



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■



Research at LSE ■

CONFLICT
RESEARCH
PROGRAMME

WORLD
PEACE
FOUNDATION

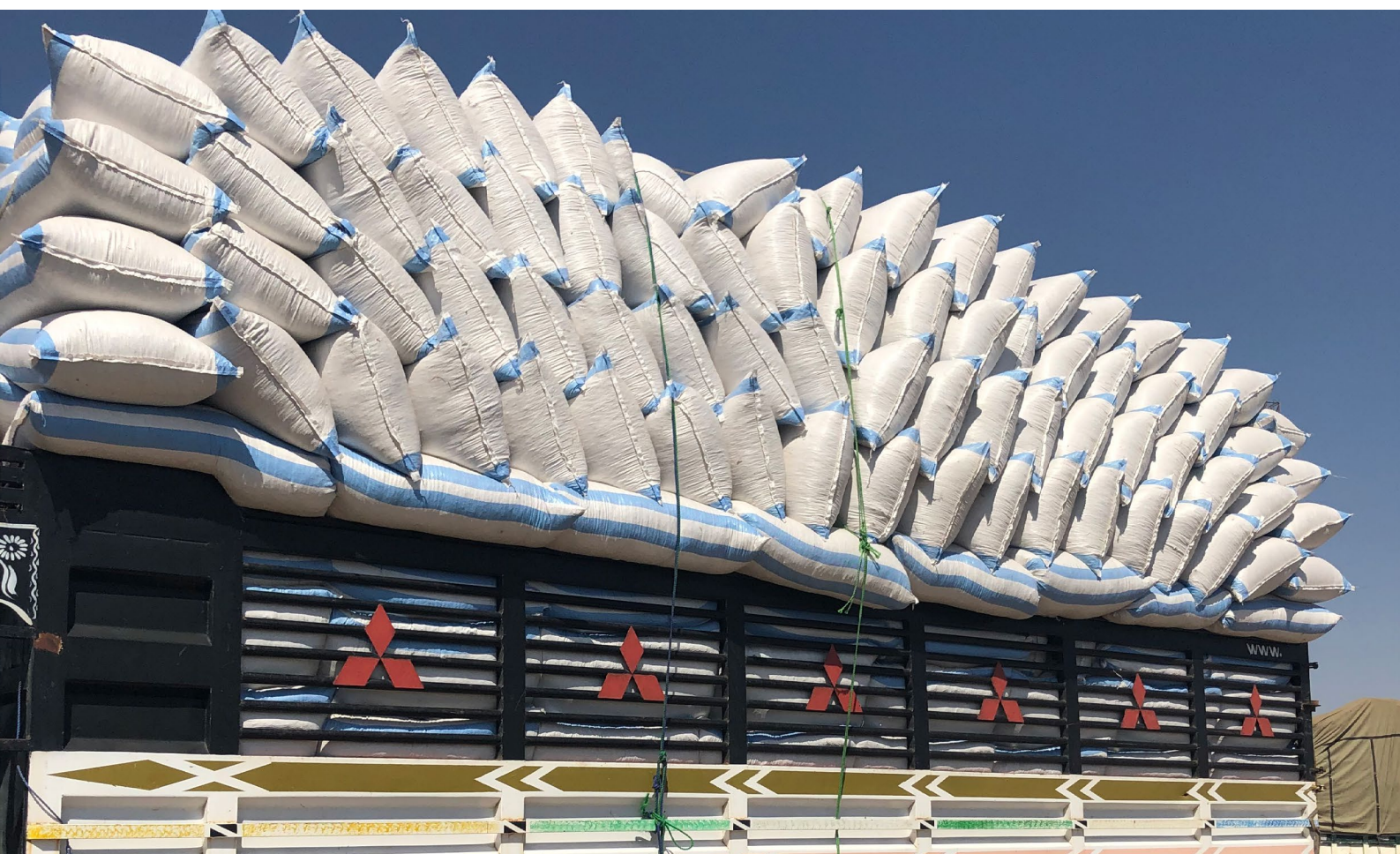
Conflict Research Programme

Sudan's Political Marketplace in 2021

Public and Political Finance, the Juba Agreement and Contests
Over Resources

Jean-Baptiste Gallopin, Eddie Thomas, Sarah Detzner and Alex de Waal

May 2021



About the Conflict Research Programme

The Conflict Research Programme is a four-year research programme hosted by LSE IDEAS and funded by the UK Foreign, Commonwealth and Development Office. Our goal is to understand and analyse the nature of contemporary conflict, and to identify international interventions that 'work' in the sense of reducing violence, or contributing more broadly to the security of individuals and communities who experience conflict.

About the Authors

Jean-Baptiste Gallopin is an independent researcher working on the Horn of Africa. His writing has appeared in *Democracy & Security*, *The Project on Middle East Political Science*, *Politix*, *Le Monde Diplomatique*, and *The Washington Post*, among other outlets. In 2020 he published "Bad Company: How Dark Money Threatens Sudan's Transition" with the European Council on Foreign Relations. Gallopin worked as the Sudan researcher at Amnesty International and holds a PhD in sociology from Yale.

Edward Thomas has worked as a teacher, human rights worker and researcher in Sudan and South Sudan for over 15 years, and has published several books about the two countries.

Sarah Detzner is a consultant based in Washington D.C. and World Peace Foundation Fellow. Her research and consulting work is focused on security sector reform, particularly monitoring and evaluation as well as the role of participation in post-conflict security sector reconstruction efforts.

Alex de Waal is the Co-Director for Research on the Conflict Research Programme and the Executive Director of the World Peace Foundation at The Fletcher School, Tufts University.

This publication was finalised on 15 May 2021.

© Jean-Baptiste Gallopin, Eddie Thomas, Sarah Detzner and Alex de Waal 2021. This work is licenced under a Creative Commons Attribution 4.0 International License which permits use, distribution and reproduction in any medium, provided the original work is properly cited.

Table of Contents

Overview	4
I. An Inequitable and Predatory Political Economy	5
<i>The disparities and interconnections between Sudan's different sectors, regions and workforces</i>	5
<i>Reorganizing rural production</i>	8
<i>How agricultural workers contribute to Sudan's export earnings</i>	9
<i>Production, taxation and violence</i>	10
II. Regime Change and Shifting Political Alignments	13
<i>Reconfiguration of al-Bashir's coalition: The 11 April 2019 coup and its consequences</i>	13
<i>The Constitutional Declaration: A New Ruling Coalition</i>	14
<i>International Realignments</i>	15
<i>Institutional paralysis and fragmentation</i>	16
<i>The post-technocratic government and the political marketplace</i>	17
III. Budget Crisis: Public and Political Finance	18
<i>The struggle over public finances</i>	18
<i>Private political budgets</i>	19
<i>Sudan's 2021 Budget</i>	19
IV. The Juba Peace Agreement and Security Sector Reform	22
<i>The Substantive Provisions: A payroll peace?</i>	23
<i>Security Sector Reform</i>	24
V. Case Study: Eastern Sudan	28
Bibliography	34

Overview

This paper examines the continuities and changes in Sudan's political economy and political marketplace in the two years since the popular uprising that overthrew the regime of former president Omar al-Bashir, and the subsequent formation of a military-civilian transitional government. The government of Sovereignty Council Chairman Abd al-Fattah al-Burhan and Prime Minister Abdalla Hamdok has the stated goals (among others) of transitioning to full civilian government, achieving peace with armed groups, and stabilizing and reforming the economy. Progress has been achieved on all these fronts. Nonetheless, key aspects of Sudan's political economy remain unchanged, especially underlying hyper-exploitation of labour and natural resources, a prominent role for businesses associated with the leaders of the security sector, and peace agreements incentivized by promises of material rewards provided through governmental office. Transactional politics continue to trump institutional and civic politics, making it harder to reform these aspects of an inequitable and predatory economy.

Section I looks at the historically structural pattern of economic inequality in Sudan, whereby a political-commercial elite has dominated the peripheries, extracting resources and distorting the possibilities for equitable and sustainable development. One consequence of this unequal growth path this was the emergence of a ferocious and colourfully corrupt transactional politics – a political marketplace. Corruption and violence have long been instruments of organizing Sudan's economic life, allowing political-military leaderships to control rent and resource flows by buying loyalty in the militarized and conflict-prone peripheries where much of Sudan's wealth is generated, and using coercion to rig markets on trade routes and cities where its wealth is sold or exported. The political marketplace framework (PMF) explains how the logic of such a predatory political economy has penetrated the conduct of politics itself, turning political power – public office, political services and allegiances – into commodities to be traded.

Section II turns to the political turmoil during and after the fall of President Omar al-Bashir. An uprising coordinated at the grassroots was captured by elites. The protesters' slogans included, 'Down with the rule of thieves' – they were determined to root out kleptocracy and corruption as well as autocracy. However, the military, paramilitary and security elites were able to use their control over violence and money, as well as their lack of inhibition in creating facts on the ground, to take control of the transition. The civilian opposition and the cabinet of technocrats whom they installed were not capable of seizing the political moment. Two years after the overthrow of al-Bashir, there is no stable political settlement – rather a fragmented and turbulent political arena. The arrival in Khartoum of the leaders of armed groups, subsequent to the Juba peace agreement, and the formation of a new cabinet, have added new dynamics.

Section III turns to the budget crisis that was inherited by the incoming government and deepened rapidly in its first months in power. It examines how the logic of the political marketplace overwhelmed the aspirations of the reformers, and how the fiscal and monetary reforms implemented by the government, while they may achieve macro-economic stabilization, do not prefigure the kinds of structural changes to Sudan's political economy that could enable the country to escape from its trap of conflict and impoverishment.

Section IV examines the Juba Agreement between the government and elements of the armed opposition. The way in which the negotiations were conducted and the content of the agreement reached shows that the transactional style of politics exemplified by the military – and especially by Hemedti – have prevailed at the expense of a transformational agenda of peace. This section focuses on the security sector, showing how the agreement will expand rather than contract Sudan's security forces. It explores the conditions under which security sector reform – a key demand of the democracy movement and the armed groups – might become a feasible option.

Section V is a case study of the dynamics of Eastern Sudan, exploring the drivers of conflict and turbulence in that strategically important region. It highlights the perverse incentives of the Juba Agreement, which fuel further local conflict.

The final section draws some general conclusions. Recent developments crystallize a retreat from the transformational goals of the revolution and a regression to political business as usual.

This paper should be read as an elaboration and update on the August 2019 paper, 'Sudan: A political marketplace framework analysis,'¹ and a deeper dive into key issues. It is not a comprehensive analysis. Notably, it does not include an analysis of the deepening turmoil in Darfur, and neither does it address the position of Sudan in the fast-shifting politics of the Horn of Africa and the Nile Valley.

I. An Inequitable and Predatory Political Economy

There is a long history of political scientists analyzing the disparities between centre and periphery in Sudan and identifying the predatory practices of an elite class, combining businessmen, government officials and military officers, as a cause of poverty and violent resistance in the peripheries. The hyper-exploitation of southern Sudan was only one instance of this long-standing phenomenon. In the wake of the secession of southern Sudan, these predatory systems did not change – if anything they intensified within Sudan's now-truncated peripheries. This section explores what this has meant, and continues to mean, for the Sudanese political marketplace. It emphasizes that the 2019 civic revolution did not change these structures, and indeed it is arguable that the leaders of both the civilian parties and the security state whom they confronted, agreed tacitly that these structures should not essentially change, but should rather be rescued from the threat posed by the macro-economic crisis.

The disparities and interconnections between Sudan's different sectors, regions and workforces

The following subsection uses import and export data (the most readily available statistical series in Sudan) to illustrate the interconnections and disparities between different sectors, regions and workforces which underlie Sudan's political marketplace. The services sector – which includes activities like trade, transport, construction, administration, education, health and tourism – dominates the economy. In 2020, services made up 58 percent of GDP, whereas agriculture and industry each made up about 21 percent of GDP.² But services make a negligible or negative contribution to the balance of payments – in any case, services exports are overwhelmingly dominated by transport and travel services.³

Rural producers in the agricultural and extractive industries provide Sudan with its foreign currency earnings. For much of the twentieth century, Sudan's earned most of its foreign exchange from a few crops grown on commercial, export-oriented, partially mechanized farms on irrigated and rainfed lands. These lands lie around the infrastructural centre of the state: in the riverain areas north and south of Khartoum, and along the railway lines and roads linking the capital to the ports on the Red Sea coast.

During Sudan's oil boom, which lasted from 1999 until 2011, the services sector depended on the industrial sector for nearly all foreign exchange. In many years, oil accounted for over 90 percent of earnings. Oil was produced by a small, highly-paid and technically-skilled workforce in a handful of remote oil enclaves. These enclaves were cleared of their populations by underpaid militias whose members had left the agricultural labour force.

Sudan lost most of its oil production in 2011, when South Sudan became independent. In the years since 2012, Sudan's foreign earnings have come from four main sources: gold (and a small quantity of other metals); petroleum products; and agriculture, which includes crops, animal products, and gum Arabic, collected from savannah forests (Sudan produces about 70 percent of the world's supply).⁴ Sudan's gold boom took off after 2012, and during the boom, militia leaders took much greater control over a huge number of gold enclaves spread out across the country, especially in Darfur, reconfiguring provincial security forces in the process. This also restructured flows of political finance.⁵ The gold prospecting workforce is much bigger and less technically skilled than the petroleum workforce, and draws heavily on the agricultural workforce.

The disparities between sectoral contributions to GDP and to export earnings is paralleled by disparities between regional contributions of GDP. The locus of production of exportable wealth keeps shifting across the countryside.

For much of the twentieth century, export earnings were generated from farms located around the infrastructural centre of the colonial state. During the oil boom, export earnings were generated from natural resource enclaves in the south and its borderlands. And today, export earnings come from all over the place: gold mines in Darfur, Kordofan and the Ethiopian and Egyptian borderlands; livestock and forest goods, mostly from Darfur and Kordofan and the east, petroleum from the southern borderlands, and sesame and cotton, from the irrigated and rainfed lands that lie along the river and

2 MOFEP 2020a: 4

3 Data query at <https://comtrade.un.org/data/>

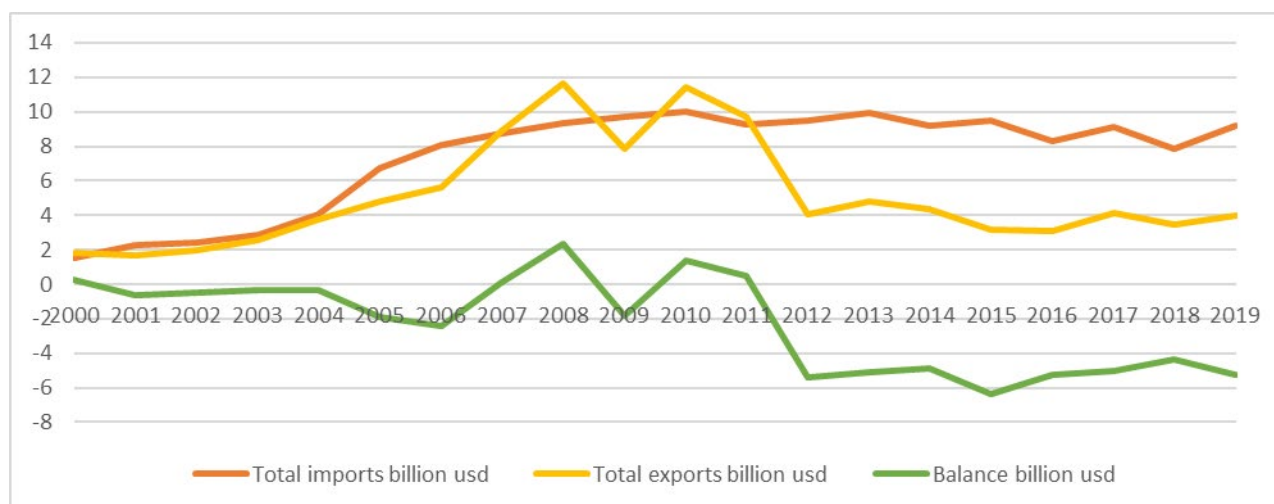
4 Pilling 2021

5 De Waal 2019.

the railway. Sudanese governments are constantly improvising new systems of extraction, and structural adjustment policies support that improvisation, reorganizing incentives for producers and exporters through changes to currency values, money supply and government spending.

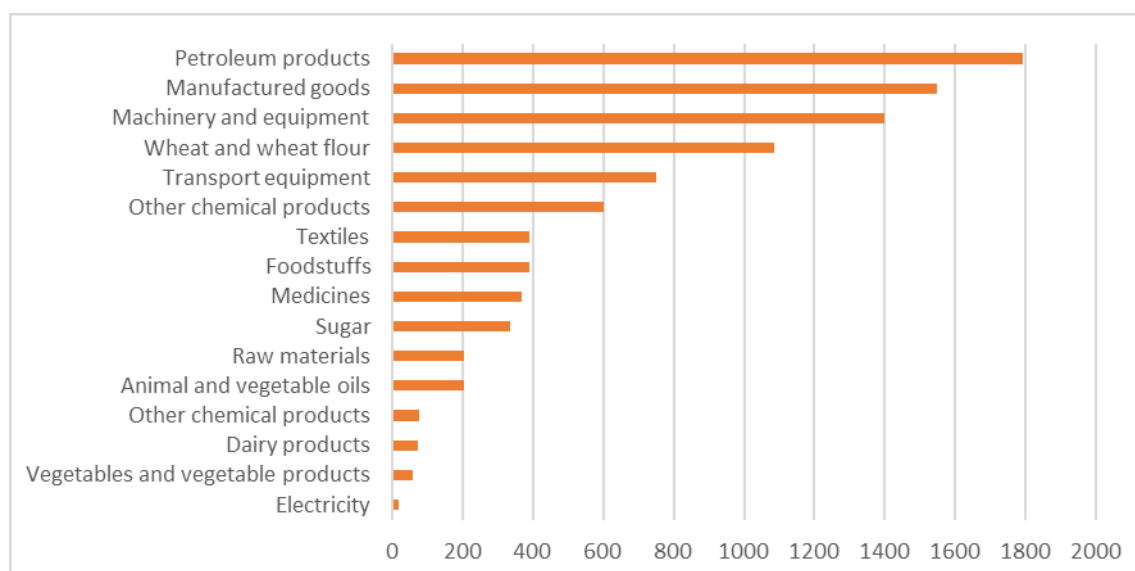
Sudan's export and import data helps to explain the sectoral and regional distribution of production and consumption. During Sudan's oil boom the value of Sudan's imports (in current US dollars) increased more than five-fold. In 2011, the oil boom came to an end, Sudan lost a third of its territory, a quarter of its population, and 90 percent of its hard currency. But despite this enormous territorial, demographic and economic contraction, imports rose. It was an indicator of the fundamental role of central consumption and the negligible role of peripheral consumption in the balance of payments.

Figure 1: Commodity imports and exports, 2000-2019, billions of current US dollars⁶



Import data shows the centrality of urban consumption in the export economy. The graph below shows Sudan's imports by value in 2019 – they are heavily skewed towards urban consumption. Petroleum products too are mostly consumed in the cities: rural Sudan depends on wood and charcoal.⁷ Wheat is mostly consumed in cities: urban consumers prefer the convenience – and higher cultural status – of wheat bread to the sorghum and millet porridges of rural Sudan. But most wheat is imported – using foreign currencies mostly earned by rural producers.⁸ Machinery and equipment imports in 2019 included tractors worth US\$ 221.2 million, and electrical appliances, refrigerators, air conditioners, TVs and radios worth US\$ 523.8 million. Sudan spent US\$ 66.3 million on perfumes and cosmetics, just under half the US\$ 151.0 million it spent on agricultural fertilizers.

Figure 2: Total imports in 2019 by value, millions of US dollars (current)⁹



⁶ Derived from CBOS Foreign Trade Statistical Digest, 2001-2019

⁷ IEA 2021

⁸ Thomas and el-Gizouli 2020

⁹ Derived from CBOS Foreign Trade Statistical Digest, 2001-2019

Government officials promised in February 2021 to raise tariffs on luxury goods.¹⁰ But Sudan's problem is not perfumes or air conditioners, but the complicated and often violent process of turning rural surpluses into foreign exchange that pays for the basic food and energy needs of urban consumers.

Labour data shed light on the problem. The 2011 labour force survey (most recent data) was a fuzzy snapshot of a workforce transitioning from an oil economy to something more complicated. It found that the agricultural sector employed 46 percent of the workforce, and the services sector employed 40 percent. About two-thirds of services-sector workers are urban, and about two-thirds of agricultural workers are rural. Gender disparities are striking: nationally, about 70 percent of all agricultural workers are women, and nearly all rural women workers – 81 percent – are agricultural workers.¹¹ Sudan's demand for foreign currency places heavy burdens on women farmers.

Understanding these labour burdens requires an understanding of the disparities and interconnections of Sudan's agricultural sector. Animal husbandry makes up most of agricultural GDP and half of agricultural exports. Pastoralism is practiced across the country, with major concentrations in the south and west. Much of the livestock is raised by mobile or nomadic pastoralists who organize production using labour from the household or kin. But markets are changing things. Global demand for sheep is reshaping herds and migration routes: sheep made up 60 percent of Sudan's expanding livestock export sector in 2019.¹² In many areas, pastures have been enclosed by farmers, and pastoralist livelihoods are under pressure from climate change and conflict and new needs for cash.¹³ The household production system divides up work between men and women, but many men are migrating out of pastoralism, and one recent study of pastoralist communities in Western Darfur found that signs that young girls were increasingly working as herders, replacing absent, migrant young men.¹⁴

The girls working in their brothers' place in Western Darfur are not the only females taking on the burden of increasing rural production. Most Sudanese farmers work in the 'traditional' sub-sector, which spreads out over an estimated 9 million hectares, more than the semi-mechanized and irrigated sub-sectors combined. Like the pastoralists, farming households traditionally mobilized their labour from kinship and social networks and supplied their own needs. But now their production is being oriented towards markets. Average households in agrarian states source nearly all their food from markets, paid or indebted workers are replacing cousins and neighbours, and access to land is being reshaped by conflict, displacement and money.¹⁵

This move towards markets is not an easy process for Sudan's predominantly female farmers. Their families are hungry: even in bumper harvests, hunger increases in the agrarian states.¹⁶ Gender relations in the agricultural production have been reshaped by male migration from 'traditional' to mechanized farms: young men were forced by conflict or hunger or cash needs towards distant commercial farms.

More recently, the agricultural sector has been losing primarily male workers to the security and mining sectors, and to harsh urban labour markets, are reshaping gender relations in rural Sudan.¹⁷ In 2014, the Sudanese authorities estimated that about one million workers (about 11 percent of the total workforce) were working in gold mining. In mining areas of Eastern Sudan, the gold rush emptied whole villages of men, and the defence minister complained in parliament that gold rushes were undermining army recruitment.¹⁸ Thousands of children dropped out of school to join the rush.¹⁹ Many of these transitions from agriculture to other sectors are likely to put more pressure on women farmers.

10 Radio Dabanga, 22 Feb 2021

11 Farah 2013: 15

12 CBOS 2019, Abdel-Jalil 2008: 17

13 Behnke and Osman 2012: 7, 60

14 Suleiman and Young 2019: 20

15 WFP 2019: 11, 15

16 Thomas and El Gizouli 2020

17 Farah 2013: 15

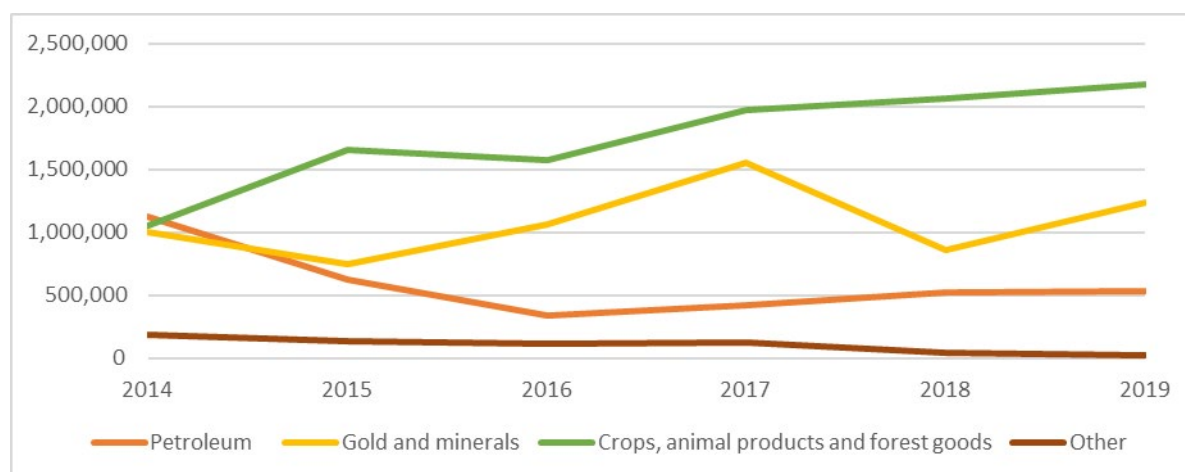
18 Thomas 2017: 34

19 Elbadawi and Suliman 2018: 7

Reorganizing rural production

The Sudanese government and the urban population depend heavily on the foreign currency earned by rural workers. Between 2014 and 2019, 97 percent Sudan's commodity export earnings come from the mines, farms, pastures and forests of rural Sudan – and commodity exports made up nearly all exports.

Figure 3: Total commodity exports by category, 2014-19, thousands of current US dollars²⁰



Every time Sudan has signed up to a Staff-Monitored Programme with the IMF, it has committed itself to the reorganization of domestic production in order to increase exports and foreign earnings and pay back debts.

In the 1970s, the government tried to reorganize rural production through investment, rather than violence. Neighbouring countries and international financial institutions poured loans into the country, believing that an influx of capital would modernize agriculture and turn the country into their breadbasket for its neighbours. Private lenders backed the oil industry, and western countries backed Sudan because of its Cold War stance.²¹ By 1985, Sudan's foreign debts stood at about 9 billion US dollars, at interest rates over 10 percent.²² It was suspended and then expelled from international financial institutions. Agriculture went into decline, for a host of factors ranging from the climate crisis, poor infrastructure maintenance, and exchange-rate regimes skewed against farmers. Agricultural policy shifted restlessly from private to public sector and then back again, without reversing the decline.

Sudan undertook a pitiless programme of austerity and began using violence to reorganize domestic production. It stopped investing in rural production. At the same time the government raced to clear the oilfields of troublesome locals, helping spark armed resistance, and creating a cycle of violent asset-stripping whereby merchants and army officers ramped up extraction to pay for military operations and the central government squeezed whatever productive sectors it could grasp for taxes, while the war/extraction policy in turn transformed Sudan's security forces. The regular military expanded in size, but it mostly organized fighting through militias based on ethnic or sectarian affiliation. Such militias, compensated with loot or control of natural resource enclaves – became a key technique of governance, in a pattern familiar, if less extreme, across Africa and the Middle East during the era of structural adjustment. Managing this ensemble of militias required a new approach to government finance – political budgets that could be transferred easily to insecure areas and used to buy violence or loyalty or ensure continuity of extractive services.

In 1997, the government was readmitted to the IMF, when its total external (or foreign) public debt stood at US\$ 21.6 billion.²³ Most of that was interest on the 9 billion dollars debt which the government had contracted before 1985. Today's public external debt – estimated at between about US\$ 60 billion – is still mostly interest on loans taken out forty years ago to reorganize agricultural development.

²⁰ Derived from CBOS Foreign Trade Statistical Digest, 2001-2019

²¹ Boughton 2001: 777

²² Jubilee Debt Campaign 2017

²³ IMF 1998: 36

How agricultural workers contribute to Sudan's export earnings

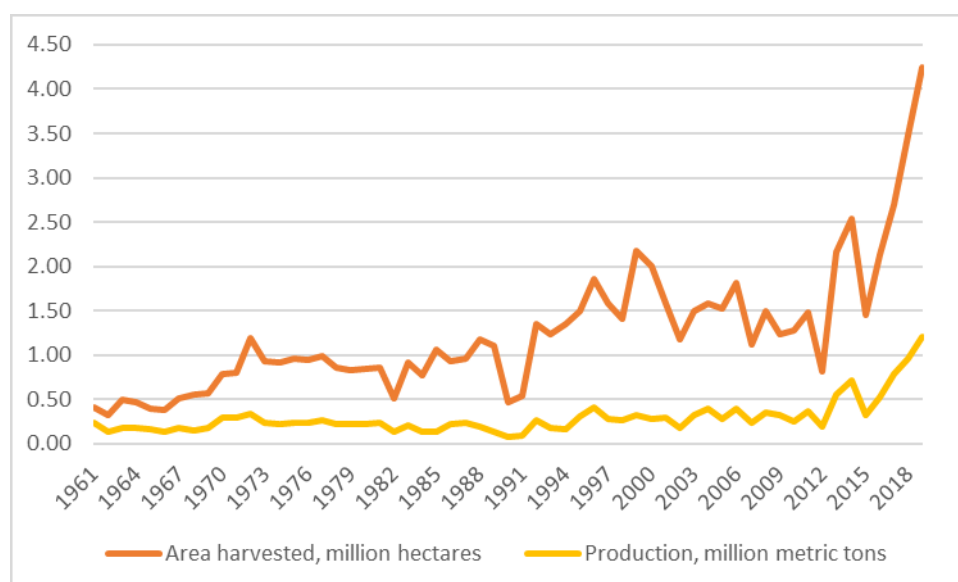
Sudan is one of the world's top ten sesame producers and exporters. Sorghum imports, which amounted to 5 percent of total formal commodity exports at the end of the oil boom in 2012, have soared. In 2019, they amounted to 19.4 percent of Sudan's total formal commodity exports. The area planted to sesame has dramatically increased too.²⁴

Sudan is one of the least efficient sesame producers in the world, however. Yields are around 0.2 or 0.3 metric tons per hectare: about a third of Tanzanian or Nigerian yields, and less than a fifth of Italian yields.²⁵ In 2019/20, it produced about 1.2 million metric tons of sesame. Just over half of production came from the traditional sector. Traditional farmers in Darfur had the best yields – over 0.4 metric tons per hectare. Smaller farmers are better able to deal with the weeds and floods which hit the 2019 crop badly. But overall, yields in the traditional and semi-mechanized sectors are just about the same.²⁶

In 2019, sesame yields in semi-mechanized farms in Gedaref, Kassala and Sinnar were less than half those on traditional farms in Western, Southern and Eastern Darfur.²⁷ Many of the farm workers producing sesame for export have undergone long, impoverished journeys and family separations in order to increase Sudan's sesame production. But commercial farms, often leased by well-connected traders and security men, are oriented towards quick profits rather than sustainable development.

'Semi-mechanized' agriculture lies at the heart of Sudan's agricultural productivity puzzle. It mostly takes place on the fertile rainfed clay soils of central Sudan. City people with money and connections can lease huge tracts of these lands from the government. 'Semi-mechanized' means that ploughing is done by tractor, but all the rest of the work is done by hand. Leaseholders depend on a steady supply of landless workers to farm them. Several decades of displacement from Sudan's peripheries, driven by conflict, environmental crisis and poverty, have provided them with a stable labour supply. Although the leaseholders, unlike the traditional farmers, have some access to capital from agricultural banks, they do not seem to be using capital to improve productivity. Cheap labour and privileged access to land secures their profits and allows them to compete with Italian and Tanzanian farmers.

*Sudanese sesame: area harvested (million hectares) and production (million metric tons).*²⁸



24 CBOS 2012, 2019

25 FAOSTAT 2021

26 MARN 2021: 23-24

27 MARN 2020: 24

28 FAOSTAT 2021

Sudan's new peace agreement, which is discussed below, set up a national committee for housing and services in the migrant farm workers' *kombos* (camps) – a long overdue recognition that inequities in agriculture are a vital peace issue.²⁹ But the finance ministry's three year plan pays little attention to the traditional farm workers who produce half the country's lucrative sesame crop, and none to the landless workers on commercial farms who produce the other half of the crop, almost as laboriously.³⁰

Many of these workers are hungry. The March 2021 food security assessment from the Famine Early Warning Systems Network reported that economic reforms were driving food price inflation: 'The most affected households are daily wage laborers and poor farming and agropastoral communities, and IDPs and conflict-affected people in Darfur, South Kordofan, parts of Blue Nile.'³¹ Many have been laid off because of the Covid-19-related economic downturn.

But these workers are going to have to work harder if the country is to stabilize its currency, make big debt repayments, and bring down the inflation rate and the balance of payments deficit – because these workers produce most of the country's foreign currency. Over the five years from 2019-23, the IMF projects that exports will almost double in value, and the ratio of public debt service to exports will increase even more sharply.³² That foreign currency is likely to be earned from actually existing sources – agriculture and extractive industries – until new sources of foreign currency emerge. Maintaining and expanding Sudan's foreign currency earnings is not a static process – it requires the constant application of new pressures on Sudan's hungry producers.

Production, taxation and violence

A structure of coercion – implicit and explicit – plays a role in Sudan's agricultural export expansion. The central government does not formally tax agricultural producers, just as it does not formally tax the urban informal economy. The squeeze operates through commercial agriculture and mining, backed by the law, and at certain times and in certain places by soldiers, paramilitaries, police and militia.

Primary producers in remote areas of Sudan are alert to signals from world markets. Sesame made up half of all exported crops in 2019, and land under sesame cultivation increased dramatically between 2011 and 2019. But responding to these signals often comes at significant cost for primary producers. Much of the sesame, for example, is produced on 'semi-mechanized' commercial farms on the clay plains of the east. These workers are paid so little that commercial farmers have little incentive to invest in productivity improvements and, as mentioned above, increased production involves further over-exploitation of both land and labour.

This exploitation is further deepened because Sudan's capitalists escape regulation and taxation wherever they can, making private profit at the expense of deepening public debt and more ruthless extraction from soil and farm workers. As much as half of Sudan's foreign trade escapes government scrutiny due to mis-invoicing and smuggling.³³

Sudan's revenues from taxation, as a share of GDP, are among the lowest in the world. It is an extreme example of the phenomenon whereby much of the wealth of the governing classes and their allies is accumulated off-budget.³⁴ In the 1970s, taxes amounted to 15 percent of GDP.³⁵ That figure fell to about 6 percent in the 1980s. During Sudan's oil boom, the low tax take was offset by oil revenues, which were straightforward for the government to collect, as all the oil ran down a single pipeline guarded by oil police. But the end of the oil era created a major problem for tax revenue. Tax revenues declined sharply in 2020 amounting to only 4 percent of GDP.³⁶ For comparison, in 2017, the average tax take across Sub-Saharan African countries amounted to 18.9 percent of GDP.³⁷

29 Agreement on National Issues, Article 14

30 MOFEP 2021: 21-29

31 FEWSNET 2021b

32 IMF 2020: 26, 9

33 Global Financial Integrity 2020.

34 IMF 2020: 6

35 World Bank 1979: iii

36 MOFEP 2020a: 5, 7, 29

37 World Bank 2021a

The 2021 budget complained of an increase in the smuggling of gold, sesame, sorghum, gum Arabic and petroleum products.³⁸ But smuggling is only part of the government revenue problem. Government efforts to expand the tax base have not succeeded. The well-connected routinely negotiate tax exemptions for private FDI and state-owned enterprises on the rationale that they are intended to boost production and export. The war years expanded Sudan's security forces, made Sudan's civil government lean, and re-introduced military and paramilitary units as a component of relations of production in the areas of sustained counter-insurgency. As the state divested from sectors like agriculture and pastoralism, and it militarized the governance of the peripheries. Government militias raised taxes from checkpoints and village patrols, and opposition militias followed their example. In parts of Darfur, Southern Kordofan and Blue Nile, terms of employment for labourers – especially displaced people and those deprived of citizenship after the separation of the South – have been enforced at the point of a gun. The outsourced militia governance system used rural production systems to finance itself, as the government withdrew from the conflict zones of the periphery.

The shift from an oil economy to a gold economy exposed the weakness of the government's fiscal position. It could no longer rely on the oil pipeline to keep revenues flowing. It needed a system to control gold revenues from thousands of mines across the country. In the 1990s, natural resource enclaves were guarded by local militias, but after 2011, those militias gradually took control of the state. The Rapid Support Forces (RSF), led by vice-president Mohamed Hamdan Daglo, also known as Hemedti, started out as a government-aligned militia drawn from landless pastoralist groups during the dirty war in Darfur. After South Sudan became independent, the RSF led a successful counter-insurgency campaign which expelled most opposition forces from Darfur and contained opposition forces in other areas of Sudan.

In the process, the RSF began securing control over rural production, making itself indispensable to government at both local and national levels. Its main commercial arm, Aljunade (al-Junayd), is chaired by the vice-president's brother (a brigadier in the RSF). The Daglo family's massive commercial expansion was driven by windfall profits from gold and the military services it sold to patrons in Saudi Arabia and the UAE, for operations in Yemen. It was not, however, politically unsustainable to keep those revenue streams in private hands. Aljunade has diversified its interests into transportation, malls, house construction, road construction, car rental and sale, real estate and agriculture. In October 2020, the ministry of finance officially took control of Aljunade's main artisanal mining site in North Darfur – a factory processing the gold-rich ore, known as 'kerta,' which is wasted in artisanal processing – and said the government would run the mine in 'a constructive partnership' with Aljunade.³⁹

The Daglo family conglomerate has enough reserves to bail out the government when it runs into cashflow problems. In Darfur, doctors report that they travel to their duty stations on RSF flights and their salaries are paid by the RSF too. And the RSF has begun to intervene in the agricultural economy too. 'RSF Continue securing harvest season in South Darfur' was the headline on the RSF's English-language news website on 22 November 2020. Migrant agricultural workers from South Sudan report that the RSF informally taxes them on their route home from Darfur, but the RSF report goes as follows:

RSF had visited all parts of north of the state included (Netaifa, Ban Jadeed , Merair, al-Seraif, Mandu, al-Naqeih) ... Cap. Ibrahim Adam Ibrahim said that the securing of agriculture and harvest season represents top priority to the RSF ... the RSF in South Darfur dispatched additional forces to the localities [which] consisted of 47 pick-up vehicles ... to secure agriculture season and to protect the harvest.⁴⁰

Militia deployments in agricultural areas are a sign that market signals are not getting through to the agricultural workers in these locations. Sudan needs farm labourers to increase productivity in order to ramp up its exports of commodities, but its markets are not structured to provide adequate wages. Instead, market signals are filtered through oligopolies of agricultural employment or transmitted by direct coercion. In the breadbasket rainlands of Gedaref, the labour force has very limited space for

38 MOFEP 2020a: 9

39 Radio Dabanga, 29 October 2020

40 RSF 22 November 2020

bargaining over wages. In the far peripheries such as Southern Darfur where workers have traditionally had an 'exit option', harvest-patrol coercion works more effectively than price mechanisms.

The reason for this lies in what might be called Sudan's two mixed economies and the boom-and-bust cycle of rural production.

One of Sudan's mixed economies works across public and private sectors, combining private capital, military capability, and preferential access to public offices (especially for issuing land leases and permits of all kinds). The military-commercial-public partnerships are highly responsive to marginal or transient economic opportunities that can be leveraged to gain windfall profits. Entire sectors of rural production—groundnuts in the past, sesame today, artisanal gold mining—rise and contract depending on global prices and supply chains. Sudanese capitalists want to seize their chances and are also aware that their investments may vanish as prices or circumstances change. Price signals become profit opportunities only when land and labour are over-exploited, where poor people are desperate and official regulations are repurposed for private gain. Merchant-officer partnerships are also keenly aware of chances for windfall profits that arise from asset seizure, smuggling and the price gouging in places where transport of commodities needs security permits or military escorts, and may engineer these circumstances themselves. In due course, these profiteers repatriate their capital to Khartoum and reinvest in legitimate businesses, while their paramilitaries are formalized as part of the security sector. The RSF is the latest and largest example of this historic pattern.

Meanwhile, a second mixed economy works across different systems of production. 'Traditional' production systems are based on household consumption needs and the unremunerated labour of the household and its kinship and social networks. If all the labour inputs were to be valued, these production systems would be classed as inefficient. However, Sudan's commercial markets systematically undervalue natural resources – land and forests – while smallholder farmers place a higher value on them. Unsurprisingly, therefore, farm yields in the 'traditional' sector usually outperform commercial farm yields.

This doubly-mixed economy is a product of several decades of attempts to increase revenues from Sudan's complicated and fragmented production systems alongside the economic precarity and insecurity of the rural poor. Moving this system in the direction of 'inclusive growth' – the objective of the Sudanese government and its international partners – will take more than macroeconomic stability.

Sudan's recurrent experiments with structural adjustment are a bet that the medium-term payoff in terms of improved state finance and greater foreign direct investment will kick in before the pain of further immediate pressure on the wellbeing of labourers and small farmers becomes humanly unbearable – and politically intolerable. But the dice are loaded because of Sudan's dependence on these few primary export commodities and because the labour market is so intrinsically coercive. The macro-economic planners in the Ministry of Finance and their counterparts in the international financial institutions don't have the means to redress these unfair conditions, even should they want to do so.

In section IV we will examine the question of whether Sudan's peace agreement can help the country reset the relationships between Sudan's different workforces and regions.

II. Regime Change and Shifting Political Alignments

During 2019, the goal of the principal military, paramilitary, security and commercial actors who were well-placed within the al-Bashir government was to retain as much as possible of their power and material reward and if possible turn the revolutionary moment to their advantage. While there were individual winners and losers, the structures of the old regime proved adept at adjusting to the new realities.

Reconfiguration of al-Bashir's coalition: The 11 April 2019 coup and its consequences

The conditions of al-Bashir's ouster set the stage for the current transitional period. For his political survival he balanced, and relied on, four institutions – the Sudan Armed Forces (SAF), the National Intelligence and Security Service (NISS), the Rapid Support Forces (RSF), and the National Congress Party (NCP). They were simultaneously tools of rule and constituencies to be managed. The sustained but scattered protest movement which began in December 2018 accelerated in the early days of April 2019, turning into mass mobilization which provided regime elites with the opportunity, cover, and compelling motivation to move against al-Bashir.

This was not the first uprising that sought to unseat the NCP government. Sudan's diverse opposition groups had tried repeatedly to mobilize popular protests, but had come against internal mistrust, the systematic infiltration by NISS, and brutal repression. As many as 170 people had been killed in September 2013 when security forces opened fire on protesters.⁴¹ The 2018-19 uprising was different. It began in reaction to al-Bashir's decision to lift bread subsidies, affecting areas, such as Atbara, which had been considered strongholds of the NCP. And as weeks went on, it did not abate, the statements of the Sudanese Professionals' Association (SPA) – a coalition of trade unions – emerging as the focus of the movement. The demonstrations, in turn, catalysed unprecedented opposition unity: on 1 January 2019, the main opposition forces, including political parties, armed groups, and civil society organizations such as the SPA, signed the Declaration of Freedom and Change. The document, which demanded the formation of a transitional government, the end of civil wars, and the convening of a constitutional conference, marked the birth of the Forces of Freedom of Change (FFC), a broad umbrella that could claim to speak for the majority of the Sudanese opposition.⁴²

The members of the security cabal, including General Salah Gosh, head of NISS, did not initiate, welcome or control the popular protests. They were focused on internal conspiring to become al-Bashir's designated successor for when his term in office was due to expire in April 2020. Accustomed to the resilience of an authoritarian centralism and expecting the regime to outlast the popular protests with a mixture of co-option, minor concessions and repression, they tried to leverage the uprising for their narrow political purposes. Members of the FFC were also uncertain about the prospects for the uprising, and some believed that a managed transition in partnership with regime insiders was the best option.

The Declaration and growing international attention to the uprising in Sudan changed the calculation for regime insiders. In January 2019, Gosh held multiple secret meetings with opposition leaders and civil society, expressing his support for a transition of power.⁴³ He and his deputy manoeuvred to seek Egyptian and Emirati backing for a coup.⁴⁴ It is widely held that he coordinated with opposition leaders to enable protesters to march to the headquarters of the military in central Khartoum. As night fell on a crowd unprecedented in recent memory, the demonstration turned to a sit-in which became the site of scenes of fraternization between protesters and junior SAF officers. Faced with the combined pressure from the protesters and the collapse of the internal consensus, al-Bashir became increasingly desperate. The leaders of the national security establishment—the army, NISS and RSF, staged a coup. On 11 April, a Transitional Military Council took power with Vice President and SAF Gen. Awad Ibn Auf as its leader.

41 Human Rights Watch, "We Stood, They Opened Fire": Killings and Arrests by Sudan's Security Forces During the September Protests, report, 21 April 2014.

42 Declaration of Freedom and Change, 1 January 2019.

43 In January, Gosh travelled to Addis Ababa where he met Mo Ibrahim, a prominent British businessman of Sudanese descent, alongside Abdalla Hamdok, who would go on to become transition Prime Minister, and Salah Manna, from the Umma Party. That month, he also met FFC leaders in Kober prison.

Wadaa, Muhammed. 'can taṣrīḥāt ṣalāḥ manāc wa-liqā' gosh ... ḥatā taktamal al-ṣūra [On the statements of Salah Mana and the meeting with Gosh: to complete the picture]', 5 August 2020, <https://www.tagpress.net/46414/>.

Reuters, 'Abandoned by the UAE, Sudan's Bashir was Destined to Fall', Reuters, 3 July 2019.

44 *Ibid.* AP, 'As Sudan uprising grew, Arab states worked to shape its fate', 8 May 2019.

The TMC comprised leaders of SAF, the RSF, and NISS, while excluding the NCP. In the days that followed, and under pressure from demonstrators which continued their sit-in around the military headquarters, Ibn Auf resigned, leaving the TMC's leadership to Gen. Abdel Fattah al-Burhan. Three other TMC members, including NISS general Jalal al-Din al-Sheikh, also resigned.⁴⁵ Salah Gosh, a central target of the ire of demonstrators, resigned and withdrew from public view. These moves left NISS without an influential figure in or around the TMC.

These crucial days resulted in a durable reconfiguration of the balance of power among institutions inherited from the Bashir era – the TMC, from then on, would rest upon two dominant poles: the SAF, led by al-Burhan, and the RSF, led by Hemedti, holding together in an uneasy alliance. Leaders of the NCP such as Ali Osman Taha, Awad al-Jaz and Ahmed Haroun were placed under house arrest alongside other leaders of the so-called 'Islamic movement', including former NCP stalwarts who had fallen out of favour under Bashir (such as Nafi Ali Nafi). Control over the personnel and assets of NISS went on to become an arena for competition between SAF and the RSF. Behind a façade of continuity, the emergence of the TMC restructured the internal dynamics of institutions inherited from al-Bashir's government. Two new logics of actions came to prevail: a struggle to block, slow, or roll back the opposition's efforts to democratize or ascertain civilian role; and a muffled competition for dominance between the leadership of SAF and that of the RSF.

The Constitutional Declaration: A New Ruling Coalition

The TMC sought to rapidly consolidate a military authoritarian regime, in the face of continuing demands from the democracy movement for a civilian government. On 3 June 2019 it sent security forces, including the RSF, the Central Reserve Police, and police forces, to clear the revolutionary sit-in. The continued presence of tens of thousands of demonstrators in front of the army's headquarters expressed the mobilized public's demand for democratizing change and represented a key resource for the FFC in its negotiations with the TMC. But the massacre failed to cow demonstrators who returned to the streets by the hundreds of thousands on 30 June. If the generals had somehow believed that they steered events in early April, they now realized that the democracy movement could not be repressed, fooled or manipulated.

The TMC's key backers – the Arab Troika of Egypt, Saudi Arabia and the UAE – also realised that they had both underestimated and mistaken the democracy movement. None of the troika looked favourably on democracy, but they also recognized that Sudan's civic movement was determined to dismantle the country's Islamic movement and not provide space for it to take over the revolution. The U.S. and U.K., meanwhile, awoke to the dangers of a military-led counter-revolution and realised that they had little communication with, or understanding of, the TMC. The quartet of the U.S., U.K., Saudi Arabia and UAE coordinated pressure on the TMC and FFC to come to a power-sharing agreement in rapid time. Their efforts were assisted by two African envoys (representing the African Union and IGAD) who had little leverage but had a mandate from the AU Peace and Security Council, and who had drafted a compromise document drawing on the negotiating positions of the two parties just prior to the crackdown.

The deal, known as the Constitutional Declaration, was signed in August and marked the emergence of a new ruling coalition bringing together SAF, the RSF, and most of the urban-based political parties that had opposed al-Bashir, ranging from the conservative Umma Party, to the Communist Party, and Ba'athist and Nasserist factions.

The bargaining process which preceded the signing of the declaration had traced the contours of this coalition. In April, the FFC's political parties and the SPA largely took charge of negotiations with the TMC, prompting civil society components to complain that they had been side-lined. The armed groups from Sudan's peripheries, which were formally part of the FFC, faced similar exclusion. The uprising had largely caught them off guard. Throughout the summer, the armed groups sought to convince the political parties to endorse a power-sharing agreement which included them and addressed the demands of Sudan's peripheral regions. In meetings with the FFC in Addis Ababa over July and August, they worked out a 'peace chapter', agreeing on a wording on the eve of the signing of the Constitutional Declaration. The armed groups discovered the next day that the chapter had been relegated to the penultimate article of the text. This reflected the longstanding metropolitan assumption that civilian control over the instruments of power was the central problem, and everything would flow from such

⁴⁵ Abdelaziz, Khalid. 'Three members of Sudan military council resign after demand by opposition,' Reuters, 24 April 2019. <https://www.reuters.com/article/us-sudan-politics-idUSKCN1S02D8>

a change. 'That was the main rupture in [the] relationship between the armed movements and the FFC,' said an armed group representative.⁴⁶

The institutional formula that emerged from the Constitutional Declaration preserved a central role for the existing military and security apparatus, giving al-Burhan the position of de facto head of state, and preserving military control over all defence and security matters. It also testified to the reluctance of the FFC's parties to endorse the prospect of a rapid turn to electoral politics. From the onset of negotiations, senior FFC figures had argued that a transition of three to four years was necessary in order to uproot what they called the 'deep state'. Underlying this was the memory of how the conservative sectarian parties had rapidly mobilized for elections after previous civic uprisings in 1964 and 1985, marginalizing the more radical groups that had actually brought down the military regimes in question. The FFC leaders dismissed the view that a long transition could facilitate an authoritarian backlash.⁴⁷ The Constitutional Declaration, in the end, planned for a 39-month transition.

The state's deep fiscal crisis and the reality that the most profitable remaining sectors of the economy were outside the control of civilian state institutions meant that cabinet positions offered limited prospects for personal rewards or the establishment of political budgets for newcomers. The FFC parties' elites also appeared to have seen the economic situation as a technical problem best left to administrators rather than as a political issue whose outcome would affect the success of the transition. They proved reluctant to take responsibility for the day-to-day management of the country. Abdalla Hamdok, a UN economist, was appointed Prime Minister leading a largely technocratic cabinet; senior political figures, such as Siddig Youssef (Communist Party), and Omar al-Digeir and Ibrahim al-Shaikh (Sudan Congress Party), while former Prime Minister Sadig al-Mahdi (Umma party), took no official position.

The divorce between the FFC parties and the armed groups had left the issue of peace unresolved. The Constitutional Declaration made it a priority – but 'comprehensive peace issues' were only spelled out in chapter 15 of the sixteen chapters of the declaration. The sequence of bargaining between the FFC and the TMC had barely ended that another opened, as a government delegation led by Hemedti went to Juba to meet with armed groups. In September 2019, they signed the Juba Declaration, a document paving the way for 'comprehensive' talks, scheduled to end within six months, but which went on to last more than a year.

International Realignments

Al-Bashir had long skilfully navigated the shifting tides of Arab politics and remained on sufficiently good terms with Egypt, Saudi Arabia and the UAE ('the Arab Troika') and also Qatar and Turkey (the Islamist coalition) to be able to secure some support from each camp. In 2018, he was cornered, antagonizing the Saudis and Emiratis, without being able to draw on any alternative patrons.⁴⁸

The revolutionary moment was, for the Arab Troika, a moment to win Sudan over to its side. For the UAE in particular it was an opportunity to extend its influence into a country where its role had been secondary, and in due course to leverage its own role to secure Sudanese recognition of Israel.

The 11 April coup had received the backing of the Arab Troika, and in the aftermath of the Constitutional Declaration the transitional authorities closely aligned with them, freezing much of their relations with Turkey and Qatar. The Trump Administration had been happy to delegate much of its power in the Red Sea to Israel and the Troika, at a time when the area was growing into a strategic arena for the competition among regional and international powers, including Qatar, Turkey, Russia, and China. Sudan's affiliate status in the pro-U.S. axis became a fait accompli, even as the U.S. designation of Sudan as a State Sponsor of Terrorism from 1993 to October 2020 continued to pose an obstacle to full normalization.

Europeans welcomed the constitutional declaration and rushed to meet Hamdok and his Finance Minister Ibrahim al-Badawi, a World Bank economist who spearheaded reforms aimed at securing the approval of donors and international financial institutions to debt relief. For Europeans, the transition was a 'good news story' which, alongside the Nobel Peace Prize of Ethiopian Prime Minister Abiy Ahmed, fitted into a narrative about reformist leaders in the Horn of Africa. Expressions of support to

46 Phone interview with an official from the SPLM-N – Agar branch, 27 March 2020.

47 Interview with Communist Party leader Siddig Youssef; with a leader of the Sudan Congress Party, Khartoum, April 2019.

48 Gallopin 2019.

Sudan's 'civilian-led transitional government' also allowed Europeans to turn a page, at little cost, from the controversies surrounding cooperation with the Bashir government to curb migration.

After the TMC gave way to mixed civilian-military institutions, Saudi Arabia and the UAE stopped their direct support to Sudan, having given US\$ 750m (including US\$ 500m to the central bank) of \$3 billion they had promised when the TMC assumed power.⁴⁹ Gulf support had kept al-Bashir afloat throughout much of the 2010s, which means that the interruption of Saudi and Emirati payments forced the Sudanese authorities to continue to monetize the debt and directly contributed to the acceleration of inflation (European countries and the U.S. refused to provide direct cash support to the government, choosing instead to finance humanitarian and development programmes run by cooperation agencies, NGOs, or private companies). But the leaders of the military and security apparatus continued to benefit from the patronage of the Arab Troika. The UAE propped up al-Burhan in February 2020 when it brokered a meeting with Israeli Prime Minister Benjamin Netanyahu, a move which advanced normalization of ties between Sudan and Israel, facilitated the rapprochement between the U.S. and Sudan – and also undermined Hamdok. Divisions nevertheless played out within the Troika as al-Burhan and Hemedti jockeyed for favours. Hemedti enjoyed the backing of the UAE and Saudi Arabia, and was able to position himself as the broker for potentially supplying Sudanese fighters to Libya, further embedding himself within the international mercenary supply business. Al-Burhan and the military drew on the support of Egypt. Over 2020, as the military worked to curb the influence of the RSF, Egypt reportedly promised al-Burhan to lobby Saudi Arabia to switch its patronage to him.

Institutional paralysis and fragmentation

The Constitutional Declaration and the appointment of highly-respected technocrats as Prime Minister and Minister of Finance raised hopes among Sudanese that the country's macro-economic problems could be fixed outside of the kleptocratic 'real politics' that had brought the country to the crisis it was in. That was an unrealistic hope. While PM = Hamdok and Finance Minister al-Badawi—two expert economists of the highest standing—served in cabinet, real economic decision-making in 2019-20 laid in the hands of a secondary school graduate and entrepreneur, Mohamed Hamdan 'Hemedti.' Not only did Hemedti have the cash in hand but he had a street-smart sense of how the political market operated. In the turbulent, poorly-institutionalized context of the transition, transactional politics with its short-term returns trumped technocratic institutional governance. Hamdok and al-Badawi's vision of macroeconomic stabilization followed by development wasn't necessarily wrong—they just did not have the political-institutional foundation on which to pursue it. When the Covid-19 pandemic struck, Hemedti headed up the Higher Committee for the Economic Emergency. Only in 2021 with international financial normalization did the Ministry of Finance have a sufficiently strong hand to reassert control.

Al-Badawi announced in December 2019 a budget that would gradually lift subsidies on fuel. This was a key demand of the international financial institutions and donors, and a crucial step to curb the compound growth of budgetary deficits and dampen the monetary crisis, given that the subsidies were financed by monetization. Correctly anticipating that this would cause a sharp increase in the cost of living, the FFC leadership organized its opposition to al-Badawi. Military and paramilitary leaders, on the other hand, sought to re-assert their dominance. The dynamic was at play in September 2019, when Hemedti's initiative in negotiating with the armed groups in Juba took the FFC by surprise and traced the outline of a potential alliance between armed groups and the military and security sector, which threatened the FFC and the project to civilian rule.

The solution for the FFC came in the creation of tripartite meetings involving them, the cabinet and the Sovereignty Council, where policy would be made. The mechanisms, in principle, offered the coalition the comfort of 'leading from behind'. But it also implied that the FFC leaders faced no accountability for their actions. When confronted with crucial decisions, they fell prey to internal divisions. Disagreements over the economic policy pitted centrist parties, whether right-leaning (Umma Party) or left-leaning (Sudan Congress Party), which favoured the reform plans of the Ministry of Finance, against the left (Communist Party, Baathist and Nasserist factions), which opposed them but articulated few concrete proposals to address the currency crisis. The disagreements, in the end, merely delayed the Ministry of Finance's plans. Unable to agree on their respective representation in the Transitional Legislative Council – a parliament of appointees responsible for law-making before the elections that will mark the

⁴⁹ Khalid Abdelaziz, 'Sudan secures Saudi promise to deliver \$1.5 billion in pledged aid—sources,' Reuters, 11 March 2021, <https://www.reuters.com/article/uk-sudan-economy-saudi/sudan-secures-saudi-promise-to-deliver-1-5-billion-in-pledged-aid-sources-idUSKBN2B31KV>

end of the transition – the FFC postponed its creation, arguing that the council's formation would wait for the conclusion of a peace agreement with armed groups. Hamdok also delayed the appointment of civilian governors – crucial in taking administrative levers outside of Khartoum away from the control of the military – until July 2020 because he anticipated, correctly, that the list of appointees drafted by the FFC would meet resistance in peripheral areas. Finally, the same kind of jockeying by which the FFC prioritized their internal competition over what were, on face value, shared objectives, such as promoting civilian rule or democratization, led the SPA to split after one faction accused the Communists of engineering a takeover.

While the tripartite committees preserved influence for the FFC, they also enabled the military to restore its central role in decision-making. Through them, the FFC renounced its biggest resource: the mobilized Sudanese public. Though they had largely escaped the control of the FFC parties, the demonstrations of 2019 had underpinned the coalition's influence. After the signing of the Constitutional Declaration, the FFC made no serious effort to maintain a high level of popular mobilization. Revolutionaries continued to organize regular protests against a context of inflation, fuel and bread shortages, and deteriorating public health conditions as a result of the Covid-19 pandemic. On 30 June 2020, the first anniversary of the 'March of the Million' which had contributed to tip the scale in the FFC's negotiations with the TMC, tens of thousands of demonstrators gathered in Khartoum and other cities, demanding that the government fulfil the demands of the revolution. But the cabinet and the FFC shied away from using the street in their tug-of-war with the military.

The generals also maneuvered the emerging institutional order in their favour. The Constitutional Declaration had made the Prime Minister the 'supreme executive authority of the state', but in practice the Sovereignty Council and its head al-Burhan used the tripartite meetings to control the agenda. The military's rejection of international oversight over issues such as security sector reform or the implementation of the Constitutional Declaration, for instance, forced Hamdok to backpedal on his request for a new UN mission in Sudan with a broad mandate. After Hamdok signed a political agreement with rebel leader Abdel Aziz al-Hilu, sovereignty council member Gen. Shams al-Din al-Kabbashi (SAF) publicly denounced the deal, saying Hamdok had no mandate.

Throughout 2020 the dynamics of fragmentation within the FFC and the military's claims to dominance threatened to make the FFC irrelevant. The problem was compounded by the continuing focus of some of the leftists, notably the Communists, with dismantling what they saw as continuing Islamist control over the so-called 'deep state.' In April 2020, the Umma Party announced it suspended its participation to the FFC's ruling bodies. In November the Communist Party left. Remaining in the coalition were the Sudan Congress Party – a small party of Khartoum elites – as well as Nasserist and Baathist factions, segments of the Unionists, and some civil society components. None of these groups could hope to maintain their influence competitive elections, and had little incentives to pull the transition in that direction.

The post-technocratic government and the political marketplace

The government formed in August 2019 was a cabinet of technocrats. Eighteen months later, as the immediate consequence of the implementation of the Juba Agreement it was replaced by a cabinet of political appointees.

In October 2020, the government and a coalition of rebel movements signed the Juba Agreement. This opened the door to representatives of former rebel movements and traditional political parties joining the cabinet, alongside the security men in their secure positions (defence and internal affairs) leaving Hamdok as the remaining technocrat.

The new cabinet acted fast. Its most striking decision was the unification of the official and free-market exchange rates, a step at which Bashir's government and the government of technocrats had balked. Al-Badawi, a brilliant and supple economist, had not been able to push this through. The finance minister who enacted this controversial and painful step was Jibreel Ibrahim, a Japan-trained economist and leader of the Justice and Equality Movement.

The cabinet now represents the main players in Sudan's political market. It is an extension of the political bargaining over resources, not an attempt to transcend that. Some of the actors are hoping for reform: the finance ministry's development plan for 2021-23, drafted in 2020, calls for the security forces to hand over control of their commercial companies which parasitically control many of Sudan's productive sectors.⁵⁰ Others may be hoping that the IMF's repeat prescriptions will allow them to maintain control over resource flows, just as previous Staff-Monitored Programmes have done.

Sudan's young revolutionaries hope that revolution, new leaders and new peace agreements will transform their country's economic system and replace the political marketplace with something more democratic and inclusive. But just as Sudan's systems of production and trade are organized in a way which have thwarted the IMF's repeat prescriptions, so too they threaten revolutionary hopes. At the heart of both – as argued above – is the role of coercion in structuring both political economy and political processes. The military/security-commercial complex was at the centre of the al-Bashir regime and it has used the post-Bashir transition to consolidate its hold. Economic reform and its impacts will be filtered through the legacy of a distorted, coercive political economy, and those that currently sit atop its structures.

III. Budget Crisis: Public and Political Finance

The lesson, re-learned during the eighteen months after the formation of a civilian cabinet in 2019, was that Sudan's economic crisis is a political crisis. Had PM Hamdok had the unlimited power of a dictator he might have been able to impose a new, technocratic rationality on the country. Instead he is at the helm of an opaque state apparatus in which ministries control their own companies and bank accounts. Civilians in government have no oversight over the budgets of the military and security sector, which remain under the control of the generals of the former TMC. The generals, who appointed the ministers of Defence and Interior, dole out their contribution to the national budget on a discretionary basis.

Rent-seeking in subsidized imports

Beyond peripheral areas, the transition saw a continuation of the rent-seeking practices at the centre. Under al-Bashir, strategic exports and imports were lucrative foci for high-level corruption. In December 2019, the government, having run out of foreign exchange to pay for subsidized imports, turned to Al-Fakher, a small company with no track record in large-scale operations. In exchange for a deposit of 28 million dollars which enabled the government to release the cargo of stranded fuel tankers, the authorities gave the company access to Sudanese currency at parallel market rate. This gave Al-Fakher a competitive advantage which allowed it to purchase gold on the local market at a premium, outbidding local competitors and establishing what other traders said was a de-facto monopoly on gold exports. The company reportedly used the proceeds to import subsidized fuel and wheat on lucrative government contracts. The scheme mirrored elements of Bashir's previous economic strategy, under which the Central Bank's purchased gold through agents, before exporting it to secure the hard currency which financed subsidized imports; only it privatized the potential profits from these exports, while nationalizing the costs via monetization. News of the deal prompted an intense domestic controversy regarding the identity of the ultimate beneficiaries of Al-Fakher. The company denied any links to the RSF. However, Hemedti had also personally deposited funds in the central bank.

Hemedti had, under influence from the UAE and Saudi Arabia,⁵¹ been appointed in April 2020 as the head of the Higher Committee on Economic Emergency. Two months later he created a 'Strategic Goods Portfolio': a body bringing together gold exporters (including the Dagalo's Algunade), banks, and importers of subsidized goods, in order to finance such subsidized imports with proceeds from gold exports. The mechanism had the potential to limit rent-seeking by introducing an element of competition among importers. It also promised to curb inflation thanks to an obligation placed on importers of subsidized goods to provide the dollar-equivalent value of their imports in Sudanese pounds, a provision which would, in theory, soak up some of the currency put in circulation in previous years. The mechanism, however, remained opaque and, in the end, failed to address inflation.

The struggle over public finances

Civilians do not control the sprawling network of companies that SAF and the General Intelligence Service – the new manifestation of NISS – own via holding companies such as the Military Industry Corporation (MIC). The companies of the military and security sector operate across the economy, while entire sectors among the most productive of Sudan's economy, such as sesame or gum Arabic, evade the oversight of the Ministry of Finance. Hamdok in December 2020 called the involvement of the military in civilian industries 'unacceptable'. In the face of growing controversy, the MIC promised to open its books to the Ministry of Finance. But behind the scenes, al-Burhan and Hemedti in late 2019 and early 2020 competed over the assets of GIS, appointing officers to counter each other's influence in the organization and seizing control of its companies, many of which appeared to have, in the end, been transferred to SAF.

Under al-Bashir, the government had handed over large tracts of agricultural land to foreign investors, including from Gulf countries. Local opposition in many cases prevented these 'land grabs' from taking off. After al-Bashir fell, the model appears to have changed: companies of the military and security sector have invested in agriculture and agro-industry directly and positioned themselves as privileged partners of Gulf clients. In April 2021, the government announced Saudi Arabia and the UAE would invest \$400 million in Sudan's agriculture.

Private political budgets

While SAF uses its control over its own segments of public finances to entrench its power, Hemedti has operated primarily through private political budgets. He had used the Central Bank to deposit the payments by the UAE and Saudi Arabia for RSF deployments in Yemen. After the TMC took power in April 2019, the UAE delivered him weapons directly, angering the military. Hemedti also appeared to enjoy access to vast amounts of cash which he used to purchase loyalties, particularly among armed groups. Representatives of groups involved in the Juba peace talks acknowledged their colleagues had received such donations. Following critical media coverage of Aljunade's gold dealings, Hemedti has diversified in other sectors, including real estate and agriculture, where the dismantling of NISS and Islamist corporations has opened up opportunities for taking over those businesses and those niches.

Sudan's 2021 Budget

Sudan's budget for the 2021 financial year, published by the Ministry of Finance and Economic Planning in December 2020, offers a partial glimpse into the economic challenges the transitional authorities face. It begins with a gloomy review of the past year's economic performance. The country's GDP has been shrinking for three years in a row. In 2020, it contracted by 4.8 percent: flooding and the Covid-19 pandemic aggravated the contraction. Flooding affected crop production, and the pandemic undermined the country's services sector – trade, transport, administration, education, health and tourism.⁵²

Sudan's new government had to spend quickly on wage rises for civil servants and basic services to address the discontents that brought about the 2019 revolution. The complicated compromise between security forces and revolutionaries, which ensured that Sudan's revolutionary death toll was much lower than Egypt's or Libya's, means that the huge military payroll needs to be maintained. And the authorities have had to spend emergency budgets on the Covid-19 pandemic and flooding, which hit services and agriculture hard.⁵³

But as months turned to years after the revolution, the government faced delays in mobilizing the resources that are needed to fund the transition. Donors pledged support for Sudan's transition, but political conditions – such as normalization of relations with Israel, or currency devaluation – delayed the disbursement of funds.⁵⁴ The 2020 budget deficit amounted to 4.9 percent of GDP.

Sudan's government finances are in deficit and its balance of payments is in deficit too. In 2020, the IMF valued Sudan's goods imports at 25 percent of GDP, and its goods exports at 11 percent of GDP – a huge shortfall.⁵⁵ This trade in goods makes up most of Sudan's transactions with the rest of the world.

After 2012, the government resorted to monetization of deficits because its foreign currency reserves were very low and it few domestic or international means to finance deficits: it is highly indebted with minimal foreign exchange reserves and that restricts its ability to borrow internationally.⁵⁶ In 2020, the IMF estimated Sudan's total external public debt at US\$ 57.5 billion – about 253 percent of GDP, making it one of the most indebted countries in the world.⁵⁷ Most of the debt is made up of interest arrears for loans made decades ago. Sudan's debts led to its suspension and expulsion from the IMF in the period 1986-91. It was readmitted to the IMF in 1997, after the government imposed several years of its own drastic austerity agenda on the country.

Between 1997 and 2014, Sudan agreed fourteen separate IMF Staff-Monitored Programmes. Each proposed similar measures: devaluing the exchange rate to make exports more competitive and boost

52 MOFEP 2020a: 1

53 MOFEP 2020a: 3

54 MOFEP 2020a: 7

55 IMF 2020: 26

56 MOFEP 2020a: 4

57 IMF 2020: 24

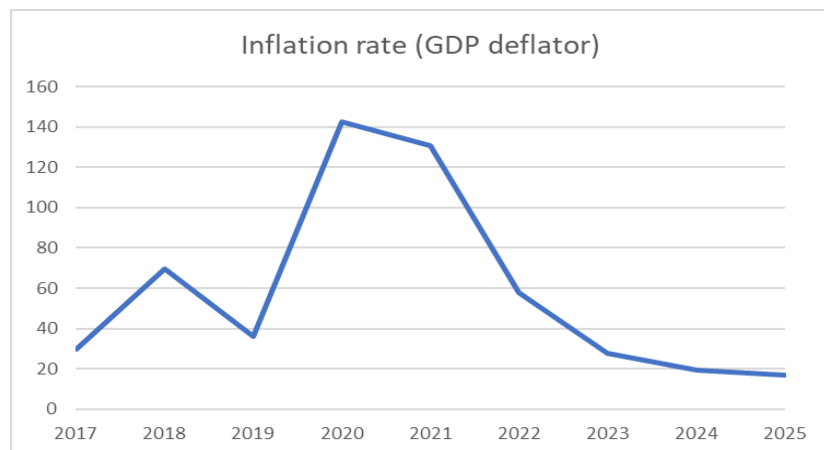
private-sector led growth; slow the growth of the money supply, so that the government does not print money to cover the budget deficit; and cutting the budget deficit, by cutting the consumer subsidies for energy, food and medicines that represent the government's main contribution to public welfare along with improved revenue mobilization. Part of the rationale for cutting subsidies was the profiteering made by organized smuggling of fuel to neighbouring countries, which not only diverted money into the pockets of the military-security elite but meant that peripheral areas never benefited from the subsidies because fuel was stolen en route.

These Staff-Monitored Programmes, according to a recent retrospective analysis, 'generally improved' GDP growth, inflation and the balance of payments, but were not able to deal with Sudan's debt distress, mainly because Sudan was on the U.S. list of State Sponsors of Terrorism until the final weeks of 2020.⁵⁸ The 2014 Staff-Monitored Programme was aimed at helping Sudan deal with the loss of oil revenues caused by the separation of South Sudan. But it was not completed because the al-Bashir government was not prepared to devalue the exchange rate. Sudan had an unusual multiple-exchange rate system which effectively subsidizes many imports, and moneyed interests in the security forces and the commercial class were clustered inscrutably around the dollar access which this system provided—an over-valued official exchange rate was a source of political finance and profiteering even while it was bleeding the country and generating unrest. The former government nonetheless pressed ahead with subsidy cuts as part of a five-year economic programme. The subsidy cuts contributed to the protests which brought the former government down.

But although everything has changed in Sudan, the latest Staff-Monitored Programme, agreed in October 2020, has a mix of measures very similar to those of the last one, six years earlier. This time, the government has started by taking the difficult decisions at which the former had government balked at. Two months after the agreement with the IMF, and against the IMF's recommendation for a gradual lifting of fuel subsidies, the government removed the subsidy with a single stroke.⁵⁹ They knew this would hit poor households hard. It unified Sudan's multiple exchange rates, which had the effect of devaluing the currency in February 2021, from 55 to the prevailing parallel market rate of 375 Sudanese pounds to the US dollar.

IMF Staff-Monitored Programmes usually call for devaluation, and Sudanese officials historically resisted their advice, pointing to a significant body of literature implicating currency devaluations in Sudan's history of high, volatile inflation that is linked to fragmented structure of its economy. The counter-arguments are that it is not the official devaluation but the market-led depreciation that is primarily driving the collapse in people's purchasing power, and that a major driver of inflation is the government's habit of printing money to cover deficits. Sudan had double-digit inflation in the 1970s, 1980s and 2010s, and triple-digit inflation in the early 1990s and 2020s.⁶⁰ It was only with ultra-austerity in the mid-1990s and oil-led growth in the 2000s, that inflation came under control. This time, IMF forecasters do not expect Sudan to emerge from triple-digit inflation soon (their GDP-deflator method of deriving inflation rates from production rather than consumption understates inflationary experience of ordinary consumers).

*IMF projection of inflation rates, using the GDP deflator calculation method.*⁶¹



58 Ismail 2020: 7

59 Interview with a former adviser to Finance Minister Ibrahim al-Badawi, May 2021.

60 Siddig 2012, Suliman 2012, Talha 2016

61 IMF 2021: 10

Nonetheless, Sudan went ahead with a painful devaluation, alongside other reforms, in February 2021. And in March, the international community began providing tangible backing for the reforms. Sudan's arrears with the World Bank were cleared, and the IMF promised to mobilize financial resources to clear Sudan's arrears with the Fund. An IMF report hoped that these developments would lead to sustained, faster and more inclusive growth. The economic reforms are risky, said the IMF, but they are conditions for debt relief, which requires agreements from different groups of creditors. Debt relief, says the IMF, unlocks the public and private investment which are 'critical to implement Sudan's development agenda and essential reforms.' Its executive director said on 26 March 2021: 'Helping Sudan achieve debt relief and unlock access to the needed resources to increase growth and reduce poverty is a key priority for the IMF.'⁶²

Over the past decade, the IMF has paid much more attention to the social impact of the kinds of structural adjustment policies it has long advocated. Devaluations and subsidy cuts triggered protests in 2012 and 2013, leading to a waves of repression which killed hundreds of protestors, while the subsidy removals of 2018 helped bring down the former government. The government, the World Bank and the IMF have all agreed on a number of measures to cushion the population from the impacts of inflation. The government has committed huge sums to public sector wage rises, and significant increases in spending on health and education. In 2019, the IMF recommended that the creation of a social safety net ahead of any lifting of subsidies on fuel; donors ultimately pushed the Sudanese government to remove subsidies as a condition for funding the safety net. This high-profile initiative, known as the Sudan Family Support Programme, is a temporary quasi-universal basic income, meant to give 80 percent of Sudanese families an equivalent of US\$ 5 per family member per month. The programme started in February 2021; donors had agreed in June 2020 to disburse funds, but held out until the government devalued the currency, largely because they found it unacceptable to see their contributions reduced by a factor of six upon conversion to the artificially high official rate. The programme - originally envisaged to cost US\$ 1.9 billion - is heavily dependent donor support.⁶³ It is unclear whether it will meaningfully counteract the rise in living costs. The IMF projects an inflation rate of 111 percent for 2021: other forecasters using different methods have projected that inflation will reach 250 percent.⁶⁴

The Famine Early Warning Systems Network (FEWS NET) argues that the market depreciation of the Sudanese pound in 2020 sharply limited Sudan's ability to import essentials, and increased food prices:

Overall, the Sudanese Pound's depreciation over the last year has significantly reduced government and private sector ability to import essential requirements and increased prices of imported and locally produced food and non-food items. Most noncereal food items' prices increased 20-40 percent between January and February 2021 and remained 50-100 percent higher than in October 2020 and 250-450 percent higher than February 2020. The rapid depreciation has resulted in a 60-85 percent drop in household purchasing power, particularly among urban poor households.

FEWS NET says that in the countryside, people are increasing their dependence on seasonal agricultural labour, artisanal gold mining and petty trade in tea and water to cope. It says that wage rates have risen to 500 Sudanese pounds a day on small farms, and 900 Sudanese pounds a day on big remote semi-mechanized farms, where many workers are separated from their families (lower daily rates are reported by other sources). But the price of basic foods is rising much faster than the price of labour.⁶⁵ Food security experts estimated that over half of Sudan's population was 'food insecure' over the second half of 2020, and one fifth of the population faced 'acute' or 'emergency' food insecurity, meaning that they were missing meals, watching their children get malnourished, selling off productive assets to feed themselves, and dying before their time.⁶⁶

62 IMF 2021: 9, 10, 22

63 World Bank 2021b

64 IMF 2021: 22; EIU 2021: 13

65 FEWS NET 2021a

66 IPC 2020

Nonetheless, the IMF and the government both believe that this time, things will be different. Last year, each time the value of the Sudanese pound went down, the cost of subsidizing basic goods went up – and the central bank printed money to finance the subsidies, driving up inflation. By ending fuel subsidies and tying the value of the pound to that of the parallel market, they hope to end the vicious cycle of monetization and inflation and curb corrupt foreign exchange practices. In the IMF's view, this is also a prerequisite for a new cycle to emerge – one that draws in foreign investment and remittances, building up foreign reserves that will allow the government to stabilize the currency, imports basic necessities which remain subsidized (such as wheat and medicine), and ultimately bring the economy back to growth.

The government can use its new legitimacy and its new foreign friends to build up foreign exchange reserves – without them, the devaluation gamble will not work. It has four plausible ways of building up those reserves. It hopes that there will be a major increase in foreign grants and loans in 2021, after the extremely disappointing sums received last year, before the economic reforms were finalized. It may capture into the formal banking sector some of the remittances which are currently lost to the informal sector. It could access the reserves held by the myriad state owned-companies, many, if not most of which, are held by the military and security sector. But its surest way for Sudan to get enough foreign currency is to export more food and minerals.

Both government and IMF want more than growth, of course. But they also want to 'lay the groundwork for inclusive growth.' That is a much more ambitious objective. Over the course of three decades of economic reforms and fifteen Staff-Monitored Programmes, Sudan's economy has tripled or quadrupled in dollar value, but it has not yet found a path to growth that is equitable or sustainable. Even during Sudan's oil boom, when government budgets were expanding and Sudan more-or-less paid for its imports, relations of production in the agrarian sector remained essentially unchanged. Indeed, the oil years were, in retrospect, an interlude during which the fundamentally predatory nature of the economy could be overlooked on account of a veneer of prosperity. It is unclear how structural reforms as currently envisioned could help Sudan break out of this deeply-embedded pattern.

IV. The Juba Peace Agreement and Security Sector Reform

The disconnects between Sudan's different sectors, regions and workforces played a major role in the country's civil wars, which militarized the governance of Sudan's peripheries. The entanglement of war-making and commerce is complicated and only rarely boils down to a straightforward strategy of seizing land or assets for profit (the oil field clearance operations being the case in point), but there is no doubt that Sudan's wars have dragged people, places and economic sectors unwillingly into market relationships, always at a disadvantage.

These disconnects had a political expression too. President al-Bashir and his predecessors used militarized peripheral governance systems to develop its oil industry, whose revenues were used to balance budgets and pay off debts – and authoritarian surveillance systems to organize governance in the cities. As a result, rural resistance was militarized, while urban resistance was organized around campuses, social media, diasporas and old trade union networks. When the peripheries rose in revolt, urban dissidents were often unable or unwilling to support them – and city revolts did not synch with rural rebellions.

This disconnect was on full display in 201-20 as peace negotiations in Juba unfolded largely out of tempo with Khartoum politics. After the signing of the Juba Peace Agreement in October 2020, the Constitutional Declaration in November was amended in line with the peace agreement, extending the timelines of Sudan's transition and expanding transitional institutions to incorporate former rebels. In February 2021, former rebels joined the cabinet.

The agreement brought together the government and armed groups from South Kordofan and Blue Nile (the Sudan People's Liberation Movement/Army – North faction led by Malik Agar) and Darfur (the Justice and Equality Movement led by Gibril Ibrahim, and factions of the Sudan Liberation Movement/Army led by Minni Minawi, El-Hadi Idris). Most of these groups were rallied under the banner of the Sudan Revolutionary Front, a coalition set up in 2011. The Darfuri groups among them had been expelled from Darfur during a 2014-16 counter-insurgency campaign led by Hemedti's RSF. The counter-insurgency campaign had been less successful in the Two Areas, where the SPLM-N still controlled territory and forces.

These armed opposition groups argued that their inactive but unfinished insurgencies were part of wider national questions about the fraught relationship between successive Khartoum governments and Sudan's vast, diverse peripheries. On this basis, the SRF drew in allied groups with small, partly rural constituencies in eastern, northern and central Sudan, which did not have a meaningful history of insurgency, were relatively small, and were factions among others in their respective regions.⁶⁷

They pushed for separate agreements along five regional tracks (Darfur, Two Areas, Eastern, Central and Northern), along with two national protocols dealing with constitutional issues; and refugees, displaced persons and migrants. As a result, the agreements are not uniform – some run over 100 pages, and some are just five pages long.

Two important armed opposition groups did not sign the Juba Peace Agreement. One is the faction of the Sudan Liberation Army led by Abdul Wahid al-Nur, which controls forces and territory in Jebel Marra, a huge massif which is the only part of Darfur not controlled by the security forces of the central government. The other is the faction of the SPLA-N led by Abd al-Aziz Adam al-Hilu, which controls territory and militarily credible forces in the Nuba Mountains of South Kordofan and Blue Nile. Both groups have faced pressure to join the peace process, however. On 3 September 2020 – three days after the signing of the Juba Peace Agreement – al-Hilu signed a preliminary agreement of principles with Sudanese premier Abdalla Hamdok in Addis Ababa. On 28 March 2021, he signed a Declaration of Principles, along the same lines. And at the beginning of April 2021, SLM/A Abd al-Wahid Nur faction sent a representative to Khartoum to begin talks.

One of the challenges of these negotiations was Sudan's unwieldy coalition politics. The rebel signatories represent a complicated coalition of forces, some with military forces and some without. Sudan's government is a military-civilian coalition, and both military and civilian elements of the government are themselves based on coalitions of different security forces, different civil movements, and incumbent technocrats. From December 2020, Juba Peace Agreement signatories began joining the government too, and they are reshaping Sudan's coalition of coalitions.

The Substantive Provisions: A payroll peace?

Over the past two decades, Sudan has signed half a dozen different peace deals that were aimed at ending insurgencies in its restive peripheries. These agreements were based around security arrangements, which brought rebel soldiers into the army; power-sharing arrangements, which brought former rebels into government, and wealth-sharing arrangements, which aimed at redressing Sudan's enormous spatial inequalities by transferring resources from the central government to the peripheries. The Juba Peace Agreement followed this template, with separate arrangements for each regional track.

Sudan's 2005 Comprehensive Peace Agreement brought to an end the war between the government and the SPLM/A. The agreement came at a time when oil revenues had transformed Sudan's economy, and its signatories recognized that regional inequalities in development needed to be redressed for peace to be sustainable.

The CPA used fiscal measures as the main mechanism for wealth sharing and the main remedy for regional inequality. In the 1990s, the central government had radically cut the financial resources available local government in the peripheries, defunded social services, and had ramped up the extraction of peripheral wealth. After the peace deal was signed, the central government poured a significant part of its oil revenues into state governments. Nearly all of this money went on wages: the 2005 peace agreement created huge provincial salaried posts, and did little to address the crises in agriculture, or the violence surrounding extractive enclaves, which were mostly oilfields located in the southern area of Sudan and present-day South Sudan. Instead of using oil wealth to put the peripheries on a track towards sustainable development, the CPA created competition for salaried military and civil service posts – and turned rebel leaders into post-allocators, deepening the social fractures of the political marketplace.⁶⁸

The Juba Peace Agreement provides for thousands of rebel fighters to be incorporated into the military. Reshuffles in the cabinet and the sovereignty council in February and March 2021 gave rebel leaders

⁶⁷ Signatories from Eastern Sudan were the United People's Front for Liberation and Justice and the Beja Congress in Opposition, led by Osama Said. Signatories from Northern Sudan were the Kush Liberation Movement and the North Entity, led by Dahab Ibrahim Dahab. The signatory from Central Sudan was the Democratic Unionist Party – Revolutionary Wing led by Al-Tom Hajjo.

⁶⁸ Thomas 2021

senior positions in government, and they will get to choose representatives for an interim, appointed legislative assembly, which will sit until elections planned for 2023. Provincial civil services will be more inclusive of rebel constituencies. In some respects, the new agreement looks like the CPA's 'payroll peace.' But unlike the CPA, the Juba Peace Agreement is not backed by any real resources. The 2021 budget cut transfers from the federal government to state governments, and raised allocations for basic income and social welfare programmes run from the capital.⁶⁹

If all goes according to the plan, Sudan's eighteen states will be grouped into regions, whose number and borders will be defined by a national conference. These sub-national administrations will play a central role in delivering social services and managing reconstruction and development. These operations will be only partly financed from central government revenues. The rest will come from a list of two dozen taxes, on land, business profits, income – and also on agricultural production and livestock. Sub-national administrations will even be allowed to contract international loans. (Sudan is unlikely to contract any foreign loans before it has renegotiated existing debts). Primary producers may have to increase surplus production to finance these administrations.

Will the peace agreements lead to a reconsideration of Sudan's unequal path to growth? The agreements open up the possibility of dialogue on ways forward. The Darfur track of the agreement calls for a commission for the pastoralist sector, which will develop a ten-year strategy aimed at organizing migration routes, providing production and service centres and water resources along migration routes, improving productivity, protecting the environment, limiting tensions with agricultural groups, providing education and other services to pastoralists. Darfur and other tracks set up land commissions. The Central and Eastern track agreements call for the rehabilitation of neglected agricultural infrastructure, and two national agreements provide commissions for refugees and displaced persons, and better housing for migrant workers.

Proposals from these commissions will, however, be difficult to finance. They may impose additional burdens on rural producers before offering them tangible benefits. Like the CPA before it, the Juba Peace Agreement solution to the crises in the peripheries is to first give rebel commanders ranks and access to cash – rather than investing in rural production systems or rural social services. Elements of the government and their former rebel opponents both come from these rural areas – Hemedti signed the security agreements with his former adversaries. The commanders who signed these agreements have different immediate strategies. For some, it is to control and extract resources from localities to advance their political careers. For others it is to secure an allocation of rent from the central government to secure their positions at home. For others still, they are constrained to play in the political market for survival, hoping at some point to pursue other aims such as improving their people's lot. None are in a position to change the relations of production in provincial Sudan, even if they wanted to do so.

The enduring extraction-first political economy underpins the political marketplace. The interests of Sudan's rulers in Khartoum, and the militias – and even the insurgents who sign peace deals – lie in the maintenance of the extractive system. Their efforts go into the consumption economy of the centre rather than the productive struggles of the peripheries. Cash is still the pathway to participation in this economy.

Security Sector Reform

Security sector reform was a central demand of both protesters who brought down al-Bashir's regime and the armed groups that signed the Juba Agreement. In signing the agreement, military leaders (however reluctantly) acknowledged that such reform is necessary. But these groups have different incentives and consequently differing ideas of how such reform should be prioritized and sequenced.

As yet, no combination of interests has been able to unite in sufficient strength to push through a reform agenda that could offer an alternative to the 'business as usual' marketplace playbook that has essentially always governed the provision of security services and division of security-related resources. As reform momentum has stalled out, various groups have moved quickly to secure their own interests and relative positions as best they can. However, as noted elsewhere, the resources that supported previous marketplace dynamics are gone for good. The consequences of attempts to reconstruct the previous security status quo when the conditions that produced and supported it no longer pertain remain extremely unclear.

The Sudanese army and police look back with nostalgia on an era in which they were truly professional and apolitical. That is something of a myth. The security services have been politicized and instrumentalized by since the colonial era and the first coup in 1958. However, as described elsewhere in this piece, the current highly fragmented structure is a consequence of the former regime playing different security force factions and peripheral armed groups off against one another. This system has always been turbulent, with ambitious regional leaders and their (shifting groups of) followers moving between a variety of possible roles – rebels, 'reintegrated' members of the official security forces, un- or semi official militia forces deployed against rebels, and serious competitors for central state power – as market conditions and possible bargains changed.

One of the most pernicious legacies of this dynamic stems from the fact that various security forces were so often paid in concessions rather than cash. The Sudanese economy is massively distorted by the pervasive presence of military companies and other interests operating on privileged terms throughout a wide variety of industries.⁷⁰ Sudan's peripheries are impoverished by the longstanding practice of official, semi-official, and rebel forces funding themselves (whether with regime authorization or independently) through looting, dubious forms of taxation, profit-sharing with local merchants and control over natural resource extraction and export (licit and illicit). The switch to an exclusively salary-based compensation system is a fraught task further complicated by multiple competing demands – the need to shrink the security forces to an affordable size, the need to expand police services (or come up with alternative local security options) in a difficult-to-police geographic and political context, and the need to avoid alienating current members of the security forces to the point of triggering mutinies and coup attempts.

The priority security sector reform demands of urban civil society interests – youth, businesspeople, union members, and state employees among others – were and are to rapidly place all security forces under civilian control, establish civilian oversight over security sector income and budgets, and end security force involvement in civilian industries. These changes are likely critical for Sudan's economic revival, or even survival – as members of this constituency point out, the security sector consumes a massive portion of Sudan's economy.⁷¹ The FFC's Economic Committee has warned that the unreformed 2021 National Budget 'will lead to economic collapse.'⁷² Further, military favouritism, corruption, and the threat of expropriation and/or extortion are among the factors that keep much-needed foreign investment out of key sectors including agriculture.⁷³ The FFC and the civilian-led government have not been able to address the military-commercial complex effectively thus far, their hands tied by the slow process of normalizing Sudan's international economic standing.

Sudan might have made more progress in the twin tasks of SSR and disengaging the military from commerce if, early in the transition period, the FFC had had more leverage due to a firmer alliance with leaders (armed and otherwise) in Sudan's peripheries, and/or with the portions of the divided military most open to reform. The first of these possible alliances was blocked by deep historical mistrust rooted in Khartoum's longstanding exploitation of and marginalization of Sudan's peripheries, reinforced by the FFC's prioritization of power-sharing with the military over engaging in the peace process. Even more immediately urban civil society and peripheral groups have voiced very different SSR priorities – as mentioned, the need for the security forces to shrink (both due to budgetary constraints and to limit their future power) is in direct tension with peripheral group demands that a sizable percentage of their forces be reintegrated into these forces.

The path of alliance with sympathetic military factions, which would have seen Sudan following an SSR trajectory successful in a number of other states, was also impeded by the intense competition between the SAF and the RSF. Neither group is at all likely to pursue reforms that reduce access to resources while the other is willing and able to take competitive advantage of the situation, especially in a context where the total pool of available resources has dwindled.

70 Mulugeta Gebrehiwot Berhe & Sarah Detzner "Sustaining Momentum: Seizing the opportunity for SSR in Sudan," (Conflict Research Programme June 2020), 14

71 "Prominent journalist warns of 'monopolistic greed' in Sudan," *Dabanga*, March 12, 2021. <https://www.dabangasudan.org/en/all-news/article/prominent-journalist-warns-of-monopolistic-greed-in-sudan#:~:text=Journalist%2C%20writer%2C%20and%20editor%20EI,Week%20of%20Democratic%20Transformation%20conference>
"SPA calls for Sudanese military restructure and Legislative Council formation," *Dabanga*, June 2, 2021. <https://www.dabangasudan.org/en/all-news/article/spa-calls-for-sudanese-military-and-security-reform>

72 "Prominent journalist warns of 'monopolistic greed' in Sudan," *Dabanga*, March 12, 2021. <https://www.dabangasudan.org/en/all-news/article/prominent-journalist-warns-of-monopolistic-greed-in-sudan#:~:text=Journalist%2C%20writer%2C%20and%20editor%20EI,Week%20of%20Democratic%20Transformation%20conference>

73 de Waal, 2019, p. 16.

The RSF has sought to replace lost revenue through mercenary rents from fighters in Yemen, among other things by using coercive 'DDR' efforts to seize weapons, vehicles, and other resources from armed communities and groups for its own use or profitable resale.⁷⁴ These coercive efforts have the additional impact of signaling to peripheral populations that, regardless of what agreements may have been signed, old patterns of exploitation, resistance, and bargaining through violence are still primary tools of Sudanese politics.

Whether spurred by security force coercion or not, when violence breaks out in the periphery, as it currently has in Darfur, security forces find themselves with another excuse to resist disarmament and downsizing. This anti-reform rationale has been further bolstered by recent clashes and the prospect of further conflict with Ethiopia, both over the contested border district of al-Fashaga as well as the breakdown of negotiations over the Grand Ethiopian Renaissance Dam.⁷⁵

For peripheral armed groups who have signed onto the Juba Accords through various separate agreements, the division between the RSF, SAF, and civilian government leaders creates a problem of uncertainty – how can 'the government' be trusted to keep commitments if no single faction is powerful enough to follow through, or can be relied upon to keep power for long? Perhaps unsurprisingly, across agreements with different groups, the most consistent and detailed security-related demands relate to DDR, and specifically to reintegration.⁷⁶ Past experience has demonstrated to these groups that reintegration programmes can be a source of resources even if lasting peace seems unlikely – groups members 'reintegrated' into regular forces receive salaries, training, and other benefits, and always retain the option of renewed rebellion if conditions change.⁷⁷

Past patterns of behaviour intended to maximize various armed group bargaining power and potential gains from DDR have recently reemerged – various groups have been recruiting new members prior to cantonment, as well as allegedly selling military ranks (which allow purchasers to qualify for more lucrative positions once reintegrated or larger buy-out packages if demobilized).⁷⁸ These reports are particularly concerning because of the potential gap between group member expectations of DDR packages and what Sudan can currently afford. The violent mutiny which broke out among former members of the NISS when their severance packages were reduced is a worrying sign of the likely reaction of both official security forces and armed groups to disappointments yet to come.⁷⁹ These

74 "Sudan army, militia to collect illegal arms, all 4x4 vehicles." *Dabanga*, May 11, 2020
<https://www.dabangasudan.org/en/all-news/article/sudan-army-militia-to-collect-illegal-arms-vehicles-in-all-states>

"Government vows to confiscate unregistered vehicle," *Darfur24*, Feb 2, 2021.

<https://www.darfur24.com/en/2021/02/01/government-vows-to-confiscate-unregistered-vehicle/>

Berhe & Detzner "Sustaining Momentum," 14-15; Bell Trew, "It's our biggest employer": How a lucrative war in Yemen fuels conflict in Darfur 2,000km away," *The Independent*, Dec 22, 2019; <https://www.independent.co.uk/news/world/africa/darfur-yemen-civil-war-sudan-soldiers-conflict-employment-a9256046.html>; Ammar al-Aswal, "Sudanese troops continue exit from war-stricken Yemen," *Al-Monitor*, Jan. 28, 2020; <https://www.al-monitor.com/originals/2020/01/yemen-sudan-pullout-troops-war-uae-saudi-arabia-coalition.html>

75 "Tigray conflict threatens the Grand Ethiopian Renaissance Dam," *PowerTechnology*, Jan. 6, 2021.

<https://www.power-technology.com/comment/tigray-conflict-grand-ethiopian-renaissance-dam/>

"Starving Tigray: How Armed Conflict and Mass Atrocities Have Destroyed an Ethiopian Region's Economy and Food System and Are Threatening Famine," *World Peace Foundation*, April 6, 2021.

<https://sites.tufts.edu/wpf/files/2021/04/Starving-Tigray-report-final.pdf>

76 Agreement on National Issues Between the Transitional Government of Sudan and the Signatory Parties to the Peace Agreement, Gov Sudan-Peace Parties., Aug. 31, 2020. (English Translation)

Permanent Ceasefire and Final Security Arrangements Agreement Between the Transitional Government of Sudan

And The Armed Struggle Movements - Darfur Track, Gov Sudan-Armed Struggle Movements., Aug. 29, 2020. (English Translation)

Bilateral Security Arrangements Agreement Between The Transitional Government of Sudan And

Sudan People's Liberation Army – North/Third Front, Gov Sudan- SPLA-N/3rd Front., Sept. 3, 2020. (English Translation)

The Final Peace Agreement Between The Transitional Government of Sudan and Sudan People's Liberation Movement – North/The Revolutionary Front on the Issue of Sudan in the Two Areas, Gov Sudan-SPLM-N-SRF., Aug. 9, 2020. (English Translation)

Agreement Between The Transitional Government of the Republic of Sudan And The Sudan Revolutionary Front – The Northern Track, Gov Sudan- The Revolutionary Front – Northern Track., Jan 26, 2020. (English Translation)

Agreement on National Issues Between the Transitional Government of Sudan and the Signatory Parties to the Peace Agreement, Gov Sudan-Peace Parties., Aug. 31, 2020. (English Translation)

77 De Waal 2017.

78 "Member of Sudan's Sovereignty Council Idris warns of 'proliferation of arms, militiamen in Darfur'," *Dabanga*, March 10, 2021.

<https://www.dabangasudan.org/en/all-news/article/member-of-sudan-s-sovereignty-council-idris-warns-of-proliferation-of-arms-militiamen-in-darfur>

"Forty dead as violence escalates in Sudanese city of El Geneina," *Reuters*, April 6, 2021.

<https://www.reuters.com/article/uk-sudan-darfur/fifty-dead-as-violence-escalates-in-sudanese-city-of-el-geneina-idUSKBN2BT0L7>

79 Jean-Baptiste Gallopin. "Sudan's military shut down a mutiny. What does that mean for the democratic transition?," *Monkey Cage; Washington Post*, Jan. 19, 2020.

<https://www.washingtonpost.com/politics/2020/01/19/sudans-military-shut-down-mutiny-what-does-that-mean-democratic-transition/>

issues are exacerbated by the basic uncertainty of how to manage reintegration given the SAF/RSF rivalry – if a single Sudanese military does not seem likely to exist in the near future, how can peripheral forces be folded into it?

Another common feature of peripheral group agreements with the government is a commitment to establishing interim security arrangements combined with vagueness about what those arrangements might look like.⁸⁰ Boiler-plate language in many agreements calling on the Sudanese National Police to continue to provide basic security services glosses over the fact that in many areas, the police have had little to no presence for a prolonged period of time, and are unlikely to establish one with the resources currently available to them.⁸¹ In the best case scenarios, this leaves security services in various regions unchanged – they will continue to be provided by whatever combination of traditional and community safety organizations and armed groups are currently in place. Given the lack of local accountability mechanisms and tendency of many armed groups to fund themselves through local predation, ordinary people are unlikely to see gains in the personal security or access to justice. In worse situations, such as the violent clashes currently occurring in Darfur, the withdrawal of international security guarantors and the competition by various armed groups to consolidate their position in the resulting security vacuum leads to escalating violence, which official security forces may use as a pretext to re-occupy territory.⁸² In no scenario do proposed security and justice consultations with ordinary citizens seem likely to be held.⁸³

While external actors have so far played constructive roles providing sanctions and debt relief, they have yet to do much specifically to forward SSR. The United States' announced plans to support the Sudanese security sector through targeted training seem extremely unlikely to ameliorate any of the structural barriers to reform.⁸⁴ The major international actors in the region have yet to take serious action to discourage the use of Sudanese troops as mercenaries in regional conflicts. The shape and extent of external support to DDR is as yet uncertain – if, as seem likely, less aid is available than in previous rounds of peacemaking, the consequences are unclear. In the short term, as discussed, a gap between what is available and what armed groups expect to receive may lead to violence and local predation. However, in the long term, if various actors decide that the revenue streams that funded previous marketplace arrangements are unlikely to return, they may be more open to accepting security sector reforms that might guarantee them a more reliable piece of a smaller pie.

This calculation is true for SSR in Sudan in general – the fragmented interests and different incentives of the groups described make it hard to see how a sufficient coalition could come together around and successfully implement a pro-reform agenda. However, as the overthrow of Sudan's previous regime demonstrated and current turbulent regional and economic conditions highlight, interests, incentives, group memberships, and inter-group alliances continue to shift quickly – conditions that allow for a more cohesive pro-SSR coalition may well emerge in future, especially if pro-reform actors are able to learn from present failures.

80 Agreement on National Issues Between the Transitional Government of Sudan and the Signatory Parties to the Peace Agreement, Gov Sudan-Peace Parties., Aug. 31, 2020. (English Translation)
And related agreements

81 Berhe & Detzner "Sustaining Momentum," 15

82 "Forty dead as violence escalates in Sudanese city of El Geneina," *Reuters*, April 6, 2021.
<https://www.reuters.com/article/uk-sudan-darfur/forty-dead-as-violence-escalates-in-sudanese-city-of-el-geneina-idUSKBN2BT0L7>

83 Berhe & Detzner "Sustaining Momentum," 26

84 "U.S. army plans to support building civilian-led military in Sudan," *Sudan Tribune*, March 24, 2021.
<https://sudantribune.com/spip.php?article69347>

V. Case Study: Eastern Sudan

Eastern Sudan is a microcosm of Sudan's political economy and a cockpit for its regionally-integrated political marketplace. The eastern provinces of Red Sea, Kassala and Gedaref contain the country's outlet to the sea and second most important trading centre (Port Sudan), its most profitable commercial farming zone (Gedaref) along with important irrigated schemes and a large population of pastoralists. It borders Egypt, Eritrea and Ethiopia and has a maritime boundary with Saudi Arabia across the Red Sea. Each of the land borders has been the site of boundary disputes and military action, including reciprocal support to proxy guerrilla forces, and the Red Sea coast is also a major smuggling route for contraband, arms and human migrants. The region is also one of the poorest and most food insecure, with health and educational rankings among the worst in Sudan.

The political stakes in Eastern Sudan are high. Successive governments in Khartoum have paid lip service to the need for investment in sustainable development and, especially after the 2006 Eastern Sudan Peace Agreement (ESPA) that followed the CPA, drafted ambitious plans to achieve those laudable goals. But the real politics were transactional. This did not change after the 2019 revolution. The Juba talks included an 'Eastern Track' and during the negotiations and after the signing of the Juba Agreement, the tactical bargains struck did not indicate either an inclusive or a durable political settlement, and still less a path towards the kind of structural reform that would make democracy meaningful. Instead there was an outburst of armed conflict, a sad illustration of the unsustainable nature of deals that accommodate peripheral crises primarily through elite co-optation, fuelling cycles of rebellion – accommodation.⁸⁵

The East is a region of great diversity. It is the home to speakers of Tu-Bedawyi (a Cushitic language), such as the Beja tribes of the Hadendowa, Amr'ar, and Bishariyyin; speakers of Tigre (a Semitic language), such as the Beni Amer people and Habab tribe; Arabic speakers, including the Rashaida, who have roots in the Arabian Peninsula, people with roots in the Nile Valley, and the Shukriyya; and populations who originate from Darfur, Kordofan – notably the Nuba Mountains – and even West Africa.⁸⁶

Speakers of Tu-Bedawyi have been present in the area for millennia, and claim right to the land. Speakers of Tigre, such as the Beni Amer and the Habab, on the other hand, straddle Sudan and Eritrea and hold little customary land in Sudan, though they have a long history in parts of Eastern Sudan. Since the 1960s, successive waves of migration from Eritrea have considerably increased Beni Amer numbers, putting them in increasing competition with Hadendowa and other Beja tribes (Local actors and scholars alike debate whether the term 'Beja people' encompasses both Tu-Bedawyi and Tigre speakers or the speakers of Tu-Bedawyi exclusively).⁸⁷ As for groups which trace roots to other parts of Sudan, to the Peninsula or to West Africa, many of them have been in Eastern Sudan for decades or, in some cases, centuries, coming in waves of migration resulting from war, the expansion of mechanized agriculture and port activities, and the building of dams. The Rashaida, for instance, came to Sudan in the 19th century, while Nuba presence in Port Sudan dates back to the colonial era. Displacement internal to the East has further mixed the region's demographic map: in the 1980s and '90s, famine and drought pushed rural pastoralist populations (such as Hadendowa and Beni Amer people) into cities, putting them in competition with other groups.⁸⁸

Like other peripheral regions of Sudan, the East suffers from long-standing neglect by the central government, which has fuelled persistent grievances and tension. On the one hand, limited economic opportunities and the organization of economic activity around communal lines have given ethnic overtones to competition over resources, as in the case of recurrent conflict between Nuba and Beni Amer neighbourhoods in Port Sudan, which has flared up again since 2019. On the other hand, discontent over the lack of development and marginalization have encouraged political and sometimes

85 De Waal 2015, Roessler 2016.

86 Small Arms Survey. 2015 "Development Deferred: Eastern Sudan after the ESPA", Sudan Working Paper 36.

87 Morton, J. (1989). Ethnicity and politics in Red Sea province, Sudan. *African Affairs*, 88(350), 63-76. Young, J., & Mash, A. (2007). *The Eastern Front and the Struggle against Marginalization*. Small Arms Survey.

Abdel Ati H, Pavanello S. & al. 2011. "City Limits: Urbanization and vulnerability in Sudan. Port Sudan Case Study". Humanitarian Policy Group.

Phone interviews with Mohammed Jamil, 25 February 2021; with Sayyid Ali Abu Amna, 2 March 2021; with a person close to the Nazir of the Habab tribe, 19 February 2021.

88 Abdel Ati H. & al. *Op. cit.*

military mobilization against Khartoum. The Beja Congress is Sudan's oldest regional political party, founded shortly before independence. Its first flag depicted the inland delta of the Gash river, a dry season grazing reserve that had been confiscated by the colonial authorities to grow irrigated cotton. The party was fissiparous but resilient and in the early 1990s, with support from Eritrea, turned to armed rebellion. The insurgency ended in 2006 when the Eastern Front, a coalition led by the Beja Congress and the Rashaida Free Lions, signed the ESPA with the NCP. Its signatories entered an alliance with the government: Musa Mohammed Ahmed, the leader of the Beja Congress, went on to become adviser to Bashir, and supported his re-election.⁸⁹

The co-option of the ESPA signatories fitted a broader trend; in the East as elsewhere, Bashir's government played divide-and-rule, buying off local elites who could claim to speak for large and restive constituencies, while simultaneously undermining them by empowering less influential groups. In the mid 1990s, the government had replaced the *nazir* (paramount chief) of the Hadendowa, the largest of the Tu-Bedawyi-speaking Beja tribes, with his son, Sayyid Tirik,⁹⁰ who became a NCP MP in the Kassala state parliament.⁹¹ In parallel, the government sought to weaken the Hadendowa leadership with plans to promote the leader of the Jimelab, a segment of the Hadendowa, to the rank of *nazir*.⁹² The security services and the NCP, meanwhile, were said to recruit largely among the Beni Amer, one of two Tigre-speaking groups, counterbalancing the influence of the Hadendowa, which formed the main constituency behind the Beja Congress.⁹³ The government also empowered smaller groups, promoting in 2006 the leader of the Habab from the lower rank of *umda* to that of *nazir*, on par with larger groups.⁹⁴

The transition began in a context of factional conflict between co-opted local leaders, whose popularity had been declining, and their challengers affiliated to the opposition. By 2010-11, many within the groups that were signatories to the ESPA were getting impatient at the lack of implementation of key components of the agreement, including disarmament, demobilization and reintegration programs. Grievances also mounted over embezzlement in the Eastern Sudan Reconstruction and Development Fund, a program endowed with hundreds of millions of dollars. The Beja Congress split, its leader Musa Mohammed Ahmed (who was involved in the management of the ESRDF) remaining loyal to Bashir's government.⁹⁵ In 2014, Musa Mohammed Ahmed took part in Bashir's 'national dialogue',⁹⁶ which was rejected by many opposition groups at the time as a diversion tactic. Eastern dissidents joined the opposition: a faction of the Beja Congress in 2011 joined the SRF, followed in 2013 by another Beja Congress splinter group, the United Popular Front for Liberation and Justice.⁹⁷

Regime change in 2019 shook up the political alignments. Political change at the centre contributed to a power vacuum in the East and to uncertainty over the local balance of forces. Past association with Bashir's government became politically toxic for local leaders, threatening the position of individuals such as Musa Mohammed Ahmed, Sayyid Tirik, the *Nazir* of the Hadendowa, and their associate Sayyid Ali Abu Amna (a leader of the United Popular Front for Liberation of Justice, Abu Amna, had, after a stint in the opposition, left the SRF and resumed cooperation with the government, joining Bashir's national dialogue).⁹⁸

In parallel, the rise of the FFC to central government through the Constitutional Declaration, and the empowerment of the SRF through the Juba talks, brought to prominence Eastern politicians who had opposed Bashir. In Juba, the SRF representatives from Eastern Sudan, led by Ossama Said (who is from the Ababda, a Beja tribe, and represents a faction of the Beja Congress) and Al-Amin Daoud

89 Small Arms Survey, 2015

90 International Crisis Group 2013:18.

91 Phone interviews with Mohammed Jamil, 25 February 2021; with a signatory of the Eastern track agreement, 26 February 2021.

92 It is unclear whether the project was implemented. Phone interviews with Mohammed Jamil, 25 February 2021; with Sayyid Ali Abu Amna, 2 March 2021.

93 The arrival of Eritreans who came to identify as Beni Amer in the 1970s and 1980s altered the economic balance in the East. For instance, Beni Amer business people replaced northern Sudanese as the most prominent business people in Gedaref. Many Hadendawas continue to live in rural areas, which restricts their access to education. Phone interviews with Mohammed Jamil, 25 February 2021; with a journalist from Gedaref, 25 November 2020.

94 *Ibid.*

95 Small Arms Survey, 2015.

96 Khidir Saeid 2017. Phone interviews with Sayyid Ali Abu Amna, 2 March 2021; with an Eastern representative of the SRF, 3 March 2021.

97 Crisis Group, 2013.

98 Phone interview with a signatory of the Eastern track of the Juba Peace Agreement, 26 February 2021.

(who is Beni Amer and was the leader of an opposition branch of the UPFLJ), successfully advocated for an 'Eastern Track' that would address the issues of the region. But their newfound role met fierce resistance from Tirik, Ahmed, and Abu Amna. Ahmed initially expressed support for the Juba process and the revolution. But after the FFC, citing his tainted association with the NCP, asked him to step down from his leadership of the Beja Congress, he turned and demanded the freezing of the Eastern Track process.⁹⁹ Alongside Tirik and Abu Amna, he mobilized on an ethnic basis, claiming to represent the Bejas and denouncing Beni Amer, such as Al-Amin Daoud, as foreigners.

The ethnic gambit of Ahmed, Tirik and Abu Amna served multiple purposes. It enabled them to sweep aside their association with the former regime. It undermined the legitimacy of political figures of the SRF, now branded as foreigners, who competed with them for representation in and of the East. It sought to position Tirik as the representative of the Bejas, to place Hadendowas as the vanguard of Bejas, and to make Bejas as the central government's main interlocutor in the East, irrespective of the region's diverse demographic realities.

In November 2019, Tirik, Ahmed and Abu Amna mobilized to prevent Al-Amin Daoud from holding in Port Sudan a public event aimed at promoting the Juba process, prompting clashes pitting Beni Amers against Hadendowas.¹⁰⁰ A few days later, on 23 November, Tirik, Ahmed, and Abu Amna created the 'High Council of the Beja Nazarat and Independent *Umoodiyat*'.¹⁰¹ It was a misnomer: out of seven Beja nazirs, only Tirik joined the Council. The six other nazirs rejected the initiative.¹⁰² Yet the body claimed to represent the Bejas of Eastern Sudan.

Tensions came to a head in 2020 over the appointments of new governors and the conclusion of agreements in Juba. Following the clashes in Port Sudan, the UPFLJ changed its leader, removing Al-Amin Daoud and replacing him with Khalid Idriss (who is from Kassala and is also Beni Amer). In February 2020, the government and the Eastern representatives of the SRF – Ossama Said and Khalid Idriss – signed the Eastern Track agreement.¹⁰³ In July 2020, Hamdok appointed Salih Ammar, a FFC figure who is Beni Amer, as governor of Kassala.

In subsequent months, Tirik, Ahmed and Abu Amna, now leaders of the 'High Council of the Beja Nazarat' actively mobilized to block both the Eastern Track agreement and Ammar's appointment. The High Council blocked the strategic Khartoum – Port Sudan highway on two occasions, as well as the port terminal of Port Sudan.¹⁰⁴ Clashes broke out between Beni Amer and supporters of the High Council in Port Sudan in August. That same month, Hadendowas attacked Beni Amer supporters of Salih Ammar who were marching to demand that he take his position as state governor in Kassala; one person was killed and scores injured in the ensuing clashes.¹⁰⁵ Tirik in August reportedly survived an assassination attempt in Kassala, which his allies blamed on Beni Amer.¹⁰⁶

Coming in the context of renewed clashes between Nuba and Beni Amer in the East, the High Council's strategy of ethnic mobilization against Beni Amer stoked communal tension in the region. Citing security concerns, state-owned companies in the region reportedly told Beni Amer staff not to come to work.¹⁰⁷ Local actors and observers describe processes of segregation as residents move out of neighbourhoods where they are in the minority, and growing efforts among Bejas, Beni Amer and Nubas to purchase weapons.¹⁰⁸

99 *mu'tamar al-Beja yuraḥḥib bi-ittifāq al-mabādi' lil-salam*, SUNA, 28 September 2019. <https://suna-sd.net/read?id=422943>. *hizb al-Beja yuttahim musacid al-Bashir al-sābiq bi-istighlāl shiracat al-sharq*, Sudan Tribune, 25 December 2019. Archived on: https://web-cache.googleusercontent.com/search?q=cache:NC0CYvcV1HUJ:https://www.sudantribune.net/spip.php?3Fiframe%26page%3Dimprimable%26id_article%3D24325+&cd=3&hl=fr&ct=clnk&gl=de&lr=lang_en%7Cclang_fr%7Cclang_ar&client=safari. Interview with Mohammed Jamil, 25 February 2021.

100 Phone interviews with Sayyid Ali Abu Amna, 4 March 2021; with an Eastern representative of the SRF, 3 March 2021.

101 Written exchange with Sayyid Ali Abu Amna, 21 March 2021.

102 Phone interview with Mohammed Jamil, 1 March 2021. An undated statement entitled 'Rejection of the Name of the Higher Council of Eastern Nazarat' bears the signature of nazir of the Amrar, Bishariyyin, Habab, Ababda, Beni Amer, and Halanga. On file with the authors.

103 'Govt, SRF groups sign eastern Sudan agreement', Sudan Tribune, 22 February 2020. <https://www.sudantribune.com/spip.php?article69019>

104 'Khartoum-Port Sudan highway paralysed by protestors', Radio Dabanga, 29 July 2020. 'Highway and port blocked in Eastern Sudan', Radio Dabanga, 5 October 2020.

105 'One killed, 17 injured in tribal clashes in eastern Sudan', Radio Dabanga, 26 August 2020.

106 Phone interview with Sayyid Ali Abu Amna, 2 March 2021.

107 Phone interview with Mohammed Jamil, 1 March 2021.

108 Phone interviews with Mohammed Jamil, 1 March 2021; with a person close to the Nazir of the Habab tribe, 19 February 2021.

In September 2020, the High Council organized the 'Sinkat Peace and Development Conference' which 'fully' mandated Tirik to speak for Bejas, reiterated its rejection of the Juba process and Ammar's appointment, demanded self-determination for Bejas,¹⁰⁹ and called on the government to review 'regulations on foreign presence in the region', a reference to a demand to review the citizenship of Beni Amers who were naturalized under the Bashir government.¹¹⁰ In a classic case of firefighter arsonist, the High Council days later denounced the Eastern Track agreement as a source of 'violence and discord'.¹¹¹

Whether in response to rising tensions or as part of a premeditated plan, the military coordinated with the High Council's leaders to position them as privileged representatives of the East and impose their preferences, regardless of the fact they could, at best, claim to speak a fraction of Eastern constituencies. Tirik is said to be frequently meeting with Burhan and Hemedti.¹¹² Under pressure from the military, which reportedly warned against an escalation of violence in the East,¹¹³ Hamdok on 14 October eventually dismissed Ammar. This major concession to Tirik, Ahmed and Abu Amna drew condemnation from other traditional Beja leaders, including the Nazar of the Beni Amer, Habab, Jimelab, and Bishariyyin, as well as from traditional leaders from other communities present in the East, such as the Massalit, Hausa, Nubas, and Shukriyya.¹¹⁴ It also dealt a blow to the FFC's attempts to expand their social base in the East.

At the time of writing, signatories of the Eastern Track agreement complain that the government had frozen its implementation, despite statements by Sovereignty Council member Gen. Shamseddine al-Kabbashi in January that the agreement would 'definitely' proceed.¹¹⁵ A large part of the hoped-for progress is the allocation of posts, the reorganization of administrative structures and the direct payments made to members of armed groups. The promised economic transformations are less immediate and all signatories implicitly recognize that they may, like similar provisions in earlier agreements, be aspirational only.

The micro-politics of Eastern Sudan are a classic case of turbulence: shifting alliances and tactical deal-making using money, violence and threats of violence, and access to brokering positions with more powerful authorities, making for unpredictable changes over the short term, but replicating essentially the same structure and pattern in the longer term. Many local politicians saw the changes in Khartoum in 2019-20, not as a once-in-a-generation shift in the country's political direction, but a shakeup of the political market.

Leaders of the Hadandawa, Beni Amer and Nubas agree in their fear that the resulting tensions and dynamics of mobilization could break out into widespread violence, organized primarily along ethnic or tribal lines.¹¹⁶ By empowering groups with a narrow base on the basis of their proximity to armed groups from Darfur and the Two Areas, the Juba process exemplified a political marketplace logic that puts political figures who are best placed to broker deals at the centre of the political process. In Eastern Sudan, this antagonized the region's previous brokers. Threatened by regime change and the Juba process, they reacted by demonstrating their disruptive capacity and ultimately positioned themselves as primary interlocutors for the central government. Local competition over brokerage positions only reinforced the political marketplace logic and compelled the government to act in crisis management mode.

109 'Eastern Sudan conference demands right to self-determination', Radio Dabanga, 30 September 2020.

110 Phone interview with Sayyid Ali Abu Amna, 4 March 2021.

111 Some observers suspect Tirik's group of benefiting from the support of Mohammed Taher Eyla, the last Prime Minister of Bashir's rule and former governor of Red Sea state, who is reported to be in Egypt and to be working with former NISS head Salah Gosh. Tirik expressed support to Eyla when the Red Sea branch of the Tamkin committee – a government body tasked with recovering assets acquired through corruption in the previous regime – seized Eyla's assets and accounts. Hossam Ira, the Egyptian ambassador to Sudan, told media in August 2020 that Gosh was in Egypt 'in full coordination between the leaderships of Sudan and Egypt'. Al-Quds al-Arabi, *al-saḥīr al-maṣrī bil-khūrūm yuclīn wujūd Ṣalāḥ Gosh al-muttahim bi-jara'im taḥdīb wal-maḥzūr amīrkīā' bil-qāhira*, 25 August 2020. <https://www.alquds.co.uk/الصحن-دوج-وزنل-ع-موظر-خلاب-ي-رصم-ال-ار-ي-فسن-ال/> Phone interviews with Mohammed Jamil, 1 March 2021; with an observer close to Hemedti, 23 February 2021. See Tirik's statement: <https://www.youtube.com/watch?v=yUQDt09cvRk>, published 31 January 2021.

'Eastern Sudan nazirs blame peace track for violent clashes', Radio Dabanga, 4 October 2020.

112 Phone interviews with SRF representatives from Eastern Sudan, February-March 2021.

113 Phone interviews with SRF representatives from Eastern Sudan, February-March 2021.

114 'Important Statement', Alliance of the Leaders of the Traditional Administration and Political Forces of Eastern Sudan, 15 October 2020. On file with the authors.

115 'Eastern Sudan peace agreement will 'definitely' go ahead', Radio Dabanga, 8 January 2021. Phone interviews with a signatory of the Eastern track agreement, 26 February 2021; with an Eastern representative of the SRF, 3 March 2021.

116 Phone interviews with Numeiri Bashir Dabu Ramadan, Nuba leader in Port Sudan, 3 March 2021; with Sayyid Ali Abu Amna, 4 March 2021; with a SRF representative from the East, 3 March 2021.

Conclusion: Reversion to Type?

Two years after the momentous civic revolution that brought down the regime of President al-Bashir, the deep structural impasse that constrains Sudan's leaders is clear for all to see. Democrats and soldiers alike, whether from the metropolis or the peripheries, have been unable to alter the basic political-economic predicament of Sudan, namely its distorted system of production that relies on over-exploitation of the labour of the poor and the natural resources of the country. Both cause and consequence of this failure is the entrenched nature of transactional politics, in which politicians are constrained to use a combination of violence and bribery to remain politically relevant and to become masters of these instruments if they are to obtain and wield power. This remains the case for the local chief, the provincial politician, the ambitious member of the Khartoum elite, and for the country's leaders as they face the merciless realpolitik of the Horn of Africa, the Nile Valley and the Arabian Peninsula. The Sudanese revolution risks reverting to political business as usual, albeit with a different set of protagonists, and new civic and personal freedoms.

The analysis of Sudan's political marketplace in August 2019¹¹⁷ concluded that the country was not likely to exit the political marketplace (as hoped for by the democracy protesters) but rather to reconfigure it. Without the normalization of Sudan's international economic standing and an injection of sufficient funds to stabilize the macro-economic crisis, a counter-revolution or a repressive turn was quite possible. There have been rumblings of these but to date the coalition among the security actors and between them and the civilians has held.

The new cabinet announced in February 2021 was highly political, in the sense that the nominations were based on political weight and not technocratic merit. It was a stark demonstration of the logic of the political marketplace prevailing over the aspirations of the civic revolutionaries for a fresh start. It was an indication that the government would be concerned with managing politics and associated crises rather than actually transforming Sudan.

The urban civic groups clustered under the FFC, including the SPA, the politicized civil society groups, and civilian parties did not form a coherent bloc. They did not possess the institutional or organic cohesion whereby their constituencies – the people whom they could mobilize for demonstrations or the voters they can potentially turn out at the polls – could translate into real political power. The democratic transition has therefore fallen into a trough, with the street demobilized and the elections still on the horizon, power is transacted largely by the old methods of coercion, bribery and scheming. Still an outsider to the metropolitan establishment, Hemedti is seeking to position himself as the protector of the revolution and patron of the peripheries, but remains an outsider to the Khartoum establishment. Al-Burhan has consolidated his position as the de facto head of state and protector of state institutions, including notably the army.

Neither have the provincial armed groups formed a coherent bloc. The Juba Agreement brought many of them—in general the weaker ones—into government through an expensive buy-in, which has had the effect of pressurizing the stronger provincial rebels (al-Hilu and Abd al-Wahid) to petition for compromises that they would not have had to make, had the armed groups as a whole been better organized. Each of those that has signed the Juba Agreement is pursuing its own strategy, building its own alliances with whatever civilian groups or military and security factions are most amenable. Their subordinate positions are thereby confirmed.

Sudan is therefore suspended between revolution and counter-revolution. Divisions between SAF and the RSF, combined with international attention (in particular the newfound U.S. engagement, with its focus on security sector reform) make a coup difficult. The soldiers need the civilian government for legitimacy, just as the civilians cannot challenge the dominant position of the military in the political economy and the real transactional politics. This political equilibrium will come under challenge as the questions of constitutional reform and elections come to the fore in 2022-23.

Economically, Sudan may achieve macroeconomic stabilization and attract sufficient foreign direct investment for its economy to begin to grow again. There is an ever-present danger that the country will revert to its tried, tested and failed model that depends upon exploiting natural resources and labour in a manner that will, once again, prove unsustainable. However, more 'inclusive growth' is possible. It needs committed engagement with the multiple, self-reproducing crises in its rural production systems – which will be the engine of future national economic performance.

There are some grounds for optimism. The government's macro-economic stabilization plans include a welcome, albeit temporary, stimulus package in the form of a quasi-universal basic income, and long-overdue investment in education and health systems. In the medium term, the government needs to invest in social services in a way that generates jobs, protects public health, and reduces the huge burdens borne by rural producers and informal urban workers. Inclusive growth also needs creative thinking about the ways out of the rural crises. One of the achievements of the Juba Peace Agreement negotiators was to identify some of these crises: new strategies for the pastoralist sector, providing production and service centres and water resources along migration routes; land commissions; the rehabilitation of neglected agricultural infrastructure, a commission for refugees and displaced persons, and a commission to improve housing and conditions for migrant workers. These are some of Sudan's top priorities. But the tragedy of the political marketplace is that the routine intrigues of transactional politics act as an all-consuming distraction from what really matters to build the political-economic foundations for democratic change.

Bibliography

- Abdul-Jalil, M.A. 2008. 'Nomad-sedentary relations and the question of land rights in Darfur: from complementarity to conflict'. In R. Rottenberg (ed.) *Nomadic-Sedentary Relations and Failing State Institutions in Darfur and Kordofan (Sudan)*. Halle: Orientwissenschaftlichen Zentrum der Martin-Luther Universität Halle-Wittenberg
- Behnke, Roy, and Hala Mohamed Osman. 2012. 'The Contribution of Livestock to the Sudanese Economy.' IGAD Livestock Policy Initiative
- Boughton, James M. 2001. *Silent Revolution: The International Monetary Fund 1979–1989*. Washington D.C.: IMF
- CBOS [Central Bank of Sudan]. 'Foreign Trade Statistical Digest.' Quarterly publication. Khartoum: CBOS
- De Waal, A. 2015. *The Real Politics of the Horn of Africa: Money, War and the Business of Power*. John Wiley & Sons.
- de Waal, A. 2017 "Peace and the security sector in Sudan, 2002–11." *African Security Review* 26, no. 2, 192
- De Waal, A. 2019. 'Sudan: A political marketplace analysis,' World Peace Foundation Occasional Paper no. 19, August. <https://sites.tufts.edu/reinventingpeace/files/2019/07/Sudan-A-political-market-place-analysis-final-20190731.pdf>
- EIU [Economist Intelligence Unit]. 2021. 'Country Report: Sudan.' Generated on 12 April 2021. London: EIU.
- Elbadawi, Ibrahim Ahmed. 1987. 'Tapping the Agrarian Sector for Economic Growth: The Sudan Experience.' In *Agrarian Change in the Central Rainlands: Sudan. A Socio-Economic Analysis*, edited by M. A. Mohamed Salih. Uppsala: Scandinavian Institute of African Studies.
- 2020. 'bayān ṣaḥāfī [Press statement].'
- Elbadawi, Ibrahim Ahmed, and Kabbashi Madani Suliman. 2018. 'The Macroeconomics of the Gold Economy in Sudan.' Giza: Economic Research Forum.
- Gallopin, Jean-Baptiste. 2019. 'The Great Game of the UAE and Saudi Arabia in Sudan,' Washington DC, Elliot School of International Affairs, POMEPS newsletter, <https://pomeps.org/the-great-game-of-the-uae-and-saudi-arabia-in-sudan>
- Global Financial Integrity. 2020. 'Sudan and Trade Integrity,' Report, 31 May, <https://gfin integrity.org/report/sudan-and-trade-integrity/>
- IBRD [International Bank for Reconstruction and Development]. 1958. 'The Economy of the Sudan.' Washington D.C.: IBRD
- IEA [International Energy Agency]. 2021. 'Sudan Country Profile.' Accessed on 9 Mar 2021 at <https://www.iea.org/countries/sudan>
- IMF [International Monetary Fund]. 1998. 'Sudan: IMF Staff Country Report No. 98/35. Statistical Appendix.' Washington D.C.: IMF
- 2017. 'Sudan: Article IV Consultation.' IMF Country Report no. 17/364. Washington DC: IMF
- 2019. 'Sudan: Staff-Monitored Program—Press Release; Staff Report; And Statement by the Executive Director for Sudan.' Washington D.C.: IMF.
- 2020. 'Sudan: Staff-Monitored Program—Press Release; Staff Report; And Statement by the Executive Director for Sudan.' Washington D.C.: IMF.

— 2021. 'Sudan Enhanced Heavily-Indebted Poor Countries Initiative—Preliminary Document.' Washington D.C.: IMF

International Crisis Group. 26 November 2013. 'Sudan: Preserving Peace in the East', Crisis Group Africa Report N°209.

IPC [Integrated Food Security Phase Classification]. 2020. 'Sudan: Acute Food Insecurity Situation June - September 2020 and Projection for October - December 2020. High Food Insecurity Levels in Sudan Persist, Driven by High Inflation, a Deteriorating Economy and High Food Prices.' Accessed on 8 March 2021 <http://www.ipcinfo.org/ipc-country-analysis/details-map/en/c/1152718/?iso3=SDN>

Ismail, Muayad. 2020. 'Evaluating the Macroeconomic Impact of IMF Programs in Sudan.' Discussion Paper No. 2020-21. Reading: Department of Economics, Reading University

Jubilee Debt Campaign. 2017. 'Sudan: Debt Statistics, Country Case Study.' Accessed on 8 March 2021 at <https://jubileedebt.org.uk/countries/sudan>

Leo, Benjamin. 2010. 'Sudan Debt Dynamics: Status Quo, Southern Secession, Debt Division, and Oil—A Financial Framework for the Future.' Washington D.C.: Center for Global Development

FAO [Food and Agriculture Organization]. 2020. 'Special Report: 2019 FAO Crop and Food Supply Assessment Mission to the Sudan.' 28 February 2020. Rome: FAO

Farah, Thuraya Hamad. 2013. '*waraqa taḥlīliya ḥawla manḥajiyat masaḥ quwat al-ʿamal wal-nata'ij al-ra'isiya* [Analytical Paper on the Methodology of the Labour Force Survey and its Main Conclusions].' Khartoum: Ministry of Human Resources Development and Labour

FEWS NET [Famine Early Warning System Network]. 2021a. 'Sudan Food Security Outlook, February to September 2021: Conflict and a macroeconomic crisis drive above-average needs through September 2021.' 28 February 2021. Accessed on 14 March 2021 at <https://fews.net/east-africa/sudan/food-security-outlook/february-2021>

— 2021b. 'Sudan Key Message Update: High food prices expected to drive high food assistance needs through the lean season.' March 2021. Accessed on 13 April 2021 at fews.net/east-africa/sudan

KHIDIR SAEID, Elshafie. 2017. 'Sudan's National Dialogue Conference : The Permissible Questions.' Berghof Foundation.

MARN [Ministry of Agriculture and Natural Resources]. 2020. 'Assessment Mission Report 2019/2020. Annual Crop and Food Supply Assessment Mission for Sudan.' February 2020. Khartoum: MARN

MOFEP [Ministry of Finance and Economic Planning, *wizārat al-māliya wal-takḥḥīṭ al-iqtisādī*]. 2020a. '*muwāzinat al-ʿām al-mālī 2021m* [Budget for Financial Year 2021]' Khartoum: Republic of Sudan.

— 2020b. '*al-barnāmij al-thulāthī lil-istqṛār wal-tanmīya al-iqtisādīya 2021-2023* [Three-year programme for stability and economic development]'. Khartoum: Republic of Sudan

Pilling, David. 2021. 'Sudan loses out on wealth from gum arabic harvest.' *Financial Times*, 26 January 2021. Accessed on 12 March 2021 at <https://www.ft.com/content/d75ba8d6-6977-4cdd-8e14-f6fee300a4a1>

Radio Dabanga. 29 November 2020. 'Sudan govt takes control of Darfur's Jebel Amer gold mines.' Accessed on 14 March 2021 at <https://www.dabangasudan.org/en/all-news/article/sudan-govt-takes-control-of-darfur-s-jebel-amer-gold-mines>

— 22 February 2021. 'Sudan adjusts currency to parallel market rate.' Accessed on 9 March 2021 at <https://www.dabangasudan.org/en/all-news/article/sudan-adjusts-currency-to-parallel-market-rate>

Roessler, P. (2016). *Ethnic Politics and State Power in Africa: The Logic of the Coup-civil War Trap*. Cambridge University Press.

RSF [Rapid Support Forces]. 2020. 'RSF Continue securing harvest season in South Darfur.' 22

November 2020. Accessed on 14 March 2021 at <https://rsf.gov.sd/en/news/463/RSF-Continue-securing-harvest-season-in-South-Darfur>

Siddig, Khalid H.A. 2012. 'The Controversy of Exchange Rate Devaluation in Sudan: An Economy-wide General Equilibrium Assessment.' *African Development Review*, Vol. 24, No. 3

Sulieman, Hussein, and Helen Young. 2019. 'Transforming Pastoralist Mobility in West Darfur: Understanding Continuity and Change.' Boston: Feinstein International Center, Tufts University

Suliman, Kabbashi M. 2012. 'The Determinants of Inflation in Sudan.' AERC Research Paper 243. Nairobi: African Economic Research Consortium.

Sudan Tribune, 22 March 2018. 'Eastern Sudan unity call warmly welcomed, says Beja official'. <https://sudantribune.com/spip.php?article64998>

Talha, Elwaleed Ahmed. 2016. 'Currency devaluation and inflation dynamic in Sudan (Jan. 1993 – Sep. 2014). *International Journal of Economics and Business Review*. Vol. 4, No. 6.

Thomas, Edward. 2017. 'Patterns of growth and inequality in Sudan, 1977-2017.' Durham: Institute for Middle East and Islamic Studies

— 2021. 'Fiscal Policy and Sudan's 2005 Comprehensive Peace Agreement.' In *Making and Breaking Peace in Sudan and South Sudan: The Comprehensive Peace Agreement and Beyond*, edited by Sarah Nouwen, Laura James, and Sharath Srinivasan. Oxford: Oxford University Press

Thomas, Edward, and Magdi El Gizouli. 2020. 'Sudan's Grain Divide: A revolution of bread and sorghum.' London: Rift Valley Institute

WFP [World Food Programme]. 'Sudan Comprehensive Food Security Assessment 2018. In collaboration with the State Ministries of Agriculture. Technical Summary.' Accessed on 12 March 2021 at <https://fscluster.org/sudan/document/wfp-comprehensive-food-security>

World Bank. 1979. 'Memorandum on the Economy of the Sudan.' Washington D.C.: World Bank

— 2015. 'Sudan: Country Economic Memorandum: Realizing the Potential for Diversified Development,' Washington DC: World Bank

— 2021a. 'Tax revenue (% of GDP).' Accessed on 13 March 2021 at <https://data.worldbank.org/indicator/GC.TAX.TOTL.GD.ZS>

— 2021b. 'Reforms, Arrears Clearance Pave the Way for Sudan's Full Reengagement with the World Bank Group.' Feature Story, 29 Mar 2021. Accessed on 13 April 2021 at <https://www.worldbank.org/en/news/feature/2021/03/29/reforms-arrears-clearance-pave-the-way-for-sudan-s-full-reengagement-with-the-world-bank-group>



Supported by



Find out more about the Conflict Research Programme

Connaught House
The London School of Economics and Political Science
Houghton Street
London WC2A 2AE

Contact:
Amy Crinnion, Programme Manager

Tel: **+44 (0)20 7849 4631**
Email: **Ideas.Crp@lse.ac.uk**

lse.ac.uk/conflict

The London School of Economics and Political Science is a School of the University of London. It is a charity and is incorporated in England as a company limited by guarantee under the Companies Acts (Reg no 70527).

The School seeks to ensure that people are treated equitably, regardless of age, disability, race, nationality, ethnic or national origin, gender, religion, sexual orientation or personal circumstances.

Photography: Sesame bags on trucks in Gedaref following the harvest by Jean-Baptiste Gallopin. All rights reserved.

Disclaimer: This material has been funded by UK aid from the UK government; however the views expressed do not necessarily reflect the UK government's official policies.

Please note that the information provided is accurate at the time of writing but is subject to change.