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Sudan: Enhanced Heavily Indebted Poor Countries (HIPC) Initiative-Decision Point Document

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SUDAN

ENHANCED HEAVILY INDEBTED POOR COUNTRIES (HIPC) INITIATIVE—DECISION POINT DOCUMENT

July 2021

This paper on Sudan was prepared by staff teams of the World Bank and the International Monetary Fund. It is based on the information available at the time it was completed on June 17, 2021.

- An **Enhanced HIPC Initiative**—Decision Point Document prepared by the IMF staff.
- A **Debt Sustainability Analysis** prepared by the staff of the IMF and the International Development Association (IDA).

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EXECUTIVE SUMMARY

Sudan, with the support of the international community, is implementing 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 large macroeconomic imbalances; (iii) providing a foundation for future rapid growth, development, and poverty reduction; and (iv) improving governance and transparency. 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 progressed in the implementation of ambitious reforms and policy adjustments agreed in the context of an IMF Staff Monitored Program (SMP) that meets the Upper Credit Tranche (UCT) conditionality standard and a World Bank Development Policy Financing (DPF) operation, including exchange rate unification and rolling out the Sudan Family Support Program. In the past two years, Sudan has cleared arrears to four multilateral development banks, including IDA and the African Development Bank. 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. Paris Club creditors have also provided official financing assurances for interim debt relief. While positive changes are underway, political contestation over power sharing arrangements remains acute. It is critical for Sudan to take advantage of its current political economy constellation to tackle its macroeconomic imbalances, improve governance and put itself on a sustainable development trajectory.

While Sudan has not conducted a household survey since 2014/2015, recent developments in the country have likely reduced living standards and pushed a larger share of the population into poverty. Urban residents have been particularly affected owing to three years of very high inflation without a commensurate expansion in social benefits. Rough estimates based on extrapolation suggest poverty rates as of mid-2020 may now exceed 20 percent at US$1.90/day Purchasing Power Parity (PPP) corrected, and 56 percent at US$3.20/day PPP. This can be compared to 13.5 and 46.1 percent, respectively, in 2014. The distribution of poverty in Sudan also remains highly uneven. Many parts of Darfur, Kordofan, and Red Sea had extreme poverty rates

over 30 percent in 2014–2015, and the situation has subsequently likely deteriorated further. Starting from 2021, social spending will increase significantly thanks in part to the roll out of the Sudan Family Support Program. Sudan posts very poor human development indicators for its level of GDP. In the 2020 World Bank Human Capital Index (HCI) and the 2020 Human Development Index (HDI), Sudan ranked 160 out of 174, and 170 out of 189 countries, respectively. 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.

Sudan urgently needs a comprehensive solution to its debt problem to access adequate financing for its development objectives 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 without full delivery of HIPC, MDRI, and beyond-HIPC debt relief. Sudan's external public and publicly guaranteed debt was estimated at US$56.6 billion in nominal terms at end-December 2020. Most of this debt (about 91.7 percent) was in arrears, which severely limits access to regular financial support from multilateral and official bilateral creditors.

Sudan meets the requirements to reach the Decision Point under the HIPC Initiative. A Debt Relief Analysis (DRA) shows that Sudan qualifies for debt relief under the HIPC Initiative's "export window" based on end-2020 data. After full application of traditional debt relief mechanisms, the country's NPV of external PPG debt is estimated at US$30.9 billion at end-2020, equivalent to 610.7 percent of exports of goods and services. The amount of debt relief needed to bring Sudan's NPV of debt-to-exports ratio down to the HIPC threshold of 150 percent is estimated at US$23.3 billion in end-2020 NPV terms. This implies a common reduction factor of 75.4 percent. As of June 3, 2021, creditors representing around 72 percent of the NPV of eligible debt have committed to provide their share of debt relief under the HIPC Initiative.

Sudan has also fulfilled other requirements to reach the Decision Point. Sudan has (i) adopted its Poverty Reduction Strategy Paper in May 2021; (ii) established a satisfactory track record under an IMF SMP- and IDA-supported programs; (iii) cleared its arrears to IDA and the African Development Bank (AfDB), and is set to clear its arrears to the IMF; and (iv) agreed on a set of appropriate Completion Point triggers with IDA and IMF staffs that promote stronger public financial and debt management, improved governance, improved social protection, and private sector-led growth.

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 and beyond-HIPC assistance from the IMF. MDRI debt relief from IDA and AfDB would fully cancel Sudan's debt owed to these two institutions disbursed before end-

2020. MDRI debt relief could amount to US$268.6 million in 2023 NPV terms. At Completion Point, the IMF would provide beyond-HIPC assistance to cover the remaining portion of the pre-Decision Point financing that is not already covered by HIPC debt relief. At Completion Point, the Paris Club would also provide voluntary beyond-HIPC debt relief that would further reduce Sudan's stock of debt by about US$2.6 billion.

Debt relief under the HIPC Initiative and associated initiatives (traditional debt relief, MDRI and beyond HIPC assistance) will significantly reduce Sudan's external debt burden indicators but would provide only limited debt service reduction. Sudan's NPV of debt-to-exports ratio is projected to decline from 1,109.4 percent at end-2020 to 73.8 percent at end-2024, driven mostly by debt relief. This ratio would continue to decline gradually thereafter, assuming that new debt is contracted on highly concessional terms and contingent on solid export growth. The reduction in the debt service-to-exports ratio—relative to a before debt relief scenario—would be relatively modest, mainly due to the large share of debt relief that is provided through the rescheduling of the country's large arrears and the resumption of debt service payments, that are projected to increase over time. Under the assumptions of full debt relief, the LIC DSA concludes that Sudan's public debt will be sustainable, but it will remain highly vulnerable to growth and export shocks.

Approved By
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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
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
OBL	Organic Budget Law
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 an assessment of the qualification of Sudan (hereafter "Sudan") for assistance under the Enhanced Heavily-Indebted Poor Countries (HIPC) Initiative.**[1] The assessment is based on a joint HIPC debt relief analysis (DRA) conducted by IMF and IDA staffs and the Sudanese authorities.[2] The Executive Boards of the IDA and IMF discussed the preliminary HIPC document for Sudan on March 23 and 26, respectively. On these occasions, Directors confirmed that Sudan is eligible for assistance under the HIPC Initiative in view of its status as a Poverty Reduction and Growth Trust (PRGT)-eligible and IDA-only country, its overall track record of reforms, and its external debt indicators being above the relevant HIPC Initiative threshold after taking into account the debt relief provided under traditional debt relief mechanisms. Directors also indicated that the country could reach the Decision Point provided that it: (1) completes satisfactorily the second review under the Staff-Monitored Program (SMP); (2) clears its arrears to World Bank, AfDB, and IMF, and agrees a strategy to clear arrears to other multilateral creditors; and (3) agrees a set of appropriate Completion Point triggers with IMF and IDA staffs.

2. **This paper builds on the Preliminary HIPC Document.** The macroeconomic framework is broadly consistent with the revised policy framework underlying the proposed 39-month Fund financial arrangement. The debt relief analysis (DRA) has been updated to end-2020. In addition, this paper presents an assessment of debt management capacity in Sudan (Annex I) and a full Debt Sustainability Analysis (DSA) under the joint IMF-World Bank Debt Sustainability Framework for Low-Income Countries (Annex II).

3. **The DRA reveals that, after traditional debt relief mechanisms are applied, Sudan's debt burden expressed as the net present value (NPV) of debt-to-exports ratio is 610.7 percent at the end of December 2020, significantly above the HIPC Initiative threshold.**[3] Possible HIPC debt relief is estimated at US$23.3 billion in end-2020 NPV terms, with a common reduction factor (CRF) of 75.4 percent, compared to 69.7 percent in the Preliminary Document. Higher NPV of debt at end-2020 is due to accumulation of arrears during 2020, upward revisions to the debt base as part of the ongoing debt reconciliation, and lower exports.

4. **The clearance of arrears and debt relief under the HIPC Initiative and the Multilateral Debt Relief Initiative (MDRI) 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 to support the GoS financing of vital social expenditure and key investments while stabilizing the economy and maintaining debt sustainability. The imperative of stabilizing an economy experiencing triple-digit inflation in the first half of 2021

[1] "Enhanced HIPC Initiative" is hereafter referred to as "HIPC Initiative."

[2] Also known as HIPC-DSA (Debt Sustainability Analysis).

[3] The relevant 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 non-factor services.

requires a major fiscal consolidation to slow the pace of monetary expansion. In this context, the majority of resources for needed social expenditures and key public investments will need to come from external sources in the short run. Additional concessional financing is also needed during the interim period as a large share of HIPC debt relief will likely be delivered through the clearance of arrears, limiting the reduction in debt service payments that could be delivered during the interim period following Decision Point.

5. This paper is organized as follows. Section II provides background information on Sudan's eligibility for assistance under the HIPC Initiative, including the country's recent progress in the political and economic areas, and planned policy reform agendas. Section III discusses the country's medium- to long-term macroeconomic framework and its poverty reduction strategy. Section IV summarizes the DRA and presents the magnitude of HIPC assistance, including the apportionment of this assistance across Sudan's creditors. Section V outlines reforms that will serve as Completion Point triggers. Section VI presents issues for discussion by Executive Directors.

BACKGROUND AND ELIGIBILITY FOR HIPC INITIATIVE ASSISTANCE

A. PRGT 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. Its gross national per capita income was US$590 in 2019. [4]

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. IMF management completed the Second Review under the SMP in May 2021 indicating a track record of macroeconomic reforms which the IMF Board is expected to endorse at Decision Point as fulfilling the minimum 6-month period of satisfactory performance. IMF members are mobilizing the financing resources needed to clear Sudan's arrears to the Fund which are estimated at SDR 964.48 million. Resources have been secured for Sudan to complete the Reserve Asset Portion of the quota payment (25 percent of total quota increase) related to the 14th quota increase, which amounts to SDR 115.125 million.[5, 6] With an established track record and financing assurances in place, Sudan could regain access to a Fund arrangement and reach Decision Point. The expected new Fund arrangement would aim to support the authorities' efforts to transition towards economic stability, with an enhanced social safety net,

[4] World Bank Atlas methodology

[5] It is estimated that the stock of arrears at Decision Point, (June 29, 2021), would be equal to SDR 964.34 million, assuming a monthly payment from Sudan in the amount of USD 210,000 in June 2021.

[6] Other requirements to clear arrears and reach the HIPC Decision Point include: (i) request for an arrangement under the ECF; and (ii) the termination of ineligibility to use the general resources of the IMF.

improved domestic revenue mobilization, reduction of regressive subsidies, improved governance and transparency, higher foreign investment, and rapid, inclusive growth.

8. The World Bank Group (WBG) Country Engagement Note (CEN) aims to help Sudan stabilize its economy, clear its arrears to IDA and advance toward HIPC debt relief.[7] The CEN focuses on re-engagement and supports a renewal of the social contract, including by promoting inclusion and citizen engagement. Re-engagement has proceeded rapidly. The Sudan Family Support Program (SFSP)[8] of cash transfers was formally launched on February 24, 2021 and presently has commitments of US$820 million in financing from IDA Pre-Arrears Clearance Grants (PACGs) and trust fund resources. Sudan cleared its US$1.09 billion in arrears to IDA on March 25, 2021 with bridge financing from the United States. A US$1.365 billion Development Financing Policy Grant provided support for key macroeconomic and structural reforms in coordination with the Fund Program. With the clearance of arrears Sudan will be able to access approximately US$2 billion in IDA financing through the end of FY23, of which US$1.25 billion is an IDA Turn-Around Allocation. This financing is expected to support policy reforms as well as programs to spur women and youth entrepreneurship, improve priority roads, and expand access to electricity. It will also support investments in agriculture, water supply, natural resource management, human capital, and displaced populations. A WBG Country Partnership Framework (CPF) is expected to be developed in FY23, after Sudan successfully reaches the HIPC Decision Point.

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", 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 U.S. economic, trade, and financial 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.

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

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

[8] The initial round of financing for 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 mainly 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 US$410 million to finance the SFSP. The SFSP's design is to provide the equivalent of US$5 per capita per month to roughly 80 percent of the population.

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 foreign exchange to fuel and other priority imports. The annual inflation rate averaged over 50 percent in 2018–2019. High inflation (363 percent as of April 2021) is 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,[9] private investment has been very low over the last decade. Foreign direct investment (FDI) has been hampered by decades of macroeconomic and political instability, pockets of civil conflicts and UN sanctions, as well as years of economic mismanagement and governance shortcomings. Sudan's inclusion in the U.S. SSTL and the associated reputational risks have contributed to depriving 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 an uneven playing field (due to a discretionary tax regime and prevalence of SOEs), limited access to finance, energy and infrastructure (e.g., power, ports & logistics, digital connectivity), and a cumbersome and costly investment climate (e.g., labor market distortions and skills mismatch). Domestic investment 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 was signed on June 7, 2021.

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 May 24, 2021, there have been 34,899 recorded cases of COVID-19, including 2,600 fatalities, while limitations to combat the pandemic and limited vaccine availability put further stress on the economy. Moreover, there are approximately 1.9 million internally displaced people in need of

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

urgent assistance and over 1.0 million *refugees* and asylum-seekers, exacerbated by new conflict in the neighboring Tigray region of Ethiopia.[10]

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 that marks a major 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 the UCT conditionality standard and reforms supported by the World Bank Reengagement and Reform DPF, which included phasing out costly fuel subsidies essential for macroeconomic stabilization and adjustment of the exchange rate.

15. The U.S. formally delisted Sudan from the SSTL on December 14, 2020 and Sudan has begun to re-engage with the international community. The de-listing 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 (see Box 1).

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 current 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

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

to 46.1 percent— slightly higher than the 2015 average poverty rate of 44.3 percent for Lower Middle-Income Countries (LMICs).[11] 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.[12]

Box 1. 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 a number of 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 by the Ministry of Finance and Economic Planning (MoFEP) with the support of development partners.

In June 2020, 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 US$10 million in support of COVID-19 health crisis. As of May 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 May 2021 amount to US$301 million, with US$448.3 million soft-preferenced for the SFSP. It is expected that the remaining pledges will be realized by the end of 2021. The Health Emergency Preparedness and Response Global Umbrella is also providing support to Sudan focusing on COVID-19 response.

In May 2021, President Macron of France hosted a high-level Sudan Conference, marking Sudan's re-engagement with the international financial and business communities. The conference provided a platform for donors to express their support, including pledges to finance the clearance of Sudan's arrears to the IMF. Mobilization efforts for support were quite successful. A side event on investment opportunities in Sudan showcased reforms to date, including those to strengthen the business climate as well as investment areas such as agriculture, infrastructure and extractive industries.

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

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

[12] 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.

inflation (increasing to 363.1 percent in April 2021 from 341.8 percent in March 2021), shortage of certain basic commodities and COVID-19 had negative effects on living conditions. Results from the Sudan High Frequency Monitoring Survey showed that over 30 percent of the households were unable to buy bread and cereals and milk and milk products in January 2021, mainly because of increases in staple food prices. This reflects a deteriorating situation (for both rural and urban households) compared to 29 percent in June 2020 and 23 percent September 2020. Food security remains an issue. In January 2021 over 60 percent of households reported being worried about having enough food to eat, and many modified their eating habits. This represents an increase from 45 percent in June 2020. Disruption of children's education remains very high. Among the 61 percent of households with children who attended school before the outbreak of COVID-19, only around 9 percent were engaged in learning activities in June 2020 and January 2021. Many schools across the country have since resumed and this number increased to 26 percent in April 2021. The survey signals an improvement in employment with only 8 percent of the respondents having stopped working in January 2021 compared to June 2020 when the corresponding number was 67 percent. The numbers of households experiencing income losses has also halved to 20 percent in January 2021, compared to June 2020. To cope with the losses, households are reducing their food and non-food consumption, drawing on their savings for expenditure, and resorting to on-credit purchases. It has been shown in Sudan and other countries that poverty increases with high levels of inflation. Therefore, poverty is expected to worsen with the continuously rising inflation. The new household survey, under preparation, will provide an update on poverty levels in Sudan.

19. In addition to monetary poverty, most Sudanese households suffer other non-monetary 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.[13] According to the 2020 Human Development Index (HDI),[14] 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.

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

[14] 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
Estimated in 2020[1]	20	2020
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

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.
[1] Based on extrapolation.

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,[15] placing it in the group of countries furthest from achieving gender parity.[16] 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); limited inclusion and participation in official peace building and conflict resolution initiatives. The Poverty Reduction Strategy adopted by the Government of Sudan in May 2021 includes measures to address gender issues and boost women empowerment. 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.[17] 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. Measures to curb the spread of the COVID-19 pandemic negatively affected employment for

[15] 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).

[16] 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.

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

everyone. As men were already the more likely to be employed, COVID-19 affected them more than women. Four in five males stopped working in June 2020 compared to one in three females. The situation improved in January 2021 to 9 percent males and 5 percent females, respectively. Yet, households headed by females are significantly more worried about not having enough food to eat (69 percent compared to 49 percent male headed households). 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.

C. Macroeconomic and Structural Reform Track Record

22. The Government of Sudan (GoS) has launched a comprehensive package of 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 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.[18]

23. The strong policy commitments contained in the IMF SMP and ECF, and the World Bank Reengagement and Reform DPF reflect the transitional government's determination to reverse years of economic mismanagement by enacting critical reforms including:

- **The sharp reduction 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. However, the increase in international fuel prices in early 2021 and insufficient retail price adjustment has recently led to the reemergence of partial subsidization. The Government is aware of this issue and moved in mid-2021 to change institutional arrangements to allow for more flexible market pricing of fuel. In January 2021, residential electricity rates on large consumers were also increased by around 500 percent as part of a four-year program to sharply reduce electricity subsidies, while still protecting the poor, and move toward viability of the sector. Government spending on fuel subsidies decreased in 2020 to 3.8 percent of GDP from 10.5 percent in 2019. Despite the challenge of higher international fuel prices, the Government remains committed to decreasing subsidies further in 2021. The reduction and the goal of elimination of fuel subsidies also helps

[18] 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).

moderate consumption and promotes alternative, clean sources of energy that can have a long-lasting beneficial effect on the climate and the environment.

- **Exchange rate liberalization.** High inflation and a shortage of foreign exchange led to an active parallel market with an increasingly widening gap with the official rate of SDG55/USD. On February 21, 2021 the authorities unified the official rate at the prevailing parallel rate of SDG375/USD and moved to a market-determined indicative rate with banks and foreign exchange bureaus permitted to set exchange rates in line with market conditions within a +/- 5 percent band relative to the previous day's indicative rate. Following the liberalization, the exchange rate remained broadly stable until the latter half of April 2021. The subsequent resumption of steady depreciation was to be expected, given the continued monetization and the fact that inflation is still in triple digits. The authorities have committed to unify the customs exchange rate (which is used only to value imports for taxation purposes) with the market rate prior to Decision Point. Strong planned measures toward fiscal consolidation and slower monetary expansion are expected to slow the pace of inflation in the second half of 2021 and provide a context for also slowing the pace of exchange rate depreciation. The Central Bank has expressed a goal of gradually introducing more flexibility into exchange rate policy and moving toward a more traditional managed float exchange rate regime after forex reserves accumulate to an adequate level.

- **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 initially provide six months of consistent support to beneficiaries, eventually transitioning to more targeted longer-term permanent social safety net support. The SFSP will also help to establish the key building blocks of a modern social protection system by building the digital infrastructure for mobile payments and strengthening the national registry. Both 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. The SFSP was launched on February 24, 2021 and as of June 7, 2021 the program has enrolled 692,978 families in 5 states of which 120,000 have received payment. Data validation and payment method confirmation procedures will ensure that the registered families will start receiving payments in due course.

- **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 revised central government budget, and the January – December monthly budget execution on the Ministry of Finance website. Starting in 2022, 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, the government has compiled and published a list of all SOEs with the exception of those owned by the intelligence sector due to ongoing work to clarify ownership. Several pieces of legislation are being amended or have been enacted, including the National Anti-Corruption Commission Law and Central Bank Act, new Investment Law and Public-Private Partnership laws, and legislation re-instating conventional banking. The government is seeking assistance from the World Bank, IMF and other development partners to launch PFM reforms as part of its poverty reduction strategy. First steps include a new legal framework for more comprehensive, effective, and transparent government budgeting and procurement, as reflected in the HIPC triggers below.

Box 2. 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]

Various reforms have been initiated but remain unfinished. 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 the 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 have had little if any 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 poses contingent liabilities. The National Audit Chamber has been very active in signaling these shortcomings with very little traction until now. The transitional government committed to engage in a far-reaching set of reforms. A prime ministerial decree was issued in June 2020 requiring inventorying all SOEs and subjecting them to MOFEP oversight.

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, and 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 contributed to a current tax collection rate in Sudan of about 6 percent of GDP in 2019 before the onset of the COVID crisis, 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.

- **Tax reform.** Over the last decade, Sudan did not develop 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 has been 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 and no new special

exemptions can be granted without the approval of the Ministry of Finance. As part of the 2021 budget, the authorities plan to introduce: a progressive personal income tax starting; a higher VAT on telecommunications; a broader base for corporate income taxes; 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.

24. The Government also seeks to implement other critical reforms over the near- 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 drive 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. A new Ministry of Investment has been established and in April 2021 a new Investment Law was passed. Going forward, the authorities will give priority to creating a more enabling environment for private sector development via institutional, legal, and regulatory reforms.

25. Performance under the IMF SMP and the World Bank Reengagement and Reform DPF has been satisfactory. The fragile political environment as well as the global pandemic and record flooding complicated implementation of the programs in 2020. However, implementation of quantitative targets and structural reforms have recently gained momentum under the SMP. The World Bank 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.

26. The World Bank and the IMF are coordinating their support. In particular, policy actions supported through the World Bank's DPF, and other operations, and benchmarks under the SMP have been 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 World Bank PACGs and the Sudan Transition and Recovery Support (STARS) multi-donor trust fund. The CPF to be developed in FY23 will lay out a full World Bank 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 enhance the anti-corruption framework, including through the implementation of the recently adopted National Anti-Corruption Commission Law.

Fund staff has also conducted recently desk reviews of the Central Bank Act and Banking Business Act, to ensure they meet international standards. Capacity development is also being provided by the World Bank and the IMF 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.

Table 2. Sudan. Selected Economic and Financial Indicators, 2018–24

	2018	2019	2020	2021	2022	2023	2024
			Est.	Proj.			
Output							
Real GDP growth at market prices (%)	-2.7	-2.2	-3.6	0.9	3.5	5.0	6.5
Inflation							
End of period (%)	72.9	57.0	269.3	115.7	27.1	10.5	8.3
Period average (%)	63.3	51.0	163.3	194.8	42.0	17.6	9.3
Central government finances							
Revenue and grants (% of GDP)	8.9	7.8	4.8	9.1	12.6	12.3	12.3
Expenditure (% of GDP)	16.8	18.7	10.8	12.0	14.1	13.4	13.4
Overall balance (% of GDP)	-7.9	-10.8	-5.9	-2.9	-1.5	-1.0	-1.1
Monetary and credit							
Broad money (% change)	111.8	60.1	90.6	116.8	33.3	16.2	17.0
Balance of payments							
Current account balance (cash basis) (% of GDP)	-9.3	-11.4	-13.2	-5.9	-5.5	-5.2	-5.2
FDI (net) (% of GDP)	3.4	2.8	2.1	3.6	3.9	4.1	4.5
Reserves (in months of imports)	0.2	0.2	0.3	0.5	0.8	1.3	1.8

Sources: Sudan authorities; and IMF staff estimates and projections

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 UN Integrated Transitional Assistance Mission in Sudan (UNITAMS) established in June 2020 provides support through a range of political, peacebuilding and development initiatives. 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 are the largest donors providing support on macro-fiscal reforms, institutional strengthening, and service delivery. Other development partners provide support on public financial management, tax administration, political economy analysis, citizen engagement aspects, health, rural development and poverty reduction. 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.

MEDIUM- TO LONG-TERM STRATEGY AND PROSPECTS

A. Macroeconomic Outlook

28. **The successful implementation of policy measures launched 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. 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 other policy actions under the SMP and the DPF.** It is expected that the contraction of GDP will finally stabilize in 2021 along with progress in macroeconomic stabilization. However, the economic and social situation in the country remains challenging, and downside risks are high.

30. **The COVID-19 pandemic had a strongly negative impact on economic growth in 2020, and has remained a difficult problem through mid-2021**. The disruption in trade and production, including a three-month lockdown in 2020, was a primary cause of the 3.6 percent GDP decline during the year. Following the lifting of the lockdown, Sudan experienced another COVID spike in late 2020-early 2021, and cases have started trending upward again in mid-2021. As of mid-May 2021, Sudan officially registered almost 35000 cases and over 2400 COVID-related deaths. These official numbers are believed to underestimate the actual situation. Sudan has developed a series of comprehensive national plans to address the pandemic since mid-2020, and the most recent plan for May-December 2021 is currently pending official approval. These plans have reallocated resources toward health care and imposed restrictions on public gatherings, schools, and transportation. They have also coordinated the mobilization of international humanitarian support. Sudan has begun a vaccination rollout program in 2021 based on about 1 million vaccines sent by the World Health Organization and China and is making arrangements to boost this program with an additional US$ 100 million in grant support in 2021. Sudan still has a long way to go in this direction, as less than 0.5 percent of the population is currently vaccinated.

31. Following three years of contraction (2018–20), growth is expected to pick up gradually. 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 of 4–5 percent, a range which is consistent with that of other fragile states that have achieved HIPC Decision Point. 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 continued policies to reverse decades of neglect in social spending and public infrastructure and to address vulnerabilities to climate change. Following decades of conflict, huge economic distortions and neglect of basic infrastructure and education, productivity in Sudan has fallen well below peer countries. This speaks for significant catch-up potential over the medium term, including in agriculture, with major implications for poverty reduction. Unleashing this potential over the medium term will require selective public investments in areas of high return, including education, as well as an overall strong package of measures to enable the private sector to drive inclusive growth in the country. The PRSP identifies priority areas of the government in this regard.

32. 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 and 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 less than 120 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. High inflation has been the primary source of increased social distress in recent years, and stabilization is a key prerequisite for ensuring equitable growth and poverty reduction going forward.

33. A sizeable current account deficit is expected to remain. Despite exports returning to pre-COVID levels, strong import demand, including for social programs and investment will lead to a current account 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 around 2-3 percent of GDP over the coming years, in part to support the Sudan Family Support Program and development projects.

34. The significant reduction in spending on fuel subsidies and much improved domestic revenue mobilization and tax administration will contribute to an improved debt sustainability outlook. In 2021, the large 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 over the medium term. In the long run, continued improvements in tax administration could add another 1–2 percentage points of tax revenue. Planned revenue measures, together with a reduction in energy subsidies and better budget execution, would provide the necessary fiscal space to support social spending and infrastructure projects, in turn, facilitating poverty alleviation and inclusive growth. The primary fiscal balance will narrow to around 1 percent of GDP in the medium- to long-run, helping to support the restoration of debt sustainability.

35. Risks to the macroeconomic outlook and progress towards the Completion Point 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 high rate of inflation, achieving stabilization in 2021 will not be easy and would require the government not to backtrack on achieved reforms, continue fiscal consolidation, phase out monetary financing of the budget, receive sizeable external financing to finance development expenditure in a non-inflationary way, and strengthen governance. Effective implementation of flexible market pricing for fuel will be critical as the practice of keeping fuel prices fixed in Sudanese pounds for discrete intervals of time while the currency depreciates has been generating a vicious circle of monetary expansion, inflation, and further depreciation. The first half of 2021 witnessed lower-than-expected government revenues, including foreign grants, that hindered the fiscal consolidation needed to slow inflation. Despite planned measures to boost revenues in the second half of the year, this remains a significant macroeconomic risk going forward. Other risks include the continued fragility of the internal peace process, with conflicts that persist at varying levels of intensity across about half of the country in South Kordofan and Blue Nile, Eastern Sudan, and Darfur, and the fact that Sudan is prone to flooding and other natural disasters. While the Government has legitimacy in leading a transition process towards more inclusive policies and democracy, the challenging economic situation is testing the patience of a significant part of the population, and social tension is high. 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. 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 greater instability. The active engagement of the IMF, World Bank, and international community will also help mitigate such risks.

B. The Poverty Reduction Strategy

36. On May 11, 2021, the Council of Ministers of Sudan approved a Poverty Reduction Strategy Paper (PRSP).[19] The PRSP reflects 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. The document is informed by 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 elaborates on the process for identifying and prioritizing key sectors, cross-cutting areas and activities. It also discusses issues of cooperation and partnerships required to achieve the PRSP objectives and outline the PRSP monitoring and evaluation framework. The authorities submitted the PRSP to IDA and the IMF on May 12, 2021, to fulfill the HIPC Initiative's poverty reduction strategy requirement. A Joint Staff Advisory Note (JSAN) was prepared and shared with the Executive Boards for their information. The main points from the JSAN are as follows.

37. IDA and IMF staffs note in the JSAN that the PRSP was developed through a consultative, participatory process that has helped ensure country ownership under difficult circumstances. Consultations were held in March 2019,[20] and a second round of consultations was conducted in February/March 2021. The consultation process was extensive and involved civil society and grassroots organizations at the national and states levels, private sector, academia, and the international community (donors and development partners). More details can be found in the PRSP document.

38. The strategic interventions of the PRS focus on five pillars. These are promoting: i) macroeconomic stability; ii) inclusive and sustainable economic growth; iii) human and social development; iv) peace and equal opportunities; and v) the strengthening of governance and institutional capacity. Improving gender and other kinds of social equity, and issues related to climate change and environment are cross-cutting areas that is integrated across the pillars of the PRSP. The JSAN commends the authorities for presenting such a comprehensive strategy to reduce poverty.

39. Monitoring and evaluation is critical for effective and successful implementation of the PRSP. The priorities and action plans of the PRSP are part of the ongoing development

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[19] 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.

[20] 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.

programs implemented by line ministries. Building on the experiences of the 2012 I-PRSP, the implementation chapter of the PRSP proposes a set of government-driven coordination, and oversight policies that aim to progressively strengthen capacities of the state. The official PRSP transmittal letter to the World Bank and IMF indicates that the Ministry of Finance and Economic Planning (MoFEP) will form a PRSP Implementation Oversight Committee that will consist of the key stakeholder ministries in the government to oversee and track the implementation of the strategy. The letter also notes that the government will establish a PRSP Implementation unit within the MoFEP reporting directly to the Undersecretary of Planning. The unit will be tasked with the day to day implementation of the PRSP. Staffs support the government's plan to establish an Oversight Committee and a PRSP implementation unit and recommend that both be established at the earliest opportunity given the short implementation timeline. It is expected that the PRSP implementation unit would require capacity building. Effective monitoring and evaluation will profit from the Government's commitment to improving national statistics, and the corresponding current resumption of household and other statistical surveys that had previously been discontinued.

40. According to the JSAN, the PRSP outlines a comprehensive assessment of Sudan's development challenges and associated policies and develops a realistic monitoring and evaluation framework. The staffs of the IMF and World Bank believe that it provides an adequate framework to support sustained growth recovery and curb widespread poverty. However, implementation of the PRSP faces significant risks (similar to the risks discussed above). Among the recommendations made in this JSAN, staffs encourage the authorities to take the following steps in near term:

- Pursue prudent fiscal and monetary policies to sustain macroeconomic stability. This involves maintaining exchange rate flexibility, increasing domestic revenue mobilization, reducing energy subsidies, and strengthening public financial management.
- Enhance the investment climate and strengthen governance to accelerate private sector growth and employment creation including via reforms to the state-owned enterprise sector and measures to combat corruption.
- Implement energy sector reforms to increase energy supplies and improve the sector's financial viability.
- Strengthen the decentralization process by ensuring adequate allocation of resources to decentralized entities and enhancing the capacity of such entities' staffs on financial and procurement management.
- Streamline the monitoring and evaluation process by simplifying their institutional arrangements and defining clearly monitorable inputs and outcomes.
- Fill the information gaps on poverty and socioeconomic indicators by finalizing the household survey under preparation. The World Bank is providing technical assistance to the Central Bureau of Statistics in this regard.

41. Nevertheless, the JSAN notes that the PRSP lacks a costing and financing plan for the proposed interventions. Staffs recommend that the authorities develop realistic cost estimates and

better prioritization for specific interventions under the PRSP as quickly as possible and use the cost estimates to inform the future budgets. Having a costing and financing plan will also be useful for prioritization based on available financing. Acknowledging that Sudan will continue to require large external financing support, the authorities would need revised budget estimates to seek support from donors and development partners to enable a successful implementation of the PRSP.

42. The authorities should report on staff's recommendations to strengthen the PRSP and the progress in its implementation in Annual Progress Reports. Providing information on costing and financing of the PRSP would enable staffs to treat it as a full poverty reduction strategy for the purposes of meeting the HIPC Completion Point requirements. Staffs of IDA and the IMF will submit JSANs on these annual reports to the Boards that will provide feedback on the progress of the PRSP and results from its implementation. These JSANs will assess evidence that Sudan has achieved the floating Completion Point trigger requiring satisfactory implementation of a full poverty reduction strategy for at least one year.

DEBT RELIEF AND POSSIBLE HIPC AND MDRI ASSISTANCE

A. Debt Reconciliation Status

43. A Debt Relief Analysis (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 2020.[21,22] The reconciliation was performed jointly by the authorities and staffs from the Bank and the Fund. As of June 8, 2021, Sudan's debt to multilateral creditors was fully reconciled and the reconciliation of bilateral debt was advanced.[23] Overall, 80 percent of Sudan's debt as of end-2020 has been reconciled with creditor statements.

B. Structure of External Debt

44. Sudan's external PPG debt was estimated at US$56.6 billion in nominal terms at end-December 2020 (Table 3).[24] Given large arrears, the Net Present Value (NPV) of this debt is very close to its nominal value. Multilateral creditors account for 10.6 percent of the total debt stock in nominal terms. The largest multilateral creditors include IDA, the IMF, and the Arab Fund for

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[21] 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, with a three-month grace period.

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

[23] As of that cutoff, data on debt owed to several non-Paris Club official bilateral creditors and on commercial claims (representing 8.3 and 11.5 percent, respectively, of Sudan's reported end-2020 debt stock) required further clarification.

[24] Given the protracted nature of Sudan's debt, prolonged periods of conflict, and weak debt management capacity further revisions to the NPV of external PPG debt as of end-2020 may occur. As per standard HIPC procedures, these debt data revisions would be addressed at completion point.

Economic and Social Development (AFESD). Together these creditors account for 72 percent of Sudan's multilateral debt. Official bilateral debt accounts for about 77.9 percent of the total debt stock (debt owed to Paris Club and non-Paris Club creditors accounted for 42.0 and 36.0 percent, respectively). Major Paris Club creditors include Austria, France and the United States, which represent more than 67 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 79 percent of debts in this category. Commercial creditors claims are estimated to represent about 11.5 percent of the nominal debt stock.

Table 3. Sudan: Nominal Stocks and Net Present Value of Debt by Creditor Groups

(As of end-2020)

		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		**56,578.3**	**100.0**	**51,883.4**	**100.0**	**56,172.1**	**100.0**	**30,923.1**	**100.0**
Multilateral		**5,976.4**	**10.6**	**3,125.0**	**6.0**	**6,080.1**	**10.8**	**6,084.8**	**19.7**
IDA		1,479.6	2.6	1,085.3	2.1	1,465.0	2.6	1,465.0	4.7
IMF		1,389.1	2.5	1,389.1	2.7	1,389.1	2.5	1,389.1	4.5
AfDB Group		505.9	0.9	391.2	0.8	516.1	0.9	516.1	1.7
AFESD		1,429.0	2.5	30.6	0.1	1,521.5	2.7	1,521.5	4.9
AMF		485.7	0.9	65.2	0.1	487.8	0.9	487.8	1.6
EU		106.6	0.2	106.3	0.2	106.6	0.2	106.6	0.3
IFAD		131.1	0.2	0.0	0.0	124.5	0.2	124.5	0.4
IsDB		361.7	0.6	0.0	0.0	376.6	0.7	381.4	1.2
OFID		87.8	0.2	57.3	0.1	92.8	0.2	92.8	0.3
Bilateral		**44,100.7**	**77.9**	**42,257.2**	**81.4**	**43,590.8**	**77.6**	**22,583.4**	**73.0**
Paris Club	**4/**	**23,753.1**	**42.0**	**23,677.3**	**45.6**	**23,757.7**	**42.3**	**9,790.9**	**31.7**
Post-cutoff date		1,398.6	2.5	1,342.1	2.6	1,400.8	2.5	1,395.8	4.5
ODA		560.6	1.0	504.1	1.0	562.8	1.0	559.9	1.8
Non-ODA		838.0	1.5	838.0	1.6	838.0	1.5	835.9	2.7
Pre-cutoff date		22,354.5	39.5	22,335.1	43.0	22,356.9	39.8	8,395.2	27.1
ODA		799.3	1.4	779.9	1.5	801.7	1.4	944.5	3.1
Non-ODA		21,555.2	38.1	21,555.2	41.5	21,555.2	38.4	7,450.7	24.1
Non-Paris Club		**20,347.6**	**36.0**	**18,579.9**	**35.8**	**19,833.1**	**35.3**	**12,792.5**	**41.4**
Post-cutoff date		6,626.5	11.7	5,998.6	11.6	6,646.7	11.8	6,613.5	21.4
ODA		2,913.9	5.2	2,286.1	4.4	2,934.2	5.2	2,921.6	9.4
Non-ODA		3,712.6	6.6	3,712.6	7.2	3,712.6	6.6	3,691.9	11.9
Pre-cutoff date		13,721.1	24.3	12,581.3	24.2	13,186.4	23.5	6,178.9	20.0
ODA		2,615.7	4.6	1,475.8	2.8	2,080.9	3.7	2,530.3	8.2
Non-ODA		11,105.4	19.6	11,105.4	21.4	11,105.4	19.8	3,648.6	11.8
Commercial		**6,501.2**	**11.5**	**6,501.2**	**12.5**	**6,501.2**	**11.6**	**2,254.9**	**7.3**
London Club		4,434.2	7.9	4,434.2	8.7	4,434.2	8.0	1,461.0	4.8
Other		2,067.0	3.7	2,067.0	4.0	2,067.0	3.7	793.8	2.6

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.

45. Most of Sudan's estimated external PPG debt (about 91.7 percent) was in arrears at end-December 2020, much of which corresponds to arrears on interest payments and penalties. Arrears on Sudan's external PPG debt at end-December 2020 are estimated at US$51.9 billion. This included arrears to IDA (US$1.1 billion), the IMF (US$1.4 billion) and the AfDB Group (AfDB, US$0.4 billion). By end-2020 arrears had accumulated to all multilateral creditors with the exception of the International Fund for Agricultural Development (IFAD), and the Islamic Development Bank (IsDB).[25,26] Arrears represent 52.3 percent of Sudan's debt owed to multilateral creditors. Arrears were estimated to represent close to 95.8 percent of the debt owed to official bilateral creditors and 100 percent of the debt owed to commercial creditors.

C. Possible Assistance Under the HIPC Initiative

46. Sudan qualifies for debt relief under the HIPC Initiative's "export window." After full application of traditional debt relief mechanisms, Sudan's NPV of external PPG debt at end-2020 is estimated at US$30.9 billion. This represents 610.7. 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.

47. Reducing Sudan's NPV of debt-to-exports ratio from 610.7 percent to the 150 percent threshold would require US$23.3 billion of HIPC Initiative debt relief in end-December 2020 NPV terms (Table 4). This implies a common reduction factor of 75.4 percent. Based on proportional burden sharing, the amount of HIPC debt relief from multilateral, bilateral and commercial creditors is estimated at US$4.6, US$17.0 and US$1.7 billion, respectively.

48. Status of creditor participation. Most multilateral creditors have committed to provide their share of debt relief under the HIPC Initiative. In addition, Paris Club and some key non-Paris Club creditors have provided the necessary financing assurances. Overall, financing assurances from creditors accounting for around 72 percent of the total HIPC Initiative assistance to Sudan have been obtained. Following the Decision Point approval, the Sudanese authorities will reach out to all external creditors and request the full provision of the expected HIPC Initiative debt relief on eligible debt.

[25] Islamic Development Bank rescheduled Sudan's arrears in late 2020. In August 2020, Sudan made US$ 5 million payment towards arrears clearance and the remaining amount of US$118.5 million was agreed to be repaid over five years between 2021-2025.

[26] In addition, arrears to the Arab Fund for Economic and Social Development (AFESD) were rescheduled in 2019. The authorities repaid interest arrears on April 24, 2019 and principal payments in arrears were rescheduled. By end-2020, Sudan had accumulated US$30.6 million in arrears to AFESD.

Table 4. Sudan: HIPC Initiative Assistance Under a Proportional Burden Sharing Approach
(In millions of US$, unless otherwise indicated)

	Stock of Debt at end-2020		HIPC debt relief
	After traditional debt relief 1/	After HIPC debt relief	(NPV terms as of end-2020)
	(A)	(B)	(A) - (B)
Total	30,923.1	7,595.6	23,327.5
(as percent of exports)	610.7	150.0	460.7
of which:			
Multilateral creditors	6,084.8	1,494.6	4,590.2
Bilateral creditors	22,583.4	5,547.1	17,036.3
Commercial creditors	2,254.9	553.9	1,701.0
Memorandum items			
Common reduction factor (percent) 2/	75.4		
Exports 3/	5,063.7		

Sources: Sudanese authorities and staff estimates.
1/ Assumes a stock-of-debt operation on Naples terms at end-December 2020 and comparable action by other official
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 2020 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 2018 through 2020.

49. 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 Completion Point by June 2024.[27] 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 is estimated at about US$1.1 billion in end-2020 NPV terms. Of this, more than 90 percent of IDA's HIPC debt relief has been delivered through the arrears clearance operation concluded on March 25, 2021, entirely financed with grants.[28] Immediately following the approval of the Decision Point by the Boards of IDA and the IMF, IDA will begin to provide the remaining assistance, amounting to US$108.6million in end-2020 NPV terms, in the form of debt-service reduction on debt outstanding and disbursed as of end-December 2020. During the interim period, IDA debt service reduction is estimated to amount to US$36.2million in end-2020 NPV terms to be delivered in 2021-23.[29] The reminder of the IDA HIPC debt relief, amounting to US$72.4 million in end-2020 NPV terms, is expected to be

[27] These are working assumptions for simulation purposes only. Sudan will reach the Completion point 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 presented in Box 4.

[28] 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.

[29] IDA interim assistance is generally limited to 1/3 of assistance to be provided after the decision point, excluding HIPC debt relief provided through debt restructuring operations undertaken before the Decision Point. In the case of Sudan, this limit is projected to be reached in January 2023.

delivered after the Completion Point. At Completion Point, Sudan would also benefit from IDA's MDRI debt relief. IDA's nominal debt relief estimates are provided in Table A7.

- **IMF** assistance under the HIPC Initiative amounts to US$1,047.9 million in end-2020 NPV terms. Of this amount, US$15.4 million represents the concessional element associated with the subsidization of PRGT interest during the interim period.[30] After approval of the Decision Point by the Boards of the IDA and the IMF, 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 Fund arrangement approved by the IMF Board simultaneously with Decision Point (Table A8). The first interim assistance for the 12-month period from the HIPC Decision Point date would cover the Trust Fund interest and GRA charges on Sudan's pre-Decision Point arrears to the Fund that would become due after the Decision Point.[31]

- **AfDB Group**'s debt relief under the HIPC Initiative amounts to US$389.4 million in end-2020 NPV terms and has been entirely delivered through the arrears clearance operation in concessional terms that took place on May 12, 2021.

- **Other multilateral creditors**' debt relief under the HIPC Initiative amounts to US$2.0 billion in end-2020 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 amounts to US$7.4 billion in end-2020 NPV terms.[32] These creditors are assumed to provide interim HIPC debt relief through a Cologne flow operation expected to take place in July 2021.[33] The remaining HIPC

[30] 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.

[31]Debt service eligible for IMF's HIPC interim assistance includes interest and charges on Sudan's pre-arrears clearance debt to the Fund falling due after Decision Point. Sudan's pre-arrears clearance debt comprises obligations to the General Resource Account (GRA) and Trust Fund. Trust Fund interest for the period January-June 2021 and GRA charges for the period May-June 2021 applicable to Sudan' pre-arrears clearance debt would only become due on June 30 and August, 1 2021, respectively, i.e., after the assumed Decision Point of June 29, 2021.

[32] Based on the ongoing end-2020 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.

[33] The actual Paris Club treatment to Sudan will be the outcome of the negotiations which will follow the approval of the Decision and Completion Points. 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.

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 amounts to US$11.4 billion in end-2020 NPV terms. It is assumed that these creditors would provide terms comparable to those of the Paris Club.[34] 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.

50. 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

51. The scale of arrears distinguishes Sudan from previous HIPC cases and substantial progress has been made in clearing or reaching understandings for the clearance of arrears with key creditors. Most of Sudan's external debt was in arrears at end-2020, including to IDA, the IMF and the AfDB Group. Most of the arrears have been or are expected to be cleared on concessional terms. 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 the 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.[35] A large share of HIPC debt relief is expected to be delivered through concessional arrears clearance operations.

52. Sudan's arrears to IDA in the amount of US$1,097 million were cleared on March 25, 2021, through a bridge loan provided by a bilateral donor. The clearance of arrears restored Sudan's access to IDA financing. Sudan used US$1,097 million, or 84 percent, of the proceeds of the Reengagement and Reform Development Policy Financing (DPF) to repay the bridge loan.[36] This portion was 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 was in accordance with IDA's systematic approach to arrears clearance.[37]

[34] The terms granted by the Paris Club will be 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.

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

[36] See Sudan - Reengagement and Reform Development Policy Financing Project (English). Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/251051616767309548/Sudan-Reengagement-and-Reform-Development-Policy-Financing-Project.

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

53. Arrears to the IMF, approximately US$1.4 billion, are expected to be cleared before the Decision Point through a bridge loan from a bilateral donor. This would put the IMF in a position to approve a 39-month Extended Credit Facility (ECF) for Sudan. The envisaged arrangement will be front-loaded to repay the bridge loan, with remaining access backloaded and expected to contribute to reserve accumulation.

54. Sudan cleared arrears to the AfDB Group on May 12, 2021 through an operation under the framework of the Transition Support Facility (TSF). Donors' resources were used to clear Sudan's arrears to the AfDB Group, estimated at US$413 million on the day of the arrears clearance operation. The clearance of arrears and the lifting of sanctions has enabled full reengagement between the AfDB and Sudan.[38]

55. The Sudanese authorities are in discussions on the clearance of arrears with other multilateral creditors. Sudan cleared arrears to the AFESD in 2019 and IsDB in 2020 through concessional rescheduling. Following the IDA and IMF Boards' discussion of the HIPC Preliminary document, staffs communicated the outcome of the DRA, which assumed that arrears to these creditors are cleared on terms consistent with Sudan's limited repayment capacity. Staff also indicated the intention of IDA and the IMF to provide HIPC Initiative debt relief and confirmed with other multilaterals that they plan to clear arrears and provide debt relief consistently with the HIPC Initiative framework. Strategies for arrears clearance with Sudan's three remaining multilateral creditors with arrears are under discussion.

56. 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. Debt Service Payments Following the HIPC Decision Point

57. 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 and modalities of debt relief are expected to provide an adequate financial buffer even in the event of a delay of the Completion Point. Under the before-HIPC debt relief scenario, Sudan's debt service payments are estimated to average about US$435 million during the calendar years covered by the interim period, which is equivalent to 14.3 percent of projected fiscal revenues. Interim debt relief would lower debt service payments to an average of US$85 million during the interim period or 2.7 percent of revenue over the same period. It is expected that IDA will maintain strongly positive net flows to Sudan, including through DPF operations, ensuring positive net flows

[38] This framework calls for a burden sharing of arrears clearance costs with proportions determined on a case-by-case basis. The proportions for the Sudan operation were as follows: the U.K provided bridge financing to clear Sudan's arrears to the African Development Fund, while Sweden has committed to providing grant financing of about $4.2 million to meet Sudan's burden-share for the operation.

beyond the interim period.[39] Other creditors, including the AfDB are also expected to provide additional grant financing following arrears clearance. It is also expected that Paris Club creditors would provide a moratorium on debt service that would postpone payments after the Completion Point.

58. The direct effect of debt relief on the GoS budget will lead to an increase in actual debt service payments following Completion Point. 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 to US$987 million annually during calendar years 2027–31 Table A3). While this will represent a drain on the fiscal space available for development spending, more than half of the expected increase in debt service will be netted out by debt relief under the MDRI and beyond HIPC debt relief following the Completion Point. The impact will be also 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.

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

59. On reaching 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.[40] 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 in June 2024 (as assumed in this DRA), preliminary estimates indicate that MDRI debt relief could amount to US$268.6 million in end-2023 NPV terms. Of this amount, US$ 171.5 million in NPV terms would be provided by IDA and US$97.1 million by the AfDF (Table A4).

60. 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.[41] 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

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

[40] 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.

[41] 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.

of the initial disbursement under the new IMF arrangement.[42] Preliminary estimates indicate that IMF beyond-HIPC debt relief could amount to US$361.5 million in end-2023 NPV terms.

61. Most Paris Club official creditors would also 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$2.6 billion in end-2024 NPV terms.

G. Expected Impact of Debt Relief and Sensitivity Analysis

62. Simulations under a baseline and two alternative scenarios—lower exports and lower growth—were conducted to test Sudan's external debt outlook after the provision of debt relief (Tables A5 and A6, Figures 3 and 4). Results under the three scenarios are presented below.[43] In all three scenarios, debt indicators reflect the conditional HIPC, MDRI and IMF and bilateral beyond-HIPC debt relief.[44]

- **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. 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 1,109.4 percent at end-2020 to 73.8 percent at end-2024, driven mostly by debt relief. This ratio would continue to decline gradually thereafter to average around 26.4 percent on average 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 3.9 percent in 2031 and is expected to decline thereafter to less than 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) in 2022 and 2023 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. In the two years of the shock, humanitarian grants are expected to increase to compensate for some of the revenue

[42] 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.

[43] 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.

[44] 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.

shortfall, limiting additional borrowing needs.[45] Under this scenario, Sudan's NPV of debt to exports ratio deteriorates, sharply increasing by 35 and 69 percentage points during the two years following the beginning 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 growth 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 debt to exports is, on average, about 23 percentage points higher over the 2022–2030 period than in the baseline, and on average about 13 percentage points higher over the long-term. The debt service-to-exports also deteriorates significantly under this scenario, averaging about 1 percentage point more over the projection period.

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 deepens, 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, consistent with the average growth of fragile state HIPCs after the Completion Point.

- ***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 most 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 6 percent to 9 percent following the Decision Point, with further strengthening of tax policy measures and

[45] The assumptions under this shock differ from the standard export shock presented in the LIC DSA (see Annex II). Under the standard exports shock, a one standard deviation decrease in exports would generate additional financing needs that are entirely met through additional external borrowing, resulting in a large increase in the debt-to-export ratio.

Box 4. Key Macroeconomic Assumptions Underlying the DRA (concluded)

Revenue administration reforms contributing to a further uptick to around 11 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 in the long-term. Over time, the primary deficit shrinks to the 1–1½ percent of GDP range, supporting debt sustainability. The estimates of the full effect of these measures are subject to large uncertainty also due to limited implementation capacity.

- ***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 ¾ 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 around 8 percent over the medium- to long-term.

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

THE DECISION AND FLOATING COMPLETION POINTS

A. Triggers for the Floating Completion Point

63. IMF and IDA staffs have agreed on a set of Completion Point triggers with the authorities (Box 4). In addition to the standard triggers on satisfactory implementation of a full poverty reduction strategy and maintenance of macroeconomic stability, the triggers proposed for Directors' approval are policy measures that are under the control of the GoS, and aim at ensuring steadfast progress towards poverty reduction, inclusive growth, and effective fiscal/financial management consistent with the objectives of the HIPC Initiative. Triggers include actions on public financial and expenditure management, domestic revenue mobilization, procurement, debt management, transparency, social protection, economic growth, and statistics.

- The Government of Sudan is working to build institutions to ensure effective and transparent preparation and execution of government budgets. A Public Expenditure and Financial Accountability (PEFA) diagnostic was recently conducted to identify the most important weaknesses. One trigger represents a key first step toward addressing these weaknesses through fundamental legislation to establish a new budgetary framework consistent with international best practices, which will include measures of oversight for state-owned firms and lower level government bodies. Other triggers greatly expand standards of accounting to

transparency to include annual publication of the government's consolidated financial statement and an increasing number of balance sheets of state-owned enterprises.

- Sudan is now building a domestic tax system based of principles of simplicity, fairness, and genuine revenue-mobilizing capacity. In 2020, revenues from domestic taxes in Sudan were about 3 percent of GDP, clearly insufficient for ensuring successful development and fiscal sustainability going forward. A recent tax administration diagnostic for Sudan identified strengthening the activities of the Large Taxpayer Office as one of the most promising avenues for boosting domestic tax revenues in the near future and is thus the subject of a HIPC trigger.

- Open and transparent public procurement is an important element in the Government's battle with corruption and pursuit of a new social contract with Sudanese citizens. It is therefore highlighted as a HIPC trigger. This trigger focuses on the enactment of a revised Public Procurement Bill that will set new standards for transparent tenders and the disclosure of larger procurement contracts. The ten highest spending procurement and contracting units, which should account for 80-90 percent of the overall value of procurement contracts in Sudan, will be required to implement high standards with regard to public notices, open tenders, and disclosure.

- The triggers on debt management aim to enhance debt transparency by expanding the perimeter of debt coverage and the timeliness of debt reports and adopting a robust legal framework to conduct debt management operations. Comprehensive, reliable, and timely debt data is a pre-requisite for effective debt and fiscal management, and to evaluate the sustainability of public debt and monitor emerging risks. The debt reporting trigger aims to expand the debt coverage by including the general government and debt data for a growing number of SOEs, which will have audited financial statements. A second debt management trigger supports the adoption of a comprehensive debt management law that clarifies borrowing authority, responsibility for debt management operations and reporting standards, and requires the adoption of procedures for debt management operations and the issuance and monitoring of guarantees.[46]

- The trigger on social protection reflects the plans of the Government to build on advancements under the Sudan Family Support Program by expanding the permanent system of social assistance based on a national social registry and digital technology. By HIPC Completion Point, Sudan hopes to reach almost 100 percent of eligible citizens in urban areas through digital technology. Since a large portion of the poor remain concentrated in more remote and rural areas where the expansion of electricity and digital technology is more difficult, the HIPC trigger sets a goal of delivering at least 50 percent of all social benefits by digital means before HIPC Completion Point.

[46] Upon re-engagement in March 2021, Sudan has become subject to the SDFP. Since Sudan is an FCS country, the country team, in coordination with authorities, is required to identify and implement two Performance and Policy Actions (PPAs) in FY22.

- Triggers for growth and the business climate include several key reforms. Achieving financial viability in the electricity sector is a critical task for both supporting economic growth and government deficit reduction. Starting from some of the lowest electricity prices in world, the Government plans to make significant strides toward cost recovery through tariff adjustments while still protecting the poor by maintaining low tariffs in the near future for a minimal level of household consumption. By HIPC Completion Point, Sudan will achieve at least 75 percent cost recovery beyond the minimal monthly consumption of 200kw per household that will remain subsidized. Currently, Sudan is achieving only 20-25 percent cost recovery by this measure. While the government hopes to accomplish even more than 75 percent in the next 2-3 years, the exact level of cost recovery will be subject to some political risks. Given where Sudan is starting, 75 percent would be a huge step forward. Other triggers highlight current initiatives to set up a one-stop shop to reduce sharply the costs and time of business registration and measures to improve access to finance for businesses through widening the scope for collateralized lending with better protection of creditor rights. A final trigger would reinforce Sudan's ability to combat money laundering and terrorist financing.

- National statistics do not provide reliable data and represent a primary obstacle to the design and implementation of effective economic policies. Statistical surveys had been largely suspended over the past decade. Donor assistance has already helped revive some of the primary statistical surveys, including household budget surveys and industrial output surveys. Sudan is therefore providing a foundation for more effective economic monitoring and informed policymaking. The current national accounts data has some glaring weaknesses and will need a concentrated effort for improvements. This effort is highlighted in a final trigger.

64. The HIPC Completion Point triggers are embedded in the broader framework of policy reforms supported by the Fund, World Bank, and other partners, and the triggers now provide a focal point for a stronger coordination among partners. Triggers include actions that follow directly from conditionality in the IMF SMP, and the World Bank reengagement DPF and projects and are consistent with the CEN and annual milestones for the provision of financing under IDA19's TAA. Ongoing coordination with other development partners will ensure that program conditionalities are complementary and mutually reinforcing rather than overlapping. The triggers complement the policy anchors of the new IMF ECF arrangement, which will focus on a continued strengthening of public finances to meet Sudan's development needs while balancing fiscal sustainability considerations. The European Union is concentrating many of its efforts on PFM, banking sector reform, governance, and statistics. The United Kingdom is supporting capacity building for MOFEP and TA on fiscal federalism. The World Bank support through operations and advisory services is consistent with the three areas of engagement defined in the CEN, including support to stabilize public finances, improve institutions and promote economic opportunities and strengthen service delivery and resilience. The World Bank will provide advisory services on budget policy, debt management, tax policy, financial sector strengthening and inclusion, energy policy, procurement, social programs and reforms supporting private sector development. Upon re-engagement in March 2021, Sudan has become subject to the Sustainable Development Finance Policy (SDFP) and is required to identify and implement two Performance and Policy Actions (PPAs) in FY22.

Box 4. Triggers for the Floating Completion Point

Poverty reduction strategy implementation

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

Macroeconomic stability

- Maintain macroeconomic stability as evidenced by satisfactory implementation under the ECF-supported program.

Public financial and expenditure management

- Revise and enact the Financial and Accounting Procedure Law of 2007 (budget law) to: (i) specify the institutional coverage of the budget in line with the GFSM2014; ii) incorporate the guiding principles for resource allocations horizontally and vertically, medium term framework, fiscal disclosure and transparency, fiscal accountability and responsibility, fiscal stability and sustainability, and accounting and reporting standards; iii) establish a fiscal risk management function, an oversight function on SOEs, and financial oversight rules for states governments; and iv) include the budget calendar.
- Publish the General Government consolidated financial statement based on the GFS definition for 2021 (using available data) and annually thereafter within three months of end of the reporting period, and audited accounts within six months in accordance with international good practices
- Publish the complete list of SOEs, including in the intelligence sector. Also, beginning with 2020, publish on an annual basis the external audited final accounts of an increasing number of SOEs, beginning with the 10 SOEs identified and agreed with the IMF and World Bank and monitored under the ECF-arrangement. Publish the SOE governance strategy, medium term action plan, and annual performance report.

Domestic revenue mobilization

- Strengthen the Large Taxpayer Office (LTO) by: i) ensuring digital encoding into the Tax Administration Core System (TACS) database of all paper-based tax returns filed by large taxpayers (from tax year 2017 onwards); ii) revising large taxpayer criteria to include indicators sourced directly from tax returns data captured in the TACS database; iii) compiling an analysis based on the new large taxpayer criteria and revising the large taxpayer registry to ensure that a minimum of 60 percent of total domestic tax revenues are managed through taxpayers assigned to the LTO; and iv) introducing on-demand reports for staff to monitor the near real-time status of large taxpayer filing and payment activities.

Procurement

- Strengthen the public procurement system by: i) enacting the revised Public Procurement Bill; and ii) improving transparency of public procurement through the publication on a continuous and ongoing basis by at least the 10 highest spending Procurement and Contracting Units at the federal level of: a) all notices of public procurement opportunities following open tender proceedings; and b) all notices for contracts awarded following open tendering, restricted tendering and single-sourcing methods.

Debt management and transparency

- Enhance debt transparency by publishing: i) at least four consecutive quarterly external public debt reports outlining the outstanding debt stock, debt flows, and comprehensive information on new borrowing (volumes, terms and possible special clauses); and ii) at least one annual public debt report covering all external and domestic public and publicly guaranteed debt providing comprehensive information on the outstanding debt stock, debt flows and new borrowing, as well as debt ratios and indicators and risk measures of the debt portfolio. The reports' coverage should include General Government and SOEs which are part of the general government reporting framework, including information on guaranteed loans. Their publication should take place within 3 months of the end of the reporting period.
- Enact a Debt Management Law that (i) clearly defines the authority to borrow and issue guarantees and on-lending and delegates debt management responsibilities; (ii) sets debt management objectives; (iii) establishes core purposes of government borrowing; (iv) mandates the adoption of documented

Box 4. Triggers for the Floating Completion Point (concluded)

procedures for debt management activities; (v) defines responsibilities for the formulation of a medium term debt management strategy and for the frameworks to issue guarantees and on-lending; and (vi) establishes clear reporting and auditing requirements, as well as requirements for publication of the debt data.

Social protection

- Strengthen the social protection system by: i) establishing a national social registry as the primary directory of poor and vulnerable households eligible for social protection support; and ii) reaching over 50 percent of cash transfer beneficiaries via digital means.

Growth and business climate

- Improve the electricity sector's economic viability and growth prospects by i) *adopting a roadmap/trajectory for achieving full operational cost recovery* in the medium-to-long term based on officially adopted methodology to define the revenue requirement of the sector; and ii) *achieving at least 75 percent operational cost recovery* for all electricity users except for residential uses with monthly consumption below 200 kWh, and iii) *amending the Electricity Act* to strengthen the institutional framework to inter alia facilitate future private investment including in renewable energy and energy efficiency.
- Improve the business and investment climate in Sudan by i) *streamlining commercial registration* through consolidating business registration, registration for Labor and Social Insurance Fund into a single form at the One-Stop Shop with a consolidated fee and granting the Tax Chamber at One-Stop Shop the power to issue the tax identification number (TIN) and register the company for VAT, and ii) *facilitating access to finance for SMEs* by enacting a Secured Lending Act or its operational equivalent and establishing a modern collateral registry.
- Strengthen the AML/CFT regime by: i) completing a money laundering and terrorist financing (ML/TF) national risk assessment (NRA) and disseminating its results, in appropriate forms, to financial institutions, designated non-financial businesses and professions, and the general public; and ii) government endorsement and adoption of a national AML/CTF risk-based strategy.

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).

65. **Sudan is committed to achieving greater inclusion, including providing greater opportunities and rights for female citizens.** Some of the important early measures of the Transitional Government have a gender angle, including the abolition of female genital mutilation and commitment to 40 percent participation of women in the yet to be established Legislative Council as part of the Juba Peace Agreement. Gender is also a strong cross-cutting theme of the PRSP, and it is therefore an important part of the first trigger on satisfactory implementation of the poverty strategy. Particular attention will also be given to achieving balance in implementation between the capital city and the periphery. Where local context merits, the WBG will seek to work with other development partners to have impact across Sudan's geography. A key element of social inclusion is to support the government's focus on addressing gender and youth gaps. All operations supported by the World Bank are expected to be gender tagged. Several Completion Point triggers have a stronger gender focus. SFSP is targeting 50 percent of its beneficiaries as women and the IDA19 pipeline includes a Women in Entrepreneurship project. Consistent with the engagement to define the SFSP, the planned social registry will have a gender strategy to address potential challenges in family stereotypes and regulations that might hinder women's access to the program's

benefits. Triggers supporting access to finance and business registration will include activities to target women's participation and outreach.

66. Monitoring arrangements for the Completion Point Triggers. The Fund staff will take the lead in monitoring and assessing macroeconomic policies and the measures with regards to government financial management, tax reform, anti-money laundering and statistics. The World Bank staff will take the lead in monitoring the implementation and fulfillment of the poverty measures and the remaining structural reforms including pro-growth reforms in the electricity and SME sectors.

B. Monitoring Public Spending Following Provision of HIPC Assistance

67. 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. Off-budget humanitarian expenditures remain large and a key challenge in transitioning to development is the importance of government's capacity to reflect these flows and its visibility in the delivery of services to improve state-citizen trust and thus social cohesion. 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.

68. While Sudan's current system for monitoring public finance has important weaknesses, PFM institutions should be strengthened significantly with the execution of the HIPC triggers. This includes the introduction of GFSM budgetary classifications, measures to increase budgetary comprehensiveness, and monitor contingent risks which, together with an already functioning Treasury Single Account and IFMIS, will allow a more effective monitoring of resource flows. A primary thrust of a number of the HIPC triggers is toward building a more effective system in Sudan to enhance disclosure, monitoring and allocation of public resources, and to effectively assess and manage fiscal risks.

69. 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.

70. An incomplete Integrated Financial Management Information System (IFMIS) impacts the MoFEP capacity to produce adequate expenditure reporting. 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.[47] 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.

71. 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 often a delay in submitting the accounts to the National Audit Chamber (NAC).[48] 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, although these reports are not published. 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.

72. The GoS is developing a PFM reform strategy. The strategy will be informed by diagnostics currently underway (PEFA and Tax administration and policy assessments), the ongoing governance diagnostic exercise, 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 and ECF 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 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 the comprehensive PFM reform road map the government intends to develop and implement.

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[47] 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.

[48] 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.

ISSUES FOR DISCUSSION

73. This paper presents an assessment of Sudan's qualification for assistance under the Enhanced HIPC Initiative. Executive Directors' views and guidance are sought on the following issues:

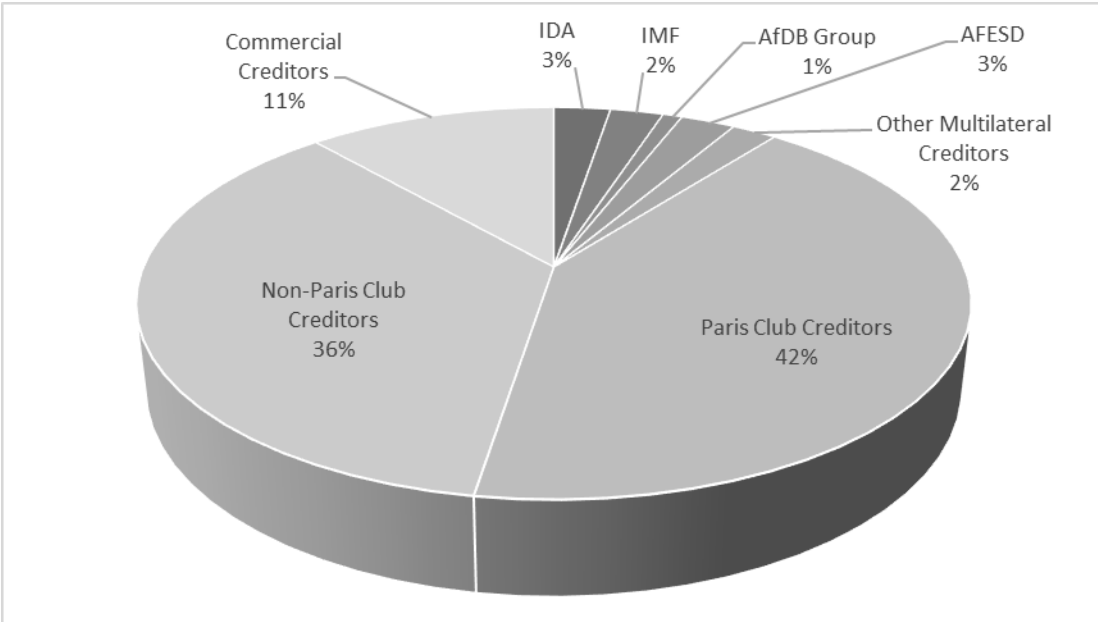
- **Qualification and Decision Point:** Do Executive Directors agree that Sudan qualifies for assistance under the Enhanced HIPC Initiative and do they recommend approval for the Decision Point?

- **Amount and delivery of assistance:** In order to reduce the NPV of debt-to-exports ratios to the threshold of 150 percent, the total amount of assistance under the Enhanced HIPC Initiative is estimated at US$23.3 billion in end-2020 NPV terms. Of this amount, IDA would provide total assistance amounting to US$1,105.2 million in end-2020 NPV terms, of which US$996.6 million in NPV terms has already been provided through the grant element of its recent DPO in support of Sudan's arrears clearance. During the interim period IDA would provide interim debt relief amounting to US$36.2 million in end-2020 NPV terms through a reduction in debt service. Do IDA Directors agree that IDA should provide interim assistance between the Decision and Completion Points, in line with existing guidelines? US$1,047.9 million in end-2020 NPV terms would be provided by the IMF. Do IMF Directors agree that the IMF should provide interim assistance of SDR 0.524 million on HIPC-eligible debt service falling due in the first 12-month period from the date of the HIPC Decision point in line with existing guidelines?

- **Floating Completion Point:** Do Directors agree that the HIPC floating Completion Point will be reached when the triggers in Box 4 have been met? Debt relief will be provided unconditionally only when the Completion Point triggers have been met and satisfactory assurances of other creditors' participation under the enhanced HIPC Initiative for Sudan have been received.

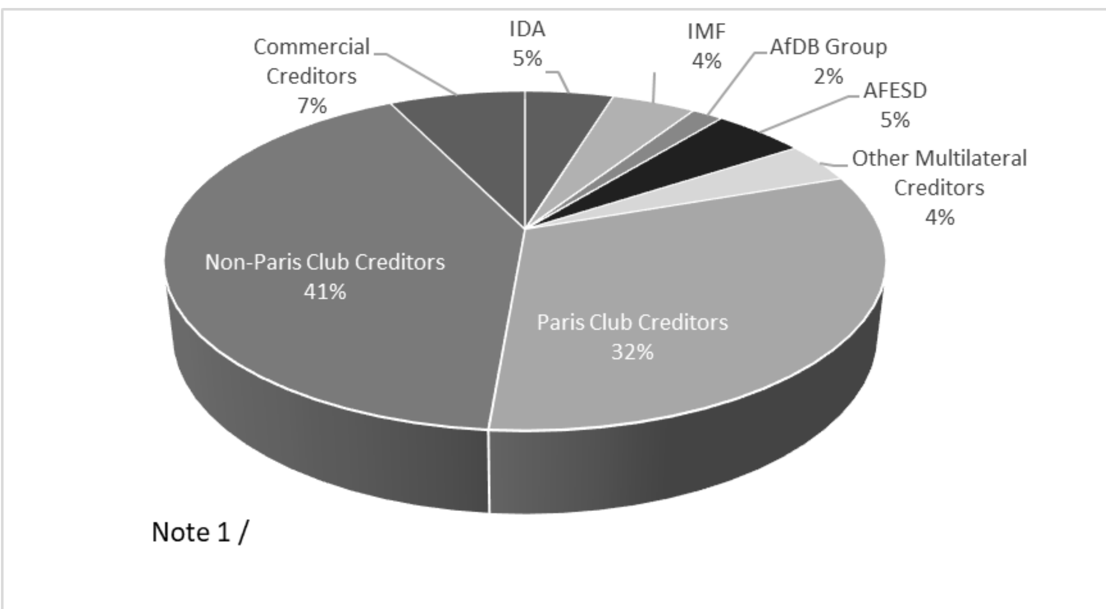
Annex Figures and Tables

Figure A1. Sudan: Composition of Stock of External Debt at End- 2020by Creditor Group



Sources: Government of Sudan authorities and staff estimates and projections.

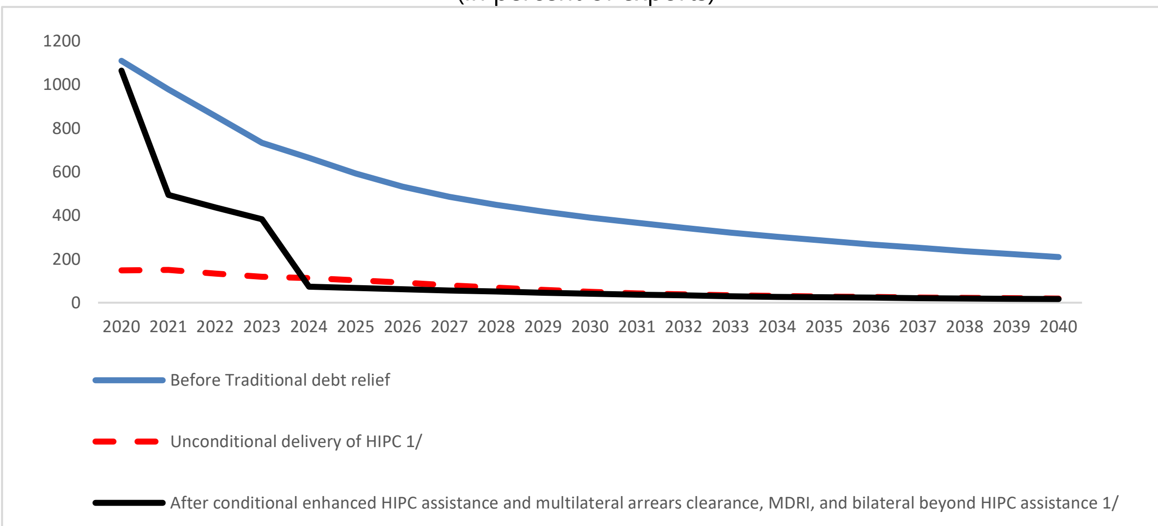
Figure A2. Sudan: Potential Costs of the HIPC Initiative by Creditor 1/



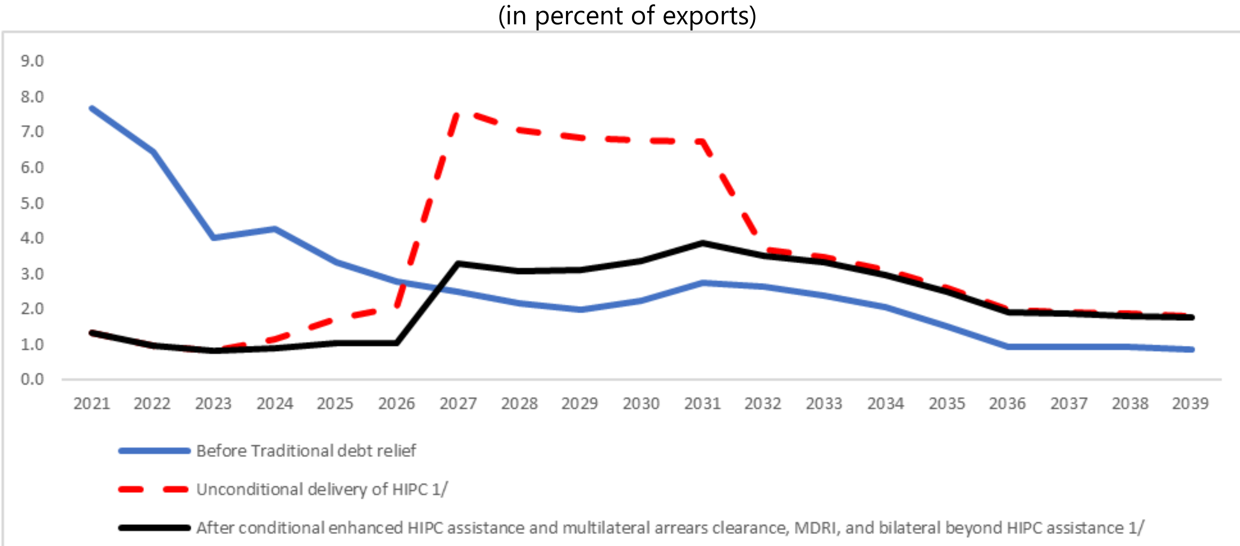
Sources: Government of Sudan authorities and staff estimates and projections.
1/ Excludes the costs of delivering traditional debt relief by bilateral creditors.

Figure A3. Sudan: External Debt Sustainability Indicators, 2020–40

NPV of Debt to Exports
(in percent of exports)

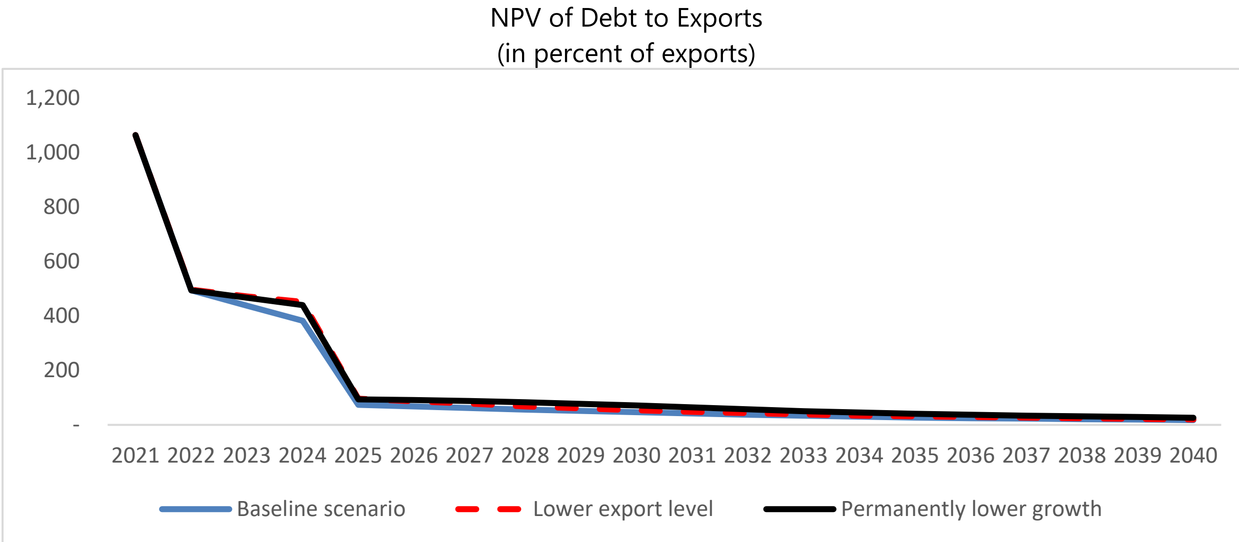


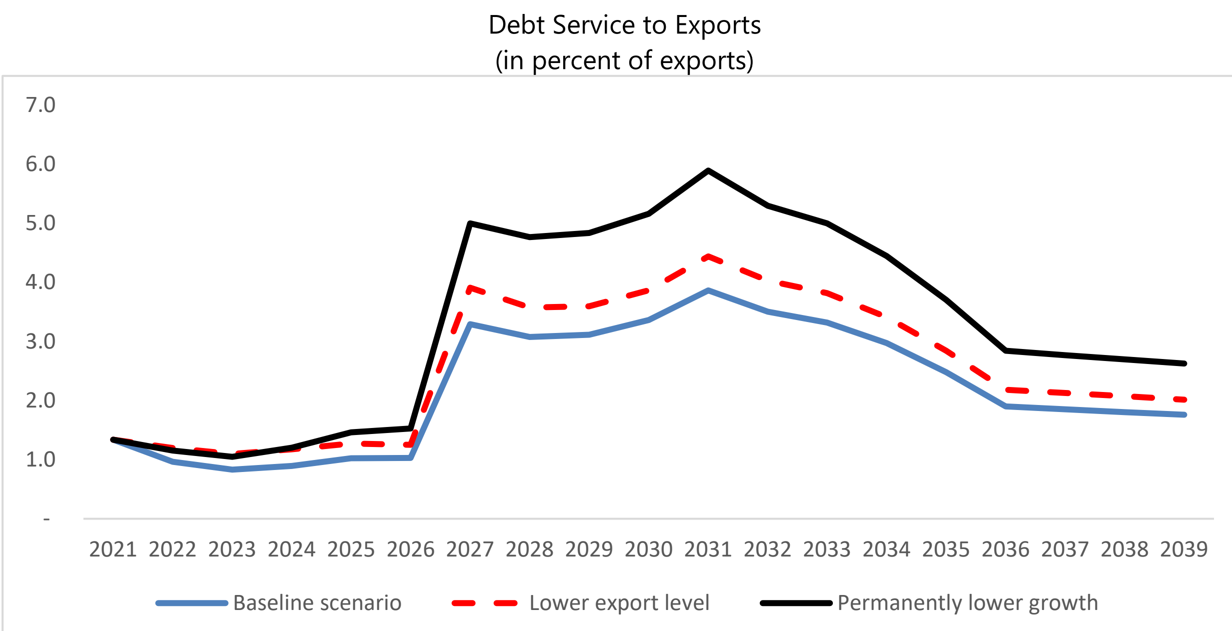
Debt Service to Exports
(in percent of exports)



Sources: Government of Sudan authorities and staff estimates and projections.
1/ Unconditional delivery of HIPC assistance assumes full delivery of estimated enhanced HIPC Initiative debt relief as of end-December 2020, 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.

Figure A4. Sudan: Sensitivity Analysis, 2021–40





Sources: Government of Sudan authorities and staff estimates and projections.

Table A1. Sudan: Nominal Stock and Net Present Value of Debt as of end-December 2020, by Creditor Groups

	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	**56,578.3**	**100.0**	**51,883.4**	**100.0**	**56,172.1**	**100.0**	**30,923.1**	**100.0**
Multilateral	**5,976.4**	**10.6**	**3,125.0**	**6.0**	**6,080.1**	**10.8**	**6,084.8**	**19.7**
IDA	1,479.6	2.6	1,085.3	2.1	1,465.0	2.6	1,465.0	4.7
IMF	1,389.1	2.5	1,389.1	2.7	1,389.1	2.5	1,389.1	4.5
AfDB Group	505.9	0.9	391.2	0.8	516.1	0.9	516.1	1.7
AFESD	1,429.0	2.5	30.6	0.1	1,521.5	2.7	1,521.5	4.9
AMF	485.7	0.9	65.2	0.1	487.8	0.9	487.8	1.6
EU	106.6	0.2	106.3	0.2	106.6	0.2	106.6	0.3
IFAD	131.1	0.2	0.0	0.0	124.5	0.2	124.5	0.4
IsDB	361.7	0.6	0.0	0.0	376.6	0.7	381.4	1.2
OFID	87.8	0.2	57.3	0.1	92.8	0.2	92.8	0.3
Bilateral	**44,100.7**	**77.9**	**42,257.2**	**81.4**	**43,590.8**	**77.6**	**22,583.4**	**73.0**
Paris Club 4/	**23,753.1**	**42.0**	**23,677.3**	45.6	**23,757.7**	42.3	**9,790.9**	31.7
Austria	4,697.1	8.3	4,697.1	9.1	4,697.1	8.4	1,548	5.0
Belgium	1,500.4	2.7	1,494.5	2.9	1,500.1	2.7	498	1.6
Canada	186.0	0.3	186.0	0.4	186.0	0.3	71	0.2
Denmark	594.6	1.1	594.6	1.1	594.6	1.1	352	1.1
EEC 5/	10.7	0.0	8.5	0.0	12.3	0.0	12	0.0
France	8,077.8	14.3	8,077.8	15.6	8,077.8	14.4	3,333	10.8
Germany	438.1	0.8	438.1	0.8	438.1	0.8	144	0.5
Ireland	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0
Italy	1,439.3	2.5	1,439.3	2.8	1,439.3	2.6	628	2.0
Japan	1,249.2	2.2	1,249.2	2.4	1,249.2	2.2	587	1.9
Netherlands	506.9	0.9	506.9	1.0	506.9	0.9	169	0.5
Norway	136.5	0.2	136.5	0.3	136.5	0.2	45	0.1
Russia	16.8	0.0	16.8	0.0	16.8	0.0	6	0.0
Spain	76.3	0.1	76.3	0.1	76.3	0.1	76	0.2
Switzerland	583.4	1.0	583.4	1.1	583.4	1.0	192	0.6
United Kingdom	1,160.7	2.1	1,160.7	2.2	1,160.7	2.1	382	1.2
United States	3,079.5	5.4	3,011.8	5.8	3,082.9	5.5	1,749	5.7
Non-Paris Club	**20,347.6**	**36.0**	**18,579.9**	**35.8**	**19,833.1**	**35.3**	**12,792.5**	**41.4**
Algeria	91.9	0.2	32.2	0.1	87.5	0.2	87	0.3
China	2,175.1	3.8	1,929.8	3.7	2,189.7	3.9	2,163	7.0
Croatia	44.2	0.1	44.2	0.1	44.2	0.1	44	0.1
Czech Republic	136.8	0.2	136.8	0.3	136.8	0.2	45	0.1
Hungary	16.1	0.0	16.1	0.0	16.1	0.0	20	0.1
India	599.5	1.1	599.5	1.2	599.5	1.1	592	1.9
Iran	449.2	0.8	449.2	0.9	449.2	0.8	243	0.8
Iraq	95.1	0.2	95.1	0.2	95.1	0.2	31	0.1
Kuwait	9,766.6	17.3	8,874.1	17.1	9,200.8	16.4	3,952	12.8
Libya	1,608.4	2.8	1,608.4	3.1	1,608.4	2.9	1,577	5.1
Malaysia	141.7	0.3	141.7	0.3	141.7	0.3	141	0.5
Oman	91.9	0.2	91.9	0.2	91.9	0.2	91	0.3
Pakistan	46.5	0.1	46.5	0.1	46.5	0.1	46	0.1
Poland	95.0	0.2	95.0	0.2	95.0	0.2	94	0.3
Qatar	47.3	0.1	36.3	0.1	47.3	0.1	27	0.1
Romania	175.4	0.3	175.4	0.3	175.4	0.3	58	0.2
Saudi Arabia	4,208.3	7.4	3,834.4	7.4	4,234.0	7.5	3,097	10.0
Serbia	53.0	0.1	53.0	0.1	53.0	0.1	53	0.2
Turkey	70.5	0.1	70.5	0.1	70.5	0.1	70	0.2
United Arab Emirates	434.9	0.8	249.8	0.5	450.5	0.8	360	1.2
Commercial	**6,501.2**	**11.5**	**6,501.2**	**12.5**	**6501.2**	**11.6**	**2254.9**	**7.3**
Post-cutoff date		0.0		0.0		0.0		0.0
Pre-cutoff date		0.0		0.0		0.0		0.0
London Club	4,434.2	7.8	4,434.2	8.5	4434.2	7.9	1461.0	4.7
Other	2,067.0	3.7	2,067.0	4.0	2067.0	3.7	793.8	2.6

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 2020. 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 2020.

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 Rate Assumptions as of end-December 2020

	Exchange Rate 1/ (Currency per U.S dollar)	Discount Rate 2/ (in percent per
U.S. dollar	1.00	1.5
Algerian dinar	132.08	1.3
Canadian dollar	1.28	1.4
Chinese yuan	6.54	4.1
Danish krone	6.12	0.5
Euro	0.82	0.4
Indian rupee	73.61	1.3
Japanese yen	103.89	0.9
Korean won	1,094.17	2.1
Kuwaiti dinar	0.30	1.3
Saudi Arabia riyal	3.75	1.3
Soviet Union ruble 3/	0.60	1.5
Swiss franc	0.89	0.4
Swedish krona	8.36	0.6
Norwegian krone	8.72	1.4
United Arab Emirates dhirams	3.67	1.3
U.K. pound	0.75	1.1
Special Drawing Rights 4/	0.69	1.3

Sources: OECD; and IMF, International Financial Statistics.

1/ The exchange rates are expressed as national currency per U.S. dollar at end-December 2020.

2/ Discount rates applied are the average Commercial Interest Reference Rates published by the OECD over the 6-month period prior to December 2020. 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 4.123 percent for the for the 6-month period prior to December 2020.

3/ Per the data provided by Russia, the amounts of indebtedness denominated in Soviet rubles are converted into US dollars at the official Gosbank USSR exchange rate of 0.6 Soviet ruble per 1 US dollar. This is consistent with the past HIPC cases.

4/ 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, 2021–40 1/

(In millions of U.S. dollars, unless otherwise indicated)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	Average 2021 - 2030	Average 2031 -2040
I. Before traditional debt relief and multilateral arrears clearance																						
Total	528.6	482.0	334.1	395.2	348.6	316.2	307.7	285.1	277.6	334.9	440.0	448.7	432.4	394.3	311.6	205.9	217.1	232.0	222.4	238.4	544.5	314.3
Existing debt 2/	528.6	482.0	333.5	393.6	345.4	310.5	299.3	266.1	216.2	189.4	173.5	167.1	142.3	128.9	101.1	85.5	79.1	76.3	49.0	47.5	336.5	105.0
Multilateral	322.5	327.5	216.8	289.8	244.4	214.1	206.8	183.5	165.0	151.1	139.9	134.1	109.9	100.4	87.2	74.1	68.7	66.1	38.9	37.4	232.1	85.7
IDA	43.5	42.9	41.5	39.8	38.2	37.6	37.1	30.9	26.0	19.8	16.4	13.7	11.0	6.8	4.2	1.4	0.7	0.0	0.0	0.0	35.7	5.4
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	9.1	9.0	9.0	8.9	8.6	8.6	8.5	8.5	8.3	7.9	7.5	7.0	6.9	6.9	6.5	6.1	4.0	3.8	1.0	0.7	8.6	5.0
Others 3/	270.0	275.5	166.4	241.1	197.6	167.9	161.1	144.1	130.7	123.4	116.0	113.5	92.0	86.8	76.6	66.6	64.0	62.2	37.9	36.7	187.8	75.2
Bilateral	206.1	154.5	116.6	103.9	101.0	96.4	92.6	82.6	51.2	38.3	33.7	33.0	32.4	28.5	13.9	11.4	10.4	10.2	10.1	10.1	104.3	19.4
Paris Club	13.9	13.2	12.7	11.4	10.4	7.6	5.6	3.1	1.7	0.6	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	8.0	0.3
Other official Bilateral	192.2	141.3	103.9	92.5	90.6	88.8	87.0	79.5	49.5	37.7	33.2	32.7	32.1	28.2	13.6	11.2	10.1	10.0	9.8	9.8	96.3	19.1
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	7.7	6.5	4.0	4.2	3.3	2.8	2.5	2.1	2.0	2.2	2.8	2.6	2.4	2.0	1.5	0.9	0.9	0.9	0.8	0.8	3.7	1.6
Debt service to revenue ratio	24.1	14.4	9.1	9.6	7.7	6.3	5.5	4.6	4.1	4.6	5.6	5.2	4.8	4.1	3.0	1.8	1.8	1.8	1.6	1.6	9.0	3.1
New debt 4/	0.0	0.0	0.7	1.6	3.2	5.7	8.3	19.0	61.4	145.5	266.5	281.7	290.0	265.4	210.4	120.3	138.0	155.7	173.5	190.9	208.0	209.2
II. After traditional debt relief 5/																						
Total	740.7	695.6	549.0	2,103.8	2,038.7	1,986.9	2,070.5	2,141.8	700.1	814.5	980.3	985.4	975.5	1,022.5	1,036.7	1,037.2	1,206.5	1,354.1	1,496.7	1,680.8	1,359.6	968.3
Existing debt	740.7	695.6	548.3	2,102.2	2,035.5	1,981.2	2,062.2	2,122.7	638.7	669.0	713.8	703.8	685.4	757.1	826.2	916.8	1,068.5	1,198.4	1,323.3	1,489.9	1,359.6	968.3
Multilateral	322.5	327.5	216.8	289.8	244.4	214.1	206.8	183.5	165.0	151.1	139.9	134.1	109.9	100.4	87.2	74.1	68.7	66.1	38.9	37.4	232.1	85.7
IDA	43.5	42.9	41.5	39.8	38.2	37.6	37.1	30.9	26.0	19.8	16.4	13.7	11.0	6.8	4.2	1.4	0.7	0.0	0.0	0.0	35.7	5.4
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	9.1	9.0	9.0	8.9	8.6	8.6	8.5	8.5	8.3	7.9	7.5	7.0	6.9	6.9	6.5	6.1	4.0	3.8	1.0	0.7	8.6	5.0
Others 3/	270.0	275.5	166.4	241.1	197.6	167.9	161.1	144.1	130.7	123.4	116.0	113.5	92.0	86.8	76.6	66.6	64.0	62.2	37.9	36.7	187.8	75.2
Bilateral 5/	403.2	353.1	316.5	1,763.4	1,742.6	1,719.1	1,801.3	1,878.5	439.4	474.1	519.9	504.2	497.0	564.0	630.2	716.1	852.6	963.5	1,090.6	1,231.1	1,089.1	756.9
Paris Club	86.4	86.1	85.9	350.8	348.1	342.8	414.3	486.2	243.9	274.7	308.0	291.3	280.2	327.2	380.8	439.5	516.2	588.6	671.8	763.9	271.9	456.7
Other official Bilateral	316.9	267.0	230.6	1,412.7	1,394.4	1,376.2	1,387.0	1,392.3	195.4	199.4	211.9	212.9	216.8	236.8	249.4	276.6	336.4	374.9	418.8	467.1	817.2	300.2
Commercial	15.0	15.0	15.0	49.1	48.6	48.0	54.2	60.7	34.4	43.8	54.1	65.5	78.5	92.7	108.9	126.6	147.2	168.9	193.7	221.4	38.4	125.7
Debt service to exports ratio	10.7	9.3	6.6	22.6	19.5	17.4	16.8	16.1	5.0	5.4	6.1	5.8	5.4	5.3	5.0	4.7	5.1	5.4	5.6	5.9	12.9	5.4
Debt service to revenue ratio	33.8	20.7	14.9	51.3	45.1	39.9	37.3	34.9	10.4	11.2	12.5	11.5	10.8	10.5	10.0	9.1	9.9	10.5	10.9	11.6	30.0	10.7
New debt 4/	0.0	0.0	0.7	1.6	3.2	5.7	8.3	19.0	61.4	145.5	266.5	281.7	290.0	265.4	210.4	120.3	138.0	155.7	173.5	190.9		
III. After enhanced HIPC assistance and multilateral arrears clearance /6																						
Total	92.4	72.0	69.3	107.7	181.6	233.6	939.7	938.7	965.6	1,015.3	1,077.8	629.8	633.0	600.1	533.2	437.0	450.0	465.7	479.7	256.3	437.0	347.0
Existing debt	92.4	72.0	68.6	106.1	178.3	227.9	931.4	919.7	904.2	869.8	811.3	348.2	342.9	334.7	322.7	316.7	312.0	310.0	306.3	65.4	437.0	347.0
Multilateral	92.4	72.0	68.6	53.2	36.2	71.5	109.9	114.0	116.9	111.4	77.5	43.9	41.1	36.7	33.6	30.3	27.4	26.4	23.4	22.9	84.6	36.3
IDA	31.8	19.9	39.6	29.5	18.2	18.0	17.8	22.4	26.0	19.8	16.4	13.7	11.0	6.8	4.2	1.4	0.7	0.0	0.0	0.0	24.3	5.4
IMF	0.0	0.0	0.0	0.0	0.0	38.9	77.8	77.8	77.8	77.8	38.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35.0	3.9
AfDB Group	0.0	4.5	9.0	8.9	8.6	8.6	8.5	8.5	8.3	7.9	7.5	7.0	6.9	6.9	6.5	6.1	4.0	3.8	1.0	0.7	7.3	5.0
Others 3/	60.6	47.6	20.1	14.7	9.3	6.1	5.9	5.3	4.9	6.0	14.7	23.3	23.2	23.1	23.0	22.8	22.7	22.6	22.4	22.2	18.0	22.0
Bilateral	0.0	0.0	0.0	51.0	133.0	145.8	796.9	781.5	764.2	735.9	711.8	282.2	278.6	273.3	262.8	258.2	254.2	250.7	247.3	16.6	340.8	283.6
Paris Club	0.0	0.0	0.0	11.4	47.5	50.6	429.4	421.0	412.9	404.4	396.5	10.8	10.8	10.8	10.8	10.8	10.7	10.7	10.7	16.6	177.7	49.9
Other official Bilateral	0.0	0.0	0.0	39.6	85.5	95.2	367.4	360.5	351.2	331.5	315.3	271.5	267.8	262.5	252.0	247.4	243.5	240.0	236.5	0.0	163.1	233.7
Commercial	0.0	0.0	0.0	1.9	9.1	10.5	24.6	24.2	23.2	22.6	22.0	22.0	23.3	24.7	26.3	28.3	30.4	32.9	35.6	25.9	11.6	27.1
Debt service to exports ratio	1.3	1.0	0.8	1.2	1.7	2.0	7.6	7.1	6.8	6.8	6.7	3.7	3.5	3.1	2.6	2.0	1.9	1.9	1.8	0.9	3.6	2.8
Debt service to revenue ratio	4.2	2.1	1.9	2.6	4.0	4.7	16.9	15.3	14.4	14.0	13.7	7.4	7.0	6.2	5.1	3.8	3.7	3.6	3.5	1.8	8.0	5.6
New debt 4/	0.0	0.0	0.7	1.6	3.2	5.7	8.3	19.0	61.4	145.5	266.5	281.7	290.0	265.4	210.4	120.3	138.0	155.7	173.5	190.9		

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 AFESD, AMF, EU, IFAD, IsDB, and OFID.

4/ New debt assumptions include new financing from all creditors and do not change across scenarios.

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 reschedule arrears at decision point or clear their arrears at the completion point date of June 2024.

Table A3. Sudan: External Debt Service, 2021-40 1/ (concluded)

(In millions of U.S. dollars, unless otherwise indicated)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	Average 2021 - 2030	Average 2031 -2040
IV. Debt Service after HIPC and MDRI Assistance																						
Total	92.4	72.0	69.3	93.8	154.7	168.1	835.6	830.1	853.6	909.9	1,015.0	609.2	615.1	586.5	522.5	429.5	445.3	461.9	478.8	255.7	383.4	332.7
Existing debt	92.4	72.0	68.6	92.2	151.5	162.4	827.3	811.0	792.2	764.4	748.5	327.5	325.1	321.1	312.1	309.2	307.3	306.2	305.3	64.8	383.4	332.7
Multilateral	92.4	72.0	68.6	39.3	9.3	6.1	5.9	5.3	4.9	6.0	14.7	23.3	23.2	23.1	23.0	22.8	22.7	22.6	22.4	22.2	31.0	22.0
IDA	31.8	19.9	39.6	20.1	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	11.1	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	4.5	9.0	4.5	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	0.0	1.8	0.0
Others 3/	60.6	47.6	20.1	14.7	9.3	6.1	5.9	5.3	4.9	6.0	14.7	23.3	23.2	23.1	23.0	22.8	22.7	22.6	22.4	22.2	18.0	22.0
Bilateral	0.0	0.0	0.0	51.0	133.0	145.8	796.9	781.5	764.2	735.9	711.8	282.2	278.6	273.3	262.8	258.2	254.2	250.7	247.3	16.6	340.8	283.6
Paris Club	0.0	0.0	0.0	11.4	47.5	50.6	429.4	421.0	412.9	404.4	396.5	10.8	10.8	10.8	10.8	10.8	10.7	10.7	10.7	16.6	177.7	49.9
Other official Bilateral	0.0	0.0	0.0	39.6	85.5	95.2	367.4	360.5	351.2	331.5	315.3	271.5	267.8	262.5	252.0	247.4	243.5	240.0	236.5	0.0	163.1	233.7
Commercial	0.0	0.0	0.0	1.9	9.1	10.5	24.6	24.2	23.2	22.6	22.0	22.0	23.3	24.7	26.3	28.3	30.4	32.9	35.6	25.9	11.6	27.1
Debt service to exports ratio	1.3	1.0	0.8	1.0	1.5	1.5	6.8	6.2	6.0	6.1	6.3	3.6	3.4	3.0	2.5	2.0	1.9	1.8	1.8	0.9	3.2	2.7
Debt service to revenue ratio	4.2	2.1	1.9	2.3	3.4	3.4	15.0	13.5	12.7	12.6	12.9	7.1	6.8	6.0	5.0	3.8	3.7	3.6	3.5	1.8	7.1	5.4
New debt 4/	0.0	0.0	0.7	1.6	3.2	5.7	8.3	19.0	61.4	145.5	266.5	281.7	290.0	265.4	210.4	120.3	138.0	155.7	173.5	190.9		
V. After enhanced HIPC assistance, multilateral arrears clearance, MDRI, and bilateral beyond HIPC assistance																						
Total	92.4	72.0	69.3	83.1	107.2	117.5	406.2	409.1	440.7	505.6	618.5	598.4	604.3	575.7	511.8	418.8	434.5	451.2	468.0	239.0	228.1	282.8
Existing debt	92.4	72.0	68.6	81.5	104.0	111.8	397.9	390.1	379.3	360.1	352.0	316.8	314.3	310.3	301.3	298.5	296.6	295.5	294.6	48.1	228.1	282.8
Multilateral	92.4	72.0	68.6	39.3	9.3	6.1	5.9	5.3	4.9	6.0	14.7	23.3	23.2	23.1	23.0	22.8	22.7	22.6	22.4	22.2	31.0	22.0
IDA	31.8	19.9	39.6	20.1	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	11.1	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	4.5	9.0	4.5	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	0.0	1.8	0.0
Others 3/	60.6	47.6	20.1	14.7	9.3	6.1	5.9	5.3	4.9	6.0	14.7	23.3	23.2	23.1	23.0	22.8	22.7	22.6	22.4	22.2	18.0	22.0
Bilateral	0.0	0.0	0.0	40.3	85.5	95.2	367.4	360.5	351.3	331.5	315.3	271.5	267.8	262.5	252.0	247.4	243.5	240.0	236.5	0.0	163.2	233.7
Paris Club 8/	0.0	0.0	0.0	0.7	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	0.1	0.0
Other official Bilateral	0.0	0.0	0.0	39.6	85.5	95.2	367.4	360.5	351.2	331.5	315.3	271.5	267.8	262.5	252.0	247.4	243.5	240.0	236.5	0.0	163.1	233.7
Commercial	0.0	0.0	0.0	1.9	9.1	10.5	24.6	24.2	23.2	22.6	22.0	22.0	23.3	24.7	26.3	28.3	30.4	32.9	35.6	25.9	34.0	27.1
Debt service to exports ratio	1.3	1.0	0.8	0.9	1.0	1.0	3.3	3.1	3.1	3.4	3.9	3.5	3.3	3.0	2.5	1.9	1.9	1.8	1.8	0.8	1.9	2.4
Debt service to revenue ratio	4.2	2.1	1.9	2.0	2.4	2.4	7.3	6.7	6.6	7.0	7.9	7.0	6.7	5.9	4.9	3.7	3.6	3.5	3.4	1.6	4.3	4.8
New debt 4/	0.0	0.0	0.7	1.6	3.2	5.7	8.3	19.0	61.4	145.5	266.5	281.7	290.0	265.4	210.4	120.3	138.0	155.7	173.5	190.9		
Reduction in debt service as a results of																						
Traditional debt relief mechanisms		-213.6	-214.9	-1,708.6	-1,690.1	-1,670.7	-1,762.9	-1,856.7	-422.6	-479.6	-540.3	-536.7	-543.1	-628.2	-725.1	-831.3	-989.4	-1,122.2	-1,274.3	-1,442.4	-1,113.3	-863.3
HIPC initiative assistance and multilateral arrears clearance		0.0	479.7	1,996.1	1,857.2	1,753.3	1,130.8	1,203.1	-265.5	-200.8	-97.5	355.6	342.5	422.4	503.5	600.1	756.4	888.4	1,017.0	1,424.4	883.8	621.3
Additional MDRI assistance					26.9	65.4	104.1	108.7	112.0	105.4	62.8	20.6	17.9	13.6	10.6	7.5	4.7	3.8	1.0	0.7	87.1	14.3
Additional bilateral beyond HIPC assistance					47.5	50.6	429.4	421.0	412.9	404.4	396.5	10.8	10.8	10.8	10.8	10.8	10.7	10.7	10.7	16.6	177.6	49.9
Memorandum items:																						
Exports of goods and nonfactor services 9/	6,897.3	7,470.9	8,328.9	9,300.6	10,472.3	11,401.7	12,321.6	13,293.3	14,137.2	15,037.6	15,999.0	17,085.7	18,189.0	19,369.9	20,635.1	21,991.8	23,448.1	25,013.0	26,608.6	28,416.3		
Government revenues 10/	2,193.9	3,355.6	3,680.3	4,101.4	4,520.5	4,981.7	5,556.4	6,136.9	6,715.2	7,247.8	7,851.6	8,553.6	9,071.0	9,710.6	10,389.3	11,417.4	12,125.5	12,880.8	13,686.3	14,545.3		

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, 2020–40 1/

(In millions of U.S. dollars, unless otherwise indicated)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	Average 2020 - 2029	Average 2030 - 2040
I. Before traditional debt relief and multilateral arrears clearance																							
NPV of total debt	56,176.8	55,762.8	55,488.5	55,504.0	55,616.2	55,459.4	55,356.2	55,339.7	55,333.7	55,312.9	55,209.2	55,112.3	55,015.3	54,967.3	54,989.1	55,132.9	55,283.9	55,432.8	55,567.8	55,722.7	55,834.8	55,535.0	55,297.1
NPV of outstanding debt	56,176.8	55,701.0	55,270.0	54,981.8	54,629.5	54,320.6	54,042.4	53,771.7	53,530.6	53,336.2	53,166.0	53,009.4	52,857.2	52,727.7	52,609.9	52,518.4	52,441.2	52,369.4	52,299.6	52,256.0	52,213.4	54,576.1	52,588.0
Multilateral	6,084.8	5,796.7	5,504.6	5,319.3	5,058.6	4,839.8	4,648.4	4,461.9	4,296.1	4,146.7	4,009.3	3,881.2	3,757.2	3,655.7	3,562.4	3,481.0	3,411.7	3,346.8	3,283.7	3,246.9	3,211.1	5,015.7	3,531.5
IDA	1,465.0	1,426.8	1,388.6	1,351.2	1,315.1	1,280.1	1,245.3	1,210.3	1,181.1	1,156.4	1,137.6	1,121.9	1,108.7	1,098.1	1,091.5	1,087.4	1,086.0	1,085.3	1,085.3	1,085.3	1,085.3	1,302.0	1,097.5
IMF	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1
AfDB Group	516.1	508.4	500.6	492.8	484.9	477.3	469.6	461.9	454.2	446.6	439.3	432.4	425.9	419.3	412.8	406.6	400.7	396.8	393.0	392.0	391.4	481.2	410.0
Others 2/	2,714.5	2,472.4	2,226.3	2,086.2	1,869.4	1,693.3	1,544.4	1,400.5	1,271.7	1,154.6	1,043.2	937.8	833.4	749.1	668.9	597.9	535.8	475.6	416.2	380.4	345.3	1,843.3	634.9
of which Multilateral debt in arrears	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0	3,125.0
Bilateral	43,590.8	43,403.1	43,264.2	43,161.3	43,069.7	42,979.6	42,892.8	42,808.7	42,733.3	42,688.3	42,655.6	42,627.0	42,598.8	42,570.8	42,546.4	42,536.2	42,528.4	42,521.5	42,514.7	42,507.9	42,501.1	43,059.2	42,555.3
Paris Club	23,757.7	23,744.9	23,732.6	23,720.6	23,709.7	23,699.7	23,692.3	23,686.8	23,683.8	23,682.0	23,681.5	23,681.1	23,680.8	23,680.5	23,680.2	23,680.0	23,679.7	23,679.4	23,679.2	23,678.9	23,678.7	23,711.0	23,680.0
Other official Bilateral	19,833.1	19,658.1	19,531.6	19,440.7	19,360.0	19,279.9	19,200.5	19,121.9	19,049.6	19,006.3	18,974.1	18,946.0	18,918.1	18,890.3	18,866.1	18,856.2	18,848.7	18,842.1	18,835.5	18,829.0	18,822.4	19,348.2	18,875.3
Commercial	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2	6,501.2
NPV of new borrowing		61.8	218.4	522.2	986.7	1,138.8	1,313.7	1,568.0	1,803.1	1,976.7	2,043.2	2,102.8	2,158.0	2,239.6	2,379.2	2,614.6	2,842.7	3,063.4	3,268.3	3,466.7	3,621.4	1,065.5	2,709.1
II. After traditional debt relief 3/																							
NPV of total debt	30,923.1	30,548.0	30,311.7	30,364.6	29,021.0	27,406.9	25,846.1	24,259.9	22,569.6	22,276.9	21,842.0	21,350.4	20,859.2	20,407.3	19,936.7	19,486.9	18,933.2	18,213.2	17,339.0	16,323.9	15,087.7	27,352.8	19,070.9
NPV of outstanding debt	30,923.1	30,486.1	30,093.3	29,842.4	28,034.2	26,268.1	24,532.3	22,691.9	20,766.5	20,300.2	19,798.8	19,247.6	18,701.2	18,167.7	17,557.5	16,872.4	16,090.4	15,149.8	14,070.8	12,857.2	11,466.3	26,393.8	16,361.8
Multilateral	6,084.8	5,796.7	5,504.6	5,319.3	5,058.6	4,839.8	4,648.4	4,461.9	4,296.1	4,146.7	4,009.3	3,881.2	3,757.2	3,655.7	3,562.4	3,481.0	3,411.7	3,346.8	3,283.7	3,246.9	3,211.1	5,015.7	3,531.5
IDA	1,465.0	1,426.8	1,388.6	1,351.2	1,315.1	1,280.1	1,245.3	1,210.3	1,181.1	1,156.4	1,137.6	1,121.9	1,108.7	1,098.1	1,091.5	1,087.4	1,086.0	1,085.3	1,085.3	1,085.3	1,085.3	1,302.0	1,097.5
IMF	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1	1,389.1
AfDB Group	516.1	508.4	500.6	492.8	484.9	477.3	469.6	461.9	454.2	446.6	439.3	432.4	425.9	419.3	412.8	406.6	400.7	396.8	393.0	392.0	391.4	481.2	410.0
Others 2/	2,714.5	2,472.4	2,226.3	2,086.2	1,869.4	1,693.3	1,544.4	1,400.5	1,271.7	1,154.6	1,043.2	937.8	833.4	749.1	668.9	597.9	535.8	475.6	416.2	380.4	345.3	1,843.3	634.9
Bilateral	22,583.4	22,434.6	22,333.8	22,268.4	20,755.0	19,241.9	17,731.6	16,118.5	14,406.7	14,111.9	13,779.7	13,398.7	13,030.0	12,665.2	12,230.1	11,724.7	11,128.8	10,391.1	9,535.6	8,545.1	7,405.0	19,198.6	11,257.6
Paris Club	9,790.9	9,778.3	9,765.7	9,753.1	9,475.5	9,197.7	8,922.5	8,573.1	8,148.6	7,962.8	7,745.2	7,492.9	7,255.7	7,028.1	6,752.0	6,420.5	6,028.0	5,556.3	5,008.9	4,374.7	3,644.1	9,136.8	6,118.8
Other official Bilateral	12,792.5	12,656.3	12,568.2	12,515.3	11,279.5	10,044.1	8,809.1	7,545.4	6,258.1	6,149.0	6,034.5	5,905.8	5,774.3	5,637.1	5,478.1	5,304.2	5,100.8	4,834.8	4,526.7	4,170.4	3,760.9	10,061.7	5,138.9
Commercial	2,254.9	2,254.8	2,254.8	2,254.7	2,220.6	2,186.5	2,152.3	2,111.5	2,063.7	2,041.5	2,009.8	1,967.7	1,913.9	1,846.8	1,765.1	1,666.7	1,550.0	1,412.0	1,251.5	1,065.2	850.2	2,179.5	1,572.6
NPV of new borrowing		61.8	218.4	522.2	986.7	1,138.8	1,313.7	1,568.0	1,803.1	1,976.7	2,043.2	2,102.8	2,158.0	2,239.6	2,379.2	2,614.6	2,842.7	3,063.4	3,268.3	3,466.7	3,621.4		
III. After conditional delivery of enhanced HIPC assistance and multilateral arrears clearance 4/ 5/																							
NPV of total debt	53,893.9	28,126.0	28,349.4	28,967.1	9,439.5	9,559.7	9,602.3	9,018.2	8,416.9	7,759.3	7,020.0	6,301.7	6,012.1	5,749.5	5,548.6	5,451.1	5,347.9	5,237.6	5,109.2	4,973.8	5,031.1	19,313.2	5,616.6
NPV of outstanding debt	53,893.9	28,064.1	28,130.9	28,444.9	8,452.8	8,420.9	8,288.6	7,450.2	6,613.8	5,782.6	4,976.8	4,198.9	3,854.1	3,509.9	3,169.5	2,836.5	2,505.2	2,174.2	1,841.0	1,507.1	1,409.7	18,354.3	2,907.5
Multilateral	3,801.6	3,757.1	3,725.4	3,697.5	1,773.2	1,752.9	1,696.3	1,599.6	1,497.8	1,391.1	1,289.1	1,198.5	1,119.1	1,041.6	967.9	896.6	827.9	761.5	695.5	631.8	568.1	2,469.3	908.9
IDA	339.1	312.0	296.4	260.9	164.5	148.5	132.6	116.6	95.8	71.2	52.4	36.6	23.5	12.8	6.2	2.1	0.7	0.0	0.0	0.0	0.0	193.8	12.2
IMF	1,274.9	1,292.1	1,309.5	1,327.1	366.3	371.3	337.4	264.1	189.9	114.6	38.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	684.7	3.5
AfDB Group	111.5	121.7	117.3	108.5	99.8	91.3	82.8	74.4	66.1	57.9	50.1	42.7	35.8	28.9	22.1	15.7	9.7	5.6	1.8	0.8	0.2	93.1	19.4
Others 2/	2,076.0	2,031.3	2,002.2	2,001.0	1,142.6	1,141.9	1,143.5	1,144.5	1,146.0	1,147.4	1,148.3	1,119.2	1,059.8	999.9	939.6	878.8	817.5	755.8	693.6	631.0	567.9	1,497.6	873.8
Bilateral	43,591.1	22,038.4	22,132.7	22,451.4	6,109.2	6,096.0	6,025.7	5,303.3	4,588.2	3,882.2	3,196.6	2,527.3	2,280.1	2,033.1	1,787.8	1,549.4	1,312.2	1,075.5	838.9	602.4	593.0	14,221.8	1,617.8
Paris Club	23,758.0	9,758.0	9,781.2	9,888.9	2,630.5	2,628.0	2,602.8	2,198.4	1,798.8	1,403.8	1,013.9	628.3	625.2	622.0	618.8	615.6	612.3	609.0	605.6	602.3	592.9	6,644.8	649.6
Other official Bilateral	19,833.1	12,280.4	12,351.5	12,562.5	3,478.8	3,468.0	3,422.9	3,105.0	2,789.3	2,478.4	2,182.7	1,899.0	1,654.9	1,411.0	1,168.9	933.8	699.9	466.5	233.3	0.1	0.1	7,577.0	968.2
Commercial	6,501.2	2,268.7	2,272.8	2,296.0	570.4	572.0	566.7	547.3	527.9	509.3	491.1	473.1	454.9	435.2	413.8	390.6	365.1	337.2	306.6	272.9	248.6	1,663.2	380.8
NPV of new borrowing		61.8	218.4	522.2	986.7	1,138.8	1,313.7	1,568.0	1,803.1	1,976.7	2,043.2	2,102.8	2,158.0	2,239.6	2,379.2	2,614.6	2,842.7	3,063.4	3,268.3	3,466.7	3,621.4		

Sources: Sudan authorities and staff estimates and projections.

1/ All NPV debt stocks refer to public and publicly guaranteed debt at end-December 2020.

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, World Bank 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, 2020–40 1/ (concluded)

(In millions of U.S. dollars, unless otherwise indicated)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	Average 2020 - 2029	Average 2030 - 2040
IV. After unconditional delivery of enhanced HIPC assistance and multilateral arrears clearance 5/																							
NPV of total debt	7,503.7	8,562.3	8,700.3	9,032.5	9,439.5	9,559.7	9,602.3	9,018.2	8,416.9	7,759.3	7,020.0	6,301.7	6,012.1	5,749.5	5,548.6	5,451.1	5,347.9	5,237.6	5,109.2	4,973.8	5,031.1	8,759.5	5,616.6
NPV of outstanding debt	7,503.7	8,500.4	8,481.8	8,510.3	8,452.8	8,420.9	8,288.6	7,450.2	6,613.8	5,782.6	4,976.8	4,198.9	3,854.1	3,509.9	3,169.5	2,836.5	2,505.2	2,174.2	1,841.0	1,507.1	1,409.7	7,800.5	2,907.5
Multilateral	1,403	1,959.1	1,861.6	1,810.0	1,773.2	1,752.9	1,696.3	1,599.6	1,497.8	1,391.1	1,289.1	1,198.5	1,119.1	1,041.6	967.9	896.6	827.9	761.5	695.5	631.8	568.1	1,674.4	908.9
IDA	272.4	244.4	227.8	191.4	164.5	148.5	132.6	116.6	95.8	71.2	52.4	36.6	23.5	12.8	6.2	2.1	0.7	0.0	0.0	0.0	0.0	166.5	12.2
IMF 6/	347.3	351.9	356.7	361.5	366.3	371.3	337.4	264.1	189.9	114.6	38.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	306.1	3.5
AfDB Group	111.5	121.7	117.3	108.5	99.8	91.3	82.8	74.4	66.1	57.9	50.1	42.7	35.8	28.9	22.1	15.7	9.7	5.6	1.8	0.8	0.2	93.1	19.4
Others 2/	671.5	1,241.1	1,159.7	1,148.6	1,142.6	1,141.9	1,143.5	1,144.5	1,146.0	1,147.4	1,148.3	1,119.2	1,059.8	999.9	939.6	878.8	817.5	755.8	693.6	631.0	567.9	1,108.7	873.8
Bilateral	5,547.1	5,979.1	6,053.0	6,127.8	6,109.2	6,096.0	6,025.7	5,303.3	4,588.2	3,882.2	3,196.6	2,527.3	2,280.1	2,033.1	1,787.8	1,549.4	1,312.2	1,075.5	838.9	602.4	593.0	5,571.2	1,617.8
Paris Club	2,404.9	2,585.9	2,610.7	2,635.9	2,630.5	2,628.0	2,602.8	2,198.4	1,798.8	1,403.8	1,013.9	628.3	625.2	622.0	618.8	615.6	612.3	609.0	605.6	602.3	592.9	2,350.0	649.6
Other official Bilateral	3,142.2	3,393.2	3,442.2	3,492.0	3,478.8	3,468.0	3,422.9	3,105.0	2,789.3	2,478.4	2,182.7	1,899.0	1,654.9	1,411.0	1,168.9	933.8	699.9	466.5	233.3	0.1	0.1	3,221.2	968.2
Commercial	553.9	562.2	567.3	572.5	570.4	572.0	566.7	547.3	527.9	509.3	491.1	473.1	454.9	435.2	413.8	390.6	365.1	337.2	306.6	272.9	248.6	554.9	380.8
NPV of new borrowing		61.8	218.4	522.2	986.7	1,138.8	1,313.7	1,568.0	1,803.1	1,976.7	2,043.2	2,102.8	2,158.0	2,239.6	2,379.2	2,614.6	2,842.7	3,063.4	3,268.3	3,466.7	3,621.4		
V. After conditional delivery of enhanced HIPC assistance and multilateral arrears clearance, and MDRI assistance																							
NPV of total debt	53,897.3	28,128.9	28,352.2	28,969.3	8,808.9	8,948.6	9,049.6	8,563.1	8,065.2	7,515.6	6,879.2	6,222.4	5,952.9	5,707.7	5,520.3	5,433.3	5,337.6	5,232.0	5,107.4	4,973.0	5,030.9	19,029.9	5,581.5
NPV of outstanding debt	53,897.3	28,067.0	28,133.7	28,447.1	7,822.2	7,809.8	7,735.9	6,995.1	6,262.1	5,539.0	4,836.0	4,119.6	3,794.8	3,468.2	3,141.1	2,818.7	2,494.8	2,168.6	1,839.2	1,506.3	1,409.6	18,070.9	2,872.4
Multilateral	**3,805.0**	**3,760.0**	**3,728.2**	**3,699.7**	**1,142.6**	**1,141.9**	**1,143.5**	**1,144.5**	**1,146.0**	**1,147.4**	**1,148.3**	**1,119.2**	**1,059.8**	**999.9**	**939.6**	**878.8**	**817.5**	**755.8**	**693.6**	**631.0**	**567.9**	**2,185.9**	**873.8**
IDA	342.5	314.9	299.2	263.1	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	122.0	0.0
IMF7/	1,274.9	1,292.1	1,309.5	1,327.1	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	520.4	0.0
AfDB Group	111.5	121.7	117.3	108.5	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	0.0	0.0	45.9	0.0
Others 2/	2,076.0	2,031.3	2,002.2	2,001.0	1,142.6	1,141.9	1,143.5	1,144.5	1,146.0	1,147.4	1,148.3	1,119.2	1,059.8	999.9	939.6	878.8	817.5	755.8	693.6	631.0	567.9	1,497.6	873.8
Bilateral	43,591.1	22,038.4	22,132.7	22,451.4	6,109.2	6,096.0	6,025.7	5,303.3	4,588.2	3,882.2	3,196.6	2,527.3	2,280.1	2,033.1	1,787.8	1,549.4	1,312.2	1,075.5	838.9	602.4	593.0	14,221.8	1,617.8
Paris Club	23,758.0	9,758.0	9,781.2	9,888.9	2,630.5	2,628.0	2,602.8	2,198.4	1,798.8	1,403.8	1,013.9	628.3	625.2	622.0	618.8	615.6	612.3	609.0	605.6	602.3	592.9	6,644.8	649.6
Other official Bilateral	19,833.1	12,280.4	12,351.5	12,562.5	3,478.8	3,468.0	3,422.9	3,105.0	2,789.3	2,478.4	2,182.7	1,899.0	1,654.9	1,411.0	1,168.9	933.8	699.9	466.5	233.3	0.1	0.1	7,577.0	968.2
Commercial	6,501.2	2,268.7	2,272.8	2,296.0	570.4	572.0	566.7	547.3	527.9	509.3	491.1	473.1	454.9	435.2	413.8	390.6	365.1	337.2	306.6	272.9	248.6	1,663.2	380.8
NPV of new borrowing		61.8	218.4	522.2	986.7	1,138.8	1,313.7	1,568.0	1,803.1	1,976.7	2,043.2	2,102.8	2,158.0	2,239.6	2,379.2	2,614.6	2,842.7	3,063.4	3,268.3	3,466.7	3,621.4		
VI. After conditional enhanced HIPC assistance and multilateral arrears clearance, MDRI, and bilateral beyond HIPC assistance																							
NPV of total debt	53,897.3	28,128.9	28,352.2	28,969.3	6,178.5	6,320.6	6,446.9	6,364.8	6,266.4	6,111.8	5,865.3	5,594.1	5,327.7	5,085.7	4,901.5	4,817.7	4,725.3	4,623.0	4,501.8	4,370.7	4,438.0	17,703.7	4,931.9
NPV of outstanding debt	53,897.3	28,067.0	28,133.7	28,447.1	5,191.8	5,181.9	5,133.2	4,796.7	4,463.3	4,135.2	3,822.1	3,491.2	3,169.6	2,846.1	2,522.3	2,203.1	1,882.5	1,559.6	1,233.5	904.0	816.6	16,744.7	2,222.8
Multilateral	3,805.0	3,760.0	3,728.2	3,699.7	1,142.6	1,141.9	1,143.5	1,144.5	1,146.0	1,147.4	1,148.3	1,119.2	1,059.8	999.9	939.6	878.8	817.5	755.8	693.6	631.0	567.9	2,185.9	873.8
IDA	342.5	314.9	299.2	263.1	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	122.0	0.0
IMF 7/	1,274.9	1,292.1	1,309.5	1,327.1	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	520.4	0.0
AfDB Group	111.5	121.7	117.3	108.5	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	0.0	0.0	45.9	0.0
Others 2/	2,076.0	2,031.3	2,002.2	2,001.0	1,142.6	1,141.9	1,143.5	1,144.5	1,146.0	1,147.4	1,148.3	1,119.2	1,059.8	999.9	939.6	878.8	817.5	755.8	693.6	631.0	567.9	1,497.6	873.8
Bilateral	43,591.1	22,038.4	22,132.7	22,451.4	3,478.8	3,468.0	3,422.9	3,105.0	2,789.4	2,478.4	2,182.8	1,899.0	1,654.9	1,411.0	1,168.9	933.8	699.9	466.5	233.3	0.1	0.1	12,895.6	968.2
Paris Club 8/	23,758.0	9,758.0	9,781.2	9,888.9	0.1	0.1	0.1	0.1	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	5,318.6	0.0
Other official Bilateral	19,833.1	12,280.4	12,351.5	12,562.5	3,478.8	3,468.0	3,422.9	3,105.0	2,789.3	2,478.4	2,182.7	1,899.0	1,654.9	1,411.0	1,168.9	933.8	699.9	466.5	233.3	0.1	0.1	7,577.0	968.2
Commercial	6,501.2	2,268.7	2,272.8	2,296.0	570.4	572.0	566.7	547.3	527.9	509.3	491.1	473.1	454.9	435.2	413.8	390.6	365.1	337.2	306.6	272.9	248.6	1,663.2	380.8
NPV of new borrowing		61.8	218.4	522.2	986.7	1,138.8	1,313.7	1,568.0	1,803.1	1,976.7	2,043.2	2,102.8	2,158.0	2,239.6	2,379.2	2,614.6	2,842.7	3,063.4	3,268.3	3,466.7	3,621.4		

5/ IMF has provided additional US$15.5 million as the concessional element associated with subsidization of PRGT Interest during interim period.

6/ Unconditional delivery of HIPC assistance assumes full delivery of estimated enhanced HIPC Initiative debt relief as of end-December 2020, 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.

7/ 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.

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.

Table A5. Sudan: External Debt Indicators, 2020-2040 1/

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	Average 2020 - 2029	Average 2030 - 2040
I. Before traditional debt relief																							
NPV of debt-to-GDP ratio	163.4	156.4	148.2	138.9	128.4	117.7	108.3	100.2	93.1	86.9	81.3	76.2	71.3	66.9	62.8	59.0	55.5	52.2	49.1	46.2	43.5	119.8	60.4
NPV of debt-to-exports ratio 2/ 3/	1,109.4	978.7	855.7	733.6	664.7	592.1	532.7	485.5	448.5	417.4	390.0	366.0	343.0	321.6	301.9	284.2	267.5	251.7	236.6	222.7	209.3	634.3	290.4
NPV of debt-to-revenue ratio 4/	3,501.1	2,541.7	1,653.6	1,508.1	1,356.0	1,226.8	1,111.2	996.0	901.6	823.7	761.7	701.9	643.2	606.0	566.3	530.7	484.2	457.2	431.4	407.1	383.9	1,346.5	543.1
Debt service-to-exports ratio	...	7.7	6.5	4.0	4.2	3.3	2.8	2.5	2.1	2.0	2.2	2.8	2.6	2.4	2.0	1.5	0.9	0.9	0.9	0.8	0.8	3.9	1.6
Debt service-to-revenue ratio 4/	...	24.1	14.4	9.1	9.6	7.7	6.3	5.5	4.6	4.1	4.6	5.6	5.2	4.8	4.1	3.0	1.8	1.8	1.8	1.6	1.6	9.5	3.3
II. After traditional debt relief 5/																							
NPV of debt-to-GDP ratio	90.0	85.7	81.0	76.0	67.0	58.1	50.6	43.9	38.0	35.0	32.2	29.5	27.0	24.8	22.8	20.9	19.0	17.2	15.3	13.5	11.7	59.5	21.3
NPV of debt-to-exports ratio 2/ 3/	610.7	536.2	467.4	401.3	346.9	292.6	248.7	212.8	182.9	168.1	154.3	141.8	130.0	119.4	109.5	100.5	91.6	82.7	73.8	65.2	56.6	317.4	102.3
NPV of debt-to-revenue ratio 4/	1,927.2	1,392.4	903.3	825.1	707.6	606.3	518.8	436.6	367.8	331.7	301.4	271.9	243.9	225.0	205.3	187.6	165.8	150.2	134.6	119.3	103.7	676.6	191.7
Debt service-to-exports ratio	...	10.7	9.3	6.6	22.6	19.5	17.4	16.8	16.1	5.0	5.4	6.1	5.8	5.4	5.3	5.0	4.7	5.1	5.4	5.6	5.9	13.8	5.4
Debt service-to-revenue ratio 4/	...	33.8	20.7	14.9	51.3	45.1	39.9	37.3	34.9	10.4	11.2	12.5	11.5	10.8	10.5	10.0	9.1	9.9	10.5	10.9	11.6	32.0	10.8
III. After conditional delivery of enhanced HIPC assistance and multilateral arrears clearance																							
NPV of debt-to-GDP ratio	156.8	78.9	75.7	72.5	21.8	20.3	18.8	16.3	14.2	12.2	10.3	8.7	7.8	7.0	6.3	5.8	5.4	4.9	4.5	4.1	3.9	36.7	6.3
NPV of debt-to-exports ratio 2/ 3/	1,064.3	493.6	437.2	382.9	112.8	102.1	92.4	79.1	68.2	58.6	49.6	41.8	37.5	33.6	30.5	28.1	25.9	23.8	21.8	19.9	18.9	203.0	30.1
NPV of debt-to-revenue ratio 4/	3,358.8	1,282.0	844.8	787.1	230.2	211.5	192.8	162.3	137.2	115.5	96.9	80.3	70.3	63.4	57.1	52.5	46.8	43.2	39.7	36.3	34.6	440.4	56.5
Debt service-to-exports ratio	...	1.3	1.0	0.8	1.2	1.7	2.0	7.6	7.1	6.8	6.8	6.7	3.7	3.5	3.1	2.6	2.0	1.9	1.9	1.8	0.9	3.3	3.2
Debt service-to-revenue ratio 4/	...	4.2	2.1	1.9	2.6	4.0	4.7	16.9	15.3	14.4	14.0	13.7	7.4	7.0	6.2	5.1	3.8	3.7	3.6	3.5	1.8	7.4	6.3
IV. After unconditional delivery of enhanced HIPC assistance and multilateral arrears clearance 6/																							
NPV of debt-to-GDP ratio	21.8	24.0	23.2	22.6	21.8	20.3	18.8	16.3	14.2	12.2	10.3	8.7	7.8	7.0	6.3	5.8	5.4	4.9	4.5	4.1	3.9	19.3	6.3
NPV of debt-to-exports ratio 2/ 3/	148.2	150.3	134.2	119.4	112.8	102.1	92.4	79.1	68.2	58.6	49.6	41.8	37.5	33.6	30.5	28.1	25.9	23.8	21.8	19.9	18.9	101.9	30.1
NPV of debt-to-revenue ratio 4/	467.7	390.3	259.3	245.4	230.2	211.5	192.8	162.3	137.2	115.5	96.9	80.3	70.3	63.4	57.1	52.5	46.8	43.2	39.7	36.3	34.6	216.0	56.5
Debt service-to-exports ratio	...	1.3	1.0	0.8	1.2	1.7	2.0	7.6	7.1	6.8	6.8	6.7	3.7	3.5	3.1	2.6	2.0	1.9	1.9	1.8	0.9	3.3	3.2
Debt service-to-revenue ratio 4/	...	4.2	2.1	1.9	2.6	4.0	4.7	16.9	15.3	14.4	14.0	13.7	7.4	7.0	6.2	5.1	3.8	3.7	3.6	3.5	1.8	7.4	6.3
V. After conditional delivery of enhanced HIPC assistance and multilateral arrears clearance, and MDRI assistance																							
NPV of debt-to-GDP ratio	156.8	78.9	75.7	72.5	20.3	19.0	17.7	15.5	13.6	11.8	10.1	8.6	7.7	6.9	6.3	5.8	5.4	4.9	4.5	4.1	3.9	36.1	6.2
NPV of debt-to-exports ratio 2/ 3/	1,064.4	493.7	437.2	382.9	105.3	95.5	87.1	75.1	65.4	56.7	48.6	41.3	37.1	33.4	30.3	28.0	25.8	23.8	21.7	19.9	18.9	199.9	29.9
NPV of debt-to-revenue ratio 4/	3,359.1	1,282.1	844.9	787.1	214.8	198.0	181.7	154.1	131.4	111.9	94.9	79.3	69.6	62.9	56.8	52.3	46.7	43.1	39.7	36.3	34.6	434.0	56.0
Debt service-to-exports ratio	...	1.3	1.0	0.8	1.0	1.5	1.5	6.8	6.2	6.0	6.1	6.3	3.6	3.4	3.0	2.5	2.0	1.9	1.8	1.8	0.9	2.9	3.0
Debt service-to-revenue ratio 4/	...	4.2	2.1	1.9	2.3	3.4	3.4	15.0	13.5	12.7	12.6	12.9	7.1	6.8	6.0	5.0	3.8	3.7	3.6	3.5	1.8	6.5	6.1
VI. After conditional enhanced HIPC assistance and multilateral arrears clearance, MDRI, and bilateral beyond HIPC assistance																							
NPV of debt-to-GDP ratio	156.8	78.9	75.7	72.5	14.3	13.4	12.6	11.5	10.5	9.6	8.6	7.7	6.9	6.2	5.6	5.2	4.7	4.4	4.0	3.6	3.5	33.2	5.5
NPV of debt-to-exports ratio 2/ 3/	1,064.4	493.7	437.2	382.9	73.8	67.5	62.0	55.8	50.8	46.1	41.4	37.2	33.2	29.8	26.9	24.8	22.9	21.0	19.2	17.5	16.6	185.5	26.4
NPV of debt-to-revenue ratio 4/	3,359.1	1,282.1	844.9	787.1	150.6	139.8	129.4	114.5	102.1	91.0	80.9	71.2	62.3	56.1	50.5	46.4	41.4	38.1	34.9	31.9	30.5	404.6	49.5
Debt service-to-exports ratio	...	1.3	1.0	0.8	0.9	1.0	1.0	3.3	3.1	3.1	3.4	3.9	3.5	3.3	3.0	2.5	1.9	1.9	1.8	1.8	0.8	1.7	2.5
Debt service-to-revenue ratio 4/	...	4.2	2.1	1.9	2.0	2.4	2.4	7.3	6.7	6.6	7.0	7.9	7.0	6.7	5.9	4.9	3.7	3.6	3.5	3.4	1.6	3.9	5.0

Sources: Sudan authorities and staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt at end-December 2020.

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 2018-2020 for NPV of debt-to-exports ratio in 2020).

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. 2020). 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, 2021–2040 1/

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Average 2021 - 2030	Average 2031 - 2040
I. Baseline Scenario 2/												
NPV of debt-to-GDP ratio	156.8	78.9	75.7	72.5	14.3	13.4	12.6	11.5	10.5	9.6	42.2	5.4
NPV of debt-to-exports ratio 3/4/	1064.4	493.7	437.2	382.9	73.8	67.5	62.0	55.8	50.8	46.1	252.3	25.8
NPV of debt-to-revenue ratio 5/	3359.1	1282.1	844.9	787.1	150.6	139.8	129.4	114.5	102.1	91.0	643.8	48.1
Debt service-to-exports ratio	0.0	1.3	1.0	0.8	0.9	1.0	1.0	3.3	3.1	3.1	1.7	2.6
Debt service-to-revenue ratio	0.0	4.2	2.1	1.9	2.0	2.4	2.4	7.3	6.7	6.6	3.9	5.2
II. Sensitivity Analysis												
Lower export level scenario												
NPV of debt-to-GDP ratio	156.8	78.9	83.9	81.7	16.3	14.6	13.8	12.6	11.5	10.5	44.5	5.9
NPV of debt-to-exports ratio	1064.4	496.3	471.9	452.0	95.6	87.0	77.8	67.8	60.3	53.8	270.4	29.7
NPV of debt-to-revenue ratio	3359.1	1282.1	948.5	905.0	176.6	155.2	142.7	126.3	112.6	100.4	672.5	53.0
Debt service-to-exports ratio	0.0	1.3	1.2	1.1	1.2	1.3	1.3	3.9	3.6	3.6	2.0	3.0
Debt service-to-revenue ratio	0.0	4.2	2.4	2.2	2.4	2.6	2.6	8.1	7.4	7.2	4.2	5.7
Permanently lower growth												
NPV of debt-to-GDP ratio	156.8	78.9	84.6	84.2	17.4	17.3	17.0	16.2	15.3	14.2	46.8	7.8
NPV of debt-to-exports ratio	1064.4	493.7	467.0	440.4	93.9	91.0	88.3	82.6	77.1	71.0	275.8	39.0
NPV of debt-to-revenue ratio	3359.1	1282.1	953.9	923.9	188.0	179.5	172.2	156.5	143.7	130.6	691.5	68.8
Debt service-to-exports ratio	0.0	1.3	1.2	1.0	1.2	1.5	1.5	5.0	4.8	4.8	2.5	3.9
Debt service-to-revenue ratio	0.0	4.2	2.4	2.2	2.5	3.0	3.1	10.0	9.4	9.4	5.1	7.4

Sources: Sudan authorities and staff estimates and projections.
1/ All debt indicators refer to public and publicly guaranteed (PPG) debt at end-December 2020.
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 2018-2020 for NPV of debt-to-exports ratio in 2020).
5/ Revenue is defined as central government revenue, excluding grants.

Table A7. Sudan: Possible Delivery of IDA's Assistance under the Enhanced HIPC Initiative and the MDRI, 2021–2053

(In millions of U.S. dollars, unless otherwise indicated)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	Cumulative	
																																		2025-2034	2021-2053
I. Relief under the Enhanced HIPC Initiative																																			
Debt service before HIPC assistance 1/	43.5	42.9	41.5	39.8	38.2	37.6	37.1	30.9	26.0	19.8	16.4	13.7	11.0	6.8	4.2	1.4	0.7	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	237.3	411.3
of which principal	40.6	40.4	39.2	37.8	36.5	36.1	36.0	30.0	25.3	19.2	16.1	13.4	10.8	6.7	4.2	1.4	0.7	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	230.1	394.3
of which interest	2.9	2.6	2.3	2.0	1.7	1.4	1.2	0.9	0.7	0.5	0.4	0.3	0.2	0.1	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	7.2	17.0
Debt service after HIPC assistance 1/ 2/	31.8	19.9	39.6	29.5	18.2	18.0	17.8	22.4	26.0	19.8	16.4	13.7	11.0	6.8	4.2	1.4	0.7	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	169.9	265.2
of which principal	29.7	18.7	37.4	28.0	17.4	17.3	17.2	21.7	25.3	19.2	16.1	13.4	10.8	6.7	4.2	1.4	0.7	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	165.1	255.6
of which interest	2.1	1.2	2.2	1.5	0.8	0.7	0.6	0.6	0.7	0.5	0.4	0.3	0.2	0.1	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	4.7	9.6
Savings on debt service to IDA	11.6	23.0	1.9	10.2	19.9	19.6	19.4	8.5	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	67.4	102.6
of which principal	10.9	21.7	1.8	9.7	19.0	18.9	18.8	8.3	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	64.9	98.1
of which interest	0.8	1.4	0.1	0.5	0.9	0.7	0.6	0.3	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	4.5
I. Relief under MDRI																																			
Projected stock of IDA credits outstanding at implementation date				255.0																															
Remaining IDA credits after MDRI				0.0																															
Debt stock reduction on eligible credits 3/4/				255.0																															
Due to HIPC relief				74.7																															
Due to MDRI				180.4																															
Debt service due after HIPC relief and the MDRI	31.8	19.9	39.6	20.1	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	79.6
Memorandum item:																																			
Debt service to IDA covered by HIPC assistance (in percent) 5/	26.8	53.6	4.7	25.8	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	84.1
Debt service to IDA covered by HIPC assistance and MDRI (in percent)	26.8	53.6	4.7	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	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	100.0	100.0	100.0
IDA debt service relief under the MDRI				9.4	18.2	18.0	17.8	22.4	26.0	19.8	16.4	13.7	11.0	6.8	4.2	1.4	0.7	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	169.9	185.6

Sources: IBRD staff estimates

1/ Principal and interest due to IDA correspond to prorated projections on disbursed and outstanding debt as of end-December 2020, converted to U.S dollar.

2/ Savings on debt service payments between January and March 2021 corespond to obligations that were repaid by authorities, and were part of the stock of arrears to be cleared on March 25th, 2021.

3/ Stock of debt and debt service denominated in SDRs are converted in U.S dollar by applying the end-2020 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-2020.

Table A8. Sudan: Possible Delivery of IMF Enhanced HIPC Initiative Assistance and Beyond-HIPC Debt Relief, 2020–2034 1/

(In millions of U.S. dollars, 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 June 8, 2021.				Jan-Jun	Jul-Dec										
I. Debt relief (under the HIPC Initiative only)															
Projected debt service due on IMF obligations before debt relief 2/	0.8	-	-	-	-	-	143.1	295.0	339.6	419.9	500.1	357.0	205.1	160.5	80.2
Principal	-	-	-	-	-	-	143.1	295.0	339.6	419.9	500.1	357.0	205.1	160.5	80.2
ECF (275 percent of quota)	-	-	-	-	-	-	143.1	295.0	339.6	419.9	500.1	357.0	205.1	160.5	80.2
Interest and charges on new IMF financing 3/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and charges on pre-Decision Point arrears 4/	0.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total HIPC-eligible debt	0.8	-	-	-	-	-	143.1	286.1	286.1	286.1	286.1	143.1	-	-	-
Principal	-	-	-	-	-	-	143.1	286.1	286.1	286.1	286.1	143.1	-	-	-
Interest and charges	0.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IMF assistance under the HIPC Initiative-deposits into Sudan's Umbrella Account															
Interim assistance	0.8	-	-	-											
Completion point assistance 5/				1,031.8											
Completion point interest 6/				9.2											
Total Umbrella Account balance at the completion point				1,041.0											
IMF assistance--drawdown schedule from Sudan's Umbrella Account	0.8	-	-	1,041.0											
Debt service due to the IMF after the HIPC debt relief only	-	-	-	-	-	-	39.0	86.8	131.4	211.7	291.9	252.9	205.1	160.5	80.2
Principal	-	-	-	-	-	-	39.0	86.8	131.4	211.7	291.9	252.9	205.1	160.5	80.2
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Debt relief provided at Completion Point (on stock basis in cash terms) 7/				1,430.6											
HIPC assistance				1,041.0											
Beyond-HIPC				389.7											
III. Debt service due to the IMF after HIPC and beyond-HIPC debt relief 3/	-	-	-	-	-	-	-	8.9	53.5	133.7	214.0	214.0	205.1	160.5	80.2
Memorandum items:															
Total debt service due (in millions of U.S. dollars)	527.9	481.7	334.7	394.9	347.4	313.6	305.2	278.8	230.6	206.0	195.6	196.5	180.5	177.4	161.4
Debt service due on IMF obligations at end-December 2020 (in millions of U.S. dollars)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service due on current IMF obligations after IMF assistance	-	-	-	-	-	-	-	8.9	53.5	133.7	214.0	214.0	205.1	160.5	80.2
(in percent of current year exports of goods and nonfactor services)	-	-	-	-	-	-	-	0.1	0.4	0.9	1.4	1.3	1.2	0.9	0.4
(in percent of total debt service after HIPC assistance and multilateral arrears clearance)	-	-	-	-	-	-	-	0.9	5.6	14.2	23.6	25.4	53.8	42.2	21.0

Source: Fund staff estimates and projections.

1/ Total IMF assistance under the HIPC Initiative is estimated at US$1,047.9 million in NPV terms calculated on the basis of data available at end-December 2020. Of this amount, US$15.4 million represents the concessional element associated with subsidization of PRGT Interest during interim period. The remaining balance of US$1,032.5 million will be provided as a grant toward debt relief under the HIPC Initiative.

2/ The projected debt service is based on ECF arrangement in the amount equal to the stock of arrears at arrears clearance, plus a new PRGT credit, which will be disbursed in 7 installments.

3/ Loans under the ECF-arrangement bear zero interest. In May 2019, the Executive Board approved zero interest rates on the ECF and SCF until end-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. The next interest rate review is scheduled to take place in July 2021.

4/ Remaining Trust Fund Interest and GRA charges on pre-decision point arrears falling due after the date of decision point.

5/ 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.

6/ 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 1.67 percent in 2030 and beyond; actual interest earnings may be higher or lower.

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

Table A9. Paris Club Official Bilateral Creditors' Delivery of Debt Relief under Bilateral Initiatives beyond the HIPC Initiative 1/

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. HIPC Initiative: Status of Country Cases Considered Under the Initiative, December 2019

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
Decision Point Countries (1)										
Somalia	Mar. 20	Floating	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.

Annex I. Debt Management Capacity

A. Legal Foundation for Public Debt Management

1. **The Financial and Accounting Act of 2007 (FAA 2007) requires the Minister of Finance and Economic Planning (hereafter, the Minister) to sign all loans issued on behalf of the central government. However, the line ministries may borrow after the Minister's approval.** It states that a state entity must seek an approval from the Minister before obtaining any loans[1] Thus, the delegation to the Minister to borrow and authorize borrowings on behalf of the central government is clear. However, after authorizing line ministers to borrow, the Minister no longer controls the borrowing process

2. **The legislation allocating responsibilities for public debt management to various entities needs to be clarified.** The FAA states that the Ministry of Finance and Economic Planning (MoFEP) shall be responsible for managing and repaying external loans and for keeping full records of loans and grants. At the same time, the Central Bank of Sudan (CBoS) was assigned responsibility for external debt management in 2000 by a Minister of Finance's decree, the Constitution,[3] the Central Bank of Sudan Act[2] and various decrees, orders and circulars. Simultaneously, however, the MoFEP continues to follow the FAA indicating that the Minister is responsible for domestic and external borrowing. This creates institutional fragmentation and overlapping lines of authority.

3. **The legal framework does not provide clear authorization to issue loan guarantees and lacks other important debt management provisions.** In practice, the MoFEP is responsible for assessing both domestic and external loan guarantees. However, no formal procedures exist for this function. The MoFEP keeps a registry of letters of guarantees and loan guarantees issued by the government.[4] Furthermore, the legal framework does not provide for the specification of borrowing purposes and there are no requirements to develop a debt management strategy or to report on debt management activities.

B. Organizational Structure

4. **Debt management in Sudan is characterized by a high degree of institutional fragmentation, both across and within individual entities.** Within the MoFEP, various directorates are responsible for public debt management. These responsibilities include front office functions of contracting new external and domestic loans, some middle office functions such as preparing debt service estimates for the budget, and back office functions of debt recording and data management for domestic and external debt. The CBoS also conducts some middle and back

[1] FAA 2007, Article 2.10.1: "It is not permitted by any state entity to obtain loans or grants locally or externally in money or in kind except after approval by the Minister of Finance".

[2] See Articles 72 c, 91 3 d, 193 h and k of the Constitution.

[3] See Chapter VIII of the Central Bank of Sudan Act.

[4] Letters of guarantees are promissory notes issued by the MoFEP to the CBoS for the latter to provide advance financing to projects already approved and budgeted.

office functions related to external debt. This fragmentation, and the lack of close coordination between the MoFEP and the CBoS, has impeded the integrated management of the total debt portfolio.

C. Debt Management Strategy

5. **There is no formally approved public debt management strategy in place.** The external debt management practice over the past years has been to assure the flow of financing for critical development projects. The authorities provided partial debt service to those creditors that provided net positive flows to Sudan.

6. **A prudent debt management strategy, based on cost and market risk analysis and avoidance of selective debt servicing, will be critical once the authorities secure comprehensive support for debt relief.** This will help the authorities manage and prioritize external borrowing and mitigate the re-accumulation of debt that could undermine debt sustainability.

D. Debt Recording and Reporting

7. **Debt management is supported by a computerized debt recording and management system.** CBoS records the government's external debt in UNCTAD's DMFAS v6 database software. The domestic and external debt databases are also maintained at the MoFEP, in excel spreadsheets. A domestic debt unit has been set up in the MoFEP, but its capacity to compile domestic debt information effectively needs to be strengthened. Furthermore, Sudan needs to address the lack of a clear framework to issue and monitor government loan guarantees.

8. **Sudan's debt data quality and coverage remain limited.** The CBoS produces quarterly and annual reports on external debt. Data are collected by using primary information from the lenders, but they are not always verified with actual cash flows in the corresponding bank accounts or disbursements made directly in implementing agencies' accounts. These reports present statistics on the size, composition and source of external debt, but with limited analysis of costs and risks. Further, the external debt reports are not always consistent with other related fiscal reports. Debt data covers mainly central government, as state and local government are not allowed to borrow according to the Constitution, while other public entities, including SOEs, are still not captured in the fiscal perimeter. Domestic debt and guarantees are not covered or reported. The Government regularly reports external debt statistics to the World Bank and the IMF, however large discrepancies exist among Sudan's debt reports and available databases.

E. Debt Management Staff Capacity

9. **Debt management capacity should be strengthened considerably.** The authorities have requested technical assistance to assess debt management functions, adopt a sequenced plan of reforms to improve debt management activities, and strengthen recording and reporting of public debt statistics of the general government and SOEs.

INTERNATIONAL MONETARY FUND

SUDAN

June 15, 2021

ENHANCED HEAVILY-INDEBTED POOR COUNTRIES INITIATIVE—DEBT SUSTAINABILITY ANALYSIS

Approved By
Subir Lall and Gavin Gray (IMF) and Marcello Estevão (IDA)

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

Risk of external debt distress	*In debt distress*
Overall risk of debt distress	*In debt distress*
Granularity in the risk rating	*Sustainable*
Application of judgment	*No*

This report incorporates the findings of the Debt Relief Analysis. Sudan's total public external debt at end-2020 was US$56.6 billion.

Under the baseline scenario, in which traditional debt relief is delivered alone at HIPC Decision Point in 2021, Sudan's debt remains unsustainable. All external and public debt burden indicators remain significantly above the respective thresholds[1] for protracted periods despite traditional debt relief. Sudan continues to be in debt distress as substantial external arrears remain.

Contingent on the full delivery of the HIPC Initiative, MDRI, and beyond-HIPC assistance at the Completion Point, Sudan's debt improves dramatically to manageable levels. All debt burden indicators fall and remain below the threshold during the forecast horizon. As such, in a forward-looking sense, Sudan's debt is judged as sustainable. Sudan is assessed to be at moderate risk of debt distress at post-Completion Point. In addition to full delivery of debt relief, the debt trajectory is also dependent on strong fiscal performance, structural reforms, access to concessional finance and grants.

[1] Sudan is assessed to have a weak debt-carrying capacity. CI rating for Sudan is 1.65, which is based on the April 2021 WEO and the World Bank's 2019 CPIA released in 2020.

COVERAGE AND BACKGROUND ON PUBLIC DEBT

A. Background on Debt and Debt Coverage

1. **This DSA is based on the debt reconciliation effort that is underway**. A Debt Relief Analysis (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 2020,[2] the bulk of which is in arrears (92 percent of the external debt stock). As of end-May 2021, end-2020 PPG external debt is 80 percent reconciled.[3]

2. **The quality and coverage of debt data has improved but remains limited**. Despite the debt reconciliation exercise, inconsistencies in external debt reports vis-à-vis related fiscal reports and gaps in obtaining detailed debt data remain. Public debt data is limited to the central government, excluding other elements in the general government and SOEs. State and local governments are not allowed to borrow according to the Constitution, while other public entities in the general government are still not captured in the debt coverage. There are reporting issues with regards to the letters of guarantees, which are issued by the central bank on the request of the Ministry of Finance and Economic Development (MOFEP) as a hybrid financing instrument used mainly to fund development projects.[4]

Sudan: Nominal Stock as of End-December 2020, By Creditors Group

	Legal Situation			
	Nominal Debt Stock 1/		Arrears Stock	
	US$ million	Percent	US$ million	Percent
Total	**56,578.3**	**100.0**	**51,883.4**	**100.0**
Multilateral	**5,976.4**	**10.6**	**3,125.0**	**6.0**
IDA	1,479.6	2.6	1,085.3	2.1
IMF	1,389.1	2.5	1,389.1	2.7
AfDB Group	505.9	0.9	391.2	0.8
AFESD	1,429.0	2.5	30.6	0.1
AMF	485.7	0.9	65.2	0.1
EU	106.6	0.2	106.3	0.2
IFAD	131.1	0.2	0.0	0.0
IsDB	361.7	0.6	0.0	0.0
OFID	87.8	0.2	57.3	0.1
Bilateral	**44,100.7**	**77.9**	**42,257.2**	**81.4**
Paris Club	**23,753.1**	**42.0**	**23,677.3**	45.6
Non-Paris Club	**20,347.6**	**36.0**	**18,579.9**	**35.8**
Commercial	**6,501.2**	**11.5**	**6,501.2**	**12.5**

Sources: Sudan authorities and staff estimates and projections.
1/ Includes Arrears

Sudan's external PPG debt is very high and is estimated at around 163 percent of GDP. Based on the ongoing debt reconciliation exercise total public and publicly guaranteed (PPG) external debt stood at around US$57 billion at end-2020 (163 percent of GDP). Out of this total, 41 percent is owed

[2] 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, which is end-2020.

[3] Methodologically, the LIC DSA differs from the HIPC Debt Relief Analysis (DRA) in that it compares the evolution over the projection period of debt-burden indicators (based on single-year denominators) against policy dependent indicative thresholds. In contrast, under a HIPC DRA, the debt burden indicators (based on three-year backward-looking averages of denominators) are compared to uniform thresholds in order to evaluate eligibility or to calculate HIPC debt relief as of a historical reference date. In addition, the results of the LIC DSA differ from the HIPC DRA because of two other methodological differences related to the definition of: (i) discount rates; and (ii) exchange rates.

[4] These were recorded as debt when issued only as commitment.

to Paris Club creditors, 36 percent to Non-Paris Club creditors, 11 percent to multilateral institutions and the remaining 12 percent to commercial creditors.

3. Most of Sudan's external and domestic debt is in arrears. Arrears on external PPG debt at end-December 2020 are estimated at US$51.9 billion, corresponding to about 92 percent of external debt stock. Sudan continued to accumulate arrears in 2020. As of end-March 2021, Sudan's outstanding arrears to the IMF estimated at SDR 964 million (about US$1,392 million). Sudan's arrears to IDA amounting to US$1,097 million and those to the African Development Bank group were cleared on March 26 and May 12, 2021 respectively.

4. The Central Bank of Sudan is the main creditor and holder of domestic government debt. The government has been accumulating interest and principal arrears to the CBOS on these obligations. CBOS continues the practice of monetizing the fiscal deficit and accumulating domestic arrears. Domestic public debt does not exist beyond the accumulation of government arrears.

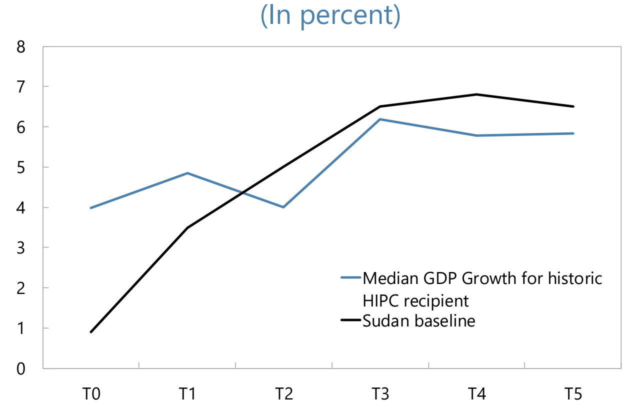
	Subsectors of the public sector	Check box
1	Central government	X
2	State and local government	X
3	Other elements in the general government	
4	o/w: Social security fund	
5	o/w: Extra budgetary funds (EBFs)	
6	Guarantees (to other entities in the public and private sector, including to SOEs)	
7	Central bank (borrowed on behalf of the government)	X
8	Non-guaranteed SOE debt	

BACKGROUND ON MACRO FORECASTS

5. The assumptions underpinning the baseline scenario are consistent with a macroeconomic framework that envisages a new IMF ECF arrangement. The baseline scenario assumes full delivery of traditional debt relief. The main assumptions are:

- ***Growth.*** The growth outlook has improved and is expected to pick up over the medium term mainly due to well-paced structural reforms and the elimination of macroeconomic imbalances. Inflation is expected to decline significantly and remain moderate in the medium term due to eliminated fiscal dominance, full implementation of the reserve money target framework by the CBOS, and lower passthrough form a stabilized exchange rate. Growth projections for Sudan are in line with those of other HIPC debt relief recipients.

Sudan: GDP Growth 2021-2026
(In percent)

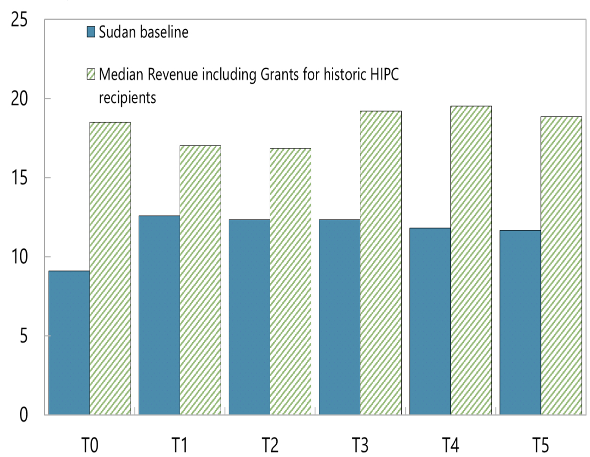


Sources: IMF staff estimates.

- ***External.*** The current account balance is expected to remain in deficit, while improving over the medium term as the fiscal deficit declines and exchange rate reforms allow for gains in price competitiveness. FDI is expected to pick up with reforms to the investment climate, while remittances are expected to grow with removal of distortions in the foreign exchange market. International reserves increase over the projection horizon.
- ***Fiscal adjustment***. The projected path of the primary balance reflects fiscal consolidation through revenue mobilization and rationalization of spending. Projections include a substantial revenue increase due to the effects of the reforms in the customs exchange rate and tax policy measures, including elimination of exemptions under PIT and VAT. There is a large increase in grants in 2022 due mainly to the expected implementation of the SFSP. Despite an improvement in revenue indicators, Sudan will lag other HIPC recipients. Expenditures are projected to remain compressed but with an important shift in composition, including a contraction in subsidies and an increase in social spending. The fiscal stance is expected to remain broadly in balance over the medium term.
- ***Debt relief***. The analysis under the baseline assumes only the full application of traditional debt relief mechanisms, but no debt relief under the HIPC Initiative.[5]

Sudan: Total Revenue and Grants

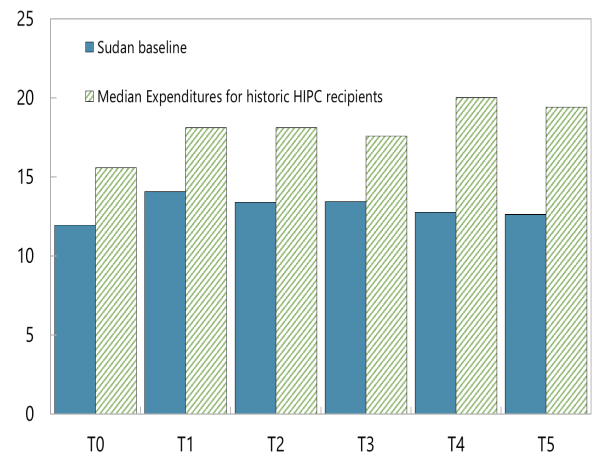
(General government, percent of GDP)



Sources: National Authorities; and IMF Staff Estimates.

Sudan: Total Expenditure and Net Lending

(General government, percent of GDP)



Sources: National Authorities; and IMF Staff Estimates.

[5] According to the LIC DSF, for countries that have not yet reached the decision point, but for which the IMF and IDA Executive Boards have reviewed the HIPC preliminary document, the baseline scenario should incorporate only traditional debt relief. Interim HIPC relief starting at the assumed decision point date should be incorporated in a customized scenario.

6. Under the baseline scenario fiscal financing needs are met mostly from external sources. The baseline scenario under traditional debt relief assumes that Sudan will start servicing its debt. Financing needs triggered by this are expected to be met mostly from concessional and from non-concessional external borrowing, the latter starting from 2025 onwards. It is assumed that concessional borrowing will be provided by IFIs, while non-concessional borrowing will be from non-Paris club official bilateral creditors. In accordance with the LIC DSF guidance note and the HIPC Debt Relief Analysis, the baseline does not include relief from the HIPC Initiative or MDRI. Full impact of multilateral arrears clearance, interim debt relief, HIPC, MDRI and beyond HIPC debt relief is presented in an alternative scenario. Sudan is assumed to reach the HIPC Completion Point in-mid 2024.

Sudan: Baseline DSA Assumptions, 2021-31

(In percent of GDP, unless otherwise indicated)

	Previous DSA		CURRENT DSA		(current vs previous)	
	2021-26	2021-31	2021-26	2021-31	2021-26	2021-31
Real GDP growth, percent	2.9	3.6	4.9	5.0	2.0	1.4
GDP deflator, percent	44.7	31.7	46.6	28.4	1.9	-3.3
Nominal GDP (Billions of $US Dollars)	33.8	37.2	42.4	52.1	8.6	14.9
Revenue and grants	14.1	14.3	11.6	11.7	-2.5	-2.6
Expenditure and net lending	16.5	16.6	13.0	13.0	-3.5	-3.6
Overall balance (incl. PIP)	-2.4	-2.2	-1.4	-1.3	1.0	0.9
Exports of goods and services	23.5	24.2	21.0	21.6	-2.5	-2.6
Imports of goods and services	30.0	28.8	31.2	31.4	1.2	2.6
Current account balance	-8.7	-6.9	-8.9	-8.4	-0.2	-1.5

Sources: National authorities and IMF staff estimates

7. The realism tools largely suggest that staff forecasts are realistic. Under the baseline scenario, debt is expected to decline significantly mainly due to the traditional debt relief. The contribution of primary deficits to future debt accumulation is expected to be smaller than in the past few years due to planned fiscal consolidation. The projected three-year adjustment in the primary balance is in the top quartile of adjustment under Fund-supported programs, indicating ambitious adjustment targets (Figure 4). However, given the ECF-supported program is targeting to address very low revenue and large subsidies, staff considers the adjustment as achievable. Even after the adjustment revenue in Sudan will lag significantly when compared to other historic HIPC cases. Due to the low fiscal multiplier, the impact of the central government fiscal adjustment on GDP is expected to be marginal. Sustained structural reforms under the ECF-supported program and World Bank technical assistance and operations are assumed to result in robust GDP growth despite fiscal consolidation. GDP is expected to grow robustly, compared with past assumptions underpinning the previous LIC DSA, and contribute negatively to debt accumulation. The contribution of exchange rate depreciation to external and public debt accumulation is much lower than in recent years as reforms are expected to arrest the pace of depreciation.

COUNTRY CLASSIFICATION AND DETERMINATION OF SCENARIO STRESS TESTS

8. **Sudan is assessed to have a weak debt-carrying capacity based on the CI Index**. The CI index has been calculated based on the April 2021 WEO and the World Bank's 2019 CPIA released in 2020. Corresponding thresholds apply in the analysis.

Debt Carrying Capacity	Weak

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintages
Weak	Weak	Weak	Weak
	1.65	1.88	1.87

9. **Sudan's debt was subjected to contingent liabilities stress test and a tailored stress test for a commodity price shock**. The coverage of debt in Sudan excludes most other elements of general government. Consequently, due to the uncertainties associated with contingent liabilities from other elements of general government, the magnitude of the shock differs from the default setting and is set to more than 6 percent of GDP, allowing for a more conservative assessment. Default settings are applied to other elements of the contingent liability stress test. A commodity price tailored stress test is applied to Sudan given the significant share of commodities in country's exports.

1	The country's coverage of public debt	The central, state, and local governments, central bank		
		Default	Used for the analysis	Reasons for deviations from the default settings
2	Other elements of the general government not captured in 1.	0 percent of GDP	6.2	64 percent of total general government expenditure is covered by central government
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2 percent of GDP	2	
4	PPP	35 percent of PPP stock	0.00	PPP information from the World Bank
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	5	
	Total (2+3+4+5) (in percent of GDP)		13.2	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

DEBT SUSTAINABILITY

A. External Debt Sustainability Analysis

10. **Sudan remains in debt distress under the baseline even after delivery of traditional debt relief (Figure 1)**. Despite delivery of full traditional debt relief all baseline indicators breach respective thresholds. Breaches are significant and protracted. The baseline indicator for the PV of debt-to-GDP ratio and PV of debt-to-exports ratio remain above the threshold beyond the medium-term. Baseline indicators for the debt service-to-exports ratio and debt service-to revenue remain above the thresholds until 2027.

11. **Debt deteriorates significantly with application of standardized stress tests**. The most extreme and impactful shocks are shocks to growth and exports. All stress indicators breach threshold significantly and do not fall below it throughout the forecast horizon. This confirms Sudan's debt is subject to considerable vulnerabilities. The contingent liabilities shock and the commodity price shocks lead to a deterioration in debt profile, but are not the most extreme shocks.

12. Debt improves dramatically with the delivery of HIPC Initiative, MDRI, and beyond HIPC debt relief. Under the alternative scenario, which in addition to the traditional debt relief incorporates HIPC, MDRI, and beyond HIPC debt relief assumptions, all debt indicators fall and remain below thresholds.

B. Public Sector Debt Sustainability Analysis

13. Under the baseline scenario, the overall public debt indicator remains above threshold throughout the horizon. Despite the delivery of full traditional debt relief, the PV of the PPG debt-to-GDP ratio remains above the threshold, reflecting mostly the dynamics of external debt.

14. The standardized sensitivity analysis shows that the shock to growth leads to the highest debt figures. This is in line with the shock to external debt as it comprises most of the overall public debt in the absence of vibrant domestic government securities market.

15. Debt improves dramatically with the delivery of HIPC Initiative, MDRI, and beyond HIPC debt relief. Under the alternative scenario, which in addition to the traditional debt relief incorporates HIPC, MDRI, and beyond HIPC debt relief assumptions, public debt indicators fall and remain below thresholds.

RISK RATING AND VULNERABILITIES

16. Sudan's external and public debt remains in distress with delivery of traditional debt relief alone. Despite full delivery of traditional debt relief all baseline debt indicators breach and remain above respective thresholds for an extended period. Debt burden and liquidity indicators do not fall below the threshold until 2027 and remain close to their respective thresholds afterwards. This confirms that traditional debt relief alone is not sufficient to return Sudan to a sustainable debt path.

17. Sudan's public debt is assessed to be sustainable after the full delivery of HIPC, MDRI and beyond HIPC. With delivery of debt relief under the alternative scenario, Sudan's debt indicators improve dramatically. All baseline external and public debt indicators fall and remain below the respective thresholds throughout the forecast horizon. On this premise and contingent on the delivery of HIPC, MDRI and beyond HIPC debt relief at Completion Point, Sudan's debt is judged sustainable post-debt relief.

AUTHORITIES' VIEWS

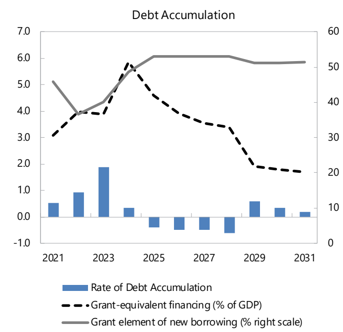
18. The authorities broadly agree with the conclusions of the DSA. They concurred with the need to have a better control over the debt, including by reforming debt management agency and practices in coordination with international financial institutions. They agreed with the importance of prioritizing concessional borrowing and avoiding non-concessional borrowing. The authorities are committed to implementing gradual domestic arrears clearance and strengthening debt management.

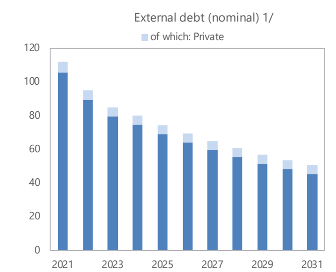
Table 1. Sudan: External Debt Sustainability Framework, Baseline Scenario, 2020-2041

(In percent of GDP, unless otherwise indicated)

	Actual	Projections												Average 8/	
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2041	Historical	Projections
External debt (nominal) 1/	247.1	111.8	95.1	85.0	79.9	74.4	69.2	64.9	60.7	56.8	53.5	50.3	29.1	131.8	72.9
of which: public and publicly guaranteed (PPG)	239.4	105.4	89.3	79.6	74.6	69.1	63.9	59.6	55.4	51.5	48.2	45.0	23.9	127.5	67.4
Change in external debt	48.5	-135.3	-16.8	-10.1	-5.1	-5.5	-5.2	-4.3	-4.2	-3.9	-3.4	-3.2	-1.4		
Identified net debt-creating flows	10.7	5.2	2.8	1.3	-0.3	-0.8	-0.4	0.1	0.4	1.0	1.5	1.7	2.6	18.2	1.1
Non-interest current account deficit	17.2	10.0	9.5	9.1	8.6	8.0	8.0	8.0	7.9	8.0	8.0	8.1	8.2	10.2	8.5
Deficit in balance of goods and services	14.7	10.2	11.0	10.6	10.3	9.4	9.3	9.3	9.3	9.4	9.5	9.5	9.5	8.8	9.8
Exports	14.8	19.3	20.0	20.8	21.5	22.2	22.3	22.3	22.4	22.2	22.2	22.1	22.1		
Imports	29.5	29.5	31.0	31.4	31.8	31.6	31.6	31.6	31.6	31.6	31.6	31.6	31.6		
Net current transfers (negative = inflow)	-1.6	-4.8	-5.9	-5.6	-5.5	-4.8	-4.5	-4.3	-4.1	-4.1	-4.2	-4.1	-3.3	-2.0	-4.7
of which: official	-23.4	-1281.5	-2262.9	-2286.1	-2254.1	-1846.9	-1691.6	-1434.9	-1426.9	-1362.2	-1299.3	-1222.1	-343.5		
Other current account flows (negative = net inflow)	4.0	4.6	4.4	4.1	3.8	3.5	3.2	2.9	2.7	2.7	2.7	2.7	2.0	3.4	3.4
Net FDI (negative = inflow)	-2.1	-3.6	-3.9	-4.1	-4.5	-4.5	-4.5	-4.5	-4.5	-4.5	-4.5	-4.5	-4.5	-2.7	-4.3
Endogenous debt dynamics 2/	-4.4	-1.2	-2.9	-3.7	-4.4	-4.4	-3.9	-3.4	-2.9	-2.4	-2.0	-1.9	-1.1		
Contribution from nominal interest rate	0.2	0.9	0.8	0.8	0.7	0.6	0.5	0.5	0.4	0.4	0.4	0.3	0.2		
Contribution from real GDP growth	7.0	-2.1	-3.7	-4.5	-5.1	-5.0	-4.5	-3.8	-3.3	-2.8	-2.4	-2.3	-1.3		
Contribution from price and exchange rate changes	-11.7	...	...	...	...	...	...	...	...	...	...	...	...		
Residual 3/	37.8	-140.4	-19.5	-11.4	-4.8	-4.7	-4.8	-4.4	-4.7	-4.9	-4.8	-4.8	-4.0	0.7	-19.0
Exceptional Financing	0.0	-70.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators															
PV of PPG external debt-to-GDP ratio	49.7	48.4	47.0	45.8	42.5	38.7	35.2	32.2	29.3	27.9	26.5	25.1	13.3		
PV of PPG external debt-to-exports ratio	335.9	250.2	235.4	219.6	198.0	174.3	158.1	144.2	131.1	125.8	119.7	113.3	60.4		
PPG debt service-to-exports ratio	8.3	10.7	9.3	6.5	22.5	19.5	17.6	17.1	16.7	6.0	6.7	7.0	7.6		
PPG debt service-to-revenue ratio	26.5	33.4	20.1	14.2	48.8	43.2	38.5	36.3	34.6	12.0	13.3	13.7	14.3		
Gross external financing need (Million of U.S. dollars)	5625.9	3025.6	2816.5	2539.9	3863.0	3705.8	3775.6	4025.8	4197.4	3064.2	3370.5	3710.6	7361.0		
Key macroeconomic assumptions															
Real GDP growth (in percent)	-3.6	0.9	3.5	5.0	6.5	6.8	6.5	6.0	5.5	5.0	4.5	4.5	4.5	-1.6	5.0
GDP deflator in US dollar terms (change in percent)	6.3	2.8	1.4	1.6	1.8	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0	-4.7	1.9
Effective interest rate (percent) 4/	0.1	0.4	0.8	0.9	0.9	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.6	0.3	0.7
Growth of exports of G&S (US dollar terms, in percent)	-0.5	35.6	8.3	11.5	11.7	12.6	8.9	8.1	7.9	6.3	6.4	6.4	6.6	-5.2	11.2
Growth of imports of G&S (US dollar terms, in percent)	3.4	3.8	10.0	8.3	9.7	8.1	8.6	8.1	7.6	7.1	6.6	6.6	6.6	-0.6	7.7
Grant element of new public sector borrowing (in percent)	...	45.8	36.7	40.0	48.7	53.0	52.9	52.9	52.9	51.2	51.1	51.3	52.7	...	48.8
Government revenues (excluding grants, in percent of GDP)	4.7	6.2	9.2	9.6	9.9	10.0	10.2	10.5	10.8	11.0	11.2	11.3	11.8	8.1	10.0
Aid flows (in Million of US dollars) 5/	53.6	1126.9	1463.0	1555.3	3301.8	3094.0	2826.3	2870.5	2983.3	1509.9	1504.9	1540.2	2550.7		
Grant-equivalent financing (in percent of GDP) 6/	...	3.1	4.0	3.9	5.9	4.6	3.9	3.5	3.4	1.9	1.8	1.7	1.1	...	3.4
Grant-equivalent financing (in percent of external financing) 6/	...	94.7	90.6	80.8	66.1	69.5	69.8	67.4	67.1	79.3	78.8	77.3	58.4	...	76.5
Nominal GDP (Million of US dollars)	34,370	35,664	37,440	39,959	43,330	47,133	51,129	55,254	59,459	63,680	67,877	72,350	136,963		
Nominal dollar GDP growth	2.4	3.8	5.0	6.7	8.4	8.8	8.5	8.1	7.6	7.1	6.6	6.6	6.6	-5.9	7.0
Memorandum items:															
PV of external debt 7/	57.3	54.8	52.7	51.2	47.8	44.1	40.6	37.5	34.6	33.2	31.8	30.3	18.6		
In percent of exports	387.5	283.4	264.1	245.4	222.9	198.3	182.0	168.1	154.9	149.6	143.5	137.2	84.3		
Total external debt service-to-exports ratio	8.3	10.7	9.3	6.5	22.5	19.5	17.6	17.1	16.7	6.0	6.7	7.0	7.6		
PV of PPG external debt (in Million of US dollars)	17080.6	17260.1	17586.7	18288.0	18418.0	18251.2	18022.4	17765.4	17425.9	17780.6	17992.6	18127.5	18281.4		
(PVt-PVt-1)/GDPt-1 (in percent)		0.5	0.9	1.9	0.3	-0.4	-0.5	-0.5	-0.6	0.6	0.3	0.2	-0.2		
Non-interest current account deficit that stabilizes debt ratio	-31.3	145.3	26.3	19.1	13.7	13.5	13.2	12.3	12.1	11.9	11.4	11.3	9.6		

Definition of external/domestic debt	Residency-based
Is there a material difference between the two criteria?	No





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g) + Εα (1+r)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, ρ = growth rate of GDP deflator in U.S. dollar terms, Ε=nominal appreciation of the local currency, and α= share of local currency-denominated external debt in total external debt.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

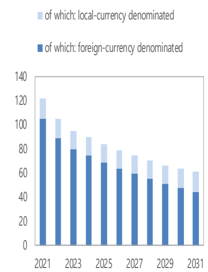
Table 2. Sudan: Public Sector Debt Sustainability Framework, Baseline Scenario, 2020-2041

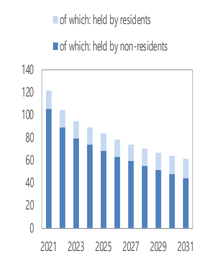
(In percent of GDP, unless otherwise indicated)

	Actual	Projections																					Average 6/	
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	Historical	Projections
Public sector debt 1/	273.0	122.4	104.9	95.0	89.9	84.1	78.9	74.5	70.4	66.9	64.1	61.8	59.6	58.0	56.8	56.2	55.8	55.5	55.2	55.2	55.2	55.5	139.3	83.0
of which: external debt	239.4	105.4	89.3	79.6	74.6	69.1	63.9	59.6	55.4	51.5	48.2	45.0	42.0	39.3	36.8	34.6	32.5	30.5	28.6	26.9	25.3	23.9	127.5	67.4
Change in public sector debt	72.6	-150.6	-17.4	-9.9	-5.1	-5.9	-5.2	-4.3	-4.1	-3.5	-2.8	-2.3	-2.2	-1.6	-1.1	-0.6	-0.4	-0.3	-0.3	0.0	0.1	0.2		
Identified debt-creating flows	42.8	-63.1	-17.8	-10.8	-6.4	-5.9	-5.2	-4.3	-4.1	-3.3	-2.4	-2.0	-1.9	-1.4	-1.0	-0.6	-0.4	-0.3	-0.3	0.0	0.1	0.2	17.8	-11.4
Primary deficit	5.9	2.8	1.4	0.9	0.9	0.7	0.7	0.8	0.9	0.9	1.0	1.2	1.1	1.3	1.4	1.5	1.4	1.4	1.3	1.5	1.4	1.4	5.3	1.1
Revenue and grants	4.8	9.1	12.9	12.9	12.9	12.3	12.2	12.1	12.3	12.4	12.4	12.5	12.6	12.4	12.3	12.3	12.6	12.4	12.3	12.2	12.1	12.0	8.5	12.2
of which: grants	0.2	2.9	3.7	3.3	3.0	2.3	2.0	1.6	1.5	1.4	1.3	1.2	1.0	0.9	0.8	0.7	0.6	0.5	0.4	0.4	0.3	0.2		
Primary (noninterest) expenditure	10.7	11.9	14.3	13.8	13.8	13.0	12.9	12.9	13.2	13.3	13.4	13.7	13.7	13.7	13.7	13.8	14.0	13.8	13.7	13.7	13.6	13.4	13.8	13.3
Automatic debt dynamics	36.9	-65.9	-19.1	-11.7	-7.3	-6.6	-5.9	-5.1	-5.0	-4.3	-3.4	-3.2	-3.0	-2.7	-2.4	-2.1	-1.9	-1.7	-1.6	-1.5	-1.4	-1.2		
Contribution from interest rate/growth differential	-121.5	-180.3	-37.0	-18.7	-12.1	-10.5	-9.5	-8.5	-7.6	-6.2	-5.1	-4.8	-4.5	-4.1	-3.7	-3.3	-3.0	-2.8	-2.6	-2.4	-2.3	-2.0		
of which: contribution from average real interest rate	-129.1	-177.9	-32.8	-13.7	-6.3	-4.8	-4.4	-4.0	-3.7	-2.8	-2.2	-2.0	-1.9	-1.5	-1.2	-0.8	-0.6	-0.4	-0.2	-0.1	0.1	0.4		
of which: contribution from real GDP growth	7.5	-2.4	-4.1	-5.0	-5.8	-5.7	-5.1	-4.5	-3.9	-3.4	-2.9	-2.8	-2.7	-2.6	-2.5	-2.4	-2.4	-2.4	-2.4	-2.4	-2.4	-2.4		
Contribution from real exchange rate depreciation	158.4	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	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	0.0	0.0
Privatization receipts (negative)	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		
Recognition of contingent liabilities (e.g., bank recapitalization)	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 relief (HIPC and other)	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		
Other debt creating or reducing flow (please specify)	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		
Residual	29.8	26.9	18.2	7.8	6.1	3.9	3.6	3.3	2.5	1.7	1.4	1.3	1.2	1.2	1.2	1.2	1.1	1.1	1.0	0.9	0.9	0.8	3.0	7.0
Sustainability indicators																								
PV of public debt-to-GDP ratio 2/	106.7	76.7	67.5	62.9	59.1	54.7	51.2	48.1	45.1	43.8	42.9	42.3	41.7	41.5	41.6	42.0	42.6	43.1	43.5	44.1	44.7	45.2		
PV of public debt-to-revenue and grants ratio	2211.2	839.7	521.4	488.9	458.4	443.6	420.0	396.7	366.4	353.1	345.4	338.6	331.0	334.4	336.7	341.9	338.8	346.2	352.6	361.2	369.2	376.1		
Debt service-to-revenue and grants ratio 3/	26.1	47.0	46.2	49.5	80.6	83.2	82.7	84.9	75.4	59.3	65.5	66.0	68.0	79.4	91.6	101.1	107.1	115.1	115.3	122.6	130.5	138.3		
Gross financing need 4/	7.2	7.1	7.3	7.3	11.3	11.0	10.8	11.1	10.2	8.3	9.1	9.4	9.7	11.1	12.7	13.9	14.9	15.7	15.5	16.5	17.2	18.0		
Key macroeconomic and fiscal assumptions																								
Real GDP growth (in percent)	-3.6	0.9	3.5	5.0	6.5	6.8	6.5	6.0	5.5	5.0	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	-1.6	5.0
Average nominal interest rate on external debt (in percent)	0.2	0.6	1.0	1.0	1.0	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.5	0.4	0.4	0.8	0.3	0.9
Average real interest rate on domestic debt (in percent)	-61.8	-63.0	-23.1	-7.4	-1.3	-0.9	-1.1	-1.1	-1.3	-0.2	0.6	0.8	0.9	2.2	3.4	4.3	4.9	5.1	5.1	5.2	5.2	5.3	-22.4	-8.9
Real exchange rate depreciation (in percent, + indicates depreciation)	209.3	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	63.9	...
Inflation rate (GDP deflator, in percent)	164.2	197.1	41.5	17.4	9.2	8.0	7.9	7.7	7.5	6.4	5.8	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	45.9	28.6
Growth of real primary spending (deflated by GDP deflator, in percent)	-44.1	12.1	24.1	1.1	6.7	1.1	5.6	6.1	7.9	5.8	5.3	6.5	4.8	4.3	4.7	4.8	6.3	3.2	3.3	4.9	3.4	3.4	-2.1	7.5
Primary deficit that stabilizes the debt-to-GDP ratio 5/	-66.7	153.4	18.8	10.8	6.0	6.6	5.9	5.1	5.1	4.5	3.8	3.5	3.3	2.9	2.5	2.1	1.9	1.7	1.6	1.5	1.4	1.2	-31.9	20.3
PV of contingent liabilities (not included in public sector debt)	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		

Definition of external/domestic debt	**Residency-based**
Is there a material difference between the two criteria?	**No**

Public sector debt 1/





Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central, state, and local governments, central bank. Definition of external debt is Residency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

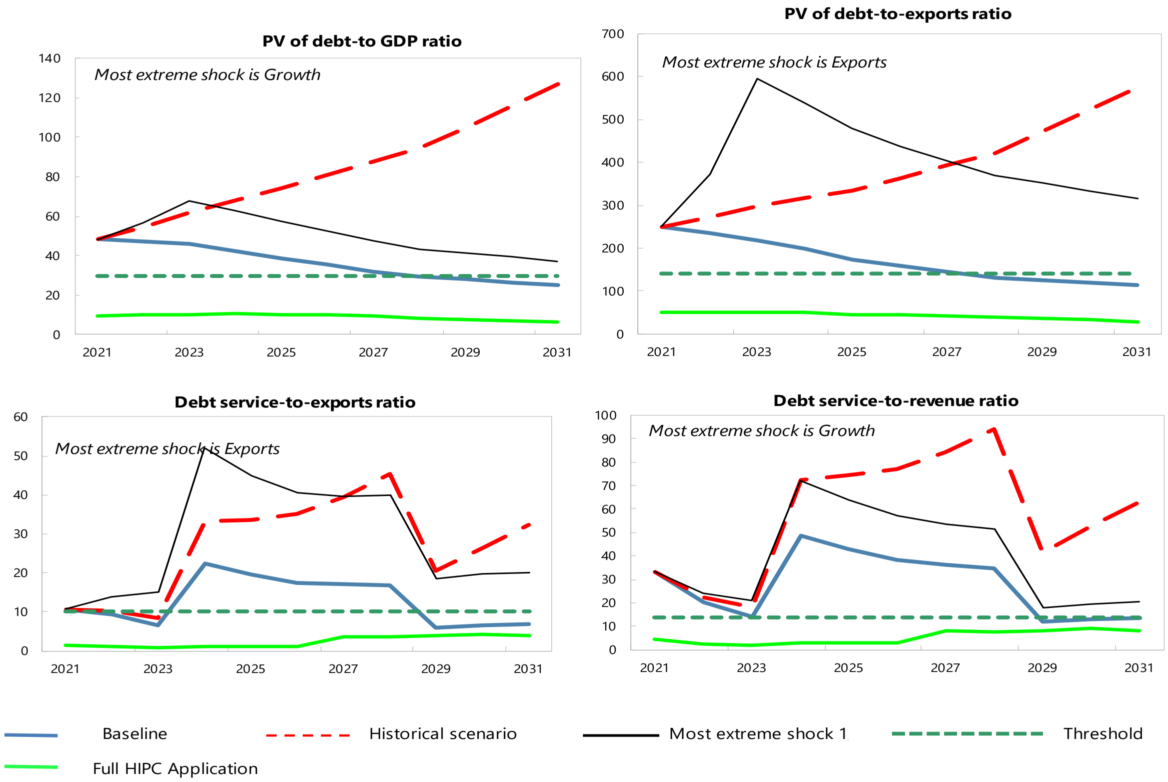
3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Figure 1. Sudan: Indicators of Public and Publicly Guaranteed External Debt under Alternative Scenarios, 2021–2031



Customization of Default Settings		
	Size	Interactions
Standardized Tests		Yes
Tailored Tests		
Combined CLs	Yes	
Natural Disasters	n.a.	n.a.
Commodity Prices 2/	No	Yes
Market Financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing Assumptions for Stress Tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	0.6%	0.6%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	32	32
Avg. grace period	5	5

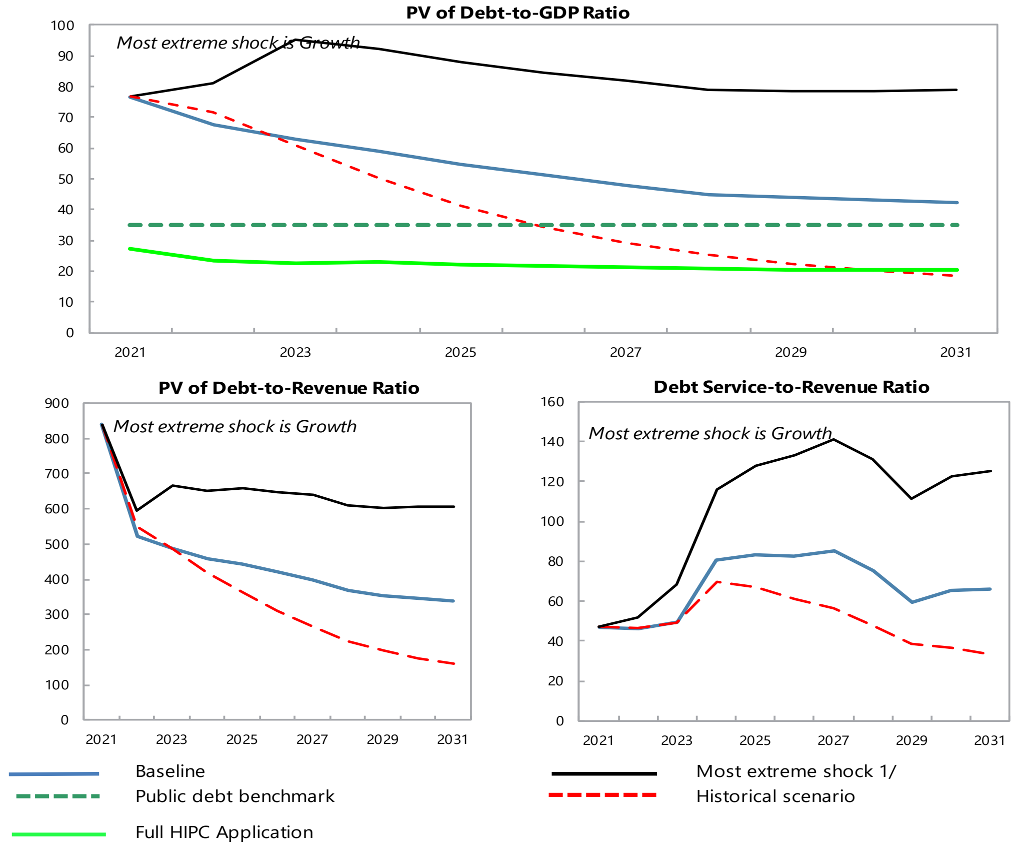
* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2031. Stress tests with one-off breaches are also presented (if any), while these one-off breaches are deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 2. Sudan: Indicators of Public Debt Under Alternative Scenarios, 2021–31



Borrowing Assumptions for Stress Tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	23%	23%
Domestic medium and long-term	54%	54%
Domestic short-term	22%	23%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	0.6%	0.6%
Avg. maturity (incl. grace period)	32	32
Avg. grace period	5	5
Domestic MLT debt		
Avg. real interest rate on new borrowing	-22.6%	-22.6%
Avg. maturity (incl. grace period)	3	3
Avg. grace period	0	0
Domestic short-term debt		
Avg. real interest rate	-11.7%	-11.7%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2031. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Table 3. Sudan: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2021–2031

	Projections 1/										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
PV of debt-to GDP ratio											
Baseline	**48**	**47**	**46**	**43**	**39**	**35**	**32**	29	28	27	25
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2021-2031 2/	**48**	**54**	**62**	**68**	**74**	**81**	**87**	**94**	**105**	**116**	**127**
B. Bound Tests											
B1. Real GDP growth	**48**	**56**	**68**	**63**	**57**	**52**	**48**	**43**	**41**	**39**	**37**
B2. Primary balance	**48**	**48**	**48**	**45**	**41**	**38**	**35**	**32**	**30**	29	27
B3. Exports	**48**	**52**	**59**	**55**	**50**	**46**	**43**	**39**	**37**	**35**	**33**
B4. Other flows 3/	**48**	**50**	**52**	**49**	**45**	**41**	**38**	**35**	**33**	**31**	29
B5. Depreciation	**48**	**48**	**46**	**43**	**39**	**36**	**32**	30	28	27	25
B6. Combination of B1-B5	**48**	**53**	**62**	**58**	**53**	**49**	**45**	**41**	**39**	**37**	**35**
C. Tailored Tests											
C1. Combined contingent liabilities	**48**	**48**	**48**	**45**	**41**	**38**	**35**	**32**	**30**	29	27
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	**48**	**48**	**47**	**44**	**41**	**37**	**34**	**30**	29	27	25
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	30	30	30	30	30	30	30	30	30	30	30
PV of debt-to-exports ratio											
Baseline	**250**	**235**	**220**	**198**	**174**	**158**	**144**	131	126	120	113
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2021-2031 2/	**250**	**272**	**298**	**318**	**335**	**362**	**392**	**422**	**473**	**522**	**573**
B. Bound Tests											
B1. Real GDP growth	**250**	**235**	**220**	**198**	**174**	**158**	**144**	131	126	120	113
B2. Primary balance	**250**	**239**	**229**	**208**	**185**	**170**	**156**	**143**	137	131	124
B3. Exports	**250**	**373**	**594**	**539**	**478**	**438**	**404**	**371**	**353**	**334**	**315**
B4. Other flows 3/	**250**	**252**	**251**	**227**	**201**	**184**	**169**	**155**	**148**	140	132
B5. Depreciation	**250**	**235**	**216**	**194**	**171**	**155**	**141**	128	123	117	111
B6. Combination of B1-B5	**250**	**337**	**253**	**392**	**348**	**318**	**293**	**267**	**255**	**241**	**228**
C. Tailored Tests											
C1. Combined contingent liabilities	**250**	**243**	**229**	**208**	**185**	**169**	**155**	**142**	136	130	124
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	**250**	**241**	**229**	**208**	**183**	**166**	**150**	136	129	121	113
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	140	140	140	140	140	140	140	140	140	140	140
Debt service-to-exports ratio											
Baseline	11	9	7	22	19	18	17	17	6	7	7
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2021-2031 2/	11	10	8	33	34	35	40	45	21	27	32
B. Bound Tests											
B1. Real GDP growth	11	9	7	22	19	18	17	17	6	7	7
B2. Primary balance	11	9	7	23	20	18	17	17	6	7	8
B3. Exports	11	14	15	52	45	41	39	40	18	20	20
B4. Other flows 3/	11	9	7	23	20	18	17	18	8	8	8
B5. Depreciation	11	9	7	22	19	18	17	17	6	6	7
B6. Combination of B1-B5	11	12	12	39	34	31	30	31	13	14	15
C. Tailored Tests											
C1. Combined contingent liabilities	11	9	7	23	20	18	17	17	6	7	7
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	11	9	7	23	20	19	18	18	6	7	7
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	10	10	10	10	10	10	10	10	10	10	10
Debt service-to-revenue ratio											
Baseline	**33**	**20**	**14**	**49**	**43**	**38**	**36**	**35**	12	13	14
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2021-2031 2/	**33**	**22**	**18**	**72**	**75**	**77**	**84**	**94**	**42**	**53**	**63**
B. Bound Tests											
B1. Real GDP growth	**33**	**24**	**21**	**72**	**64**	**57**	**54**	**51**	**18**	**20**	**20**
B2. Primary balance	**33**	**20**	**14**	**49**	**43**	**39**	**37**	**35**	13	**14**	**15**
B3. Exports	**33**	**21**	**16**	**53**	**47**	**42**	**40**	**39**	**18**	**19**	**19**
B4. Other flows 3/	**33**	**20**	**15**	**50**	**44**	**39**	**37**	**37**	**15**	**16**	**16**
B5. Depreciation	**33**	**21**	**15**	**50**	**44**	**40**	**37**	**36**	12	13	14
B6. Combination of B1-B5	**33**	**20**	**18**	**59**	**52**	**46**	**44**	**44**	**18**	**19**	**20**
C. Tailored Tests											
C1. Combined contingent liabilities	**33**	**20**	**14**	**49**	**43**	**39**	**36**	**35**	12	13	14
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	**33**	**25**	**18**	**62**	**52**	**45**	**40**	**37**	13	**14**	**14**
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	14	14	14	14	14	14	14	14	14	14	14

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the threshold.
2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
3/ Includes official and private transfers and FDI.

Table 4. Sudan: Sensitivity Analysis for Key Indicators of Public Debt, 2021-2031

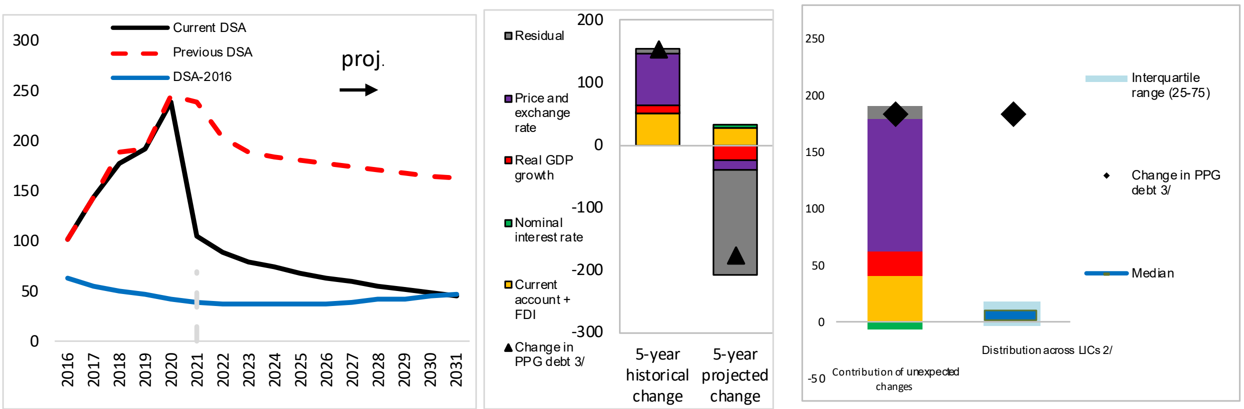
	Projections 1/										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
PV of Debt-to-GDP Ratio											
Baseline	**77**	**67**	**63**	**59**	**55**	**51**	**48**	**45**	**44**	**43**	**42**
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2021-2031 2/	**77**	**72**	**61**	**50**	**41**	35	29	25	22	20	18
B. Bound Tests											
B1. Real GDP growth	**77**	**81**	**95**	**92**	**88**	**85**	**82**	**79**	**79**	**79**	**79**
B2. Primary balance	**77**	**74**	**74**	**68**	**62**	**57**	**53**	**49**	**47**	**46**	**45**
B3. Exports	**77**	**71**	**72**	**68**	**63**	**59**	**56**	**53**	**51**	**49**	**48**
B4. Other flows 3/	**77**	**71**	**70**	**66**	**61**	**57**	**54**	**51**	**49**	**48**	**47**
B5. Depreciation	**77**	**60**	**55**	**51**	**47**	**43**	**40**	**37**	35	34	32
B6. Combination of B1-B5	**77**	**73**	**74**	**66**	**62**	**58**	**55**	**52**	**50**	**49**	**49**
C. Tailored Tests											
C1. Combined contingent liabilities	**77**	**79**	**72**	**66**	**60**	**55**	**52**	**48**	**47**	**46**	**45**
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	**77**	**72**	**65**	**60**	**56**	**53**	**51**	**51**	**52**	**52**	**54**
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Public debt benchmark	35	35	35	35	35	35	35	35	35	35	35
PV of Debt-to-Revenue Ratio											
Baseline	840	521	489	458	444	420	397	366	353	345	339
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2021-2031 2/	840	550	488	418	364	311	264	225	197	176	160
B. Bound Tests											
B1. Real GDP growth	840	595	667	651	661	649	638	609	604	605	607
B2. Primary balance	840	569	578	528	500	465	434	398	381	371	361
B3. Exports	840	549	561	527	512	487	462	427	408	396	385
B4. Other flows 3/	840	550	542	509	494	469	444	410	393	382	372
B5. Depreciation	840	483	442	410	389	362	334	302	285	273	262
B6. Combination of B1-B5	840	563	564	505	492	469	446	414	401	393	387
C. Tailored Tests											
C1. Combined contingent liabilities	840	610	558	511	486	455	427	392	376	367	359
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	840	649	614	582	542	499	462	433	433	438	443
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Service-to-Revenue Ratio											
Baseline	47	46	49	81	83	83	85	75	59	65	66
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2021-2031 2/	47	47	49	70	67	61	56	48	38	36	33
B. Bound Tests											
B1. Real GDP growth	47	52	68	116	128	133	141	131	112	122	125
B2. Primary balance	47	46	68	109	105	100	95	83	65	70	70
B3. Exports	47	46	50	81	84	83	86	77	63	69	69
B4. Other flows 3/	47	46	50	81	84	83	85	77	62	68	68
B5. Depreciation	47	42	45	71	74	74	76	67	52	58	58
B6. Combination of B1-B5	47	46	53	92	95	96	99	88	71	78	79
C. Tailored Tests											
C1. Combined contingent liabilities	47	46	83	100	102	94	92	81	63	68	68
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	47	54	64	104	109	109	109	101	91	96	97
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the benchmark.
2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.
3/ Includes official and private transfers and FDI.

Figure 3. Sudan: Drivers of Debt Dynamics – Baseline Scenario External Debt

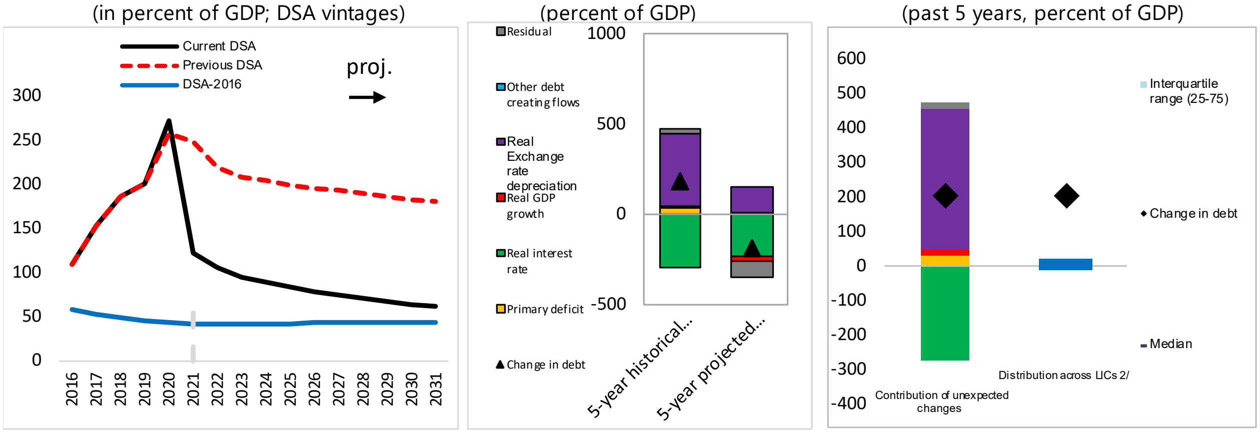
External debt

Gross Nominal PPG External Debt (in percent of GDP; DSA vintages) | Debt-creating flows (percent of GDP) | Unexpected Changes in Debt 1/ (past 5 years, percent of GDP)



Public debt

Gross Nominal Public Debt (in percent of GDP; DSA vintages) | Debt-creating flows (percent of GDP) | Unexpected Changes in Debt 1/ (past 5 years, percent of GDP)



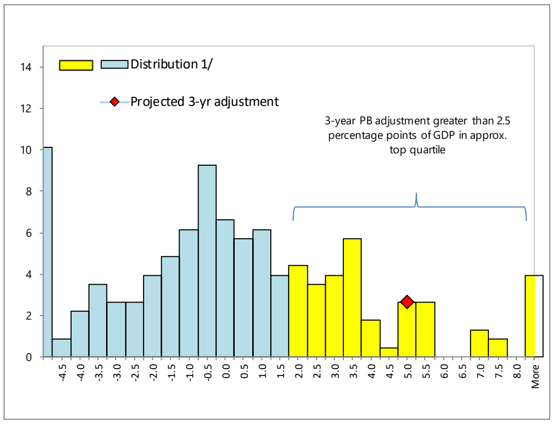
1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

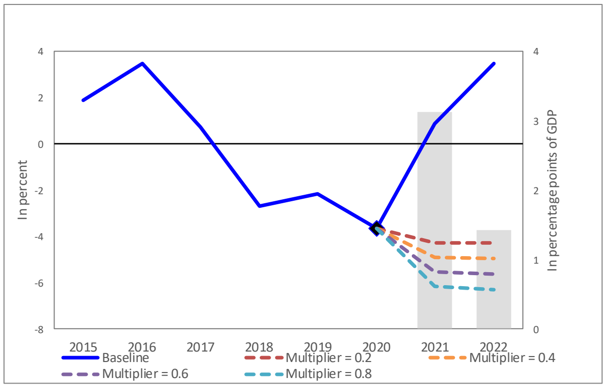
Figure 4. Sudan: Realism Tools

3-Year Adjustment in Primary Balance
(Percentage points of GDP)



1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/



1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).