



Sudan External Debt Position

First Quarter

As at 31st of March 2022

Prepared by the External Debt Unit
Central Bank of Sudan

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Abbreviations

AFDB	African Development Bank Group
AFESD	Arab Fund for Economic and Social Development
AMF	Arab Monetary Fund
EDU	External Debt Unit
EIB	European Investment Bank
ECF	Extended Credit Facility
HIPCs	Heavily Indebted Poor Countries
IDA	International Development Association
IDB	Islamic Development Bank
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
I-PRSP	Interim Poverty Reduction Strategy Program
NODA	Non Official Development Assistance
ODA	Official Development Assistance
OPEC	Organization of Petroleum Exporting Countries
PRSP	Poverty Reduction Strategy Paper
SAMA	Saudi Arabian Monetary Agency
SMP	Staff Monitored Program
UCT	Upper Credit Tranche

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Preface

The objective of public debt management is to ensure that the Government's financing needs and its payment obligations are met at the lowest possible cost over the medium to long term, consistent with a prudent degree of risk through establishing and executing a debt strategy.

The External Debt Unit at the Central Bank of Sudan is the primary department of Government of Sudan entrusted with managing the country's external debt as stipulated in the ministerial decree no. (22) issued in May 2000 by H.E. the Minister of Finance and National Economy, to shoulder, among others, the responsibility of compiling and disseminating of external debt statistics, as well as Debt Portfolio Analysis.

This quarter report prepared by the External Debt Unit (EDU) of the Central Bank of Sudan. As per the IMF 39-month arrangement under the Extended Credit Facility (ECF), one of its requirements is to provide up-to-date reports of the country's external debt structure, and projections of debt service.

The report contains a number of analytical tables includes analysis of the debt composition, with a more dynamic view. It also assesses the composition of external debt portfolio according to different debt classifications.

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Executive Summary

Sudan's external debt position as at 31 March 2022 amounted to US\$ 63,755 million. Approximately about 7% of external debt owed to Multilaterals, while 16% to Paris Club Bilateral, 50% owed to Non-Paris Club bilateral, 10% to the Foreign Commercial Banks, 8% Facilities (deposits, trade credits & financial facilities from various creditors), 5% oil Financing (sales and purchases with Malaysia, India, and CNPC) and 4% to Foreign Suppliers.

No disbursements and repayments were recorded during the first quarter of 2022.

After the secession of South Sudan, North Sudan bore the Whole debt based on the Zero Option Debt Agreement.

Portfolio analysis for the first quarter of 2022, showed that 88% of external debt is in arrears due to non-concessional borrowing and weak repayment.

Sudan is still under debt stress and had done huge technical efforts to get debt relief through HIPC Initiative.

Section I
Highlights on
Sudan's External Debt

External Debt Profile:

The External Debt position as at **31th March 2022** reached US\$ 63,755 million, Table (1) below explains the External Debt Position as at 31th March 2022.

Table (1)
External Debt Position of Sudan as at 31 March 2022 (Estimated)
(US\$ Million)

Creditor Type	DOD * (1)	Principal Arrears (2)	Interest Arrears (3)	Penalty Interest (4)	Total Arrears 5=(2+3+4)	Total Debt 6=(1+3+4)	Share of Total Debt
Multilateral	4,263	474	102	63	639	4,428	7%
Bilateral							
Paris Club	1,028	988	688	8,437	10,113	10,153	16%
Non-Paris Club	12,060	8,176	4,071	15,333	27,580	31,464	50%
Foreign Commercial Banks	2,790	2,790	356	3,420	6,566	6,566	10%
Facilities **	5,200	5,200	-	-	5,200	5,200	8%
Oil Financing ***	3,171	3,171	-	-	3,171	3,171	5%
Foreign Suppliers	2,773	2,773	-	-	2,773	2,773	4%
Total	31,285	23,572	5,217	27,253	56,042	63,755	100%

* **DOD:** Disbursed & Outstanding Debt.

** **Facilities:** Consist of deposits, trade credits & financial facilities from various creditors.

*** **Oil Financing:** Consist of Oil sales & Purchase with Malaysia, India, and CNPC.

The breakdowns of the creditor type in the above table are as follows:

Multilateral Creditors:

Total external debt owed to multilateral creditors as at 31 March 2022 recorded an amount of US\$ 4,428 million 5% share of Total Debt.

The share of total debt of the main multilateral creditors is as follows:

- Arab Fund for Economic and Social Development (33%).
- International Monetary Fund (31%).

- Arab Monetary Fund (11%).
- Islamic Development Bank (8%).
- International Development Association (7%).

Table (2) below shows the shares of multilateral creditors:

Table (2)

Total External Debt of Multilateral Creditors as at 31 March 2022 (Estimated)

(US\$ Million)

Creditors	DOD * (1)	Principal Arrears (2)	Interest Arrears (3)	Penalty Interest (4)	Total Arrears 5=(2+3+4)	Total Debt 6=(1+3+4)
ADF	115	4	1	-	5	116
AFESD	1,400	21	52	-	73	1,452
AMF	465	130	11	-	141	476
EIB	51	188	10	63	261	124
IDA	312	50	10	-	60	322
IFAD	111	-	-	-	-	111
IMF	1,371	-	0	-	0	1,371
IDB	361	28	6	-	34	367
OPEC	77	53	12	-	65	89
Total	<u>4,263</u>	<u>474</u>	<u>102</u>	<u>63</u>	<u>639</u>	<u>4,428</u>

* DOD: Disbursed & Outstanding Debt.

- Paris Club Creditors:

The Paris Club is an informal group of Twenty-Two official creditors. Its role is to find coordinated and sustainable solutions to the payment difficulties encountered by debtor countries. The total external debt of Paris Club Creditors to Sudan as at 31 March 2022 amounted to US\$ 10,153 million (table 3), compared to of US\$ 24,356 million, in the second quarter of 2021 with a decrease of US\$ 14,315 million due to 67% clearance of Sudan's arrears to Paris club group creditors according to the agreement signed on 15th July 2021.

Table (3)

Total External Debt of Paris Club Creditors as at 30 .6. 2022(Estimated)

(US\$ Millions)

Creditor	DOD* (1)	Principal Arrears (2)	Interest Arrears (3)	Penalty Arrears (4)	Total Arrears 5= (2+3+4)	Total Debt 6=(1+3+4)
Total Paris Club	<u>1,028</u>	<u>988</u>	<u>688</u>	<u>8,471</u>	<u>10,147</u>	<u>10,187</u>

* DOD: Disbursed & Outstanding Debt.

- **Non- Paris Club Creditors:**

Total external debt owed to Non-Paris Club as at 30 March 2021 as shown in table (4) amounted to US\$ 31,464 million.

Table (4)

Total External Debt of Non- Paris Club Creditors as at 31 March 2022 (Estimated)

(US\$ Million)

Creditors	DOD * (1)	Principal Arrears (2)	Interest Arrears (3)	Penalty Interest (4)	Total Arrears 5=(2+3+4)	Total Debt 6=(1+3+4)
OPEC Countries						
Abu Dhabi Fund	1,946	789	334	-	1,123	2,280
Abu Dhabi Government	55	55	59	-	114	114
Algeria	183	32	-	-	32	183
Iran	180	180	237	12	429	429
Iraq	72	72	34	-	106	106
Kuwait Fund	492	40	26	-	66	518
Kuwait Government	356	356	1,341	12,682	14,379	14,379
Libya Government	260	260	-	-	260	260
Oman	90	90	12	6	108	108
Qatar	29	27	6	8	41	43
Saudi Fund	324	130	248	-	378	572
SAMA	2,869	2,869	368	1,799	5,036	5,036
Saudi Export Program	271	164	25	114	303	410
Saudi Ministry of Finance	150	150	68	315	533	533
Total OPEC Countries	7,277	5,214	2,758	14,936	22,907	24,970
Former-Comecon Countries						
Croatia	40	40	5	-	45	45
Czech	25	25	26	92	143	143
Hungry	12	6	6	13	25	31
Poland	20	20	14	95	129	129
Romania	126	126	47	-	173	173
Serbia	29	29	7	34	70	70

Total Former-Comecon Countries	252	246	105	234	585	591
Other Countries						
China	3,872	2,608	1,129	127	3,864	5,129
India	600	48	50	3	101	653
Pakistan	10	10	24	14	48	48
Turkey	49	49	5	19	73	73
Total Other Countries	4,531	2,715	1,208	164	4,087	5,903
Total Non-Paris Club	<u>12,060</u>	<u>8,176</u>	<u>4,071</u>	<u>15,333</u>	<u>27,580</u>	<u>31,464</u>

* DOD: Disbursed & Outstanding Debt.

- **Foreign Commercial Banks and Foreign Suppliers:**

Table (5) below shows that the total external debt of Foreign Commercial Banks and Foreign Suppliers as at 30 March 2021 which amounted to US\$ 17,709 million.

Table (5)

Total External Debt of Foreign Commercial Banks & Foreign Suppliers

as at 31 March 2022 (Estimated)

(US\$ Million)

Creditors	DOD * (1)	Principal Arrears (2)	Interests Arrears (3)	Penalty Interests (4)	Total Arrears 5=(2+3+4)	Total Debt 6=(1+3+4)
Commercial Banks						
Foreign Commercial Banks	2,790	2,790	356	3,420	6,566	6,566
Facilities	5,200	5,200	-	-	5,200	5,200
Oil Financing	3,171	3,171	-	-	3,171	3,171
Foreign Suppliers	2,773	2,773	-	-	2,773	2,773
Total	<u>13,933</u>	<u>13,933</u>	<u>356</u>	<u>3,420</u>	<u>17,709</u>	<u>17,709</u>

* DOD: Disbursed & Outstanding Debt.

Section II

Review of External Debt Portfolio

External Debt by Creditor Type

Bilateral creditors' debt represented the largest share in Sudan total external debt (representing 66%), followed by commercial banks (10%) and Multilateral. Table (6) illustrates the relative share of each type of creditors in the external debt stock during the period 2018 - 31 March 2022 and chart (1) shows the share as at end of March 2022.

Table (6)

Share of Creditors in total External Debt

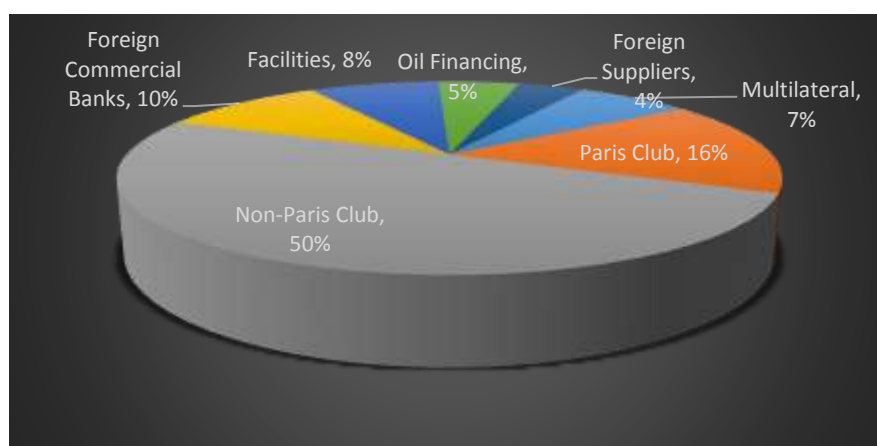
(2018 - 31 March 2022)

Creditors	2018	2019	2020	2021	31 March 2022
Multilateral	12%	12%	8%	4%	7%
Bilateral					
Paris Club	32%	32%	31%	32%	16%
Non-Paris Club	38%	38%	39%	41%	50%
Foreign Commercial Banks	12%	12%	8%	8%	10%
Facilities	0%	0%	7%	7%	8%
Oil Financing	0%	0%	4%	4%	5%
Foreign Suppliers	6%	6%	4%	4%	4%

Chart (1)

Share of Creditors in total External Debt

as at 31 March 2022



External Debt vs. Total Arrears

The external debt portfolio of Sudan characterized by the increasing share of arrears, which represented about 89% of the total external debt on average during (2017- 31 March 2022). At 31 March 2022 the arrears amounted to US\$ 56,039 million, as illustrated in tables (7) and (8), charts (2) and (3) below:

Table (7)

Total Arrears vs. Total External Debt (2017- 31 March 2022) (Estimated)

(US\$ Million)

Item	2017	2018	2019	2020	2021	March 2022
Total Debt	48,667	49,714	50,694	77,192	62,341	63,755
Total Arrears	41,432	43,835	44,618	70,265	55,818	56,042
Total Arrears/Total Debt %	85%	88%	88%	91%	90%	88%
Chang in Arrears %	4.50%	6%	2%	57%	-19%	-12%

Chart (2)

Total Arrears vs. Total External Debt

(2017 – 31 March 2022)

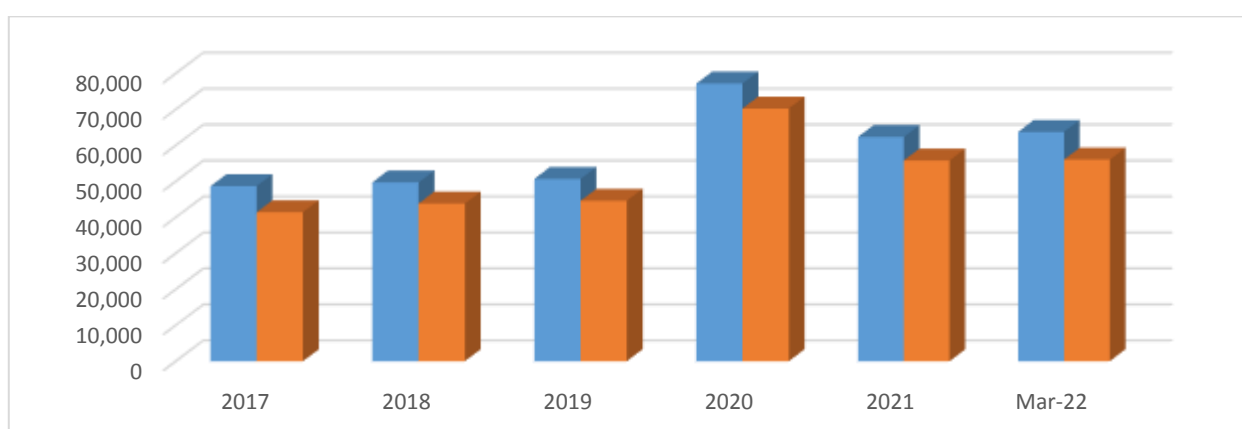


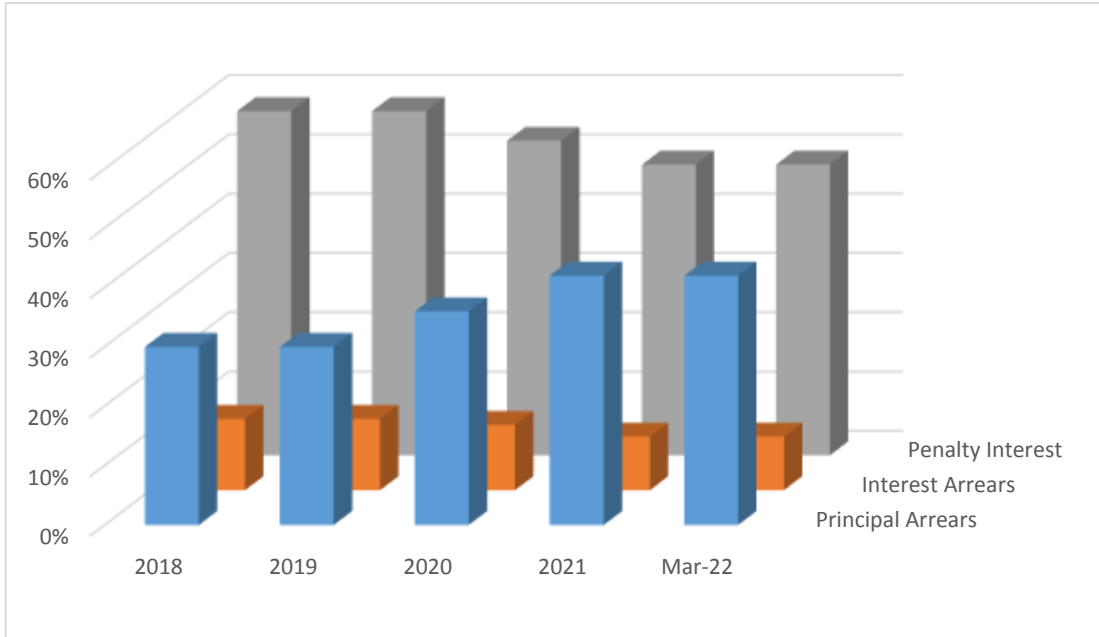
Table (8)

Share of Total Arrears

(2018 - March 2022)

Item	2018	2019	2020	2021	March 2022
Principal Arrears	30%	30%	36%	42%	42%
Interest Arrears	12%	12%	11%	9%	9%
Penalty Interest	58%	58%	53%	49%	49%
Total Arrears %	100%	100%	100%	100%	100%

Chart (3)
Share of Total Arrears
 (2018 – 31 March 2022)



Section III

Heavily Indebted Poor Countries Initiative (HIPC)

And Sudan status

The HIPC Initiative Process for Sudan is a two-step milestone-based framework. The formal start of the HIPC process known as the Decision Point, and the culmination is the Completion Point. Sudan had done huge efforts to get debt relief under (HIPC) Initiative. On 28 June 2021, Sudan has reached decision point, which means that a new Extended Credit Facility (ECF) arrangement will be in place to anchor the authorities' policies and reforms between the Decision Point and the Completion Point, at which time Sudan's pre-Decision Point debt to the IMF, World bank IDA and AfDB would be cleared. The key efforts were as follows: -

Reconciliation:

External Debt Unit (EDU) in close collaboration with IMF and the World Bank has started a reconciliation exercise with the creditors and accordingly reconciled 91% percent of external debt for the year 2020.

Poverty Reduction Strategy:

Sudan had developed an interim poverty reduction strategy (I-PRSP), and with the assistance of AfDB a full PRSP was prepared in 2020 by conducting household income, expenditure and poverty survey.

The PRSP document was finalized in April 2021 and identified five preliminary pillars, namely promoting: (i) macroeconomic stability; (ii) inclusive economic growth; (iii) human and social development; (iv) peace; and (v) strengthening governance and institutional capacity. This document will provide an overall assessment of the macroeconomic framework and the poverty profile of Sudan and the suitability of the macroeconomic reforms to release necessary budgetary resources for poverty reduction.

Staff Monitored Programs (SMPs):

Sudan has had 15 Staff Monitored Programs (SMPs) since 1997. These programs provided the authorities with comprehensive frameworks to design and implement policies and reforms to address economic challenges.

The last one signed in September 2020 for 12 months as Upper Credit Tranche (UCT). The purpose of this program was to restore macroeconomic stability and meet one of the requirements for reaching the Decision Point under the debt relief (HIPC) - Initiative.

Despite very challenging conditions, which exacerbated by the COVID-19 pandemic, the Sudanese authorities were committed to make sustained progress on their ambitious reform agenda.

External Arrears Clearance Process: -

Clearing arrears with international financial institutions was one of the preconditions for Sudan under the Highly Indebted Poor Countries (HIPC) Initiative, which is paramount for clearing other debt owed to the Paris and Non-Paris Club creditors.

The scale of Sudan's arrears distinguished from previous HIPC cases and a large share of HIPC debt relief expected to be delivered through concessional arrears clearance operations. IDA, the IMF and the AfDB Group arrears were cleared on concessional terms during 2021 as at follow: -

World Bank (International Development Association) (IDA):

On March 26, 2021, Sudan's arrears to IDA cleared; the payment of these arrears facilitated by a \$1.15 billion short-term bridge loan from the United States government. The bridge loan repaid using grant financing from the Reengagement and Reform Development Policy Operation approved by the World Bank.

International Monetary Fund (IMF):

IMF arrears were cleared in June 2021 through a bridge loan from France. This paved the way to approve a 39-month arrangement under the Extended Credit Facility (ECF). Other than the initial disbursement to repay the bridge loan, the new Fund arrangement will be back loaded.

African Development Bank Group (AfDB):

On May 2021, (AfDB) Group cleared about \$413 million in arrears through a bridge financing provided by the government of the United Kingdom, and contributions from Sweden and the Republic of Ireland. In addition, this has enabled Sudan to have immediate access to new financing from the AfDB.

Paris Club Group Arrears Treatment:

Treatment under Naples terms and Cologne terms;

- 67% cancellation of pre cut-off-date (1 January 1984) non Official Development Assistance (NODA) claims and rescheduling of the remaining claims over 23 years, with a 6 years' grace period
- 100% rescheduling of pre cut-off-date ODA claims treated over 40 years with a 16 years' grace period.

On an exceptional basis, the Paris Club creditors have also decided to defer over 16 years' period from 1 December 2024 the repayment of arrears accumulated by Sudan on short term and post cut-off date debts, the maturities falling due during the consolidation period under the post cut-off date debts as well as all moratorium interest due during the consolidation period on the rescheduled and deferred amounts.