



A Strategy for Revitalizing Sudan's Democratic Transition

By Suliman Baldo and JR Mailey

On October 25, Sudan's military dissolved a civilian-led transitional government that had been established following the April 2019 ouster of former President Omar al-Bashir. The coup ended a military-civilian power-sharing partnership that was meant to transition Sudan to democracy, with elections slated for 2023. The power grab prompted thousands to protest in the streets of Khartoum—both on the day of the coup and during planned demonstrations on October 30. The security services have responded by disrupting internet and telecommunications networks, deploying troops throughout Khartoum and other population centers, and beating and firing openly on protesters. They have killed 12 and wounded hundreds in the week following the coup.¹

While destabilizing for Sudan's politics and economy, the coup does not represent a fundamental shift in the power dynamics in Khartoum. Instead, it brings the security services' warped incentive structures into public view. Confronting these dynamics head-on is essential for addressing Sudan's political crisis and revitalizing the transition to civilian rule.

The coup is the result of warped incentive structures that trace back to the Bashir era. The security services power grab followed escalating tensions. Throughout the transition, the security services resisted the imposition of civilian oversight or constraints, balked at discussions of accountability for past atrocities, and maintained a range of commercial interests and relationships with foreign patrons.^{2,3} By seizing power, Sudan's security services are hijacking the state and preserving the violent kleptocratic system of the Bashir era.⁴ Ultimately, control over the state affords the security services continued opportunities to accrue wealth while shielding themselves from accountability for past and future abuses.

Financial pressure is essential for building the leverage needed to get the transition back on track. The international community's response to the coup must confront the warped incentive structures of the security services head-on, targeting the military's wealth and impunity. Crucially, public diplomacy surrounding financial pressure requires specificity and acknowledgement of sanctions' challenging legacy in Sudan and should involve focused efforts to counter disinformation. Governments and international agencies should impose targeted network sanctions on the Sudanese officials involved in the coup, as well as those responsible for subsequent abuses perpetrated by the security forces. Sanctions should target the networks of companies controlled by Sudanese military and security agencies. The Financial Crimes Enforcement Network (FinCEN) should issue an advisory on the money laundering risks associated with the Sudan Armed Forces (SAF), the Rapid Support Forces (RSF), and companies under their control. Finally, financial institutions and the private sector more broadly should not wait for governments to act. Foreign companies, including banks, should



assess their commercial ties to Sudan to ensure they are not inadvertently funding Sudan's security services.

The objectives of negotiators must reflect the stated goals of Sudan's population. The foundation of any agreement must be the formation of a civilian-led transitional government endowed with full executive powers. The security services—and especially their finances—must be brought under civilian oversight and control. Although some concessions to the security services may be necessary and inevitable, continued free rein over the country's lucrative economic sectors and amnesty for the perpetrators of atrocities and war crimes should be off the table.

Warped Incentive Structures Doomed the Transition

Sudan's security forces play a dominant role in the country's economy. Under Bashir, Sudan's security services and paramilitary forces, as well as their senior leaders, accumulated a wide range of commercial opportunities. For example, military and security agencies have interests throughout the mineral value chain in Sudan—from artisanal and industrial mining to the processing, transport, and export of the country's booming gold reserves. The consolidation and redistribution of the commercial holdings controlled by Bashir's party and the now-defunct National Intelligence and Security Service created fresh rent-seeking opportunities for elements of the military that remained in power. Although some information about military-owned companies has been published during the transition, the extent of companies controlled by military entities and their leaders has not been definitively established.

The RSF's robust and expanding commercial interests are an open secret in Sudan. The RSF's business interests span mining, construction, real estate, agriculture, procurement, and more. Several prominent conglomerates are owned and controlled by the family of Gen. Mohamed Hamdan Dagalo, known as "Hemedti." Numerous reports also assert that the RSF and its commanders, many of whom are members of Hemedti's family, also benefit from revenue from mercenary services in support of the Saudi and United Arab Emirates' (UAE) war in Yemen, revenue from their family businesses, and illicit trafficking.^{5,6,7}

The Sudanese Armed Forces (SAF) similarly amassed extensive commercial holdings under Bashir. The crown jewel of the military's commercial empire is the Defense Industrial System (DIS), which was formerly known as the Military Industrial Corporation. Launched as a defense manufacturer in 1993 to safeguard against potential disruptions of weapons imports from Western governments, the DIS has diversified and expanded significantly over the past several decades, though few details about its revenue, operations, or structure have been disclosed to the public. During the transition, the DIS has gained control over many companies previously owned or run by ousted Bashir cronies and party members. Other prominent Sudanese military-linked corporations and conglomerates—including the Giad conglomerate, which boasts 24 subsidiaries—are engaged in commercial activities ranging from auto imports and construction to hospitality and medicine.^{8,9}

Prime Minister Abdalla Hamdok's overt criticism of the military's outsized role in the economy was met with resistance by military commanders. "Every army in the world invests in defence companies," Hamdok said in December 2020. "But it is unacceptable for the military and/or security services to do so in productive sectors, and thus compete with the private sector."¹⁰ The country's intelligence chief, among others, rebuked Hamdok. "The director of Sudan's General Intelligence Service, Lt Gen Jamal Abdelmajeed, has defended the existence of companies affiliated with the security apparatus," according to a report by Dabanga. "In an orientation meeting with security officers on Friday, Abdelmajeed said that the GIS companies were established to develop and support the apparatus' capabilities to perform its national role, serve its employees, provide services, as well as providing 'the appropriate environment for pensioners and their families'."¹¹



Military leaders' dominant political and economic position has been strengthened by warm relations with foreign governments, including the Gulf monarchies and Egypt, with some reports indicating that the RSF and SAF received pledges of more than a billion dollars in support from Saudi Arabia and the United Arab Emirates (UAE) alone.¹² "Emirati and Saudi support to the Transitional Military Council that replaced al-Bashir emboldened the generals in the critical weeks that followed his downfall, enabling the TMC's repression of demonstrators on 3 June 2019, stymying revolutionary demands for civilian rule, and enabling the emergence of a power-sharing agreement in which the generals play a dominant role," according to a report by Jean-Baptiste Gallopin, who also claims that the UAE actively sought to undermine the civilian components of Sudan's government in favor of the military.¹³

Restoring Civilian Rule

Reviving Sudan's democratic transition will require addressing the fundamental power imbalance and warped incentive structures that gave way to the coup. This means identifying a core set of benchmarks and milestones to guide the transition and demonstrating a willingness to impose significant, targeted financial consequences on anyone who delays, obstructs, or undermines progress toward those goals. For that to be possible, governments must prioritize collecting intelligence and evidence about the individuals and entities responsible for the coup and subsequent abuses. Given the military's warped incentive structures, financial pressure is essential for building the leverage needed to get the transition back on track.

Benchmarks for restoring civilian rule

After the fall of Bashir, civil society and civilian representatives in negotiations with the military outlined many of the key priorities for a transition to civilian rule. It should be expected that any negotiation to resolve a political crisis may result in compromises or conciliations, even to parties who bear legal responsibility for the crisis itself, in order to expediently move past the crisis. However, in the case of Sudan, it is crucial that any concessions offered to the military do not undermine the overall goal of restoring and advancing the democratic transition. Concessions should not preserve or expand the problematic power dynamic between the military and civilians; allowing the military to remain the dominant political force significantly increases the prospect of a recurrent crisis. Moving forward, some of the positions of pro-democracy elements of the civilian transitional government, civil society, and their international supports should be nonnegotiable.

The civilian government must be endowed with the full scope of executive powers. The military should hand over of the chairmanship of the Sovereignty Council to a civilian member and transfer the National Police and General Intelligence Service to the purview of the cabinet, as stipulated in the Constitutional Declaration. A civilian-led government should have oversight over all Sudanese security and intelligence services and their economic activities and corporations. Asset disclosure and submission to civilian financial oversight should be prerequisites for any concessions to the military.

Oversight organizations and accountability mechanisms require authority, independence, and international support. The Constitutional Declaration of 2019 outlined the creation of a series of institutions and oversight mechanisms and the revitalization and capacity-building of existing ones. These institutions are not the objective of the transition to civilian-led democracy; they are important constraints on executive authority and are indispensable safeguards to keep the transition on track. In particular, institutions involved in oversight of public finances and anti-corruption investigations—such as the National Audit Chamber, the Taxation Chamber, the National Anti-Money Laundering and Terrorism Financing Committee, the Financial Intelligence Unit, and the National Customs Authority—must be empowered, suffi-



ciently resourced, and insulated from political interference or intimidation. The international community should carefully monitor the formation of these institutions and should impose consequences on anyone responsible for delaying or derailing progress.

Anti-corruption and asset recovery laws must be fully implemented. Adopted in July, the National Anti-Corruption and Public-Asset Recovery Commission Law of 2021 remains to be fully implemented, beginning with the selection of the commissioners, for whose seven positions applications were received in September and were under examination when the coup occurred. Expediting the establishment of the anti-corruption commission would help address much of the controversy and tension between the military and civilian components of the transition when it comes to the existing anti-corruption and asset recovery Committee to Dismantle the Former Regime.

Civilians—not soldiers—should lead security sector reforms. The previous iteration of Sudan’s transitional government stipulated that the military would lead reforms of the security sector. If repeated, this will undermine the civilian government’s authority and perpetuate structural challenges within the military and in its relationship with civilians. In addition to being a widely recognized best practice, it is crucial that civilians lead such a process in Sudan, given the warped incentive structures, interservice rivalries, and legacy of distrust of the security services by much of the population.

Amnesty for the perpetrators of war crimes and atrocities is a non-starter. Negotiators should not entertain discussions of immunity for war crimes or atrocities committed under Bashir or during the transition. In addition to diverging from the popular demands of Sudanese citizens, it also contradicts international norms and laws. According to the United Nations High Commissioner for Human Rights, “amnesties that prevent the prosecution of individuals who may be legally responsible for war crimes, genocide, crimes against humanity and other gross violations of human rights are inconsistent with States’ obligations under various sources of international law as well as United Nations policy.”¹⁴

Priorities for evidence and intelligence collection

The data and evidence needed to hold those behind the coup and the violence against civilians to account will be collected, analyzed, and disseminated by an array of Sudan watchers, including reporters, citizen journalists, civil society, intelligence agencies, and financial institutions and regulators. Investigative and intelligence priorities should include the composition and structure of the security services; identities of soldiers and military units involved in abuses; and financial intelligence about the commercial holdings of each security service, its senior leaders, and their networks.

Map the security service personnel involved in the coup. Few reports have identified the names of the senior Sudanese military personnel who actively participated in or supported the coup. Although social media posts and news reports have described both RSF and SAF deployments across Khartoum and other cities and towns throughout Sudan, there are indications that there is not unanimous support for the coup within the security forces. Citing diplomats, Bloomberg reported that there has been disagreement within the army about the takeover.¹⁵ However, to date, little information has been released publicly about the personnel involved in the coup beyond Gen. Abdel Fattah al-Burhan, the head of the SAF. Investigators and reporters working on responses to the coup should identify the individuals involved in the military takeover and, to collect financial intelligence, run their names through databases containing property records and corporate registries. Identifying the military personnel and entities involved in the coup, as well as the assets under their control, will provide more precise targets for financial pressure and accountability.

Identify parties responsible for violence against civilians. Accordingly, organizations involved in documenting and investigating human rights abuses should prioritize collecting, analyzing, and—when appropriate—publishing information



pertaining to the specific military and intelligence personnel and units involved in violence against civilians. Researchers and investigators should also prioritize identifying the military officials with command authority and responsibility for troops who commit violence against civilians. Gathering and preserving this data is the first step toward accountability and consequences for those responsible for violence and atrocities.

Expose the security services' networks of enablers, facilitators, and proxies. Senior military officials involved in illicit commercial activities—whether the looting of state assets or the covert purchase of weapons—often avoid putting their names on corporate filings, contracts, title deeds, or bank accounts. Identifying the proxies that they use is crucial to ensuring that the tools of financial pressure hit their targets. Investigators and intelligence agencies should also prioritize collecting evidence about the military's banks, service providers, and suppliers.

Spotlight attempts to disrupt, surveille, or distort the flow of information. Sudan's military and security services have a legacy of engaging in surveillance, service disruptions, and dissemination of disinformation. These dynamics appear to have continued since the fall of Bashir and may have accelerated upon the October 25 coup. Entities involved in these activities include military entities, foreign proxies, defense and technology companies under SAF or RSF control, and telecommunication service providers captured or coerced by the security services. During the Bashir era, security services were able to procure encryption and decryption hardware and software equipment from firms in the United States, United Kingdom, and Italy, even as the regime was under strict international sanctions. Disinformation efforts have also ballooned, as evidenced by Facebook's removal of thousands of accounts involved in disinformation efforts linked to the RSF, pro-Bashir interests, and Russia's Internet Research Agency. Governments, technology companies, and civil society groups should take steps to expose and publicize these activities. The US government should issue a data call to intelligence agencies that may have information about the circumstances or origins of service disruptions and disinformation campaigns, including the National Security Agency, Special Operations Command, and the Central Intelligence Agency. If this does not yield sufficient evidence or explanation, the National Security Council should issue new collection requirements to find this information.

Deploying the tools of financial pressure

Financial consequences began to accumulate for Sudan's military within days of the coup. The US government announced the suspension of \$700 million in aid for the regime. The World Bank followed suit, freezing aid following the military takeover. Negotiations around debt restructuring with other foreign governments are also likely to pause until the crisis is resolved. All major donors and financial institutions have suspended pledged and appropriated economic support, including France, Germany, the UK, and the IMF. While these steps signal that the coup will result in financial consequences for those responsible, foreign governments have the tools to deploy financial pressure on more precise targets while limiting the negative impact on Sudan writ large.

Governments and international agencies should impose targeted network sanctions on the Sudanese officials involved in the coup, as well as in political detentions, telecom disruptions, disinformation, surveillance or obstruction of activists and journalists, and violence against civilians. Any government imposing sanctions should also demonstrate solidarity with protestors and pro-democracy activists with both words and actions. This means publicly stating that sanctions will be used to impose consequences on the perpetrators of violence against civilians and moving swiftly to ensure that such promises are not hollow. These authorities already exist in the US, Canada, the UK, and the European Union under their respective Global Magnitsky-style sanctions programs. Senior government officials should announce publicly that they will use these authorities in Sudan. If civilian rule is not restored and the designation criteria



in the existing authorities is insufficient to capture all potential targets, jurisdictions should consider standing up new sanctions programs responding to the coup in Sudan. Any such sanctions programs should include designation criteria targeting entities controlled by the security services, especially those in the defense and mining sectors. In addition, the new sanctions program should encompass actions that prohibit or limit freedom of expression and assembly and access to the media and the internet. Any new sanctions programs should be accompanied by broad humanitarian licenses or exemptions to limit the impact of sanctions on civilians.

Sanctions should target the networks of companies controlled by Sudanese military and security agencies. The primary targets for financial pressure should be companies linked to the SAF and RSF, as well as the commanders who hold leadership positions within these companies. The most important components of the SAF's commercial empire are the Giad conglomerate, along with its two dozen subsidiaries; the Defence Industries System; and holding companies such as Zadna and al-Itigahat al-Mutadedda. Pressure on the RSF should focus on companies controlled by the Dagalo family, such as Al-Junaid Company for Multi Activities, and especially on companies known to have provided services to the RSF, such as GSK Advanced Business and Tradive General Trading LLC. Beyond these enterprises, investigators should devote significant attention to the mining sector, given the preponderance of security-affiliated companies involved in it.

FinCEN should issue an advisory about money laundering risks associated with the SAF, RSF, and companies under their control. FinCEN has the authority to issue public and non-public advisories to over 22,000 financial institutions about major risks for money laundering or terror financing. Given the heightened potential for illicit financial flows in Sudan during a period of limited oversight of military and government expenditure, FinCEN should issue a public advisory highlighting the risks of money laundering by Sudan's military government. The advisory should alert banks to potential covert financial support from foreign governments; opaque payments for weapons, defense articles, or surveillance equipment; proceeds from the mining sector, especially gold-related flows; and government officials' movement of assets out of the country into property or luxury goods. The advisory should also highlight money laundering risks associated with financial institutions controlled by military and paramilitary entities. Advisories published in September 2017 on "Political Corruption Risks in South Sudan" and in June 2018 on "Human Rights Abuses Enabled by Corrupt Senior Foreign Political Figures and their Financial Facilitators" provide a departure point for such an advisory on Sudan.^{16, 17} The advisory should explicitly include language about facilitating civilian and humanitarian transactions in order to reduce—and ideally eliminate—any obstacles to legitimate, licit flows.

Public diplomacy surrounding financial pressure requires specificity and acknowledgement of sanctions' challenging legacy in Sudan. Although the notion of sanctions has significant baggage in Sudan, there are indications that many Sudanese would support the imposition of financial consequences on those responsible for the coup and violence against civilians. The response of Sudan's population to targeted sanctions on the military is not predetermined. The intent, precision, and messaging surrounding the deployment of financial pressure matters significantly. Ensuring that the sanctions are technically targeted is not sufficient. Sanctions designations must be accompanied by a robust public diplomacy and outreach initiative that spells out the ultimate policy objectives of the action, the importance of promoting economic development and access to international banks, and the desire to minimize the impact on citizens at large. This public diplomacy must entail a strategy to counter disinformation about sanctions, the civilian government, and the role of foreign governments.

Financial institutions and the private sector more broadly should not wait for governments to act. Private sector entities should assess their commercial ties to Sudan to ensure they are not inadvertently funding Sudan's security



services. Given the Sudanese military and security services' widespread economic interests, financial institutions should conduct enhanced due diligence, ongoing monitoring, and transaction reviews for any transactions related to the defense and mining sectors of the Sudanese economy. Financial institutions should add the names of the individuals and entities named in this report to their screening filters. Furthermore, they should task their financial intelligence units with investigating and identifying additional companies with links to the military and security forces and add those to their filters. Global and regional banks that have correspondent relationships with Sudanese banks should engage with and, as needed, pressure their Sudanese respondent banks to cut off ties with those individuals and entities named in this report, as well as any other individuals they identify as having links to the military and security forces.



Endnotes

- 1 Dabanga, “Death Toll Rises, Hundreds Wounded in Sudan Anti-Coup Demos,” November 1, 2021, available at: <https://www.dabangasudan.org/en/all-news/article/death-toll-rises-hundreds-wounded-in-sudan-anti-coup-demos>
- 2 Jean-Baptiste Gallopin, “Bad Company: How Dark Money Threatens Sudan’s Transition,” European Council on Foreign Relations, June 9, 2020.
- 3 Jean-Baptiste Gallopin, “The Great Game of the UAE and Saudi Arabia in Sudan,” Project on Middle East Political Science at George Washington University, June 2020.
- 4 For an in-depth look at the Bashir-era kleptocratic system, see:

The Enough Project, “Sudan’s Deep State: How Insiders Violently Privatized Sudan’s Wealth, and How to Respond,” April 2017, available at: https://enoughproject.org/wp-content/uploads/2017/05/SudansDeepState_Final_Enough.pdf
- 5 Jean-Baptiste Gallopin, “Bad Company: How Dark Money Threatens Sudan’s Transition,” European Council on Foreign Relations, June 9, 2020.
- 6 Linda S. Bishai, “Sudan’s Democratic Transformation Cannot Succeed Unless Its Security Forces Reform: Obstacles and Options,” IDA, October 2020.
- 7 Global Witness, “Exposing the RSF’s Secret Financial Network,” December 9, 2019, available at: <https://www.globalwitness.org/en/campaigns/conflict-minerals/exposing-rsfs-secret-financial-network/>
- 8 Atta El-Battahani, “The Sudan Armed Forces and Prospects of Change,” CMI Insight, April 2016, available at: <https://www.cmi.no/publications/file/5790-the-sudan-armed-forces-and-prospects-of-change.pdf>
- 9 Yezid Sayigh, “Sudan’s Military Companies Go Civilian: How the Recent Divestment Agreement Can Succeed,” Carnegie Middle East Center, April 23, 2021, available at: <https://carnegie-mec.org/2021/04/23/sudan-s-military-companies-go-civilian-how-recent-divestment-agreement-can-succeed-pub-84374>
- 10 Al Jazeera, “‘Unacceptable’: Sudanese PM Criticises Army’s Business Interests,” December 15, 2020, available at: <https://www.aljazeera.com/news/2020/12/15/unacceptable-sudanese-pm-criticises-armys-business-interests>
- 11 Dabanga, “Sudan’s Intelligence Chief Defends GIS-Affiliated Companies,” August 30, 2020, available at: <https://www.dabangasudan.org/en/all-news/article/sudan-s-intelligence-chief-defends-gis-affiliated-companies>
- 12 Jean-Baptiste Gallopin, “The Great Game of the UAE and Saudi Arabia in Sudan,” Project on Middle East Political Science at GWU, June 2020.
- 13 Jean-Baptiste Gallopin, “The Great Game of the UAE and Saudi Arabia in Sudan,” Project on Middle East Political Science at GWU, June 2020.
- 14 Office of the United Nations High Commissioner for Human Rights, “Rule-of-Law Tools for Post-Conflict States,” 2009, p. 1, available at: https://www.ohchr.org/Documents/Publications/Amnesties_en.pdf
- 15 Simon Marks, “Sudan Group Says Three Dead, Many Hurt in Anti-Coup Protests,” Bloomberg, October 25, 2021, available at: <https://www.bloomberg.com/news/articles/2021-10-25/sudan-doctors-say-2-dead-80-wounded-amid-anti-coup-protests>



- 16 Financial Crimes Enforcement Network, "Advisory on Political Corruption Risks in South Sudan," September 6, 2017, available at: https://www.fincen.gov/sites/default/files/advisory/2017-09-06/South%20Sudan%20Advisory_09-06-2017_0.pdf
- 17 Financial Crimes Enforcement Network, "Advisory on Human Rights Abuses Enabled by Corrupt Senior Foreign Political Figures and their Financial Facilitators," June 12, 2018, available at: https://www.fincen.gov/sites/default/files/advisory/2018-06-12/PEP%20Facilitator%20Advisory_FINAL%20508.pdf

