



Clingendael

Netherlands Institute of International Relations

MAY 2023

To stop the war in Sudan, bankrupt the warlords

Cutting off finance to Sudan's generals
can pressure them to stop the fighting



Protesters march during a rally marking the anniversary of the April 2023 uprising, in Khartoum, Sudan
© Reuters

This publication is part of a research initiative led by Sudanese researchers and data analysts in Sudan and abroad.

Since the 15th of April 2023, a conflict between Sudan's two largest armed actors, the Sudanese Armed Forces (SAF) and the Rapid Support Forces (RSF), has ravaged the country. Forty-five million civilians stand in the crossfire, their lives threatened by the war. Hundreds of thousands of people are fleeing the country.¹ Sudan's

international partners have both a moral duty and a practical interest in promoting peace in the country. As Sudan's generals resist international calls for a ceasefire, **there is one potential way to stop the fighting: deny the SAF and the RSF the financial resources they need to finance their war efforts.**

War is an expensive business. Large sums of money are required to pay for soldiers, weapons and all kinds of supplies that are needed – both

¹ [Sudan: Situation overview \(as of 01 May 2023\)](#). (ReliefWeb)

before the start of a conflict, and throughout its duration. Over the last decades, **the SAF and the RSF have built strong economic power through their control over vast business empires**, made up of hundreds of companies managed without any form of public accountability towards the Sudanese population. The resources amassed through these business empires have been used to build up the military strength that the two forces are now unleashing against each other – and against Sudan’s population.²

To bring the fighting to a halt, **Sudan’s Western partners should target the warring parties’ business networks, and particularly their foreign branches**, which are most vulnerable to external pressure. This can be achieved through targeted sanctions against companies that generate revenue for the generals, while delivering no benefits for the population – gold mining companies, for instance. In addition, Western countries should nudge Egypt and the United Arab Emirates (UAE) – the main foreign backers of the SAF and the RSF respectively – to roll back the support they provide to the warring parties, including by enabling the operations of their business networks.

The generals’ war chest

To finance the current conflict, the SAF and the RSF can rely on the **vast amount of resources accumulated over the past decades through extensive networks of companies** – which, according to some estimates, make up to 80% of economic activity in Sudan.³

The SAF controls an extensive economic empire, largely run through its economic arm, the Military Industrial Complex (MIC),⁴ as well as through ostensibly charitable organizations like the Special Fund for the Social Security of the Armed Forces (SDSSAF) and the Martyrs’ Organization. These organizations, run by SAF leaders and their cronies, control a vast network of companies, including many seemingly private ones.⁵ These intricate networks operate **across virtually all sectors of the economy**, including defence, agriculture, banking, mining, transport, construction, security provision. Examples of SAF-linked companies include prominent businesses, such as the Omdurman National Bank, one of Sudan’s largest financial institutions, valued in 2019 at over USD 13 billion, as well as large multi-sector conglomerates like Giad and Zadna.⁶ In addition, the armed forces also control a range of relatively smaller companies, such as various subsidiaries of the Safat and Karari groups of companies.⁷ Although the exact size of the SAF’s business empire is hard to ascertain, the MIC is estimated to control over 200 companies, with an annual revenue of USD 2 billion.⁸ According to estimates by the former government, up to 80% of these companies and their revenues operate outside of the civilian government’s jurisdiction.⁹

Although more recently developed, the RSF’s business networks have come to compete with those of the SAF. Control over these networks largely lies in the hands of the **extended family of the RSF’s leader**, Mohammed Hamdan Dagalo, aka Hemedti. Hemedti’s business empire started in Darfur, where his group’s military dominance allowed him to take control over several lucrative

2 [Exposing the RSF’s secret financial network \(Global Witness\).](#)

3 [Sudan Transparency and Policy Tracker report calls economic situation ‘grim’ \(Radio Dabanga\).](#) Other Sudanese actors, including the remnants of the regime of Omar al-Bashir, prominent Islamist figures, as well as Sudan’s intelligence services also control vast business networks (see, for instance: [A mafia with a state: how the deep state in Sudan finances itself \(Sudan In The News\)](#)). Some of these actors are also reportedly engaged – although in a less direct way – in the current conflict, mostly in support of the SAF. The focus of this piece, however, is only on the two main belligerents, the SAF and the RSF.

4 Note that the MIC is also often referred to as Defence Industries Systems (DIS), or Masad.

5 [Breaking the Bank: How military control of the economy obstructs democracy in Sudan \(C4ADS\).](#)

6 [Ibid.: Inside Sudan’s labyrinthine military-industrial complex \(Africa Intelligence\).](#)

7 [Ibid.](#)

8 [Sudan’s Military Companies Go Civilian: How the Recent Divestment Agreement Can Succeed \(Carnegie Middle East Center\).](#)

9 [البرهان يدافع عن شركات الجيش ويتمسك برفع علم السودان في جلاب وشلاتين \(القدس\).](#)

gold mining sites. These included Jebel Amir, one of Sudan's largest gold mines, estimated to generate USD 54 million per year for the armed groups controlling it.¹⁰ In Darfur, the RSF also profited from its control over migration and smuggling routes: the RSF received funds and assistance to ostensibly curb migration flows (including as part of European-funded efforts), but at the same time generated revenues by engaging in illicit businesses, including smuggling.¹¹ The deployment of RSF soldiers as mercenaries in Libya and especially in Yemen also provided a very important source of revenue for the RSF.¹² Over time, the RSF's leader has deftly used these resources to **create a vast business network straddling many sectors**, including transport, construction, agriculture, livestock, real estate, banking and ICT. This network features a very large multi-sector conglomerate, Al-Junaid, a range of smaller businesses, such as GSK and Tradive, as well as Khaleej Bank, a large financial institution with an international correspondent banking network.¹³ The profits from these business ventures have reportedly made Hemedti one of the richest and most powerful men in Sudan.¹⁴ Hemedti's financial power was in full display in 2019, when he boasted of having deposited USD 1 billion into the Central Bank of Sudan to pay for the salaries of teachers and the police.¹⁵

Domestic networks with foreign linkages

The business empires of both the SAF and the RSF enjoy deep ties outside of Sudan. Companies belonging to both networks have frequent interactions with foreign counterparts, have foreign bank accounts, and in some cases are based abroad. Predictably, each side's foreign business ties are more developed in the countries providing them with other forms of support – Egypt for the SAF, and the UAE for the RSF.¹⁶

The SAF's strong ties with the Egyptian armed forces are reflected in various forms of cooperation between the two institutions' business networks¹⁷ (much like the SAF, the Egyptian military controls a vast share of the country's economy).¹⁸ This cooperation – openly promoted by Sudan's MIC and Egypt's Ministry of Military Production – has not been limited to the defence domain, but it has also extended to civilian industries.¹⁹ Besides these formal partnerships, businesses from both sides have been reportedly engaged in more hidden forms of cooperation. For instance, the MIC-owned company Multiple Directions is reported to have ties with the Egyptian intelligence services.²⁰

10 [Final report of the Panel of Experts on the Sudan established pursuant to resolution 1591 \(2005\) \(S/2016/805\)](#).

11 [Multilateral Damage: The impact of EU migration policies on central Saharan routes \(Clingendael\)](#), p. 36-56.

12 Both the SAF and the RSF received payments for the deployment of Sudanese soldiers in Yemen. However, while the SAF contingent was paid through regular army channels, the RSF commanders received their troops' salaries in hard currency and paid them out to the soldiers in Sudanese pounds, thus gaining a substantial personal profit. Individual militiamen were also hired, in exchange for an upfront payment of USD 55k for five years' service. Hemedti was reportedly the single major beneficiary of this scheme. [Sudan: A Political Marketplace Framework Analysis \(World Peace Foundation\)](#), p. 15-16.

13 [Exposing the RSF's secret financial network \(Global Witness\): Breaking the Bank: How military control of the economy obstructs democracy in Sudan \(C4ADS\)](#).

14 [The Rapid Support Forces: A Comprehensive Profile \(Sudan In The News\)](#).

15 [A new strongman in Sudan? Experts aren't so sure \(Associated Press\)](#).

16 Although there are several other foreign partners engaged in Sudan and supporting the SAF and the RSF (e.g. Saudi Arabia, Ethiopia, Russia, China), we focus on Egypt and the UAE because evidence suggests that they are the two foreign countries with more access to and leverage over the two generals. Egypt unequivocally supports the SAF, and attaches a great deal of importance to developments in its southern neighbourhood. As for the UAE, the country's interest in Sudan is less marked than Egypt's, while its engagement is broader: despite strong ties with the RSF, the UAE also has links with the SAF and with a number of other actors within Sudan (other armed groups, civilian politicians, as well as prominent businesspeople).

17 The ties between the Egyptian military and the SAF are not limited to their business networks, but also include forms of direct military support and diplomatic cooperation. However, the focus here is on business networks.

18 For detailed information on the Egyptian military's engagement in business, see: [Owners of the Republic: An Anatomy of Egypt's Military Economy \(Carnegie Middle East Center\)](#).

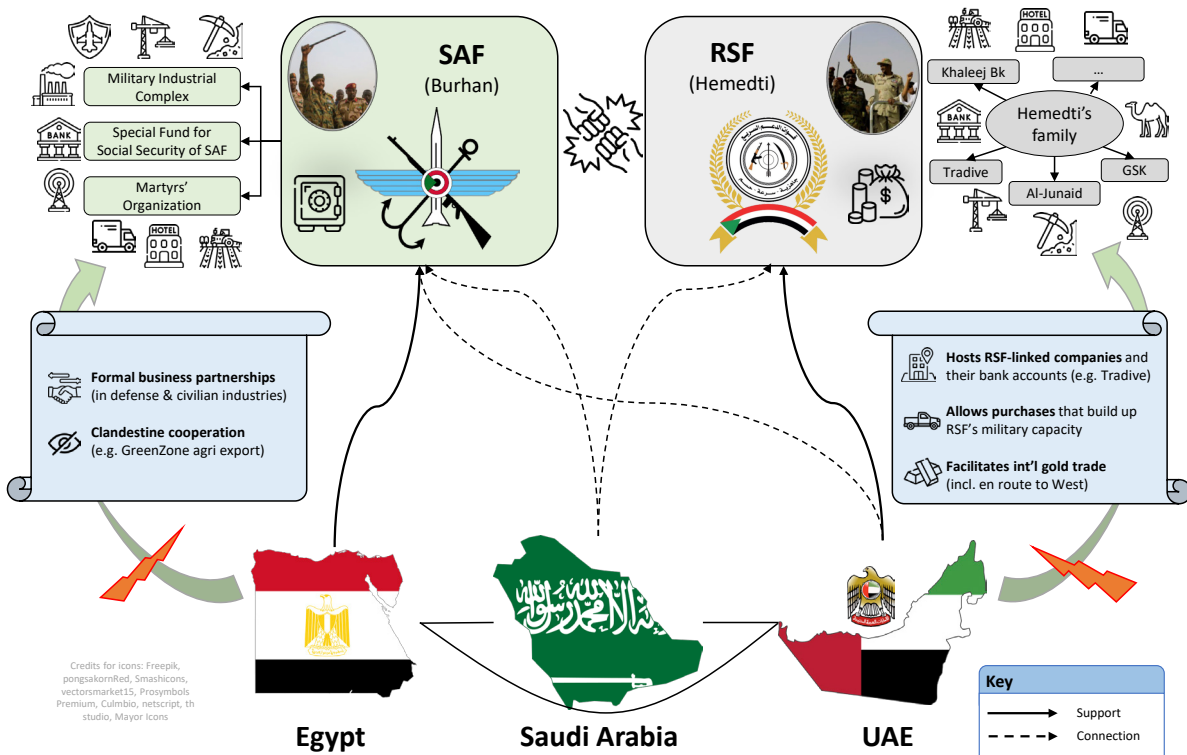
19 [Egypt, Sudan discuss enhancing military production cooperation \(Zawya\)](#).

20 Interview with a former Sudanese government official, Khartoum, June 2022.

Moreover, another MIC-controlled business, GreenZone, has been reported to cooperate with companies owned by the Egyptian army in a scheme for the exportation of Sudan's agricultural produce.²¹ According to well-informed sources, GreenZone acts as a quasi-monopoly buyer of produce from Sudan's major agricultural companies, which it then exports to Egypt via ground freight using companies affiliated to the Egyptian army. These companies reportedly then re-export the produce from Egypt.

Past investigations also revealed how the RSF has relied on Emirati dealers to purchase over 1,000 pick-up trucks of the kind that are then converted into vehicles for military use.²³ Moreover, and arguably most importantly, the UAE is the main destination for the export (both legal and illegal) of Sudan's gold, a large share of which is managed by the Dagalo family businesses.²⁴ Emirati companies like Kaloti and Rozella have reportedly engaged in the purchase of gold linked to Hemedti's businesses, such as Al-Junaid²⁵ (notably, both companies also have some form of business links with European

On the other hand, the RSF's business empire has deeper ties with the UAE. Some of the front companies belonging to the RSF's network, such as Tradive General Trading LLC, are based in the UAE, and the RSF has a bank account in its own name at First Abu Dhabi Bank.²²



21 Interview with an expert on the private sector in Sudan, June 2022.

22 [Exposing the RSF's secret financial network \(Global Witness\)](#).

23 [Exposing the RSF's secret financial network \(Global Witness\)](#).

24 [Beneath the Shine: A Tale of Two Gold Refiners \(Global Witness\)](#).

25 [Exclusive: Sudan militia leader grew rich by selling gold \(Reuters\)](#); [Beneath the Shine: A Tale of Two Gold Refiners \(Global Witness\)](#).

countries).²⁶ While the exact size of these business dealings remains difficult to ascertain, airway bills and invoices accessed by Reuters showed that, in a mere four-week period in late 2018, Al-Junaid had sent around a ton of gold to Dubai, at a value of USD 30 million.²⁷

Starve the warlords, not the people

In recent years, **the SAF and even more so the RSF have used the wealth coming from their business networks to build up their military strength**, which they are now unleashing against each other.²⁸ As the fighting drags on, both sides will be under pressure to continue mobilizing resources. Yet, with the conflict ravaging Sudan's economy, generating revenues domestically is likely to become more difficult. In a telling example, fighting reportedly took place at the industrial park of the military-controlled conglomerate Giad. As a result, these networks' foreign linkages may come to play an even more important role in fuelling the conflict – or potentially bringing it to a halt. To prevent the warlords from financing the conflict, **Sudan's Western partners should target the warring parties' business empires – and particularly their foreign branches.**

Western governments should **nudge their Arab partners, most notably Egypt and the UAE, to roll back the support they provide to Sudan's generals.** Over the last few months, Western countries have demonstrated that they have fairly little direct leverage over either the SAF or the RSF. For instance, the suspension of the debt relief process and of development aid after the October 2021 coup did not lead the generals to reverse their decision, and successive ceasefires brokered by the United States (US) over the last weeks have been regularly violated by both sides. However, some Western countries – in particular the US and France – may be able to apply a degree of indirect pressure over the generals via their partners in Cairo and Abu Dhabi (for specific entry points, see the box below).²⁹

Entry points for Western countries vis-à-vis Egypt and the UAE.

In the case of **Egypt**, achieving a drastic change in Cairo's policy towards Sudan is no easy feat, given the close ties between the Egyptian military and the SAF, the military's ingrained dislike of the RSF, and the high priority attached by Egypt to the Sudan file. Yet, the Egyptian military benefits from USD 1.3 billion per year in US military aid,³⁰ while the government is currently negotiating financial support from the International Monetary Fund (IMF), an institution where Western countries have significant power. This creates potential openings for Sudan's Western partners to nudge Egypt towards a policy that is at least more conducive to halting the fighting, rather than sustaining it.

As for the **UAE**, Western governments may have more leeway – partly because, although the RSF is the UAE's main partner in Sudan,

26 Kaloti has sold large quantities of gold to the Swiss refining company Valcambi ([Beneath the Shine: A Tale of Two Gold Refiners \(Global Witness\)](#)). A company named Rozella General Trading and Consulting GmbH is registered in Germany, with UAE-based Hamad Mohamed Tahir Ali as its manager ([Rozella Trading and Consulting, GmbH \(North Data\)](#)). According to well-informed sources, the manager is a Sudanese national, and is also in charge of the UAE-based gold trading company Rozella.

27 [Exclusive: Sudan militia leader grew rich by selling gold \(Reuters\)](#).

28 In the short period of time from Bashir's removal to today, the RSF's ranks have swelled, rising from an estimated 30,000 soldiers in 2019 to an estimated 75,000-100,000 in 2022. This growth has been achieved by conducting widespread recruitment campaigns across the country, and by offering salaries reportedly higher than those offered by the SAF. The RSF have also been reportedly able to purchase expensive surveillance software. See, for instance: [Darfur after Bashir: Implications for Sudan's Transition and for the Region \(USIP\)](#), p. 5-7; [Flight of the Predator: Jet Linked to Israeli Spyware Tycoon Brings Surveillance Tech From EU to Notorious Sudanese Militia \(Haaretz\)](#).

29 Both the US and France have well-developed ties with both Egypt and the UAE. In particular, the US has strong leverage over Egypt ([Fact Sheet – U.S. Military Assistance to Egypt: Separating Fact from Fiction \(POMEDS\)](#)), while the French President Emmanuel Macron has good personal ties with the Emirati leader Mohammed bin Zayed ([France and the UAE: A deepening partnership in uncertain times \(Brookings\)](#)).

30 [Fact Sheet – U.S. Military Assistance to Egypt: Separating Fact from Fiction \(POMEDS\)](#).

Abu Dhabi also has ties with the SAF,³¹ and partly because of the relatively lower priority attached to Sudan by the UAE. The UAE's role in enabling the illicit trade of Sudanese gold (including towards Europe) is well-documented.³² Western governments may ask Emirati policy makers to curb these illicit flows, for instance as part of the efforts required for the UAE to make its way out of the Financial Action Task Force (FATF) grey list.³³ Public pressure campaigns shedding light on the UAE's role in the illicit trade in Sudanese gold may result in private diplomatic efforts being more successful.

Efforts to pressure Egypt and the UAE should be conducted simultaneously and in coordination, as no foreign actor is likely to back down from supporting its partner in Sudan if other foreign actors continue to provide support to the opposing faction. To ensure a coordinated outreach, Western governments should cooperate with **Saudi Arabia**. Riyadh's potential in promoting this coordination hinges on its favourable position in the network of linkages both inside and outside Sudan. Within Sudan, Saudi policy makers have links with both the SAF and the RSF,³⁴ and they have tried to play a mediating role since the earliest stages of the current conflict.³⁵ Moreover, they also have solid ties with both Egypt and the UAE, including a degree of coordination on regional foreign policy issues. Finally, Saudi Arabia also

maintains good diplomatic relations with many Western countries, such as the US, the United Kingdom, and France. Western governments should leverage these relations to support their outreach in Cairo and Abu Dhabi.

In addition, Western countries should **impose targeted sanctions on businesses that generate revenues for the generals, while delivering little benefit for the population at large**. These may include, for instance, companies active in real estate, gold mining, or private security provision. More care should be taken when dealing with companies that are active in key sectors of the Sudanese economy, such as agriculture and banking, where the impact of sanctions may be felt not only by the generals, but also – if not especially – by the Sudanese population.³⁶ The direct economic impact of these sanctions may be limited, owing to the relatively weak connections that the generals' business empires have with Western countries. Yet, the measures could be effective in creating reputational damage for these networks of companies and the foreign businesses dealing with them.

So far, Sudan has failed to move up on in the priority list of many Western countries. Current events show that this lack of attention is misplaced. The ongoing conflict is not only threatening the lives of 45 million Sudanese people, but it has also set in motion a series of migratory flows, including towards Europe, and has caused the release of prominent Islamist figures within Sudan. **No one – be it in Sudan, in its region, or in Europe – stands to benefit from the current conflict**, and all international efforts should be devoted to helping Sudan to move towards peace.

31 For instance, the SAF leader Abdelfattah al-Burhan has been repeatedly hosted by high-level policy makers in the UAE, and the SAF has received support (alongside the RSF) from the UAE and Saudi Arabia for the deployment of Sudanese soldiers in Yemen.

32 [Beneath the Shine: A Tale of Two Gold Refiners \(Global Witness\)](#).

33 [Financial crime watchdog adds UAE to 'grey' money laundering watch list \(Reuters\)](#).

34 For instance, Saudi Arabia provided payments to both the SAF and the RSF for the deployment of Sudanese soldiers in Yemen, and it has cultivated ties with the leaders of both forces.

35 Even before the start of hostilities on April 15th, the Saudi ambassador to Sudan was reportedly leading mediation efforts to prevent an escalation. After the beginning of the fighting, the Saudi Foreign Minister was one of the first to talk directly to both al-Burhan and Hemedti.

36 Any effort to apply sanctions should be grounded on a careful assessment of sanctions' effectiveness in other contexts, such as in Syria and Iran, to ensure that adequate targeting maximizes the negative impact on the generals, while minimizing the damage for the population at large. For instance, sanctions targeting individuals and their companies are to be preferred over sanctions targeting whole sectors. The Executive Director of the Sudan Transparency and Policy Tracker, Dr. Suliman Baldo, has published extensively on this topic, most recently: [To End War in Sudan, Target the Generals' War Chests \(Just Security\)](#).

About the Clingendael Institute

Clingendael – the Netherlands Institute of International Relations – is a leading think tank and academy on international affairs. Through our analyses, training and public debate we aim to inspire and equip governments, businesses, and civil society in order to contribute to a secure, sustainable and just world.

www.clingendael.org/cru
cru@clingendael.org
+31 70 324 53 84

 @clingendaelorg
 The Clingendael Institute
 The Clingendael Institute
 clingendael_institute
 Clingendael Institute
 Newsletter

About the authors

Guido Lanfranchi is a junior research fellow at Clingendael's Conflict Research Unit (CRU). He contributes to CRU's Horn of Africa programme, focusing on Sudan, Ethiopia and Somalia. Guido's research interests revolve around the interplay between economic, political and security dynamics, with a focus on how economic interests and business elites shape governance arrangements and conflict patterns. Guido also conducts research on geopolitical dynamics in the Horn of Africa, including the engagement of various foreign powers (Russia, China, Arab Gulf states, etc.).

Anette Hoffmann is a senior research fellow at Clingendael's Conflict Research Unit. Her work focuses on the interaction between economic and political drivers of conflict and peace, with a particular focus on the Horn of Africa. She spent 10 years living and working in the Sudans and Ethiopia.