Sudan: Enhanced Heavily-Indebted Poor Countries Initiative-Preliminary Document

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SUDAN

March 2021

ENHANCED HEAVILY-INDEBTED POOR COUNTRIES INITIATIVE—PRELIMINARY DOCUMENT

In the context of the Enhanced Heavily-Indebted Poor Countries (HIPC) Initiative Program, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Preliminary Document** prepared by IMF staff and completed on March 9, 2021 for the Executive Board's consideration on March 26, 2021.
- A **Statement by the Executive Director** for Sudan.

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PRESS RELEASE

PR21/87

IMF and World Bank Consider Sudan Eligible for Assistance Under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative

FOR IMMEDIATE RELEASE

Washington, DC – March 26, 2021: The Executive Boards of the World Bank and International Monetary Fund (IMF) met on March 23 and 26, respectively, to consider Sudan's eligibility for debt relief under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative. The Executive Boards commended the authorities' sustained commitment to economic and institutional reforms under challenging circumstances and agreed that Sudan could be eligible for assistance under the Enhanced HIPC Initiative based on the preliminary assessment. This assessment is an important step towards forgiveness by all creditors of most of Sudan's total external debt, which was estimated at US$49.8 billion at the end of 2019.

Following the IMF Executive Board discussion on March 26, 2020, **Kristalina Georgieva, Managing Director and Chair**, said: "Today's agreement by the IMF Executive Board that Sudan can be eligible for debt relief under the Enhanced HIPC Initiative marks a historic moment. It provides a clear acknowledgement of Sudan's sustained implementation of key economic and financial reforms under its staff-monitored program with the IMF. Helping Sudan achieve debt relief and unlock access to the needed resources to increase growth and reduce poverty is a key priority for the IMF and we look forward to continued cooperation with the authorities as we work toward the HIPC Decision Point. I would like to thank all of our members for their support in this endeavor."

Following the World Bank Executive Board discussion on Sudan on March 23, 2021, **David Malpass, World Bank Group President**, said: "This is a breakthrough at a time when Sudan needs the world's help to support its development progress. The steps taken so far, including arrears clearance and exchange-rate unification, will put Sudan on the path to substantial debt relief, economic revival, and inclusive development. I congratulate Sudan's government for its commitment to reform, and look forward to opportunities for greater World Bank Group support to the Sudanese people."

Prime Minister Abdalla Hamdok of Sudan said: "The agreement by the IMF and World Bank Executive Boards that Sudan can be eligible for debt relief under the HIPC Initiative is an important and welcome step towards resuming support from international financing institutions. This is a strong recognition by the international community of Sudan's remarkable progress on economic reforms that pave the way to sustainable poverty reduction and economic growth. We look forward to our partners' continued support to reach the HIPC decision point by end of June."

The HIPC Initiative Process for Sudan

The HIPC Initiative HIPC is a two-step milestone-based framework. The formal start of the HIPC process is known as the Decision Point, and the culmination is the Completion Point. In order the reach the Decision Point all of the following conditions must be met: Sudan must establish a minimum six-month track record of satisfactory performance under the current IMF Staff-Monitored Program (SMP); the authorities will need to either clear their arrears to

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multilateral creditors or agree on a strategy to clear them; agreement must be reached on the reforms that Sudan will need to implement in order to reach the Completion Point—the floating Completion Point triggers—which take into account the views expressed by the Executive Boards; and financing assurances to provide HIPC debt relief at Completion Point must be provided by creditors.

Prompt action on these items could result in Sudan reaching the Decision Point by end-June 2021. Once Sudan has reached the Completion Point, it would qualify for irrevocable debt relief under the HIPC Initiative, and for debt relief under the Multilateral Debt Relief Initiative (MDRI) from the World Bank's IDA and the African Development Fund (AfDF), together with beyond-HIPC assistance from the IMF. Paris Club creditors are also expected to provide further beyond-HIPC assistance at the Completion Point.

The HIPC Initiative

The HIPC Initiative is a framework, created by the IMF and World Bank, in which all creditors, including multilateral creditors, provide debt relief to the world's poorest and most heavily indebted countries, thereby reducing the constraints on economic growth and poverty reduction imposed by the debt-service burden. To date, 36 countries have reached both their Decision Points and Completion Points under the Enhanced HIPC initiative. Learn more about the HIPC initiative process here: https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/16/11/Debt-Relief-Under-the-Heavily-Indebted-Poor-Countries-Initiative

SUDAN

March 9, 2021

ENHANCED HEAVILY INDEBTED POOR COUNTRIES INITIATIVE—PRELIMINARY DOCUMENT

EXECUTIVE SUMMARY

Sudan, with the support of the international community, is seeking to implement an ambitious reform program to address major macroeconomic imbalances and support sustainable, inclusive growth. A new transitional government was established in the wake of the 2019 revolution with the mandate to carry out sweeping reforms to reverse decades of economic and social decline. The government is pursuing a transformational reform agenda focused on: (i) achieving internal peace based on inclusion, regional equity, and justice; (ii) stabilizing the economy and correcting the large macroeconomic imbalances; and (iii) providing a foundation for future rapid growth, development, and poverty reduction. The government has achieved important milestones, most prominently a peace agreement with almost all internal armed opposition groups in October 2020 to end 17 years of conflict. It has also agreed to ambitious reforms and policy adjustments in the context of an International Monetary Fund (IMF) Staff Monitored Program (SMP) that meets the Upper Credit Tranche (UCT) conditionality standard and an International Development Association (IDA) Development Policy Financing (DPF) operation. Furthermore, on December 14, 2020, Sudan was officially removed from the United States State Sponsors of Terrorism List (SSTL), ending almost three decades of international isolation. While positive changes are underway, political contestation over power sharing arrangements remains acute. It is critical for Sudan to take advantage of a still favourable political economy to tackle its macroeconomic imbalances and put itself on a sustainable development trajectory.

Despite progress, poverty remains widespread and poor social outcomes persist. According to the latest household survey (2014/15), the incidence of extreme poverty was 13.5 percent (46.1 percent when the lower-middle income countries poverty line is used). Extreme poverty was particularly high in rural areas and in regions in the west, south, and east of the country. The recent high inflation and decline in economic growth, combined with the COVID-19 pandemic, have likely increased poverty further. Most Sudanese households also suffer non-monetary deprivation. The country posts very poor human development indicators for its level of GDP and has missed the 2015 Millennium Development Goals (MDGs). Challenges faced by women and youth are particularly dire.

The 2020–2021 harvest was problematic in Sudan, feeding into particularly high food prices and threatening food security for much of the population.

Sudan urgently needs a comprehensive solution to its debt problem to access adequate financing for its development needs and poverty-reduction agenda. According to the latest joint World Bank-IMF Debt Sustainability Analysis, Sudan is in public and external debt distress and its debt outlook is unsustainable. Sudan's external public and publicly guaranteed debt was estimated at US$49.8 billion in nominal terms at end-December 2019. Most of this debt (about 86 percent) was in arrears, which severely limits access to regular financial support from multilateral and official bilateral creditors.

The preliminary debt relief analysis (DRA) in this document shows that Sudan qualifies for debt relief under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative's "export window."[1] After full application of traditional debt relief mechanisms, Sudan's net present value (NPV) of external PPG debt at end-2019 is estimated at US$26.3 billion. This represents 495 percent of the country's exports of goods and services, significantly exceeding the 150 percent threshold set for this indicator in the context of the HIPC Initiative framework.

The reduction of Sudan's NPV of debt-to-exports ratio after traditional debt relief to 150 percent requires total HIPC debt relief in the amount of US$18.4 billion in end-2019 NPV terms. This implies a common reduction factor (CRF) of 70 percent.[2] This would be the largest HIPC debt operation thus far.

Consistent with the HIPC framework, Sudan must fulfill several requirements to reach the HIPC Decision Point and qualify for debt relief.[3] Specifically, Sudan will need to:

- *Prepare a poverty reduction strategy*. Sudan's Poverty Reduction Strategy Paper is expected to be finalized by end-April 2021. The document will incorporate feedback from the Bank/Fund joint staff advisory note on a draft expected to be submitted to the Bank and the IMF by mid-March 2021.

[1] As part of the HIPC framework, the amount of HIPC debt relief is determined at Decision Point based on a DRA using the most recent data for the year immediately prior to Decision Point, with a three-month grace period.

[2] The CRF is the percent reduction a creditor should apply to its exposure in NPV terms after traditional debt relief to determine the amount of HIPC Initiative debt relief expected from such creditor.

[3] See: "Modifications to the Heavily Indebted Poor Countries (HIPC) Initiative", July 23, 1999, ID/SecM99-475, and EBS/99/138).

- *Establish a satisfactory track record of performance under a SMP that meets UCT conditionality standard for at least six months.* The current SMP has been endorsed by the IMF Board as meeting UCT conditionality standard. The assessment of the minimum 6-month satisfactory track record can be conducted in the coming months based on performance as of end-March 2021.

- *Clear its arrears to IDA, the IMF, and the African Development Bank (AfDB) and clear or have a plan for the clearance of arrears to other external creditors.* Sudan intends to clear its arrears to IDA in March 2021. Discussions on the timing and modalities for the clearance of arrears to the IMF and the AfDB are at an advanced stage. Discussions on the modalities for clearing the arrears to other creditors will take place in the context of the HIPC Initiative.

- *Agree on appropriate Completion Point triggers*. A preliminary set of Completion Point triggers is presented in this document. Feedback received from Executive Directors on this preliminary set will be reflected in the final version to be presented for approval in the HIPC Decision Point document.

Sudan could reach Decision Point by June 2021. This is contingent on Sudan meeting the above requirements, including with respect to the continued satisfactory implementation of the current IMF SMP.

The IMF needs to mobilize adequate resources necessary to provide its share of debt relief to Sudan. Financing assurances from IMF member countries need to be in place at Decision Point for the delivery of interim HIPC assistance and for HIPC and beyond-HIPC debt relief at Completion Point. An intra-day bridge loan would have to be secured for Sudan to clear its arrears to the IMF at the Decision Point. In addition, satisfactory assurances from Sudan's other creditors for the delivery of HIPC debt relief must be received for the IMF to provide interim HIPC assistance following Decision Point.[4]

On reaching Completion Point, Sudan would also qualify for debt relief under the Multilateral Debt Relief Initiative (MDRI) from IDA and the African Development Fund (AfDF) and beyond-HIPC assistance from the IMF. MDRI debt relief from IDA and AfDF would cancel Sudan's debt owed to these two institutions. MDRI debt relief could amount to US$316 million in 2023 NPV terms. At Completion Point the IMF would provide beyond-HIPC assistance that Sudan would use to reduce the portion of the pre-Decision Point financing that is not already covered by HIPC debt relief.

Debt relief under the HIPC Initiative and associated initiatives (traditional debt relief, MDRI and beyond HIPC assistance) will significantly reduce Sudan's external

[4] In this regard, the IMF requires that financing assurances be obtained from creditors representing at least 70 percent of HIPC-eligible debt.

debt burden indicators. Sudan's NPV of debt-to-exports ratio is projected to decline from 894 percent at end-2019 to 61 at end-2024, driven mostly by debt relief. This ratio would continue to decline gradually thereafter to stabilize at around 33 percent in the outer years of the debt relief analysis projection period. The reduction in the debt service-to-exports ratio—relative to a before debt relief scenario—would be relatively modest, mainly due to the rescheduling of the country's large arrears and the resumption of debt service payments. This ratio is expected to peak at 4.7 percent in 2027 and gradually decrease to stabilize at around 2.0 percent in the outer years of the projection period. Sudan debt outlook depends critically on the preservation of sound fiscal policy, imposing strict limits on non-concessional borrowing, and strengthening the business climate although it will remain vulnerable to climate shocks.

Staff seek the Executive Directors' views and guidance on the following issues:

- **Eligibility**: Do Executive Directors agree that Sudan is eligible for assistance under the enhanced HIPC Initiative?

- **Timing of Decision Point**: Do Directors agree with the staffs' recommendation that Sudan could reach its Decision Point by June 2021, together with the approval of a new Fund arrangement by the IMF Board, provided that: i) Sudan has a current six-month track record of satisfactory performance under a program of upper-credit tranche policy conditionality with the IMF; ii) Sudan clears its arrears to IDA, the IMF, the AfDB and clears or has a plan for the clearance of arrears to other external creditors; and iii) Sudan agrees on appropriate completion point triggers?

- **Floating Completion Point:** What are the Executive Directors' views on possible key policy measures ("triggers" against which satisfactory performance would have to be measured) linked to the floating Completion Point?

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Prepared by the staffs of the International Monetary Fund and the International Development Association.

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Glossary

AfDB	African Development Bank
AFESD	Arab Fund for Economic and Social Development
AMF	Arab Monetary Fund
CBoS	Central Bank of Sudan
CEN	Country Engagement Note
CRF	Common Reduction Factor
CSOs	Civil Society Organizations
DPG	Development Policy Grant
DPO	Development Policy Operation
DRA	Debt Relief Analysis
DSA	Debt Sustainability Analysis
ECF	Extended Credit Facility
EFF	Extended Fund Facility
FGD	Focus Group Discussions
FoS	Friends of Sudan
GDI	Gender Development Index
GoS	Government of Sudan
GRA	General Resource Account
GRP	Government Resource Planning
HDI	Human Development Index
HIPC	Heavily Indebted Poor Country
IDA	International Development Association
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
INTOSAI	International Organization of Supreme Audit Institutions
JSAN	Joint Staff Advisory Note
LMICs	Lower Middle-Income Countries
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MoFEP	Ministry of Finance and Economic Planning
MPF	Mutual Partnership Framework
MTI	Macroeconomics, Trade & Investment
NAC	National Audit Chamber
NPV	Net Present Value
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
OFID	OPEC Fund for International Development
PACGs	Pre-Arrears Clearance Grants
PPG	Public and Publicly Guaranteed
PRGT	Poverty Reduction and Growth Trust
PRS	Poverty Reduction Strategy

PRSP	Poverty Reduction Strategy Paper
SAF	Structural Adjustment Facility
SDFP	Sustainable Development Finance Policy
SDG	Sustainable Development Goals
SFSP	Sudan Family Support Program
SIPF	the Sudan International Partners Forum
SMP	Staff Monitored Program
SOEs	state-owned enterprises
TSF	Transition Support Facility
UCT	Upper Credit Tranche
UNDP	United Nations Development Programme
WBG	World Bank Group

INTRODUCTION

1. **This paper presents a preliminary assessment of the eligibility of the Republic of the Sudan for assistance under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative.**[5] The assessment is based on a joint preliminary HIPC debt relief analysis (DRA) conducted by Bank and Fund staffs and the Sudanese authorities.[6] The DRA reflects Sudan's external public and publicly guaranteed (PPG) debt data as of end-December 2019. These data were partially reconciled with creditor information by the authorities, and Bank and Fund staffs. The figures in the document reflect the status of reconciliation as of end-January 2021.[7]

2. **The DRA shows that, after application of traditional debt relief mechanisms, Sudan's net present value (NPV) of debt-to-exports ratio at end-December 2019 was significantly above the HIPC Initiative threshold.**[8] Possible HIPC Initiative debt relief is estimated at US$18.4 billion in end-2019 NPV terms. This represents a common reduction factor (CRF) of about 70 percent. Debt relief under the HIPC Initiative and debt relief initiatives beyond HIPC would support Sudan's efforts to achieve sustainable, resilient and inclusive growth, its reengagement with the international community and significant progress toward the Sustainable Development Goals (SDG),[9] including by facilitating access to much-needed new financial support.

3. **The clearance of arrears as part of the HIPC process is expected to unlock significant external financing, which will be critical to implement Sudan's development agenda and essential reforms.** A viable financing package for Sudan will require the timely provision of financial support by the international community in adequate terms and volumes. This reflects the fact that, given Sudan's debt composition, a large share of HIPC debt relief will likely be delivered through the clearance of arrears, limiting the reduction in debt service payments through HIPC debt relief that could be delivered following Decision point.

4. **Based on the preliminary DRA, Sudan would be eligible for HIPC Initiative debt relief; but it must fulfill some requirements to reach Decision Point and qualify for debt relief.**[10] Sudan is in the process of finalizing its poverty reduction strategy paper (PRSP). Sudanese authorities also need to: (i) continue to implement satisfactorily the authorities' reform agenda under the current International Monetary Fund (IMF) Staff Monitored Program (SMP); (ii) agree on appropriate

[5] Hereafter, the Republic of the Sudan and the Enhanced HIPC Initiative will be referred to as "Sudan" and "HIPC Initiative," respectively.

[6] The DRA is also known as HIPC-DSA (Debt Sustainability Analysis).

[7] As of that cutoff, debt data for multilateral creditors had been largely reconciled. The reconciliation of bilateral debt was advanced, although data on debt owed to several official bilateral creditors and commercial claims required further clarification.

[8] The HIPC Initiative threshold for the NPV of debt-to-exports ratio is 150 percent, where exports are measured as a three-year historical average of the exports of goods and services.

[9] As detailed in section IV.F, initiatives beyond HIPC include debt relief from IDA and the AfDB under the Multilateral Debt Relief Initiative, beyond HIPC debt relief by the IMF, and voluntary bilateral debt relief beyond HIPC from Paris Club creditors.

[10] Hereafter, unless otherwise specified, "Decision Point" and "Completion Point" refer to the corresponding HIPC milestones.

Completion Point triggers; (iii) clear its arrears towards the International Development Association (IDA) , the IMF, and the African Development Bank (AfDB); and (iv) clear arrears to other external creditors or have a plan to clear them.

5. This paper is organized as follows. Section II provides background information on Sudan's eligibility under the HIPC Initiative and on recent progress in the political, poverty, economic and structural reform areas. Section III discusses Sudan's medium- to long-term macroeconomic framework and its PRSP. Section IV summarizes the preliminary DRA and presents the possible amount of HIPC Initiative debt relief to Sudan, including through arrears clearance. Section V suggests a timeline for preparing the Decision Point document, and outlines reforms that could serve as triggers for Sudan's floating Completion Point. Section VI presents issues for discussion by Executive Directors.

BACKGROUND ON ELIGIBILITY FOR HIPC INITIATIVE ASSISTANCE

A. Poverty Reduction Growth Trust and IDA Status

6. Sudan is eligible for support from the IMF under the Poverty Reduction and Growth Trust and is an International Development Association (IDA)-only country. As such, it meets the HIPC Initiative income eligibility criterion.

7. Sudan has embarked on a home-grown reform agenda in the context of an IMF SMP, which was endorsed by the IMF Executive Board as meeting the Upper Credit Tranche (UCT) conditionality standard on September 23, 2020. It is expected that with a satisfactory implementation of the SMP, the government of Sudan will build the strong track record of macroeconomic reforms for the minimum 6-month period required to reach the Decision Point. IMF members are mobilizing the financing resources needed to clear Sudan's arrears to the Fund and quota payment related to the 14th quota increase, which are estimated at SDR 964.36 million and SDR 115.13 million, respectively. With an established track record and financing assurances in place, Sudan could re-gain access to a Fund-supported financing arrangement and reach Decision Point in the near future. The expected new Fund arrangement would aim to support the authorities' efforts to transition towards economic stability, with an enhanced social safety net and governance and transparency, to attract needed foreign investments, and obtain faster and more inclusive growth.

8. Sudan is an IDA-only country with a gross national per capita income of US$590 in 2019.[11] The World Bank Group (WBG) Country Engagement Note (CEN) aims to help Sudan stabilize its economy and support progress towards the clearance of arrears to IDA and access to HIPC debt relief**.**[12] The CEN has two focus areas: re-engagement and contributing to a renewal of the social contract. It also has a cross-cutting theme: promoting inclusion and citizen engagement. The CEN's immediate focus comprises priority support for macroeconomic reforms, complementary social impact mitigation and helping the country clear IDA arrears and reach the Decision Point. The latter

[11] World Bank Atlas methodology.

[12] The World Bank Board of Executive Directors discussed the Sudan CEN on October 8, 2020.

would unlock much larger volumes of external financing, including from the WBG itself, which are critical to providing meaningful support for Sudan's transition. Under the CEN, IDA has provided financing to Sudan for the first time since 1991 through exceptional pre-arrears clearance grants (PACGs) for the Sudan Family Support Program (SFSP).[13] The CEN also envisages exceptional support from the IDA19 arrears clearance set aside to help finance the Reengagement and Reform Development Policy Financing (DPF) in grant terms which will facilitate the clearance of Sudan's arrears (standing at US$1.1 billion) in March 2021. The clearance of Sudan's arrears to IDA is the first step of a coordinated approach to unlock critical financing to support recovery and sustainable growth. In addition, the DPF package will also include a request for Turn Around Allocation support. A WBG Country Partnership Framework (CPF) is expected to be developed in the coming months once reengagement with Sudan is complete.

B. Background, and Political and Poverty Developments

9. Sudan's history has been marked by political instability, conflict and isolation from the world economy. Sudan has suffered from political instability and conflict for most of the period since its independence in 1956 with only a period of relative calm between 1972–1983. Two civil wars between the northern and southern parts of Sudan culminated in the secession of South Sudan in 2011. Sudan's conflicts are grounded in structural and regional imbalances, with a Khartoum-based economic and political power "center" dominated by mostly Arab groups, and more "peripheral" areas in the west, east, and south. In 1993, Sudan was added to the United States (U.S.) State Sponsors of Terrorism List (SSTL). From 1997 to 2017, Sudan was under comprehensive economic, trade, and financial U.S. sanctions and, since 2005, under sanctions from the United Nations (U.N.) involving an arms embargo, travel bans, and asset freeze for selected individuals and entities. These sanctions resulted in disengagement from the international community. Sudan started accumulating arrears towards the international financial institutions (IFIs) and almost all other external creditors in the 1980s with a resultant ballooning of external debt.

10. The contraction of Sudan's economy during the last decade reflects in part a failure to adjust to the secession of South Sudan in May 2011. Following the loss of over 75 percent of oil production to South Sudan, Sudan maintained an overvalued exchange rate and commodity subsidies, mostly for fuel, that it could no longer afford. Internal conflicts and massive displacement of citizens also took a toll on growth. Between 2012–2017 the pace of GDP growth slowed to under 2 percent, while government revenues declined sharply in the absence of oil receipts. Despite some attempts, Sudan failed to reduce the enormous commodity subsidies that progressively destabilized the economy. Fuel subsidies alone grew to 11.8 percent of GDP more than 100 percent of government revenues plus grants in 2019, and more than twice all tax revenues. An overvalued official exchange rate was maintained, together with a system of multiple exchange rates for rationing existing forex to fuel and other priority imports. The annual inflation rate averaged over

[13] The SFSP was approved by the IDA Board of Executive Directors on October 23, 2020. It is a cash transfer program to help mitigate the effects of the authorities' ambitious reform agenda. It is financed in equal proportions by IDA PACGs and donor resources (channeled primarily through the Sudan Transition and Recovery Trust Fund – the primary vehicle for donor funding in support of activities in alignment with the CEN). IDA is providing PACGs of up to US$410 million through the SFSP. The first tranche of PACGs was approved in October 2020, and a second tranche is being discussed in parallel with the re-engagement DPO in March 2021. The SFSP will grant the equivalent of US$5 per capita to roughly 80 percent of the population.

50 percent in 2018–2019. High inflation (269 percent as of December 2020) was driven by the monetization of large fiscal deficits and the financing of commodity subsidies.

11. Economic woes, structural bottlenecks and weak governance have discouraged the needed investments to adjust to the new reality of becoming a non-oil economy. Despite significant opportunities,[14] private investments have remained at bay in the last decade. Foreign direct investment (FDI) has been hampered by decades of macroeconomic and political instability, pockets of civil conflicts and US sanctions until October 2017, as well as years of economic mismanagement and governance shortcomings. Sudan's inclusion in the U.S. SSTL and the associated reputational risks have deprived the country of much-needed access to external financing and thwarted hopes for foreign investment and corresponding banking relationships. Unlocking private investment has also been hindered by a number of structural bottlenecks, including a non-level playing field (due to a discretionary tax regime), limited access to finance, energy and infrastructure (e.g., power, ports & logistics, digital connectivity), as well as a cumbersome and costly investment climate (e.g., labor market distortions and skills mismatch). Domestic investment has also suffered from the absence of medium-term financing options and the absence of conventional banking, limiting access to credit to well established firms.

12. Following the secession of South Sudan, Sudan agreed to retain all external debt of the former Sudan under the so-called "zero-option." The agreement, reached in September 2012, stipulated that Sudan would retain all external liabilities after the secession of South Sudan, provided that the international community gave firm commitments to the delivery of debt relief within two years. It also stipulated that, absent such a commitment, Sudan's external debt would be apportioned with South Sudan based on a formula to be determined. The two parties have extended this agreement on several occasions. A new extension of the agreement until October 2022 is expected to be signed by both parties in the coming weeks.

13. A largely agrarian country, Sudan is significantly impacted by climate change and recently has been battered by frequent shocks. These include floods and droughts. In addition, as of February 20, 2021, there have been 28,038 recorded cases of COVID-19, including 1, 864 fatalities, while limitations to combat the pandemic put further stress on the economy. Moreover, there are approximately 1.9 million internally displaced people in need of urgent assistance and over 1.0 million *refugees* and asylum-seekers, exacerbated by new conflict in the neighboring Tigray region of Ethiopia.[15]

14. Sudan has a once-in-a-generation window of opportunity to put itself on a path of economic and social renewal. Sudan's transition process is one of the most important recent developments providing an opportunity for sustainable peace and transformation in the Horn of Africa. The 2019 revolution led to the establishment of a technocratic transitional government with a mandate to carry out sweeping reforms to reverse decades of economic, social, and political decline. The transitional government is due to govern for 39 months following the October 3, 2020, peace agreement, by which time Sudan is to conduct elections that will yield a new democratically elected government. In February 2021, a new government cabinet was formed marking a major

[14] Notably in agriculture/agri-business, logistics, infrastructure, conventional finance, and the digital economy.

[15] https://reporting.unhcr.org/sudan

political shift in Sudan. For the first time in the country's history, and in line with the October Peace Agreement, representatives of Sudan's vast peripheries (including Darfur, South Kordofan, Blue Nile states) as well as various other areas are now part of the central governance structure. The transitional government has had success in several areas, most prominently in reaching a peace agreement in October 2020 with almost all internal armed opposition groups to end 17 years of conflict. It has also committed to reversing economic distortions, including by agreeing to an IMF SMP that meets UCT conditionality standard and reforms supported by the IDA Reengagement and Reform DPF, which included phasing out costly fuel subsidies essential for macroeconomic stabilization and adjustment of the exchange rate. Notwithstanding a difficult first year in office, the transitional government retains the support of the country's major political forces, including security elements.

15. The U.S. formally delisted Sudan from the SSTL on December 14, 2020. This acknowledges the efforts undertaken by the Sudanese government to ensure the success of the political transition and removes an important barrier in the path toward Sudan's reengagement with the international community.

16. Economic challenges are intertwined with a historically fragile social contract characterized by long-standing tensions between the center and the periphery, and exclusionary governance. While support for the transitional government continues, there is widespread frustration with the economic hardship and a fragile equilibrium among key political interests. Furthermore, political contestation over power sharing arrangements remains acute. Even though large-scale violence subsided in 2019, localized violence between ethnic groups in parts of Darfur, as well as South and West Kordofan remains a concern. It is critical for Sudan to take advantage of a still favourable political economy to tackle its macroeconomic imbalances and put itself on a sustainable development trajectory.

17. Sudan's current poverty level is unknown as data from the latest household survey (2014/15) do not reflect the impact of the recent economic decline, high inflation, and COVID-19. According to the 2014/15 survey, the incidence of extreme poverty—the percentage of population living below US$1.90 a day—was 13.5 percent (Table 1). However, when the lower-middle income countries poverty line (US$3.20 a day) is used, the incidence of poverty raises to 46.1 percent—slightly higher than the 2015 average poverty rate of 44.3 percent for Lower Middle-Income Countries (LMICs).[16] Data from the 2014/15 survey shows that poverty was particularly high in rural areas, with 15.7 percent living in extreme poverty (compared to 9.5 percent in urban areas). Extreme poverty incidence varied significantly across states, with much higher rates observed in regions in the west, south and east.[17]

18. Poverty projections for 2021 are yet to be finalized as the situation remains fluid and the full impact of COVID-19 remains unknown. The rising level of inflation, shortage of certain

[16] Sudan was classified as an LMIC at the cutoff for the poverty data.

[17] States with the highest extreme poverty rates include: Central Darfur (35.1 percent), West Darfur (24.4 percent), North Darfur (22.4 percent), South Darfur (22.1 percent), South Kordofan (22.1 percent), and East Darfur (20.0 percent). Much lower extreme poverty rates were observed in the Northern (2.1 percent), River Nile (5.6 percent) and Kassala (6.5 percent) states.

basic commodities and COVID-19 have negative effects on living conditions. According to the Sudan High Frequency Monitoring Survey on COVID-19, in June 2020, about 40 percent respondents reported either a reduction or total loss in income due to COVID-19; 67 percent respondents had to stop working because of lockdown measures imposed to contain the pandemic. Only 29 percent reported having received their full salary, while 43 percent reported having received only part of their salary and 28 percent reported having received no payment altogether. More than 20 percent of the households were unable to buy bread and cereals as well as milk and milk products; about 45 percent of the respondents said they were worried about having enough food to eat, and many modified their eating habits. Only 10 percent of households with children who attended school before the COVID-19 outbreak were engaged in learning activities during school closures. By September 2020 one-third of respondents had stopped working and over 20 percent of households were unable to buy bread and cereals as well as milk and milk products as price increases were felt by most households. To obtain a more accurate estimate of poverty, a new household survey is urgently needed.

19. In addition to monetary poverty, most Sudanese households suffer other poverty-related deprivations. Sudan posts very poor human development indicators for its level of GDP. In the 2020 update of the World Bank's Human Capital Index (HCI), Sudan ranked 160 out of 174 countries. [18] According to the 2020 Human Development Index (HDI),[19] Sudan ranks 170 out of 189 countries. Furthermore, Sudan did not meet the 2015 Millennium Development Goals (MDGs), and its progress lagged behind LMICs averages (Table 1). Education and health indicators remain low and vary markedly across states, gender, and income level. The primary school enrolment rate was only 65 percent in 2019 (below the target of universal coverage), with substantial disparities across states, richer and poorer, urban/rural areas, and gender. The under-five mortality rate of 60 deaths per 1,000 births in 2018 is still higher than the 2015 MDG target of 41 per 1,000 births (the average for LMICs was 59 in 2014), meaning that significant efforts are needed to achieve the 2030 SDG target of 25 deaths per 1,000 births. Lack of access to basic water and sanitation is a key contributor to the low HDI. More than 40 percent of the population still lacks access to safe drinking water, and more than 60 percent lacks basic sanitation.

[18] https://databank.worldbank.org/data/download/hci/HCI_2pager_SDN.pdf

[19] http://hdr.undp.org/en/content/latest-human-development-index-ranking

Table 1. Sudan: Key Poverty and Social Indicators		
Indicator	**Value**	**Year**
Extreme Poverty Rate ($1.9 in 2011 PPP) (%)	13.5	2014
Lower Middle-Income Poverty Rate ($3.2 in 2011 PPP) (%)	46.1	2014
School Enrollment, Primary (% gross)	65	2019
School Enrollment, Primary, Female (% gross)	69	2019
School Enrollment, Primary, Male (% gross)	63	2019
Human Capital Index	160	2020
Human Development Index, Global Ranking	170	2020
Under-five mortality (per 1,000 births)	60	2018
Life expectancy at birth (years)	65.1	2018
Labor Force participation rate (%)	53.0	2014
Unemployment rate (%)	11.0	2014
Extreme Poverty Rate ($1.9 in 2011 PPP) (%)	13.5	2014
Lower Middle-Income Poverty Rate ($3.2 in 2011 PPP) (%)	46.1	2014
Sources: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices, World Development Indicators, March 2020 Debt Sustainability Analysis, United Nations Development Programme Human Development Index.		

20. Sudan has one of the world's lowest rankings for gender equality. When the HDI is disaggregated by sex, Sudan's Gender Development Index (GDI) is 0.837,[20] placing it in the group of countries furthest from achieving gender parity.[21] Factors contributing to this outcome include: low levels of women's political participation (28 percent); unequal participation in the labor market (24.5 percent); unequal education attainment of adult women relative to adult men (15.3 percent); lack of inclusion and participation in official peace building and conflict resolution initiatives. Recent legislative changes to increase women's personal freedom and criminalize female genital mutilation are steps in the right direction; however, more targeted, affirmative measures will be needed to bring about gender parity and inclusion.

21. Unemployment of women and youth is a concerning issue in Sudan. Sudan's labor market is characterized by low overall labor force participation, in which women and youth are particularly disadvantaged. The labor force participation rate in 2014 was 76 percent among men, compared to 33 percent among women.[22] The overall unemployment rate for women is more than twice that of men (19 percent and 8 percent, respectively), and being a young woman is even more detrimental: 27 percent of young women are unemployed, compared to 20 percent of young men. Unemployment rates have a direct link to poverty with households with an unemployed head being nine-percentage point more likely to be moderately poor than those with identical characteristics.

[20] The GDI, based on the sex-disaggregated HDI, is defined as the ratio of the female to the male HDI (http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/SDN.pdf).

[21] UNDP 2019. Human Development Report 2019. Beyond income, beyond averages, beyond today: Inequalities in human development in the 21st century. New York. http://hdr.undp.org/en/content/human-development-report-2019.

[22] World Bank 2019. Poverty and Inequality in Sudan, 2009-2014 (Report No. AUS0001487).

C. Macroeconomic and Structural Reform Track Record

22. The Government of Sudan (GoS) has launched a comprehensive package of structural reforms. These aim at addressing major inherited economic imbalances, fighting corruption, increasing social support to the population, and providing a foundation for sustainable growth. Following the loss of most oil reserves with the secession of South Sudan in 2011, Sudan maintained large commodity subsidies, mostly for fuel, that it could no longer afford and overvalued official exchange rates. This has been the primary cause of accumulating macroeconomic imbalances, which led to high inflation and pressures for currency depreciation. Over time, the neglect of public investment in human and physical capital also took a progressive toll on economic growth, while the combination of low social spending and high inflation reduced real incomes and increased poverty.[23]

23. Critical reforms that underlie the current IMF Staff Monitored Program and the IDA Reengagement and Reform DPF operation include:

- **The sharp reduction and elimination of fuel subsidies.** Fuel subsidies alone grew to account for almost 100 percent of Government revenues by 2019. In March 2019, the Government introduced a dual pricing system for diesel and gasoline that began allocating a portion of fuel to the population at higher prices. These "commercial prices" were increased to market rates in October 2019. The Ministry of Finance and Economic Planning (MoFEP) passed two decrees (Decree No.66 and Decree No.94) in the fourth quarter of 2020 that effectively ended subsidies on retail diesel and gasoline, which had formerly accounted for an enormous share of budgetary spending. In January 2021, residential electricity rates on large consumers were also increased by around 500 percent as part of a four-year program to stabilize electricity subsidies. Government spending on fuel subsidies decreased in 2020 to 3.8 percent of GDP from 10.5 percent in 2019. The 2021 budget programs fuel subsidy spending at 0.3 percent of GDP. The reduction/elimination of fuel subsidies also helps moderate consumption and promotes alternative, clean sources of energy that can have long-lasting beneficial effect on the climate and the environment.

- **Exchange rate liberalization.** The authorities agreed under the SMP that all but the customs exchange rate would be unified, and that banks and foreign exchange bureaus would be permitted to set exchange rates in line with market conditions. This reform was implemented on February 21, 2021 (Central Bank of Sudan Circular No. 1/2021). The customs exchange rate is expected to be unified with the market rate in mid-2021.

- **Social protection.** Social spending increased as a percentage of GDP in 2020 and is expected to increase significantly in 2021 with the rollout of the SFSP. Social protection through an expansive cash transfer program is an essential element for the expansion and modernization of Sudan's social safety net system. As part of this approach, it is envisioned that the SFSP will provide 12 months of consistent support to beneficiaries, eventually transitioning recertified eligible beneficiaries to longer-term permanent social safety net support. The SFSP will also help to

[23] Sudan's public spending on health is 1.2 percent of GDP (2017). This is lower than both the regional average (2.4 percent) and the average for its income group (2.1 percent). Regarding education, Sudan spends 2.2 percent (2009) of its GDP in government education spending. This is lower than both the regional average (4.0 percent) and the average for its income group (3.6 percent).

establish the key building blocks of a modern social protection system by laying the digital infrastructure for mobile payments and strengthening the national registry – both goals will encourage greater inclusion and the empowerment of women. Critically, the SFSP will pave the way for a future shock-responsive national safety net programs by facilitating rapid identification of potential beneficiaries for expanded coverage. This can support improved efficiency of interventions and greater coordination in social service delivery beyond the existing social safety net.

- **Public finance management (PFM) and anti-corruption.** The creation of an effective and transparent PFM system is a high priority of the Transitional Government. It is critical to ensure efficient fiscal policy implementation and minimize fiscal risks. In 2020, the authorities published the central government budget on the Ministry of Finance website. Starting in 2021, the central government budget will be published on the website within one month after its approval by the Legislative Council, and quarterly budget execution reports within one month after the end of each quarter (Decree No.92). The 2020 Public Expenditure and Financial Accountability (PEFA) review (Box 1) forms the foundation for a comprehensive reform strategy going forward. As part of this, significant progress has already been made in compiling a list of all SOEs, with work ongoing to clarify ownership. The government is seeking assistance from the World Bank and other development partners to launch PFM reforms as part of its poverty reduction strategy.

- **Tax reform.** Over the last decade, Sudan never developed an effective tax system to replace its previous reliance on oil revenues. Consequently, tax revenues to the central budget were only 3 percent of GDP in 2020, preventing the government from executing core government functions in a sustainable way. In addition, the tax system was plagued by large, often individualized, exemptions that lacked transparency. A major initiative is underway for the sharp reduction in exemptions, consistent with the goal to build a transparent, modern, and fair tax system. All ministerial-granted tax exemptions have been abolished as of 2020, no new special exemptions can be granted. As part of the 2021 budget, the authorities plan to introduce: a progressive personal income tax starting in 2021; a higher VAT on telecommunications; liberalization of the exchange rate on oil revenue and grants leading to improved revenue via valuation effects; the removal of income tax exemptions for all the companies that currently benefit from these exemptions; and improvements in tax administration to widen the tax base and curb tax evasion.

Box 1. 2020 PEFA Assessment Findings

The 2020 PEFA findings highlight weaknesses in the quality and timeliness of data, lack of an organized structure of checks and balances, and absent or insufficient publication of information and transparency of procedures.

Access to budgetary data has been scarce and procedures opaque. MoFEP does not provide local governments (LGs) with a ceiling or budget envelop through the Budget Call Circular (BCC). LGs are informed of their allocations after the budget approval. Moreover, the allocations are not disclosed publicly so LGs cannot compare their allocations.[1]

The implementation of a medium-term fiscal framework is lacking and the macro-fiscal unit needs strengthening to enhance policy formulation. The Single Treasury Account (TSA) needs to be fully implemented at central government level including by improving cash forecasting, extending the setting of cash ceilings for ministries, departments, and agencies from one to three months, and improving management of payments. The reports of the Auditor General had no traction or publicity, despite highlighting weaknesses and inefficiencies in Sudan's fiscal governance.

The large SOE system is highly inefficient, not transparent, suffers from preferential allocation of contracts and presents important unmanaged fiscal risks. The National Audit Chamber has been very active in signaling these shortcomings with very little traction until now. The transition government committed to engage in a far-reaching set of reforms. A prime minister decree was issued in June 2020 requiring inventorying all SOEs and subjecting them to MOFEP oversight. To aid in that effort, the government requested World Bank technical assistance for supporting the development of SOEs ownership and oversight arrangements and the development of an SOEs reform roadmap.

Sudan's complex and opaque tax system reduces the state's capacity to raise revenue. Sudan's overly complex and unaccountable tax system grants generous tax exemptions in favor of selected business or creates "ad hoc" loopholes resulting in weak fiscal governance framework. Weak tax administration, numerous and complex tax rules necessitate more frequent encounters with public officials and increase compliance costs, which also raise incentives for avoidance and corruption. This resulted in current tax collection rate in Sudan at about 6 percent of GDP in 2019, and far below its peers.[2]

[1] The Open Budget Survey (OBS which was first launched in 2006) gives Sudan 2 out of 100 in budget transparency.

[2] Sudan—IMF Country Report No. 20/73.

24. **The Government also seeks to implement other critical reforms over the short- and medium-term.** These are civil service reforms, fiscal federalism, removing administrative barriers to business and investment, and power sector restructuring. In particular, the Government recognizes the importance of creating favorable conditions for private sector-led growth to power economic recovery and build stability. The IFC and the World Bank, together with donors, have been supporting the authorities' efforts to improve the investment climate, foster Public-Private Dialogue, strengthen the legal and institutional framework for Public-Private Partnerships (PPPs), and support MSME development, focusing on access to finance, business entry and taxation, innovation and entrepreneurship. Going forward, the authorities' top reform priorities are foundational for effective private sector development (e.g., institutional, legal, and regulatory framework of the investment climate).

25. **The strong policy commitments contained in the IMF SMP and the IDA Reengagement and Reform DPF reflect the transitional government's determination to reverse years of economic mismanagement that has led to an economic crisis.** The global pandemic and the record flooding further complicated their task in 2020. Implementation under the SMP started out

slow, reflecting the fragile political environment, but implementation of structural reforms has picked up while quantitative performance has been more mixed. On the structural side, subsidies on the retail sale of imported gasoline and diesel were eliminated and a price adjustment mechanism adopted last November; this was extended to domestically produced gasoline and diesel in December. The Ministry of Finance published the revised 2020 budget; January – November monthly budget execution; and a partial inventory of SOEs on its website in December. Several pieces of important legislation are well underway, including the Anti-Corruption National Committee Law and revised Central Bank Act (October and December 2020 structural benchmarks). IMF staff has provided comments and conducted follow up drafting session with the authorities, but these laws have not yet been passed by the Joint Council. The unification of the official and market exchange rates with the move to a band to limit undue volatility took place on February 21, 2021, and the unification of the customs exchange rate is expected to take place end-June. The IDA DPF supported policy actions aiming at addressing fuel subsidies and the exchange rate, which are central to macroeconomic stabilization and to laying the foundations for economic growth. The DPF also supported efforts to rollout the SFSP and improve public sector transparency.

Table 2. Sudan: Selected Economic and Financial Indicators, 2017–2021

	2017	2018 est	2019 est.	2020 proj.	2021 proj.
Output					
Real GDP growth at market prices (%)	0.7	-2.3	-2.5	-3.6	0.9
Inflation					
Period average (%)	32.4	63.3	51.0	163.3	191.4
End of period (%)	25.2	72.9	57.0	269.3	111.4
Central government finances					
Revenue and grants (% of GDP)	6.9	8.9	7.8	4.8	11.7
Expenditure (% of GDP)	13.1	16.7	18.7	10.8	14.4
Fiscal balance (% of GDP)	-6.2	-7.9	-10.8	-5.9	-2.7
Public debt (% of GDP)	152.9	185.6	200.3	249.1	203.5
Money and credit					
Broad money (% change)	68.8	111.8	60.1	88.0	77.0
Credit to the private sector (% change)	38.4	69.3	45.8	78.8	80.0
Balance of payments					
Current account (% of GDP) (cash basis)	-6.9	-8.7	-11.4	-13.2	-6.0
FDI (% of GDP)	1.7	3.1	2.9	2.7	2.5
Reserves (in months of imports)	0.3	0.2	0.2	0.3	0.4
Exchange rate					
REER (% change)	-13.2	-24.5	-12.5	…	…

Sources: Sudan authorities; and IMF staff estimates and projections.

26. **The World Bank and the IMF are coordinating their support.** In particular, policy actions supported through IDA DPF, and other operations, and benchmarks under the SMP are fully aligned. The World Bank and the IMF are also providing complementary technical assistance (TA) on a wide range of fiscal policies and public financial management, including promoting transparency and anti-corruption measures. Areas supported by the World Bank include policy support and TA in social protection (the SFSP and targeted assistance programs), PFM (diagnostic exercises, tax administration, open procurement, wage policy), and the energy sector (addressing fuel subsidies, reforming the power sector). The IFC, in strong collaboration with the World Bank, has been

supporting the Government's private sector development reform agenda (including new investment and PPP laws, improving the business and regulatory environment, private sector analytics, SMEs development). Most of this work has been supported by IDA PACGs and a multi-donor trust fund. The CPF to be developed in the coming months will lay out a full WBG program of support in the coming years, including in areas covered by the Completion Point triggers through regular IDA financing – following the clearance of arrears – and TA. Fund staff is providing technical assistance to the authorities to strengthen PFM, fiscal reporting and statistics (GDP, prices, monetary reporting); to monitor fiscal risks related to SOEs); and to improve the legal framework through desk reviews of the Central Bank Act, Banking Business Act, and Anti-Corruption Law to ensure they meet international standards. Capacity development is also being provided through a governance diagnostic exercise which will build a roadmap for strengthening governance across various sectors of government. For the period ahead, technical assistance is envisioned in the areas of debt management, macroeconomic modeling, import tariff reform, the monetary policy framework and financial stability.

27. Several development partners are engaged in Sudan beyond the Bank and the Fund. The current aid landscape in Sudan is mainly humanitarian and dominated by off-budget flows. A substantial part of external support is currently not channeled through the government, with U.N. and humanitarian agencies being designated as executing agencies for the assistance. In this context, partnership with U.N. agencies has been critical in early recovery activities, especially in regions emerging from conflict where the U.N. has a strong comparative advantage. The AfDB Group is providing grant support to Sudan in agriculture, women and youth empowerment and capacity building as well as emergency support for flood and COVID 19 response (about US$155 million in performance-based allocation – PBA – grants are expected to be committed over 2020–22, these will be supplemented with resources from the Transitional Support Facility – TSF) supplementing the PBA resources. The United Kingdom, European Union and United States provide support on macro-fiscal reforms and institutional strengthening. France provides support on public financial management, tax administration, political economy analysis, and citizen engagement aspects. The African Legal Support Facility (ALSF) has provided assistance on commercial claims litigation. Sustained dialogue with partners on program implementation is critical. At the global level, the Friends of Sudan group (FoS – see Box 2) provides a useful vehicle for building consensus on priority areas of support and mobilizing donor resources, including in support for the SFSP. In May 2020, the FoS adopted the Mutual Partnership Framework (MPF) capturing key Government and donor commitments in support of Sudan's economic reform agenda and debt relief process.

Box 2. Donor Support to Sudan

The Friends of Sudan (FoS) group has served as a catalytic vehicle for building consensus on priority areas of support and mobilizing donor resources for Sudan's economic and peacebuilding transition. The FoS includes the Special Envoys for Sudan from the United States, the United Kingdom, Norway, France, Germany, Sweden, the European Union, the United Nations, the IMF, the World Bank, Saudi Arabia and the United Arab Emirates (UAE). A wider configuration includes the AfDB, Arab Union, Canada, Egypt, Ethiopia, Italy, Japan, Kuwait, The Netherlands and Qatar. The League of Arab States has also been invited to recent meetings. In May 2020, at the Paris FoS meeting, led by France, the group adopted the Mutual Partnership Framework (MPF) capturing key Government and donor commitments in support of Sudan's economic reform agenda and debt relief process. Implementation of the MPF is coordinated at the country level through the Sudan International Partners Forum (SIPF), which provides a platform for dialogue among humanitarian, development, and civil society partners. The SIPF is coordinated by the Ministry of Finance and Economic Planning (MoFEP).

In June, a high-level Sudan Partnership Conference was held in Berlin. The Conference was co-hosted by the Federal Republic of Germany, the European Union, the United Nations, and Sudan, and was attended by delegations from 40 countries and 15 international organizations and agencies. To support Sudan's economic reforms and mitigate their social impact on its population, partners pledged over US$1.8 billion for both humanitarian and development support, of which close to US$393 million were pledged for the Sudan Family Support Program (SFSP) through the World Bank Sudan Transition and Recovery Support Trust Fund (STARS), and additional US$42 million from the United States and Germany for SFSP through the World Food Program (WFP). In addition, the UAE pledged US$50 million in support of community infrastructure development and Saudi Arabia pledged $US10 million in support of COVID-19 health crisis. As of February 2021, pledges to STARS amounted to US$569.5 million, including pledges from the European Union, Canada, France, Finland, Germany, Ireland, Italy, Netherlands, Norway, Saudi Arabia, Sweden, Spain, SPF-MDTF, UAE, and the United Kingdom. Actual contributions received by February 2021 amount to US$301 million, with US$284 million soft-earmarked for the SFSP. It is expected that the remaining pledges will be realized in early 2021.

To maximize support, the IDA is providing additional pre-arrears clearance grants of up to US$410 million to mitigate the impact of economic reforms through the SFSP. The first of these was approved in October 2020, and the second tranche with additional financing was submitted to the Executive Board for approval in late February. The World Bank also pledged to provide additional resources to support emergency COVID-19 response through the Health Emergency Preparedness and Response Multi-Donor Fund (HEPRF), championed by Japan and the State and Peacebuilding Fund.

MEDIUM- TO LONG-TERM STRATEGY AND PROSPECTS

A. Macroeconomic Outlook

28. **The successful implementation of policy measures under the SMP will lay the foundation for sustained, inclusive growth.** The elimination of market distortions through exchange rate unification and subsidy reform, together with legislative changes aimed at improving the business climate and addressing long-standing governance and transparency issues will support greater private sector investment. Sudan's removal from the U.S. SSTL adds to this support. The removal of subsidies and customs exchange rate reform will provide much needed fiscal space for greater social spending. These reforms will need to be complemented by a range of growth-enhancing structural reforms across the economy, including in agriculture, private sector development, energy and human capital. A decade of slow growth in the context of social upheaval,

large macroeconomic imbalances, and high transaction costs due to strained foreign economic relations culminated in three years of economic recession. This speaks for the enormous potential to accelerate growth in the context of stabilization, growth-enhancing reforms, and the restoration of normal foreign economic relations.

29. **The outlook, assuming HIPC Decision Point is attained, is positive, as macroeconomic stability is restored following the difficult adjustments to fuel prices, exchange rate unification, and the policy actions under the SMP.** It is expected that 2021 will finally bring Sudan positive growth and progress in stabilization. However, the economic and social situation in the country remains challenging, and downside risks are high.

30. **Following three years of contraction (2018–20), growth is expected to pick up slowly weighed by the still-unsettled economic and political environment, and the impact of COVID-19.** In the medium term, growth should increase as the economy stabilizes, the business climate improves, and foreign inflows increase. Sudan is projected to reach its 2017 level of GDP in 2024, and to sustain strong growth rates into the medium term in the 4–5 percent range. The accelerated growth will reflect Sudan's initial dividend from the achievement of internal peace, the correction of distortions, improvements in the investment climate, a depreciated exchange rate, and the realization of some low-hanging fruit in public investment. Sudan's longer-term prospects will depend not only on maintaining macroeconomic stability and a favorable climate for private business and investment, but on policies to reverse decades of neglect in social spending and public infrastructure.

31. **Recent reforms provide Sudan with a strong chance to stabilize the economy in 2021.** Budget savings from the sharp reduction in fuel subsidy spending and inflows of foreign grants, expected to be 4 percent of GDP higher in 2021 than in 2020, will underpin Sudan's plan for major fiscal consolidation to slow the pace of monetary expansion and inflation. While the rate of inflation exceeded 300 percent in early 2021, inflation should moderate significantly during the year, bringing the annual rate of inflation for 2021 down to 111 percent at end-year. In 2022, inflation is expected to be less than 30 percent, and should steadily decline in the following years. This reflects the government's commitment to keep fiscal deficits under control, as well as expanded future opportunities for deficit finance that will be less inflationary.

32. **The reduction in subsidies and unification of the customs rate will also provide fiscal space for much needed social spending which is supported by significant donor grants in the near- to medium-term.** As a result, deficit monetization is expected to decline significantly, bringing inflation to below 20 percent a year. While exports return to pre-COVID levels, import demand, including for social programs and investment, remains strong leaving the current account in sizable deficit financed by FDI and public and private investment flows. Over time, improved competitiveness and higher investment will boost export growth, strengthening the external position and halving the (cash) current account deficit in the medium-term. Foreign grants are expected at an exceptionally high level of 4.2 percent of GDP in 2021, the majority of which are earmarked for the rollout of the Sudan Family Support Program of transfers to the population.

33. **Much improved domestic revenue mobilization and tax administration will underpin debt sustainability.** In 2021, the major expected increase in inflows of foreign grants relative to 2020 and higher tariff revenues from the adjustment of the customs exchange rate will give a

particular boost to government receipts. Improvements in tax administration and tax policy reforms aimed at broadening the tax base by eliminating various exemptions under the VAT and personal income tax, and harmonizing the corporate income tax rate, will increase tax revenue by about 3 percentage points of GDP in the medium term. In the long run, continued improvements in tax administration could add another 1–2 percentage points of tax revenue. On the expenditure side, better budget execution and the redistribution of government revenues toward social spending and infrastructure projects will not only significantly reduce the fiscal deficit, but also support poverty reduction and inclusive growth. The primary fiscal balance will turn positive in the medium- to long-run, markedly improving debt sustainability. Over time, as the size of foreign grants decreases, tax revenues are expected to increase, as would opportunities for the non-monetary financing of budget deficits, thereby giving Sudan a possibility to sustain a fiscal and financial position consistent with economic stability.

34. Risks to the macroeconomic outlook are significant. On the upside, removal of Sudan from the SSTL, improvements in macroeconomic management, governance and transparency and the strengthening of the business climate could attract a surge in foreign investment and donor flows. On the downside, failure to implement the envisioned policy measures or a reversion to old policies (subsidies, multiple currency practices, lack of transparency/governance) will not only hamper economic growth but put at risk an inclusive outcome. The Government has shown a strong resolve to implement the necessary reforms, but there is still lack of consensus in some important areas. Given the current dangerously high rate of inflation, achieving stabilization in 2021 will not be easy, and money demand could be easily destabilized. Other risks include the continued fragility of the internal peace process and the fact that Sudan is prone to flooding and other natural disasters. While the Government has an important source of legitimacy as part of the transition process to inclusive policies and democracy, the continued deterioration of the economic situation is testing the patience of a significant part of the population, and social uprisings are becoming more common. Slow progress on governance and transparency reforms to strengthen the investment climate and continued political instability—or, worse yet, a disruption to peace—could lead to a flight to quality and a halt to donor support and foreign investment. Significant risks will persist even if the HIPC Decision Point is reached as planned. Nevertheless, many of these risks are mitigated by an increasing awareness in the government and the country that backtracking on reforms and stabilization efforts at this point could only lead Sudan to a mounting crisis and instability. The active engagement of the IMF, World Bank, and international community will also help mitigate such risks.

B. Poverty Reduction Strategy

35. The Government of Sudan is in the process of completing a Poverty Reduction Strategy Paper (PRSP).[24] The PRSP will reflect the shared view of key stakeholders on a national roadmap to alleviate poverty and identify the budgetary resources and priority sectors to achieve this objective.

[24] An interim PRSP was approved by the Council of Ministers and the Parliament in July 2012. The September 2013 Joint Staff Advisory Note (JSAN) prepared by Bank and Fund staff noted – inter alia – that the participatory process was encouraging; but required further strengthening and inclusiveness to meet the standards needed for a full PRSP. The PRSP under preparation is taking this issue into account. In addition, it is using updated social statistics and information from recent surveys together with additional analytical work in various areas.

The document will provide an overall assessment of the macroeconomic framework and the poverty profile of Sudan and the suitability of the macroeconomic reforms to release necessary budgetary resources for poverty reduction. Furthermore, the document will elaborate on the process for identifying and prioritizing sectors, cross-cutting areas and activities. It will also discuss issues of cooperation and partnerships required to achieve the PRSP objectives and outline the PRSP monitoring and evaluation framework.

36. The PRSP document is expected to be finalized by end-April 2021. A draft document has already been prepared identifying five preliminary pillars, namely promoting: (i) macroeconomic stability; (ii) inclusive economic growth; (iii) human and social development; iv) peace; and v) the strengthening of governance and institutional capacity. These pillars reflect consultations conducted in March 2019,[25] and a second round of consultations conducted in February/March 2021. The consultation process, involving stakeholders nationwide and with the international community, is documented in the PRSP document. The draft document will be sent to the Bank and Fund in mid-March 2021. The final version is expected for end-April 2021. A Joint Staff Advisory Note (JSAN) will be prepared upon its submission.

DEBT RELIEF ANALYSIS AND POSSIBLE HIPC INITIATIVE AND MDRI DEBT RELIEF

A. Debt Reconciliation Status

37. A preliminary DRA has been prepared jointly by the Sudanese authorities and staffs from the Bank and the Fund. The DRA is based on Sudan's external public and publicly guaranteed (PPG) debt disbursed and outstanding as of end-December 2019.[26,27] As of end January 2021, Sudan's debt to multilateral creditors was largely reconciled and the reconciliation of bilateral debt was advanced.[28] The reconciliation was performed jointly by the authorities and staffs from the Bank and Fund.

[25] These initial consultations involved 34 workshops and 102 Focus Group Discussions (FGD) among government officials and Civil Society Organizations (CSOs), across 17 of the 18 states in Sudan (Gadaref State was not covered due to the political situation at the time). The discussions were attended by male and female participants representing different groups such as banks, civil servants, businesspeople, fishermen, farmers and pastoralists, craftsmen, miners, informal sector, pensioners, then parliamentarians, faith groups, youth groups, women groups, teachers, and displaced people. Questions at the FGD focused on the definition of poverty, its causes, measures taken and opinions, and the strategic priority areas to address poverty.

[26] As part of the HIPC Initiative framework, the amount of HIPC Initiative debt relief is determined on the basis of a DRA using the most recent data for the year immediately prior to Decision Point (end-2020 if this milestone is reached by June 2021), with a three-month grace period. Such DRA will be presented in the HIPC Decision Point document.

[27] This DRA reflects the implementation of the "zero option" agreed between Sudan and South Sudan 2012.

[28] As of that cutoff, data on debt owed to several non-Paris Club official bilateral creditors and on commercial claims (representing 34 and 12 percent, respectively, of Sudan's reported end-2019 debt stock) required further clarification.

B. Structure of External Debt

38. Sudan's external PPG debt was estimated at US$49.8 billion in nominal terms at end-December 2019 (Table 3). Given large arrears, this corresponds to a similar level in NPV terms. Multilateral creditors account for about 11 percent of the total debt stock in nominal terms. Major multilateral creditors include IDA, the IMF, and the Arab Fund for Economic and Social Development (AFESD). Together these creditors account for close to three-quarters of Sudan's multilateral debt. Official bilateral debt accounts for about 77 percent of the total debt stock (equally divided between Paris Club and non-Paris Club creditors, each accounting for about 38 percent). Major Paris Club creditors include Austria, France and the United States, which represent more than 64 percent of the debt owed to this group of creditors. Among non-Paris Club creditors, the top three (China, Kuwait, and Saudi Arabia) account for more than 86 percent of debts in this category. Commercial creditors claims are estimated to represent about 12 percent of the nominal debt stock, about two-thirds of claims from these creditors correspond to the London Club.

39. Most of Sudan's estimated external PPG debt (about 86 percent) was in arrears at end-December 2019, much of which corresponds to arrears on interest payments and penalties (Figure 1). Arrears on Sudan's external PPG debt at end-December 2019 are estimated at US$42.6 billion. This includes arrears to IDA (US$1.0 billion), the IMF (US$1.3 billion) and the AfDB Group (AfDB, US$0.4 billion). By end-2019 arrears had accumulated to all multilateral creditors with the exception of the International Fund for Agricultural Development – IFAD),[29,30] representing about 52 percent of Sudan's debt owed to multilateral creditors. Arrears are estimated to represent close to 90 percent of the debt owed to official bilateral creditors and 100 percent of the debt owed to commercial creditors.

[29] Arrears to the Arab Monetary Fund (AMF) at end-2019 in the amount of US$13 million were repaid during 2020.

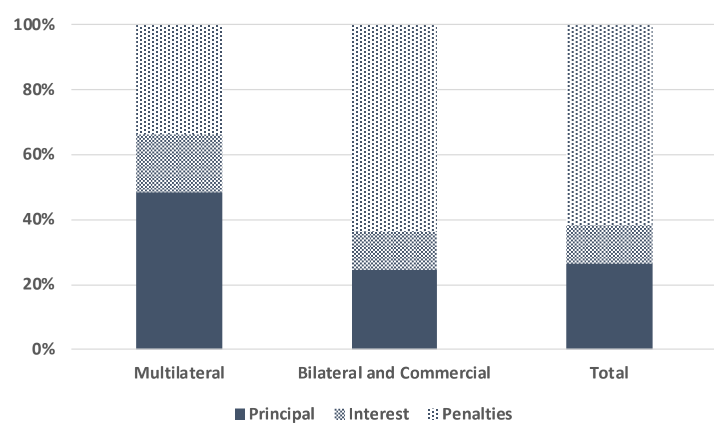
[30] Arrears to the Arab Fund for Economic and Social Development (AFESD) were rescheduled in 2019. As part of the agreement, the authorities repaid interest arrears on April 24, 2019, and principal arrears were rescheduled.

Table 3. Sudan: Estimated External Public and Publicly Guaranteed External Debt
(As of end-2019)

	Nominal Stock 1/		Arrears		Stock NPV terms: Before traditional debt relief 1/ 2/		Stock NPV terms: After traditional debt relief 1/ 2/ 3/	
	US$ billion	Percent of total	US$ billion	Percent of total	US$ billion	Percent of total	US$ billion	Percent of total
Total	49.8		42.6		49.7		26.4	
Multilateral	**5.6**	**11.3%**	**3.0**	**6.9%**	**5.7**	**11.4%**	**5.7**	**21.5%**
IDA	1.4	2.9%	1.0	2.4%	1.4	2.8%	1.4	5.3%
IMF	1.3	2.7%	1.3	3.1%	1.3	2.7%	1.3	5.1%
AfDB Group	0.5	1.0%	0.4	0.9%	0.5	1.0%	0.5	1.9%
AFESD	1.4	2.8%	0.0	0.0%	1.4	2.8%	1.4	5.4%
Other 4/	1.0	2.0%	0.2	0.5%	1.0	2.1%	1.0	3.9%
Bilateral	**38.2**	**76.7%**	**33.7**	**79.1%**	**38.1**	**76.6%**	**18.6**	**70.6%**
Paris Club 5/	19.1	38.3%	17.6	41.3%	19.1	38.3%	8.2	31.0%
Non-Paris Club	19.1	38.4%	16.1	37.8%	19.0	38.3%	10.4	39.6%
Commercial	**6.0**	**12.0%**	**6.0**	**14.0%**	**6.0**	**12.0%**	**2.1**	**7.9%**

Sources: Sudanese authorities and staff estimates.
1/ Includes arrears.
2/ Applied discount rates are the average Commercial Interest Reference Rates (CIRRs) published by the OECD over the 6-month period prior to December 2019. The SDR discount rate is calculated using the CIRRs for all SDR basket currencies except the Chinese yuan. The OECD does not publish a CIRR for the Chinese yuan, therefore it is calculated based on the China bond yield curve for bonds with a 7-year maturity increased by 100 basis point, per the standard CIRR methodology.
3/ Assumes a stock-of-debt operation on Naples terms at end-December 2019 and comparable action by other official bilateral and commercial creditors on eligible debt. The NPV reduction resulting from the application of traditional debt relief varies from creditor to creditor depending on the composition of the debt owed to each creditor (pre-cutoff date vs. post-cutoff date, ODA vs. non-ODA), which determines the applicability of Naples terms and the granted terms.
4/ Other multilateral creditors include: the Arab Monetary Fund (AMF), the European Commission, the Islamic Development Bank (IsDB), the International Fund for Agricultural Development (IFAD) and the OPEC Fund for International Development (OFID).
5/ Paris Club cutoff date is January 1, 1984.

Figure 1. Sudan: Composition of Estimated External PPG Arrears at end-2019
(In percent)



Source: Staff Estimates

C. Possible Assistance Under the HIPC Initiative

40. Sudan would qualify for debt relief under the HIPC Initiative's "export window."[31] After full application of traditional debt relief mechanisms,[32] Sudan's NPV of external PPG debt at end-2019 is estimated at US$26.4 billion. This represents 495 percent of the country's exports of goods and services, significantly exceeding the 150 percent threshold set for this indicator in the context of the HIPC Initiative framework.[33]

41. Reducing Sudan's NPV of debt-to-exports ratio from 495 percent to the 150 percent threshold would require US$18.4 billion of HIPC Initiative debt relief in end-December 2019 NPV terms (Table 4). This implies a common reduction factor of 70 percent. Based on proportional burden sharing, the amount of HIPC debt relief from multilateral, bilateral and commercial creditors is estimated at US$3.9, US$13.0 and US$1.4 billion, respectively.[34]

Table 4. Sudan: HIPC Initiative Debt Relief – Preliminary Estimates Based on End-2019 Data
(US$ billion, unless otherwise indicated)

	Stock of Debt at end-2019		HIPC debt relief
	After traditional debt relief 1/ (A)	After HIPC debt relief (B)	(NPV terms as of end-2019) (A) - (B)
Total	26.4	8.0	18.4
(as percent of exports)	494.8	150.0	344.8
of which:			
Multilateral	5.7	1.7	3.9
Bilateral	18.6	5.6	13.0
Commercial	2.1	0.6	1.4
Memorandum items			
Common reduction factor (percent) 2/	69.7		
Exports 3/	5.3		

Sources: Sudanese authorities and staff estimates.
1/ Assumes a stock-of-debt operation on Naples terms at end-December 2019 and comparable action by other official bilateral and commercial creditors on eligible debt.
2/ Percent reduction to be applied by each creditor to its exposure in NPV terms after traditional debt relief as of the debt cutoff (i.e., end-December 2019 for the preliminary HIPC debt relief estimates in this document).
3/ Three-year average of Sudan's exports of goods and non-factor services for 2017 through 2019.

[31] Sudan is not eligible under the HIPC Initiative "fiscal window." To qualify for debt relief under this window, a country must have an NPV of debt-to-revenue ratio above 250 percent. In addition, it should also have an export-to-GDP ratio of at least 30 percent and a fiscal revenues-to-GDP ratio of at least 15 percent, using an average of the last three years of actual data (see "Modifications to the Heavily Indebted Poor Countries (HIPC) Initiative", July 23, 1999 ID/SecM99-475, and EBS/99/138). At end-2019, Sudan's, NPV of debt-to-revenue ratio amounted to 1,260 percent. However, during 2017–19, the average export-to-GDP and average revenue-to-GDP stood at 13.8 percent and 7.6 percent, respectively.

[32] The scenario after full application of traditional debt relief assumes a stock-of-debt operation on Naples terms at end-December 2019 and comparable action by other official bilateral and commercial creditors on eligible debt.

[33] Consistent with the HIPC framework, the NPV of debt-to-exports ratio after traditional debt relief was estimated using the three-year average of Sudan's exports of goods and non-factor services for 2017 through 2019.

[34] Amounts for official bilateral and commercial creditors are additional to expected debt relief under traditional debt relief mechanisms.

42. Assumptions for timing and modalities for the delivery of HIPC debt relief. For the purposes of this DRA, it is assumed that Sudan reaches the Decision and Completion points by June 2021 and in June 2024, respectively.[35] Below are the assumptions on the modalities for the delivery of HIPC debt relief by Sudan's external creditors. These assumptions underpin the illustrative scenarios presented in Section IV.G of this document.

- **IDA** assistance under the HIPC Initiative and the MDRI is estimated at about US$1.2 billion in end-2019 NPV terms.[36] This is equivalent to a reduction of close to 85 percent in the NPV of Sudan's debt to IDA as of that cutoff. It is estimated that 93 percent of IDA's debt relief would be delivered through the arrears clearance operation to be concluded in March 2021 entirely financed with grants.[37] HIPC Initiative debt relief from IDA would be delivered in full through the arrears clearance operation. Therefore, based on these preliminary estimates, IDA would not provide additional HIPC debt relief through a reduction in debt service payments after Decision Point. At Completion Point, Sudan would benefit from IDA's MDRI debt relief. Estimates on IDA's nominal debt relief are provided in Table A7.

- **IMF** assistance under the HIPC Initiative is estimated at US$929 million in end-2019 NPV terms. Of this amount, US$5.9 million represents the concessional element associated with the subsidization of PRGT interest during the interim period.[38] After approval of the Decision Point by the Boards of the IMF and the IDA, it is expected that the IMF would provide HIPC interim assistance on eligible debt service falling due prior to Completion Point, subject to Sudan maintaining satisfactory progress under the new Fund arrangement to be approved at Decision Point (Table A8). These obligations would mainly include GRA charges on credit outstanding under the EFF arrangement.[39]

- **AfDB Group**'s debt relief under the HIPC Initiative is estimated at US$341 million in end-2019 NPV terms and would be entirely delivered through the arrears clearance operation in concessional terms expected to take place in April 2021.

[35] These are working assumptions for simulation purposes only. Sudan will reach the Decision and Completion points upon meeting the requirements set under the HIPC Initiative framework. In particular, the floating Completion Point will be reached once Sudan implements the HIPC Completion Point triggers to be approved by Executive Directors at Decision Point. A preliminary set of Completion Point triggers – for feedback by Executive Directors – is presented in Box 4, Section V.B.

[36] The combined debt relief from IDA in the context of the HIPC Initiative and MDRI will depend on the actual Completion Point date. The estimated reduction in this paragraph reflects the assumption that the country reaches the HIPC Completion Point in June 2024.

[37] Section IV.D describes the modalities for arrears clearance and accounting of the grant element of arrears clearance operations as part of the delivery of HIPC debt relief.

[38] This subsidy arises from the fact that IMF members lending resources to the PRGT are remunerated based on the SDR interest rate, even though borrowers from the PRGT are currently not paying any interest.

[39] Debt service eligible for IMF's HIPC interim assistance may include charges due on Sudan's pre-Decision Point arrears to the Fund that would not become due until after Decision Point. Sudan's pre-HIPC Decision Point arrears comprise principal and charges and interest due on General Resource Account (GRA) and Trust Fund loans. Given the charging cycle on these credits, a portion of Trust Fund interest and GRA charges applicable to Sudan' arrears would only become due at end-June and in August 2021, respectively, i.e., after the assumed Decision Point is reached.

- **Other multilateral creditors**' debt relief under the HIPC Initiative is estimated at about US$1.7 billion in end-2019 NPV terms. Creditors are assumed to provide this debt relief through the concessional debt restructuring (forgiveness, rescheduling or refinancing,) of Sudan's debt towards these creditors (including accumulated arrears). These operations are assumed to take place at Completion Point, except when the provision of interim debt relief is required for the full delivery of a creditor's share of HIPC Initiative debt relief.
- **Paris Club creditors**' expected debt relief under the HIPC Initiative is estimated at about US$5.7 billion in end-2019 NPV terms.[40] These creditors are assumed to provide interim HIPC debt relief through a Cologne flow operation to take place shortly after Sudan's Decision Point.[41] The remaining HIPC debt relief would be delivered through a stock of debt operation shortly after Sudan's Completion Point.
- **Non-Paris Club bilateral and commercial creditors**' expected debt relief under the HIPC Initiative is estimated at US$8.7 billion in end-2019 NPV terms. It is assumed that these creditors would provide terms comparable to those of the Paris Club.[42] The Sudanese authorities have confirmed their intention to approach these creditors and pursue the provision of such treatment as soon as the terms have been confirmed.

43. A successful implementation of the HIPC Initiative will depend on full participation of all creditors in an equitable manner. As in previous HIPC cases, Bank and Fund staff will encourage creditors to deliver their expected debt relief and provide relevant information to facilitate discussions on the provision of debt relief.

D. External Arrears Clearance Strategy

44. The scale of Sudan's arrears distinguishes it from previous HIPC cases and a large share of HIPC debt relief is expected to be delivered through concessional arrears clearance operations. Most of Sudan's external debt was in arrears at end-December 2019, including to IDA, the IMF and the AfDB Group. Most of the arrears are expected to be cleared in concessional terms.

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[40] Based on preliminary end-2019 reconciliation of bilateral debt, and financing assumptions, a Paris Club agreement would provide over half of the bilateral financing and hence be representative for the purposes of the IMF Lending into Official Arrears policy.

[41] The actual Paris Club treatment to Sudan will be the outcome of the negotiations which will follow the approval of the HIPC Decision and Completion Point documents. The working assumptions for performing the simulations in this document, which are broadly in line with past practice, are detailed hereafter. As part of the treatment at Decision Point, arrears on pre-cutoff non-ODA debt are assumed to receive a stock of debt reduction under Naples terms (i.e., 67 NPV percent reduction). A Cologne flow operation would be applied to the remaining Paris Club non-ODA debt (i.e., 90 percent NPV reduction). Pre-cutoff ODA debt (including arrears) is assumed to be rescheduled at the lower of the original interest rate of the loan or the relevant CIRR reported in Table D2. Post-cutoff debt is assumed to be rescheduled over 16 years with a 3-year grace period (instead of the 8 years with 3-year grace period applied in other cases, which would imply a bunching of debt service in the medium-term due to the size of post-cutoff debt). Given Sudan's exceptional circumstances, it is also assumed that payments falling due during the interim period and associated moratorium interest are deferred until after Completion Point.

[42] The terms granted by the Paris Club will established in the Agreed Minutes to be signed by the country and Paris Club creditors. Under the HIPC framework, non-Paris Club and commercial creditors are expected to deliver an NPV reduction consistent with traditional debt relief (as relevant) and HIPC debt relief consistent with the CRF.

Sudan's discussions on the clearance of arrears to non-Paris Club creditors will be undertaken as part of the negotiations for the provision of HIPC debt relief; these negotiations are expected to accelerate once the terms of the Paris Club Decision Point treatment have been confirmed. Consistent with HIPC Initiative methodology, the grant element embedded in arrears clearance operations will be counted towards a creditor's contribution to debt reduction under the HIPC Initiative.[43]

45. Sudan's arrears to IDA will be cleared in March 2021, through a bridge loan provided by a bilateral donor. The clearance of arrears will restore Sudan's access to IDA financing. Sudan will use up to US$1,160 million of the proceeds of the Reengagement and Reform DPF to repay the bridge loan. The portion of the DPF used to repay the bridge loan will be financed with a combination of an exceptional allocation from the IDA19 arrears clearance set aside and the country's regular IDA allocation. Access to exceptional support from the IDA19 arrears clearance set aside will be in accordance with IDA's systematic approach to arrears clearance.[44]

46. Arrears to the IMF are expected to be cleared in 2021 through a bridge loan from bilateral donors, which remains to be secured. This could place the IMF in a position to approve a new financing three-year Fund-supported arrangement for Sudan.[45] The new Fund arrangement will be front-loaded given the large upfront balance of payments need; the authorities plan to use the proceeds to repay the bridge loan.

47. The clearance of arrears to the AfDB Group is expected to take place in April 2021, also facilitated by a bridge loan from a bilateral donor. The operation will proceed in accordance with the framework of the AfDB's Transition Support Facility (TSF), which has a dedicated arrears clearance pillar. This framework calls for burden sharing of arrears clearance costs: a beneficiary country or donors acting on its behalf must meet up to a maximum of one-third of its arrears clearance obligations and the AfDB Group a minimum of two-thirds. Precise proportions are determined on a case-by-case basis.[46]

48. The Sudanese authorities are in discussions on the clearance of arrears with other multilateral creditors. Discussions on the timing and modalities for the clearance of arrears to these creditors are ongoing. The DRA in this document assumes that arrears to these creditors are cleared on terms consistent with Sudan's limited repayment capacity. Following the Board's informal discussion of the Preliminary HIPC document, Bank and Fund staff will communicate the preliminary CRF and the outcome of the DRA to all multilateral creditors. Staff will also indicate the intention of

[43] See "HIPC Debt Initiative: The Chairman's Summary of the Multilateral Development Banks' Meeting," March 6, 1998, IDA/Sec M98-90.

[44] This approach is described in IDA, "Further Elaboration of a Systematic Approach to Arrears Clearance," June 2007.

[45] This depends on whether or not the temporary access increase in the PRGT's annual limits will be extended beyond April 2021. If it is not extended, blend financing will likely be needed.

[46] The precise modalities will be laid out in a document to be submitted for African Development Fund (AfDF) Executive Board approval ahead of the operation.

IDA and the IMF to provide HIPC Initiative debt relief, and request confirmation by these creditors of their plans to clear arrears and provide debt relief consistently with the HIPC Initiative framework.

49. The clearance of arrears to the Paris Club is expected to take place through an exceptional treatment, based on the precedents of Liberia and Somalia. In the context of the adoption of a new Fund arrangement at Decision Point, Paris Club creditors are expected to agree to grant an exceptional treatment to Sudan, beyond the standard Naples terms that would typically be applied to arrears on pre-cutoff non-ODA debt and the standard terms for post-cutoff debt. Sudan will seek comparable treatment from all its non-Paris Club official bilateral and commercial creditors.

E. Sudan's Debt Service Payments Following the HIPC Decision Point

50. Based on the assumptions outlined in the two sections above, a large share of HIPC debt relief from multilateral creditors (about 37 percent) would be delivered through concessional arrears clearance operations ahead of Decision Point. The remaining debt relief is assumed to be delivered through the concessional restructuring of debt, including debt in arrears, starting from Decision Point.[47] Repayment of the IMF arrangement to be approved at Decision Point would induce a sharp increase in principal payments over the period 2026–2031.[48] However, most of the increase in debt service payments would be netted out by beyond-HIPC relief from the IMF at Completion Point.

51. During the interim period, the direct effect of debt relief on the GoS budget will lead to an increase in actual debt service payments. Sudan has not been servicing most of its external debt, and after arrears clearance, the government must resume paying debt service. The DRA estimates that, in a scenario of enhanced HIPC assistance and multilateral arrears clearance, debt service payments will average close to US$128 million annually during calendar years 2021–24 (roughly the period covered by the interim period – Table A3). While this will represent a drain on the fiscal space available for development spending, the impact will be mitigated by the anticipated increase in external financial support once Sudan has normalized relations with the IFIs, and overall, the fiscal resource envelope is expected to expand.

52. Following the Decision Point, IDA will provide strong financial support to Sudan in terms consistent with its risk of debt distress and the IDA grant allocation framework. Sudan's outstanding obligations to multilateral creditors excluding arrears are estimated at US$2.7 billion at end-December 2019. Under the before-HIPC debt relief scenario, debt service payments associated to these obligations are estimated to average about US$240 million during the calendar years covered by the interim period, this is equivalent to 7 percent of projected fiscal revenues. It is expected that IDA will maintain strongly positive net flows to Sudan, including through DPF

[47] As detailed in paragraph 37, creditors are assumed to provide HIPC debt relief through the concessional debt restructuring at Completion Point, except when the provision of interim debt relief is required for the full delivery of a creditor's share of HIPC Initiative debt relief.

[48] There will be no principal obligations towards the IMF falling due for the first 4½ years after Decision Point.

operations.[49] Other creditors, including the AfDB are also expected to provide additional grant financing.

F. Possible Assistance Under MDRI and Multilateral and Bilateral Assistance Beyond HIPC

53. On reaching the Completion Point, Sudan would qualify for debt relief under the MDRI from IDA and the AfDF. MDRI debt relief by IDA and the AfDF would be provided through cancellation of all outstanding debt disbursed prior to end-December 2003 and end-December 2004, respectively, that is still outstanding at Completion Point.[50] MDRI debt relief would result in the cancellation of all remaining debt from Sudan to these two institutions at Completion Point . If Sudan reaches the Completion Point by the assumed Completion Point date (June 2024), preliminary estimates indicate that MDRI debt relief could amount to US$316 million in end-2023 NPV terms. Of this amount, US$230 million would be provided by IDA (Table A7, and US$86 million by the AfDF).

54. At Completion Point, Sudan would also qualify for beyond-HIPC debt relief from the IMF through the PRG-HIPC Trust Fund. Sudan has no debt eligible for MDRI relief from the IMF.[51] At Completion Point, the IMF – through the PRG-HIPC Trust Fund – would provide beyond-HIPC assistance that Sudan would use to reduce the portion of the pre-Decision Point financing that is not already covered by debt relief under the HIPC initiative. This would include any Fund financing disbursed immediately after Sudan clears its arrears to the IMF and before Decision Point, consisting of the initial disbursement under the new IMF arrangement.[52]

55. Most Paris Club official creditors would provide debt relief under bilateral initiatives beyond the HIPC Initiative. Pending Sudan's successful implementation of the HIPC Initiative process, most Paris Club creditors are expected to provide further relief and cancel 100 percent of their claims against Sudan after it reaches the Completion Point (see Table A9). This additional assistance is estimated to amount US$2.7 billion in end-2023 NPV terms).

G. Expected Impact of Debt Relief and Sensitivity Analysis

56. Simulations under a baseline and two alternative scenarios – lower exports and lower growth – were conducted to test the sustainability of Sudan's external debt after the provision of debt relief (Tables A5 and A6, Figures 3 and 4). Results under the three scenarios are presented

[49] The IDA Reengagement and Reform DPF will include US$215 million of budget support, which would ensure positive net-flows to Sudan during the interim period.

[50] In the case of IDA and the AfDF, the implementation of MDRI will take place at the beginning of the quarter following the Completion Point.

[51] The IMF does not have outstanding MDRI-eligible loans. The last of the MDRI-eligible debt was repaid in FY2014, and the MDRI Trusts were liquidated in 2015.

[52] It is assumed that, in addition to the amount of IMF financing that Sudan needs to repay the bridge loan, new financing of 30 percent of Sudan's new quota would be provided and evenly disbursed under a three-year Fund-supported arrangement to support balance of payment needs and reserves accumulation.

below.[53] In all three scenarios, debt indicators reflect the conditional HIPC, MDRI and IMF and bilateral beyond-HIPC debt relief.[54]

- **Baseline.** Under this scenario, the pace of reform implementation is consistent with reaching the Decision Point and Completion points by June 2021 and in June 2024, respectively—as detailed in the next section. The assumptions underpinning this scenario are described in Box 3. Under this scenario, Sudan's NPV of debt-to-exports ratio is projected to decline from 894 percent at end-2019 to 61 at end-2024, driven mostly by debt relief. This ratio would continue to decline gradually thereafter to stabilize at around 33 percent in the outer years of the projection period. The reduction in the debt service-to-exports ratio—relative to a before debt relief scenario—would be relatively modest, mainly due to the rescheduling of the country's large arrears and the resumption of debt service payments. The ratio would peak at 4.7 percent in 2027 and is expected to decline thereafter, stabilizing at around 2.0 percent in the outer years of the projection period.

- **First alternative scenario – climate shock.** This scenario highlights the sensitivity of debt indicators to temporary lower exports levels driven by two consecutive years of a climate-related shock affecting livestock and agricultural production. Specifically, exports are hit by two years of consecutive uncorrelated climate related shocks (i.e., drought, flooding, animal disease, locust infestation) which reduce output and exports. As a result, the fiscal deficit widens temporarily due to financial support for the sector and lower tax revenue, as does the current account deficit before returning to their medium-term paths. Under this scenario, Sudan's NPV of debt to exports ratio deteriorates, sharply increasing by 38 and 82 percentage points during the two years of the shock, with an attendant deterioration of the debt service-to-exports ratio. The difference with the baseline scenario then narrows and real GDP bounces back to the baseline level in 2025.

- **Second alternative scenario – limited progress in strengthening the business climate.** This scenario highlights the sensitivity of debt indicators to permanently lower growth relative to the baseline. The assumed lower growth would be consistent with a slower-than-envisioned improvement in the business climate and private investment, perhaps as a result of a continued challenging security environment. Under this scenario growth remains subdued over the full medium term, lagging population growth, and only starts on a path toward potential as the business climate slowly begins to improve. By the end of the projection period, dollar GDP is only 65 percent of its baseline level. Lower fiscal revenue combined with greater social spending pressures push the fiscal deficit higher; lower domestic production reduces exports, while lower capital imports are partially offset by buoyant basic and humanitarian imports, leading to a larger current account deficit which only gradually narrows over the longer term. As a result, the NPV of

[53] The three-year historical average exports of goods and services is used for as denominator for the NPV of debt-to-exports ratio. Current year export of goods and services is used as denominator for the debt service-to-exports ratio.

[54] Under the conditional delivery of HIPC debt relief, the full delivery of HIPC, MDRI and beyond HIPC debt relief is only reflected on debt stock indicators from Completion Point. Debt stock indicators during the interim period reflect only HIPC interim debt relief, including from arrears clearance operations taking place prior to Completion Point.

debt to exports is, on average, about 32 percentage points higher over the 2022–2030 period than in the baseline, and on average about 16 percentage points higher over the long-term. The debt service-to-exports also deteriorates significantly under this scenario, reaching its peak in 2027 at about 7 percent.

Box 3. Key Macroeconomic Assumptions Underlying the DRA 1/

Key medium- to long-term macroeconomic assumptions underpinning the preliminary DRA baseline include:

- ***Real GDP growth***. Following three consecutive years of contraction, growth is projected to pick up gradually starting in 2021 as economic stability is restored and remaining distortions removed, peaking in 2027 as re-engagement with global economy, including IFIs, private sector credit growth, and improvements in the business climate strengthen investment. Growth is expected to level off in the 4.5 percent range over the long-term.
- ***CPI inflation***. Renewed access to IFI financing, fiscal consolidation and the strengthening of central bank independence serve to bring down inflation from triple-digits to below 20 percent in 2023, settling in a 5–6 percent range over the medium- to long-term.
- ***Fiscal policy***. The elimination of fuel subsidies and unification of the customs exchange rate, together with tax policy measures and the return of grant budget financing will provide fiscal space for much needed social spending. Domestic revenue is expected to increase from 7 percent to 10 percent following the Decision Point, with further strengthening of tax policy measures and revenue administration reforms contributing to a further uptick to around 12 percent in the long run. Grants are expected to rise significantly in the near term, with funding for the Sudan Family Support Program but decline gradually over time to around ½ percent of GDP over the long-term. Over time, the non-oil primary deficit shrinks to the 1–2 percent of GDP range, supporting debt sustainability.
- ***Domestic borrowing***. The implementation of a dual banking system (i.e., the return of conventional banking) is expected to provide some space for domestic financing, which could then support liquidity management by the CBOS. Borrowing is expected to remain low, with the stock of domestic debt rising to about 20 percent of GDP over the medium-term.
- ***External borrowing***. With the fiscal consolidation noted above, the framework assumes limited concessional borrowing in terms comparable to standard IDA terms, with a small amount of non-concessional borrowing in later years, with annual borrowing rising to about 1 percent of GDP over the medium-term.
- ***External sector***. The current account is expected to remain in significant deficit in the near term reflecting Sudan's low domestic production capacity and need for imports, including for investment. Over time, as investment in the agricultural sector increases, exports are expected to rise, reducing the current account deficit to between 4.5 and 5 percent over the medium- to long-term.

1/ The assumptions in the preliminary DRA are consistent with those expected to underpin the new IMF funding arrangement.

THE DECISION AND FLOATING COMPLETION POINTS

A. Possible Timing for Decision Point

57. Sudan could reach the HIPC Initiative Decision Point by June 2021 – at the time of IMF Board consideration of the new Fund arrangement. This indicative timing reflects the assumption that the authorities maintain satisfactory performance under the current SMP and meet the required minimum 6-month satisfactory implementation track record upon completion of the second review based on an end-March 2021 test date. The IMF Executive Board is expected to pronounce on the track record in June 2021.[55] Sudan has also to clear its arrears to IDA, the IMF, and the AfDB; and arrears to other external creditors should be cleared or Sudan has to have a plan for clearing them. As detailed earlier in the document, arrears to IDA and the AfDB will be cleared in March and April 2021, respectively. The IMF has yet to secure the financing package for arrears clearance.[56] The indicative timing assumes that satisfactory financing assurances have been secured to cover the IMF's portion of Sudan's debt relief and that the authorities have submitted its PRSP to the Bank and Fund and agreed on acceptable Completion Point triggers.

B. Possible Floating Completion Point Triggers

58. The set of possible triggers for Sudan's floating Completion Point in this document support transformative reforms. In addition to the standard triggers on satisfactory implementation of the poverty reduction strategy and maintenance of macroeconomic stability, Sudan's possible triggers include actions in several areas (Box 4). This preliminary set reflects a shared understanding with the authorities on possible areas for the triggers. Discussions are currently underway with the authorities for the agreement of more concrete triggers in these areas. Following the informal discussion of this document by the Executive Boards, and consistently with the HIPC framework, staff will continue to engage with the authorities and relevant stakeholders to ensure a final set of concrete triggers for approval at Decision Point. These final triggers will be specific and focus on the actual implementation of reforms, and will be carefully calibrated to balance ambition, capacity constraints and planned capacity building support from the IMF, World Bank, and other development partners.

59. The possible triggers build on reforms achieved to date. The triggers also complement the reform objectives that are expected to be outlined in the new IMF arrangement. The policy anchors for the new Fund arrangement are likely to involve achieving macroeconomic stability and reforms to strengthen the business climate and inclusive growth, including governance and transparency, PFM, debt management, as well as improvements in statistics for policy making and program monitoring. They also complement and are natural next steps for prior actions in IDA's Reengagement and Reform DPF, most notably the prior actions under pillar 2 (strengthening social

[55] The IMF Board is expected to assess the adequacy of the track record based on performance at the second review of the SMP.

[56] The IMF Board is expected to discuss the financing package for arrears clearance on March 15, 2021.

protection and financial inclusion) and pillar 3 (improving transparency and accountability of government).

60. The possible floating Completion Point triggers are critical for enhancing growth, improving fiscal sustainability, and reducing poverty. This includes sustaining a macroeconomic policy mix that is consistent with overall stability. The emphasis on public financial and expenditure management reflects the vital importance of this area for ensuring efficient management of public resources and the avoidance of future debt problems. The list of possible triggers in Box 4 includes triggers that would help to ensure that the Government strengthens domestic revenue mobilization, public procurement, debt management, social protection and statistics. It also includes triggers aiming at improving the business environment, attract investment and promote growth.

- The public financial and expenditure management triggers are natural milestones on the path to inclusive, accountable governance and foundational steps toward fiscal sustainability and pro-poor expenditure. They aim at ensuring a sound public finance and asset management framework, and increased transparency. A strengthened budget process would further institutionalize gender budgeting and reporting. This will facilitate the analysis of budget-policy linkages, value for money considerations, tracking of PRSP progress, and more effective engagement with the public. This is important to generate trust and a renewed social contract in which the government demonstrates responsiveness to citizens in process and through investment in services and social outcomes. The SOE trigger will strengthen governance and financial oversight over the vast SOE sector including those owned by the military-security complex. Publication of audits, starting with the largest SOEs, will demonstrate the exercise of government oversight and allow for public scrutiny.
- The triggers on debt management aim to enhance debt transparency and strengthen debt management capacity. Comprehensive, reliable, and timely debt data is a pre-requisite for effective debt and fiscal management, and to effectively evaluate the sustainability of public debt and monitor emerging risks. This is complemented by actions that will reduce the fragmentation of debt management functions and support fiscal policy makers through the provision of accurate and timely debt service data and will help sound decision-making on the granting of guarantees.
- To help mitigate the impact of future shocks, the trigger on social protection aims to lay the foundations for an adequate social protection system by Completion Point. It also aims to increase the use of digital payment methods, which will have lasting positive implications for the effectiveness of social policy, social protection and financial inclusion. Both efforts are gender-sensitive and will encourage women’s financial literacy, inclusion, and empowerment.
- The trigger on AML/CFT aims to help Sudan strengthen its compliance with the international standards in this area in advance of an upcoming AML/CFT mutual evaluation. Money laundering, terrorist financing, and related activities threaten the integrity of the financial system, discourage foreign investment, discourage and distort international capital flows, hinder the establishment of new – and maintenance of existing – corresponding banking relationships, and may also drain resources from more productive economic activities. A National Risk Assessment

(NRA) allows a country to identify, assess, and understand its money laundering and terrorism financing risks and so is the foundation for applying a risk-based approach to mitigate those risks.

- Reform of the electricity sector is critical to Sudan's future. Despite dependence on thermal power, Sudan has had some of the lowest electricity prices in the world, and, consequently, the highest electricity consumption per household in Africa. This is true even if most of the population is not connected to the grid. Both direct and indirect subsidies to the power sector have crippled public finance, while overconsumption of energy has had negative environmental consequences. The financial unviability of the sector has resulted in the deterioration of electricity service since mid-2020, resulting in the unprecedented power crisis with large scale power rationing and damaging Sudan's economic recovery. Sudan has accordingly prioritized in its agenda reform of the electricity sector, moving toward a viable and effective power sector, cost-recovery tariffs, and the development of alternative renewable sources of energy. Together with the phasing out of fuel subsidies, this promises to have the additional benefit of significantly reducing Sudan's carbon emissions.

61. For the purpose of the DRA in this document, the technical assumption used by Bank and Fund staffs is that Sudan reaches its Completion Point in June 2024. Risks around this indicative timing (notably weak capacity) are significant and would be mitigated by the authorities' strong reform commitment demonstrated under the IMF SMP, and supported by the World Bank's engagement, and technical assistance from the IMF and World Bank, together with other development partners.

C. Monitoring Public Spending Following Provision of HIPC Assistance

62. Securing the effective use of public spending for poverty reduction and inclusive growth is a key objective of the HIPC Initiative. The authorities will continue their ongoing efforts to strengthen the programming, management and control of public expenditures, and to improve service delivery in key sectors. Within this framework, technical assistance from IDA, IMF, AfDB and other partners will be needed as it will be important to continue to strengthen public financial management capacity.

63. The GoS maintains the practice of having a national plan with strategic programs and key projects; but links with budget formulation remain weak. Key government entities also produce strategic sectoral plans; however, the budget process remains incremental and is not linked to these strategies. In addition, the absence of macroeconomic and fiscal forecasting, coupled with the absence of a MTEF, impacts effort to direct resources strategically as budget allocations lack anchors in medium- and long-term strategic priorities. Additionally, the reporting on the implementation of the plans is limited to technical statistics without links to financial reporting. This reduces the monitoring of budget results, reduces accountability vis-a-vis the objectives and limits the feedback needed to enhance the efficiency of planning and budgeting.

Box 4. Possible Triggers for the Floating Completion Point

Poverty reduction strategy implementation

- Satisfactory implementation for at least one year of Sudan's poverty reduction strategy (PRS), as evidenced by the endorsement by the Boards of IDA and the IMF of an Annual Progress Report submitted by the government on the PRS implementation.

Macroeconomic stability

- Maintain macroeconomic stability as evidenced by satisfactory implementation of the Fund-supported arrangement.

Public financial and expenditure management and transparency

- Strengthen budget regulatory and procedural framework, enhance reporting and transparency, and improve alignment of budget allocation with national development objectives, including between the federal and state levels, and increase comprehensiveness of the budget based on recent diagnostic work.
- Publish the General Government consolidated financial statement based on the GFS definition, for 2021 and annually thereafter within three months of end of the reporting period, and audited accounts in accordance with international good practices
- Strengthen the legal and regulatory framework for SOE governance, including financial reporting, external audit, disclosure requirements, and financial oversight.

Domestic resource mobilization

- Strengthen the Large Taxpayer Office by leveraging digital/electronic means to strengthen Tax Administration Core System (TACS) database and on-demand reporting, to ensure that at least 60 percent of total domestic revenues are managed through taxpayers assigned to the LTO.

Public procurement

- Strengthen the Public Procurement legal framework and enhance transparency through the publication of procurement opportunities and contracts awarded by at least the top 10 most spending procurement and contracting units.

Debt management

- Enhance transparency by producing and timely disclosing at least one annual and four consecutive quarterly comprehensive reports on total (external and domestic) public and publicly guaranteed debt.
- Strengthen debt management by establishing a Debt Management Office/Unit managing external and domestic debt, adopting regulations and operational procedures for the approval, issuance and monitoring of loan guarantees in line with best practice, and enhancing coordination with fiscal policy.

Social protection and financial inclusion

- Establish a national social registry as the primary directory of poor and vulnerable households eligible for social protection support and reach a large share of cash transfer beneficiaries via digital means.

Growth and governance

- Strengthen the banking sector by: (i) adopting a resolution framework based on international best practice; and (ii) develop and initiate implementation of a resolution strategy and plan for banks based on the Act and results from the Asset Quality Review of banks.
- Strengthen compliance with international standards on AML/CFT by completing and disseminating the results of the ML/FT national risk assessment (NRA) and adopting a national money laundering and terrorism financing (AML/CFT) risk-based strategy.
- Strengthen the regulation and viability of electricity sector through measures for an effective regulatory framework, roadmaps for achieving cost recovery, expanding renewable energy sources, and clarification of potential role of the private sector.
- Strengthen the institutional, legal and regulatory frameworks to unlock private investments to allow greater participation of the private sector in Sudan's economic recovery.

Statistics

- Produce and publish revised and rebased annual GDP time series based on updated supply and use tables (SUT) resulting from the 2020/21 comprehensive industrial survey (CIS).

64. An incomplete Integrated Financial Management Information System (IFMIS) impacts the MoFEP capacity to produce adequate expenditure reporting.[57] Expenditure is recorded through the Government Resource Planning (GRP) System, which is used by all federal entities but is not linked to financial systems at the local level.[58] Some expenditures, mainly donors' funded, are incurred off budget. The Electronic Payment System (E15) is used to electronically collect all Government's duties, fees, and payments. This system is operated by the Chamber of Accounts; however, the General Directorate of Revenue is not part of the system, hence the controlling and planning part is absent. Moreover, the MoFEP Development Department keeps records of projects carried out at the national level and those carried out by the local governments with federal government transfers. The GRP system is capable of supporting budget preparation and execution by economic, administrative, and functional classification. The system, however, is underutilized which leads to inconsistencies between budget allocation and reporting. There are no budget execution data by ministry, program-head or function. This hampers the monitoring and tracking of health, education, and other poverty-related spending, and renders producing such reports difficult without significant manual efforts.

65. Accounting policies and standards need to be aligned with international good practice. Sudan has a fair accounting system and the Chamber of Accounts prepares the final accounts. There is no backlog, generally, but there is a delay in submitting the accounts to the National Audit Chamber (NAC).[59] The NAC has sufficient legal independence, applies INTOSAI standards and also submits its audit reports to the legislature/sovereign council within three months after receipt of annual financial statements. It also has a good audit follow-up mechanism. Nonetheless, executive implementation of audit recommendations has been an issue. Audit coverage mandate appears to be wide, covering all budgeted institutions, but the extent of coverage of extra-budgetary units and SOEs is unknown as there is no data on extra-budgetary units.

66. The GoS is looking to develop a PFM reform strategy. The strategy will be informed by diagnostics currently underway (PEFA and Tax administration and policy assessments) and will be elaborated in consultation with development partners. The MoFEP is aware of the PFM challenges and weaknesses and of the capacity to effectively manage public finances. The SMP discussions and Bank diagnostics underway present a good opportunity for the development of a PFM roadmap. The government has expressed commitment to tackling the weaknesses and carrying out the needed

[57] The MoFEP is aware of the importance of developing an IFMIS and is seeking support from the Bank and other development partners to do so.

[58] The institutions segment in the CoA for the general government is not complete as it does not fully capture the central government agencies, the extra budgetary units, and the subnational units. Additionally, the public corporate sector is not properly defined.

[59] Financial reporting covers basic financial indicators but there is no reporting by administrative or functional classification and no reporting at the project level. They are generally submitted with delay to the NAC. According to NAC brief, the accounts should be submitted by end of June, and the observed delay is 45-60 days. Nevertheless, the financial Law (2007) stipulates that the accounts should be submitted by the MDAs three months after the close of the financial year and two months in the case of SoEs. The discrepancy between Law and accepted practice should be resolved in the new OBL and its regulations.

reform with support from development partners. The main PEFA and Tax diagnostic findings have informed the government strategic documents such as the PRSP. The HIPC Completion Point triggers on PFM are integral to a comprehensive PFM reform road map the government intends to develop and implement.

ISSUES FOR DISCUSSION

67. This paper presents a preliminary assessment of Sudan's eligibility for assistance under the HIPC Initiative. Executive Directors' views and guidance are sought, in particular, on the following issues:

- **Eligibility:** Do Executive Directors agree that Sudan is eligible for assistance under the enhanced HIPC Initiative?

- **Timing of Decision Point:** Do Directors agree with the staffs' recommendation that Sudan could reach its Decision Point by June 2021, together with the approval of a new Fund arrangement by the IMF Board, provided that: (i) Sudan has a current six-month track record of satisfactory performance under a program of upper-credit tranche policy conditionality with the IMF; (ii) Sudan clears its arrears to IDA, the IMF, the AfDB and clears or has a plan for the clearance of arrears to other external creditors; and (iii) Sudan agrees on appropriate completion point triggers?

- **Floating Completion Point:** What are the Executive Directors' views on possible key policy measures ("triggers" against which satisfactory performance would have to be measured) linked to the floating Completion Point?

Annex Figures and Tables

Figure A1. Sudan: Composition of Stock of External Debt by Creditor Group
(End-2019 nominal stock: US$49.8 billion)

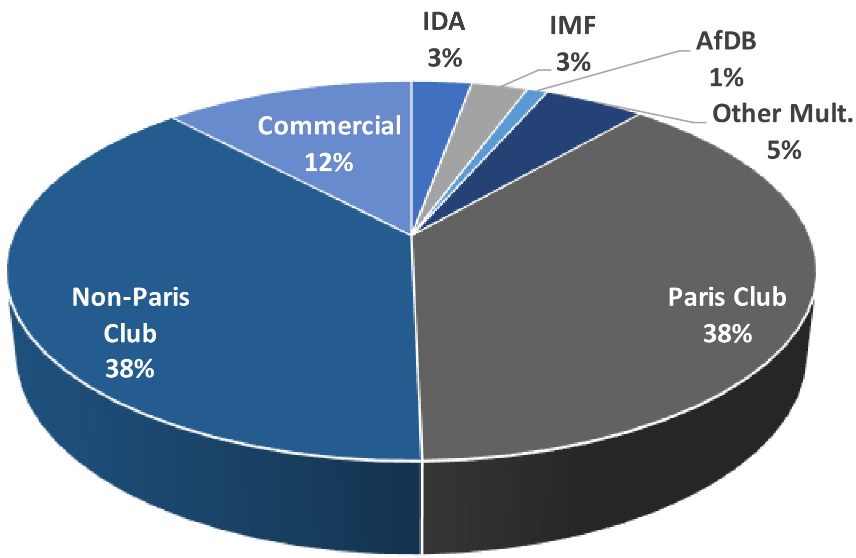
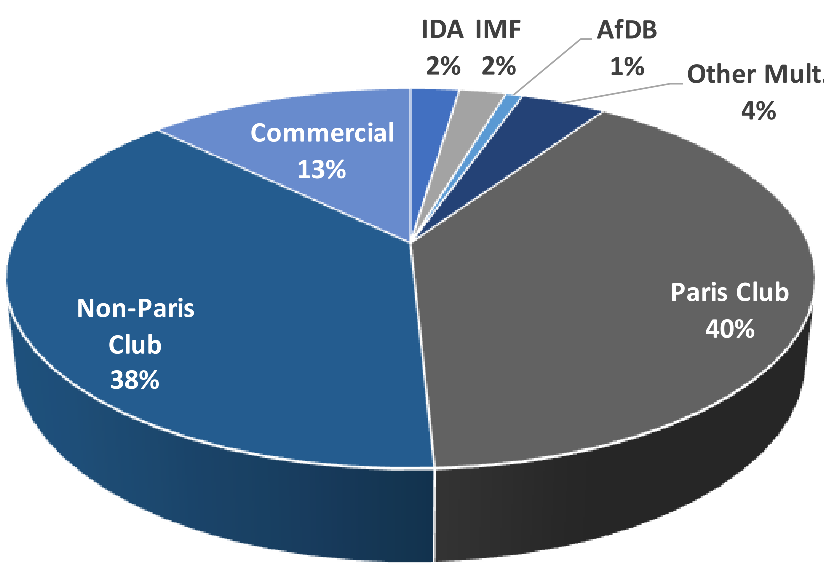


Figure A2. Sudan: Potential Costs of the HIPC Initiative by Creditor Group
(NPV terms as of end-2019: US$41.8 billion 1/)



1/ Includes the cost of traditional debt relief by external official bilateral and commercial creditors and the cost of HIPC Initiative debt relief by all external creditors.

Figure A3. Sudan: External Debt Sustainability Indicators, 2019–39

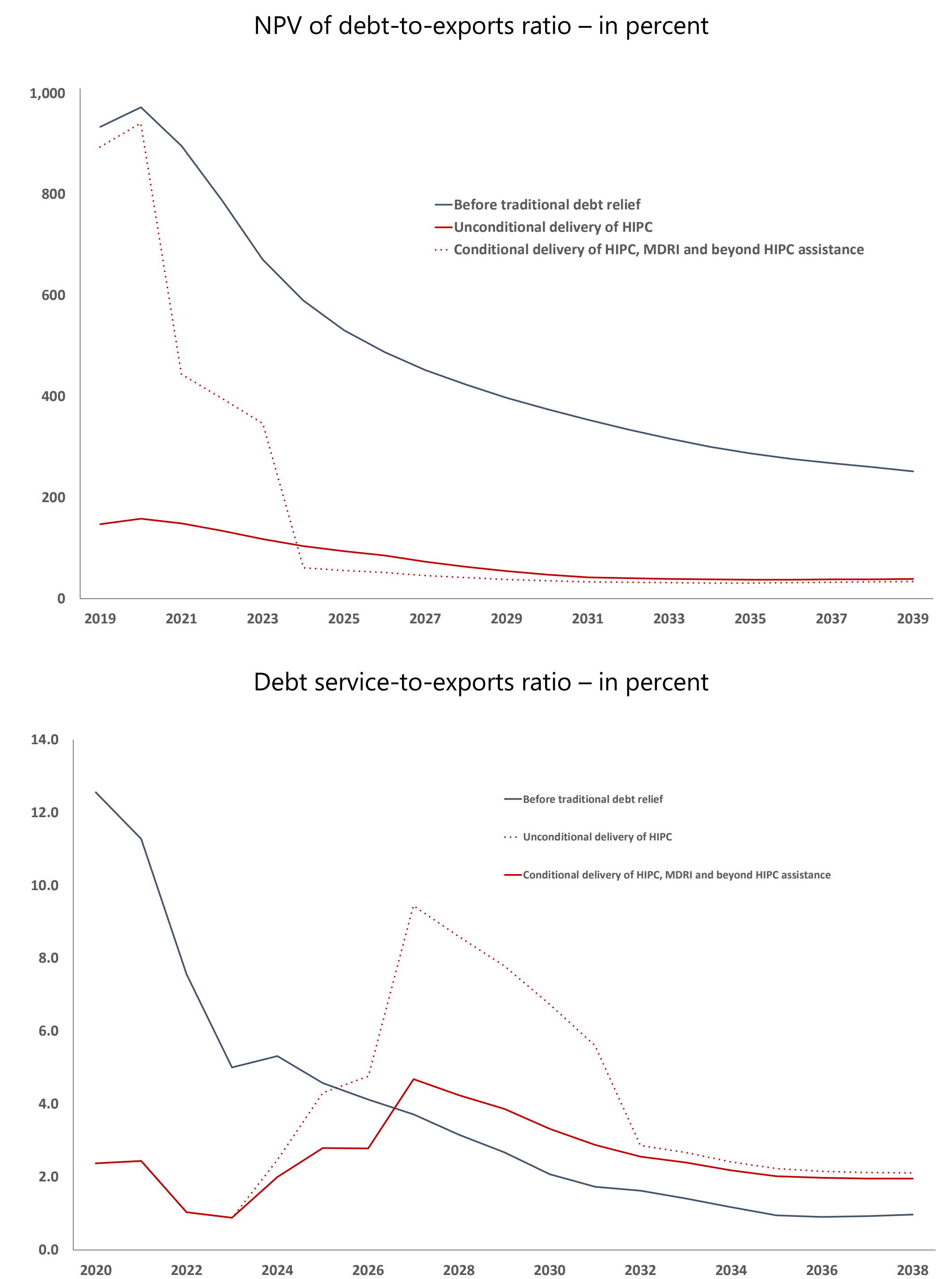
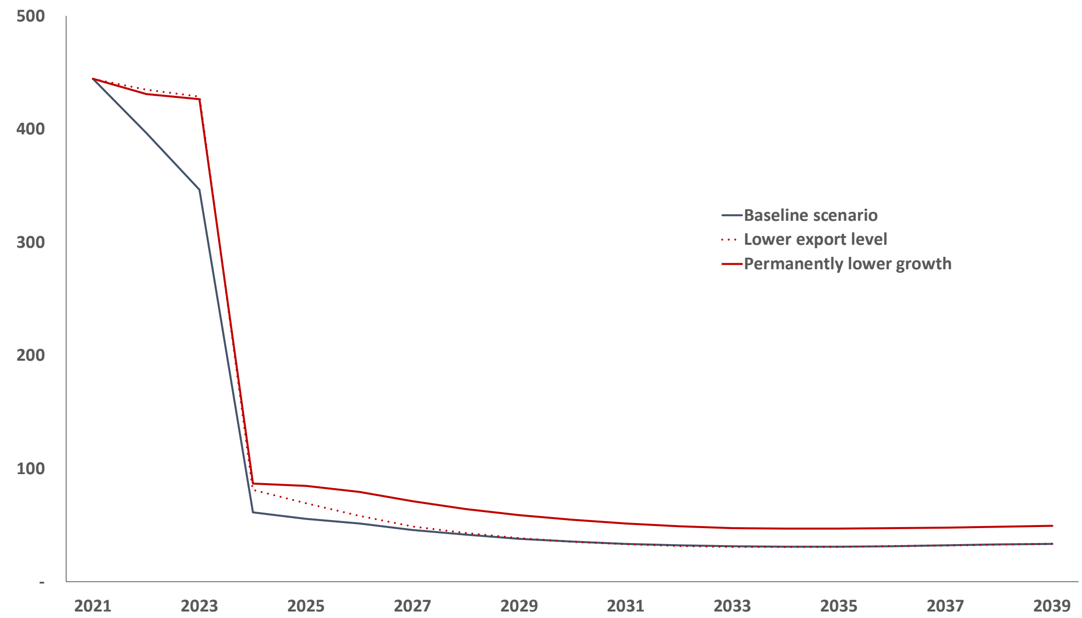
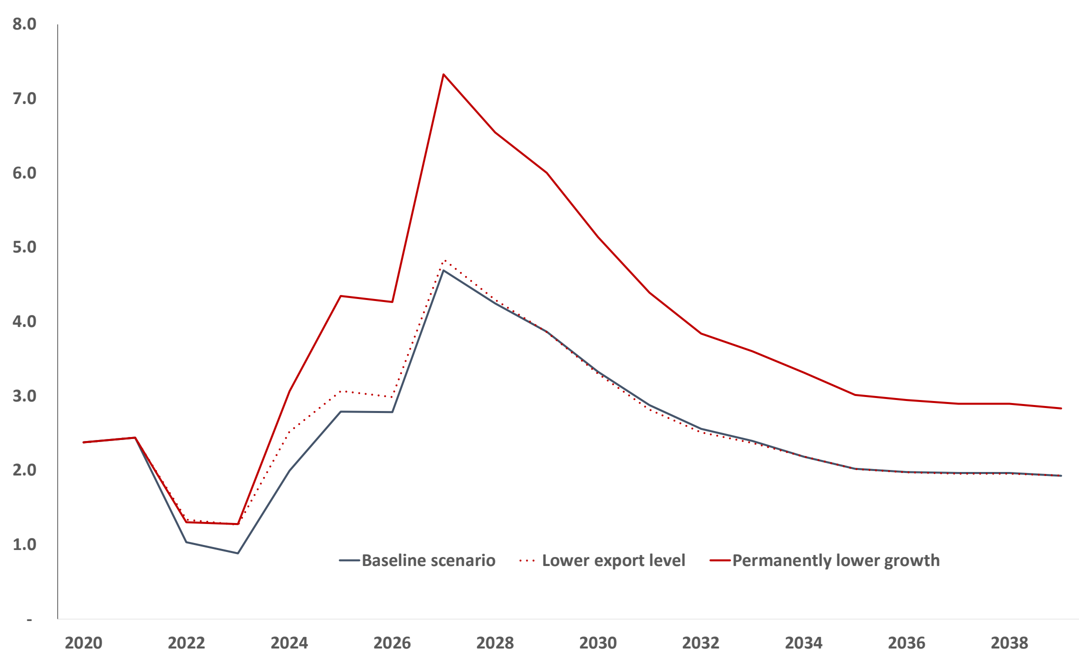


Figure A4. Sudan: Sensitivity Analysis, 2020–39 1/

NPV of debt-to-exports ratio – in percent



Debt service-to-exports ratio – in percent



1/ After conditional enhanced HIPC assistance, MDRI, and beyond HIPC assistance.

Table A1. Sudan: Debt Stock by Creditor in Nominal Terms and in Net Present Value
(End-2019, US$ billion)

		Legal Situation						Base Situation for Calculation of HIPC Debt Relief	
		Nominal Debt Stock 1/		Arrears Stock		NPV of Debt before traditional debt relief 1/ 2/		NPV of Debt after traditional debt relief 1/ 2/ 3/	
		US$ million	Percent	US$ million	Percent	US$ million	Percent	US$ million	Percent
Total		**49,795.1**	**100.0**	**42,632.0**	**100.0**	**49,744.0**	**100.0**	**26,364.2**	**100.0**
Multilateral		**5,648.0**	**11.3**	**2,950.7**	**6.9**	**5,665.7**	**11.4**	**5,665.7**	**21.5**
IDA		1,431.7	2.9	1,010.0	2.4	1,397.2	2.8	1,397.2	5.3
IMF		1,333.2	2.7	1,333.2	3.1	1,333.2	2.7	1,333.2	5.1
AfDB Group		486.1	1.0	368.3	0.9	488.7	1.0	488.7	1.9
AFESD		1,407.6	2.8	6.7	0.0	1,413.1	2.8	1,413.1	5.4
AMF		426.7	0.9	13.2	0.0	426.2	0.9	426.2	1.6
EU		95.8	0.2	95.3	0.2	95.8	0.2	95.8	0.4
IFAD		135.1	0.3	0.0	0.0	120.8	0.2	120.8	0.5
IsDB		246.0	0.5	77.2	0.2	300.8	0.6	300.8	1.1
OFID		85.8	0.2	46.9	0.1	89.8	0.2	89.8	0.3
Bilateral		**38,191.1**	**76.7**	**33,725.3**	**79.1**	**38,122.3**	**76.6**	**18,624.7**	**70.6**
Paris Club	4/	19,074.9	38.3	17,610.0	41.3	19,076.7	38.3	8,177.2	31.0
Austria		4,093.3	8.2	2,860.5	6.7	4,093.3	8.2	1,348.4	5.1
Belgium		1,159.0	2.3	1,159.0	2.7	1,159.0	2.3	381.8	1.4
Canada		164.9	0.3	164.9	0.4	164.9	0.3	54.0	0.2
Denmark		720.1	1.4	720.1	1.7	720.1	1.4	405.8	1.5
EEC	5/	10.8	0.0	8.1	0.0	12.3	0.0	9.9	0.0
France		5,032.4	10.1	5,032.4	11.8	5,032.4	10.1	1,842.0	7.0
Germany		394.8	0.8	394.8	0.9	394.8	0.8	129.9	0.5
Ireland		8.6	0.0	8.6	0.0	8.6	0.0	2.8	0.0
Italy		1,375.6	2.8	1,375.6	3.2	1,375.6	2.8	778.1	3.0
Japan		967.6	1.9	967.6	2.3	967.6	1.9	469.9	1.8
Netherlands		314.3	0.6	314.3	0.7	314.3	0.6	105.2	0.4
Norway		100.1	0.2	100.1	0.2	100.1	0.2	32.8	0.1
Russia		17.2	0.0	17.2	0.0	17.2	0.0	13.2	0.0
Spain		59.4	0.1	59.4	0.1	59.4	0.1	59.1	0.2
Switzerland		463.6	0.9	463.6	1.1	463.6	0.9	152.7	0.6
United Kingdom		1,068.8	2.1	1,063.5	2.5	1,068.8	2.1	350.8	1.3
United States		3,124.5	6.3	2,900.3	6.8	3,124.8	6.3	2,040.8	7.7
Non-Paris Club		19,116.2	38.4	16,115.3	37.8	19,045.6	38.3	10,447.5	39.6
Algeria		83.0	0.2	0.0	0.0	70.9	0.1	70.9	0.3
China		2,118.1	4.3	1,873.2	4.4	2,120.0	4.3	2,099.0	8.0
Croatia		43.1	0.1	43.1	0.1	43.1	0.1	42.6	0.2
Czech Republic		113.1	0.2	113.1	0.3	113.1	0.2	37.0	0.1
Hungary		15.9	0.0	15.9	0.0	15.9	0.0	14.8	0.1
India		468.6	0.9	157.6	0.4	461.8	0.9	453.6	1.7
Iran		445.6	0.9	445.6	1.0	445.6	0.9	240.9	0.9
Iraq		93.7	0.2	93.7	0.2	93.7	0.2	30.7	0.1
Kuwait		9,785.5	19.7	9,275.5	21.8	9,783.2	19.7	3,609.2	13.7
Libya		260.1	0.5	260.1	0.6	260.1	0.5	251.2	1.0
Malaysia		138.7	0.3	138.7	0.3	138.7	0.3	137.3	0.5
Oman		89.2	0.2	89.2	0.2	89.2	0.2	88.3	0.3
Pakistan		28.3	0.1	28.3	0.1	28.3	0.1	28.0	0.1
Poland		93.4	0.2	93.4	0.2	93.4	0.2	92.4	0.4
Qatar		46.5	0.1	35.5	0.1	46.3	0.1	26.6	0.1
Romania		172.3	0.3	172.3	0.4	172.3	0.3	56.4	0.2
Saudi Arabia		4,593.4	9.2	2,937.5	6.9	4,547.8	9.1	2,725.1	10.3
Serbia		51.1	0.1	51.1	0.1	51.1	0.1	50.6	0.2
Turkey		45.6	0.1	45.6	0.1	45.6	0.1	45.4	0.2
United Arab Emirates		430.9	0.9	245.9	0.6	425.4	0.9	347.3	1.3
Commercial		**5,956.0**	**12.0**	**5,956.0**	**14.0**	**5,956.0**	**12.0**	**2,073.8**	**7.9**

Sources: Sudan authorities and staff estimates and projections.

1/ Includes Arrears

2/ Discount rates applied are the average Commercial Interest Reference Rates published by the OECD over the 6-month period prior to December 2019. The discount rate for the SDR is calculated using the CIRR published by the OECD for all SDR basket currencies except the Chinese yuan. The OECD does not publish a CIRR for the Chinese yuan, therefore it is calculated based on the Chinabond yield curve for bonds with a 7-year maturity increased by 100 basis point, per the standard CIRR methodology. This amounted to 4.165 percent for the 6-month period prior to December 2019.

3/ Assumes a stock-of-debt operation on Naples terms at end-December 2019; and comparable action by other official bilateral creditors on eligible debt (pre-cutoff and non-ODA).

4/ Paris Club cutoff date is January 1, 1984.

5/ Special Action Credits (SAC) provided by the European Economic Community (EEC) member states according to the 21/12/1978 Council decision n°79/195 EEC are bilateral loans for which IDA acts as administrative agent. As of November 1, 2005, all Paris Club SAC creditors (Belgium, Denmark, Germany, France, Italy, the Netherlands and the United-Kingdom) have decided to classify these credits as bilateral creditor loans and cancel their them at Completion Point.

Table A1. Sudan: Debt Stock by Creditor in Nominal Terms and in Net Present Value (concluded)

		Legal Situation						Base Situation for Calculation of HIPC Debt Relief	
		Nominal Debt Stock 1/		Arrears Stock		NPV of Debt before traditional debt relief 1/ 2/		NPV of Debt after traditional debt relief 1/ 2/ 3/	
		US$ million	Percent	US$ million	Percent	US$ million	Percent	US$ million	Percent
Total		**49,795.1**	**100.0**	**42,632.0**	**100.0**	**49,744.0**	**100.0**	**26,364.2**	**100.0**
Multilateral		**5,648.0**	**11.3**	**2,950.7**	**6.9**	**5,665.7**	**11.4**	**5,665.7**	**21.5**
IDA		1,431.7	2.9	1,010.0	2.4	1,397.2	2.8	1,397.2	5.3
IMF		1,333.2	2.7	1,333.2	3.1	1,333.2	2.7	1,333.2	5.1
AfDB Group		486.1	1.0	368.3	0.9	488.7	1.0	488.7	1.9
AFESD		1,407.6	2.8	6.7	0.0	1,413.1	2.8	1,413.1	5.4
AMF		426.7	0.9	13.2	0.0	426.2	0.9	426.2	1.6
EU		95.8	0.2	95.3	0.2	95.8	0.2	95.8	0.4
IFAD		135.1	0.3	0.0	0.0	120.8	0.2	120.8	0.5
IsDB		246.0	0.5	77.2	0.2	300.8	0.6	300.8	1.1
OFID		85.8	0.2	46.9	0.1	89.8	0.2	89.8	0.3
Bilateral		**38,191.1**	**76.7**	**33,725.3**	**79.1**	**38,122.3**	**76.6**	**18,624.7**	**70.6**
Paris Club	4/	19,074.9	38.3	17,610.0	41.3	19,076.7	38.3	8,177.2	31.0
Post-cutoff date		1,380.1	2.8	1,324.6	3.1	1,389.1	2.8	1,377.9	5.2
ODA		991.3	2.0	935.9	2.2	988.9	2.0	979.6	3.7
Non-ODA		388.8	0.8	388.8	0.9	400.2	0.8	398.2	1.5
Pre-cutoff date		17,694.8	35.5	16,285.4	38.2	17,687.6	35.6	6,799.3	25.8
ODA		1,285.8	2.6	1,114.6	2.6	1,290.0	2.6	1,402.5	5.3
Non-ODA		16,409.0	33.0	15,170.7	35.6	16,397.6	33.0	5,396.9	20.5
Non-Paris Club		19,116.2	38.4	16,115.3	37.8	19,045.6	38.3	10,447.5	39.6
Post-cutoff date		5,194.0	10.4	3,197.9	7.5	5,122.6	10.3	5,091.5	19.3
ODA		2,913.2	5.9	917.0	2.2	2,841.7	5.7	2,832.6	10.7
Non-ODA		2,280.9	4.6	2,280.9	5.4	2,280.9	4.6	2,258.9	8.6
Pre-cutoff date		13,922.1	28.0	13,449.2	31.5	13,923.0	28.0	5,356.0	20.3
ODA		1,231.5	2.5	758.6	1.8	1,232.4	2.5	1,193.9	4.5
Non-ODA		12,690.6	25.5	12,690.6	29.8	12,690.6	25.5	4,162.1	15.8
Commercial		**5,956.0**	**12.0**	**5,956.0**	**14.0**	**5,956.0**	**12.0**	**2,073.8**	**7.9**

Sources: Sudan authorities and staff estimates and projections.

1/ Includes Arrears

2/ Discount rates applied are the average Commercial Interest Reference Rates published by the OECD over the 6-month period prior to December 2019. The discount rate for the SDR is calculated using the CIRR published by the OECD for all SDR basket currencies except the Chinese yuan. The OECD does not publish a CIRR for the Chinese yuan, therefore it is calculated based on the Chinabond yield curve for bonds with a 7-year maturity increased by 100 basis point, per the standard CIRR methodology. This amounted to 4.165 percent for the 6-month period prior to December 2019.

3/ Assumes a stock-of-debt operation on Naples terms at end-December 2019; and comparable action by other official bilateral creditors on eligible debt (pre-cutoff and non-ODA).

4/ Paris Club cutoff date is January 1, 1984.

5/ Special Action Credits (SAC) provided by the European Economic Community (EEC) member states according to the 21/12/1978 Council decision n°79/195 EEC are bilateral loans for which IDA acts as administrative agent. As of November 1, 2005, all Paris Club SAC creditors (Belgium, Denmark, Germany, France, Italy, the Netherlands and the United-Kingdom) have decided to classify these credits as bilateral creditor loans and cancel their them at Completion Point.

Table A2. Sudan: Discount and Exchange Rates Underpinning the Debt Relief Analysis
(End-December 2019)

	Exchange Rate 1/ (Currency per U.S dollar)	Discount Rate 2/ (in percent per
U.S. dollar	1.00	2.8
Algerian dinar	119.60	2.0
Canadian dollar	1.31	2.4
Chinese yuan	6.75	4.2
Danish krone	6.68	0.4
Euro	0.89	0.5
Indian rupee	71.34	2.0
Japanese yen	109.12	0.7
Korean won	1,160.90	2.4
Kuwaiti dinar	0.30	2.0
Saudi Arabia riyal	3.75	2.0
Soviet Union ruble	1.67	2.0
Swiss franc	0.97	0.2
Swedish krona	9.32	0.6
Norwegian krone	8.80	2.2
United Arab Emirates dhirams	3.67	2.0
U.K. pound	0.76	1.6
Special Drawing Rights 3/	0.72	2.0

Sources: OECD; and IMF, International Financial Statistics.

1/ The exchange rates are expressed as national currency per U.S. dollar at end-December 2019.

2/ Discount rates applied are the average Commercial Interest Reference Rates published by the OECD over the 6-month period prior to December 2019. The discount rate for the SDR is calculated using the CIRR published by the OECD for all SDR basket currencies except the Chinese yuan. The OECD does not publish a CIRR for the Chinese yuan, therefore it is calculated based on the Chinabond yield curve for bonds with a 7-year maturity increased by 100 basis point, per the standard CIRR methodology. This amounted to 4.165 percent for the for the 6-month period prior to December 2019.

3/ The IsDB, AfDB Group and AMF use the Islamic dinar (ISD), African currency unit (UAC) and Arab accounting dinar (AAD) respectively, which are all linked to the SDR (ISD 1=UAC 1=AAD 3=SDR 1) and use the same discount rate as the SDR.

Table A3. Sudan: External Debt Service, 2020–39

(US$ million, unless otherwise indicated)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	Average 2020 - 2029	Average 2030 -2039
I. Before traditional debt relief and multilateral arrears clearance																						
Total	638.5	691.0	544.0	408.1	475.1	447.0	429.2	415.6	374.3	336.5	277.0	245.7	244.4	226.2	200.1	168.4	167.8	178.5	194.9	189.0	475.9	209.2
Existing debt 2/	638.5	690.6	542.2	406.3	472.5	443.3	422.9	402.8	359.7	319.9	254.9	216.3	206.2	177.7	139.8	94.8	79.2	72.8	70.0	42.8	469.9	135.5
Multilateral	194.8	274.4	271.9	163.4	243.2	220.7	207.6	196.8	172.5	163.5	149.8	138.7	133.0	109.0	99.7	86.6	73.6	68.4	65.8	38.8	210.9	96.3
IDA	42.6	42.3	41.8	40.3	38.6	37.0	36.4	36.0	30.0	25.1	19.1	15.8	13.1	10.5	6.5	4.0	1.4	0.7	0.0	0.0	37.0	7.1
IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AfDB Group	8.8	8.7	8.7	8.6	8.6	8.3	8.2	8.2	8.1	7.9	7.6	7.2	6.7	6.6	6.6	6.2	5.8	3.9	3.7	1.0	8.4	5.5
Others 3/	143.3	223.4	221.4	114.5	196.0	175.4	163.0	152.6	134.4	130.4	123.2	115.7	113.3	91.8	86.6	76.4	66.4	63.8	62.1	37.8	165.4	83.7
Bilateral	443.7	416.2	270.3	242.8	229.3	222.6	215.3	205.9	187.2	156.4	105.2	77.6	73.2	68.8	40.1	8.2	5.6	4.4	4.2	4.1	259.0	39.1
Paris Club	33.0	32.0	30.9	30.0	28.3	26.6	23.4	21.1	18.4	16.6	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.0	0.0
Other official Bilateral	410.7	384.2	239.4	212.8	201.0	196.0	191.9	184.8	168.8	139.8	105.0	77.6	73.2	68.8	40.1	8.2	5.6	4.4	4.2	4.1	232.9	39.1
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt service to exports ratio	12.6	11.3	7.6	5.0	5.3	4.6	4.1	3.7	3.2	2.7	2.1	1.7	1.6	1.4	1.2	0.9	0.9	0.9	1.0	0.9	6.0	1.3
Debt service to revenue ratio	39.8	27.0	14.6	10.4	10.9	9.5	8.6	7.5	6.2	5.1	3.9	3.2	3.0	2.6	2.2	1.8	1.7	1.7	1.8	1.7	14.0	2.4
New debt 4/	0.0	0.4	1.9	1.9	2.6	3.7	6.3	12.9	14.6	16.6	22.1	29.5	38.2	48.4	60.2	73.6	88.7	105.7	124.8	146.2	6.1	73.7
II. After traditional debt relief 5/																						
Total	798.7	874.4	843.3	1,635.0	1,679.5	1,629.0	1,633.2	1,643.1	696.6	735.8	747.0	767.4	826.1	882.8	941.8	1,003.1	1,136.7	1,262.3	1,410.4	1,550.0	1,210.8	979.0
Existing debt	798.7	874.0	841.5	1,633.1	1,676.9	1,625.3	1,626.9	1,630.2	682.0	719.2	724.9	738.0	787.9	834.3	881.6	929.6	1,048.0	1,156.6	1,285.6	1,403.8	1,210.8	979.0
Multilateral	194.8	274.4	271.9	163.4	243.2	220.7	207.6	196.8	172.5	163.5	149.8	138.7	133.0	109.0	99.7	86.6	73.6	68.4	65.8	38.8	210.9	96.3
IDA	42.6	42.3	41.8	40.3	38.6	37.0	36.4	36.0	30.0	25.1	19.1	15.8	13.1	10.5	6.5	4.0	1.4	0.7	0.0	0.0	37.0	7.1
IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AfDB Group	8.8	8.7	8.7	8.6	8.6	8.3	8.2	8.2	8.1	7.9	7.6	7.2	6.7	6.6	6.6	6.2	5.8	3.9	3.7	1.0	8.4	5.5
Others 3/	143.3	223.4	221.4	114.5	196.0	175.4	163.0	152.6	134.4	130.4	123.2	115.7	113.3	91.8	86.6	76.4	66.4	63.8	62.1	37.8	165.4	83.7
Bilateral 5/	585.7	581.4	551.4	1,417.9	1,382.9	1,354.7	1,364.3	1,372.9	476.0	513.6	523.8	537.5	581.3	638.8	680.7	725.6	838.4	932.5	1,041.5	1,161.7	960.1	766.2
Paris Club	128.2	127.8	127.6	387.5	381.0	374.5	385.3	397.8	150.3	173.1	199.2	225.7	256.3	292.2	333.2	378.1	443.9	499.7	563.6	634.2	263.3	382.6
Other official Bilateral	457.5	453.6	423.8	1,030.4	1,001.9	980.2	979.0	975.1	325.7	340.5	324.6	311.8	325.0	346.6	347.5	347.6	394.5	432.9	478.0	527.6	696.8	383.6
Commercial	18.2	18.2	18.2	51.8	50.8	49.9	55.0	60.5	33.5	42.1	51.4	61.8	73.6	86.5	101.2	117.3	136.0	155.7	178.3	203.3	39.8	116.5
Debt service to exports ratio	15.7	14.3	11.7	20.0	18.8	16.7	15.7	14.7	5.9	5.8	5.6	5.4	5.5	5.5	5.5	5.7	6.1	6.5	7.0	7.3	13.9	6.0
Debt service to revenue ratio	49.8	34.1	22.7	41.8	38.7	34.6	32.8	29.8	11.5	11.2	10.6	10.1	10.1	10.3	10.4	10.7	11.6	12.3	13.3	14.0	30.7	11.3
New debt	0.0	0.4	1.9	1.9	2.6	3.7	6.3	12.9	14.6	16.6	22.1	29.5	38.2	48.4	60.2	73.6	88.7	105.7	124.8	146.2		
III. After enhanced HIPC assistance and multilateral arrears clearance /6																						
Total	120.8	149.6	74.3	71.9	221.6	421.3	495.2	1,054.2	1,016.0	980.5	900.1	793.4	431.8	427.1	411.4	395.2	399.9	410.5	426.1	436.1	454.4	429.4
Existing debt	120.8	149.2	72.4	70.1	219.0	417.5	488.9	1,041.3	1,001.3	963.8	878.0	764.0	393.6	378.6	351.2	321.6	311.2	304.7	301.3	289.9	454.4	429.4
Multilateral	120.8	149.2	72.4	70.1	98.5	95.7	140.5	185.9	173.1	167.7	160.3	106.0	53.4	44.9	39.5	33.9	28.1	25.0	23.8	14.3	127.4	52.9
IDA	0.0	27.5	41.8	40.3	38.6	37.0	36.4	36.0	30.0	25.1	19.1	15.8	13.1	10.5	6.5	4.0	1.4	0.7	0.0	0.0	31.3	7.1
IMF	0.0	0.0	0.0	0.0	0.0	0.0	48.9	97.8	97.8	97.8	97.8	48.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	34.2	14.7
AfDB Group	0.0	4.4	8.7	8.6	8.6	8.3	8.2	8.2	8.1	7.9	7.6	7.2	6.7	6.6	6.6	6.2	5.8	3.9	3.7	1.0	7.1	5.5
Others 3/	120.8	117.3	22.0	21.1	51.3	50.4	46.9	43.9	37.1	36.8	35.9	34.1	33.6	27.7	26.4	23.6	20.9	20.4	20.1	13.4	54.8	25.6
Bilateral	0.0	0.0	0.0	0.0	118.2	311.3	336.3	829.1	802.3	771.3	693.4	634.1	316.1	307.8	283.8	257.6	250.5	244.2	238.6	233.0	316.9	345.9
Paris Club	0.0	0.0	0.0	0.0	20.3	103.2	112.2	389.1	377.7	363.0	331.6	314.0	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	136.6	86.0
Other official Bilateral	0.0	0.0	0.0	0.0	98.0	208.1	224.1	440.0	424.6	408.3	361.8	320.1	289.3	281.0	257.0	230.8	223.7	217.4	211.8	206.2	180.3	259.9
Commercial	0.0	0.0	0.0	0.0	2.3	10.5	12.2	26.3	26.0	24.8	24.3	23.9	24.1	25.9	27.9	30.1	32.7	35.5	38.9	42.5	10.2	30.6
Debt service to exports ratio	2.4	2.4	1.0	0.9	2.5	4.3	4.8	9.4	8.6	7.8	6.7	5.6	2.9	2.7	2.4	2.2	2.2	2.1	2.1	2.1	4.4	3.1
Debt service to revenue ratio	7.5	5.8	2.0	1.8	5.1	9.0	9.9	19.1	16.8	14.9	12.7	10.4	5.3	5.0	4.6	4.2	4.1	4.0	4.0	3.9	9.2	5.8
New debt	0.0	0.4	1.9	1.9	2.6	3.7	6.3	12.9	14.6	16.6	22.1	29.5	38.2	48.4	60.2	73.6	88.7	105.7	124.8	146.2		

Sources: Sudan authorities and staff estimates and projections.

1/ All external debt statistics correspond to public and publicly guaranteed debt.

2/ Includes only scheduled debt service on current maturities and does not include projected penalty interest on arrears.

3/ Other multilaterals include AMF, EU, IFAD, IsDB, and OFID.

4/ The projected debt service is based on PRGT/GRA arrangements in the amount equal to the stock of arrears at arrears clearance.

5/ Shows the external debt situation after the full use of traditional debt-relief mechanisms (hypothetical stock-of-debt operations on Naples terms) by Paris Club creditors that includes treatment of debt stock in arrears, and assumes at least comparable treatment from other official bilateral creditors.

6/ Paris Club and other official bilateral creditors are assumed to provide a Cologne flow rescheduling on eligible debt during interim period 'and the remaining of their share of relief after of the completion point (i.e. in June 2024) through stock-of-debt reduction. Multilateral creditors start delivering HIPC assistance through the arrears clearance process. This starts in 2021 for the IMF, IDA and the AfDB. Other multilaterals are assumed to clear their arrears at the completion point date of June 2024.

Table A3. Sudan: External Debt Service, 2020–39 (concluded)

(US$ million, unless otherwise indicated)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	Average 2020 - 2029	Average 2030 -2039
IV. Debt Service after HIPC and MDRI Assistance																						
Total	120.8	149.6	74.3	71.9	198.2	376.0	401.7	912.2	880.0	849.6	775.7	721.6	412.0	409.9	398.3	385.0	392.7	405.9	422.4	435.1	397.3	402.1
Existing debt	120.8	149.2	72.4	70.1	195.6	372.2	395.4	899.3	865.4	833.0	753.6	692.1	373.9	361.4	338.1	311.4	304.1	300.2	297.6	288.9	397.3	402.1
Multilateral	120.8	149.2	72.4	70.1	75.1	50.4	46.9	43.9	37.1	36.8	35.9	34.1	33.6	27.7	26.4	23.6	20.9	20.4	20.1	13.4	70.3	25.6
IDA	0.0	27.5	41.8	40.3	19.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.9	0.0
IMF 8/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AfDB Group	0.0	4.4	8.7	8.6	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6	0.0
Others 3/	120.8	117.3	22.0	21.1	51.3	50.4	46.9	43.9	37.1	36.8	35.9	34.1	33.6	27.7	26.4	23.6	20.9	20.4	20.1	13.4	54.8	25.6
Bilateral	0.0	0.0	0.0	0.0	118.2	311.3	336.3	829.1	802.3	771.3	693.4	634.1	316.1	307.8	283.8	257.6	250.5	244.2	238.6	233.0	316.9	345.9
Paris Club	0.0	0.0	0.0	0.0	20.3	103.2	112.2	389.1	377.7	363.0	331.6	314.0	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	136.6	86.0
Other official Bilateral	0.0	0.0	0.0	0.0	98.0	208.1	224.1	440.0	424.6	408.3	361.8	320.1	289.3	281.0	257.0	230.8	223.7	217.4	211.8	206.2	180.3	259.9
Commercial	0.0	0.0	0.0	0.0	2.3	10.5	12.2	26.3	26.0	24.8	24.3	23.9	24.1	25.9	27.9	30.1	32.7	35.5	38.9	42.5	10.2	30.6
Debt service to exports ratio	2.4	2.4	1.0	0.9	2.2	3.8	3.9	8.2	7.4	6.7	5.8	5.1	2.7	2.6	2.3	2.2	2.1	2.1	2.1	2.1	3.9	2.9
Debt service to revenue ratio	7.5	5.8	2.0	1.8	4.6	8.0	8.1	16.5	14.6	12.9	11.0	9.5	5.0	4.8	4.4	4.1	4.0	4.0	4.0	3.9	8.2	5.5
New debt	0.0	0.4	1.9	1.9	2.6	3.7	6.3	12.9	14.6	16.6	22.1	29.5	38.2	48.4	60.2	73.6	88.7	105.7	124.8	146.2		
V. After enhanced HIPC assistance, multilateral arrears clearance, MDRI, and bilateral beyond HIPC assistance																						
Total	120.8	149.6	74.3	71.9	178.6	272.7	289.5	523.1	502.3	486.5	444.1	407.6	385.2	383.1	371.5	358.2	365.9	379.1	395.6	408.3	284.6	316.1
Existing debt	120.8	149.2	72.4	70.1	176.0	269.0	283.2	510.2	487.7	469.9	422.0	378.2	347.1	334.7	311.3	284.6	277.3	273.4	270.8	262.1	284.6	316.1
IDA	120.8	149.2	72.4	70.1	75.1	50.4	46.9	43.9	37.1	36.8	35.9	34.1	33.6	27.7	26.4	23.6	20.9	20.4	20.1	13.4	70.3	25.6
World Bank	0.0	27.5	41.8	40.3	19.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.9	0.0
IMF 7/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AfDB Group	0.0	4.4	8.7	8.6	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6	0.0
Others 3/	120.8	117.3	22.0	21.1	51.3	50.4	46.9	43.9	37.1	36.8	35.9	34.1	33.6	27.7	26.4	23.6	20.9	20.4	20.1	13.4	54.8	25.6
Bilateral	0.0	0.0	0.0	0.0	98.6	208.1	224.1	440.0	424.6	408.3	361.8	320.1	289.3	281.0	257.0	230.8	223.7	217.4	211.8	206.2	180.4	259.9
Paris Club 8/	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Other official Bilateral	0.0	0.0	0.0	0.0	98.0	208.1	224.1	440.0	424.6	408.3	361.8	320.1	289.3	281.0	257.0	230.8	223.7	217.4	211.8	206.2	180.3	259.9
Commercial	0.0	0.0	0.0	0.0	2.3	10.5	12.2	26.3	26.0	24.8	24.3	23.9	24.1	25.9	27.9	30.1	32.7	35.5	38.9	42.5	34.0	30.6
Debt service to exports ratio	2.4	2.4	1.0	0.9	2.0	2.8	2.8	4.7	4.2	3.9	3.3	2.9	2.6	2.4	2.2	2.0	2.0	2.0	2.0	1.9	2.7	2.3
Debt service to revenue ratio	7.5	5.8	2.0	1.8	4.1	5.8	5.8	9.5	8.3	7.4	6.3	5.4	4.7	4.5	4.1	3.8	3.7	3.7	3.7	3.7	5.8	4.4
New debt	0.0	0.4	1.9	1.9	2.6	3.7	6.3	12.9	14.6	16.6	22.1	29.5	38.2	48.4	60.2	73.6	88.7	105.7	124.8	146.2		
Reduction in debt service as a results of																						
Traditional debt relief mechanisms		-183.4	-299.3	-1,226.9	-1,204.4	-1,182.0	-1,203.9	-1,227.5	-322.3	-399.3	-470.0	-521.7	-581.7	-656.6	-741.8	-834.8	-968.8	-1,083.8	-1,215.6	-1,361.0	-805.4	-843.6
HIPC initiative assistance and multilateral arrears clearance		0.0	769.0	1,563.1	1,458.0	1,207.8	1,137.9	588.9	-319.3	-244.6	-153.1	-26.0	394.3	455.7	530.4	607.9	736.8	851.9	984.4	1,114.0	684.5	549.6
Additional MDRI assistance					23.3	45.3	93.6	142.0	135.9	130.9	124.4	71.8	19.8	17.2	13.1	10.2	7.2	4.6	3.7	1.0	95.2	27.3
Additional bilateral beyond HIPC assistance					19.6	103.2	112.2	389.1	377.7	363.0	331.6	314.0	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	136.5	86.0
Memorandum items:																						
Exports of goods and nonfactor services 9/	5,085.6	6,125.7	7,192.3	8,156.7	8,937.3	9,768.4	10,403.1	11,159.7	11,824.1	12,590.1	13,349.2	14,159.3	15,074.5	16,003.6	16,997.6	17,736.3	18,506.9	19,310.8	20,149.4	21,166.2		
Government revenues 10/	1,604.5	2,563.2	3,719.7	3,915.0	4,339.4	4,702.6	4,985.8	5,515.4	6,037.1	6,570.6	7,077.6	7,613.3	8,201.2	8,588.1	9,033.2	9,386.5	9,838.2	10,230.5	10,641.9	11,073.1		

7/ Includes beyond-HIPC assistance to the remaining outstanding debt stock associated with the arrears clearance. The IMF does not have outstanding MDRI-eligible debt. The last of the MDRI-eligible debt was repaid in FY2014, and the MDRI Trusts were liquidated in 2015.

8/ Paris Club creditors deliver, through voluntarily bilateral initiatives, additional debt relief beyond the HIPC Initiative after the completion point (assumed to be delivered in June 2024). Details on the modalities of the delivery are presented in Table A10.

9/ Exports of goods as defined in IMF, Balance of Payments Manual, 6th edition, 2009. Refers to fiscal year exports.

10/ Revenues are defined as central government revenues, excluding grants.

Table A4. Sudan: Net Present Value of External Debt, 2019–39 1/
(US$ billion, unless otherwise indicated)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	Average 2019 - 2028	Average 2029 - 2039
I. Before traditional debt relief and multilateral arrears clearance																							
NPV of total debt	49,744.0	49,247.5	48,742.7	48,297.4	48,056.3	47,781.6	47,551.8	47,362.3	47,207.0	47,118.0	47,097.6	47,174.3	47,327.9	47,536.6	47,826.1	48,192.1	48,646.5	49,165.0	49,719.2	50,306.1	50,951.0	48,110.9	48,540.2
NPV of outstanding debt	49,744.0	49,229.5	48,649.8	48,204.5	47,884.7	47,491.0	47,117.4	46,755.6	46,405.6	46,090.4	45,807.8	45,583.7	45,393.3	45,208.8	45,048.5	44,922.5	44,838.7	44,768.8	44,704.0	44,640.7	44,603.2	47,757.3	45,047.3
Multilateral	5,665.7	5,524.9	5,301.7	5,076.5	4,955.2	4,751.7	4,566.6	4,390.9	4,222.5	4,075.0	3,933.5	3,802.9	3,680.9	3,562.1	3,465.1	3,375.5	3,297.2	3,230.4	3,167.5	3,106.0	3,070.3	4,853.1	3,426.5
IDA	1,397.2	1,363.0	1,328.4	1,293.5	1,259.2	1,225.9	1,193.5	1,160.9	1,128.1	1,100.5	1,077.3	1,059.5	1,044.7	1,032.3	1,022.2	1,015.9	1,012.0	1,010.7	1,010.0	1,010.0	1,010.0	1,245.0	1,027.7
IMF	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2
AfDB Group	488.7	481.9	475.1	468.2	461.3	454.3	447.5	440.6	433.7	426.7	419.8	413.1	406.7	400.8	394.7	388.6	382.8	377.3	373.6	370.0	369.1	457.8	390.6
Others 2/	2,446.6	2,346.8	2,165.0	1,981.6	1,901.5	1,738.3	1,592.5	1,456.2	1,327.5	1,214.5	1,103.3	997.1	896.2	795.9	715.0	637.7	569.2	509.3	450.7	392.7	358.0	1,817.0	675.0
of which Multilateral debt in arrears	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7	2,950.7
Bilateral	38,122.3	37,748.6	37,392.2	37,172.0	36,973.5	36,783.3	36,594.8	36,408.7	36,227.1	36,059.5	35,918.3	35,824.8	35,756.4	35,690.6	35,627.4	35,591.0	35,585.5	35,582.4	35,580.5	35,578.7	35,577.0	36,948.2	35,664.8
Paris Club	19,076.7	19,050.1	19,023.7	18,997.6	18,971.8	18,946.9	18,923.1	18,901.7	18,882.1	18,864.6	18,848.5	18,848.3	18,848.3	18,848.3	18,848.3	18,848.3	18,848.3	18,848.3	18,848.3	18,848.3	18,848.3	18,963.8	18,848.3
Other official Bilateral	19,045.6	18,698.5	18,368.5	18,174.4	18,001.7	17,836.4	17,671.7	17,506.9	17,344.9	17,194.8	17,069.8	16,976.5	16,908.2	16,842.3	16,779.1	16,742.7	16,737.2	16,734.1	16,732.2	16,730.4	16,728.7	17,984.3	16,816.5
Commercial	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0	5,956.0
NPV of new borrowing		18.0	92.9	92.9	171.7	290.6	434.3	606.7	801.4	1,027.5	1,289.8	1,590.6	1,934.5	2,327.8	2,777.6	3,269.6	3,807.8	4,396.1	5,015.1	5,665.5	6,347.8	392.9	3,492.9
II. After traditional debt relief 3/																							
NPV of total debt	26,364.2	26,037.0	25,683.6	25,277.7	24,149.7	22,987.1	21,868.5	20,744.8	19,607.7	19,417.1	19,217.1	19,041.1	18,886.4	18,722.5	18,559.3	18,381.1	18,190.6	17,921.2	17,561.0	17,088.8	16,513.8	23,213.7	18,189.4
NPV of outstanding debt	26,364.2	26,019.0	25,590.7	25,184.8	23,978.1	22,696.5	21,434.1	20,138.1	18,806.3	18,389.5	17,927.3	17,450.5	16,951.9	16,394.7	15,781.7	15,111.5	14,382.8	13,525.0	12,545.9	11,423.3	10,166.0	22,860.1	14,696.4
Multilateral	5,665.7	5,524.9	5,301.7	5,076.5	4,955.2	4,751.7	4,566.6	4,390.9	4,222.5	4,075.0	3,933.5	3,802.9	3,680.9	3,562.1	3,465.1	3,375.5	3,297.2	3,230.4	3,167.5	3,106.0	3,070.3	4,853.1	3,426.5
IDA	1,397.2	1,363.0	1,328.4	1,293.5	1,259.2	1,225.9	1,193.5	1,160.9	1,128.1	1,100.5	1,077.3	1,059.5	1,044.7	1,032.3	1,022.2	1,015.9	1,012.0	1,010.7	1,010.0	1,010.0	1,010.0	1,245.0	1,027.7
IMF	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2	1,333.2
AfDB Group	488.7	481.9	475.1	468.2	461.3	454.3	447.5	440.6	433.7	426.7	419.8	413.1	406.7	400.8	394.7	388.6	382.8	377.3	373.6	370.0	369.1	457.8	390.6
Others 2/	2,446.6	2,346.8	2,165.0	1,981.6	1,901.5	1,738.3	1,592.5	1,456.2	1,327.5	1,214.5	1,103.3	997.1	896.2	795.9	715.0	637.7	569.2	509.3	450.7	392.7	358.0	1,817.0	675.0
Bilateral	18,624.7	18,420.4	18,215.5	18,034.9	16,983.1	15,938.8	14,895.1	13,814.6	12,697.4	12,448.5	12,156.8	11,849.1	11,521.8	11,144.7	10,703.5	10,212.8	9,669.1	9,004.2	8,234.7	7,343.9	6,318.9	16,007.3	9,832.7
Paris Club	8,177.2	8,165.4	8,153.8	8,142.1	7,870.2	7,598.4	7,326.6	7,037.6	6,729.5	6,662.2	6,571.3	6,453.5	6,307.9	6,130.3	5,915.0	5,656.5	5,350.6	4,975.9	4,541.4	4,038.6	3,459.9	7,586.3	5,400.1
Other official Bilateral	10,447.5	10,255.0	10,061.7	9,892.8	9,112.9	8,340.4	7,568.5	6,777.0	5,967.9	5,786.3	5,585.5	5,395.6	5,213.9	5,014.4	4,788.5	4,556.3	4,318.5	4,028.4	3,693.2	3,305.3	2,858.9	8,421.0	4,432.6
Commercial	2,073.8	2,073.7	2,073.6	2,073.4	2,039.7	2,006.0	1,972.3	1,932.6	1,886.3	1,866.0	1,837.0	1,798.4	1,749.2	1,687.8	1,613.1	1,523.2	1,416.5	1,290.3	1,143.7	973.4	776.9	1,999.8	1,437.2
NPV of new borrowing		18.0	92.9	92.9	171.7	290.6	434.3	606.7	801.4	1,027.5	1,289.8	1,590.6	1,934.5	2,327.8	2,777.6	3,269.6	3,807.8	4,396.1	5,015.1	5,665.5	6,347.8		
III. After conditional delivery of enhanced HIPC assistance and multilateral arrears clearance 4/ 5/																							
NPV of total debt	47,636.4	47,663.6	24,181.3	24,315.3	24,818.1	8,436.6	8,440.5	8,309.9	7,642.2	7,025.0	6,460.9	6,001.1	5,680.1	5,762.7	5,908.9	6,117.1	6,393.9	6,724.8	7,086.5	7,476.6	7,903.8	20,846.9	6,501.5
NPV of outstanding debt	47,636.4	47,645.6	24,088.4	24,222.4	24,646.4	8,146.0	8,006.1	7,703.2	6,840.8	5,997.5	5,171.1	4,410.5	3,745.6	3,434.9	3,131.3	2,847.5	2,586.1	2,328.6	2,071.3	1,811.2	1,556.0	20,493.3	3,008.6
Multilateral	3,558.1	3,491.3	3,385.5	3,358.7	3,334.7	1,221.2	1,148.0	1,028.6	861.6	704.2	549.1	398.5	299.4	251.1	210.4	174.5	143.6	118.0	95.1	73.0	60.0	2,209.2	215.7
IDA	331.4	338.6	318.4	283.4	249.2	215.9	183.5	150.9	118.1	90.5	67.2	49.5	34.7	22.3	12.2	5.9	2.0	0.7	0.0	0.0	0.0	228.0	17.7
IMF	1,156.7	1,179.5	1,202.6	1,226.2	1,250.3	448.2	457.0	417.1	327.5	236.1	142.9	48.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	790.1	17.4
AfDB Group	107.5	124.5	120.4	112.0	103.7	95.3	87.3	79.2	71.2	63.2	55.4	48.0	40.9	34.3	27.8	21.2	15.1	9.3	5.5	1.8	0.8	96.4	23.6
Others 2/	1,962.4	1,848.7	1,744.1	1,737.0	1,731.6	461.7	420.2	381.4	344.8	314.3	283.5	253.1	223.8	194.5	170.5	147.3	126.5	108.0	89.7	71.2	59.2	1,094.6	157.0
Bilateral	38,122.3	38,198.3	18,638.0	18,792.5	19,215.8	6,263.5	6,193.0	6,013.0	5,335.4	4,667.4	4,013.4	3,420.7	2,872.2	2,627.7	2,384.9	2,159.5	1,954.2	1,750.5	1,547.6	1,344.9	1,142.2	16,143.9	2,292.5
Paris Club	19,076.7	19,089.1	8,158.0	8,202.3	8,342.3	2,714.6	2,714.7	2,664.5	2,336.1	2,011.2	1,693.1	1,398.9	1,115.3	1,112.1	1,109.0	1,105.8	1,102.6	1,099.3	1,096.1	1,092.7	1,089.4	7,531.0	1,183.1
Other official Bilateral	19,045.6	19,109.2	10,480.1	10,590.1	10,873.6	3,548.9	3,478.3	3,348.5	2,999.4	2,656.3	2,320.3	2,021.8	1,756.9	1,515.5	1,275.9	1,053.7	851.6	651.2	451.6	252.1	52.8	8,613.0	1,109.4
Commercial	5,956.0	5,956.0	2,065.0	2,071.2	2,095.9	661.3	665.1	661.6	643.8	625.9	608.6	591.3	574.0	556.1	536.0	513.5	488.3	460.1	428.6	393.3	353.8	2,140.2	500.3
NPV of new borrowing		18.0	92.9	92.9	171.7	290.6	434.3	606.7	801.4	1,027.5	1,289.8	1,590.6	1,934.5	2,327.8	2,777.6	3,269.6	3,807.8	4,396.1	5,015.1	5,665.5	6,347.8		

Sources: Sudan authorities and staff estimates and projections.

1/ All NPV debt stocks refer to public and publicly guaranteed debt at end-December 2019.

2/ Other multilaterals include AFESD, AMF, IFAD, IsDB, and OFID.

3/ Shows the external debt situation after the full use of traditional debt-relief mechanisms (hypothetical stock-of-debt operations on Naples terms) by Paris Club creditors that includes treatment of debt stock in arrears, and assumes at least comparable treatment from other official bilateral creditors.

4/ Paris Club and other official bilateral creditors are assumed to provide a Cologne flow rescheduling on eligible debt during interim period and the remaining of their share of relief after of the completion point (i.e. in June 2024) through stock-of-debt reduction. Multilateral creditors start delivering HIPC assistance through the arrears clearance process. This starts at June 2024 for the IMF, IDA and the AfDB. For the IMF, it includes beyond-HIPC assistance to the remaining outstanding debt stock associated with the arrears clearance. Other multilaterals are assumed to clear their arrears (as at the completion point date of end-June 2024).

Table A4. Sudan: Net Present Value of External Debt, 2019–39 (concluded)

(US$ billion, unless otherwise indicated)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	Average 2019 - 2028	Average 2029 - 2039
IV. After unconditional delivery of enhanced HIPC assistance and multilateral arrears clearance 5/																							
NPV of total debt	7,866.1	8,015.7	8,123.6	8,235.4	8,431.7	8,436.6	8,440.5	8,309.9	7,642.2	7,025.0	6,460.9	6,001.1	5,680.1	5,762.7	5,908.9	6,117.1	6,393.9	6,724.8	7,086.5	7,476.6	7,903.8	8,052.7	6,501.5
NPV of outstanding debt	7,866.1	7,997.7	8,030.7	8,142.5	8,260.1	8,146.0	8,006.1	7,703.2	6,840.8	5,997.5	5,171.1	4,410.5	3,745.6	3,434.9	3,131.3	2,847.5	2,586.1	2,328.6	2,071.3	1,811.2	1,556.0	7,699.1	3,008.6
Multilateral	1,590	1,509.3	1,388.0	1,341.1	1,295.8	1,221.2	1,148.0	1,028.6	861.6	704.2	549.1	398.5	299.4	251.1	210.4	174.5	143.6	118.0	95.1	73.0	60.0	1,208.8	215.7
IDA	331.4	338.6	318.4	283.4	249.2	215.9	183.5	150.9	118.1	90.5	67.2	49.5	34.7	22.3	12.2	5.9	2.0	0.7	0.0	0.0	0.0	228.0	17.7
IMF	406.7	414.7	422.8	431.1	439.6	448.2	457.0	417.1	327.5	236.1	142.9	48.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	400.1	17.4
AfDB Group	107.5	124.5	120.4	112.0	103.7	95.3	87.3	79.2	71.2	63.2	55.4	48.0	40.9	34.3	27.8	21.2	15.1	9.3	5.5	1.8	0.8	96.4	23.6
Others 2/	744.7	631.5	526.4	514.5	503.3	461.7	420.2	381.4	344.8	314.3	283.5	253.1	223.8	194.5	170.5	147.3	126.5	108.0	89.7	71.2	59.2	484.3	157.0
Bilateral	5,646.9	5,851.9	5,998.4	6,148.9	6,303.5	6,263.5	6,193.0	6,013.0	5,335.4	4,667.4	4,013.4	3,420.7	2,872.2	2,627.7	2,384.9	2,159.5	1,954.2	1,750.5	1,547.6	1,344.9	1,142.2	5,842.2	2,292.5
Paris Club	2,479.3	2,537.4	2,594.5	2,653.2	2,713.4	2,714.6	2,714.7	2,664.5	2,336.1	2,011.2	1,693.1	1,398.9	1,115.3	1,112.1	1,109.0	1,105.8	1,102.6	1,099.3	1,096.1	1,092.7	1,089.4	2,541.9	1,183.1
Other official Bilateral	3,167.6	3,314.4	3,403.8	3,495.7	3,590.2	3,548.9	3,478.3	3,348.5	2,999.4	2,656.3	2,320.3	2,021.8	1,756.9	1,515.5	1,275.9	1,053.7	851.6	651.2	451.6	252.1	52.8	3,300.3	1,109.4
Commercial	628.8	636.5	644.4	652.5	660.8	661.3	665.1	661.6	643.8	625.9	608.6	591.3	574.0	556.1	536.0	513.5	488.3	460.1	428.6	393.3	353.8	648.1	500.3
NPV of new borrowing		18.0	92.9	92.9	171.7	290.6	434.3	606.7	801.4	1,027.5	1,289.8	1,590.6	1,934.5	2,327.8	2,777.6	3,269.6	3,807.8	4,396.1	5,015.1	5,665.5	6,347.8		
V. After conditional delivery of enhanced HIPC assistance and multilateral arrears clearance, and MDRI assistance																							
NPV of total debt	47,636.4	47,663.6	24,181.3	24,315.3	24,818.1	7,677.1	7,712.7	7,662.7	7,125.5	6,635.1	6,195.3	5,855.7	5,604.5	5,706.1	5,868.9	6,089.9	6,376.8	6,714.8	7,081.0	7,474.8	7,903.0	20,542.8	6,442.8
NPV of outstanding debt	47,636.4	47,645.6	24,088.4	24,222.4	24,646.4	7,386.5	7,278.4	7,056.0	6,324.1	5,607.6	4,905.5	4,265.1	3,670.0	3,378.3	3,091.4	2,820.3	2,569.0	2,318.7	2,065.9	1,809.4	1,555.2	20,189.2	2,949.9
Multilateral	3,558.1	3,491.3	3,385.5	3,358.7	3,334.7	461.7	420.2	381.4	344.8	314.3	283.5	253.1	223.8	194.5	170.5	147.3	126.5	108.0	89.7	71.2	59.2	1,905.1	157.0
IDA	331.4	338.6	318.4	283.4	249.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	152.1	0.0
IMF6/	1,156.7	1,179.5	1,202.6	1,226.2	1,250.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	601.5	0.0
AfDB Group	107.5	124.5	120.4	112.0	103.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	56.8	0.0
Others 2/	1,962.4	1,848.7	1,744.1	1,737.0	1,731.6	461.7	420.2	381.4	344.8	314.3	283.5	253.1	223.8	194.5	170.5	147.3	126.5	108.0	89.7	71.2	59.2	1,094.6	157.0
Bilateral	38,122.3	38,198.3	18,638.0	18,792.5	19,215.8	6,263.5	6,193.0	6,013.0	5,335.4	4,667.4	4,013.4	3,420.7	2,872.2	2,627.7	2,384.9	2,159.5	1,954.2	1,750.5	1,547.6	1,344.9	1,142.2	16,143.9	2,292.5
Paris Club	19,076.7	19,089.1	8,158.0	8,202.3	8,342.3	2,714.6	2,714.7	2,664.5	2,336.1	2,011.2	1,693.1	1,398.9	1,115.3	1,112.1	1,109.0	1,105.8	1,102.6	1,099.3	1,096.1	1,092.7	1,089.4	7,531.0	1,183.1
Other official Bilateral	19,045.6	19,109.2	10,480.1	10,590.1	10,873.6	3,548.9	3,478.3	3,348.5	2,999.4	2,656.3	2,320.3	2,021.8	1,756.9	1,515.5	1,275.9	1,053.7	851.6	651.2	451.6	252.1	52.8	8,613.0	1,109.4
Commercial	5,956.0	5,956.0	2,065.0	2,071.2	2,095.9	661.3	665.1	661.6	643.8	625.9	608.6	591.3	574.0	556.1	536.0	513.5	488.3	460.1	428.6	393.3	353.8	2,140.2	500.3
NPV of new borrowing		18.0	92.9	92.9	171.7	290.6	434.3	606.7	801.4	1,027.5	1,289.8	1,590.6	1,934.5	2,327.8	2,777.6	3,269.6	3,807.8	4,396.1	5,015.1	5,665.5	6,347.8		
VI. After conditional enhanced HIPC assistance and multilateral arrears clearance, MDRI, and bilateral beyond HIPC assistance																							
NPV of total debt	47,636.4	47,663.6	24,181.3	24,315.3	24,818.1	4,962.5	4,998.0	4,998.2	4,789.4	4,624.0	4,502.2	4,456.8	4,489.2	4,593.9	4,759.9	4,984.1	5,274.2	5,615.5	5,984.9	6,382.1	6,813.6	19,298.7	5,259.7
NPV of outstanding debt	47,636.4	47,645.6	24,088.4	24,222.4	24,646.4	4,671.9	4,563.7	4,391.5	3,988.0	3,596.4	3,212.4	2,866.2	2,554.7	2,266.1	1,982.4	1,714.5	1,466.4	1,219.3	969.8	716.6	465.8	18,945.1	1,766.8
Multilateral	3,558.1	3,491.3	3,385.5	3,358.7	3,334.7	461.7	420.2	381.4	344.8	314.3	283.5	253.1	223.8	194.5	170.5	147.3	126.5	108.0	89.7	71.2	59.2	1,905.1	157.0
IDA	331.4	338.6	318.4	283.4	249.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	152.1	0.0
IMF 6/	1,156.7	1,179.5	1,202.6	1,226.2	1,250.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	601.5	0.0
AfDB Group	107.5	124.5	120.4	112.0	103.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	56.8	0.0
Others 2/	1,962.4	1,848.7	1,744.1	1,737.0	1,731.6	461.7	420.2	381.4	344.8	314.3	283.5	253.1	223.8	194.5	170.5	147.3	126.5	108.0	89.7	71.2	59.2	1,094.6	157.0
Bilateral	38,122.3	38,198.3	18,638.0	18,792.5	19,215.8	3,548.9	3,478.3	3,348.5	2,999.4	2,656.3	2,320.3	2,021.8	1,756.9	1,515.5	1,275.9	1,053.7	851.6	651.2	451.6	252.1	52.8	14,899.8	1,109.4
Paris Club 7/	19,076.7	19,089.1	8,158.0	8,202.3	8,342.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6,286.8	0.0
Other official Bilateral	19,045.6	19,109.2	10,480.1	10,590.1	10,873.6	3,548.9	3,478.3	3,348.5	2,999.4	2,656.3	2,320.3	2,021.8	1,756.9	1,515.5	1,275.9	1,053.7	851.6	651.2	451.6	252.1	52.8	8,613.0	1,109.4
Commercial	5,956.0	5,956.0	2,065.0	2,071.2	2,095.9	661.3	665.1	661.6	643.8	625.9	608.6	591.3	574.0	556.1	536.0	513.5	488.3	460.1	428.6	393.3	353.8	2,140.2	500.3
NPV of new borrowing		18.0	92.9	92.9	171.7	290.6	434.3	606.7	801.4	1,027.5	1,289.8	1,590.6	1,934.5	2,327.8	2,777.6	3,269.6	3,807.8	4,396.1	5,015.1	5,665.5	6,347.8		

5/ Unconditional delivery of HIPC assistance assumes full delivery of estimated enhanced HIPC Initiative debt relief as of end-December 2019, while conditional delivery of HIPC assistance assumes that the full delivery of HIPC assistance will only be considered after the expected completion point. Therefore, the NPV of debt under the conditional scenario is higher than under the unconditional scenario during the interim period.

6/ Includes MDRI like beyond-HIPC assistance to the remaining outstanding debt stock associated with the arrears clearance. The IMF does not have outstanding MDRI-eligible debt. The last of the MDRI-eligible debt was repaid in FY2014, and the MDRI Trusts were liquidated in 2015.

7/ Paris Club creditors deliver, through voluntarily bilateral initiatives, additional debt relief beyond the HIPC Initiative after the completion point (assumed to be delivered in June 2024). Details on the modalities of the delivery are presented in Table A10.

Table A5. Sudan: External Debt Indicators, 2019–39 1/

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	Average 2019 - 2028	Average 2029 - 2039
I. Before traditional debt relief																							
NPV of debt-to-GDP ratio	148.2	143.3	135.4	131.2	126.1	119.3	112.4	105.0	97.4	90.6	84.7	79.5	74.9	71.0	67.7	65.0	62.7	60.7	58.7	56.9	55.1	117.8	67.0
NPV of debt-to-exports ratio 2/ 3/	933.5	972.6	895.9	787.3	671.3	590.2	531.1	488.1	452.0	423.4	397.2	374.8	354.1	334.9	317.2	300.7	287.6	277.0	268.5	260.4	252.1	645.8	311.3
NPV of debt-to-revenue ratio 4/	2,008.2	3,069.3	1,901.7	1,298.4	1,227.5	1,101.1	1,011.2	949.9	855.9	780.5	716.8	666.5	621.6	579.6	556.9	533.5	518.3	499.7	486.0	472.7	460.1	1,355.0	555.6
Debt service-to-exports ratio	...	12.6	11.3	7.6	5.0	5.3	4.6	4.1	3.7	3.2	2.7	2.1	1.7	1.6	1.4	1.2	0.9	0.9	0.9	1.0	0.9	6.4	1.4
Debt service-to-revenue ratio 4/	...	39.8	27.0	14.6	10.4	10.9	9.5	8.6	7.5	6.2	5.1	3.9	3.2	3.0	2.6	2.2	1.8	1.7	1.7	1.8	1.7	15.0	2.6
II. After traditional debt relief 5/																							
NPV of debt-to-GDP ratio	78.5	75.8	71.3	68.7	63.3	57.4	51.7	46.0	40.5	37.4	34.6	32.1	29.9	27.9	26.3	24.8	23.5	22.1	20.7	19.3	17.9	56.9	25.4
NPV of debt-to-exports ratio 2/ 3/	494.8	514.2	472.1	412.1	337.4	284.0	244.2	213.8	187.7	174.5	162.1	151.3	141.3	131.9	123.1	114.7	107.6	101.0	94.8	88.4	81.7	315.5	118.0
NPV of debt-to-revenue ratio 4/	1,064.3	1,622.7	1,002.0	679.6	616.8	529.7	465.0	416.1	355.5	321.6	292.5	269.0	248.1	228.3	216.1	203.5	193.8	182.2	171.7	160.6	149.1	667.7	210.4
Debt service-to-exports ratio	...	15.7	14.3	11.7	20.0	18.8	16.7	15.7	14.7	5.9	5.8	5.6	5.4	5.5	5.5	5.5	5.7	6.1	6.5	7.0	7.3	14.8	6.0
Debt service-to-revenue ratio 4/	...	49.8	34.1	22.7	41.8	38.7	34.6	32.8	29.8	11.5	11.2	10.6	10.1	10.1	10.3	10.4	10.7	11.6	12.3	13.3	14.0	32.9	11.3
III. After conditional delivery of enhanced HIPC assistance and multilateral arrears clearance																							
NPV of debt-to-GDP ratio	141.9	138.7	67.2	66.1	65.1	21.1	19.9	18.4	15.8	13.5	11.6	10.1	9.0	8.6	8.4	8.2	8.2	8.3	8.4	8.5	8.6	47.3	8.9
NPV of debt-to-exports ratio 2/ 3/	894.0	941.3	444.5	396.4	346.7	104.2	94.3	85.7	73.2	63.1	54.5	47.7	42.5	40.6	39.2	38.2	37.8	37.9	38.3	38.7	39.1	283.3	41.3
NPV of debt-to-revenue ratio 4/	1,923.0	2,970.5	943.4	653.7	633.9	194.4	179.5	166.7	138.6	116.4	98.3	84.8	74.6	70.3	68.8	67.7	68.1	68.4	69.3	70.3	71.4	666.3	73.8
Debt service-to-exports ratio	...	2.4	2.4	1.0	0.9	2.5	4.3	4.8	9.4	8.6	7.8	6.7	5.6	2.9	2.7	2.4	2.2	2.2	2.1	2.1	2.1	4.0	3.5
Debt service-to-revenue ratio 4/	...	7.5	5.8	2.0	1.8	5.1	9.0	9.9	19.1	16.8	14.9	12.7	10.4	5.3	5.0	4.6	4.2	4.1	4.0	4.0	3.9	8.6	6.6
IV. After unconditional delivery of enhanced HIPC assistance and multilateral arrears clearance 6/																							
NPV of debt-to-GDP ratio	23.4	23.3	22.6	22.4	22.1	21.1	19.9	18.4	15.8	13.5	11.6	10.1	9.0	8.6	8.4	8.2	8.2	8.3	8.4	8.5	8.6	19.9	8.9
NPV of debt-to-exports ratio 2/ 3/	147.6	158.3	149.3	134.3	117.8	104.2	94.3	85.7	73.2	63.1	54.5	47.7	42.5	40.6	39.2	38.2	37.8	37.9	38.3	38.7	39.1	108.9	41.3
NPV of debt-to-revenue ratio 4/	317.6	499.6	317.0	221.4	215.4	194.4	179.5	166.7	138.6	116.4	98.3	84.8	74.6	70.3	68.8	67.7	68.1	68.4	69.3	70.3	71.4	227.7	73.8
Debt service-to-exports ratio	...	2.4	2.4	1.0	0.9	2.5	4.3	4.8	9.4	8.6	7.8	6.7	5.6	2.9	2.7	2.4	2.2	2.2	2.1	2.1	2.1	4.0	3.5
Debt service-to-revenue ratio 4/	...	7.5	5.8	2.0	1.8	5.1	9.0	9.9	19.1	16.8	14.9	12.7	10.4	5.3	5.0	4.6	4.2	4.1	4.0	4.0	3.9	8.6	6.6
V. After conditional delivery of enhanced HIPC assistance and multilateral arrears clearance, and MDRI assistance																							
NPV of debt-to-GDP ratio	141.9	138.7	67.2	66.1	65.1	19.2	18.2	17.0	14.7	12.8	11.1	9.9	8.9	8.5	8.3	8.2	8.2	8.3	8.4	8.5	8.6	46.5	8.8
NPV of debt-to-exports ratio 2/ 3/	894.0	941.3	444.5	396.4	346.7	94.8	86.1	79.0	68.2	59.6	52.2	46.5	41.9	40.2	38.9	38.0	37.7	37.8	38.2	38.7	39.1	279.6	40.9
NPV of debt-to-revenue ratio 4/	1,923.0	2,970.5	943.4	653.7	633.9	176.9	164.0	153.7	129.2	109.9	94.3	82.7	73.6	69.6	68.3	67.4	67.9	68.3	69.2	70.2	71.4	659.5	73.0
Debt service-to-exports ratio	...	2.4	2.4	1.0	0.9	2.2	3.8	3.9	8.2	7.4	6.7	5.8	5.1	2.7	2.6	2.3	2.2	2.1	2.1	2.1	2.1	3.6	3.3
Debt service-to-revenue ratio 4/	...	7.5	5.8	2.0	1.8	4.6	8.0	8.1	16.5	14.6	12.9	11.0	9.5	5.0	4.8	4.4	4.1	4.0	4.0	4.0	3.9	7.7	6.1
VI. After conditional enhanced HIPC assistance and multilateral arrears clearance, MDRI, and bilateral beyond HIPC assistance																							
NPV of debt-to-GDP ratio	141.9	138.7	67.2	66.1	65.1	12.4	11.8	11.1	9.9	8.9	8.1	7.5	7.1	6.9	6.7	6.7	6.8	6.9	7.1	7.2	7.4	43.5	7.1
NPV of debt-to-exports ratio 2/ 3/	894.0	941.3	444.5	396.4	346.7	61.3	55.8	51.5	45.9	41.5	38.0	35.4	33.6	32.4	31.6	31.1	31.2	31.6	32.3	33.0	33.7	265.0	33.1
NPV of debt-to-revenue ratio 4/	1,923.0	2,970.5	943.4	653.7	633.9	114.4	106.3	100.2	86.8	76.6	68.5	63.0	59.0	56.0	55.4	55.2	56.2	57.1	58.5	60.0	61.5	631.8	59.1
Debt service-to-exports ratio	...	2.4	2.4	1.0	0.9	2.0	2.8	2.8	4.7	4.2	3.9	3.3	2.9	2.6	2.4	2.2	2.0	2.0	2.0	2.0	1.9	2.6	2.5
Debt service-to-revenue ratio 4/	...	7.5	5.8	2.0	1.8	4.1	5.8	5.8	9.5	8.3	7.4	6.3	5.4	4.7	4.5	4.1	3.8	3.7	3.7	3.7	3.7	5.6	4.6

Sources: Sudan authorities and staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt at end-December 2019.

2/ Exports are defined as in IMF, Balance of Payments Manual, 6th edition, 2009.

3/ Based on a three-year average of exports on the previous year (e.g., export average over 2017-2019 for NPV of debt-to-exports ratio in 2019).

4/ Revenue is defined as central government revenue, excluding grants.

5/ Shows the external debt situation after the full use of traditional debt-relief mechanisms, and assuming at least comparable treatment from official bilateral creditors.

6/ Unconditional delivery of HIPC assistance assumes that the completion point will be reached. Therefore, it shows the full impact of HIPC debt relief on the NPV of debt at base year (i.e. 2019). However, conditional delivery of HIPC assistance assumes that the full delivery of HIPC assistance will only be considered after the expected completion point. Therefore, the NPV of debt under the conditional scenario is higher than under the unconditional scenario during the interim period.

Table A6. Sudan: External Debt Indicators and Sensitivity Analysis, 2020–39 1/

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Average 2020 - 2030	Average 2031 - 2039
I. Baseline Scenario 2/												
NPV of debt-to-GDP ratio	138.7	67.2	66.1	65.1	12.4	11.8	11.1	9.9	8.9	8.1	37.0	7.0
NPV of debt-to-exports ratio 3/4/	941.3	444.5	396.4	346.7	61.3	55.8	51.5	45.9	41.5	38.0	223.5	32.3
NPV of debt-to-revenue ratio 5/	2970.5	943.4	653.7	633.9	114.4	106.3	100.2	86.8	76.6	68.5	528.8	57.7
Debt service-to-exports ratio	2.4	2.4	1.0	0.9	2.0	2.8	2.8	4.7	4.2	3.9	2.8	2.2
Debt service-to-revenue ratio	7.5	5.8	2.0	1.8	4.1	5.8	5.8	9.5	8.3	7.4	5.9	4.1
II. Sensitivity Analysis												
Lower export level scenario												
NPV of debt-to-GDP ratio	138.7	67.2	67.7	67.9	13.0	11.8	11.1	9.9	8.9	8.1	37.4	7.0
NPV of debt-to-exports ratio	941.3	444.5	434.8	428.9	81.2	69.3	58.4	48.9	43.1	38.5	238.6	32.0
NPV of debt-to-revenue ratio	2970.5	943.4	684.0	681.5	121.2	107.0	100.2	86.8	76.6	68.5	536.6	57.6
Debt service-to-exports ratio	2.4	2.4	1.3	1.3	2.5	3.1	3.0	4.8	4.3	3.9	2.9	2.2
Debt service-to-revenue ratio	7.5	5.8	2.1	2.0	4.4	5.8	5.8	9.5	8.3	7.4	5.9	4.1
Permanently lower growth												
NPV of debt-to-GDP ratio	138.7	67.2	67.5	68.4	13.5	13.5	13.3	12.5	11.8	11.1	38.9	10.0
NPV of debt-to-exports ratio	941.3	444.5	431.1	426.5	86.8	84.6	79.4	71.1	64.2	58.9	249.4	48.5
NPV of debt-to-revenue ratio	2970.5	943.4	686.7	683.7	125.4	118.1	115.9	104.3	95.9	89.0	547.0	79.5
Debt service-to-exports ratio	2.4	2.4	1.3	1.3	3.1	4.3	4.3	7.3	6.5	6.0	4.0	3.3
Debt service-to-revenue ratio	7.5	5.8	2.1	2.0	4.5	6.4	6.7	11.4	10.4	9.6	6.8	5.7

Sources: Sudan authorities and staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt at end-December 2019.

2/ The macroeconomic projections for the baseline scenario are described in Section III.

3/ Exports are defined as in IMF, Balance of Payments Manual, 6th edition, 2009.

4/ Based on a three-year average of exports on the previous year (e.g., export average over 2017-2019 for NPV of debt-to-exports ratio in 2019).

5/ Revenue is defined as central government revenue, excluding grants.

Table A7. Sudan: Possible Delivery of IDA's Assistance Under the Enhanced HIPC Initiative, 2020–2053

(US$ million, unless otherwise indicated)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	Cumulative	
																			2025-2034	2020-2053
I. Relief under the Enhanced HIPC Initiative																				
Debt service before HIPC assistance 1/	42.6	42.3	41.8	40.3	38.6	37.0	36.4	36.0	30.0	25.1	19.1	15.8	13.1	10.5	6.5	4.0	1.4	0.7	229.5	441.2
of which principal	39.5	39.5	39.3	38.1	36.7	35.4	35.0	34.9	29.1	24.5	18.6	15.4	12.9	10.4	6.4	4.0	1.4	0.7	222.5	421.6
of which interest	3.1	2.8	2.5	2.2	1.9	1.6	1.4	1.1	0.9	0.7	0.5	0.4	0.2	0.1	0.1	0.0	0.0	0.0	7.0	19.5
Debt service after HIPC assistance 1/ 2/	0.0	27.5	41.8	40.3	38.6	37.0	36.4	36.0	30.0	25.1	19.1	15.8	13.1	10.5	6.5	4.0	1.4	0.7	229.5	383.9
of which principal	0.0	25.6	39.3	38.1	36.7	35.4	35.0	34.9	29.1	24.5	18.6	15.4	12.9	10.4	6.4	4.0	1.4	0.7	222.5	368.3
of which interest	0.0	1.9	2.5	2.2	1.9	1.6	1.4	1.1	0.9	0.7	0.5	0.4	0.2	0.1	0.1	0.0	0.0	0.0	7.0	15.6
Savings on debt service to IDA /2	42.6	14.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	57.3
of which principal	39.5	13.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	53.4
of which interest	3.1	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0
I. Relief under MDRI																				
Projected stock of IDA credits outstanding at implementation date					246.7															
Remaining IDA credits after MDRI					0.0															
Debt stock reduction on eligible credits 3/4/					246.7															
Due to HIPC relief					0.0															
Due to MDRI					246.7															
Debt service due after HIPC relief and the MDRI	0.0	27.5	41.8	40.3	19.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	129.2
Memorandum item:																				
Debt service to IDA covered by HIPC assistance (in percent) 2/5/	100.0	34.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	--	--
Debt service to IDA covered by HIPC assistance and MDRI (in per	100.0	34.9	0.0	0.0	49.4	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	--
IDA debt service relief under the MDRI					19.0	37.0	36.4	36.0	30.0	25.1	19.1	15.8	13.1	10.5	6.5	4.0	1.4	0.7	229.5	254.7

Sources: IBRD staff estimates

1/ Principal and interest due to IDA correspond to prorated projections on disbursed and outstanding debt as of end-December 2019, converted to U.S dollar.

2/ Savings on debt service payments in 2020 ans 2021 corespond to obligations that were repaid by authorities, and were part of the stock of arrears to be cleared in March 2021.

3/ Stock of debt and debt service denominated in SDRs are converted in U.S dollar by applying the end-2019 exchange rate.

4/ Debt disbursed as of December 31, 2003 and still outstanding at June 30, 2024.

5/ Based on debt disbursed and outstanding as of end-2019.

Table A8. Sudan: Possible Delivery of IMF Assistance Under the Enhanced HIPC Initiative 1/

(US$ million, unless otherwise indicated)

	2021	2022	2023	2024		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Based on SDR/US$ exchange rate as of March 1, 2021				Jan-Jun	Jul-Dec										
I. Debt relief (under the HIPC Initiative only)															
Projected debt service due on IMF obligations before debt relief 2/	3.0	2.8	3.1	1.7	1.7	25.0	163.2	291.1	305.9	320.7	323.8	185.0	34.9	19.4	3.9
Principal	-	-	-	-	-	21.3	159.5	288.0	303.5	319.1	322.9	184.8	34.9	19.4	3.9
EFF (28.29 percent of quota)	-	-	-	-	-	21.3	42.7	42.7	42.7	42.7	42.7	21.3	-	-	-
ECF (154.76 percent of quota)	-	-	-	-	-	-	116.8	245.3	260.8	276.4	280.2	163.4	34.9	19.4	3.9
Interest and charges on new IMF financing 3/ 4/	2.6	2.8	3.1	1.7	1.7	3.7	3.7	3.1	2.4	1.7	0.8	0.2	-	-	-
Interest and charges on pre-Decision Point arrears 5/	0.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total HIPC-eligible debt	3.0	2.8	3.1	1.7	1.7	25.0	163.2	279.4	278.8	278.0	277.2	138.4	-	-	-
Principal	-	-	-	-	-	21.3	159.5	276.4	276.4	276.4	276.4	138.2	-	-	-
Interest and charges	3.0	2.8	3.1	1.7	1.7	3.7	3.7	3.1	2.4	1.7	0.8	0.2	-	-	-
IMF assistance under the HIPC Initiative-deposits into Sudan's Umbrella Account															
Interim assistance	4.4	3.0	3.3	-											
Completion point assistance 6/				912.5											
Completion point interest 7/				4.0											
Total Umbrella Account balance at the completion point				916.5											
IMF assistance--drawdown schedule from Sudan's Umbrella Account	4.4	3.0	3.3	916.5											
Debt service due to the IMF after the HIPC debt relief only	-	-	-	-	-	-	50.8	113.2	128.8	144.3	148.2	97.4	34.9	19.4	3.9
Principal	-	-	-	-	-	-	50.8	113.2	128.8	144.3	148.2	97.4	34.9	19.4	3.9
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Debt relief provided at Completion Point (on stock basis in cash terms) 8/				1,424.6											
HIPC assistance				916.5											
Beyond-HIPC				508.0											
III. Debt service due to the IMF after HIPC and beyond-HIPC debt relief 4/	-	-	-	-	-	-	-	11.6	27.2	42.7	46.6	46.6	34.9	19.4	3.9
Memorandum items:															
Debt service due on IMF obligations at end-December 2019 (in millions of U.S. dollars)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Debt service due on current IMF obligations after IMF assistance	-	-	-	-	-	-	-	11.6	27.2	42.7	46.6	46.6	34.9	19.4	3.9
(in percent of current year exports of goods and nonfactor services)	--	--	--	--	--	--	--	0.1	0.2	0.3	0.3	0.3	0.2	0.1	0.0
(in percent of total debt service after HIPC assistance and multilateral arrears clearance	--	--	--	--		--	--	1.1	2.6	4.2	4.9	5.4	6.7	3.7	0.7

Source: Fund staff estimates and projections.

1/ Total IMF assistance under the HIPC Initiative is estimated at US$929.0 million in NPV terms calculated on the basis of data available at end-December 2019. Of this amount, US$5.9 million represents the concessional element associated with subsidization of PRGT Interest during interim period. The remaining balance of US$923.1 million will be provided as a grant toward debt relief under the HIPC Initiative.

2/ The projected debt service is based on ECF/EFF arrangements in the amount equal to the stock of arrears at arrears clearance, plus a new PRGT credit of 30 percent of quota under the 14th General Review, which will be disbursed in 7 installments. Assumes 133.33 percent of exceptional annual access under the PRGT.

3/ The EFF charges are based on SDR interest rate projections (gradually rising to 0.93 percent in 2029 and beyond) plus 100 basis points and 0.000 percent adjustment for deferred charges.

4/ Loans under the ECF-arrangement bear zero interest. In May 2019, the Executive Board approved zero interest rates on the ECF and SCF until June 2021. The current interest mechanism ensures that rates would remain at zero for as long as global rates are low. The IMF reviews interest rates for all concessional facilities under the PRGT every two years.

5/ Remaining GRA charges and interest on Trust Fund falling due after the date of decision point.

6/ The remaining IMF's grant HIPC assistance would be disbursed into the member's Umbrella Account after the assumed completion point in June 2024, which is reflected in the calculation of interest.

7/ Estimated interest earnings on: (a) amounts held in the member's Umbrella Account; and (b) up to the completion point, amounts committed but not yet disbursed, are based on SDR interest rates projections which are gradually rising to 0.93 percent in 2029 and beyond; actual interest earnings may be higher or lower.

8/ Associated with the stock of arrears at arrears clearance and the first disbursement of new credit under the ECF.

Table A9. Sudan: Paris Club Official Bilateral Creditor's Delivery of Debt Relief Under Bilateral Initiatives Beyond HIPC

Countries Covered		ODA (In percent)		Non-ODA (In percent)		Provision of Relief	
		Pre-cutoff Date Debt	Post-cutoff Date Debt	Pre-cutoff Date Debt	Post-cutoff Date Debt	Decision Point (In percent)	Completion Point
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Australia	HIPCs	100	100	100	100 2/	2/	2/
Austria	HIPCs	100	-	100	-	Case-by-case, flow	Stock
Belgium	HIPCs	100	100 3/	100	-	100 flow	Stock
Canada	HIPCs	100	100	100	100	100 flow	Stock
Denmark	HIPCs	100	100 4/	100	100 4/	100 flow	Stock
France	HIPCs	100	100	100	-	100 flow 5/	Stock
Finland	HIPCs	100	- 6/	100	- 6/	-	-
Germany	HIPCs	100	100	100	100 7/	100 flow	Stock
Ireland	-	-	-	-	-	-	-
Italy	HIPCs	100	100 8/	100	100 8/	100 flow	Stock
Japan	HIPCs	100	100	100	-	-	Stock
Netherlands, the	HIPCs	100 9/	100	100	-	90-100 flow 9/	Stock
Norway	HIPCs	10/	10/	11/	11/	-	-
Russia	HIPCS	- 12/	- 12/	100 19/	100 19/20/	-	Stock
Spain	HIPCs	100	100 13/	100	100 13/	-	Stock
Sweden	HIPCs	-	- 14/	100	-	-	Stock
Switzerland	HIPCs	- 15/	- 15/	100 16/	-	100 flow 16/	Stock
United Kingdom	HIPCs	100	100	100	100 17/	100 flow 17/	Stock
United States 18/	HIPCs	100	100	100	100	100 flow	Stock

Source: Paris Club Secretariat.

1/ Columns (1) to (7) describe the additional debt relief provided following a specific methodology under bilateral initiatives and need to be read as a whole for each creditor. In column (1), "HIPCs" stands for eligible countries effectively qualifying for the HIPC process. A "100 percent" mention in the table indicates that the debt relief provided under the enhanced HIPC Initiative framework will be topped up to 100 percent through a bilateral initiative.

2/ Australia: Australia cancelled all HIPC claims.

3/ Belgium: cancellation at completion point 100 percent of ODA loans contracted before December 31, 2000.

4/ Denmark provides 100 percent cancellation of ODA loans and non-ODA credits contracted and disbursed before September 27, 1999.

5/ France: cancellation of 100 percent of debt service on pre-cutoff date commercial claims on the government as they fall due starting at decision point. Once countries have reached completion point, debt relief on ODA claims on the government will go to a special account and will be used for specific development projects.

6/ Finland: no post-Cutoff date claims.

7/ If not treated in the Agreed Minutes at Completion Point, debt cancellation of 100 % only on a case by case basis.

8/ Italy: cancellation of 100 percent of all debts (pre- and post-cutoff date, ODA and non-ODA) incurred before June 20,1999 (the Cologne Summit). At decision point, cancellation of accrued arrears and maturities falling due in the interim period. At completion point, cancellation of the stock of remaining debt.

9/ The Netherlands: 100 percent ODA (pre- and post-cutoff date debt will be cancelled at decision point); for non-ODA: in some particular cases (Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Mali, Mozambique, Nicaragua, Rwanda, Tanzania, Uganda and Zambia), the Netherlands will write off 100 percent of the consolidated amounts on the flow at decision point; all other HIPCs will receive interim relief up to 90 percent reduction of the consolidated amounts. At completion point, all HIPCs will receive 100 per cent cancellation of the remaining stock of the pre-cutoff date debt.

10/ Norway has cancelled all ODA claims.

11/ Due to the current World Bank/IMF methodology for recalculating debt reduction needs at HIPC completion point, Norway has postponed the decisions on whether or not to grant 100% debt reduction until after HIPCs' completion point.

12/ Russia has no ODA claims.

13/ Spain provides 100 percent cancellation of ODA and non-ODA claims contracted before January 1, 2004.

14/ Sweden has no ODA claims.

15/ Switzerland has cancelled all ODA claims.

16/ Switzerland usually writes off 100 percent of government-owned claims of the remaining debt stock at Completion Point and provides at least full HIPC debt relief of claims held by the ECA (100% cancellation of all remaining claims with the exception of Honduras and Cameroon).

17/ United Kingdom: "beyond 100 percent" full write-off of all debts of HIPCs as of their decision points, and reimbursement at decision point of any debt service paid before the decision point.

18/ United States: cancellation of 100 percent of all debts (pre- and post-cutoff date, ODA and non-ODA) incurred before June 20, 1999 (the Cologne Summit). At decision point, cancellation of accrued arrears and maturities falling due in the interim period. At completion point, cancellation of the stock of remaining eligible debt.

19/ 100% debt relief provides for countries reached Completion Point before December 31, 2006 as of December 21, 2006 and for countries reached Completion Point after December 31, 2006 as of date of Completion Point. No payments are expected from debtors from those dates.

20/ Exception is short term debt category.

Table A10. Sudan: Status of Countries Considered Under the HIPC Initiative
(December 2020)

Country	Decision Point	Completion Point	Target NPV of Debt-to- Exports (in percent)	Target NPV of Debt-to- Gov. revenue (in percent)	Assistance Levels[1] (In millions of U.S. dollars, present value) Total	Bilateral and commercial	Multilateral Total	Multilateral IMF	Multilateral World Bank	Percentage Reduction in NPV of Debt [1/]
Completion point reached under enhanced framework (36)										
Afghanistan	Jul. 07	Jan. 10	150		582	446	136	-	76	51
Benin	Jul. 00	Mar. 03	150		265	77	189	24	84	31
Bolivia					1,302	425	876	84	194	
original framework	Sep. 97	Sep. 98	225		448	157	291	29	54	14
enhanced framework	Feb. 00	Jun. 01	150		854	268	585	55	140	30
Burkina Faso					553	83	469	57	231	
original framework	Sep. 97	Jul. 00	205		229	32	196	22	91	27
enhanced framework	Jul. 00	Apr. 02	150		195	35	161	22	79	30
topping-up	…	Apr. 02	150		129	16	112	14	61	24
Burundi	Aug. 05	Jan. 09	150		833	127	706	28	425	92
Cameroon	Oct. 00	Apr. 06	150		1,267	879	322	37	176	27
Central African Rep.	Sept. 07	Jun. 09	150		578	186	362	27	207	68
Chad	May. 01	Apr. 15	150		170	35	134	18	68	30
Comoros	Jun. 10	Dec. 12	150		145	34	111	4	45	56
Congo Rep. of	Mar. 06	Jan. 10		250	1,575	1,462	113	8	47	31
Congo, Democratic Rep. of	Jul. 03	Jul. 10	150		7,252	4,618	2,633	471	854	82
Cote d'Ivoire	Mar. 09	Jun. 12		250	3,109	2,398	711	39	413	24
Ethiopia					1,982	637	1,315	60	832	
enhanced framework	Nov. 01	Apr. 04	150		1,275	482	763	34	463	47
topping-up	…	Apr. 04	150		707	155	552	26	369	31
Gambia, The	Dec. 00	Dec. 07	150		67	17	49	2	22	27
Ghana	Feb. 02	Jul. 04	144	250	2,186	1,084	1,102	112	781	56
Guinea	Dec. 00	Sep. 12	150		639	256	383	36	174	36
Guinea-Bissau					554	279	275	12	139	
enhanced framework	Dec. 00	Dec. 10	150		422	218	204	12	93	86
topping-up	…	Dec. 10	150		133	61	71	-	46	40
Guyana					591	223	367	75	68	
original framework	Dec. 97	May 99	107	280	256	91	165	35	27	24
enhanced framework	Nov. 00	Dec. 03	150	250	335	132	202	40	41	40
Haiti	Nov. 06	Jun. 09	150		140	20	120	3	53	15
Honduras	Jul. 00	Mar. 05	110	250	556	215	340	30	98	18
Liberia	Mar. 08	Jun. 10	150		2,739	954	1,421	730	374	90
Madagascar	Dec. 00	Oct. 04	150		836	474	362	19	252	40
Malawi					1,057	171	886	45	622	
enhanced framework	Dec. 00	Aug. 06	150		646	164	482	30	333	44
topping-up	…	Aug. 06	150		411	7	404	15	289	35
Mali					539	169	370	59	185	
original framework	Sep. 98	Sep. 00	200		121	37	84	14	43	9
enhanced framework	Sep. 00	Mar. 03	150		417	132	285	45	143	29
Mauritania	Feb. 00	Jun. 02	137	250	622	261	361	47	100	50
Mozambique					2,023	1,270	753	143	443	
original framework	Apr. 98	Jun. 99	200		1,717	1,076	641	125	381	63
enhanced framework	Apr. 00	Sep. 01	150		306	194	112	18	62	27
Nicaragua	Dec. 00	Jan. 04	150		3,308	2,175	1,134	82	191	73
Niger					663	235	428	42	240	
enhanced framework	Dec. 00	Apr. 04	150		521	211	309	28	170	53
topping-up	…	Apr. 04	150		143	23	119	14	70	25
Rwanda					696	65	631	63	383	
enhanced framework	Dec. 00	Apr. 05	150		452	56	397	44	228	71
topping-up	…	Apr. 05	150		243	9	235	20	154	53
São Tomé and Príncipe					124	31	93	1	47	
enhanced framework	Dec. 00	Mar. 07	150		99	29	70	-	24	83
topping-up	…	Mar. 07	150		25	2	23	1	23	45
Senegal	Jun. 00	Apr. 04	133	250	488	212	276	45	124	19
Sierra Leone	Mar. 02	Dec. 06	150		675	335	340	125	123	81
Tanzania	Apr. 00	Nov. 01	150		2,026	1,006	1,020	120	695	54
Togo	Nov. 08	Dec. 10		250	282	127	155	0.3	102	20
Uganda					1,003	183	820	160	517	
original framework	Apr. 97	Apr. 98	202		347	73	274	69	160	20
enhanced framework	Feb. 00	May 00	150		656	110	546	91	357	37
Zambia	Dec. 00	Apr. 05	150		2,499	1,168	1,331	602	493	63
Completion point reached under enhanced framework (36)										
Somalia	Mar. 20		150		2,068	1,225	843	189	270	56

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.

1/ This is calculated as the NPV amount of assistance divided by NPV of debt, which is the common reduction factor. The NPV amount of assistance is calculated as the reduction of the NPV of debt after traditional debt relief that is necessary to bring the NPV of debt to exports to the threshold level of 150 percent or the NPV of debt to revenue to 250 percent.

Statement by Ms. Mannathoko, Executive Director for Sudan and Mr. Ismail, Senior Advisor to Executive Director March 26, 2021

Since assuming office in August 2019, Sudan's transition government has made significant strides in achieving internal peace, promoting justice, addressing inherited economic imbalances, and laying the foundation for strong, inclusive growth in line with the Constitutional Declaration. A comprehensive peace agreement was signed with almost all armed opposition groups in Juba, South Sudan, in October 2020, ending 17-years of conflict. The authorities have also made significant progress in removing economic distortions, phasing out costly fuel subsidies and unifying the exchange rate in line with the SMP's conditionality. Concurrently, they have strengthened social safety nets, launching the Sudan Family Support Program (SFSP) and increasing social spending to mitigate the impact of both the current pandemic and reforms, on vulnerable households and enhance social protection. The recent removal of Sudan from the SSTL List has ended almost three decades of international isolation and supported the authorities' efforts to reintegrate the country into the international community.

I. Introduction

1. Our Sudanese authorities thank staff for constructive discussions and meaningful engagement and the continued advice and support for their efforts towards arrears clearance and debt relief. They also value the support from the international community and development partners, which has been instrumental in advancing their reform agenda. They are determined to continue implementing homegrown reforms envisaged under the Staff Monitored Program (SMP) to restore macroeconomic stability, sustain peace and development, and boost inclusive growth.

2. Notwithstanding recent progress, the government continues to face difficult legacy challenges, exacerbated by the COVID-19 pandemic, historic floods, and increasing numbers of refugees coming into Sudan due to the conflicts in neighboring countries. Poverty rate remains high and widespread, with about 46.1 percent of the population living below US$3.20 a day (2014/15 survey). The population living in poverty is likely to have increased significantly during the revolution, and been exacerbated further by the pandemic, with hardship amplified by current high inflation. Against this background, the authorities appeal to the Executive Board to support their efforts towards the arrears clearance and debt relief that will allow them to access urgently needed financing for economic stabilization, poverty reduction, and development needs. They appreciate the technical assistance received thus far from the Fund and other development partners; and look forward to more support in this vein to back their reform efforts.

II. Eligibility for the Enhanced HIPC Initiative

3. In line with commitment made by the international community in 2005, and the preliminary debt relief analysis in the staff report, Sudan qualifies for debt relief under the HIPC Initiative's export window. The authorities therefore seek the support of the Executive Board in confirming Sudan's eligibility for assistance under the enhanced HIPC Initiative. Key multilateral creditors such as the World Bank and African Development Bank, are set to clear their shares of Sudan's arrears by end-March 2021 and end-April 2021, respectively. Further, Paris Club creditors are expected to provide their shares of debt relief in the context of the HIPC initiative while Non-Paris Club bilateral and commercial creditors are expected to provide terms comparable to those of the Paris Club. The authorities continue to reach out to creditors to galvanize support for their efforts towards arrears clearance and debt relief.

4. The authorities also seek Directors' support confirming the staff recommendation that Sudan reach Decision Point by June 2021. In addition, we seek Directors' approval for a new Fund arrangement, once Decision Point requirements are met. Consistent with the HIPC framework, Sudan is on track towards fulfilling requirements to reach Decision Point:

- *Preparation of PRSP:* Sudan's Poverty Reduction Strategy Paper is expected to be finalized by end-April 2021. The draft paper was submitted to the Bank and the IMF on March 15, 2021 and the authorities await feedback.

- *Track record:* The current SMP has been endorsed by the IMF Board as meeting the UCT conditionality standard. The assessment of the minimum 6-month track record is underway with the first review reflecting staffs' assessment of satisfactory performance so far, being discussed by the Board this week. Despite the very challenging environment, program performance under the SMP has been broadly acceptable, with the necessary corrective actions and significant progress being made to address any shortfalls. Going forward, the authorities remain committed to achieve the remaining program targets and to establishing the six-month track-record.

- *Arrears clearance:* As noted above, Sudan will clear its arrears to IDA this month. Decisions on the timing and modalities for the clearance of arrears to the IMF and the AfDB are under consideration with discussions at an advanced stage.

- *Agreement on Completion Point triggers:* The authorities seek Executive Directors' support in approving the preliminary set of Completion Point triggers presented in this document (see Box 4). The authorities' discussions with staff reached broad agreement on the proposed floating completion point triggers. They believe that they are well aligned with their reform agenda and Poverty Reduction Strategy. Our authorities are committed to meeting these floating triggers and reaching the HIPC Completion point in the medium term. Thus, they seek the Board's endorsement of the proposed floating completion point triggers.

III. Conclusion

5. The authorities appeal to the Fund membership for support in this process. They note that financing assurances from IMF member countries need to be in place at Decision Point for the delivery of interim and subsequent HIPC assistance. The authorities reaffirm their commitment to implementing reforms under the SMP and to the triggers for the floating completion point. They believe that implementing these reforms remains critical to laying the foundation for economic prosperity, alongside peace and democracy, while alleviating poverty and fragility. In this context, they look forward to continued support from the IMF Executive Board and the international community, in their journey towards HIPC arrears clearance and debt relief and in their reform efforts.