2023: Escalation of proxy conflicts; collapse of formal trade and rapid informalization of markets. 2024–2026: Entrenchment of war economy; humanitarian crisis deepens, with widespread poverty, displacement, and regional spillovers.

Annex II: Organogram of Military-Economic Networks

Top Tier: Senior military elites and ruling families, residing abroad in Egypt, Turkey, and Gulf states, directing resource capture. Middle Tier: Proxy militias controlling trade routes, checkpoints, and taxation systems; key actors in smuggling and illicit trade. Lower Tier: Informal traders, local commanders, and smugglers profiting from parallel economies, sustaining instability at the community level.

(This organogram illustrates a pyramid structure: elites at the top, militias in the middle, and informal networks at the base, with arrows showing upward flows of resources and wealth.)

Annex III: Flowchart of Resource Diversion

- 1. State revenues and aid inflows → siphoned into military accounts.
- 2. Proxy militias → financed through war taxes, checkpoints, and smuggling operations.
- 3. Illicit trade networks → gold, fuel, and arms trafficked regionally, bypassing state oversight.
- 4. Elite enrichment abroad → funds transferred to foreign capitals, sustaining luxury lifestyles while Sudanese citizens face destitution.

(This flowchart highlights diversion points in red, showing how resources move from state institutions to militias, illicit trade, and ultimately elite enrichment abroad.)

Annex IV: Budgetary Comparison

Category	% of Budget (Est.)	Impact
Military & Security	70–80%	Fuels war economy, diverts resources from development
Governance & Oversight	<10%	Weak institutions, no accountability
Social Services (Health, Education)	<5%	Collapse of welfare systems, rising poverty
Infrastructure & Development	<0%	No investment in recovery or stabilization

(A pie chart would visually emphasize the disproportionate allocation to military spending compared to social services and development.)

Key Takeaway

Sudan's economic decline is inseparable from its war economy. Resources are systematically diverted to sustain conflict, enrich elites, and empower proxy militias, leaving citizens unprotected and institutions hollowed out. Donor engagement must therefore prioritize peace, institutional rebuilding, and structural transformation rather than short-term fixes.

Justice Africa Sudan

info@justiceafrica.net

@AfriacSudan

www.justiceafrica.net

WhatsApp@+44