

Loan Wolves

Debt Scams Threaten Sudan's Democratic Transition and Fragile Economy

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SUMMARY

The Sentry's first investigative report on Sudan documents how, between 2012 and 2018, a company established by the adopted son of former Sudanese President Omar al-Bashir and a business partner secured multiple contracts to import fertilizers, refined petroleum products, and other essential consumer commodities at inflated prices. These deals were financed using lines of credit extended to the country by the Eastern and Southern African Trade and Development Bank (TDB), diverting much-needed assistance while burdening the country with massive debt.

The Sentry's investigation reveals that Badr Overseas Group, initially established only by Ayman Al-Mamoun and another regime insider, appears to have used Gulf middlemen and links to Sudan's government elite to secure contracts funded from the country's revolving lines of credit. The suspected scheme likely helped push Sudan's debt to TDB to \$728 million by the end of 2016, a liability greater than that of any of the other member countries of the Common Market of Eastern and Southern Africa (COMESA).

This case study offers a cautionary tale as the international community works to help rebuild Sudan's economy following the fall of the Bashir regime. Under Bashir, Sudan's violent kleptocracy drew its energy from an alliance of convenience between senior officials, both civilian and military, and a cohort of business associates and facilitators. Elaborately constructed schemes allowed Sudan's kleptocrats to privatize entire sectors of the national economy for the benefit of themselves and their families. Their hijacking of Sudan's resources deprived the population of vital development and social services.

Although the government has since changed over, and the new civilian-led government has taken significant action to fight corruption, the findings of this investigation remain highly relevant. Sudan's transition is still fragile. Many of the people and institutions responsible for damaging the economy during Bashir's regime have survived his fall. Some are even part of the transitional government's institutions. Without a variety of essential economic, anti-money laundering, and anticorruption reforms, potential spoilers from Bashir's network may yet threaten to undermine the progress achieved.

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SUMMARY OF RECOMMENDATIONS

- The Sudanese government should establish a robust and fully independent anticorruption and asset recovery commission by an act of parliament.
- Development agencies should extend technical and financial support to the Sudanese government's anticorruption policies and institutions and incentivize the government with debt relief.
- The US, the UK, and Canada should designate current and former government officials who are involved in corruption and human rights abuses and their networks for sanctions.
- International financial institutions should examine accounts held by former or current Sudanese public officials, their family members, and business associates for potentially illicit trade finance activity.

Read the report: <https://thesentry.org/reports/loan-wolves/>

