

<b>FORUM:</b>	Advisory Panel
<b>ISSUE:</b>	Measures to Promote Economic Recovery and Sustainable Development in Sudan
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## Introduction

The conflict in Sudan is embedded and can be seen as a historical enmity and sovereignty break, combined with an economic crisis, which makes the challenges of its development quite diverse. Sudan has long been plagued by internal unrest, which has, for years, manifested into protracted civil wars as well as the Darfur conflict of the early 2000s, leaving the country's infrastructure severely damaged socially and politically. Economic decline was worsened by the secession of South Sudan in 2011, which saw the country lose plenty of oil revenues, a situation that occasioned hyperinflation, currency devaluation, and extremely high poverty rates. Since the removal of President Omar al-Bashir early last year, the transitional administration has started the process of carrying out the economic reforms needed to unlock international funding. However, attaining stability and sustainable development remains a challenging journey ahead as numerous hurdles continue to present themselves. Other organizations like the IMF, Bank World, and AFDB have played a vital role in donating finances and helping in the debt relief that has been required to ease current economic challenges. Joining Coase, many NGOs and civil society organizations are actively participating in the advocacy for governance reforms, democratization, and strengthening of civil society, as well as encouraging and supporting grassroots development efforts. The UN has, over the years, urged the implementation of multi-faceted approaches that not only tackle symptoms but also the underlying causes of the challenges that Sudan faces economically, including the deficits in good governance, accountability, and the capacity to address the sustainability of welfare programs and development projects, particularly those for the poor. These collaborated global endeavors, in conjunction with firmly established national frameworks, seek to reduce instabilities within the Sudanese economy, facilitate structural growth, and decentralize full development so that it is fairly provided across the population.



*War and Crisis in Sudan*

## Background

Sudan has experienced prolonged economic problems compounded by political instabilities, corruption, and civil strife—not only the Darfur conflict but also the second Sudan civil war. After the secession of South Sudan in 2011, Sudan lost a big source of its income, and oil exports accounted for nearly three-quarters of its gross domestic product. This event pushed the country to the worst in its economic history, witnessed by hyperinflation, devaluation of the currency, and acute shortage of basic commodities, among others.

Agriculture and natural resource base have been a significant aspect of the Sudanese economy for a long time now, especially oil and minerals. Nonetheless, the socio-economic development aspect has been retarded by poor use of farming methods, soil depletion, and poor transportation networks. Political instabilities and poor governance make these problems worse, which do not allow a country to recover economically.

However, in recent years, the new transitional government after the removal of Omar al-Bashir in 2019 has tried to strengthen the country's economy and work on some changes. Some reforms that the WTO has recommended include the government eliminating fuel subsidies, the attempt at making exchange rates a single one, and debt negotiations with international organizations to help with the debt burden. Nevertheless, there are still many problems, the solution of which needs the united efforts of national and international actors to work out effective strategies and actions aimed at further economic recovery and development.



Map of Sudan

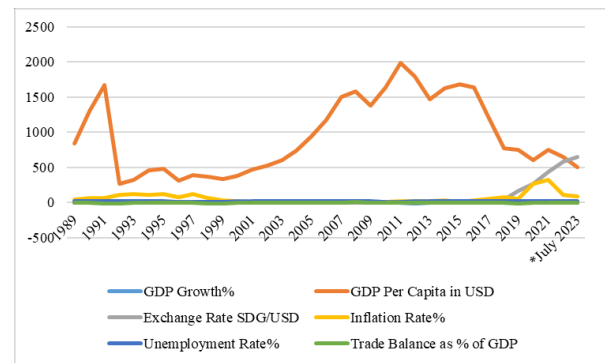
## Problems Raised

### *Economic Instability*

The economic problems of Sudan are deep-seated and complex, which especially stem from the history of political and social instability. When Sudan seceded and South Sudan became an independent nation in 2011, it led to a considerable loss in oil income, which had constituted a major source of the national revenue. This loss brought the country to one of its worst financial dawns, characterized by hyperinflation, devaluation of the local currency, and low levels of foreign exchange reserves. The transitional government has had challenges in managing economic issues; some of the problems that



have plagued the transitional government include high unemployment and poverty levels coupled with increased dependence on a vulnerable agriculture-based economy prone to shocks from climate change and unfavorable environmental conditions. The issue of economic diversification further complicates the country's development in the sense that it remains very sensitive to external fluctuations, and hence achieving sustainable development becomes a herculean task.



*Economic Instability of Sudan*

However, apart from the structural economic problems highlighted above and other regional issues, corruption and poor economic management have dealt a severe blow to economic reform processes. Coronavirus Update: Weak governance structures, entrenched by public sector inefficiency, have deepened the misallocation of resources and a lack of accountability in the management of public funds. These challenges have undermined confidence in the various government departments and the efforts made in the bid to attract foreign investors, which are central to the economy's rejuvenation. Moreover, the country's informal economy, which is believed to comprise nearly half of the total production, is still evading taxes and lacks sufficient legal restrictions to provide the state with the necessary funds necessary for the implementation of development processes and the provision of services.

### *Political Instability and Governance Challenge*

Political instability is another strong factor that has focused on the slow economic regeneration and sustainable development of Sudan. The country has waged through decades of autocratic rule, civil wars, and political instabilities, and in 2019, the Sudanese people overthrew President Omer Al-Bashir. The transitional government that was set in place after that has had to deal with a huge number of challenges in the political environment that is characterized by factionalism, power struggle, and resistance.

Flawed political accompaniment and the suppression of political pluralism have prevented the government from accomplishing reformative measures' and enlisting the support of relevant stakeholders in the process of development. This is due to the dynamism of leadership and administration that has often resulted in changes often, which are deemed unfriendly for both domestic as well as international investments. Similarly, the cards that measure the transitional governments' achievements have been less than stellar; there is prevalent anarchy in different parts of the country; Darfur, South Kordofan, and Blue Nile continue to record conflicts, which worsen the suffering of the citizens and divert the meager resources that could have been channeled to development projects.



Disregard for human rights and civil liberties infringement also adds more uncertainty to the political systems. This has been accompanied by the government's intolerance of any dissent and opposition and has culminated in gross violations of the rights of the people, hence hampering the development of a true democracy without prejudice of color or background. Corruption in governance and a poor and ineffective justice delivery system undermine the rule of law and have encouraged a culture of tolerance for violence and impunities for enforcing political and social change.

## **International Actions**

### *Financial Assistance and Debt Relief*

Among the vital international efforts that need to be taken to facilitate the development of Sudan's economy are debt cancellation and the giving of support. In 2021, Sudan qualified for debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative, with the IMF, the World Bank, and other international creditors waiving part of the country's debt. It is an effort to try to bring down Sudan's external debts so that resources could be channeled more towards investment in projects as well as basic services.

Also, there are the credits of the international financial organizations aimed at the financing of the adjustment and economic reform programs. These funds are associated with the requirements of rate and reform indicators of economic development, thereby putting pressure on the Sudanese government to carry out the essential changes in the system of fiscal, administrative, and economic management.

Aid for debt relief and financial help is also tied to measures aimed at increasing the effectiveness and efficiency of Sudan's financial management. The international community, together with the Paris Club and G20, has been playing an active role in Sudan's return to the international financial market. Such measures are felt to contribute to improvements in the credibility of Sudan's creditworthiness to international markets, a key facet in the pursuit of foreign investment for the country's lasting economic development.

### *Technical Assistance*

As for the international governmental organizations, the United Nations Development Programme (UNDP) and the African Development Bank (AfDB) remain highly interested in Sudan as sources of technical assistance and capacity building. This assistance also focuses on building the ability of Sudanese institutions in the formulation as well as implementation of sound economic policies and development solutions.



Technical assistance entails capacity building through coaching of officials in the government and enhancement of statistics and analytics in the governance structures. Another component of capacity development is the building of sectors and dimensions like agriculture, education, and health systems, as well as infrastructures, which are indispensable for development.

For example, the UNDP has been implementing projects to enhance agricultural outputs through adopting efficient mechanisms of farming and efficient resources. Likewise, the AfDB has introduced schemes to enhance Sudan's



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infrastructure facilities, both for vehicles and facilities like roads, bridges, water supply, and many more, to increase its economic activity and living conditions.

Furthermore, there are international organizations that supplement and assist Sudan in modernizing some of the public administration sectors to enhance the delivery of service. This involves measures of transitioning various government activities to digital platforms, raising the levels of data openness, and generally embracing technology in administration.

## Key Players

### *United Nations Development Programme (UNDP)*

The United Nations Development Programme (UNDP) is at the forefront of aiding in economic growth and sustainability in Sudan. While the UNDP monitors and carries out programs independently together with other governmental and non-governmental organizations, it has an especially strong relationship with the Sudanese government as it supports the country in combating poverty, implementing governance reforms, and providing protection against adverse economic events. The UNDP work in Sudan focuses on improving agriculture, vocational training to support small businesses, and access to basic services—education, and health, among others. The organization also emphasizes building organizational, human, and institutional capacities to produce sustainable development impacts. Another project undertaken by the UNDP is called the Youth Employment Initiative, which has the goal of negating youth unemployment in Sudan through promoting enterprise and offering training to young Sudanese for gainful employment. In addition to containing employment, it has at least three positive impacts: business development to provide people with a job; new product line diversification; and technological advancement. Apart from economic development projects, the UNDP is involved in





enhancing governance structures, for instance, offering support in the process of making public organizations more effective and less corrupt. This is through funding electoral processes, judicial reforms, and more so, the overriding support for human rights.

### *African Development Bank (AfDB)*

As a development institution, the AfDB supports Sudan's development projects and programs both financially and technically through one or the other of the mentioned projects and funds. The Bank's involvement in Sudan is in sectors such as infrastructure, education, and health, and reform and debt relief.

AfDB's strategy is to promote and support sustainable and inclusive development for the eradication of poverty and the enhancement of living standards for every Sudanese. In partnership with the government of Sudan and other stakeholders, therefore, the AfDB wants to support the development of a sound economic foundation in Sudan.

The AfDB has also collectively helped in the mobilization of regional solidarity in the developmental process of Sudan. With respect to its operational centers, the bank helps its neighbors exchange experiences and materials for their solutions, which enhances cooperation within the region.

Besides infrastructure, the AfDB cultivates agricultural development programs meant to boost food security and rural income. On one hand, by encouraging farmers to develop modern forms of farming and, on the other hand, by offering farmers' access to finance, the bank contributes to increasing agricultural yields and decreasing the poverty rate in such regions.



*The AfDB*

## **Possible Solutions**

### *Resource Management*

Following the legal requirements in resource management encourages the generation of revenues and increases the confidence of the public and investors. It is equally crucial to ensure that the revenues from natural resources are properly utilized, especially for development projects, as this can help in the recovery of the economy and fight poverty at large.



### *Promotion of good government*

Efficient governance is crucial to lay the foundation for growth in this respect and open up opportunities for economic revival and sustainable growth. This involves a strengthening of the institutions of government and fighting corruption within the system. This paper has brought out that good governance plays an important role in the attraction of FDI and enabling development projects to be executed. Thus, it is possible for Sudan to develop a stable and predictable environment if it meets the standards of transparency, accountability, and the incorporation of inclusiveness.

## **Glossary**

### *Sovereignty*

Supreme power or authority

### *Hyperinflation*

Rapid and unrestrained price increases and inflation in an economy over time, typically at rates exceeding 50% each month

### *Currency Devaluation*

Deliberate downward adjustment of a country's currency value



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