



The Revenue Sources Sustaining Sudan's Civil War

Lessons for the year 2023

Ernst Jan HOGENDOORN

► Key Takeaways

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| <ul style="list-style-type: none">■ Since the beginning of the conflict, both the regular army and the rebel forces have consolidated their strength through internal and external sources of revenue.■ They benefit from significant economic networks and a political economy long based on patronage. | <ul style="list-style-type: none">■ Control of gold mining areas, oil infrastructure, and the taxation of trade flows have become strategic for financing military operations.■ The forces involved are supported by foreign partners, from Africa, Turkey, and the Middle East. |
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Introduction

Wars require money and resources, and often, most conflicts involve controlling sources of income and supply lines or denying them to enemies. This has been the case in Sudan's past conflicts and is again as the civil war—between the Sudan Armed Forces (SAF), commanded by General Abdelfattah al-Burhan, and the paramilitary Rapid Support Forces (RSF), commanded by General Mohammed Hamdan Daglo “Hemedti” —has sunk into a protracted conflict. This *Memo* will sketch out the evolution of the conflict between April and November 2023 and how it has largely stalemated, as well as the most important sources of funding and resupply that help sustain the conflict. It concludes that, without a better appreciation of the political economy of Sudan's civil war and a willingness to influence it, the war will likely drag on indefinitely and risk the stability of other fragile neighbouring states as well.

A stalemated civil war

When the war broke out in Khartoum on April 15, 2023, RSF forces attacked the Presidential Palace, the office of Sudan TV, and General Burhan's residence, presumably hoping to capture these locations and then be recognized as Sudan's new dominant institution. This attempt failed, but the over-confident SAF, which had superior heavy weapons but lacked effective infantry forces, likewise proved unable to expel the RSF from Khartoum. The urban battlelines moved very slowly, decimating the country's largest city, and later in the year, Sudan's remaining central government relocated to Port Sudan.

Fighting then shifted to other areas of Sudan as the RSF sought to consolidate control of Darfur; supply lines to the Central African Republic, Chad and Libya; and interdict the SAF's supply routes to embattled SAF bases in Darfur and North and South Kordofan. With the RSF's capture of Nyala (Sudan's second-largest city) in South Darfur state on October 26, 2023, Hemedti consolidated his grip over much of Western Sudan. However, “control” should be understood loosely, since both the RSF and SAF have limited command and control, and local commanders often exert much autonomous political and economic influence. Furthermore, Sudan's vast Sahelian plains make it easy for the RSF to launch quick, motorized raids, but difficult to hold territory against the SAF's heavier armed forces. In addition, other armed groups—many loosely aligned to either the SAF or the RSF—have asserted control over specific areas as the war drags on.

Since 2023, Sudan's conflict has followed dishearteningly predictable patterns of the past. Pitched battles are followed by long periods of consolidation and resupply. Lines of control swing widely without altering the underlying military stalemate. Poorly trained and disciplined troops (and affiliated militias) often target civilians rather than armed

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enemies. Killings, rape, looting, and displacement are depressingly common war crimes. The longer tempo of conflict is shaped by Sudan's rainy season (typically from June to September), when fighting stops and "peace" negotiations intensify. Although both the RSF and SAF won significant battles, neither side was able to win the war.

In late 2023, RSF incursions from Darfur allowed it to capture swathes of southern Sudan, including Wad Madani, the capital of the country's rich agricultural heartland. A year later, in January 2025, the SAF recaptured Wad Madani and took full control of a destroyed Khartoum in March 2025. Fighting now seems to be winding down as the rainy season approaches, but the war is far from over.

In Darfur, the RSF will continue to consolidate and expand its control over the region, particularly economically strategic territory such as gold mines and trade routes. Similarly, in North and South Kordofan states, it will target gold mines, important roads, and vital oil infrastructure. To do so, it has allied with the Abdelaziz al-Hilu faction of the Sudan People's Liberation Movement–North (SPLM-N), which controls much of South Kordofan state. The SAF presumably will seek to consolidate its control in Central and East Sudan and continue to retain its remaining bases in northern Darfur and Kordofan states. Any shift in the strategic balance will largely hinge on which side is able to generate more revenue and external support and thus be able to deploy more forces and weapons.

Competitive business networks

While the war has destroyed much infrastructure, Sudan's political economy remains largely the same. Former President Omar al-Bashir, who ruled from 1989 to 2019, stayed in power by granting and withholding patronage. He tolerated grand corruption and ceded control of lucrative businesses to senior generals and political allies in exchange for loyalty. Conversely, allies who grew too strong or independent were cut off from his largesse until sufficiently chastened. The system was economically inefficient, immiserating large swathes of Sudanese society, but was kept afloat by South Sudanese oil revenue (even after South Sudan's independence in 2011), massive borrowing, and huge grants of money from oil-rich Middle Eastern states, in turn paying for Bashir's loyalty. The regime also awarded gold mining concessions to state security and defense agencies, as well as paramilitary groups and former armed movements, and frequently turned a blind eye when the SAF, the National Intelligence and Security Service (NISS), and the RSF engaged in unofficial gold export activities through their respective companies.¹ Senior regime officials accumulated huge fortunes, and Sudan's security services amassed large corporate empires and assets that provided off-budget revenue and enriched senior officers. (After Bashir was deposed, then Prime Minister Abdallah Hamdok suggested that the security

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1. A. Soliman and S. Baldo, "Gold and the War in Sudan", *XCEPT Research Paper*, Chatham House, March 2025, p. 10.

services and former “Islamist” regime officials controlled some 80% of the Sudanese economy.) Efforts by Sudan’s civilian-led government to reform the economy, tackle corruption, and dismantle inefficient military-controlled state-owned enterprises ultimately led to the October 2021 *coup* that deposed Prime Minister Hamdok and set the stage for the civil war that erupted on April 15, 2023.

SAF’s business networks

The SAF uses ostensible charitable investment arms and direct ownership to control and operate a vast network of companies, which included the Omdurman National Bank, Sudan’s largest financial institution; Zadna International Company for Investment, a major agriculture and construction conglomerate; Giad, a large motor and industrial

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corporation; and the United States (U.S.) Government-sanctioned Military Industrial Corporation/Defense Industries Systems, Sudan’s largest defense enterprise, generating an estimated 2 billion dollars (US\$) in revenue via hundreds of subsidiaries across various sectors of Sudan’s economy, as well as Sudan Master Technology (SMT), a company that controls three other companies involved in producing weapons and vehicles for the SAF.² After Omar al-Bashir was deposed, the SAF also took control of many companies previously owned by Military Intelligence and the National

Intelligence, hitherto independent institutions that had reported directly to the president. In addition, since it seized control of the disputed Al Fashaga area, previously occupied by Ethiopian forces, the Sudanese military now also allegedly controls more than 90 percent of its lucrative sesame crop, re-routing the supply chain, which used to flow largely through Ethiopian markets. These companies are connected to Sudan’s Military Industrial Corporation, a conglomerate of business subsidiaries controlled by the SAF.³ SAF companies produced weapons and consumer goods, controlled huge agricultural schemes, traded in livestock, mined gold and other minerals, etc. During the Bashir era, these companies often had an economic advantage over their private sector competitors because they were exempted from many government taxes and fees.⁴

RSF’s business networks

General Hemedti and his family also control a sprawling business empire, which includes the Al-Khaleej Bank, which is partnered with companies in the United Arab Emirates (UAE) and Yemen, Esnaad Engineering, and U.S. Government-sanctioned Tradive

2. “Breaking the Bank: How Military Control of the Economy Obstructs Democracy in Sudan,” C4ADS, 2022; and “Treasury Sanctions Military-Affiliated Companies Fueling Both Sides of the Conflict in Sudan”, U.S. Treasury Department Press Release, June 1, 2023.

3. A. Soliman, “Fighting over ‘White Gold’: Sesame in Ethiopia and Sudan”, Chatham House, April 4, 2023.

4. “Sudan and Trade Integrity”, Global Financial Integrity, May 2020.

General Trading and GSK Advance Company (based in the UAE) and the Al-Junaid Multi Activities Co Ltd, which operates 11 subsidiaries across multiple economic sectors, including the gold mining industry.⁵ His family's massive commercial expansion was driven by enormous profits from gold mining and the RSF's military services, which it sold to Saudi Arabia and the UAE, for their operations in Yemen against the Houthi.⁶ Al Junaid has diversified its interests into transportation, malls, house construction, road construction, car rental and sale, real estate and agriculture. Hemedti's competition with Burhan has seen him develop political and business relations with Ethiopian Prime Minister Abiy Ahmed and other Ethiopian leaders,⁷ as well as with elites in South Sudan, Chad, Libya and allegedly even farther afield in the Sahel.

Sources of revenue

Gold

Sudan's gold rush began around 2008-2009, and the country's declared gold production increased steeply from 10 tons in 2008 to 32 tons by 2010 and to more than 100 tons by 2017.⁸ There are no accurate figures for the current total Sudanese gold production, but it remains vast. The Sudanese government has reported production of 64 tons of gold in 2024, worth approximately US\$6.4 billion, in areas it controls.⁹ No one knows how much additional gold is produced in regions controlled by the RSF and other armed groups. Mining operations are spread out across 12 of Sudan's 18 states in hundreds of mines. The River Nile, Northern, Red Sea and West Kordofan states are considered the most productive gold-producing states in Sudan, but there are also substantial gold-mining areas in the states of the Darfur region and Blue Nile state. Much of the profit from gold production does not derive from physical production of gold, but the ability to tax miners, control gold tailings (the "waste" from artisanal gold production that can be further processed with more sophisticated means), mining equipment and supplies (including

5. "Breaking the Bank: How Military Control of the Economy Obstructs Democracy in Sudan," C4ADS, 2022, "Kleptocracy versus Democracy: How Security-business Networks Hold Hostage Sudan's Private Sector and the Democratic Transition," Clingendael Institute, October 2023; "Treasury Sanctions Military-Affiliated Companies Fueling Both Sides of the Conflict in Sudan", U.S. Treasury Department Press Release, June 1st, 2023; and "Sudan militia Leader Grew Rich by Selling Gold", Reuters, November 26, 2019.

6. E. Peltier and A. L. Dahir, "Who Are the Rapid Support Forces, the Paramilitaries Fighting Sudan's Army?", *New York Times*, April 17, 2023; D. D. Kirkpatrick, "On the Front Line of the Saudi War in Yemen: Child Soldiers From Darfur", *New York Times*, December 28, 2018.

7. "Fighting Over 'White Gold': Sesame in Ethiopia and Sudan", Chatham House, April 4, 2023.

8. The annual reports of the Ministry of Minerals' Sudanese Mineral Resources Company (SMRC) registered 541 tons of total gold production between 2014 and 2020, of which the ASGM sector produced 434.4 tons, or 80%. See the SMRC annual reports for 2018 to 2020.

9. Artisanal mining produced 53.71 tons of gold; processing of gold tailings, primarily employing cyanide, produced 4.95 tons; and industrial mining produced 5.70 tons. In addition to artisanal miners, by 2020, there were 144 franchise companies operating in Sudan: 56 percent were Sudanese, 29 percent foreign, and 15 percent jointly owned. Some franchise companies are involved in industrial mining, others focus on large-scale processing of artisanal tailings, and yet others directly contract artisanal miners within their licensed blocks to supply ore to their processing facilities.

toxic Mercury and Arsenic that are used to concentrate gold), as well as export. Because of pervasive smuggling of gold, it is not known how much gold is produced in Sudan. It is estimated that there are as many as 2.8 million artisanal miners and an additional 5 million workers in associated professions.¹⁰

After al-Bashir was deposed, the military and other security actors, including armed movements that joined the civilian government after they signed the October 2020 Juba Peace Agreement, exerted greater control over gold production. This increased even more after fighting broke out in April 2023, with the RSF tightening its control of the large Jebel Amer gold fields, as well as other gold fields in North Darfur (along the Libyan border)

and South Darfur (along the CAR and South Sudan borders).¹¹ With a 2025 price of approximately US\$100/gram (US\$100,000/kilogram and \$100 million/ton), Sudan's vast gold deposits represent a relatively easy means to maintain large forces on the ground.¹² Controlling and denying access to gold-producing areas (and trade routes) has been, and will continue to be, a key strategic driver of conflict in Sudan.

Access to gold-producing areas: a key strategic driver of conflict in Sudan

Foreign patrons

Both the SAF and RSF depend on foreign partners for funding and military assistance. Since the war started, a host of external actors have been fueling the conflict by supplying weapons and providing support to the warring parties. It is widely alleged that the SAF enjoys substantial support from Egypt and Turkey, as well as Eritrea, Iran, and Somalia,¹³ while credible reports suggest the RSF receives support from the UAE through a base in Chad¹⁴ and forces in Libya and Central Africa.¹⁵ The SAF has substantial business links with Egyptian military companies.¹⁶

10. M. S. Abdelrahman, "Sudan's Other War—The Place of Gold: The Economic Impact of the War in Sudan, No. 2", Sudan Transparency and Policy Tracker, July 2023; see also "The Sungu Mines: Gold That Fuels RSF's War", January 18, 2024, available at: www.3ayin.com.

11. M. S. Abdelrahman, "Sudan's Other War", op. cit.

12. According to the UN Panel of Experts, Kidineer (Kidingir) gold mine in East Jebel Marra, Darfur, alone produces 2-3 kg of gold per day. See "Final Report of the Panel of Experts on the Sudan", S/2025/239, 17 April 2025. That represents a revenue of \$200,000-\$300,000/day.

13. B. Faucon, "Ignoring U.S. Calls for Peace, Egypt Delivered Drones to Sudan's Military", *Wall Street Journal*, October 14, 2023; S. Amin, "Is Egypt Planning a Full-scale Invasion of Sudan?", Atlantic Council, June 1, 2023; and J. Horner, "Split Decision: Why Sudan Is on the Brink of Partition—Again", European Council on Foreign Relations, February 2025.

14. D. Walsh, C. Koettl and E. Schmitt, "Talking Peace in Sudan, the U.A.E. Secretly Fuels the Fight", *New York Times*, September 29, 2023; and D. Walsh and C. Koettl, "How a U.S. Ally Uses Aid as a Cover in War", *New York Times*, September 25, 2024.

15. N. Elbagir et al., "Kill, Terrorize, Expel: Testimonies Detail Atrocities by Wagner-backed Militia in Sudan", *CNN*, June 17, 2023; and "US Accuses Wagner Group of Supplying Missiles to Sudan's RSF", Al Jazeera, 25 May 2023. Ukrainian special forces, operating drones, reportedly supported the SAF against Russian Wagner/Africa Corps mercenaries aligned with the RSF. See I. Lovett, "Ukraine Is Now Fighting Russia in Sudan", *Wall Street Journal*, March 6, 2024. Despite Wagner/Africa Corp ties to the RSF, analysts now assess that the Russian government backs the SAF. See J. Horner, "Split Decision: Why Sudan Is on the Brink of Partition—Again", op. cit., p. 9.

16. "Egypt's Military Ties with Sudan Linked to Stance on Nile River Dam", Al Monitor, November 30, 2020.

The RSF is receiving weapon supplies from the Libyan and Chadian territories. General Hemedti is supported by the Eastern Libya warlord Khalifa Haftar, who has been providing the RSF with fuel and weapons.¹⁷ Khalifa Haftar has also acted as a logistical facilitator for the provision of surface-to-air missiles by the Wagner Group to the RSF.¹⁸ In addition, the Chadian transitional government is another logistical facilitator for the RSF. Weapon supplies from the UAE to the RSF go through the Chadian town of Amdjarass under the guise of a UAE aid mission.¹⁹ The UAE has been supporting the two warlords in Sudan and Libya, who are getting increasingly close to each other. Furthermore there are credible reports that the RSF is recruiting mercenaries from neighboring states, including CAR, Chad, and Niger.²⁰ Since growing closer to Bangui in 2022, the RSF's presence in northeastern CAR has grown, including involvement in gold mining, allegedly establishing operational bases, and has sought to use the area to resupply militarily, though the scale of this is unclear.²¹ As the conflict continues, the RSF's presence in northern CAR will likely increase in value, especially if they are forced from Khartoum and need to wage a more insurgent-style fight with the SAF.

Oil

While Sudan produces relatively little oil, all of South Sudan's roughly 150,000 barrels/day is exported through a pipeline in Sudan and loaded onto tankers in Port Sudan.²² To do so, South Sudan pays a transfer fee, which historically averaged US\$9.7/barrel. This arrangement formally ended in 2022, but it is not known what new fee was negotiated between Juba and Khartoum.²³ Both the SAF, which controls the oil export terminal in Port Sudan, and the RSF, which controls a pumping station in Heglig, South Kordofan, and the al-Jaili refinery north of Khartoum where two pipelines from South Sudan come together, are probably exerting tremendous pressure on South Sudan to continue to pay both factions to keep the oil flowing. Oil revenue represents 90% of South Sudan's budget.

17. "IntelBrief: Libyan Warlord Exploits Sudan Crisis", The Soufan Center, May 23, 2023.

18. N. Elbagir et al., "Exclusive: Evidence Emerges of Russia's Wagner Arming Militia Leader Battling Sudan's army", CNN, April 21, 2023.

19. D. Walsh, C. Koettl and E. Schmitt, "Talking Peace in Sudan, the U.A.E. Secretly Fuels the Fight", op. cit.

20. "Chadian Opponent Arrested for Supporting Tribesmen Fighting in Sudan", *Sudan Tribune*, June 11, 2023; and AFP, "Sudan Becomes Battleground for Foreign Fighters", Barrons, May 14, 2023; and "Sudan's Connections with CAR, Chad Could Cause Conflict to Spread", Africa Defense Forum, May 30, 2023.

21. "RSF Militiamen Are Consolidating Positions on the Central African Border", Agencia Fides, June 13, 2023.

22. "Oil or Nothing: Dealing with South Sudan's Bleeding Finances", International Crisis Group, 2021.

23. "Republic of South Sudan: 2022 Article IV Consultation And Second Review under the Staff-Monitored Program", *Country Report*, International Monetary Fund, August 2022.

Tax on legal and illicit trade

The SAF, through its control of the recognized government, can tax all official trade to Sudan through ports on the Red Sea and from Egypt and Ethiopia. This can raise substantial revenue, for example, customs duties were expected to raise and estimated \$382 million in 2022.²⁴ The RSF, which was originally a border force, has, and probably

continues to, (illegally) tax trade coming from and going to Libya, Chad and the Central African Republic. After the conflict in Darfur subsided, the RSF spread into Eastern Sudan to manage migration. During this time, Hemedti and the RSF consolidated control of – and generated significant profits from – migration and the Jebel Amir gold mine in Darfur. In Libya, Saddam Haftar was tightening his grip on the licit and illicit flows moving through southern and eastern Libya, particularly the flows of drugs and people. He is the son of Khalifa Haftar, leader of the Libyan Arab Armed Forces

(LAAF), the Benghazi-based main opposition group to the UN-recognized Government of National Accord (GNA).²⁵ In addition, portions of the border with South Sudan are controlled by a number of different armed groups, including the SAF and RSF.

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Looting and extortion

While not a source of institutional revenue, the ability to loot and extort money can be an effective revenue tool for RSF and SAF soldiers, and in particular, allied militia. There have been many credible reports and videos of widespread looting, robbery, extortion and kidnapping for ransom.²⁶ Fighters have looted bank branches in Khartoum and western cities, as well as tens of thousands of homes, shops, and small businesses.²⁷ The RSF reportedly captured an estimated \$150 million worth of gold from Sudan's Gold Refinery, as well as large amounts of gold reserves held by commercial banks and private houses in areas under RSF control.²⁸ The armed groups have also reportedly hired out their services, "protecting" the commercial convoys for as much as US\$1,600 per vehicle.²⁹ As the war has dragged on, combatants are finding ever more creative means to extract resources from local businesses, communities and humanitarian actors. For example, the RSF, SAF

24. "Approved Budget for 2021", Sudan Ministry of Finance and Economic Planning, December 2020.

25. J. Tubiana, "The Revolution Was Hijacked: Inside the Conflict in Darfur", Al Jazeera, July 6, 2021; and "Illicit Flows Fuelling Conflict in the Tri-Border: Migration and Artisanal Gold Mining in Sudan, Chad and Libya", XCEPT Research Report, Chatham House, June 2021.

26. "Kidnapping and Protection Racket Rife in North Darfur", Radio Dabanga, July 5, 2023.

27. "The Banking System During and After the War: Challenges and Policy Recommendations," Sudan Transparency and Policy Tracker, July 10, 2023, p. 7.

28. "Sudan's Other War: The Place of Gold", Sudan Transparency Policy Tracker, July 2023.

29. "Field Dispatch from El Fasher", Sudan Transparency Tracker, November 12, 2023.

and affiliated militias are reportedly taxing and looting regular trade and humanitarian relief supplies.³⁰

Conclusion

As Sudan's civil war slowly approaches the two-year mark, the conflict is settling into a predictable and lamentable stalemate as the SAF and the RSF consolidate control over their parts of the country and develop sources of revenue, both internal and external, that will allow them to sustain and resupply relatively large forces indefinitely. This has happened several times before in Sudan's violent past. Neither side is powerful enough to defeat the other, but both refuse to recognize that they cannot win. Access to easily exploited resources, such as gold and "taxes," rents from oil production in South Sudan, and support from foreign patrons make it appear to both that they can outlast the other. The reality is that without decisive external intervention, the strategic balance will not change, and fighting could drag on for decades, as it has in the past.

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30. According to the Sudan Panel of Experts, combatants are taxing and looting agricultural goods, such as gum arabic, and humanitarian supplies. See "Final Report of the Panel of Experts on the Sudan", S/2025/239, April 17, 2025.

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