

Cross-Country Research on Youth and Women Employment in Conflict-Affected Regions: Insights from Burkina Faso, Ethiopia, Jordan, and Sudan

Country Case Study Sudan

Introduction and context

Sudan, the third-largest country in Africa, is a nation of immense potential but one deeply affected by fragility and conflict. Spanning 1.9 million square kilometers and home to a population of approximately 50 million, Sudan's youthful demographic was once a driving force for urban migration and economic growth. However, the outbreak of conflict in April 2023 between the Sudanese Armed Forces (SAF) and the Rapid Support Forces (RSF) has plunged the country into turmoil. This conflict, rooted in power struggles and economic interests, has displaced millions, forcing many to migrate from urban hubs like Khartoum to rural areas or other urban centers such as Port Sudan. The impact on the employment sector has been devastating, with widespread destruction of infrastructure, disrupted industries, and diminished economic activity. Key sectors such as agriculture, services, and industry have suffered due to insecurity, looting, and hyperinflation, leaving the youth—the backbone of the nation's workforce—struggling to find opportunities amid a collapsing job market. As Sudan grapples with extreme poverty, structural challenges, and a fragile economy, addressing youth unemployment is critical to rebuilding resilience and fostering long-term stability.

The conducted research investigates the complex employment challenges faced by women and youth in conflict-affected regions. The study, conducted in Ethiopia, Burkina Faso, Jordan, and Sudan, explores actionable strategies to enhance economic engagement and highlights solutions that can be adapted to other fragile contexts. The research process employed a participatory approach, integrating qualitative and quantitative methods to gather data from diverse stakeholders. Key informant interviews, focus group discussions, and surveys were conducted. All details can be found in Annex 1 and 2 of the full report.

The study is structured around two core pillars, each exploring critical aspects of employment ecosystems and development programming in fragile contexts. **Pillar A** focuses on the role of private sector SMEs in fostering job creation and building sustainable employment ecosystems for youth and women. **Pillar B** investigates how economic development and employment creation programs, including interventions of the Challenge Fund of Youth Employment (CFYE), function in conflict-affected zones and adapt to the barriers imposed by such settings.

Key demographics Sudan

Sudan's youth unemployment is a critical issue. This refers to the share of the labor force ages 15-24 years old without work but available for and seeking employment. The rate for 2023 was 18.15% as it was 12.96% in 2022 it shows a 40% increase. Other key demographic indicators also report an immediate effect of the conflict with the real GDP decreasing from \$154.672 billion in 2022 to \$123.565 billion in 2023. Meaning per capita a decrease from \$3,100 (2022) to \$2,500 (2023). The impact on the employment sector has been devastating, with widespread destruction of infrastructure, disrupted industries, and diminished economic activity.

Key findings of the research

Sudan's insecure political and socio-economic environment creates a **challenging backdrop for employment** and private sector development. Unstable government support and frequent leadership changes within ministries lead to unpredictable regulatory environments. Businesses face chaotic tax systems with excessive fees imposed erratically by government agencies. Customs charges and product inspections further increase operational costs, compounding financial strain. Inconsistent and inefficient support, exacerbates the difficulty of

maintaining business continuity. The absence of supportive regulatory frameworks and uncooperative government bodies severely limits SME growth and hampers job creation initiatives.

Retaining qualified staff has become a persistent issue in Sudan. Internal displacement caused disrupted labor markets and fractured employment ecosystems. Many skilled workers have either fled the country or been relocated to safer regions, leading to a severe loss of human capital and expertise. For businesses attempting to sustain operations, attracting new talent is increasingly difficult due to insecurity because of active conflict and a lack of job security. Moreover, rural areas face a pronounced skills gap, with vocational training often perceived as inferior to academic pathways, leaving employers with a limited pool of technically skilled workers.

The economic instability has severely affected **financial systems**. Fluctuating exchange rates, rampant inflation, and limited access to cash flow cripple many businesses. Rising operational costs, compounded by the scarcity of raw materials and disrupted supply chains, further threaten business viability. Potential investors remain wary of the heightened risks associated with operating in such a fragile context, leaving SMEs to struggle with insufficient capital to sustain or expand operations.

In Sudan, **deep-rooted cultural norms and systemic barriers** significantly restrict women's and youth's access to economic opportunities. Women are often excluded from male-dominated sectors or leadership roles and face financial dependence due to family dynamics that limit their mobility and control over earnings. Similarly, rural youth struggle with limited exposure to structured work environments, critical thinking skills, and professional networks, leaving them unprepared for corporate roles. These societal and structural challenges, compounded by low awareness of job opportunities in conflict-affected areas, perpetuate economic inequality and cycles of poverty.

Sudan's fragile infrastructure is ill-equipped to support modern business ecosystems. The lack of reliable **digital infrastructure** stifles the development of e-commerce and fintech solutions, which could otherwise help businesses adapt to the challenges of conflict. Physical infrastructure, such as roads and transportation systems, has also suffered significant damage, making it harder for businesses to maintain supply chains and access markets. In rural areas, limited access to training centers and higher education further entrenches economic disparities and impedes the development of a skilled workforce.

The ongoing conflict has **magnified pre-existing inequalities** in Sudan. Internal displacement has forced many families to abandon their livelihoods, creating a fragmented labor market and significant challenges for businesses trying to sustain operations. The scarcity of essential services, such as childcare and transportation, disproportionately impacts women, making it difficult for them to participate fully in the workforce. The security concerns associated with working in conflict zones—especially for women—create additional risks, further limiting employment options.

Lastly, instability caused by conflict has diverted resources and attention away from **long-term developmental initiatives**. Businesses that once invested in training and capacity-building programs for their employees have deprioritized such efforts to focus on survival. Rising operational costs, compounded by inflation and a shrinking consumer base, leave many companies unable to expand or innovate. Meanwhile, international buyers remain hesitant to engage with businesses in conflict zones, reducing opportunities for growth and export.

In response to the severe economic disruptions caused by conflict, Sudanese banks played a pivotal role by adapting their services to sustain businesses. They facilitated payroll processing and remittance transfers despite sanctions, leveraging long-standing partnerships to introduce innovative financial products like cross-border transactions and foreign currency exchanges. These measures are vital for SMEs struggling to maintain operations amid economic volatility.

SMEs, on the other hand, adopted strategies to diversify their offerings and adapt to the constraints of conflict. For example, **DAL Group/Sayga**, one of Sudan's largest family-owned businesses, shifted from manufacturing to packaging due to the destruction of its production facilities. Rather than halting operations entirely, the company sourced products from abroad and packaged them locally for sale in Sudan—a temporary but effective solution to sustain business operations and retain employees until post-conflict recovery is possible. Similarly, a **mobile diabetic clinic in Port Sudan**, initially offering home visits, successfully transitioned into a physical clinic—one of only two currently operating in the country—demonstrating how necessity-driven adaptability can lead to long-term, scalable solutions in fragile contexts.

Other SMEs also pivoted their business models to focus on essential goods. For instance, some businesses prioritized the production of staple foods like yogurt, a key part of Sudanese diets, ensuring both business continuity and the stability of local supply chains. These examples highlight the critical role of SMEs in maintaining economic resilience during crises, underscoring the importance of flexibility, diversification, and strategic shifts in response to conflict-induced disruptions.

To navigate the challenges of workforce retention, many Sudanese businesses **adopted innovative approaches**. Younger employees, often more available for work and able to adapt to rapidly changing conditions, were prioritized for hiring. Businesses also retained existing staff through targeted incentives, such as increased salaries to counteract inflation and providing free shared accommodations or meals for blue-collar workers. These measures demonstrated a commitment to employee welfare, fostering loyalty and resilience even in uncertain times.

With safety concerns mounting, many businesses **relocated operations** to safer areas within Sudan. This geographical shift allowed them to continue functioning while mitigating the risks associated with conflict zones. Expanding remote work options became another critical adaptation, enabling businesses to maintain productivity while reducing physical vulnerabilities.

Initiatives from 249Startups, a CFYE Implementing Partner, played a transformative role in empowering women economically, particularly in regions where cultural norms and conflict-related disruptions limited their opportunities. By establishing partnerships with financial institutions, community groups, and entrepreneurial programs like the Rhino Accelerator, the initiative provided women with access to revolving fund systems, tailored training, and market linkages. Recognizing the unique challenges faced by women in conservative regions, the program also incorporated flexible participation models, such as online training, to accommodate social and mobility constraints. These efforts not only enabled women to start small businesses and build financial independence but also contributed to shifting societal perceptions of women's economic roles, particularly in communities influenced by displacement and exposure to urban work environments.

Recommendations

The findings from this research highlight the pressing need for a holistic, conflict-sensitive approach to address Sudan's labor market challenges. Given the ongoing instability, economic

disruptions, and structural weaknesses, targeted interventions are required to support youth and women while ensuring long-term resilience. The following recommendations reflect best practices, lessons learned from CFYE and other large-scale employment programs, and adaptive solutions that address the intersection of conflict, fragility, and employment generation.

Empowering women in the workforce

Women in Sudan face significant cultural and structural barriers to economic participation. Engaging community leaders, including religious and tribal figures, can help shift societal perceptions and promote women's employment as an economic necessity. Awareness campaigns should align with traditional values to gain community acceptance. Additionally, programs must integrate gender-sensitive policies, such as safe transport options, women-only training spaces, and harassment prevention frameworks, to improve workplace safety and encourage long-term retention of women in the workforce.

Conflict-Sensitive Employment Strategies

Sudan's employment sector must adapt to the realities of conflict and displacement by adopting localized hiring strategies and flexible work models. Prioritizing displaced youth and women through collaborations with Technical and Vocational Education and Training (TVET) institutions and community-based organizations can facilitate access to employment. These programs should focus on digital literacy, remote work, and vocational skills in resilient sectors such as agriculture, healthcare, and renewable energy. Encouraging businesses to embrace remote work and decentralized operations will help navigate security risks while ensuring job continuity. CFYE-supported programs have successfully leveraged online platforms and mobile job-matching systems to sustain employment amid conflict.

Enhancing Private Sector and International Partnerships

Collaborations between the public and private sectors are critical for employment generation in fragile settings. Expanding CFYE and donor-led collaborative models can de-risk investments and foster shared responsibility for economic growth. The CFYE's matching fund mechanism has proven effective in attracting private sector engagement. Additionally, leveraging diaspora investment and remittances, as demonstrated by Sudanese-led funds like the Rhino Accelerator, can provide sustainable capital to youth- and women-led enterprises, ensuring long-term business growth and job creation.

Strengthening Institutional and Policy Frameworks

To facilitate SME creation and scaling, Sudan must simplify business regulations and licensing processes. Conflict-exacerbated bureaucratic barriers hinder entrepreneurship and discourage investment. Policymakers and international donors should collaborate to streamline legal frameworks that support business formalization. Furthermore, integrating employment programs with humanitarian efforts is crucial, as over half of Sudan's workforce is impacted by displacement. Embedding job creation initiatives within humanitarian response strategies can provide immediate income generation while laying the groundwork for long-term economic recovery.