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## NOTE

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IN THE NAME OF ALLA, MOST  
GRACIOUS, MOST MERCIFUL

## **Introduction:**

Sudan is an Afro-Arab country occupying a remarkable strategic position in the Center of the African continent that marks a melding point between Arabs and Sub-Saharan peoples. It shares common borders with nine countries of Northern, Eastern, Central and Western Africa. Such juxtaposition engenders a mix of trade, culture, social, ethnic and other human ties inveterated via history. Extending over a vast area of 2.4 million square kilometers from the hot arid north to the wet tropics of the south, the country has several different ecologies and environmental zones.

Based on the 1993 census Sudan population has reached 30.3 million by 1999 with annual growth rate of 2.6% and population density of 10.2 persons per square kilometer. The demographic characteristics of the country indicate a young population which in turn denote the availability of a young working force. The post independence period was masked with a dualistic feeble economic structure dependent upon rainfed traditional agriculture and a relatively modern perennial export-oriented agriculture: both of which then contributed within a tune of 50% of Gross Domestic Product (GDP). more than 90% of exports and provided employment opportunities for more than 80% of the population, during the last three decades. ensuing political independence of the country. A number of plans and programmes were implemented. These plans and programmes however diverged in time horizon they converge in their general orientation, objectives, instruments, and policies with agriculture and related activities ostensibly attracting the bulk of capital investments. The basis and principles of government paradigm was to translate these plans and programmes into socio-economic transformation by enlarging the economic base through accentuation on agricultural development. export diversification and augmentation and, import substitution policies targeting mainly – agro-based industries. However, national objectives were not translated into a relatively balanced and sustained investment appropriations. The public sector share of total investments, partly financed from foreign sources, was large commensurating with its dominant role in the economy. Many planed projects, some of them received sizable capital investment were implemented in the fields of agriculture, irrigation, industry, road transport, communication, electricity generation and distribution network, health, education etc.. However, despite the huge investments that seeped into the economy they eked only an average growth rate of about 2% during the reference period which was less than

the population growth rate. Other years have registered negative growth rates while the economic structure remain unchanged. It continued to suffer from structural weaknesses due to its dependence on a limited agricultural product mix that did not cope with the level and magnitude of increasing aggregate national demand. The food situation had exacerbated most since the advent of the seventies and the country resorted to increased food and other imports to satisfy the overall inveterated demand. The proliferation of public sector agencies and parastatals, together with fiscal and monetary expansion have combined and led to unproportionate growth of the services sector with contribution to the GDP increased to the detriment of the productive real sectors. However, with increased spending to bridge both local and foreign resource gaps the public sector ability to invest became weak, foreign debt obligations transcended and the economy was haunted with a host of bottlenecks, distortions and administrative restrictions that restrained the country's ability to redress the situation and brought the economy to a stage of recession by the end of the eighties inspite of the availability of considerable agricultural and natural resources potential the country postulated to possess

**Environmental Systems And Potential Economic Resources:**

Sudan enjoys multidimensional econologies that provide immense fertile land of about 80 million hectares, a large number of livestock, natural pastures of about 24 million hectares, forest area of about 64 million hectares in addition to considerable water resources from rivers, seasonal streams and rains with annual amount of 575 millions cubic meters. And underground water: mainly underlain the Nubian Sand Stone aquifer, the biggest underground water reservoir in Africa. It contain about 39 billions cubic meters of water. These arable vast lands, with the environmental diversity provide favourable condition for the production of different crops and animal breeds. Sudan abounds in Animal wealth of about 121 millions heads distributed vide:

- Cattle:	36,000,000
- Sheep:	45,000,000
- Goats:	37,000,000
- Camels:	03,000,000

About 80% of this wealth is espoused in the traditional sector where natural pasture is available. Animal products registered increasing trend in the export bill by the end of the seventies, thenafter became an important source of foreign exchange earnings.

In addition to its agricultural and animal resources, Sudan abounds with potential mineral wealth of which, petroleum is the most important. Petroleum is now being exploited commercially with 900 million barrels of proven reserves. Prospecting operations are in swing with anticipation of additional reserves. With gold fetching an important place in the list of exports, numerous minerals such as iron, copper, manganese, zinc, mica, and chromite are also available. There are other nonmineral resources, such as plaster, lime and black sand. However some positive indicators and evidences have confirmed the existence of these resources in commercial quantities. This could pose a real addition to the industrial base of the country. Industry now depends mainly on agriculture which represents an important source of raw materials like vegetable oil, sugar, cotton, leather, animal feed and tobacco. The availability of natural resources, necessary for the expected great extension in agriculture both, plant and animals, will increase agro-industrial potential investment opportunities and encourage the development of manufactured, agricultural production means required for improved animal and production efficiency.

### *The Structure of Sudanese Economy:*

The main characteristics of the country's economic structure couch upon the natural environment: the distribution of its main elements, the modes and systems of production used in the exploitation of available various natural resources endowments. The agricultural sector with both plant and animal components continued to override the economic structure and growth, had born the burden of development of other sectors for long periods during which it was subjected to both visible and invisible taxation policies, and administrative control of goods and prices including exchange rate and the accompanied relative prices and incentive structures. As a result of these unfavourable policies, the contribution of the agricultural sector to GDP decreased from 43.6% in 1974/1975 to an annual average of 35% in the eighties. The services sector had developed in this deformed environment with increasing rates of growth. Its annual contribution exceeded 47% of GDP in this decade. Agriculture, then regained its distinguished position and continues to represent the most important pillar of the economic base. It registered an annual average contribution of 45% of the GDP against 35% for the services sector during the nineties.

The contribution of industry to GDP had doubled from an annual average of 7.5% in the eighties to 15.5% in the nineties. Below is an exposure of the most important developments that have taken place across the sectors of the economy and their impact on economic structure and growth together with the results of the partial reform policies implementation, of the eighties and the gradual wholistic approach of macro economic reform policies of the nineties.

## **Agriculture and Rural Development:**

### **The Irrigated Sector:**

The irrigated sector uses gravity, flood and pump irrigation modes for the cultivation of an area of 2 million hectares annually of middle and small farm size, hired by farmers from the State. This sector produces cotton, wheat, sugar, horticultural products, legumes, half of the ground-nuts produced by the country and a quarter of the production of fine Sorghum in addition to sunflower and green forage.

The contribution of this sector to the GDP decreased from an annual average of 17% in the eighties, to 12% in the nineties. This loss is due to many factors of which the most important is related to the nature, magnitude and pace of implementation of the economic reform. Notwithstanding the deterioration in the terms of trade by more than 20%, cotton the main crop has responded positively to the reform policies in the first half of the eighties. It realized a significant increase of an annual average of more than 30%. Wheat production also increased after a long period of stagnation whereas groundnut, the second important cash crop declined progressively by more than 10% a year due to its weak productivity and to the tenuous policies directed to it. The Government continued to follow the notion of food self-sufficiency up to the end of the first half of the 1990s, expanding the area under cereals at the expense of cotton in the irrigated sector.

The irrigated sector, however, did not respond positively to the host of policy orientation due to bottlenecks and structural problems of basic infrastructure such as irrigation and, the high cost of finance, absence of insurance system and inadequate application of agriculture technological packages. As a result the contribution of the sector did not exceed 15% of GDP in the best seasons.

### **The Rainfed Sector:**

Rainfed agriculture depends on two modes of production: one is mechanized and the other is traditional. The sector had registered appreciable growth due to both strong macro economic policies and favourable climatic conditions. Its contribution to GDP had risen from 18% in the 1980s to 33% in the 1990s with the highest contribution from livestock, 21% followed by cash crops, 6.9%, forestry, 3.2% and lastly mechanized production, 2.5%. This fact denotes that output structure and growth of real output had moved in favour of plant and animal traditional sector, both of which had showed steady output increase since 1991/92.

However productivity of the sector is still very much low compared to minimum international standards.

**The Mechanized Rainfed Sub-sector:**

Mechanized rainfed produces sorghum, sesame and sun-flower in an area of 6 million hectares of 462 hectares farm size hired by individual farmers, from the State. Productivity of all crops with the exception of sunflower had deteriorated due to expansion of cultivation in marginal lands without any due attention given to soil conservation. The Government has recently issued strong directive for farmers to allocate about 10% of the cultivable land to plant green belts as a precondition for granting bank financing.

**The Traditional Rainfed Sub-sector:**

- Annual area under traditional farming is estimated at 7.6 million hectares producing sorghum, millet, groundnuts, gum arabic and other minor products with minimal imported inputs.
  
- Area under forests had been constantly attenuated due to drought, bad distribution of rains and the uprooting of trees for energy use. Range lands had also suffered from the same factors in addition to the adverse consequences of wide devastation of vegetation cover of poor Savannah belt following anti-thirst campaign of the 1960s and 1970s. Natural resource balance started to recuperate ensuing more than six consecutive years of good rains before the year 2000.

**Sustainable Rural Development:**

A sustained rural development couches on rational use, development and protection of natural resource elements. The relation between these elements had been thwarted by cyclical periods of drought since the 1960s in addition to misconceptions of the then, economic policy reforms of the following two decades over the specific nature of the poor savanah ecosystem. The type of socio-economic development that had taken place ignored these traits. The consequences were grave with environmental imbalance, food shortages, worsening of living standard and wide scale population movement towards urban population centers. The Government together with the international community had combined efforts in providing relief and, revival and development programmes to help rural people inflicted by famine. A significant development had been the provision of supplementary irrigation system i.e. construction of dams across seasonal streams and making use of ground water in addition to provision of essential services. The most prominent projects implemented with the help of the international community are:

Jebel Marra Rural Development project for provision of mainly extension services, the Nuba Mountains Rural Development of intermediate technology, the Western Savannah for Integrated Rural Development, the Nuhud for Agriculture Credit, The Southern Roseires for Agricultural Development and the White Nile for Agricultural Services. In spite of their success these projects had some specific constraints that impeded their sustainability vize-a-viz:

- These projects were designed and implemented with minimal participation from the part of relevant national authorities and the people in the localities. The heavy dependence of these projects on foreign financing, implementation and management had reduced their chances of sustainability after the stoppage of aid.
- The remote locations of these projects from decision makers at the national and the state levels had also weakened their chances in finance, expose them to security problems and discouraged recruitment of qualified staff.
- No considerations had been given to socio-economic, demographic and other indicators which impinge on service delivery and cost recovery. environmental protection, the ramification of these projects and their sustainability.
- Weak coordination among donor agencies sponsoring these projects ascribed mainly to conflicting objectives, varying and sometimes intricate regulations and procedures had contributed to rising capital costs of these projects.

**Food Security:**

- Sudan faces no real problem in the availability of basic ingredients necessary for achieving food security relative to its neighbours. The problem however resides with the accessibility of all in need of food due to inadequacy of transport and distribution networks.
- Sudan managed to secure about 70% of its requirements from cereals, half of its consumption from wheat and from other food ingredients produced in the country such as sorghum, millet, sugar, vegetable oil, meat, vegetables and fruits with surplus for export.
- Food production index had risen from 109 in 1993 to 146 in 1998 and calorific intake from 2202 in 1993 to 2391 in 1998 or from 86% to 94%

of individual requirement. The per capita consumption of cereal ranges between 120 to 150 kg.

- Food security in Sudan had been influenced by a host of factors prominent among them are: unfavourable climatic conditions and their consequences of environmental degradation, reduction in production, rising numbers of refugees and internal migration as a result of drought, the war in the South and unrest in neighbouring countries. Other factors include insufficient and inadequate storage capacities, attenuating infrastructure especially in transportation, poor distribution of food aid for relief and high cost incurred in transportation of this food to the areas in need in addition to weak purchasing power of a large segment of the population. All these factors had contributed with varying degree to food shortages particularly in the Southern States which suffer from continued food deficit met from other surplus food areas of the East and Center of the country and from international aid in the form of Operation Lifeline. It is however, expected to launch a joint programme in collaboration with international agencies and NGOs for the purpose of providing food to the population centers having stabilized security situation in the South.
  
- To achieve the level of food security, a target of almost all plans and programmes pursued, some important developments had taken place of which:
  1. Mobilization of huge financial resources for rehabilitation of irrigated agriculture, aimed at reducing impending risks of uncertainty of rains over rainfed agriculture and providing for large areas of perennial irrigation under sorghum and wheat production.
  2. Securing finance for food production and for the application of appropriate technological packages in irrigated agriculture.
  3. Promoting supplementary irrigation from ground water and seasonal streams.
  4. Increasing the existing storage capacity of 2.3 million ton (of which 35% allotted for sorghum) in the hands of the public and private sectors and NGOs.

5. Providing support for producing families through banks, zakat and NGOs financing of small projects in agriculture and food processing.
6. Promoting agriculture and animal production in rural areas and for small producers through provision of credit facilities and credit schemes.
7. Applying a mix of policy measures to protect the natural resources and provide for environmental balance.
8. Upgrading and promoting the institutions responsible for policies and programmes of food security.

**Agricultural Sector Problems:**

The agricultural sector in the Sudan has been seriously constrained by problems related to production factors, infrastructure and services delivery, farm management, the applied technological packages, macro-economic and sectoral policies, climatic and biological factors. Realizing the wide diversity in the production system, the relative importance of each constraint varies widely from one system to another. Below is a summary of common constraints that characterized all agricultural systems:

- A dilapidated infrastructure and poor service delivery in irrigated agriculture which virtually need substantial sums of money to finance a wide programme of rehabilitation and expansion to address these constraints. Farmers especially in mechanized rainfed areas are also constrained by big sizes of holdings of arable land which are difficult to manage and conserve in the absence of permanent settlement of farmers. Crop losses are estimated at 30% of total crop production.
- Weaknesses in structures and systems of crop markets, insufficient grain storage, problems of transport and distribution have all contributed to low prices in seasons of abundant commodity supplies.
- Scarce water for perennial irrigation had indulged agriculture to depend largely on rainfed areas with consequences of uncontrolled expansion of mechanized farming on marginal lands, where rain is erratic and uncertain, and perpetual degradation of natural resources and environmental menace.

- High cost of financing, heavy taxation, complex investment licensing laws and regulations and the absence of investment maps and policy directives have contributed to increased cost of production in agriculture.
- The situation of statistical data and information is impaired by the vast area of the country, poor physical infrastructure, varied production systems and the highly diversified cropping. It is obvious that the present status of agricultural information should be enhanced. Because systematic collection of statistics on all aspects relating to the complex and numerous elements required for improved and sustainable agricultural growth, is a crucial and of central importance to any attempt to address agricultural problems. This also reflects the huge volume of data to be collected, sorted and analyzed in order to make information available in reliable and meaningful form to decision makers, producers, investors, planners and researchers. Although the production and research aspects of agriculture in Sudan have received considerable attention, the statistics and information have remained weak. The capacity for collection, sorting, processing and information exchange are now receiving greater attention to provide the tools through which estimates and indicators of acreage, yields, inputs, labour, production, costs, prices market information and other data are made available.
- There is obviously a need to address the problem related to dichotomy between agricultural practices and research. The durable solution for a better agricultural development and performance lies largely in the transformation of agriculture through strong, effective and coordinated national agricultural researches system, plans and programmes linked with education, training and extension. The combination of all these factors plays a decisive role in devising appropriate technology, rational use of land, water, labour force and allow macro-economic and sectoral policies to be smoothly reflected in resource mobilization towards agriculture for it to meet the challenges of globalization and information revolution.

**Industrial Sector:**

- The rudimentary contribution of manufacturing of 1% of GDP in the 1950s encouraged the government to take a leading role in industry, a policy, then cherished by successive governments through implementation of import-substitution strategies aimed at industrial growth and transformation. Since early 1960s the public sector

## ***Box (1)***

### ***KENANA SUGAR COMPANY (KSC)*** THE LARGEST INTEGRATED LABORATORY FOR SGAR INDUSTRY IN THE WORLD

Kenana Sugar Company (KSC) is a joint-venture enterprise located 250 km south of Khartoum with a designed capacity of 300,000 tons of white sugar per annum. It has been incorporated in 1975 as a private company. The main objectives of KSC are: to expand investment on sugar in the plentiful untapped cultivable lands of the country, to make use of the surplus capital of Arab petroleum countries and to augment import substitution programs. The authorized capital of KSC amounts to US\$ 590 million while the paid up capital is US\$ 561 million distributed among various partners as follows.

	%
* Government of Sudan	35.7
* Kuwait Investment Authority	30.5
* Government of Saudi Arabia	10.92
* Sudanese Development Corporation	5.66
* The Arab Co. for Agricultural Development & Investment	5.56
* A trust of Sudanese Commercial Banks	4.45
* Nishwayowai of Japan	0.16
* Gulf Fishing Company	--
* Lomo Co. of U.K	--

The total area of the project is about 70,000 hectares more than half of it is cultivated. Commercial production started in 1980/81 with 107,000 tons of white sugar. Yield in 1986/87 surpassed the designed capacity reaching 310,000 tons. Increase in production went further to reach 333,000 tons in 1996/97 amounting to about 60 percent of Sudan total production of sugar. In 1991/92 KSC initiated the first step towards exportation of sugar with 28,000 tons raised to 100,000 tons in 1999.

KSC employs 8,000 skilled labor of high caliber in different production areas in addition to 8,000 seasonal workers thereby contributing to the generation of employment opportunities in the project area. Moreover, KSC provide services in the field of education, rural development and provision of electricity supply.

became the main investor in industry. In subsequent developments a number of major import – substitution ventures were established by the public sector including sugar, textile, cement and metal industries whereas the private sector enjoyed expanding on edible oil, soap, chemicals and household utensils. About 80% of the total investment in industry was directed to manufactured consumer goods such as food processing, leather and textile industries during the period of the seventies. Import-substitution strategy implementation was heavily dependent on imported inputs and technology encouraged by protectionist policies with tax holidays, subsidies, concessional financing, incentives and exchange rate subsidies.

- Structural weaknesses of industry had been perpetuated by protectionist policies and the adaptation of production orientation towards final consumption. Such orientation did not observe the major difference in consumption patterns at sectoral, geographic and social levels, and between income groups. In addition to the high physical capital-intensity relative to labour-intensity, the industrial sector continued to be haunted by other serious structural problems of which:
  - Intra and inter industrial linkages are feeble both from the point of view of inputs and outputs. This is reflected in low demand impulses effected by an increment of industrial output.
  - Limitation of the domestic market and poor access to international market as real value added measured at world prices are low or sometimes count negative.
  - Policies of subsidies, exemption under investment laws and regulations, and import substitution have impaired industry. With price/cost distortions, low capacity utilization, low labour absorption investors have distanced themselves away from potentially long-term investments and indulged in short-term quick yielding – trade- related investments.

### **Services Sector:**

- The services sector includes all non-agricultural and non-industrial activities. The most important of these are transport, communications, commerce, banking and the public services: such as, education, housing, health and other social services. The

contribution of the services sector to the Gross Domestic Product (GDP) was estimated at 50% in the year 1973/74: and 54% in 1990/91.

- Of the major issues which accompanied the growth of this sector in the 1970s, and 1980s, and which were targeted by the economic policies of the 1990s, are the following:
  - The unproportionate growth of the tertiary sector, enticed by, the expansion in government expenditure, inflationary pressures, price subsidies and other economic structural weaknesses.
  - The rapid growth in the government and semi-government agencies, organizations and corporations have weakened the government administrative structures and led to more administrative and legal controls over the economy: trade, mobilization of capital, and factors of production and encouraged a rivalry attitude amongst government agencies over financial and physical resources. Such developments impinged heavily on the ability of the state machinery to manage the economy.
  - The low level of the quality and coverage of services: such as, water and energy supplies, transport, communications, health, education and social development, coupled with weak human and administrative capacities to operate, maintain and develop these services and their utilities.
  - The contribution of the services sector to the GDP had progressively decreased in the 1990s due to the policies favouring the productive sectors: through provision of financing, various administrative, financial and monetary incentives, reduction of government spending and budgetary control aimed at rationalizing aggregate demand. Such policies were reflected in a reduction of contribution of the services sector, to the GDP from more than 50% in the 1980s: to 35% in the 1990s. Moreover, the contribution of government imports had registered a reduction from 11% during the period 1986/87 – 1990/910: to 7.4% during the period 1992 – 1999.

**Basic Infrastructure:**

- Infrastructure plays a major stimulating role in building and developing societies, through the removal of differences amongst them and assist in intermingling of ethnic and cultural diversity, and social inheritance, and helps invigorating the evolution of socio-

economic textural advantages. But: the wide area of the country and its fragile ecological nature in most of its parts, require expansion in basic infrastructure in such way that helps to preserve, develop and transcend the specific natural characteristics of the environment. Despite the extensive effort wielded by the State to expand and develop basic infrastructure it is still far from meeting the required investment. Foreign aid before slowing down due to sanctions had played a significant role in the development and expansion of infrastructure.

- Apparently the implementation, rehabilitation and the expansion of basic infrastructure networks, require huge investments that are beyond the country's ability in the foreseeable future. Policy measures have been pursued to liberalize basic social services to recover costs and encourage the private sector and popular initiatives to mobilize resources towards infrastructure development. Such policies have successfully contrived to mobilize resources for the development of infrastructure but with excessive pressures spawned on the general budget and domestic resources. The developments that have taken place in infrastructure and basic services are summarized below:

#### **The Railway:**

Railways is the main transport mode for goods and passengers. Currently the length of rail line is about 5896 kms, with carrying capacity raised, from 1,400.000 tons in 1992. to more than 2 millions tons in 1999. Such capacity could have been doubled if the planned investments especially in communications and maintenance were realized..

#### **The Roads Network:**

The length of the roads network reached about 5,000kms: of which 2,700 are asphalt roads. Some continental, primary, secondary and tertiary roads are being constructed financed by own resources. Yet, work progress is very slow due to shortage of foreign exchange.

#### **The Sea Ports and Airports:**

There are three sea ports at the Red Sea: namely Port-Sudan, Suwakin and Bashayir. These ports are being developed and expanded to accommodate the progressive development in the volume of international sea traffic. There are also three international and 10 local airports linking the country with the outside world and the neighbouring States. Both the Sea Ports Corporation and the Sudan Shipping Lines facilitate the transportation of foreign trade. Intra and inter-trade relations are expected to grow with neighbouring landlock countries and countries in the regions of COMESA

and the Free Trade Arab zone. Such developments require rehabilitation of the existing infrastructural facilities: together with expansion of sea, air and road transport networks, to meet the increasing demand of goods transportation and transit trade.

**Communication:**

A great leap forward occurred in the field of telecommunication following privatization of the sector. Optical fibers network circuits increased by 3450kms. by 1999, and international circuits to 1028 and exchange capacity increased to 280,000 lines. Also a major shift occurred in the field of satellite communications, by the use of digital technology.

***Box (2)***

***Telecom Sudanese Company Ltd.  
(SUDATEL)***

Sudatel is a Joint Venture Company established in 1993 by the Sudan Government, Qatar Telecom Company, and Dubai Telecom Company as main Share holders. It has developed & expanded its services to the extent that Sudan is now well connected with the outside world and internally with digital technology constituting about 98% of the Telecom network and with teli-density leaping from 1.1 to 4.0 telephones per 100 persons. The companies generated profits had risen from US\$ 24 Million in 1997 to US\$ 60 million in 1999 . This has encouraged foreign investors to participate in a new capital stock which increased the total capital invested to US\$ 250 million.

### Energy:

The country's consumption of energy reached about 13 millions tons of petroleum equivalent: of which biomass (fuel wood, charcoal and agriculture and animal residues contribute about 83% of total primary energy consumed, (the household sector consumes about 93% of this energy), petroleum 12% and electricity 5%. The structure of this primary energy balance continued through 1980s decade, had slightly changed during the 1990s: with biomass contribution reduced to reach 78% of the total consumption of energy. The contribution of petroleum rose to 15% and electric energy to 7%. Improvement of the energy balance implies a change in the composition of traditional versus renewable energy and in favour of environmental protection, through reduction in biomass consumption and an increase in traditional energy consumption specially from hydropower supply.

### Water Supply and Sanitation:

Water supply shortage was very severe for humans since the last decades. The scarcity of water was not used as an effective instrument to impart a balance between natural resources elements, environmental health and improvement of nutritional status of community members. The inappropriate technology of establishing large water yards in the poor Savannah belt, had negatively affected the natural environment. A further consequence was the increase of construction and operational costs. Moreover, the water supply sector had suffered from professional conflicts and administrative changes which adversely affected the levels of performance, to the extent that the operational capacity of the water stations in the rural areas, was reduced to only 4% – or 315,000 cubic meters per day: because of the weakness of maintenance and non replacement of water facilities. The life time of large portion of water stations representing 85% of those operating in rural areas exceeded 30 years of age.

The restructuring of the water supply administration that took place in 1992 had led to the transfer of responsibility of provision of water to the State authorities, while technical supervision and planning remained the responsibility of the National Water Corporation. However: water consumption remained low with an average rate of national coverage of 40%, distributed at 50% for urban areas, and 30% for rural areas.

As for sanitation the ratios of coverage ranges between 50% for the urban areas: and 20% for the rural areas. Again these rates are much lower than the standards determined by the World Health Organization (WHO).

### **The Parallel (Informal) Sectors:**

The parallel sectors continued to contribute considerably to economic and social activities, particularly in the realm of traditional and, small modern rural industries: handicrafts, folkloric and quarry industries, agriculture and services. These activities shrank under subvention policies and market and price distortions that followed economic stagnation. However, in the aftermath of liberalization policies pursued the parallel sectors resurged with, their contribution to the Gross Domestic Product, according to international statistics estimate reached, 30%. Women play a pioneering role in these parallel activities.

### **Macro-Economic Performance in the 1990s:**

#### **Economic Situation at the end of the 1980s:**

- By the end of the 1980s, the economy indulged in perplexed structural problems. Prominent among them was the major budgetary imbalance represented in excessive expenditure, growing at a much higher rate than revenues. This had resulted in escalation of the budget deficit with increased borrowing from the banking system. Official data show that the budget deficit reached more than 9.8% of GDP in 1989, as compared to an average deficit of 2.4% for the preceding eight years. Revenues, were, substantially dependent on indirect taxes, to an average level of 6.2% of GDP. Meanwhile, the annual average contribution of direct taxes was less than 2%: while the non-tax revenues reached an annual average of 2.6% of GDP during the 1980s.
  
- By the same token, the trade balance had suffered progressively large gaps, as a result of increase of imports at higher rates than exports. The gap rose from US\$362 millions in 1980, to US\$848 in 1989. The average growth rate of exports during the 1980s was 1.8% as compared to 7% for imports. Export earnings, fluctuated due to their dependence on primary goods of unstable international demand and low prices. The scant response, during that period had protracted exchange rate change from achieving one of its most important objectives of boosting exports. It is also observed that the rate of increase in export proceeds were not proportionate to the progressive increase in export volume. The slow down of foreign aid associated with political conditionalities during the second half of the 1980s had exacerbated the problem of external balance. Instead financing became more closer to trade than to development. Likewise, the problem of foreign debt and debt payment obligations have

resurfaced and constituted a heavy burden to the balance of payments as well as to the national budget.

- The balance of payments difficulties had fueled the demand for foreign exchange which in turn destabilized the domestic currency and exacerbated money supply to finance increased budget deficit. The consequence of these were inflationary pressures accompanied by price and market distortions, and escalating pace of aggregate consumption at the expense of production. Eventually both financial and physical assets have depreciated and deabitated and the gap between saving and investments widened.
- A medium-term Economic Salvation Programme (1990-1993) was formulated in 1990 to address the stalemate and reactivate the economy. The programme attempted to mobilize internal and external resources available, reform economic systems and structures, and create a conducive environment for the promotion of investments and production. It had clearly aimed at redefining the role and functions of the public sector breaking its hegemony, privatizing of public enterprises, liberalizing of the exchange rate and removing administrative economic, and legal controls protracting the role and active participation of the business community, local and foreign investors and other economic operators in the economic sphere.
- The programme document did not explicitly stipulated the adoption of liberalization policy. Yet, its overall objectives, instruments, policy orientation and procedures followed in the implementation stage render the programme an inevitable phase paving the ground for the announcement, in February 1992, of a comprehensive long term liberalization policy. The programme was then merged with the National Comprehensive Strategy (1992-2002). It is worth mentioning that the implementation of the programme was constrained by the lack of commitment from the part of the international community to provide aid. A factor that limited the time frame of the programme, confined its objective to partial liberalization in addressing some sectors of the economy and forced the government to adopt shocks therapy solutions which led to several negative economic and social hardships during implementation. It was evident that the support of donors to the Economic Salvation Programme could have led to the achievement of better results with a reasonable time pace and appropriate instruments, policies and, procedures used to influence the sequence

of events. Abreast with the devastating effects of the civil strife in the South a wide spectrum of the population have borne the brunt of adjustment. It is worth noting that the experience gained and the results attained in the implementation of both the programme and National Comprehensive Strategy is a case for continued successful economic reforms and a model for developing countries as well as international financing institutions to pursue.

- Agriculture and the export sectors have received greater attention and care. Prominent policies that have addressed agriculture included liberalization of prices of commodities and exports and establishment of bank portfolios for financing agricultural corporations to operate on commercial basis. Moreover, differential taxes rates were introduced for banks and companies to encourage production and enhance productivity. Financial reform policy measures encompassed expansion of tax base: improvement of revenue collection methods, the application of sales tax, revision of service delivery charges to cover actual costs, removal of subsidies from some commodities and the adoption of investment in trade system to seduce savings of the Sudanese working abroad. This latter system became an important source for financing of production inputs. Also, a barter transactions system was adopted, within reasonable limits, together with partial relaxation of the exchange rate.
- The economy responded to these policies and moved from stagnation characterizing the period of the 1980s to high resource mobilization and growth. GDP increased from -0.2% in 1989/90, to 1.2% in 1990/91 and then to 8.9% in 1994/95. Yet, this rapid growth was confronted with several policy shortcomings. The most important of which is the rise in the rate of inflation, to a climax of 130.4% in 1996, the exchange rate had deteriorated sharply and production costs increased. The situation was aggravated by excessive money supply growth and due to the rise of government borrowing from the banking sector: associated with a wide relaxation in public finance to meet expansionary policy targets.
- The first years of the programme implementation faced unfavourable natural conditions Rainfalls of less than the annual average contributed to spawning a food gap. The situation worsened in the aftermath of the developments of the Gulf crisis with the seizure of foreign loans and aid and a sharp reduction in the flow of transfers of the Sudanese working abroad. It became evident that perpetuation of

such problems would have far reaching implications on the programme objectives and the presumed results. It also appeared that there was an urgent need to expand the programme and redesign it in a comprehensive and holistic manner, addressing all policy shortcomings impairing the economy. It was recognized that the success of any reform aimed at a reasonable measure of economic stability depends in the first place on containing inflation. In the second half of the 1990s policy measures accosted the excessive increase in inflation rates which reached an unprecedented level of 130% in 1996. Strict measures adopted for rationalization of public spending and increase of revenues: had reduced the budget deficit from 4% in 1992/93, to 1% of GDP in 1999, government borrowing from the banking system to 0.5% of GDP, public corporation and the private sector borrowing were reduced. Meanwhile commercial banks reserves with the Central Bank were raised. All these steps combined together to reduce the growth in the money supply, from an average annual rate of 83% during the period 1990-1995: to 22.6% in 1999. This had effectively reduced inflation rate from 130% in 1996, to 14.2% in 1999.

- Policies measures of gradual liberalization strategy targeting exchange rate had succeeded in stabilizing the national currency. The committee which used to determine exchange rate was abolished and replaced by a Median Rate System. This had been accomplished with the Central Bank intervention to bridge the gap in the demand for foreign exchange. The commercial banks were thus obliged to establish windows of foreign exchange dealing and the procedures for customs declaration of foreign currency were simplified and later the declaration was abolished. Eventually, the gap between the parallel exchange rate and the bank rate disappeared by the end of December 1998, and the exchange rate was then disentangled and foreign exchange market stabilized.
- Policies for combating inflation and stabilizing exchange rate were augmented with financial policies aimed at increase of production. Bank financing for the productive sectors increased from SD34 billions in 1996, to SD53 billions in 1999, with an annual average of SD44 billions: compared to an average annual financing of SD 0.4 billions during the first half of the decade.
- Within the framework of policies for mobilization resources, increase of domestic savings and building of foreign reserves, wide reforms were carried out in the sphere of re-structuring and reform of the

financial system. These included reformation of the banking sector, establishment of a foreign exchange market, implementation of ambitious privatization programmes for the public sector productive facilities with gradual involvement of the Khartoum Stock Exchange, gradual liberalization of foreign trade and payment regimes, tariff reform and improvement of customs procedures: and the liberalization of foreign exchange dealings while facilitating and monitoring its movements.

- A plan for comprehensive tax reform was implemented with a great measure of success, that raised the level of financial effort. Tax revenues contribution to GDP increased from 6.8% in 1996, to 8.5% in 1999 (with an average annual contribution of 7.5% during the period 1996-1999). However: the aim of increased dependence on direct taxes was not accomplished. Direct taxes maintained their ratio of GDP, of 2% in 1999, while indirect taxes contributed an annual average of 4% during the same period. On the other hand public expenditure, had increased from 7.4% of GDP in 1996, to 9.4% in 1999, with an annual average of 8.4%. Tax reforms had influenced the mobilization of idle productive capacities and increased savings, investment and growth.
- Following the removal of all forms of direct and indirect subsidies, the liberalization of services charges and prices of commodities, the public corporations, companies and enterprises depended upon own resources in financing their current expenditure. They managed to rehabilitate and maintain their physical assets and financing their development projects. The parastatals henceforth achieved financial surpluses of SD.14.4 billions in 1997, against SD.9 billions in 1992/93.
- Average development expenditure during the first years of the strategy registered 14% of the public expenditure with lower ratios in the mid- years, and increased ratios in subsequent years of the strategy.
- Basic infrastructure and essential services expenditures have continued to receive government subsidies and popular support which render total investment much higher than what appear in the official statistics. However, public sector investment remain far less than the target of the National Comprehensive Strategy (NCS).

- Export performance has improved and couched average proceeds of US\$648 millions during the period 1996-1999: compared to an average earnings of US\$449 millions during the first half of the 1990s.
  
- The Sudan continued its endeavors, within its strategy to mend and improve its relations with bilateral, regional and international financial institutions specially with the International Monetary Fund (IMF). A medium-term programme covering the period 1999-2001 was concluded with the Fund. The programme contained a package of macro-economic reforms and policies aimed at the creation of an economic climate commensurate with the requirements of the situation and qualify the economy to benefit from the accumulated drawing rights. This is considered a shift in the relations between the Sudan and the IMF, which commended the performance record of the economy. The Executive Board of the Fund issued a decision on 27/8/1999, considering the Sudan a cooperative State. It was followed by restoring the country its voting rights and the related rights in August 2000. The decision gave a strong impetus for the Sudan to normalize its relations with bilateral, regional and international financing organizations and preparing the conditions for the release of financial aid previously blocked due to sanctions such as that pertinent to Lome Convention. encourage the flow of foreign direct investments (FDI) and official development assistance (ODA). Yet, despite the success achieved in transcending real GDP growth rate, by an annual average of 6% during the 1990s, it was below the expectations of the National Comprehensive Strategy.
  
- The sustainable growth of GDP was accompanied by a qualitative change in economic structure. The relative contribution of productive sectors increased from 59.5% in 1996, to 65.6% in 1999. Whereas the services sector contribution decreased from 40.5%, to 34.4% in the same years. This structural change was due mainly to both plant and animal traditional production combined growth rates. Their contribution increased from 32% in 1995: to 37% in 1999.
  
- Of the various factors that played a significant role in the achievement of economic successes are:
  1. The impact of the vigorous reform policies applied had unleashed, the economic potential of the country.

2. The success of macro-economic policies in removing controls and distortions characterizing the decade of the 1980s. As a result resources were mobilized towards productive sectors and away from tertiary activities.
3. Favourable climatic conditions for seven successive seasons.
4. The stability in the system of rule and administration, despite the civil war in the south, foreign hostilities and the stoppage of external financial assistance.

***Box (3)***

***GOVERNMENT ISLAMIC FINANCIAL INSTRUMENTS  
(GMC) & (CMC) (MUSHARAKA)***

The Ministry of Finance and Economy and the Bank of Sudan have initiated GMC & CMC as Islamic usury-free instruments with the main objectives of securing domestic financial resources required for the budget, fostering investment, promoting savings strengthening liquidity management and providing the opportunity for the development of open market operations.

GMC & CMC have been successfully implemented, through auction sales of certificates. Profits generated through these auctions are the highest ever spawned by any other line of investment in Sudan.

### **Preparation and Implementation of Reform Programmes:**

The increasing role of the state in economic activity in the Sudan, had started since the colonial era with the initiation and management of several projects. Such role expanded in the aftermath of independence with wide propagation of public sector projects implemented within the framework of plans and programmes set by the State and finance provided from own and foreign sources. The share of the public sector in the total investment during the past decades was large, commensurating with its intervention role which took new dimensions in controlling and managing the economy over time.

The prolonged perplex structural problems which was culminated in economic stagnation by the end of 1980s forced the government to review its role and functions in the economy. The First 3-Year Economic Salvation Programme of early 1990s, then matched with the National Comprehensive Strategy. They were designed to transcend the economy from a centrally controlled planning to a free market economy based on indicative planning and with the new role of the state in exercising macro-economic policies and investing in infrastructure. The ultimate aim of the Government is to spawn a conducive environment necessary to spur private initiatives and stimulate production through encouragement of local and foreign investments. The significance of the reform programme emanated from the fact that it is an own – country programme prepared by Sudanese national initiative. It was implemented in the absence of any support from the international financing institutions and the international community.

The programme initiated drastic changes in policies, instruments and incentive systems. It focused on strategic economic aspects: such as, foreign exchange policies, financial, monetary, and commercial policies, privatization policies. Some difficulties which had been encountered in the first years of preparation of the programmes were resolved in the course of implementation during the second-half of the 1990s, and the programme was revamped to its impeccable path in coordination with IMF staff. At that point in time macro-economic analysis, planning and management capabilities were not sufficient to help decision makers pursue prudent policy options. To overcome the then existing drawbacks in economic management and to cope with the changing economic environment at national and international levels, institutional strengthening and manpower development programmes were designed and implemented. In this realm, use was made of assistance offered by the African Development Bank, for financing of institutional restructuring and capacity building project. The first implementation phase was successfully programmed and implemented with the Ministry of Finance and Economy. Macro economic analysis,

modelling and planning capabilities have been greatly enhanced. A well integrated mechanism was established for policy analysis, macro-economic management and planning. Debt management was improved. The new institutional set-ups which involve the private sector allowed easy transmission of information that expedited the process of decision – making. The provision of computer facilities, networking establishments, training of manpower and the establishment of software information systems have led to effective implementation of economic reform programmes. Improvement in the preparation, follow-up of the general budget and close monitoring of budgetary expenditure coupled with training in macro-economics, management finance, accounting and statistics have taken place. Such pre-requisites arrangements facilitated the use of the annual budget as a basic instrument influencing programmes execution.

The new role of the State also necessitated the formation of planning councils at the national, state and sectoral levels. Representatives of the government, the private sector, the civil society and popular organizations participated as members in these councils to deliberate on medium-term plans and annual programmes and to assure that they concur with the general strategy, before they are brought forward to the constitutional organs for approval.

#### **Basic Constraints to Growth:**

1. One of the most significant constraint to socio-economic resilience is the daunting civil strife. The civil war inflecting the South continued to pose an impending problem for national unity and for sustained economic, political and social development, since the 1950s. The period of the 1990s, witnessed an unprecedented severity and expansion of the scope of civil war. The country then floundered to dispense with the onerous burden due to the war which inflicted both human lives and budgetary resources that could have been spent on essential services and development.
2. The war flaring over the years had a devastating effect on the economic, social and basic infrastructure in the South. The ramifications of this war were not confined to the war fields where normal life had come to a halt. It extended to other areas in the form of huge influx of displaced people causing major demographic structural changes and constituting imminent threat to the national social security and exerting pressure on the meagre services available at the receiving population centers. Poverty and pauperism have ramified at the perferies of major towns. Such impending situation may possibly

threaten the stability of economic and social environment and may abort the reform process. Therefore, the quest for peace remain to be the main concern of all parties. It is absolutely imperative for the country to inspire unity and stability, enhancing confidence amongst all citizens and seduce their cooperation to achieve sustainable development.

3. The Sudan was considered one of the States which managed to achieve a high degree of cooperation with international, regional and bilateral financing institutions. Successful financial cooperation had been achieved within the framework of plans and programmes implemented after the country gained political independence. Substantial amount of loans and grants were obtained during the 1970s and 1980s. These loans and grants were not only used for financing public investments but extended to include the balance of payments. Sizable amount of commodity aid had been secured. The local counterpart funds of commodity aid formed an important source of finance for the current budget and the development expenditure for many vital development projects. But: contraction of the aid flows during the 1990s to unprecedented levels from some of the traditional sources, have deterred the completion of some major development projects. The government had to proceed with the implementation of some of those projects, depending on own limited resources, and inclined to solicit semi-commercial loans to maintain the momentum of progress in economic reform programmes. This move has contributed to increasing the volume of foreign debt.
4. Foreign debt constitutes a major constraint for economic development in Sudan. The country is regarded as one of the heavily indebted among LDCs. Debt servicing obligations have, since a long time, surpassed what is known 'the critical limit'. Yet despite the adverse circumstances of the 1990s, the country managed to honour some critical debt servicing obligations to the extent that it became negative recipient of foreign aid. The international community had eventually conceded to the dangers of debt overhang, its adverse impact on poverty, growth, investment, human capital, economic and social infrastructure and macro-economic environments. Past debt initiatives were neither inclusive nor comprehensive. However, with some objectivity, fairness and impartiality the most recent initiative, the Heavily Indebted Poor Countries (HIPC), could successfully be implemented especially with regard to countries of thriving policy track records, the ability to repay debt and the particularity of their circumstance.

5. To overcome the constraints ascribed to the large size of the country, and to the wide dispersal of population huge investments, that are difficult to secure from domestic sources, are needed to rehabilitate and expand infrastructure in the fields of road, rail, river and air transport, modern communication, electricity, irrigation, water supply and sanitation, health, education and other technological infrastructure. Such investments require huge foreign financing, with easy terms, because of their nature and long gestation periods. The delay or failure in realizing such investments force people to leave their homes and migrate to towns where essential services are available and work opportunities are easy to find especially in tertiary activities. The consequence of urban drift is not limited to pressure and rivalry attitude over the meager essential services deliveries and resources but most important to the up-rooting of population from their original home lands to which development opportunities could be facilitated presumably by the State.
6. Federal rule has been established since 1992 with wide devolution of power and wealth sharing to the then, newly formed 26 States, encompassing over 150 provinces. It was ordained by political, social and economic conditions of the country and aspirations of its people. The Federal system in its inception had constituted a heavy burden to the central budget. While some states are now becoming self-reliant others continue to depend on financial provisions from the central budget. These provisions are required for development projects services delivery, poverty alleviation and the provisions of requirements of social and economic development.
7. The private sector started to develop naturally in the aftermath of the Second World War and continued to thrive in a reasonable way. Following the advent of the 1970s, the private sector was exposed to coerce actions of nationalization and confiscation which led to its contraction in productive activities and enmeshed in trade. But, it regained confidence after mid-1970s with increased quantitative and qualitative activities. However, the private sector productive activities regress sharply due to further perpetual distortions, controls and bottlenecks during the 1980s. Economic liberalization policies and privatization programmes then after have open the door wide for the private sector to resurge and to play a leading role in the process of development. But: its response to these policies was not to the expectations. It still suffers from structural weaknesses and needs to be assisted to assimilate the objectives and aims of the new policies and to

comprehend with the dimensions and requirements of the role assigned to it. With the developments that are taking place in international trade liberalization and the quest of Sudan to accede to the WTO, the private sector is needful of developing its investment, managerial, technical and marketing capacities. The private sector capacity to invest will be greatly enhanced in the context of cooperation with foreign partners soliciting joint-venture investments. The government, therefore endeavors to foster the development of private business through contemplating the participation of private sector institutions in the preparation and design of policies and programmes in addition to facilitating joint contacts with foreign counter-parts of several sister and friendly countries

8. The export sector is one of the most important sectors targeted by the liberalization policies. This is because appreciably sustained increase in export earnings is purported to reinforce the country's capacity to attain sustainable growth and improve the economic environment, spur savings and investment. To grapple with export - orientation the Government had directed a package of policies, procedures and arrangements, aimed at providing incentives to promote exports and encourage economic operators to increase production, and improve the quality and the competitive position of exportable commodities. Yet, what was actually achieved, was far less than expectation: for reasons related to the nature of these exports and the feeble ability of producers and exporters to improve competitive positions for most export commodities. Moreover unfavorable terms of trade and the declared and undeclared trade boycott from the main trading partners have contributed to the low than expected performance of exports till the end of the nineties.
9. The Sudan is influenced by political, social and economic events and security problems that take place in sub-saharan neighboring countries. The region of the Sahel also witnesses cycles of climatic fluctuations and natural disasters that expel a great number of exodus, refugees and displaced people fleeing to Sudan. They constitute destabilizing factors to the very texture of the society and poses security hazards especially at the bordering states of the country. The Sudan, hosting large numbers of refugees, have honoured its responsibilities and beard the brunt of receiving, accommodating and nurturing a huge number of refugees from neighbouring countries and dispenses sizable portion of the meagre resources -disparately needed for its own people whereas the international community declined to honour its obligation propitiously. The international community is therefore called upon to

grapple with these developments and provide sufficient, quick and long-term relief to these refugees and displaced people manifesting the country.

### **Environment and Sustainable Development:**

#### **Environmental Considerations and Economic Development Programmes:**

Rural and 'Bedwin' communities depend largely upon natural environment for the provision of food, shelter, medicine, pastures and water. Therefore, the Sudanese communities knew and practiced environment protection and conservation for many centuries in the past. It is demonstrated in combating fires and controlling pests (Locust) for the protection of vegetation cover, in general, and agriculture in particular. Through this intimate relation with the natural environment awareness and, rational traditions and behaviours developed in the conservation of the environment.

Successive initiative emerged for protection of environment from natural and human hazards, and ideas initiated on the sustainable use, development and conservation of natural resources. These have made possible the inclusion of environmental consideration in the National Comprehensive Strategy (1992-2002). The strategy focuses on inherent religious and cultural values, encourages the enrichment of the environment and averting its destruction. It also recognizes the right of the citizens to live in a clean and balanced environment, which is pivotal for sustainable development. A balanced environment is also regarded as a precondition for sectoral and national policies in the fields of agriculture, food, natural resources, housing, urbanization and industry. Following the Earth Summit of 1992, environmental considerations have been given due attention in all development programmes. Within the framework of popular participation that has taken place in the past few years, small projects that satisfy the needs of the citizens were realized and human capacities in planning, project execution and environment conservation were enhanced.

#### **The Organizational Mechanism for the Protection of the Environment:**

Environment administration before Stockholm Conference of 1972 was divided amongst a number of Ministries and government agencies of which: The Forestry Department, the Natural Resources Commission, the Pastures Department, the Land Use Committee at the Ministry of Agriculture, the Water Resources Administrations and others. The dispersion of responsibilities, had a negative impact on environment. To forestall further natural resource degradation, the High Council for the

Environment and Natural Resources was established as supreme national body headed by the President of the Republic. This council is entrusted with setting policies, plans and the coordinating the efforts of related agencies. A general secretariat and technical units were established to serve this council. The Council encompasses in its membership all Federal Ministers concerned with environment, the States' Governors, some national personalities of experience and knowledge about environment, representatives of voluntary organizations and those of civil society. Further development in the same realm included establishing State Councils for environment: presided by Governors (Walis): in addition to technical general secretariats, for the coordination of activities at the State's level. In 1995, the Ministry of Environment and Tourism was established and the High Council for Environment became its technical arm. Accordingly, the Council's Act was amended, so that it is presided by the Minister of Environment and Tourism, and under the patronage of the President of the Republic.

An emergency act was issued for environment protection in March, 2000. This Act contained general provisions for the protection of the environment and the achievement of sustainable development through inclusion of environmental dimension in the design of all development and investment projects, as a basis for approving them.

***The impact of environmental factors on the productive capacities of the agricultural sector in the Sudan:***

- The most important environmental factors having a direct impact on the productive capacities in the agricultural sector are: variation in annual amount of rainfall, its mal-distribution and its short period of not more than four months in most areas except in the Southern part where rain continue falling for a longer period. Moreover high temperature and evaporation in most parts of the country and a high permeable sandy soils negatively affect productivity of agriculture and limit the capacities of natural pastures and vegetation cover. Surface water especially that of the River Nile system, are not devoid of some limitations: such as:
  - All rivers permanent and seasonal seeping across the country originate from outside sources.
  - Seasonality of rains and floods
  - The accumulation of silt and clay behind irrigation dams and silting of irrigation channels.

- The impact of the Nile weeds, especially water hythenes, on the efficiency of irrigation pumps of schemes located on the White Nile.
- The loss of about 14 milliard m<sup>3</sup> of water annually as a result of evaporation and precipitation at the sudd area in the South.
- The drift of productive soils on the narrow line along the banks of the Nile in the Northern states.
- Of the factors which also curb the capacities of agricultural production is the sandy soil which extends across wide desert lands. This type of soil in Western Sudan, absorbs great quantities of rain water.
- The natural disasters: especially torrents and high floods, cause damage to agricultural crops. Also, agricultural pests: such as locusts, mice and others, are a serious threat to agricultural production.
- The human non-rational utilization of land and water, over-cutting of trees and non-adoption of the systematic pasture methods are factors behind soil exhaustion, the deterioration of its productivity and erosion.
- The effect of Malaria and other epidemics on the health of farmer, incomes and agricultural production.

**Activities of the Protection of the Environment and Enhancement of Environmental Awareness:**

Several accomplishments have been achieved during the 1990s decade of which:

- The Ministry of Environment and Tourism, in collaboration with the Sudanese Society for Environmental Conservation have prepared a document entitled: "Towards a National Plan for work on Environment in Sudan." The document contains an account of the present situation of the environment and directives for the preparation of a future plan.
- Ten state environmental councils – out of the 26 States – were established: and three states' plans for the environment were prepared.

- The implementation of the decision taken by the Government in the 1990s for planting tree belts, to stop soil degradation. The decision specified 5% of the irrigated area: and 10% of rainfed areas of agriculture for the planting of protective green shelter belts.
- Introduction of alternative energy, such as solar energy and biogas to limit the use of biomass.
- Increased awareness of environmental education. Colleges and faculties for environmental studies were established in a number of government and private universities. A center for desertification studies and desert cultivation was established in the University of Khartoum: in addition to the existing Institute of Environmental Studies which was established in the 1970s. Moreover, 'environment' became one of the optional subjects in school curriculum.
- The voluntary agencies and environmental societies, action programmes are now fine tuned with official endeavours in the area of environment protection. On top of these societies is the National Sudanese Society for Conservation of Environment. This society has about 90 branches in the various locations in the country. It has contributed considerably to the propagation of environmental awareness and the implementation of some projects related to environment improvements. Other societies include the Environmental Society, the Sudanese Development Society, the Popular Treeing Society and other societies. They celebrate the International and Arab Environmental Day(s) annually and hold a number of scientific workshops, conferences, seminars and conduct at national and state levels training sessions in all the fields of environment.
- The Sudan had signed and ratified several agreements in the field of environment. Financial support has been secured from the U.N. specialized agencies for some projects in the field of combating desertification, environmental planning and curbing of ozon layer emulsification.

**Problems and Constraints:**

- The country still suffers from degradation of the natural environment in its various forms. Of the manifestations of this degradation are: the long cycles of drought, with consequences of desertification, rise in temperature, drop in agricultural production, withering of natural pastures, wide population movement and deterioration in environmental health etc.

- Petroleum exploration and refining, increased consumption of petroleum products and thermal generation of electricity will increase the size and diversity of environmental problems.
- The weakness in: environmental awareness, human and institutional capacities (especially at the level of States), coordination amongst the various government agencies operating in the field of environment, the private sector and the civil society organizations.
- The large multitude of diverse environmental problems extending outside the geographic boundary of the country. requires combining all parties involved at the country, regional and international levels to rally together in addressing these problems and provide the necessary financial means to recuperate the environmental balance.

### *The External Sector:*

- The trade balance reflects the degree and magnitude of growth and the structure of the economic base for any country. The Sudan continued to depend on export earnings from agricultural raw materials: such as, cotton, oil seeds and gum-arabic. Equipment, machineries, petroleum and agricultural and industrial production inputs constitute a major part of the import bill. A qualitative change on the side of imports and exports has taken place during 1990s. Industrial exports increased with gold and petroleum introduced as important sources of foreign currency earnings. Likewise, imports for development projects – especially the petroleum project – represented an important part of the value of imports in the second half of the 1990s.
- The export sector was neglected for many years, despite the priority given to the agricultural sector the main source of exports, in investment policies. There was no specific policy for the development of the export sector. On the contrary, it could be argued that macro-policies, trade policies and the exchange rate policies showed a strong bias towards the industrial and services sectors. The agricultural sector had directly and indirectly contributed to the expansion and development of industry and trade. Such policy was influenced by the flow of easy loans, grants and compensatory financing: which encouraged the government to tighten control on imports to bridge the deficit in the balance of trade. This deficit was estimated at 20% of GDP, in the 1980s.

- In the period of the 1990s, the export sector couched special care from the part of the government. It became one of the most important sectors targeted by economic policies. Export prices were liberalized, together with the exchange rate. The sector was then accorded due priority in bank financing. High level technical committees were established to resolve exports problems, but the actual performance was short of meeting the desired objectives. for many years. This is due to a number of external and internal factors: the most important of which are:
  1. The rise in the cost of production and the deterioration of productivity and the competitiveness of some commodities.
  2. The deterioration in the terms of trade for agricultural exports.
  3. The trade boycott from the part of the main trading partners.
  4. The weakness in promotional activities and the lack of perception and knowledge of exporters of the techniques and methods of modern marketing.
- Export problems will intensify at the advent of globalization, the liberalization of trade and the severe competition in international markets. Concerted but arduous efforts need to be nurtured to resolve the perplex problems inhibiting export performance. Soliciting congruent and indissoluble solution for competitiveness of exports is a sine qua non for sustained economic growth.

### **Market Access:**

Inspite of the fact that the economic reform policies have achieved some progress in resolving some domestic obstacles inhibiting export performance: the continuous worsening of international economic environment particularly unfavourable terms of trade: concomitant with the declared and undeclared international sanctions have prevented the country from reaping the benefits of these policies. The country has also been deprived from the compensatory transfers (STABEX) of 'Lome' Convention and from the compensation facilities of the IMF/WB. Moreover, the Generalized System of Preferences (GSP) sanctioned by some international agreements has been eroded as a result of multilateral trade agreement on a relaxed GSP that included many developing countries. Market access for primary export commodities into traditional markets has been thwarted by non-tariff restrictions and the complications of applying the rules of origin, safe-guard clauses and antidumping measures from the side of the main trading partners.

This did not allow Sudan and other developing countries to benefit from the GSP and the most favoured – nation system (MFN), which were agreed upon at WTO fora and in multilateral trade agreements.

To minimize commercial risks in the traditional markets, Sudan managed to diversify its export markets and increase commercial links with the Asian, Arab and African countries. But, still the traditional markets remain the major trading zone. The Asian crisis which took place in the first half of 1997 led to a sharp drop in primary export prices, causing a decrease in export earnings. Export proceeds were halved in 1997, before they began to increase again in the following three years (1998, 1999 and 2000). However, export earnings are still less than what they were in 1996. Imports, on the other hand, have continued to increase through the years. To obviate the decline in export earnings and to avoid external economic and financial shocks, the international community is called upon to assist the least developed countries (LDCs). Industrial countries especially those having historical relations with LDCs, are called upon to honour their obligations in improving the competitive position of export of these countries. Facilitating market access for their exports and encouraging FDI flows which is necessary for transfer of advanced technology in the fields of management, marketing, distribution and transportation and transcending production according to international specifications. This is imperative for enlargement of economic base, sustained high growth rates and integration of LDCs economies with the rest of the world.

### **External Shocks:**

The Sudanese economy is exposed to frequent external shocks, as a result of its dependence on limited agricultural raw material exports for foreign exchange earnings. Exportable production is highly affected by unstable climatic conditions, and continuous deterioration in the international terms of trade.

A host of shocks, manifested themselves in the 1990s with grave consequences of which:

1. The declared and undeclared economic sanctions, which have had a seriously negative impact on some exports.
2. Suspension of the flow of foreign loans and aid, and the inability to benefit from the international and regional financial compensatory systems.

3. Prolongation of the harmful effects of the 1980s draught and floods to the beginning of the 1990s.
  4. Intensification of the war in the South, fueled by external as well as internal factors, and the proliferation of armed conflicts into the Horn of Africa and the neighbouring countries.
  5. The Asian crisis and its impact on the prices of some primary export commodities of interest to the Sudan.
  6. The dumping problems resulting from increased imports of substitutes of manufactured commodities as opposed to processed export commodities.
  7. The protectionist policies of great industrial countries towards export commodities of interest to LDCs.
- All these factors combined together have contributed to the inability of the country to honour its debt service obligations which has led to the accumulation of arrears, interests and contractual penalties on delayed repayments.
  - These successive and continuous shocks, which the Sudanese economy had been exposed to, are considered unprecedented. The international community is required to consider such circumstances, the plight of which triggered the implementation of strong reform programmes, a case of successful economic reforms soliciting prompt international support for its continuity and sustainability.

### **Human Resources:**

#### **Population Age Structure:**

Sudan, like other developing countries, is characterized by a young population structure. The number of population under 15 years counts for about 45% of total population. This requires huge financial resources to meet the cost of education, health and social care services at the family and the State levels with their short to medium term negative impact on the rates of saving and investment.

#### **Migration and Urbanization:**

Sudan is tainted with a large population movement and a rise of internal migration from less than one million in the 70s: to 1.3 millions in the 80s

and about 3.4 millions in the 90s with negative consequences on both exodus and receiving areas.

The urban centers were exposed to great pressures emanating from increased growth rate of about 6% annually. As a result difficulties arise in securing essential services, pressure on urban employment market and the proliferation of tertiary activities.

### **Refugees:**

The sharing of long common borders with nine countries, and the escalation of conflicts and the phenomenon of draughts inflicting the region, led to a great inflow of refugees of more than 1 million according to official records. They caused pressures on services and on the environment. It is observed that the international community refrained, to provide humanitarian aid because of the repeated breakout of conflict in the area and the reluctance of their countries of origin to cooperate in repatriating them.

### **International Employment Migration:**

A wide range of employment migration had taken place to the Gulf States some of whom are highly skilled migrants constituting a considerable loss to the country's socio-economic fabrics. The negative impact of such exodus is partially compensated by migrants financial transfers which contributed to bridging the gap of the balance of payments, and the declining of international aid during the 90s decade. Financial transfers to families have enabled these families to adjust with the economic reform circumstances. As this migration is mainly male structured, different social effects on the role and status of women and other members of the family have taken place.

### **Health, Morbidity and Mortality:**

Noticeable changes have taken place in health policies during the last decade. New health programmes of vaccination and immunization have been realized with 80% coverage.

There are also programmes in the field of diarrhea control, family planning, maternity and infancy services, AIDs control, Malaria, health and nutrition education programmes, and qualifying medical cadres.

Despite the commendable developments that had taken place in enhancing the health services, through increased medical treatment units and the number of work force in the medical professions, the level of morbidity and

mortality didn't register a tangible decrease, and the abatement of epidemics and diseases is not comprehensive.

The expansion of malaria zone, malnutrition diseases, water born and water related diseases and environmental health problems constitute major challenges for the nation's endeavour to mend the conditions for improved morbidity, mortality and general health in the coming decade.

Available data shows that for the last 4 decades Sudan had been unable to achieve an increase, in life expectancy at birth of more than 12 years. Life expectancy at birth was estimated to be approximately 41 years at the beginning of independence (1956). It then increased to 53.9 in 1993. Malaria and endemic diseases are considered the main causes of morbidity and mortality in the country. Moreover, difficulties to control the long boarders render the country prone to AIDs pandemic, spreading through population movement from neighbouring countries.

The health data reflecting the situation in Sudan compared with other countries is portrayed below with the rate of infant mortality estimated at 108 in a thousand, child mortality under 5 years of age estimated at 170 in a thousand and the rate of mothers' mortality estimated at 552 for every 100,000 deliveries.

*Table No.*  
*Sudan and the International Demographic Statistics*  
*Estimates for the 90s*

	Countries/ Regions	Rate of infants mortality for every (1000) deliveries (alive)	Rate of children mortality under 5 years for every 1000 deliveries (alive)	Rate of mothers mortality for every 100,000 deliveries (alive)	Life expectancy at birth
1	Sudan	108	170	552	53.9
2	Least deve- loped countries	104	162	1041	51.7
3	All developing countries	64	94	498	64.4
4	Interna- tionall Average	58	85	437	66.7
5	Industrial Countries average	6	7	13	77.7

Source/ Sudan data from 1993 census

Other countries: Human Resource Development Report. 1999.

Such connated problems require Sudan and other developing countries to strive hard to reach the international average records during the coming decade. However medical and scientific technological advancements, made possible through technical assistance, financial aid and the facilitation of technology transfer are going to reverse the situation.

The fundamental feature of health is associated with environmental health and poverty. It is estimated that about 80% of those visiting the health facilities are infested by malaria. The diseases carried by water are also creating great hazards, as more than one third of the population (34%) don't obtain clean water.

Those who are enjoying modern sewage systems count only 11%, of the population and 56% are using traditional sanitary systems. On the other hand 33% of the population are not using any sanitation systems. The picture may be more gloomy if we count the areas affected by war, however there are no available statistics.

### Education:

Sudan wielded strenuous efforts in the field of education during the last decade. The number of schools of basic education has increased from 7,720 to 11,962 and the number of students increased from 2 millions to 3.5 with an annual growth rate of 5.6%. In spite of this, the aim of absorbing all students at the school age has not been achieved.

As for the secondary education level, the number of schools has trippled from 568 to 1517 schools. The number of students have also increased from 251 thousands to 486 thousands with an annual growth rate of 6.6%. A huge expansion in higher education took place since 1990 whereby the number of universities multiplied from five to twenty seven distributed among the twenty six States. Also the number of students admitted annually to higher education increased by seven folds from 6 thousands to 43 thousands with annual growth rate of more than 19%

The quality of education is rather tenuous with respect to the standard level of writing, reading, mathematics and other skills. Added to this, are increased rates of school drop outs. The problem of deterioration in the quality of education is more serious in the case of higher education ascribed in particular to the expansion that took place a few years ago.

The level of illiteracy is increasing with an estimated number of 7 millions persons and efforts fell short of absorbing not more than 19% of pupils at the pre-school education stage..

The percentage of untrained teachers in basic education is about 40.4% and about 76% for secondary schools teachers.

The major challenge of the incoming decade is to prepare the necessary skills to achieve sustainable socio-economic development. The up-grading of workforce through education, training and incentive policies and through active organizational and managerial structures capable of implementing innovative and intellectual policies would be required to spawn the relevant technologies and human talents necessary for the creation of specific advantages and competitive position. The role of education is crucial in preparing people and availing competent workforce that would benefit from the opportunities provided by the information revolution and technological developments through universities and research institutions.

The twin challenge is, to realize the quantitative objectives and, to tackle the problem of the education quality, including the provision of means, and aids, betterment of school environment, qualifying and training teachers and providing them with incentives and sufficient compensatory payments. It is of paramount importance to strike a balance between the different levels of education to warrant a viable system. It is observed from the table below that Sudan is in need of at least double the percentage of those admitted to secondary schools.

**Table No. 3**  
**Relative distribution of education according**  
**To different levels**

Education levels	Sudan	Least developed countries	Developed countries	Overall average
Basic	84.3	80	36.4	65.4
Secondary	10.9	17.9	45.6	30.2
Higher Education	04.8	2.0	18.0	4.3

**Employment and Sustainable livelihood:**

Labour force in Northern Sudan had grown from 6 millions to about 8 millions during the period 1990-1999. It is estimated now at 9 millions. It is noticed that as a result of the youthfulness age structure, and the increase of the females participation in the economic activity, the labour force continued to grow by a rate of 4% exceeding the annual growth rate. Approximately 1,8 million jobs were generated during the period 90-1996. About 90% of these employment opportunities emanated from the informal

sector due to contraction in both public and private sector. The informal sector absorb more than 65% of the urban labour force. However, with the declining absorptive capacity of this sector the burden is tilted towards the formal sector for generating more employment opportunities.

Total unemployed people accounted for about one million in 1990, and 1.3 million in 1996, representing about 15% of the labour force and the majority of unemployed are in the rural areas. However, those in agriculture do not work more than 90 days because of the seasonality of employment. Inefficiencies prevail among those of low real wages and those who occupy jobs that are below their professional experience and qualifications. In addition 20% of higher education graduates are among those unemployed.

Employment structure since 1996 is dominated by agriculture followed by services and, industry and transport with 55%, 10% and 5-6% respectively. As for the construction sector it is below 3%. Broad agriculture and rural sectors espouse about 77% of the labour force whereas urban employment structure, is highly diversified with the important professions for males in services (24%) and trade (21%), and for females different professions (29%).

Young labour force unemployment rate is higher than elders. It is estimated that unemployment among the highest productive labour force of age between 25 to 54 years is about 10%.

Table No. (4) below depicts the situation of employment in the country.

**Table No. (4)**  
**The Rate of Unemployment according**  
**To age group**

Age\Years	Economic Contribution Rate %	Unemployment Rate %
15-24	36	28.4
25-54	65	10.3
55-60	61	12.1
65 +	49	11.4
<b>Total 15 and more</b>	<b>52</b>	<b>15.1</b>

The average family size estimate is 6 members, and the rate of family support is 90% with each employed worker supports an average of 3 persons indicating that families are postulated as social guarantors for members of the community. But there is a consensus that poverty is increasing and the current social programmes designed to alleviate poverty and mitigate the social cost of adjustment are not sufficient. A high level

council have been constituted to revise the programmes and policies of poverty alleviation, to prepare and monitor the implementation of a comprehensive strategic programme for poverty eradication and to mobilize the whole national efforts towards this goal. Shortage of employment and its seasonality in the rural areas and the amount of rainfall and its maldistribution have contributed to the poor outputs of agriculture in some years and impinged negatively on food security. It is estimated that extreme poverty has affected about 30% of the families in the rural areas.

Employment which is characterized by low workmanship concomitant with insufficient wages to meet basic needs of life, is rising in urban areas. Nominal wages have been progressively increased but with rates much lower than the increase in nominal prices.

### **Women:**

The National Comprehensive Strategy (92-2002) has attested the strategic importance of empowering women through the establishment of mechanisms and forums to reactivate their organization set ups and enable them to participate in socio-economic life. Henceforth, the gap between males and females have been bridged in general education (46%) and in higher education females accorded 61%. It is observed that the participation of women in economic activity is increasing at a rate double of that of men. Currently 30% of women are participating in economic activity compared to 18% at the beginning of the 90s. They have also been granted all their rights according to the employment legislation and offered complete protection from work hazards. The law of 1997 is considered as paradigm in this concern. Women have, also enjoyed the right to vote and to candidature since the 60s. They assumed political, legislative and executive high ranking positions, but still their share is far less than that of men inspite of the fact that there are no legislative or institutional discrimination against them.

### **Issues and challenges of Development Finance:**

#### **Mobilization of Domestic Resources:**

- The basic challenge facing the national economy in the advent of globalization and declining flow of financial aid, are those issues related to mobilization of domestic resources, increased savings, and provision of the necessary investment to achieve higher levels and sustained economic growth rates.
  
- Among the determinant factors influencing resource mobilization and savings are: economic growth and incomes, fiscal and monetary

policies, terms of trade, demographic factors, macro-economic stability, greater utilization of existing capacities and resources, increased inflows of ODA with efficient allocation and utilization in reformed economies in addition to technological and physical infrastructure. Low level of savings before the 1970s had been influenced by persistent economic structural imbalances, asymmetric policy orientation and the state of relaxation triggered by plethora of foreign aid inflows during the decades of the 1970s and 1980s. A substantial portion of the then, aid was expended in financing the current budget which registered increased deficit from 2.5% of GDP in 1981/82 to 9.8% in 1989/90. Other sharp imbalances manifest themselves in consumer price index rise from 541% in 1987 to 1509% in 1989 in addition to the low level of savings of 4.2% of GDP during the period 1980-89. To remedy those structural imbalances emanating from domestic resource gaps, a bundle of macro-economic policies, instruments and measures have been taken within the framework of the reform programmes vide.

1. Reforming the taxation system, with the aim of enlarging the tax base and enhancing the capacity of tax collection.
2. Repealing tax and customs exemptions.
3. Rationalizing public enterprises' performance and reforming them to cope with the law that regulates their work and stipulating them to operate on a proper economic and commercial basis and increase their contribution to the general budget revenues.
4. Revising the services delivery charges to cover the real cost incurred.
5. Rationalizing public expenditure and direct resources to the productive sectors and essential services, according to programmed priorities and to applying strict control system on expenditure.
6. Realizing the budget integrity through sanctioning all expenditure outside its preview and removing all inherent distortions and malpractices resulting therefrom.

7. Amending the law of financial and accounting procedures to re-affirm the custody of the Ministry of Finance over public funds.
8. Preparing the budget on realistic and scientific basis and according to specific objectives of the macro-economic model and the accompanying policies, instruments, procedures and measures: which in turn aimed at resource mobilization, reduction of inflation and increased economic growth.

These policies combined together have contributed in reducing the budget deficit to a sustainable level through increasing revenues and reducing expenditures, as reflected in Annex Table (1).

- Private savings, have been affected greatly by problems that haunted the monetary sector, during the period 1990-1996. These problems manifested themselves in rising inflation rates, deterioration of exchange rate and weaknesses of the banking sector. It is expected that the stability achieved in both exchange rate and prices and the expansion in investment will contribute to improvement of savings environment. enhancement of private savings opportunities and redirecting resources to the productive sectors. Repealing of economic, administrative, legal distortions and the contraction of tertiary activities are necessary steps for a healthy environment. The Government has taken a host of measures and innovative steps to mobilize resources and encourage savings viz-a-viz:
- Designing and implementing a medium-term reform programme for the banking sector covering the period 1999-2001. The programme incorporates the establishment of investment portfolios, promotion of banking system performance and regaining public confidence. Meanwhile the Khartoum Stock Exchange commenced operation in 1994. with the number of registered companies progressively increasing: as well as, the value and volume of stocks and shares exchanged. The Stock Exchange also established a fund for shares and another for investment with regard to the Sudanese Telecommunications Co. Ltd. (Sudatel) It is expected that the Khartoum Stock Exchange would effectively participate in the privatization process in future: and in raising the levels of private savings.
- The initiation of Government Certificates (GMC) and the Central Bank Certificates (CMC), in 1998 improvise a success. These innovative

instruments constitute additional real resources for public expenditure. They are also used as indirect instruments for the management of banking liquidity and for attraction of savings. This experiment had registered great success in 1999, through auctions organized by the Sudan Financial Services Co. and the foreign exchange clearing chamber in the Bank of Sudan (BOS).

#### **Official Development Assistance:**

- Foreign aid with easy terms is an important source of financing development and of bridging both foreign and domestic resource gaps. Sudan experience with foreign aid started since the fifties and has been one of the main African recipient countries of financial aid made possible from bilateral, regional and multilateral sources during earlier international finance booms of the seventies and mid-eighties.
- The annual average resources the country received, amounted US\$ 534 millions, with official assistance constituting an important part of this assistance during this period. These resources were used in various fields of investment. The level of aid had attenuated in the 1990s with total assistance amount of not more than US\$ 707 received by the Sudan in this period including humanitarian aid. Both financial and commodity aid had virtually stopped due to sanctions with the exception of humanitarian assistance.
- In the case of the Sudan foreign assistance has been linked with political conditionalities. A clear example is the deprivation of the country of its 'STABEX' entitlements of Lome' Convention estimated at US\$ 135 millions. This system aimed at compensating the member states of the Convention suffering from short falls in export earning and: to assist them in absorbing trade shocks. This deprivation of foreign assistance was aggravated by the fact that it came at a time when the Sudan was not able to benefit from the other compensatory system of the International Monetary Fund (IMF).

#### **Foreign Debt:**

- The Sudan's foreign debt of US\$ 20.5 billions by the end of 1999, was compounded by recapitalization of arrears on contractual interest and penalties on delayed payments which increased the stock by about 48%. Annex Table (2) depicts foreign debt obligations, in accordance with the main sources. Also, Annex No. (3) shows the ratio of debt to the GDP and public expenditure, and Annex No. (4) shows the annual debt obligations and repayments during the period 1990-1999.

- External debt burden, had reached a level which makes it most difficult, if not impossible, to surmount. The failure to honour debt servicing obligations towards some international and regional organizations, led to seizure of new loans from the part of these foreign financiers. Disbursement for the projects under implementation from old commitments of loans were also stopped. Apparently the debt crisis coupled with servicing of ODA to the country will have parsimonious implications that looms ahead. It could also be observed, in appendix No. (4) on disbursements from loans, compared with debt repayments in the same period depicts that Sudan is a negative recipient of foreign assistance.
- The international community had realized in the past few years, that past debt relief initiatives were not conclusive, deep or comprehensive enough to resolve the debt overhang inflicting LDCs. The recently amended Heavily Indebted Poor Countries (HIPC) initiative came to light at the time the Sudan had satisfied most of the conditions of eligibility criteria. It is now endeavouring to complement with the remaining conditions. It could be argued that the success of this initiative, depends, in the first place, on observing objectivity, fairness, impartiality and flexibility in its implementation.

**Foreign Direct Investment:**

Apparently liberalization of controlled economies is becoming an increasingly important driving force for attraction of foreign direct investment (FDI). Major steps have been taken within the framework of the National Comprehensive Strategy (1992-2002) programmes implementation with respect to encouragement of FDI flows. This is because FDI is supposed to facilitate the transfer of desperately needed financial, managerial, organizational, technological and marketing opportunities that could effectively contribute to widening the economic base, satisfying the local market needs, promoting exports and raising economic growth rates. The programmes have managed in the last few years to restore economic stability and to create a more conducive environment that gained the confidence of both local and foreign investors. These include inter alia, elimination of adverse factors inhibiting FDI, and domestic resource mobilization through the maintenance of conducive macro-economic policies, continuation of execution of privatization programme, liberalization of markets, trade and payments regimes, revision of the legal and regulatory framework which include sharpening of institutional restructuring, updating the Investment Encouragement Act of 1996 to cope with changing international trade and investment and promotion of private investment in infrastructure and power generation.

With foreign investors gaining confidence in the economy and enticed by wide scope and choices of investment opportunities: their number during the period 1990-1996 had leaped to appreciable level of more than 150. The following table depicts the size of foreign capital investment during the 1990s and its sectoral distribution.

**Foreign Capital Inflows**  
**(1990-1999)**

Type of economic Activity	Investment (In Foreign Currencies)				
	Sudanese currency (Millions S.D)	USDollars (Millions)	Saudi Riyals (Millions)	French Franks (Millions)	German Marks (Millions)
-Agriculture and agriculture Processing	1,3661	53.9	28	-	-
- Industry	1.0901	5.9	-	-	-
- Mining & Oil Explorations	-	3,513	-	10	-
- Transport	0.9900	105.4	500.6	-	45.5
Total	3.4462	3723.2	528.6	10	45.5

- These investments have greatly helped mobilizing productive capacities in the country, especially in the fields of oil explorations and mining. They also assisted in raising the efficiency of transportation. These developments shall have positive stimulus impact on production and growth in the various fields.
- Owing to the vicinity of the Sudan to the Gulf states, 66% of the investors came from these States: while 14% were from East Asia and some Euro-Arab partners. It is thus hoped that the flow of direct foreign investment will increase in the coming years, resonant in motion with continuous improvement in economic conditions and stability of investment climate and with improved normalization of foreign relations especially between the Sudan and international and regional financing institutions.

**Regional Cooperation:**

- The Sudan with its vast area, and long borders shared with nine countries the majority of them are landlocked, plentiful natural resource endowments and other deep-rooted human ties with the neighbouring countries is very much qualified to cooperate in the field of regional projects and investments.
- The Sudan enjoys the membership of several regional organizations. Among them is the Arab League of States and its Economic and Social Council, which is responsible for the coordination of cooperation relations between specialized organizations and the Arab States. The country is also a founding member of the Arab Monetary Fund, the

Arab Bank for Economic Development in Africa, the Arab Authority for Agricultural Investment and Development which is situated in Khartoum, and which has a number of joint projects and the Arab Organization for Investment Guarantee. It is also a member of the Agreement on Development of Inter-Trade between Arab States which had recently been transferred to a free trade zone. It is also a founding member of the O.A.U. the African Development Bank, the Common Market of East and Southern African States (COMESA), the Preferential Trade Area Bank which follows the COMESA. It is a member of the Islamic Conference Organization with its specialized committees and the Islamic Development Bank, and all the financing systems emanating from it. It further enjoys the membership of the group of African-Caribbean-Pacific States APC which is associated with the European Community (EC), through Lome Convention. This convention regulates the partnership relations between the APC and EU. Thus, the membership of the Sudan in these organizations and institutions provides good chances for participation in achieving Arab Islamic and African economic integration. The Sudan actually managed to diversify its exports and import markets, during the past years. Its trade with the Arab State increased to 37% and to the Asian countries by 19%.

- The Sudan shares a number of project with several of its neighbouring states, in the fields of the basic infrastructure and services. But some of these projects were not completed according to plans due to suspension of foreign finance. The last years have witnessed the formation of a number of joint Ministerial Committees with some neighbouring states. It is expected that these committees would reactivate the relation of cooperation with these states and the resumption of work on these projects and the execution of new projects.

### **Issues of Governance and Administration:**

#### **Peace and Socio-economic Stability:**

- The very texture of the society in its various political, economic and social fabrics can not be sustained without peace and stability. The quest for peace requires a strong political will, with commitment to building confidence between rival factions and a wide devolution of power and wealth sharing among all the States constituting the federal system of rule. This is supposed to form the basis for ending the conflict which continued to haunt the country for more than three decades in the southern part of the country. This conflict has caused the loss of many lives, destroyed the economic structure and the social

texture in the south, led to the displacement of the majority of its population and their migration to the north and caused wide spread poverty, destitution and unemployment. Also, some internal and external adverse factors have slowed the chances for reaching a political solution for the longest war in Africa.

- Questing for peace the Sudan Government has assiduously engaged in efforts during the period of the 1990s to end the war in the South, based on the belief that stopping the war will unravel the human tragedy of the people of the south, halt economic deterioration and restore security in the country. The Government, has out rightly announced its readiness to make peace through preparing the climate for talks, announcing repeatedly a cease-fire from one side, granting general amnesty for all those who carried arms against the State and agreeing on Operation Life-line to save the lives of the citizens who are exposed to hunger and disease, even in areas under the control of the rebel movement. Since 1989, the Government and the rebels entered into twelve rounds of talks – outside the framework of (IGAD) Initiative. These rounds were held at Addis Ababa, Nairobi, Frankfurt, Abuja and Entebbe.
- The resolutions of the National Dialogue Conference on Peace Issues, held in Khartoum in October 1989 constitutes the basis for negotiations between the Government and the Sudan's People Liberation Army/Movement (SPLA/M). Of these resolutions the Federal System of rule was adopted, encompassing a wide devolution of powers, division of responsibilities and financial authority between the Federal Government and the States. Such resolutions were purported to achieve a balanced development, and fair distribution of wealth that is in tandem with the cultural, religious, ethnic and linguistic diversity: characterizing the society. All these can be incorporated in plans of educational and cultural type that strive to achieve high physical and social returns. In the field of the relation between religion and the State, citizenship relation is adopted for it to achieve justice in rights and duties. On these basis the state shall guarantee the right to belief and worship for all the Sudanese people and side the equality of all citizens in rights and duties in front of the law, without recourse to discrimination because of religion, race or sex.
- The Inter-Governmental Authority for development (IGAD) had set an initiative in 1994. This organization includes in its membership, beside Sudan, Kenya, Uganda, Ethiopia, Eritrea, Djibouti and Somalia. The Sudan welcomed the IGAD Initiative and participated in the meetings

organized by the IGAD secretariat with delegations of high level of representation fully authorized to discuss and take decisions in all matters contained in the Agenda of joint meetings. The rebel movement represented by the SPLA/M were not fully delegated to take decisions. It was agreed the same year, to open passages for transport of relief requirements to all war- affected areas. The agreement was signed between the Government and two factions of the SPLA/M in concurrence with the agreement for the separation of the humanistic issues to which Sudan was fully committed.

- In a parallel line to the efforts for achieving peace, through, external mediation, the government doubled its efforts to achieve 'Peace from Within'. In April 1997, the Khartoum Peace Agreement was signed between the Government and a number of the Southern factions. This Agreement recognized, for the first time in contemporary Sudan, the right of self-determination for the south. It was followed by Fashoda and the Nuba Mountains Agreements. The contents of these agreements were later included in the Permanent Constitution of the country. The Khartoum Peace Agreement had contributed to betterment of external relations and internal policies and confirms the seriousness of the Government towards democratic solution for the problems of the Southern Sudan, on the basis of equality in citizenship - rights, fare distribution of power and wealth and full care for human rights.

### Human Rights:

The Sudan achieved during the 1990s period, great successes in the field of human rights. The Ministry of Justice had assumed the responsibility of human rights dossier since 1992 in collaboration with the concerned governmental and non-governmental agencies. Several successes have been made in the field of caring for human rights during the past years which were recognized and welcomed by the international community: as represented by the General Assembly of the U.N. and the Human Rights Commission in Geneva. Of these gains are the following:-

- The recognition by the international community especially the Human Rights Commission Mission of the fare and just parliamentary and Presidential elections held in 1996.
- The recognition of the international community of the humanitarian role of the Government in the Life-line Operations.
- The welcoming of the international community of the 1998 Constitution and the rights and basic freedoms included therein.

- The recognition of the international community of the positive developments that are taking place in the political arena especially in the field of freedom of press, speech and organization.
- The effective participation in the international foras related to human rights and the acceptance of the international community: in Vienna Conference of 1993, of the Sudan's proposal on resolving human rights, issues through international cooperation.
- The international community accepted the point of view of Sudan: in respect of the religious particularities and giving them special treatment relative to other cultural and social particularities. This was incorporated in the Vienna Declaration of 1993.
- Attaining the membership of the Human Rights Commission in Geneva, for two sessions and participating effectively in the deliberations thereof.
- Propagation of awareness about human rights, through seminars, workshops and oriented-information coverage in all mass-media.
- Sudan has also played a leading role in regional foras dealing with human rights such as the organization of African Unity (OAU), the Islamic Conference Organization, the League of Arab States and other African organizations and institutions.
- The constitution of the Republic of the Sudan promulgated in 1998 conforms with the basic principles of human rights, enshrined in the laws and international covenants. It guarantees internationally recognized basic human rights and democratic rights. This was followed by partisan law 'Tawale', (1998), the General Elections Act, the Press and Publications Act, the Workers Trade Unions Act, the Farmers and Pastoralists Organizations Act, and the Constitutional Courts Act, for the guarantee of rights and freedoms.

**Governance:**

- The Sudan adopted the Federal System of rule since 1992, comprising 26 states which in turn contain 150 provinces. Each State has its own government and directly elected legislative council with subordinates of elected local councils and grass-root organizations which all feed into a Federal system that is congruent to apply in a wide country like the Sudan. The system also guaranteed the direct participation of

citizens in the management of public and local affairs, their right in political freedom and in participating in economic and social development. Such participation will nourish the spirit of national adherence and national unity following through annihilation of the roots of injustice and secessionism and separatism: and transpose the cultural and civilizational diversity into country, economic, social and political specific advantages.

- The constitution was approved by both popular referendum ensuing of natural political institutional developments and improvement of external relations that have taken place in tandem with the democratization process, freedom of press and speech and, the release of all political prisoners and prisoners of thought.
- In pursuance of the States' endeavours to protect the society from corruption and crime, a number of Acts were passed. The most important of these are: the Criminal Act (1991), the Personal Affairs for Muslims Act (1991), the Drugs and Psychotropic Effects Act (1994) and the Public Order Act for all States. In the field of health care, the Health Insurance Public Corporation Act (1992) was passed: and the Social Solidarity "Takaful" Act (1991) was issued.
- To reactivate the public service and to erase the negative manifestations thereof, the Public Service Act (1994), the Public Service Regulations (1995) and the Employees Disciplinary Act (1994) were issued. Likewise, the Public Service Pensions Acts, the Pensions National Fund Act and the Labour Law (1997) were promulgated. Also, for the purpose of disposing injustice off the employees the Federal Justice for the Public Service Employees Act (1998) was issued.
- For the purpose of the development and organization of the public sector enterprises and corporations, the Public Enterprises and, Public Corporation Act (1996) was issued and penalties made severe for crimes on public monies. Also the Financial and Accountancy Procedures Regulations (1995) was issued. The Companies Ordinance was amended to the effect that there shall be no registration of any company in which any Government unit is a subscriber, before obtaining the approval of the Federal Ministry of Finance, on the basis that this Ministry is the custodian of public funds.
- On the other side, the Judiciary, during the past 10 years, managed to mandate some of the Judicial authorities to the level of States in addition to efficiency of judicial performance and the improvement of

the working environment: and, the status of judges and the judicial employees. This was effectively and clearly reflected on the level of judicial performance.

***Box (4)***

***THE EXPERIENCE OF FEDERAL  
GOVERNMENT***

The Federal Government System was adopted in 1992 with the aim of widening popular participation, removal of social inequalities, relaxing of central control, addressing environmental, social, cultural and economic issues, necessary for unraveling potential socio-economic capacity, constraints and maintaining national unity. The Constitution incorporates the Federal System of Governance and defines the institutional relationships between different executive, legislative and judiciary organs at the Federal, State and local levels under the Presidential Republic. The hierarchy of Governance goes as follows:

- The Federal Government.
- State Governments.
- Provincial Authorities.
- Local councils under the jurisdiction of States.

Institutional relationships between the level of Governance are enshrined in the constitution which guarantees the rights of the States to draw their own laws and regulations. Federal Governance constitutes a successful devolution of power with participation of the civil societies in decision making at both State and Federal levels.

## *The Action Programme for the Ten Years (2001-2010):*

### *Basis and Orientations of the Programme:*

The economic policies pursued during the second half of last decade as mentioned before, have succeeded in setting the economy in the appropriate path. Inflation rates have been greatly reduced following control of the major flaws in the public budget and curbing the increase in money supply and the velocity of its circulation. Petroleum production and its exports in the year 2000, had influenced a positive structural change in economic base and enhanced economic stability. Meanwhile, the review process of laws and regulatory framework protracting private sector initiatives and innovative skills had been completed and approved. Production and investment were induced with economic environment rebound. Such achievements were accompanied by scrupulous monitoring and indepth studies that revealed the nature, magnitude and dimensions of the problems and draw backs, and the cost born by the society as a result of the implementation of rigorous structural adjustment and economic reform policies. Taking this background on board, it seems that the Sudan is delving into the next decade, with a programme for economic growth and human development, set on the following basis:

- The restructuring of the Sudanese economy, the diversification of productive base, mobilization of sustainable development potentials in the various sectors, and widening of knowledge and technological base of the economy, including relative price structure, and a good system of incentives, in addition to improvisation of total quality management system of production and increase of total productivity.
- The continuation of economic reform programmes with the aim of establishing a free economy dependent on market forces which entail retrenchment of the role of the State in economic activity and implementation of the designed programme of privatization.
- Pursuance of macro-economic policies which avail wider chances for both local and foreign capital to participate in economic activity and widen employment opportunities and provide for the removal of all constraints which may obstruct such capital.
- Removal of infrastructure bottle-necks, and pursuit of policy of enhancing capacities and development of infrastructures to effectively facilitate the achievements of targeted growth rates.

- Utilization of the idle capacities through the provision of requirements of production and removing constraints thereon.
- Pursuing arduously the task of alleviating poverty, arrest the factors behind and eminent sources of poverty and reduce it to 50% by the year 2015 in the framework of the strategy designed for this purpose.
- Giving adequate attention to social development, through transcending its indicators. Development of human capital, and, administrative institutional and professional capacities are essential elements for socio-economic health.
- Empowering and encouraging women to increase their contribution in economic and social activities.
- Maintaining environmental and ecological balance through rational utilization, protection and development of natural resources.
- Preparing the economy and enabling it to cope with globalization, through gradual opening of markets for international trade and investment.
- Furtherancing of normalization of relations with the international and regional financing institutions: and bilateral aid sources to resume their activities in the different fields of cooperation.
- Allowing popular participation in the preparation of plans, programs and decision making through civil society organizations, trade unions, and the planning councils at the national, State and local levels.
- Reactivating the role of national research centers and prepare a plan for scientific research based on the needs of the economy and the society.
- Featuring strategic relations between the State and the private sector to cope with globalization.
- Realizing peace and national unity and building confidence between citizens in order to utilize the potential energies and characteristics of these different racial groups and their diversified ecosystems to impart social, cultural and economic specific advantages.
- Reinforcing the foundation for social peace, democracy, human rights and transparency of governance and administration.

**Objectives of the program:**

1. Realizing an annual growth rate of GDP ranging from 7% to 7.5% and transcending it to higher sustained levels.
2. Reducing the annual rate of inflation from 10% to less than 5% by the end of the programme.
3. Increasing productivity as well as expanding and diversifying the production base.
4. Increasing export earnings as a percent of GDP and effect a marked structural change on exports and market diversification.
5. Increasing the average public revenues to 32% of GDP and decreasing expenditure to realize surpluses in the general budget by the end of the programme period.
6. Increasing domestic saving to 20% of GDP by the end of the period.
7. Increasing the annual average investment rate to 33% of GDP. The private sector is to contribute with 68% of this increase.
8. Effecting close follow-up of the exchange rate of the national currency to ensure its practicality, and to secure competitiveness, growth and sustainability of exports.

**Sectoral objectives and priorities:**

It is anticipated that the contribution of the agricultural sector to the GDP will decrease from 45% to 38% in the year 2010 whereas the contribution of the industrial sector will increase from 15% to more than 25%. The services sector contribution will remain at around 35% by the end of the programme period. The following sectoral objectives and priorities are envisaged by the programme.

**Agricultural Sector:**

- Increasing agricultural production through vertical and horizontal expansion.
- Increasing the productivity of exportable commodities as well as enhancing quality.

- Rehabilitating infrastructure of irrigation, agricultural engineering, transport and storage.
- Rationalizing the use of suitable technological packages introduced by agricultural research systems, enhancing extension services and promoting agricultural methods to meet the needs of enhanced production.
- Introducing insurance systems in the agricultural operations.
- Rehabilitating of the major agricultural projects, revising land tenure systems and selecting the suitable agricultural crop mix.
- Rehabilitating and expanding the current rural development projects and the area development schemes, as important means of fighting poverty.
- Increasing productivity and the production of grains to about 9 million tons annually.
- Expanding the irrigated areas, provided that this should not be at the expense of range lands and, effecting a programmed disposal of rainfed agriculture in marginal areas with low production, while intensifying agriculture on areas of sufficient rains.
- Completing the heightening of Rossieres dam and rehabilitating the irrigation infra-structure, in order to increase the available water from 14 billion m<sup>3</sup> to 20 billion m<sup>3</sup>. And make use of technological and scientific means in rationalizing water use.
- Expanding on the so called complementary irrigation in the rural sector through establishing dams in small rivers and seasonal valleys for watering agricultural projects.
- Increasing the exploitation of ground water for integrated rural development projects. This will serve boosting agricultural production and increasing both human and animal consumption while considering environmental balance.
- Completing the forestry development project and increasing the forest area to 25% of the total area of the country and providing for a sustainable management of forest reserved areas. This is supposed to

preserve biodiversity and allow for the application of adaptive research to improve forestry products.

- Developing infrastructure of animal resources sector as well as meeting its needs: including research and veterinary services, integrating animals in the agricultural cycle and increasing animal production of sheep, cattle, fish and poultry to meet the expected local demand and exports.
- Paying greater attention to training of manpower in agriculture, and enhancing human capacity building.
- Enhancing the agricultural marketing, finance and service delivery.

**Industrial sector:**

- 1) Effecting a qualitative change in the current industrial activities in view of impending globalization process through shifting from import substitution - based industry to industry based on knowledge and free competition in open markets. Such orientation requires increasing capital, efficient administration, appropriate technology and total quality management systems to raise production efficiency, reduce cost, improve quality and maximize the value added of industrial produce.
- 2) Maximizing the use of comparative and competitive advantages in the fields of agriculture and animal wealth in the process of expanding agricultural-led-industries.
- 3) Maximizing the utilization of idle capacities through provision of production requirements and removal of production constraints.
- 4) Developing the petroleum and mining industries.
- 5) Reinforcing intra and inter-industrial linkages.
- 6) Paying more attention to the development and dissemination of small and medium-sized industries (SMES) and solicit financial and technical support for this purpose in addition to reforming and developing systems for SMES.
- 7) Liberalizing industry from administrative and price controls, averting discrimination between local and imported goods and safeguarding against market dumping.

- 8) Transcending capacity building programme implementation associated with high quality information content of produce.
- 9) Building the private sector capacities with respect to human, administrative, institutional and productive aspects and taking advantage of the opportunities offered by globalized economies especially in the areas of trade and investments.
- 10) Building physical, technological and information infrastructure in addition to the basic needs of modern industry, rehabilitating the exiting industrial areas and expanding of free zones.
- 11) Paying attention to the research centers and linking them with the industrial sector. These centers are supposed to develop Sudanese quality standard products and build close relations with international and regional research centers with the aim of introducing total quality systems of international standard along with their applications in the industry.
- 12) Encouraging industries of strategic priority in terms of value added and investing in specific fields of advantages accrued to Sudan: to enforcing forward and backward linkages in industry.

**Mining:**

- Continuation of mineral exploration and preparation of an investment map for mineral resources of proven commercial quantities for production to export and to meet local demand.
- Effecting a substantial increase in gold and other precious minerals for export purposes in addition to developing quarries and improving the produce required as input for other industries.

**Energy Sector:**

- Encouraging both foreign and local companies to continue oil exploration and investment in proven oil reserves to meet the domestic demand for oil products and export the surplus.
- Increasing electric power generation from hydro sources to an amount of 5084 Migawatt and from thermal generation to a tune of 1815 Migawatt by the end of year 2010. Concomitantly effecting a progressive expansion of electric transmission and distribution

networks to cover both urban and rural population areas especially for areas of agricultural and industrial activities.

- Rehabilitating and upgrading the existing power stations.
- Granting due priority to rural electrification.
- Encouraging the private sector to invest in power generation, transmission and distribution and to indulge in processing of electric tools and equipment.
- Rationalizing electric consumption and reducing power losses at the stages of generation, transmission and distribution.
- Developing alternate energy sources of solar, wind, biogas etc. and promote their use and rationalizing fossil fuel consumption to mitigate the pressure on biomass energy and preserve the environment.

#### **Basic Infrastructure:**

To overcome the constraints attributed to the vast area of the country and the wide dispersal of population, the Government is embarking on intensive programme of rehabilitation and expansion of infrastructure network with priorities of linking the various parts of the country, integrating socio-economic fabrics and meeting the requirement of regional integration especially in the field of trade. Below is a summary of sectoral objectives and priorities:

#### **Railway Subsector:**

- Encouraging private investment in the different rail operations through establishing public limited and corporate companies and through separating the management of infrastructure from operations.
- Rehabilitating and modernizing the railroads, expanding the rail by three folds and the carrying capacity by twenty folds in addition to integrating the rail network with neighbouring countries.

#### **River Transport:**

- Increasing the haulage capacity of river transport to twenty folds, through rehabilitating the dock yards and handling equipment, and expanding the use of vellum boats for the purpose of protecting the environment.
- Encouraging private investment in river transport.

- Increase substantially the number of river ferries and the number of barges to reduce the cost of oil transport.

### **Sea Transport:**

- Rehabilitating the sea ports of Port Sudan, Osman Digna and Suakin and completion of the second phase of Oasif and other new smaller ports.
- Rehabilitating sea ports infrastructure including roads, communication and storage facilities.
- Increasing the sea fleet to five folds.

### **Communication:**

- Restructuring and privatization of postal services and doubling of tele-density from 4 lines to 8 lines per a hundred persons.
- Expanding the telecom network to cover all parts of the country and connect it to the outside world using digital and other advanced communication technologies.
- Encouraging regional cooperation in telecom fields to safeguard the interest of LDCs against low-cost services of international telecom operators. A regional telecom free zone is proposed to serve this purpose and to maximize the economic returns due to enlarged markets.

### **Road Transport:**

- Liberalizing and/or privatizing roads and bridges infrastructure.
- Rehabilitating and expanding national and continental permanent road length by 7000km and tertiary/secondary roads by 2500km.
- Increasing road transport haulage capacity to 20 folds.

### **The Special Programme for the South:**

#### **Civil Strife and Relief:**

- Ending the war in the South through peaceful means, erasing the prime causes of conflicts and, building confidence among all citizens for national unity.

- Granting due support to Operation lifeline for provision of prompt relief to those inflicted by the war and famine and averting all obstacles confronting the delivery of food and relief supplies to them.

**Peace:**

- Reinforcing the mechanisms of cooperation between the Federal authorities and the Coordinating Council of the Southern States for effective implementation of the Khartoum Peace Agreement through sharpening the structures and systems of rule and administration in the south.
- Follow scrupulously the execution of the programmes designed for reinforcing peace and building confidence via voluntary repatriation of refugees and receiving them at the so called 'peace villages and model villages'. Provide them with food, shelter, clothing, water, health, education and all other life essentials for them to retrieve normal life.
- Invigorating the IGAD mechanism through effective coordination and participation to come to grips with peaceful solution that either preserve national unity as a first priority or secure the right of self-determination for the Southern States.

**Southern States Future Programme**

**Programme Objectives and Priorities:**

- Achieving sustainable peace and security.
- Receiving the returnees and accommodating them in their place of origin.
- Removing of land mines, opening of roads and river passages.
- Providing the necessary requirements for relief and effecting a quick departure from relief to development through embarking on programmes for food self-sufficiency, encouragement of SMES and soliciting support from National Research System (NARS), UN specialized agencies, international community and NGOs.
- Upgrading the constitutional, legal, administrative, security, political, cultural machineries to reinforce the peace process, stability and reconstruction of the South.

- Reviving and developing agriculture, animal resources wildlife and forestry for the provision of better job opportunities, food security and price stability of essential food products.
- Providing for water supply and sanitation, health and education services, rehabilitating vocational training centers and caring for women, children, orphans, and those crippled by war.
- Upgrading and training of administrative and professional cadres in areas of planning/programming, finance, administration and management at the levels of public bodies, private and cooperative.
- Rehabilitating the large agricultural and industrial schemes affected by the war.
- Linking the large population centers in the South with roads, communication and electricity national networks.
- Paying more attention to southerners taking refuge in the north in the provision of life essentials and productive work opportunities.
- It is worth mentioning that relief, resettlement and reconstruction of the South require enormous resources that are beyond the capability of the country. Therefore the international community, and NGOs are called upon to combine efforts with the Government in realizing the objectives and priorities of the programme following a peaceful settlement to the war.

### **Issues of Governances and Administration:**

- Asserting the basic human rights enshrined in divine laws and international covenants, ensuring the supremacy of society and its legitimate right to developing own democracy and peaceful exchange of power among various partisan movements within the framework of the Federal system. Enforcing peace opportunities, restoring security and the rule of law, building confidence among people and ensuring fare distribution of wealth. However, the rehabilitation of society's political, social and economic infrastructure are basic issues necessary to achieve decent livelihood, fareness, and justice together with fostering democracy among all citizens having different social, ethnic and religious background without discrimination.

### **Human Development:**

- Increasing life expectancy at birth to 62 years through: reducing both mortality and morbidity tempos resulting from epidemics to less than a quarter, reducing the level of malnutrition through securing sufficient calories, reducing infant and mother mortality to 36 per 1000 and 138 per 1000 respectively, in addition to delivering primary health care and maternity health care for all.
- Providing mandatory basic education for all by the year 2015, wiping out illiteracy and availing pre-schooling education for all.
- Disseminating vocational education and training in all states starting with those suffering from the consequences of war and, replicating successful experiences in disbursing skills, alternating and mobile training, in addition to linking training in workshops with official training.
- Enrolling not less than 67% of students at the level of secondary education and about 55% in higher education.
- Endeavouring to couch a 60% contribution of technical and technological education at the end of the programme period.
- Improving the quality of education with provision of modern means and facilities including laboratories, training of teachers and trainers and linking such education with the changing labour market requirements.
- Improving the balance between the various stages of school education by the year 2005.
- Achieving a high level of women participation in economic activities.
- Attenuating the level of explicit unemployment to 5% by the end of year 2010 through accentuating on unemployed youth, women, higher education graduates and the new comers to the labour market.
- Reducing the level of work redundancies to half and reviewing the distortions in wages and incentives systems.
- Increasing per capita consumption of electricity to 20 folds from an average of 47 to 940 watt/hour a year per person.

- Increasing the number of telephone machines from 1 to 39 per 1000 persons at the year 2010.
- Eradicating thirst at the year 2010 by providing the rural population with 40 L/p/d and the urban population with 150 L/p/d of potable water supplies.

**Environment:**

- Completing and implementing the national plan for environment and the national map for natural resources aimed at preserving biodiversity and natural resources, from malpractices and pollution through strictly enacting laws and regulations to achieve these aims.
- Redesigning the educational system to accommodate environment related science and technology, applying environmental consideration in development projects especially of agriculture and integrating forestry in agriculture in addition to establishing tree belts.
- Supporting the institutions working in the fields of natural resource endowments to protect, preserve and develop these resources and sensitizing the public at large to the importance of being attentive to a healthy environment.
- Combating desertification and applying early warning systems against drought, controlling the applications of pesticides, insecticides and other chemicals in agriculture and minimizing water born and water related diseases.
- Providing the organs working in the different natural resources fields with the necessary facilities to enable them to discharge with the responsibility of protecting and maintaining these resources.
- Propagating environmental awareness and paying attention to the tree cover.
- Combating desertification and applying early warning systems to monitor the drought phenomena, controlling the use of pesticides and chemicals in irrigated agriculture.

### **Food security:**

- Sudan has made much progress in approaching food security realization. Yet, there remain some important steps and measures to be taken up with the international community, not only to attain sustainable food security for the country but also to meet some neighbouring countries need of food. The most important measures need to be taken in this respect are:

1. Maintaining a conducive macro-economic and sectoral policies to influence: an increase in individual income, a better income distribution and, increase in production, productivity and a fair distribution of saleable food products.
2. Increasing the exploitation of unused or idle capacities in the irrigated sector through rehabilitating the irrigation channels networks in the major agricultural schemes.
3. Heightening and rehabilitating of Ruseiris dam.
4. Improving and developing: the integrated rural development projects, the projects in food deficit States and the areas of displaced and returnees settlements in the south.
5. Improving and connecting the main roads and subsidiary networks with producing and consuming areas, while improving agricultural and food extension services.
6. Improving the services supporting agricultural production such as agricultural and veterinary research, technology transfer, crop protection, disease and pest control, use of improved seeds, and improving: storage, transportation, communication and marketing.
7. Enabling woman to participate more efficiently in improving agriculture and contributing to increased food production.
8. Completing the implementation of the plan of rehabilitation of the current agricultural schemes and the new agriculture expansion in the Southern States.
9. Encouraging FDI and joint investment in the field of food production and processing.

10. Promoting the means of inter-state trade.
11. Improving the system, policies and modalities of the strategic food grain reserves to secure price stability and guaranteeing continuous food supply.
12. Encouraging the production and consumption of livestock, fish and poultry meat.

**Poverty alleviation:**

- The main causes of the wide spread of the phenomena of poverty are economic weaknesses, poor economic performance and wide distortions in previous years, drought and desertification, and the war in the south. These factors combined together with consequences of high internal migration and unemployment perpetuated by economic reform policies.
- Special programmes were designed consonant with policies for overall social care to alleviate poverty and mitigate the social cost of adjustment policies particularly those costs emanating from rising inflation and low incentive to saving. The umbrella of these programmes and policies embraces women, children, disables, destitutes, homeless, refugees urban and rural poor. Food subsidies, charities, financial support and in kind were provided from the Federal budget. Additional support is granted for life essential services such as electricity supply, primary health care, life-saving medicines, clinical emergency admission at government owned hospitals, systematic salary increases and potable water supply improvement and expansion. The government also established some social solidarity funds. The most important of these are: Zakat Fund, Social Insurance Fund, Students Support Fund in addition to Savings and Social Development Bank and Health insurance system for public civil service. However despite the great effort exerted by these authorities, and the services provided by UN agencies, experience has shown that it is necessary to address the poverty problem in the framework of a comprehensive strategy aimed at reducing poverty to half in the coming two decades through: combining all efforts, determining quantitative and qualitative targets to be realized with the support of prudent policies measures, mechanisms and modalities. The strategy is supposed to depend on the following guidelines:

1. Providing the necessary conditions for accelerating the economic growth and social development and ensuring a reasonable share of earnings to the poor from such growth.
  2. Adopting investment policies that secure a sustainable and wide work opportunities.
  3. Expanding and developing opportunities of productive work that suits the needs of the poor.
  4. Expanding the existing integrated rural development projects and programs.
  5. Generalizing the opportunities of access to free primary health care for the poor in all parts of Sudan, increasing coverage of child vaccination and eradication of serious diseases.
  6. Reducing morbidity and incidents of endemic diseases.
  7. Increasing nutritional status.
  8. Provision of potable water and sanitation.
  9. Increasing financial appropriations for education and health services in the general budget and securing basic education with improved quality and reducing school drop outs and qualify them..
  10. Provision of suitable low-cost and environmentally sound housing.
- The realization of these aims depend largely on ending the war and realizing peace in the south and the east, besides normalizing the relations with the neighbouring countries.
  - A high level council chaired by the President of the Republic has been established to supervise the implementation of the strategy. The members of the Council are the concerned ministers, the wallies, and representatives of trade unions, business associations, farmers, shepherds, peace and development corporations and charitable organizations in addition to some experts having contribution in this realm. A steering committee chaired by the state minister in the Ministry of Finance has been formed to follow the implementation of

the strategy. An administrative unit has also been established in the Ministry of Finance to coordinate efforts.

- The strategy will be presented in a forum comprising stakeholders and with representatives from donating countries, the Government, civil society, workers, business organizations, women, youth and the poor. The meeting will be held in the coming few months to discuss the strategy and find the best means of implementing it.

### **Capacity building:**

Sudan is facing serious problems in the field of both human and administrative capacity building inspite of the large expansion that has taken place at different levels of education in previous years.

The constraints to capacity building are ascribed to the following factors:

- The stoppage of external assistance which used to finance wide-scale training programmes both inside and outside the country had led to reduced investment in human capital.
- The migration of a huge number of highly experienced and qualified persons, for various reasons.
- The change in economic system following enactment of liberalization policy: necessitated reviewing the tasks and responsibilities of the government in managing the economy through intellectual and innovative policies and the skills and mechanisms required for this purpose.
- The deterioration of living conditions for a large segment of the population including the skills, whose real wages and salaries depreciated sharply.
- A permanent national committee for capacity building has been established with the functions and responsibilities of proposing appropriate policies, priorities, programmes and plans on capacity building at both human and administrative levels.
- Maintaining a sustained economic growth is a *sin qua non* for a successful implementation of the capacity-building strategy. However, integrating the capacity building process, with economic growth, depends on three interacted and interrelated factors, vide:

1. Invoking a self-reliance strategy to mobilize indigenous capacities capable of ensuring effective participation of the private sector and the civil society within joint mechanisms in the preparation, implementation and follow-up of plans, programmes: policies and priorities at both national and local levels.
2. Raising the levels of social development particularly with respect to preparing the necessary skills and up-grading of workforce through education, training and incentive policies and through sharpening institutional structures at both public and private sectors levels: for them to spawn prudent policies, relevant technologies and human talents necessary to address socio-economic challenges in the new millennium.
3. Maintaining economic growth and providing the necessary resources for a conducive environment capable of fostering sustainable human capacity building is highly dependent upon the following preconditions:
  - a) Pursuance of a comprehensive development incorporating agriculture, rural development and small and rural industries.
  - b) Assimilation of the requirements and challenges of globalization and the introduction of regional dimensions in the sphere of capacity building.
  - c) Focusing on shifters of supply such as physical infrastructure, technology, human capital, administrative and institutional structures: to enable the economy to respond positively to capacity building requirements.
  - d) Fostering the development of human and administrative capacities: through education, training and upgrading of skills at all levels.
  - e) Caring for the development of women capabilities.
  - f) Raising the level of social development and curbing unemployment.
  - g) Review the causes of brain-drain, through improving the working environment and the conditions of service.

h) Reversing capital flight and preparing the conditions for repatriating the flown capital.

i) Caring for scientific research and researchers, via the maintenance of sound policies, motivated staff, suitable research facilities and sufficient funding; and with sustained interaction of all elements involved in addressing the society's needs.

- Appreciable developments had been realized in the field of capacity building but those developments were not enough to transcend the quality of human, administrative and institutional capacities to satisfactory levels. Therefore there is a need to formulate a national long-term comprehensive strategy, for capacity building and solicit the required financial resources to realize its objectives and priorities.

### **Exports Competitiveness:**

- The persistent structural weaknesses characterizing the export sector are expected to intensify with the on-going rapid transformation to liberalization and the opening-up of domestic markets to international trade. Such problems calls for strenuous but prompt action-oriented strategy to enhance the competitive position of exports through the realization of a conducive environment for exports to thrive. Diversification of production, efficiency of marketing, distribution and transport with processing of produce supported by appropriate technological environment and sound macro-economic indicators are essential requirements for the production of saleable able products of international standards:
  - The accelerating developments that are taking place in information technology and telecom arena have a marked influence on the level and magnitude of competition at market place. They enlarged the international money markets leaving developing countries exposed to eminent risks particularly for individual reforming economies pursuing export-led development strategies and targeting higher growth rates and soliciting FDI for this purpose. To protect such economies from external shocks and to avert cyclical financial crisis such as the one inflicted south East Asia in mid 1997 with consequences of plummeted prices of commodities of main interest to developing countries: it is pertinent to prepare a strategy for the development and promotion of trade based on the following principles and guidelines:

- Strengthening the financial and monetary sectors to promote exports and to protect the economy from eminent external financial shocks.
- Developing inter-trade links with neighbouring countries, enhancing economic and financial mechanisms of regional cooperation and take advantage of investment and trade opportunities available in by enlarged regional groupings.
- Expanding and enhancing physical, technological, administrative and institutional environments, required for sustainable growth of exports.
- Diversifying exports markets, developing and promoting domestic markets, transport, distribution, storage networks: in addition to encouraging international investments help transfer advanced technology in the fields of management, marketing and production with international specifications. Such actions are also necessary to enlarge the economic base, integrate the economy with the out side world and maintain a sustainably high economic growth rates.

The implementation of this strategy requires constructive international cooperation with the major industrial countries especially those having historical relation with the developing countries bear the major responsibility in helping the developing countries to improve the competitive position of their exports. Industrial countries are therefore required to remove non-customs barriers to LDCs exports, assist in financing of the basic infrastructure required for developing and promoting exports and enhance their competitiveness in the international markets.

### **Debt Crisis and International Initiatives:**

Past debt relief initiatives have been inconclusive and not comprehensive enough to resolve the debt crisis looming over LDCs. There has recently been criticisms on the delay of implementation of the most recent initiative the Heavily Indebted Poor Countries (HIPC) and the conditions imposed on eligibility criteria prior to decision stage. The debt problem is now more pressing ensuing the challenges imposed by globalization, liberalization of the economies of developing states and the widening technological gap between the North and the South in addition to poverty looming over LDCs. International social tension has risen as a result of these developments. Several governments, international and regional organizations and activists have appealed to the international community to

expedite the implementation of this initiative. They also appealed for more flexibility, transparency, justice and objectivity in resolving the debt stalemate through the following:

- Lowering of eligibility criteria from the current basis of net present value, debt-to-exports ratio and debt service-to-export ratio not to exceed 200% and 20% respectively. Such reviewed criteria should also be applied in cases of countries suffering from internal conflicts, and could not bear the burden of financing rehabilitation and reconstruction of inflicted areas following peaceful settlement.
- Reducing the time frame of implementation from the current 6 years to 3 years, following a sustained policy track record. Thereafter, the debts of the LDCs would be cancelled.
- Increasing the amounts specified for debt relief from contributions of the rich states to bridge the gap resulting from insufficiency of the present DRF/PRBF facility.
- Relating the implementation of the initiative, with the efforts countries make in reducing poverty including those having favourable policies addressing the phenomenon of poverty.
- Speed-up the implementation of HIPC's for those eligible countries having extremely high indebtedness, without recourse to discriminatory treatment that may frustrate socio-economic reforms, growth and poverty reduction and slow down the process of integration with the world economy.

### **Technology and Scientific Research:**

- The World Economic System, at the verge of the third millennium, is fundamentally different from what humanity knew in the past. It is characterized by an accelerating high degree of interdependence between countries and nations ranging from trade, capital, information, telecommunication high tech and scientific revolution. Economic structures have been drastically changed from material-based-labour intensive production to high value added information content of produce. Such developments are mainly orchestrated by multi-national companies possessing high tech means of production, marketing, distribution and transport networks. The severity of competition worldwide forced advanced economies, to depend on information technology, bio technology, telecom, new materials, genetics and other

technological sciences to develop country, firm and product specific advantages.

- Naturally in a globalized economy national governments influence on economic variable of international origin will be tenuous. The challenge is now: how to bridge the technological gap separating LDCs from the rest of the world. To avoid the risk of marginalization and to adapt to the new international environment, LDCs should consciously deal with and browse through the advantages offered by this environment, and its spill-overs in such a way to preserve their economic, social, national integrity and inherent rights.
- The basic requirements to enable the economy respond favourably to the twin challenge of globalization and information revolution, include the development and promotion of the technological, scientific, research, educational and knowledge infrastructures. Within a framework of a comprehensive and integrated strategic vision capable of advancing these elements and their driving force towards development and growth. A strategic vision that links the present with the future, merges the national heritage and the virtuous social values and knowledge with modern technology. Such a vision, also helps mobilizing human capacities to achieve a decent living, and transcends: spiritual, moral and knowledge values. It is indeed, this vision which foster the development of human capital through caring for talents and innovative initiatives, and the development of administrative, institutional and legal framework. It will further leads to increased productivity and production, improves the quality and competitive position of exports in international markets, and gives rebirth to the comparative advantages of the national economy.
- Below are areas of priorities for education and scientific research action programmes:

**In the Field of General and Technical Education:**

- Preparation of action programmes for the training and qualifying of teachers at the basic and secondary education stages to enable them to obtain the necessary skills.
- Introduction of technology and computer sciences in the curriculum of secondary schools.
- Adjusting technical education to a tune of 60% of general education.

- Rehabilitation and modernization of the vocational education to absorb and qualify all school drop-outs.
- Rehabilitation and expansion of basic and secondary schools with provision of new libraries, laboratories and other education requirements and materials including the computers, modern information media and information management systems. These are necessary elements for raising the level of quality of education.

**In the Field of Higher Education:**

- Enhancement and expansion of the use of computers and modern information systems, the provision of equipment and modern means and review of curriculums and teaching methods in all university faculties to cope with contemporary developments.
- Conducting intensive training courses for teachers in information technology and information systems.
- Establishment of a center of software programming related to education and training aimed, at improving the levels of attainment in higher education, qualifying teachers and increasing their teaching and research capacities.
- Multiplying post-graduate education opportunities, continuing staff training, increasing lecturers exchange programmes with external universities and research centers and that all contributing to bridge the gap caused by migration of lecturers and professionals abroad.
- Supporting private software companies and special software programming activities, through the provision of training materials for basic sciences, training of teachers, and directing and encouraging them to develop software programmes.
- Preparing action programmes for rehabilitation and enhancement of national research centers and universities and coordinate efforts, expended especially in the field of software systems and computer application by various institutions. Some of these institutions have to be charged with the responsibility of observing standardization and quality control of software products.
- Supporting the Documentation Center at the National Research Center and linking it to university research centers, main libraries information centers and to international information networks.

### **In the Field of Communications:**

- Statistical studies conducted by some researches exposed a strong correlation between the levels of economic and social development, and the degree of telecommunication penetration. Marginal utility, investment returns and social opportunity cost will rise in developing countries with increased intensity of telecom penetration. This also means that the role which could be performed by the telephone, as an instrument of development, is much bigger than that of the other one way means of communications: such as, the radio and television: a fact ignored by planners in the past.
- Teledensity in Sudan is the lowest among developing Arab and African States, according to 1993 figures. In that year, the Government decided to privatize this sector. A number of investors encouraged by the concessions offered by the Government had injected about 30% of the capital invested in the newly born company (SUDATEL). Among the concessions granted was the monopoly by the company of international traffic for a period of 5 years renewable to two more periods of the same length subject to performance review at the end of each period. The National Communication Council (NCC) was established as an independent body entrusted with supervision, organization and coordination of efforts for development and policies related to international and regional agreements. The NCC issues licenses, proposes tariffs and coordinates policies between the civil and security telecom users.
- Globalization will have negative effect on the development of telecom infrastructure in the Sudan. The continuous decrease of the cost of telecom services offered by international operators and other competitors will attract customers and therefore decrease the source of foreign exchange revenues. Considerable share of the telecom services in the Arab countries markets is being gradually taken over by subsidiaries of giant operators already established in some of these countries. Therefore consolidation and/or joint telecom projects together with preferential tariffs arrangements will allow telecom operations in the region to gain or maintain some share in the international market.

### **Agricultural Technological Infra-structure:**

- The rapid transformation towards globalization, information technology and technological sciences have already shown marked influence on agricultural development and the capacity to market agricultural products. Knowledge and information have become important

resources. For those who have access to information and the ability to understand and manage it will have a comparative advantage in choosing appropriate technologies that reduce cost and improve quality of products giving them an edge in the global market.

- The basic empowering elements required to enable agriculture to develop, raise productivity and competitiveness include the rational use of information, up-graded quality of agricultural education and training and effective agricultural research, and transfer and adoption of improved technologies. The mobilization of these elements aimed at effective utilization of human minds, skills and information technology in addition to the physical environment for the growth of agriculture. Below is the programme framework for raising the technological and research capacity of agriculture:

### **The Agricultural Statistics:**

- Agricultural statistics and information have not enjoyed the care they deserve. This is due to the wide area of the country, the weakness of the infrastructures, the wide spread of different norms of production. The capacity for collection, sorting storing, processing and management of these information are now receiving greater attention to provide the necessary tools through which acreage, yields inputs, labour, production, prices, market information and other data are made available for researchers, planners, investors and decision-makers.
- The Ministry of Agriculture and Natural Resources: and the Ministry of Animal Resources, capacities to complement with the tasks of information incumbent upon them are limited. This task requires foreign technical support, especially in the field of building information systems and information networking necessary for decision-making monitoring, follow-up, analysis, forecasting and programming.

### **Agricultural Education, Training and Extension:**

Strategies for global agriculture invariably include the central role of education. The capacity of a country to improve and sustain its agriculture growth and be able to compete in a global market is progressively depended on the quality and level of technical skills of its human capital. As production systems become more complex with the introduction of new technologies, information and knowledge have become more important sources. Restructured and properly oriented research, public service and agricultural higher education institutions can provide the technical information and the skills required for improved sustainable agricultural production. The standard of education and training need to grapple with

new levels in terms of quality and outreach. This will however, require restructuring the existing curricula and adding new thrusts to meet the current and emerging local, regional and global needs, adequate sustained funding, motivated academic staff and the tools and physical infrastructure required for effective teaching and research.

#### **Agricultural Research and Technology Transfer:**

The durable solution for a sustained agricultural performance lies largely in the transformation of agriculture through strong and effective national agricultural research systems capable of generating productivity and harnessing appropriate technologies. Rational use of these technologies increases land, water and labour output and hence reduce costs of production. The potential for increasing productivity in Sudanese agriculture is great. Crop and livestock yields are much lower than the results obtained from the research trials. The agriculture research agenda must respond to the problems facing production and post-harvest handling of food and export crops and the resource degradation. Enhancing the capacities for applied problem-solving research requires combined and sustained interaction of all the elements involved in agricultural research, planning, technology generation, adaptation, validation and transfer. With sustained political will and commitment linked with sound policies, qualified and motivated research staff, adequate research facilities and sustained adequate funding the required investments in research will be a reality. The research agenda need to be clearly defined and articulated. Market reforms, new trade patterns, greater concern for resource management, more active private sector and new technologies are placing new demands on research priorities.

#### **Expected Programme Investments and the Chances of their Success:**

- The overall investments required to implement the programme amounted to US\$ 86.5 billions distributed among public and private sectors, at the ratios of 22% and 78% respectively with the ratio of annual average investments, of 33% to GDP. This ratio though ambitious could possibly be captured and maintained due to the following attributes:

1. Macro-economic stability and sustained economic growth attained during the 1990 are strongly believed to influence savings and investments in subsequent years.

2. Investment encouragement laws, new legal and regulatory framework undertaken are expected to enhance and safeguard the investment climate for both local and foreign private investors.
3. Rigorous financial reforms exhibited in improved Government position in financing its own expenditure will promote savings and avail increased financial resources from the banking sector to meet the private sector demands.
4. The programme attaches higher priority to addressing infrastructure bottlenecks and increased service delivery.
5. Potential investment opportunities in the mining and petroleum sector together with the attestation of the IMF of a good record of Sudan's economic performance and the regaining of membership of the Fund assured the Government of improved conditions for foreign finance and FDI flows. This will also help to create enabling conditions for the economy to respond to the changing international environment.
6. The successes achieved in privatization of public enterprises, demonstrated in increased productive capacities, are expected to influence the process of modernization and expansion of these enterprises.
7. With Government support and increased foreign relations the financial, managerial and technical capacities of the local private sector: are expected to appreciate.
8. Improved mechanisms and modalities of cooperation between the Government and the private sector is a new thrust that enables joint follow-up of execution and monitoring of the programme and removing obstacles in the course of implementation.
9. The programme implementation is expected to be influenced greatly by reform of managerial, institutional, organizational and legal structures in addition to human capacity building, and reactivation of the role of the Planning Councils at the national, sectoral, state and local levels, in the management of the economy. Moreover, the promotion of information systems, technological environment, applied research are all factors contributing to the betterment of economic performance and the

enlargement of productive base of public, private and popular sectors.

### **Financing of Public Investments:**

- The overall public sector investment required expected to reach about US\$ 19 billion during the programme period. The fact that the government had succeeded in mobilizing resources during the past ten years: and that petroleum provides additional financial resources, yet, the financing of public investments would present a major concern, for the following reasons:
  1. The continuation of the war in the South and its spill-overs, and the stoppage of foreign assistance, had greatly weakened the government ability to invest in basic infrastructural projects. Rehabilitation of some projects was therefore postponed and work had stopped in some new important infrastructural projects. No doubt that investment in this vital sector, regarded as a vehicle of growth, requires huge financial resources which cannot be secured from domestic sources during the programme period.
  2. The social services sector was also impaired by the slow down of foreign aid with appalling consequences on human development indicators. Obviously the implementation of new and postponed projects in this vital sector, would lay a heavy burden on the Government to pay without foreign assistance.
  3. The implementation of the aforementioned poverty strategy which covers the various sectors and stake holders, requires huge financial resources which the government cannot provide from its own resources.
  4. The financing of implementation of a multifarious post-war programme of relief, revival, rehabilitation and reconstruction of the southern Sudan is beyond no doubt formidable for the Government to acquire from domestic sources.
  5. The country is facing real difficulties in fulfilling the external debt obligations. The external debt, will continue to pose a major impediment to investments, even in case of implementation of the HIPC's initiative.
- Therefore, the support of the international community and other financing institutions is solicited not only for the realization of the

programme but also for maintaining the reform policies pursued during the past decade.

**The Financing Gap:**

The financing of investments of US\$ 87 billions accrued to the programme, is expected to be shared between domestic own resources and foreign resources as follows:

	<u>Billion US\$</u>	<u>Percentage (%)</u>
Own-Resources	46	53.8
Foreign Resources	<u>41</u>	<u>46.2</u>
	<u>87</u>	<u>100.0</u>

The following table depicts the programme annual investments, charged to the various sectors:

***The Projected Investments During the Programme***  
***Period Years (2001-2010)***  
*(in Million US\$)*

<u>Year</u>	Agriculture	Industry	Services and Basic infra-structures	Post War Programme	Investments
2001	127	139	919	-	1185
2002	156	241	1030	-	1427
2003	203	204	1537	-	1944
2004	258	613	1017	-	1888
2005	291	364	2314	-	2969
2006	592	852	1747	-	3191
2007	466	946	2825	-	4137
2008	820	1770	1245	-	3835
2009	1004	1491	2293	-	4788
2010	917	1200	4071	-	6188
Total	4834	7820	18998	55348	87000
Annual Average	483	782	1900	5535	8700

**Implementation, Monitoring and Evaluation:**

- The implementation of the programme requires a wholistic clear vision that takes into consideration the dimensions and development patterns taking place at country, regional and international levels when determining the shape and content of the relations between the concerned public and private institutions, and the civil society from one

side: and the U. N. specialized agencies operating in Sudan, from another side. The programme: is supposed to draw lessons from the experience of the implementation of the previous programme. However effective cooperation mechanisms between partners would enable the determination of transitional targets with measuring performance indicators and ease the implementation and monitoring of the programme.

- Establishment of a national body for monitoring and evaluation with the functions and responsibilities of determining the performance criteria and indicators, the means and levels of supervision and the follow-up mechanisms and directives. This body shall have subordinate units at the level of States, localities and the economic and social operators. These units would assist in monitoring, reporting and the execution of corrective measures resulting from irregularities in the course of implementation of the annual work plan.
- Establishment of a Permanent Steering Committee (PSC), with representatives from the government, the U. N. specialized agencies, financing agencies, the voluntary organizations and other participants: chaired by the State Minister of the Ministry of Finance. Focal points will be identified at the level of ministries, federal agencies and the States. The PSC would supervise the preparation of the annual work programmes, issue directives and working methods, and approve the performance indicators. The PSC would also conduct periodical reviews on the performance of partnership, checks the level of coordination between the government and the donor agencies: especially with regard to the implementation of the programme priorities in food security, combat of poverty, the building of human and managerial capacities and social development.
- Holding periodic joint meetings between the government and the concerned U. N. agencies, for the evaluation of the implementation of the programme.
- The Government of Sudan shall endeavour to obtain technical assistance and expertise input from the U. N., for the establishment of the monitoring and evaluation mechanisms specified above.



# Annexes



**Fiscal Performance of Revenue & Public Expenditure  
During 1990-1999**

SD Millions

Item	1990/91	91/92	92/93	93/94	94/95	1995	1996	1997	1998	1999	Total
Tax Revenue	929.0	2664.0	6223.0	9549.0	19386.0	32400.0	60458.0	82567.0	117168.7	153976.8	485321.5
Direct Taxes	222.0	548.0	2226.0	3667.0	7496.0	13216.0	20015.0	21680.0	27737.3	36068.3	132875.6
Indirect Taxes	707.0	2116.0	3997.0	5882.0	11890.0	19184.0	40443.0	60887.0	89431.4	117908.5	352445.9
Non-Tax Revenue	455.0	792.0	1751.0	1866.0	2531.0	6812.0	9319.0	25992.0	41167.4	55037.1	145722.5
National Revenue	121.0	528.0	697.0	913.0	936.0	5668.0	854.0	14192.0	31287.2	45646.3	100842.5
Departmental Charges	115.0	198.0	356.0	577.0	870.0	1144.0	5445.0	6319.0	9880.0	9390.8	34294.8
Corporate Revenues	219.0	66.0	698.0	376.0	725.0		3020.0	5481.0			10585.0
Total Revenues	1384.0	3456.0	7974.0	11415.0	21917.0	39212.0	69777.0	108559.0	158336.1	209013.9	631044.0
Chapter One	137	358	948.0	2184.0	2183.0	18376.0	28915.0	46522.0	66431.0	87970.0	254024.0
Chapter Two	1145	4661	6255.0	19142.0	19142.0	21832.0	38357.0	66077.0	84366.0	95643.5	356620.5
Chapter Three	69	195	379.0	287.0	287.0	354.0	12747.0	4783.0	11505.0	12804.7	43410.7
Chapter Four	234	693	2047.0	774.0	774.0	2960.0	7885.0	10745.0	22804.0	33447.2	82363.2
Total Public Expenditure	1585	5907	9629	2287.0	22386.0	43522.0	87904.0	128127.0	185106.0	2298653	736418.3
Deficit	-201	-2451	-1655.0	-10972.0	-10972.0	-4310.0	-18127.0	-19568.0	-11849.0	20851.4	105374.3

*Annex I-B*

**Ratio of Revenues & Expenditure to GDP**  
**During 1990/91 - 1999**

<b>Item</b>	<b>1990/91</b>	<b>91/92</b>	<b>92/93</b>	<b>93/94</b>	<b>94/95</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>Average</b>
Gross Domestic Product	19083	40181	86009	175356	297410	297411	1021500	1601211.2	2089605.2	244885.1	
Public self-Revenue	7.3%	8.6%	9.3%	6.5%	7.4%	13.1%	6.8%	6.8%	8.3%	8.5%	8.3%
Tax Revenue	4.9%	6.6%	2.6%	5.4%	6.5%	10.8%	5.9%	5.2%	6.2%	6.3%	6%
Direct Taxes	1.2%	1.3%	2.6%	2.1%	2.5%	4.4%	2%	1.4%	1.6%	1.5%	2.1%
Indirect Taxes	3.7%	5.3%	3.4%	3.4%	4%	6.4%	3.9%	3.8%	4.6%	4.8%	4.3%
Non-Tax Revenue	2.4%	2%	2%	1.1%	0.9%	2.3%	0.9%	1.6%	2.1%	2.2%	1.8%
National Revenue	0.6%	1.3%	0.8%	0.5%	0.3%	2%	0.09%	0.9%	1.5%	1.9%	1%
Departmental Charges	0.6%	0.5%	0.4%	0.3%	0.3%	0.4%	0.5%	0.4%	0.5%	0.4%	0.4%
Current Expenditure	6.7%	12.5%	8.3%	12.2%	7.2%	13.5%	5.6%	7.8%	7.2%	7.5%	8.9%
Recurrent Budget Deficit	0.5%	3.9%	0.9%	5.7%	0.2%	0.4%	0.2%	0.3%	1.1%	0.5%	1.4%
Total Expenditure	8.3%	14.7%	11.2%	12.8%	7.5%	14.6%	8.6%	8%	8.8%	9.6%	10.4%
Total Deficit	1.1%	6.1%	1.9%	6.3%	0.2%	1.4%	1.8%	1.2%	0.6%	0.9%	2.2%
Development & Investment	1.6%	2.2%	2.8%	0.6%	0.4%	1.2%	0.8%	0.7%	1.1%	1.4%	1.3%

Annex 2**External Debt Indicators**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Debt Outstanding (MUSD)	15.303	15.834	16.085	16.321	18.002	19.355	19.451	19.357	20.194	20.535
Gross Domestic Product (at current prices)	42.406	26.789	8.575	8.156	9.441	4.969	6.997	9.305	8.403	11.652
Total Debt to GDP (%)	36%	59%	188%	200%	191%	390%	278%	208%	240%	176%
Exports of goods and services	790.4	506.4	707.9	572.3	734.9	1,053.4	913.02	1,082.2	1,357.1	1,720.0
Total Debt to Total Export of Good & Services	1936%	3127%	2272%	2852%	2450%	1837%	2130%	1789%	1488%	1194%
Total Debt Service	73.2	25.2	23.3	0	23.8	57.9	43.5	63.7	67.2	118
Total Debt Service to Exports of Goods & Services	9%	5%	3%	0	3%	5%	5%	6%	5%	7%

## Foreign Debt Obligations by Source as of 31/12/1999

	Contractual Interests	Bank Interests	Total Interests	Loan Funds	Total
International & Regional Agencies	1,045	344	1,389	2,929	4,319
Non-Paris Club countries	784	2,530	3,314	3,467	6,781
Paris club countries	1,425	2,333	3,758	2,363	6,121
Commercial Banks	1,063	-	1,063	1,551	2,614
Foreign Suppliers	-	-	-	700	700
Total	4,317	5,207	9,525	11,010	20,535

# Annex 4

## PROJECTS PROPOSALS

*Include areas of:*

- Agriculture & Rural Development*
- Irrigation & Energy*
- Transportation*
- Social Development*
- Capacity Building*
- Other Important Projects*

## **Agriculture & Rural Development:**

**Name of the Project:** Drought Recovery & Food Security Program

**Location:** Northern and Western Darfur States in addition to provinces of kalbas & shiryria of South Darfur State.

### **Objectives of the Project:**

1. Controlling Drought and desertification.
2. Achieving food security.
3. Increasing small farmers income
4. Arresting urban drift.
5. Promoting popular participation, ownership and mobilizing potential of the capacities.

### **Description of the Project:**

The project is based on the concept of integrated rural development with the main components of agricultural extension services, primary health care, potable water supply, environmental health, veterinary services, basic and pre-school education and capacity building of humans, administration and institution.

Implementation Period: 3 years.

Total Cost: US\$ 35 million

Status of Studies: Pre-feasibility Study is available

## **Irrigation & Energy:**

**Name of the Project:** Rehabilitation of Irrigation Infrastructures  
**Location:** States of Gezira, Sinnar, Gadarif and Kassala

### **Objectives of the Project:**

Increase cultivable land, production and productivity, promote incomes and living standard of producers in the four irrigated Schemes of Gezira, Rahad, New Halfa and Suki.

### **Components of the Project:**

- Rehabilitation of: main irrigation canals and gate ways,
- Irrigation pumps and ensure that they are provided with electricity supplies, and water drains.

**Cost:** US\$ 34 million

**Implementation Period:** 5 years

**Status of Studies:** A comprehensive study has been prepared by the Ministry of Irrigation and Water Resources.

**Name of the Project:** Rehabilitation of Pump Schemes

**Location:** Sennar and White Nile States

### **Objectives of the Project:**

Increasing cultivable lands, utilizing idle capacities, achieving food security and stability, increasing incomes of producers and promoting their living standards.

### **Components of the Project:**

Basically the project attempts to rehabilitate pumps and irrigation infrastructures, weeding, desilting and provision of extension and health services.

**Current Status:** Rehabilitation of irrigation infrastructures is taking place in order to maintain them.

### **Implementation Period:**

Desilting and weeding processes is an annual ongoing process and other components need two years to complete.

**Total Cost:** US\$ 20 million

**Studies:** Technical and economic studies are needed

**Name of Project:** **Construction of Dykes and Dams**

**Location:** Kordofan and Darfur States.

**Objectives of the Project:**

- Provision of water for humans, animals and for agriculture.
- Conservation of environment and recovery from drought and desertification.
- Arrest rural-urban migration and ensure stability for people affected by drought and desertification.

**Components of the Project:**

Construction of 22 dykes on valleys and streams for complementary irrigation as well as environment conservation.

**Current Status:**

Damaged dykes due to floods are now under rehabilitation in collaboration with States authorities.

**Cost:** US\$ 4.5 million

**Implementation Period:** 3 years

**Project Preparation:** A number of sites of dykes have been identified based upon studies on seasonal rivers and valleys.

**Name of the Project:** **Heightening of Roseiris Dam**

**Location:** Blue Nile State.

**Objectives of the Project:**

- Utilize the Sudan's quota of Nile water and increase storage capacity from 3 billion cubic meters to 7 billion.
- Increase electricity generation by 45% to enable utilization of idle capacities.
- Increase cultivable lands by about 1.5 million feddans and provide it with water throughout the year.

**Components of the Project:**

1. Construction of the dyke.
2. Augmenting concrete embankment of the Dam.
3. Remedying environmental and social impacts of the project.

**Cost:** US\$ 250 million

**Project Preparation:**

Geological and geophysical studies had been carried out and a com.

**Project Preparation:** plete feasibility study was prepared but requires updating.

**Name of the Project:** Merawi Dam

**Location:** Northern State

**Objectives of the Project:**

- Generating of about 1250 MW of electric power.
- Providing electricity for farming activities.
- Ensuring and promoting sustainable provision of irrigation services to agriculture.
- Encouraging production diversification.
- Developing agricultural activities at the lake of the dam.
- Ensuring stability of people and promoting their living standards

**Components of the Project:**

- Construction of the concrete embankment.
- Installation of the electricity station, and the transmission and supply lines and connect it with the national grid.
- Execution of resettlement programs for people affected by the construction of the dam.
- Undertake relevant environmental, social and demographical studies.

**Project Preparation:** Design studies and biding documents were prepared.

**Cost:** US\$ 1.7 billions.

**Implementation Period:** 10 years

**Name of the Project: Rehabilitation of the National & States Electric Grids.**

**Location:** Red Sea State, Northern State, River Nile State, North Kordofan State, North Darfur State, South Darfur State, Southern States and the National Network.

**Objectives of the Project:-**

- Adding 120 MWs to different units.
- Adding 320 MW/h to the national grid.
- Provide electricity supply during summer season.
- Removing supply blockneck, in gridline distribution of Blue Nile and Eastern Region, meeting increased demand, improving quality of supply and reducing losses.
- Improving electricity supplies in all states.

**Description of the Project:**

- Realizing the project through mainly increasing thermal power generation and reinforcing inter connections; and establishing switching an automatic system with remote control for this purpose.

**Total Cost:** US\$ 851 million

**Implementation Period:** 5 years.

**Project Preparation:** Studies were completed.

## **Transportation:**

### **Railways:**

**Name of the Project:** Rehabilitation and Development of Railways Services (Phase I)

**Objective of the Project:** Coping with the expected economic development and satisfying the demand for transport with reasonable cost.

#### **Components of the Project:**

1. Development and modernization of communications system and connecting the stations with optic fibre network.
2. Rehabilitating the main line stretch of 787Km length from Khartoum/Port Sudan Rail line.
3. Upgrading and augmenting axial load to reduce accidents.
4. Rehabilitating and increasing Locomotive Force.
5. Increasing the efficiency of transporting capacities for goods and passengers.
6. Restructuring management and building human and technical capacities.

**Implementation Period:** 4 years

**Total Cost:** US\$ 160 million

**Name of the Project:** **Development and Promotion of Railways Services (Phase II).**

**Objectives of the Project:** Connecting the country with rail road and ensuring its integration with neighbouring countries.

**Components of the Project:** Construct the following new railways:

- Wau/Juba – 540Km.
- Damazin/Malakal – 420Km
- Nyala/Gineina – 320Km.
- Interconnection with neighbouring countries – 187Km kilometers.

**Total Cost:** US\$ 368 million

**Land Transport:**

**Main Objectives:**

- To arrest immigration, promote peace and ensure stability in areas along the road.
- Connect production and consumption areas.
- Develop areas along the road.

**\* Alingaz West Continental Road:**

The Road segments are:

**a. EL Obeid/Khwai**

Description of the Project: Construction of a 130km between Obeid and Khwai in North Kordofan States.

Current Status: -The project is partially financed by the Government of the Sudan and popular support. It is executed by SICKO Co. of China pursuant to a contract signed by the Government of the Sudan with the Company.

-Preparatory works are taking place along 30km.

Total Cost: About US\$ 33.9 million.

Implementation Period: 2 years.

**b. EL Nuhud/Omm Kaddada**

Description of the Project: Construction of a 221km between EL Nuhud and Omm Kaddada in North and West Kordofan

Current Status: Designs have been prepared and the final report has been submitted to the African Development Bank and the Islamic Development Bank.

Total Cost: About US\$ 58.0 million

Implementation Period: 3 years.

**c. Omm Kaddada/El Fashir**

Description of the Project: Construction of the road of 168km long between Omm Kaddada and El Fashir in Darfur State.

Current Status: The project is partially financed by the Government of the Sudan and popular support. It is being implemented by the Ingaz Roads and Bridges Company.

Total Cost: About US\$ 36 million.

Implementation Period: 3 years.

**d. Nyala/El Fashir**

Description of the Project: Construction of a 205km between El Fashir and Nyala.

Current Status: The project is partially financed by the Government of the Sudan and popular support. Implementation is entrusted to a Chinese Company (Axian) since 1994.

35km of the course have been cleaned up and earthwork and asphalt macadam works for 2km have been completed.

Total Cost: About US\$ 31 million.

Implementation Period: 3 years.

**e. Zalingei/Giniena**

Description of the Project: Construction and asphaltting of 168km between Zalingei and Giniena in South Darfur State.

Construction of 4 bridges at Azom, Talolo, Bart and Kaja valleys.

Total Cost: About US\$ 36 million (excluding Bridges).

Implementation Period: 2 years.

**\* Atbara/Haya Road**

Description of the Project: Construction and asphaltting of 274km between Atbara in the River Nile State and Haya in Kassala State with the aim of linking Khartoum, the capital with Port Sudan thereby reducing the distance by 400km relative to the other Eastern road.

Current Status: The project is partially financed by the Government of the Sudan and popular support. Construction shall be done by a Saudi Company (Faisal Al Sahli) pursuant to a contract signed in 20/11/1998.

Total Cost: About US\$ 91 million.

Implementation Period: 3 years.

**\* Omdurman/Dongola/Halfa Road**

Objectives of the Project: - Improve economic and living standards and increase production.

- Connect the Northern State with the Capital and the national roads network.
- Connect, as a continental road, Sudan with North African countries.

Description of the Project: Construction and asphaltting 1058km between Omdurman and Halfa in the Northern State. The main sections of the road are:  
Omdurman/Gabulab – Gabulab/Meroa –  
Gabulab/Dongola/Halfa.

Current Status: 230km have been asphalted and cleaning up and earthwork is taking place in addition to the construction of basic layers.

Total Cost: About US\$ 315 million

Implementation Period: 6 years.

Status of Studies: A Comprehensive study is available.

**\* Peace Road: Rabak / Jabalein /Rank / Malakal Road**

- Objectives of the Project:
- Connecting the North with the South and achieving national unity.
  - Linking production areas with consumption areas and export points.
  - Development of areas throughout the course of the Road.

Description of the Project: Construction and asphaltting of the road of 97km length between Jabalein in the Central State and Rank in Upper Nile State in addition to the construction of 65km between Rank and Malakal.

Project Current Status: Detailed studies of the Road have been completed. The Rabak/El Jabalein Section (69KM) was completed.

Total Cost: US\$ 288 million

Implementation Period: 5 years.

Status of Studies: Completed.

**\* Jebel Marra Road**

- Objectives of the Project:
- Connecting Jebel Marra tourist area with the Ingaz western road.
  - Improvement of the economic condition of the area by facilitating transport of products to consumption areas.
  - Realize balanced development in Darfur three states.

**Description of the Project:**

- Construction of Nyrtati/ Gildo/ Golo/ Rokiro road of 70km.
- Construction of Rokiro/Nyrtati/Tabat/Fashir Road of 70km.

**Current Status:** The detailed study of the Road is under preparation.

**Total Cost:** US\$ 42 million

**Implementation Period:** 3 years.

**\* New Halfa/Khashm El Girba/ Sabaat Road**

**Objectives of the Project:** Connect the agricultural scheme and New Halfa town with the national road of Khartoum/Port Sudan

**Description of the Project:** Rehabilitation of the sub-base and construction and asphaltting a new layer of 46km.

**Current Status:**

- The project is receiving support from the Federal Government and Gedarif State.
- Popular support has been mobilized and Dan Fodio Company has been contracted to continue construction works.

**Total Cost:** About US\$ 16 million

**Implementation Period:** One year.

## **Social Development:**

### **Potable Water Supply:**

**Project Name:** Port Sudan Water Supply

**Objectives:** Alleviation of shortage of water supply problem in Port Sudan by desalinating water and provision of electricity supply from the process.

**Components of the Project:** Establishment of one million cubic meter capacity desalinization units.

**Total cost:** US\$ 350 million

**Project Name:** El Fashir Water Supply  
Supply El Fashir town with water from Sag El Niam ground water basin located 40km away from the town.

**Components of the Project:** Digging of wells and establishment of supply lines, boosters and water tanks.

**Total Cost:** US\$ 130 million.

**Project Name:** Nyala Water Supply

**Objectives:** Improve drinking water supply in Nyala town from Baggara basin located 85km away from the town.

**Components of the Project:** Digging of wells and provision of supply lines, boosters and water tanks.

**Total Cost:** US\$ 75 million

**Project Name:** Gedarif Water Supply

**Objectives:** Alleviate the severe water supply shortage in El Gedarif town.

**Components of the Project:** Laying of 120km water supply line from Khashm El Girba to Gedarif.

-Digging of wells and provision of boosters and water tanks in addition to a water purification station and subsidiary supply lines.

Total Cost: US\$ 40 million

**Project Name:** Atbara and El Damar Water Supply (Phase II).

Objectives: Alleviation of shortage of water supply in Atbara and El Damar

Components of the Project: Purification station, water tanks and boosters.

Total Cost: US\$ 25 million

**Project Name:** Juba Water Supply

Objectives: Improvement of water supply in Juba town.

Components of the Project: Purification station, water tanks, boosters and improvement of reticulation system.

Total Cost: US\$ 25 million

**Project Name:** Wau Water Supply

Objectives: Improving water supply in Wau town.

Components of the Project: Purification station, water tanks, boosters and improvement of piping network.

Total cost: US\$ 25 millions

**Project Name:** **Medani Water Supply**

Objectives: Improving Water Supply in Medani Town. Improvement of water quality, establishment of additional water utilities, increasing per capita water consumption and expansion of sanitation services.

Components of the Project: Purification Station, water tanks, boosters and improvement of piping networks.

**Component of the Project:** Digging and installation of new wells, construction of water embankment and establishment of small Nile station.

**Total Cost:** US\$ 200 million

**Project Name:** Water Treatment Laboratories

**Objectives:**

- Provision of clean drinking water.
- Reduce water-borne/related pollution, mortality and deaths.

**Components of the Project:** Establishment of 26 central water treatment laboratories in the country.

**Total Cost:** US\$ 75 million.

**Project Name:** Water Sector Institutional Support.

**Objectives:** Development and building of capacities and institutional support for the water sector at the urban and state levels.

**Components of the Project:**

- Establishment of a water research center.
- Development of information systems.
- Training of staff in the water sector.

**Total Cost:** US\$ 150 million

### **Health:**

**Project Name:** Establishment and Rehabilitation of Rural Hospitals, Primary Health Centers and clinics.

**Objectives:** Provision of health care services for the rural population.

- Control endemic diseases.
- Reduce mortality and morbidity
- Reduce pressures on urban health unit.
- review immigration and preserve rural demographic structure.

**Components of the Project:** Establishment and rehabilitation of 30 rural hospitals. Three ones shall be established/rehabilitated each year and shall be supplied with equipment, drugs and human skills.

**Total Cost:** US\$ 250 million

**Project Name:** Generalization of Primary Health Care

**Objectives:**

- Improving health care services in remote areas to reduce mortality rate among infants and children below five years.
- Reducing maternal mortality rate.

**Components of the Project:** Establishment of 259 primary health care units (25 each year) in different states.

**Total Cost:** US\$ 120 million

**Education:**

**Project Name:** Basic Education

**Objective:**

- Generalizing basic education from age level six years.
- Achieving full enrolment.
- Giving better education for youngsters.

**Components:**

- Establishment of 226 pre-school units.
- Establishment of 3047 basic schools.
- Establishment of 354 secondary schools
- Rehabilitating of 86 basic schools
- Provision of training for teachers.

**Total Cost:** US\$ 305 million.

## **Capacity Building:**

**Project Name:** Centers of excellence at Universities and Research Centers.

- Objectives:**
- Developing human capital through improved education skills training and qualifying in the selected centers of excellencies.
  - Preparing the skills required for sustained economic and social growth in an open economy. Exposed to the challenges of science, technology and information revolution and their application in improving production and increasing competitiveness of domestic goods and services.
  - Development of women learning and knowledge capacities for better utilization in development and economic and social transformation process.
  - Checking the brain drain through improvement of working environment and better conditions of services.
  - Ensuring better research environment for researchers and giving due attention to the importance of research for the society and its future needs.
  - Transcending social development, curbing unemployment and generating employment opportunities.

**Description of the Project:** Identification of centres of excellence on the basis of selected criteria accrued to the results derived from the studies prepared at the level of higher education and research institutions.

**Components of the Project:** - Building information systems, adapting modern technology and encouraging software industry in these centers.

- Strengthening and upgrading the identified centres of excellence through building additional lecture rooms, laboratories and libraries and equip them with modern instruments, tools, and computers for education, training, research and studies purposes.
- Providing training for teachers and researchers and sponsoring innovative ideas and initiatives.
- Identifying leading centers of excellence to be entrusted with the tasks of supervising and promoting the respective areas in education, research and development.
- Establishing a center for teaching software system related to education, training and upgrading of skills, and encouraging private software activities in the field of education.

**Total Cost:**

- Centres of excellence at universities: US\$ 450,000,000
- Centres of excellence, at research centres: US\$ 350,000,000.
- Software teaching centre US\$ 200,000,000

### **Other Important Projects:**

The projects below intertain high priority and require the preparation of dossiers:

- Widening investment opportunities in the field of communications and creation of a common regional preferential tariff zone concerned with the development of modern communication systems.
- Strengthening the Information Documentation Center of the National Research Center and link it with research centers at universities and other internal and external information centers.
- Finalization of agricultural and industrial statistics, enforcement of educational, training and extension opportunities in the field of agriculture, animal production and irrigation systems. and popularization of small and medium scale industries and folklore industries.
- Supporting of private and popular institutions for more involvement in the economic and social development and transformation process.