



## Fighting Poverty in Sudan

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Paper prepared for the IARIW-CAPMAS Special Conference “Experiences and Challenges in Measuring Income, Wealth, Poverty and Inequality in the Middle East and North Africa”

Cairo, Egypt  
November 23-25, 2015

Session 3A: Poverty (II)  
Monday, November 23, 2015  
15:15-17:00

## Introduction:

- Poverty is a multidimensional phenomenon and it refers to a pronounced deprivation in one or more facets of the well-being of a person.
- While there are a variety of potential welfare indicators that can be used to determine a population's poverty level, the most widely accepted one is based on consumption. was estimated based on current consumption patterns.
- The poverty line can be defined as the monetary cost to a given person, at a given place and time, of a reference level of welfare. If a person does not attain that minimum level of standard of living, she will be considered poor.
- The poverty line is calculated using 2,400 calories per person per day as the daily energy intake threshold, in addition to a minimal non food component.

### A.1 Poverty in Sudan

Sudan has had one of the highest growth rates amongst Sub-Saharan African countries and a rapidly rising per capita income, with per capita GDP of US\$1,500. Nonetheless, the country's human development outcomes remain weak. Sudan ranks 154 out of 169 countries in UNDP's 2010 Human Development Index, especially relative to the fact that income per capita GDP exceeded \$1,500 or roughly 25 percent higher than the Sub-Saharan Africa (SSA) average. In 2009, Sudan was the third largest producer of crude oil in SSA, behind Nigeria and Angola, although Sudan's production was only about 30 percent of Angola's. Despite the rising per capita income, the incidence of poverty is high, with 46.5 percent of the population is below the poverty line. There is also significant variation in the incidence of poverty between urban and rural areas as well as between states in the Federation. The incidence of poverty in Khartoum state is 26.0 percent and 69.4 percent in North Darfur.

### A2. Poverty in Khartoum



The level of poorness in the capital of Sudan, Khartoum, is a radical conflict in itself if any improvement is to be made. The city's population more than tripled in only 20 years, but close to no plan was undertaken to... well... accommodate this influx of newcomers.

It's a matter of involving the government, private sector and inhabitants altogether in order to meet the society's needs. But as poverty extends to more and more people, so does the phenomenon of catch-as-catch-can way of living and people gradually lose trust in the formal economy and "normal" ways of making a living. Registering one's business, having a regular pay checks, pay taxes, etc...

### A3. Sudan's Economic Performance

Table 1: Selected Economic Indicators

	2000	2004	2005	2006	2007	2008	2009
Population (million)	31.08	34.51	36.20	37.16	38.14	39.15	40.19
GDP Per Capita (US\$)	420.8	771.8	970.4	1224.3	1479.8	1561.1	1577.9
Real GDP Growth Rate (%)	8.4	5.1	6.1	9.4	8.1	7.3	8.2
Non-Oil GDP Growth Rate (%)	3.0	4.6	9.6	10.3	7.5	8.5	6.4
General Price Inflation (%)	8.0	8.7	8.3	7.4	8.1	7.7	15.3
Gross Domestic Investment (%GDP)	18.7	22.5	23.6	25.1	26.5	22.7	21.7
Gross National Savings (%GDP)	16.0	18.7	15.3	11.6	15.6	15.0	10.9
<b>Sectoral distribution of GDP (%)</b>							
Agriculture	36.6	34.6	33.8	32.2	29.6	30.1	31.0
Industry	18.4	21.8	22.4	24.1	29.6	29.6	29.4
Petroleum	7.0	7.0	7.7	9.4	15.7	15.7	15.2
Manufacturing	6.9	8.9	8.7	8.3	7.8	7.7	7.9
Services	44.9	43.6	43.8	43.6	40.8	40.3	39.7
<b>Government Revenues (% GDP)</b>							
Oil revenues (% GDP)	5.0	10.4	13.3	10.8	11.6	14.3	7.4
Government Expenditure (% GDP)	12.4	18.2	23.4	23.7	25.9	23.3	20.0
Government Capital Exp (%GDP)	2.6	5.0	3.3	2.9	4.8	3.2	2.8
<b>Merchandise Exports (US\$ Mill)</b>							
Oil Exports (% of total exports)	69.6	82.1	86.9	90.2	94.8	95.1	91.0
External Debt (US\$ Billion)	20.48	23.30	27.01	28.45	31.87	33.54	35.69

Source: Central Bureau of Statistics, Sudan: Various reports

Table 2: Regional Disparities in Key MDG Indicators

Indicator	Highest Region	Lowest Region	National
MDG 1.1 Proportion of population below poverty line	62.7	26.0	46.6
MDG 1.2 Poverty gap ratio	24.6	6.4	16.2
MDG 1.5 Employment ratio to population 15 years old and above	48.5	35.9	41.4
MDG 1.6 Proportion of employed population below poverty line	58.8	21.0	42.5
MDG 1.7 Proportion of own account and contributing family workers to total employed	50.0	25.3	45.0
MDG 2.1 Net enrolment rate in primary education	85	57	67.0
MDG 2.3.1 Literacy rate of 15-24 years-olds. Total	94	63	77.0
MDG 2.3.2 Literacy rate of 15-24 years-olds. Men	96	68	84.0
MDG 2.3.3 Literacy rate of 15-24 years-olds. Women	92	61	71.0
MDG 3.2 Share of women in wage employment in the non-agricultural sector	22	12	17.0

Source: Sudan National Budget Household Survey (NBHS) 2009.

#### **A4. Poverty Reduction Efforts in Sudan**

Sudan is committed to reducing the burden of poverty and to this end has attached great importance to improving public services delivery, creating employment and establishing safety nets. The Government's pro-poor spending has been on an increasing trend in recent years, and through the Investment Encouragement Act, the government offered generous incentives to domestic and foreign investors to invest in agriculture, manufacturing and services, with a view to increasing growth and employment. The primary social protection mechanism in Sudan is Zakat, which is an Islamic measure for wealth distribution and building of productive capabilities, and is playing an important role as a source of social assistance for the poor. Recently the Government introduced programs to support vulnerable groups including the extreme poor, the homeless, the orphans and the poor pensioners. The Community Development Fund (CDF) funded by the donor community has supported projects identified and implemented by poor communities in 4 states of Northern Sudan. Notable progress has been made with these projects.

## A5. Poverty Profile

Poverty is multidimensional phenomenon, an indication of deprivation in one or more facets of the well-being of a person. A number of attempts were taken in the last two decades to quantify poverty in Sudan and to delineate its causes. These efforts were however handicapped by the limitations of data and the incomplete coverage of the survey on which they are based. A serious limitation was the unavailability of household budget survey on which to base the estimate

of poverty and to gauge its changing trends, since only one survey was carried out in 1967/68 and twenty years elapsed before the second one in 1978/80. The 2009 National Baseline Household Survey (NBHS), the first nationally representative household consumption survey conducted in Sudan since 1978, provides estimates for the various dimensions of poverty.

According to the NBHS, 46.5 percent of households in the Northern States of Sudan live below the poverty line. This represents approximately 14.4 million people. The poverty line is defined as persons with the value of monthly total consumption below SDG 114 (calculated using 2400 calories per person per day as the daily energy intake threshold). Poverty rates are substantially higher among the rural dweller, with 57.6 percent of households below the poverty line compared to 26.5 percent of the urban population. In Northern Sudan living in rural areas ((excluding the nomads), the share of the rural poor in total poor is about

75 percent. With rural areas predominantly agricultural, this poverty is largest among agricultural households.

Poverty in Sudan varies significantly by region and states (Table 3). The data shows that

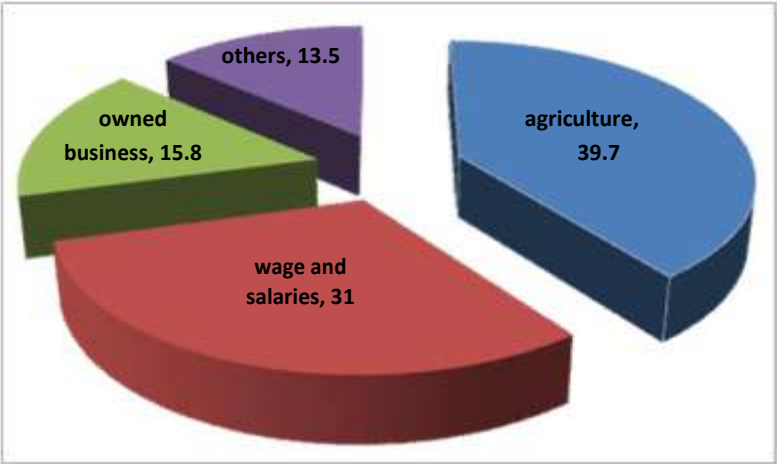
Table 3: Poverty profile for Northern Sudan				
	Poverty			Poverty gap among the poor
	Incidence	Gap	Severity	
<b>Northern Sudan</b>	46.5	16.2	7.8	34.8
<b>Poverty by Residence</b>				
<b>Rural</b>	57.6	21.3	10.6	36.9
<b>Urban</b>	26.5	7.1	2.7	26.6
<b>Poverty by Regions</b>				
<b>Darfur</b>	62.7	24.6	12.6	39.3
<b>Kordofan</b>	58.7	23.1	11.7	39.3
<b>Eastern</b>	46.3	17.7	9.0	38.2
<b>Central</b>	45.4	13.8	6.1	30.4
<b>Northern</b>	33.7	9.4	3.8	28.0
<b>Khartoum</b>	26.0	6.4	2.4	24.7
<b>Poverty by States</b>				
<b>Northern Darfur</b>	69.4	27.4	14.2	39.6
<b>Southern Darfur</b>	61.2	24.5	12.7	40.1
<b>Southern Kordofan</b>	60.0	20.7	9.4	34.5
<b>Northern Kordofan</b>	57.9	24.6	13.1	42.5
<b>Red Sea</b>	57.7	24.9	13.7	43.1
<b>Blue Nile</b>	56.5	20.6	9.9	36.5
<b>Western Darfur</b>	55.6	19.8	8.9	35.6
<b>White Nile</b>	55.5	17.6	7.8	31.7
<b>Al-Gadarif</b>	50.1	15.9	6.7	31.8
<b>Sinnar</b>	44.1	14.0	6.4	31.7
<b>Al-Gezira</b>	37.8	10.1	4.1	26.6
<b>Kassala</b>	36.3	14.7	8.0	40.6
<b>Northern</b>	36.2	10.5	4.2	29.1
<b>River Nile</b>	32.2	8.8	3.5	27.3
<b>Khartoum</b>	26.0	6.4	2.4	24.7

Khartoum is the region with the lowest poverty incidence followed by Northern region. Eastern and central are among the third lowest, while Darfur and Kordofan are poorest in Northern Sudan, with highest rate in Northern Darfur. The poorer states in Northern Sudan are predominantly rural but there are exceptions. The Red Sea state has the second highest urbanization rate after Khartoum but is among the poorest five states. Conversely, the Northern state has the lowest urbanization rate and the 3<sup>rd</sup> lowest poverty rate. Nevertheless, it can be concluded that poverty in Sudan is predominant in rural areas and among those whose income is from farming and livestock.

**A6. Poverty by source of income**

The NBHS survey revealed that the most important sources of income for Sudan households (see Figure 1) are agriculture (40 percent), wage and salaries (31 percent), self-employment (16 percent), and other sources (14 percent). The percentage deriving their main livelihood from farming and livestock activities ranges from 74 percent in Northern Darfur, 69 percent in Northern Kordofan to 3 percent in Khartoum. Over half the households in Western Darfur (62 percent), Southern Darfur (68 percent), Southern Kordofan (68 percent), Blue Nile (57 percent) and Sinnar (51 percent) states are engaged in farming and livestock.

Figure 1: Sources of Income in Sudan Northern States



Source: CBS NBHS 2009

Figure 2 illustrates the correlation between income sources by poverty status. Most of the poorest households those in the bottom quintile rely on agriculture e.g. crop farming and animal husbandry (59 percent) while most of the people in the wealthiest households those in the top quintile rely on wage and salaried employment (47 percent).

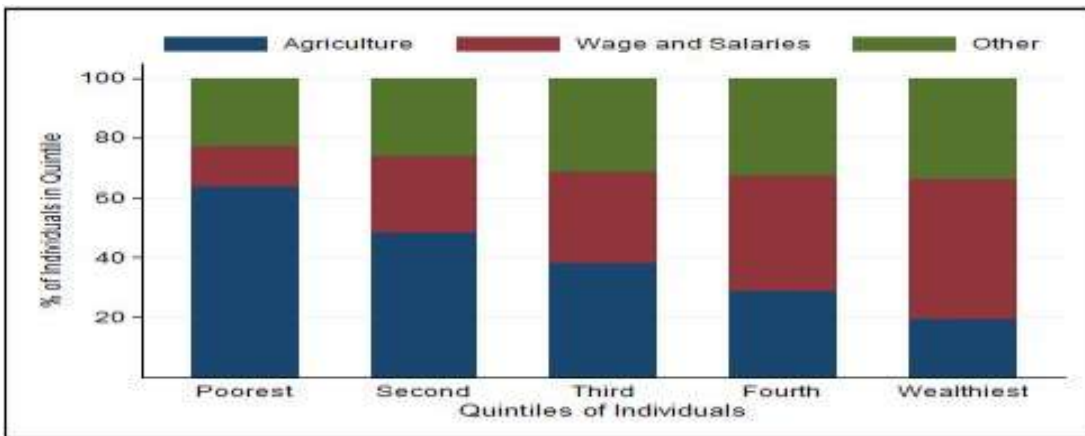
2.3 Poverty by Gender

Among the small number of households headed by women (17.3 percent) the incidence of poverty is marginally lower (44.2 percent) compared to households headed by men, with an incidence rate of 47.15 percent.

## A7. Poverty by education of head of household

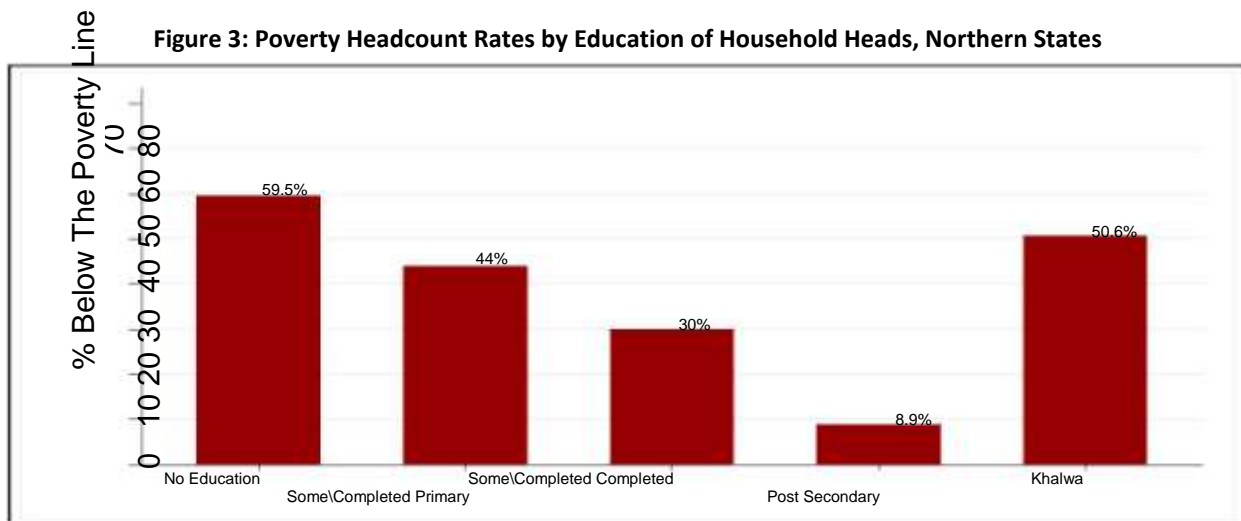
Forty-five percent of the heads of households have had no formal education. The risk of being poor correlates highly with the level of education of the main provider. Households in which the main provider does not have an education make up 60 percent of all poor households compared to only 9 percent where the main provider has a higher education (Figure 3). Poverty rate is also high for those whose heads have only primary education and those who report that khalwa is their highest level of education completed (44 percent and 51 percent respectively).

Figure 2: Main sources of income by Quintiles, Northern States



Source: CBS NBHS 2009.

Figure 3: Poverty Headcount Rates by Education of Household Heads, Northern States



Source: CBS NBHS 2009.



## **A8. Food Poverty:**

The food deprivation refers to the proportion of the population whose dietary energy consumption is below the minimum dietary energy requirements (MDER) which is defined in Sudan at 1751 kcal. The HHBS (2009) was used to estimate food deprivation. The proportion of the population below the minimum level of dietary consumption in northern Sudan is estimated at 31.5 percent. This amounts to about 13 million people that are food deprived. The proportions of the urban and rural populations that are food deprived are 31 percent and 34 percent respectively. Across the Northern states the level of food deprived varies significantly by region, estimated at 44 percent in Red Sea, and 15 percent in Gezira and River Nile.

## **A9. Unemployment**

The low growth of employment, rising unemployment and low levels of productivity are at the core of high and persistent levels of poverty in Sudan. As noted in Section 1.2, total employment in Northern Sudan grew at 0.9 percent per annum between 1993 and 2008. With the labor force growing at an estimated 1.3 percent per annum over the same period, unemployment has increased from 11.1 percent in 1993 to 16.8 percent in 2008. Unemployment rates have been higher in the rural areas compared to urban areas, at 19.8 percent and 12.1 percent respectively in 2008, and also higher for females than males, at 24.7 percent compared to 13.9 percent. Labor participation rates are very low, which might indicate that many unemployed people are discouraged from looking for jobs because of the reality of high unemployment. Thus the effective rate of unemployment is much higher than the published technical estimates.

## **A10. Roots of poverty in Sudan**

There are many factors that account for persistent poverty in Sudan but the main factors include:

- .. The long drawn out civil conflicts in southern, western and eastern Sudan that diverted attention and resources from development to fighting wars, impaired social capital and good governance and destroyed human and physical capital. The lack of durable peace and security dissuaded households and firms from making investments in human and physical capital for the future;
- .. The urban bias of development policies and programs in the past that neglected efforts to broadly increase the productivity of rural factors of production, particularly in the sphere of rain-fed agriculture;
- .. The lack of a coherent poverty reduction effort and a sustained reform to promote shared growth and diversify the economy, hence the rising unemployment;
- .. Low allocation of public resources to poverty reduction priorities, particularly agricultural development and human development, and the absence of development partners to compensate for the under-spending;
- .. The concentration of socio-economic development in a few areas; and



## **B. The Poverty Reduction Strategy: Core Elements and Pillars**

Sudan is facing significant challenges to sustained growth and poverty reduction in the short and medium-term. These are associated with the loss of access to oil wealth, with the secession of the South, the imperative of ending conflicts and building peace in the new country, and reengaging fully with the international development community to gain access to financial and technical assistance. With the secession of South Sudan in July 2011, Northern Sudan (the new Sudan) urgently needs to refocus its efforts on building now smaller territory into a united and economically prosperous country, at peace internally and with neighboring countries. Efforts to foster national reconciliation, integrate the internally displaced people (IDPs) and refugees into viable communities and sustainable livelihood, and adopt inclusive governance institutions, will be essential for building peace, security and shared economic growth. For post-secession Sudan, tackling unemployment and poverty should be the top priorities and essential for avoiding the cycle of civil war and conflict that has plagued the country for several years.

For the last decade, the economy of Sudan grew rapidly, due in part to the growing oil production and exports as well as the prudent macroeconomic management. The new Sudan faces a future with limited oil resources and thus must find other factors to drive the growth of the economy. The effects of the secession on South Sudan would be largely through the fiscal and external accounts. With roughly 75 percent of the oil revenues generated from southern oil production, the oil revenues to the Government and the foreign exchange receipts from oil will be severely reduced. This will be a challenge for the management of the budget, the exchange rate and the external balance. Painful, unpopular but necessary fiscal and external balance adjustments will have to be made to sustain the macroeconomic stability essential for reviving and sustaining growth. Sudan will have to engage its significant human and non-oil natural resources to build a prosperous future for its citizens.

### **B1. Challenges and Opportunities for Shared Growth and Poverty Reduction**

#### **Key Challenges**

The Sudan economy faces a number of challenges to sustained rapid growth and increasing prosperity. The following are key among them include:

- Overcoming the legacies of long years of internal violent conflicts.
- The wide disparities in economic development and access to opportunities: There are disparities between Sudanese, by gender and regions in the country. Public policies should aim to close these gaps so that all Sudanese have the opportunity to contribute to and share in the benefits of growth.

- Employment creation
- The economy needs to become more diverse
- Human capital, technical and institutional capacities need to be continuously developed and reinforced.
- Institutional and Structural Reforms
- External debt burden and limited access to external aide and foreign financing.

## **Major Opportunities**

**The list of challenges seems to be long but there are opportunities available to Sudan for tackling those challenges and achieving shared growth and poverty reduction. These include:**

- Natural Resources
- Sudan is in the neighbourhoods of wealthy countries to the north: This provides a strong market for the products of Sudan as well as foreign direct investment and project financing
- Foreign Direct Investments (FDI).
- Momentum for change and development since the CPA.
- Learning and partnerships: There is a great deal of knowledge and experience globally on many of the challenges that Sudan faces.

## **B2. Pillars of the Interim Strategy**

The Interim PRS seeks to reduce poverty through rapid, sustainable and shared economic growth. Hence, it focuses on actions to build the foundation for rapid broad-based economic growth, structural transformation and diversification of the economy over the medium and long term. The actions include establishing a capable state, with good governance and capacity for effective public actions; stabilizing the population and communities destabilized by conflicts; building human resources as an important pillar of the foundation for development; and through policy and institutional reforms and the provision of economic services provide the enabling environment for rapid shared and sustainable economic growth. To this end, the poverty reduction strategy is clustered under four broad pillars that represent the core strategic areas for the foundation and aspirations for development in Sudan. The pillars and provide a framework that for establishing and coordinating priorities. The four pillars are:

1. Strengthening governance and institutional capacity of the public sector.
2. Reintegration of IDPs and other displaced populations
3. Developing human resources
4. Promotion of economic growth and employment creation

### **1. Strengthening Governance and Institutional Capacity**

To achieve sustained growth, with employment creation and poverty reduction, and avoid the gyrations of the past economic performance, the new Sudan will put priority on building a strong, inclusive, transparent and effective state and the institutional capacity to govern and deliver

public services to the population. Important elements of this good governance include effective public financial management (PFM) and decentralization, peace and security, fighting corruption, promoting human rights, and improving justice and law enforcement. Further, there is empirical evidence that poor governance and poverty as causes of civil wars. Although the separation of the North and South Sudan has presumably reduced the risks of conflict in the sub-region, civil conflict remains a reality, for example in Darfur. Thus, continuing vigilance and an orientation to resolving **existing and latent conflicts in a peaceful manner will remain essential for peace and stability.**

#### **1.1 Peace, security and national unity**

Peace, security and national unity are fundamental underpinnings of sustained economic development and national prosperity. These, as well as rapid economic growth and poverty reduction, are the main policy objectives of the Government of Sudan.

- Inclusive governance will be needed to sustain the peace and security.
- Restructuring the security services to build to a new security forces for building
- Conflict Resolution and National reconciliation

## **1.2 The rule of law and human rights**

The INC envisages Sudan as democratic, decentralized, multicultural, multilingual, multiracial, multi-ethnic, and multi-religious country. It establishes the principle of democracy and decentralization, the respect and promotion of human dignity, and to justice, equality, the advancement of human rights and fundamental freedoms, and to multi-partism. It also guarantees rights and fundamental freedoms, with a Bill of Rights as a covenant among Sudanese people and between them and their governments at every level, embodying a commitment to respect and promote the human rights and fundamental freedoms enshrined in the Constitution, and thus the cornerstone of social justice, equality and democracy in the Sudan. The Constitution requires the State to protect, promote, guarantee and implement the Bill and specifies that while legislation shall regulate application of the rights and freedoms enshrined in the Bill of Rights, it shall not detract or derogate from any of those rights. Further it prohibits their suspension, even in a state of emergency, treating them as laws that can be neither be undermined nor amended by legislative institutions without the matter being put to a referendum of the people.

- Right to participate in political life.
- Elections.
- Justice and law enforcement
- The National Judiciary discipline
- Human rights.
- Women's rights.
- Children's rights
- Freedom of belief and religious practice.
- Freedom of expression and the press.
- Property Rights.

## **1.3 Decentralization**

- Sudan has been a federation for several years, and in 2005, the CPA divided the country into 25 states. With the independence of the South, Sudan is now a federation of 15 states, with three levels of Government - the federal, state and localities (local government), with elected legislatures at each level and elected state governors. Each state has its own constitution while Local Government Act (LGA) provides the legal framework for the local governments. The federal and state constitutions as well as LGA stress the principle of autonomy of the different levels of government and the need for mutual respect of this autonomy. A High Council on Governance, headed by the President and consisting of selected federal ministers, the 15 state governors and 3 experts nominated by the President, monitors progress in decentralization and resolves issues arising between states such as border disputes. The key challenges of a functioning decentralization in Sudan include the lack of technical and institutional capacity at all levels, the inadequacy of financial resources at the state and local government governments to meet the constitutionally assigned responsibilities, and the lack of real autonomy and participation of the population at the local government level.
- Revenue sharing at the federal level is the principal source of funds for sub-national

governments.

- Local governments in Sudan are responsible for the delivery of key social services such as education and health and through the popular committees.

#### **1.4 Combating Corruption**

- In the 2010, Corruption Perceptions Index provided by Transparency International, Sudan ranks 172 out of the 178 countries in the survey. Whether this assessment is right or wrong is not the important issue. The point is that there is perception out there that Sudan is among the most corrupt countries in the world, an image that does not foster Sudan's efforts to attract foreign direct investment, and obtain debt relief and concessional assistance. Furthermore, in the Sudan Productivity and Investment Climate Survey (PICS) in 2008, private firms in Sudan cited political instability, lack of transparency and economic uncertainty as the top three constraints to growth. Strong commitment by the government to address the reality and perceptions of lack of transparency is crucial for the growth and poverty reduction agenda.
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- Transparency and accountability in the management of public affairs and private firms are fundamental for good governance. These influences the reality and perceptions of lack of transparency as in the absence of transparent and accountable institutions, lack of transparency is likely to thrive, and besides, proper assessments based on facts cannot be made and perceptions are like to differ, and most likely worse than reality. Sudan needs to build open and participatory governance institutions to underpin its growth and poverty reduction efforts.

#### **1.5 Effective service delivery**

- Public Financial Management
- The provision of public services that meet the social and economic development needs of the population is the principal goal of public financial management and an important dimension of good governance and the legitimacy of government. The services that the government provides in many areas infrastructure, human development, social protection, are crucial for the economic growth and poverty reduction that Sudan is seeking, The Government has a fiduciary responsibility to use public funds efficiently and effectively to provide public services, hence the importance of the strong and institutional and technical capacity for public financial management.
- A policy framework that guides public resource allocation.
- Linking policy and budgets.
- Financial Controls.
- Procurement.

## **1.6 Capacity Development in the public sector**

A capable state is a requirement for good governance and sustained development. The public sector in Sudan needs to continuously upgrade its capacity to meet the challenges of governance and development. Sudan has in place a number of important governance institutions as discussed above. Without the technical capacity as well as political will for implementation and follow-up, these institutions will not make a positive difference in the lives of its citizens. The same goes for the existing and envisaged development programs. With a new beginning and related new challenges, the need for developing its capacity to build a strong foundation for development is compelling. Appropriately, Sudan has a Ministry of Human Resources with the mandate to develop private sector capacity.

### **1.7 Challenges and Priorities**

86. The main challenges for improving governance are the capacity for implementation and enforcement. Technical and institutional capacities are weak and the scarcity of financial resources constrains the pace of adoption, implementation and effective enforcement of governance measures. The Government must prioritize its actions. In the medium-term, the main priorities are:

- .. Establish a national commission and a transparent process for the promotion of national reconciliation and unity, with resources to carry out regular countrywide consultations;
- .. Strengthen the capacities of the agencies for conflict resolution at federal, state and locality levels, linking these efforts to the national reconciliation process for capacity building and technical guidance;
- .. Review and revise existing land laws and policies including putting in place mechanisms for the allocation of land and the resolution of land disputes at community levels;
- .. Make operational the Human Rights Commission in consultation with the civil society;
- .. Strengthen the autonomy of the governments at locality levels including provisions for the election of the head of the locality government, and more autonomy over the budgets;
- .. Establish a transparent and predictable revenue sharing mechanism between the three levels of government;
- .. Strengthen the instruments for monitoring and fighting corruption
- .. Reform the institutions for public expenditure management including the adoption of policy-based and multi-year planning and budgeting framework; and
- .. Develop a national strategy for enhancing public sector institutional and technical capacity.

## 2. Reintegration of Internally Displaced Persons and Refugees

The conflicts in Sudan and neighbouring countries have created a large number of internally displaced people (IDPs) and internationally displaced persons (refugees) fleeing conflict from neighbouring countries. Estimates of IDPs range from 2 million to 5 million, with major concentration in the in the Darfur states, and significant presence in Khartoum state and East Sudan. Sudan is host to over 200,000 refugees and asylum seeker from neighbouring countries, mainly Eritrea, Ethiopia, Somalia, Chad, Central Africa Republic and the Democratic Republic of the Congo. These are concentrated in East Sudan. Both Darfur and East Sudan have histories of internal conflict and also have large populations of poor people. The Darfur states are among the poorest regions in Northern Sudan while the Eastern states are in the mid range in terms of poverty in Northern Sudan. It is not the presence of these displaced persons that rendered these regions poor but the continuing presence in the temporary and dependent conditions will make the fight against poverty more difficult in these regions.

### 2.1 Reintegration for sustained peace and development

#### Main Challenges

Reintegration efforts need to be concentrated on the areas with the masses of displaced people. As noted above, the main concentrations are in Darfur and Eastern Sudan. These have been historically conflict affected and generally poor states (see Table 4 The Darfur region is the poorest region in Sudan and the Eastern

Table 4 Selected Indicators of Development in States Hosting IDPs and Refugees Sudan is the third poorest region after

	Poverty % Headcount Rate	Underweight children (0-59 months)	Doctors per 100000 of population
North Darfur	69.4	34.4	6.1
South Darfur	61.2	32.3	2.5
West Darfur	55.6	38.1	3.9
Red Sea	56.5	30.8	9.1
El-Ghadaref	50.0	32.4	16.4
Kassala	36.3	29.5	9.0
North Sudan	46.5	29.6	35.0

Sources: NBHS 2009; Sudan MDGs Progress Report 2010; Central Bureau of Statistics, Sudan;

Kordofan. Eastern Sudan has been relatively stable and peaceful and provides a strong base for launching reintegration efforts. However, the large number of long tenured refugees among the displaced population in Eastern Sudan presents some complications. Darfur has larger numbers of displaced people, the conflict has not been resolved but peace negotiations are under way. Yet, there are opportunities to undertake reintegration efforts as part of the process of bringing peace, stability and development to Darfur. Currently the priority of the Government is peace security and reintegration in Darfur but East Sudan already has a peace agreement and related development plans and the challenging problems in the development and reintegration needs to be addressed.



## **2.2 International partnership for reintegration**

The Government has been consulting the international agencies in Sudan to design its programs and policies for humanitarian assistance and the reintegration of IDPs and refugees. With limited resources and experience in the area of reintegration, the Government needs to build a strong partnership with the international relief and development agencies in this important effort. These agencies will help in raising funds for the programs as well as in bringing technical expertise gained from global experience in post -conflict reintegration and development over the last fifteen years. Integration weans displaced persons away from dependence on relief largely provided by international relief agencies. Once the self-reliance is achieved, some of the saved resources could be deployed in Sudan as development assistance.

## **2.3 Key actions in the short and medium-term**

**The key actions should include:**

- Revise and restore the development plans for Eastern Sudan with consultations with international relief and development agencies;
- Revise policy framework for the reintegration of IDPs and refugees, with broad consultations with concerned communities and the international development community to take into account the views of the IDPs and the communities they are being integrated into as well as to gain from and contribute to global experience on reintegration and
- Build a partnership with international relief and development agencies for reintegration, with a strong coordinating mechanism led by the government.

### 3. Developing Human Resources

#### 3.1 Empowerment and Building the Capabilities of the People

- Empowering the Poor to take advantage of opportunities
- Empowering Women: closing gender disparities: Empowering women, reducing gender disparities in access to economic and socio-political opportunities, and eliminating the cultural biases against women.

- Table 5: Sudan Gender MDGs					
	Indicators	Baseline in 1990 (1992)	Current Status	Reference Year	2015 Target
<b>MDG1.2</b>	Proportion of the population below the national poverty line	90%	46.5%	2009	23.2%
<b>MDG3.1</b>	Ratio of girls to boys in primary education		53.9 to 46,1%	2007	100%
	Ratio of girls to boys in secondary academic and technical education		51.6 to 49.4 %	2007	100%
	Ratio of girls to boys in tertiary education		54.1%	2008	100%
<b>MDG3.2</b>	Ratio of women to men in employment in non agricultural sectors		59%	2008	
<b>MDG3.3:</b>	Proportion of seats held by women in national parliament		25%	2010	50%
<b>Source:</b>	<i>Sudan Millennium Development Goals Progress Report 2010</i>				

#### Challenges and Priorities

The priorities for progress in the empowerment of women include:

- .. Ensuring that the gains made over the last five years are maintained, with close monitoring of progress and taking corrective measures to deal with slippages in implementation. This includes continued and vigorous implementation of the actions for CGBV and on FGM, expanding activities to all the states.
- .. Monitoring gender related developments and producing gender-aggregated statistics for monitoring labor market and employment developments;
- .. Promotion of economic opportunities for women, for example, access to formal employment in the private sector;
- .. Investments in educational infrastructure to improve to put schools within easy reach of girls in the community, particularly in the underserved states;
- .. Promotion of non-formal adult education classes targeted to women;
- .. Promoting vocational and technical secondary education for girls;

- .. Enhancing women's participation in elections through civic education and voter education programs.
- .. Adopting gender-based budgeting to ensure gender disparities and issues of specific importance to the development of women is taken into account in public resource allocation decisions.

### 3.2 Meeting the MDG Education Targets

Scientific research and studies have shown that education makes significant contributions to the welfare of individuals and sustained economic growth through increased productivity, including in agriculture. Investments in education are associated with direct increase in individuals' income earnings. This is confirmed for Sudan, with estimates of an average rate of return to an additional year spent in schooling amounts to 9 percent, with higher average rate of returns for females (12 percent) compared to men (9 percent). Average returns by level of schooling indicate rates of 18 percent for higher education and 14 percent for the primary level of education. Generally, education through its positive effect on income growth has a favourable impact on reducing the incidence of poverty.

Table 6: Sudan Selected Education MDGs					
	Indicators	Baseline in 1990	Current Status	Reference Year	2015 Target
<b>MDG1.2</b>	Proportion of the population below the national poverty line	90% (1992)	46.5%	2009	23.2%
<b>MDG2.1</b>	Gross enrolment in basic education	57%	71.1%	2009	100%
<b>MDG2.2</b>	Literacy Rates of 15-24 year olds, women and men	27,1%	77.5%	2009	100%

*Source: Sudan Millennium Development Goals Progress Report 2010*

### Strategy and Priorities for Basic Education:

The main education priorities are the following with special focus on those areas that were particularly affected by civil strife, drought and/or desertification (lagging regions).

- .. Bridging the gap between States in enrolment and thereby raising the average enrolment and increasing the completion rate in primary school from 57 percent in 2009 to 70 percent in 2011, with further improvements in subsequent years;
- .. Bridging the enrolment gap between boys and girls that persist in some states so as to eliminate gender disparities in access to education at the basic level and achieve gender equality;
- .. Improving the literacy rate of those between ages 15-24 through programmes targeting school dropouts especially those between 9 and 14 years of age; and
- .. The preparation of a medium sector education sector strategy to bring focus to these priorities as well as on the quality of education, and help to develop concrete actions and targets.

## **4. Promotion of Economic Growth and Employment Creation**

### **4.1 A New Vision for Sudan Growth Strategy**

Inclusive development is not only essential for accelerated poverty reduction but, as global experience shows, will help Sudan reduce the risk of renewed conflict and achieve sustained peace and security. A sustained widespread opportunities for all citizens and improved access to economic and social services provide the foundation for poverty reduction and progress toward the Millennium Development Goals (MDGs). Over the last decade, Sudan has benefitted from an oil led growth spurt that has driven up per capita incomes. But with the secession of the South and the much lower and possibly stagnant oil production, (Northern) Sudan will need to find other drivers of growth.

- In any case, with or without the stagnation of oil production, the focus of Sudan new growth strategy has to be on non-oil sectors that can impact the incomes of the poor and create employment opportunities for all categories of the labor force. In these non -oil sectors, the aim should be to attract domestic and foreign direct investment and to promote productivity growth Sudanese firms to be globally competitive and hence sustain the growth. For stability of national income, government revenues and expenditures, the growth strategy needs to aim to create opportunities for growth in diverse fields of economic activity.
- Productive activities will be the domain of the private sector.
- The main sources of growth, employment creation and poverty reduction in the medium term are agriculture and livestock sector, manufacturing and services.

## 4.2 Enabling Macroeconomic Environment for Growth

Macroeconomic stability is essential to growth and development. In recent years, the Government has been successful in maintaining growth with macroeconomic and financial stability in Sudan, despite the volatility of the oil prices and fiscal revenues. Inflation rates have been relatively low in comparison with past experience of Sudan but were still higher than planned. Average annual inflation dropped from well over 100 percent in 1996 to under 20 percent in 1998 and has averaged less than 10 percent throughout the last 10 years. However, inflation crept upwards to double digits of 14.9 percent and 13.4 percent in 2008 and 2009 respectively due to the volatilities in the global economic environment and increases in domestic food prices. Inflation continued to creep upwards in 2010, to an estimated 15.4 percent. Real GDP growth surged from about 5 percent in the 1990s to 7.5 percent in 2000–2008, one of the strongest in the region. Increases in oil production and international prices contributed to this vibrant performance. The macroeconomic stability achieved during this period underpinned the sustained high level of growth achieved.

**Table 7: Selected Economic Indicators 2010-2015**

	2010	2011	2012	2013	2014	2015
<b>Population (million)</b>	41.2	42.3	34.1	35.0	35.9	36.8
<b>GDP Growth Rate(%)</b>	5.2	2.8	2.0	3.0	4.0	5.0
<b>Inflation (average %change)</b>	13.0	18.0	17.0	16.0	13.0	10.0
<b>Per Capita income (US\$)</b>	1658	1562	2235	2496	2770	3027
<b>Gross Domestic Investment (% GDP)</b>	19.7	20.2	21.3	22.0	21.6	21.4
<b>Public Investment (% GDP)</b>	4.7	3.2	5.3	5.0	4.6	4.4
<b>Private Investments (% GDP)</b>	15.0	17.0	16.0	17.0	17.0	17.0
<b>Gross National Savings (%GDP)</b>	15.2	19.7	8.0	11.0	13.3	15.2
<b>Total Revenue and Grants (%GDP)</b>	12.8	11.8	10.4	9.4	7.9	6.7
<b>Revenue</b>	12.1	11.3	9.8	8.9	7.8	6.9
<b>Total Expenditure (% GDP)</b>	17.5	16.0	16.9	13.9	11.7	10.0
<b>Current</b>	14.9	14.4	14.5	11.5	9.6	8.2
<b>Capital</b>	4.7	3.2	3.8	3.6	3.1	2.9
<b>Deficit/Surplus (% GDP)</b>	-4.7	-4.1	-6.6	-4.5	-3.8	-3.3
<b>Merchandise Exports (US\$ million)</b>	11404.7	9433.9	2341.8	2576.0	2833.6	3117.0
<b>Crude Oil (US\$ million)</b>	9406.0	7305.0	0.0	0.0	0.0	0.0
<b>Gold (US\$ million)</b>	1018.0	1424.4	1566.9	1723.5	1895.9	2085.5
<b>Others (US\$ million)</b>	980.7	704.5	774.9	852.5	937.7	1031.5
<b>Merchandise Imports (US\$ million)</b>	-9215.4	-8204.2	-6973.6	-6276.2	-5962.4	-5664.3
<b>Trade Balance (US\$ million)</b>	2189.3	1229.7	-4631.8	-3700.2	-3128.8	-2547.3
<b>Current Account Balance (US\$ million)</b>	-1534.5	-175.2	-5054.6	-4812.2	-4134.7	-3457.7
<b>Curr Account Balance (% GDP)</b>	-2.2	-0.3	-6.6	-5.5	-4.2	-3.1
<b>External Debt (US\$ Billion)</b>	36.8	39.2	41.5			

Source: Government of Sudan

Note: 2010 and 2011 are estimates for North and South Sudan and 2012-2014 are projections for North Sudan only

### **4.3 The Enabling Environment for Private Sector-led Growth**

As a sustainable source of employment, private sector-led growth is imperative for Sudan post conflict economy. Sudan has undertaken active policy reform programs to encourage the involvement of the private sector in Sudan's future growth. In the early 1980s, the private sector was called upon to create urban employment and ameliorate the impact of rural-urban migration. Sudan has made substantial progress in privatization, establishing macroeconomic stability, investments in infrastructure, and in liberalizing the economy including dismantling price and foreign exchange controls. The Government has made legal and institutional changes over the past several years to promote domestic and foreign investments and economic growth. For example, the Investment Encouragement Act (IEA) of 1999 and amended in 2003, and the establishment of a Ministry of Investment (MOI) with its one-stop -shop, demonstrates the government's commitment to pro-investment policies.

The Ministry of Investment (MoI) is also actively involved in encouraging foreign and domestic private sector investment and in assisting investors to implement their investment plans.

Sudan has attracted substantial amounts of foreign direct investment (FDI) after the signing of the CPA in 2005, much of which originating from Asia and the Gulf.

The Government is working closely with the apex private sector organization in the implementation of the Investment Encouragement Act and discussing ways for improving the environment for private sector development and facilitating private sector activities.

### **Key Challenges to private sector-led growth**

- The climate for private business remains difficult.
- Manufacturing sector contributed only 6.1 percent of GDP in 2007 compared to 20 to 40 percent in other African countries.
- Only a small percent (10 percent) of Sudan's manufacturing firms were able to export their products.
  
- Much of the formal private economic activity is concentrated to the central core of the country.

### **Priority Actions**

- There are number of challenges to private sector development and concerns about the environment for private business development. Some of the challenges such as peace and security, infrastructure services and human resource development are part of the broader development agenda that are being addressed elsewhere in this document. The concerns about the shortcomings of the business climate need to be reviewed and addressed in the coming years. Some of these can be addressed in the ongoing revision of the Investment Encouragement Act as well as by strengthening the implementation of the existing legislation and regulations.
- Policy Instability: Political instability often leads to policy instability and uncertainty that is bad for business.
- Macroeconomic instability was also a concern of the business firms.
- constraints. Going forward, Sudan should aim to bring its inflation rates down, to reduce the burden on exchange rate adjustments to achieve competitiveness in export markets and maintain competitiveness with imports in the domestic markets. The high unit cost of labor and the high capital intensity in the manufacturing sector may have roots in the past history of overvalued exchange rates.
- Building alliances/partnership between SBEA and foreign centers of excellence – firms, universities, and professional associations.
- Regional Disparities.
- Human resource development is critical for economic growth and poverty reduction.
- Institutions and infrastructure to integrate producers and markets.
- Leveraging on urban dynamism.



## ▪ **Strengthening Financial Services**

Microfinance: The Central Bank of Sudan (CBoS) has formulated a strategy for developing and expanding the microfinance sector. The development of the strategy and accompanying action plan has sought to maximize the learning exposure by consulting with local and international experts and soliciting best practices from international and regional experiences. The major components of the Action Plan to develop the microfinance industry include:

- .. Building on the existing system and/or developing a reformed financial system for the poor with solid infrastructure and efficient financial intermediaries that having the required outreach to meet the financial needs of the poor;
- .. Creating the legislative and regulatory frameworks that enhances the performance of the microfinance industry.
- .. Adopting mechanisms that support transparency among microfinance lending institutions;
- .. Applying “best practices” and setting distinct performance standards for the sector;
- .. Creating an efficient information network that includes access to reliable, up-to-date, market information.
- .. Increasing coordination among various stakeholders including Microfinance Institutions (MFI), government, NGO, practitioners, donors, etc.

#### 4.4 Productivity and Growth in Agriculture

- After two decades of neglect, agriculture, including livestock, forestry and fishes is back on the Sudan's growth agenda. Sudan is naturally agriculture endowed to be a large producer and exporter of agriculture products. Sudan is rich with large irrigated area as well as large herds of sheep, goats and camels. Sudan has three major agricultural production systems, namely irrigated, rain-fed semi-mechanized and rain-fed traditional agriculture. These farming systems are used for both crop and livestock production.
- Agriculture remains a large sector but has recently been overtaken by the service sector as the largest contributor to gross domestic product. With the significant potential, it has, agriculture can be a strong source of growth and diversification of the economy, poverty reduction and exports growth. As poverty predominantly rural and high in agricultural households, the growth in agriculture will should have a larger impact on poverty reduction relative to growth in other sectors. Livestock is the leading agricultural export product of Sudan. There are some 69 million sheep and goats in Northern Sudan, with most produced in the two poorest regions in Sudan Kordofan and Darfur, and exported to neighboring middle-eastern countries. There is considerable scope for growth in livestock to meet both domestic and export demands. The realization of this growth demand will alleviate poverty in these regions.

#### Key Challenges

- The agriculture sector has performed poorly in the past decade (Table 8). Its share of GDP in the economy has declined, the rate of growth of rural incomes has decreased and poverty in rural areas remains high.

<b>Table 8: Growth of Production (Value Added) and Share in Agriculture GDP</b>				
Subsector/Production System	1991/92-1999		2000-2008	
	Growth Rate (%)	Share in Agric GDP (%)	Growth Rate (%)	Share in Agric GDP (%)
Crops/Irrigated	6.6	21.1	4.4	28.2
Crops/Rain-fed semi-mechanized	-6.7	6.3	5.2	3.1
Crops/Rain-fed traditional	24.6	12.5	2.4	14.9
Minor crops	-1.4	1.2	Na	Na
By-products	2.4	5.9	Na	Na
<b>Total Crops</b>	<b>8.5</b>	<b>47.0</b>	<b>3.6</b>	<b>46.3</b>
<b>Livestock</b>	<b>15.9</b>	<b>46.9</b>	<b>3.6</b>	<b>47.2</b>
<b>Forestry</b>	<b>-21.5</b>	<b>4.8</b>	<b>2.5</b>	<b>6.5</b>
<b>Fisheries</b>	<b>9.0</b>	<b>1.3</b>	<b>Na</b>	<b>Na</b>
<b>Total Agriculture</b>	<b>10.8</b>	<b>100.0</b>	<b>3.6</b>	<b>100.0</b>

**Source:** Central Bureau of Statistics.

- Livestock sector suffers from high marketing costs of production attributed mainly to transport costs.

### **Objectives and Main Priorities**

- The revitalization of agriculture and its associated industries are essential to growth and to reducing mass poverty and food insecurity.
  - Assist smallholder farming to become more productive, competitive and sustainable.
  - Improve productivity of rain-fed semi-mechanized farming.
  - Improve access to markets.
  - Increase access to water and irrigation as a major determinant of land productivity and the stability of yields.
  - Enhance agricultural research and extension.
  - Improve livestock marketing.
- 
- .. Improve the quality of stock routes and a few strategic highways and rail tracks to facilitate efficient transport of livestock over long distance.
  - .. Improve livestock traders' access to credit facilities to all commercial banks in Sudan;
  - .. Improve the quality of livestock handling facilities at veterinary inspection and vaccination points to reduce weight loss for animals awaiting inspection;
  - .. Expand the areas in Sudan which can be declared disease free.
  - Make agricultural systems more environmentally sustainable.

#### **4.5 Economic Infrastructure Services for Recovery and Growth**

- ✓ High cost of infrastructure services (transport; electric power; telecommunications) is a major impediment to growth in internal and external trade and the competitiveness of Sudanese firms in global markets.
- ✓ Progress has been made in rehabilitating infrastructure damaged by conflicts or not properly maintained during the difficult years of conflict.
- ✓ The major challenge for sustained new investments and maintenance of existing infrastructure is the lack of funding.

#### **Transport**

- ✓ The three important modes of transport in Sudan are roads, railways and inland water transport. The Government has prepared a 30 year transport plan to guide the development of transport infrastructure, covering all modes of transport – road, railways, river, and air. This plan envisages the development of a transport sector that not only serves Sudan but also the neighbouring land locked countries – Chad, Central Africa Republic and the new Republic of South Sudan, making Sudan an important gateway for international merchandise trade of these countries. This will also require the upgrading of the ports in Sudan. The plan also envisages the participation of the private sector in investments and management of transport services. To facilitate this, the preparation of a regulatory framework is near completion and regulatory body will be established to regulate the joint private/public activities in the sector.

#### **4.6 Protection of the Natural Resources and the Environment**

- ✓ There are close links between environmental degradation and the capacity of the economy to grow and reduce poverty in a sustainable way.
- ✓ However, Sudan is facing numerous environmental challenges including desertification and land degradation, water pollution, deforestation, soil erosion and deterioration of biodiversity. Climate change is accelerating in Sudan. All these developments have serious negative impact on the livelihoods of the poor, particularly those that depend on livestock and rain-fed agriculture. In particular, climate change will reduce yields in agriculture. The World Development Report (WDR) 2010 estimated that Sudan's agricultural yields are expected to decline by 56% by 2080, the steepest decline in the world.
- ✓ The long civil wars in Sudan and neighboring countries and rapid demographic changes have directly or indirectly contributed to the degradation of the environment.
- ✓ According to a recent UN paper of Darfur, Sudan has lost more forest cover than any other country in Africa, with Darfur a major contributor to the trend

#### **Policies and Regulations for Protecting the Environment**

- ❖ Sudan has a fairly well developed environmental legislation, with several laws, regulations, policies and standard dealing with environmental protection, conservation and preservation. Sudan has also adopted a number of environmental strategies and plans including the national management plan for environment and the national adaptation plan of action. Sudan is rich in the biodiversity of its ecosystem; no comprehensive assessments have been carried out. The recent countrywide biodiversity assessment undertaken by NBSAP project was not comprehensive although it provides a benchmark and base information for future assessments.
  - ❖ The Government of Sudan has ratified a large number of environmental conditions such as the UN Convention on Biological Diversity and the Cartagena Protocol on Bio-safety; the UN Convention to Combat Desertification; the Framework Convention on Climate Change; Kyoto Protocol to Framework Convention on Climate Change; Protocol on the protection of World Culture and Natural Heritage; and the Convention on Wetlands. Sudan is also party to a number of the international conservation conventions such the African Convention of the Conservation of Natural Resources, the Regional Convention for the Conservation of the Red Sea and the Gulf of Aden; the Protocol concerning Regional Cooperation in Combating Pollution by Oil and other Harmful Substances in the Red Sea
- **Main Goal:** The policy objective is to achieve the MDG7: ensuring environmental sustainability. There are a number of challenges to the achievement of this goal including:

- .. The lack of human and financial resources for environment policies, program design, implementation and management;
- .. The tenuous peace and insecurity in parts of the country, instability of the populations with large population of displaced people with a tendency to adopt coping strategies that are not environmentally sustainable;
- .. The lack of general awareness of environmental issues, the linkages to sustained national and personal well-being and income, and positive environmental behaviors
- .. The lack of inclusive governance that would facilitate needed coordinated actions at federal, state and community level; and
- .. The lack of comprehensive information on environmental developments and the effects of the changes in the environment on livelihoods and well-being.

### **Strategies and Actions**

The approach to tackling the serious environmental challenges include the promotion of community participation in natural resource management programs; the development of a coordinated protected area system by bringing together institutions concerned with biological diversity conservation and management; and making environmental education mandatory in all formal education schools. The priorities include:

- .. Achieving durable peace throughout the country and stabilizing the population by reintegrating displaced people into viable communities;
- .. Providing poor peoples who depend on land, water, forests and biodiversity for livelihoods secure access to these assets and creating circumstances in which they can manage these resources sustainably.
- .. Changing behaviors on the environment by increasing public awareness and ensuring individual and community participation in environmental improvement decision-making and activities.
- .. Assembling comprehensive information of the status of the environment in Sudan, Integrating environmental concerns in all development policies, planning and activities at all levels and improving awareness among potential users and decision makers on climatic and atmospheric information.
- .. Strengthening the institutional and technical capacities for environmental management, enhancing cross-sectoral institutional coordination on environmental issues, and strengthening the enforcement of environmental laws and regulations.
- .. Developing a strategy for protecting natural resources and the environment, to be.

**References:**  
**CBS reports**  
**IMF Reports.**