



United Nations
Economic Commission for Africa

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Joint ECA Mission to Sudan

8th to 10th December 2019

12-10-2019

A. Introduction

1. Following the ECA country visit to Sudan in October 2019, led by the Executive Secretary, Ms. Vera Songwe, the ECA team and the Government of Sudan identified several key areas for in-depth and immediate technical assistance. Among the areas identified included:
 - i. Domestic Revenue Mobilization (DRM)
 - ii. Planning and Economic Recovery Strategy
 - iii. Macroeconomic Modelling to inform the stabilization, recovery and growth strategy
 - iv. AfCFTA (and industrialization through trade)
 - v. Gender, Youth and Civic Engagement
2. Consequently, a technical team from the ECA visited Sudan between 8th and 10th December, 2019, to carry out a joint mission. The team was led by Gamal Ibrahim, Chief – Development Planning Section, Macroeconomic and Governance Division, and included Christine Awiti, Economic Affairs Officer, Macroeconomics and Governance Division; Amal Elbeshbishi, Economic Affairs Officer, Sub Regional Office – North Africa; Emmanuel Ngok, Statistician, Africa Center for Statistics; Souleymane Abdallah, Economic Affairs Officer, Africa Trade Policy Center, RITD; Ferdinand Ahiakpor, Consultant, Macroeconomics and Governance Division; and Bosede Olanike, Research Fellow, Macroeconomics and Governance Division.

B. Mission objectives

3. Reflecting decades of conflict, declining productive sectors and weak governance, Sudan's economy contracted by an estimated 2.3 per cent in 2018. The new civilian-led Government presents opportunities for deep reforms needed to stabilize the economy and implement longer term structural transformation to achieve inclusive and sustainable development.
4. The ECA joint mission aims to provide technical assistance in the areas of macroeconomic modelling, national recovery plan, statistics and regional integration, geared toward strengthening the Government of Sudan's efforts as they work toward economic recovery and prosperity.
5. The objectives of the joint ECA mission included:
 - i. To build capacity through carrying out training on the ECA Macro econometric model, and to identify the key issues and requirements for Sudan for incorporation into the final model.
 - ii. To convene a forum with relevant state institutions working on the national recovery programme, the SDGs and Agenda 2030, to discuss the main priorities of the Government and identify potential collaboration on ECA's integrated planning and reporting tool.
 - iii. To organize a national sensitization forum on the African Continental Free Trade Area (AfCFTA) and its implications for the Sudanese economy.

C. Mission Outcomes

6. Macroeconomic Modelling:

- i. During the training, alternative scenarios for policy analysis were generated. The scenarios were very useful and can be utilized as inputs into policy for the Sudan Transition plans.
- ii. The current macro econometric model utilizes data from international sources. It was agreed that the authorities should provide Sudan data for inputs into the model.
- iii. While the training provided useful insights and the authorities are happy with the ECA Macro econometric model, it was suggested that ECA come back for a longer period of time (initial 10 - day period) to build the model with the authorities.
- iv. The Authorities would like ECA to train staff as trainers. The Authorities would eventually like to create regional/state level models.
- v. The Central Bureau of Statistics and the Central Bank of Sudan would also like to adopt the model to their specific requirements.

7. Development Planning:

- i. The workshop on development planning brought together staff from the Ministry of Finance and Economic Planning, which has recently been assigned as the focal point for the recovery programme, the SDGs and Agenda 2063, the Population Council which was previously the focal point on the two agendas, the National Council of Strategic Planning and planning focal points in various ministries.
- ii. Following presentations on the Integrated Planning and Reporting Toolkit (IPRT), the challenges faced the integration of the SDGs into the previous national development plans, the participants discussed the main priorities of the recovery programme and the potential collaboration on ECA's integrated planning and reporting tool.
- iii. The mission also visited the National Population Council, the previous technical secretary of the High Level National Mechanism for the implementation of Agenda 2030 and the SDGs for peace and development in Sudan. The mission was briefed on the 2018 Voluntary National Review and the 2015 Millennium Development Goals Country Report. The discussions also covered the mandate the Council and need to strengthen coordination mechanisms at both federal and state levels.

8. Statistics and Population Census:

- i. Regarding GDP Rebasing, it was agreed that ECA should assist the Bureau of Statistics in updating its action plan in the coming weeks. Its funding should be part of the resource mobilization envelope planned as part of a donor round table to be organized by the Government.
- ii. Concerning population census, ECA should propose a draft content for the project document to be prepared for the general census of population and housing. The first step will be to develop the census project document. The process of developing the document will be led by a senior census advisor with extensive experience in leading census processes in Africa. This is critical because the document should reflect practical and implementable processes that reflect international standards and

- experiences. The census will be based on the UN “Principles and Recommendations for Population and Housing Censuses: the 2020 Round.
- iii. It was agreed that the statistical assistance needs should be integrated within the framework coordinated by the Government. The ECA North Africa Sub regional Office should play an important role in coordinating these actions by strengthening south-south cooperation to conduct certain technical assistance. It will involve experts from other countries in the sub region who have some experience in the area concerned. Thus, each section of ACS should propose in its area of competence a draft of the necessary technical assistance, particularly in the areas of GIS, Big data, population census and GDP Rebased.
 - iv. As part of the financial support for this integrated program, it will be critical to organize for a Resource Mobilization Conference with the development partners. Donors Coordination and Reporting Committee will be established. It will also manage the relation with donors, disbursement of funds informing them about the preparation and implementation of the projects, and review implementation reports. The commitment of development partners will be reflected through financial resources and providing technical support.

9. AfCFTA National Forum

- i. The national AfCFTA forum was conducted in close collaboration with the Ministry of Industry and Trade of Sudan. It was opened by the Minister of Industry and Trade H.E M. Madani Abass Madani and gathered 80 participants drawn from the various Ministries, the private sector and some research institutions.
- ii. The emerging consensus is that Sudan should speed up its ratification efforts to unlock the next stage of ECA support in the development of the national AfCFTA strategy.

D. Discussions and Key Findings

10. Macroeconomic Modelling:

- i. The Authorities are currently preparing the National budget for the year 2020. The budget is expected to align to a three – year transition plan. In this regard, the model would be considered very useful in forecasts and inputs for the stabilization plan.
- ii. The Ministry of Finance and Economic Planning, and the Central bank of Sudan currently use the Fund’s Financial Programming model and the World Bank’s MFMod.
- iii. The Authorities requested that the model capture monetary policy as targeting monetary aggregates.
- iv. It was agreed that the macro econometric model use data provided by the authorities, rather than data from international sources which may in some instances not be accurate.
- v. The authorities would like the model to include spending and debt to strengthen fiscal policy analysis.

11. Development Planning:

- i. The Government is planning an all stakeholders forum in January 2020 to agree on mainstreaming the national development plans at sectoral and state levels and address

issues of coordination, SDGs accelerators, monitoring and oversight and means of implementation.

- ii. The meeting identified resource mobilization and investment in data as two priority areas in the implementation of the recovery plans at federal, state and sectoral levels.
- iii. The meeting participants praised the Integrated Planning and Reporting Tool and expressed interest in an upcoming training focusing on mainstreaming the emergency plan at both federal and sub-national levels.

12. Statistics and Population Census:

- i. The topics on the agenda focused on the process of GDP Rebasing, the preparation of certain major statistical operations including a general census of population and housing (the last date of 2005), a census of agriculture (the last dates back to the 1960s), an industrial survey (the last dates from 2003), a household consumption budget survey, a survey on the living conditions of households in relation to poverty reduction, an economic survey of businesses and many other specific surveys. The mission also discussed the use of new technologies including tablets during these different statistical operations, but also the geo-information system (GIS) needed for many of these census and surveys, in addition NSO need the implementation of a Big data system in order to be able to generate some indicators.
- ii. Regarding GDP Rebasing, ECA assisted Sudan in 2016 to prepare its action plan for implementing the 2008 System of National Accounts (SNA). This plan foresaw the end of the process in 2020, but there is no significant progress done for various reasons, including a lack of funding to conduct a number of baseline surveys.
- iii. The other major statistical operations are currently in a design and preparation phase, except the survey on the living conditions of households. To this end, it is clear from the discussions that technical assistance is expected from the various partners, each in their area of competence.

13. AfCFTA National Forum:

- i. The forum discusses extensively the implications of the AfCFTA for the Sudanese economy through the various sectors including industry, agriculture and services. The constraints were also examined and some recommendations were made to revamp the infrastructure and implement trade facilitation measures at the same time providing support in terms of capacity building and long term financing to the SMEs in particular in industrial sector. ECA was called upon to support the development of the national strategy.

Annex 1: List of Participants

1. Abdalroof Mohammed, Ministry of Finance and Economic Planning
2. Fadul Abdellatief, Ministry of Finance and Economic Planning
3. Daaa Alhag, Ministry of Finance and Economic Planning
4. Mohamed Eisa Ahmed, Ministry of Finance and Economic Planning
5. Gibreel Mohamed Siddig, Central Bank of Sudan
6. Marwa Imad Mahmoud, Central Bank of Sudan
7. Hafes Alsadig, Ministry of Finance and Economic Planning
8. Nahid Ahmed, Ministry of Finance and Economic Planning
9. Alaa Abd Elhaleem, Ministry of Finance and Economic Planning
10. Aisha Elshekh Ahmed, Ministry of Finance and Economic Planning
11. Wail Fahmi Bedawi, Ministry of Finance and Economic Planning
12. Hanan Kamil, Ministry of Finance and Economic Planning
13. Yousif Said Ahmed, Ministry of Finance and Economic Planning
14. Elyagot Modawi, Ministry of Finance and Economic Planning
15. Abd Elnasir Adam Daoud, Ministry of Finance and Economic Planning
16. Nihal Mohamed Musa, Ministry of Finance and Economic Planning
17. Saeed Alamin, Ministry of Finance and Economic Planning
18. Alsadig Sharf Eldain, Ministry of Finance and Economic Planning
19. Mohy Eldain Adam Wadi, Central Bureau of Statistics
20. Hanadi Hassan, Ministry of Finance and Economic Planning
21. Gamar Eissa, Ministry of Finance and Economic Planning
22. Aisha Elshekh, Ministry of Finance and Economic Planning
23. Rihab Osman Mohamed, Ministry of Finance and Economic Planning
24. Abdelatti Gabir, Ministry of Finance and Economic Planning
25. Somia Omer, Central Bureau of Statistics
26. Mahmoud Mohamed Khalil, Ministry of Health
27. Fakhreldin Ali Zein, National Council of Strategic Planning
28. Hdyia Mohamed Nofel, National Council of Strategic Planning
29. Etidal Mansour, National Council of Strategic Planning
30. Rashida Abdelrahim Mohamed, National Council of Strategic Planning
31. Samia Elhessain, Ministry of Labour and Social Development
32. Nugud Mohamed, Minister of Labour and Social Development
33. Intisar Ibrahim Hag Eltom, Ministry of Finance and Economic Planning
34. Intisar Hamid Mohamed, Ministry of Finance and Economic Planning
35. Eltigani Idris Salih, National Council of Strategic Planning
36. Sohair Mohamed, Ministry of Finance and Economic Planning

ECA Mission Team

1. Gamal Ibrahim, Chief – Development Planning Section, Macroeconomic and Governance Division

2. Christine Awiti, Economic Affairs Officer – Macroeconomic Analysis Section, Macroeconomics and Governance Division
3. Amal Elbeshbishi, Economic Affairs Officer – Sub Regional Initiatives Section, Sub Regional Office – North Africa
4. Emmanuel Ngok, Statistician, Africa Center for Statistics
5. Souleymane Abdallah, Economic Affairs Officer - Africa Trade Policy Center, Regional Integration and Trade Division
6. Ferdinand Ahiakpor, Consultant – Macroeconomic Analysis Section, Macroeconomics and Governance Division
7. Bosede Olanike, Research Fellow – Macroeconomic Analysis Section, Macroeconomics and Governance Division.

Annex 2: Macroeconomic Background

With growth contraction, persistent fiscal deficits, high inflation, weaker external balance associated with a decline in exports, and the expected limited growth recovery below potential in the medium term (see reference figures below), the Sudanese economy needs decisive and comprehensive structural reforms to address vulnerabilities, achieve macroeconomic stability, consolidate broad-based growth and reduce poverty.

After the recovery registered between 2014-2017, Sudanese economic growth took a downward turn. As a result of the effects of the political crisis and economic collapse, the Sudanese economy contracted from 4.7% in 2017 to -2.3% in 2018. The contraction was driven by the decline in industry and services sectors on the supply side as well as in private consumption, gross fixed investment and the external balance on the demand side. Inflation increased sharply from 16.9% in 2015 to 63.3% in 2018.

The decline in production of the major Sudan's commodities (crude-oil, gold) undermined the economic recovery. Oil production dropped from 120 thousand barrels/day in 2014 to 95 in 2018. The crude oil and gold export revenue registered considerable decline from 55% to 35% over the same period. Additionally, the foreign direct investment inflows declined by 35% from 2015 to 2018. As a result, the country structurally faces the lowest level of reserves (less than 0.2 months of imports) and a significant depreciation of the exchange rate. To increase its external competitiveness, Sudan needs to strengthen exports, and improve the business environment to attract investment flows. Over the near term, inflation will level out, while growth is projected to contract further to -2.5% in 2019 before recovering though at a slow pace to about 1.5% in 2020 amid low commodities prices and trade tension uncertainties.

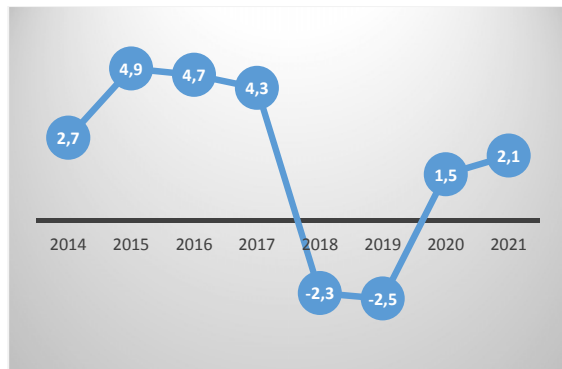
Sudan's external position is structurally weak with intensifying economic vulnerabilities and imbalances. The current account deficit widened from 4.3% of GDP in 2014 to 15.2% of GDP in 2018. The deterioration is mainly due to a sharp decline in exports and high increase in imports, leading to adverse terms of trade. Foreign direct investment inflows considerably declined by 35% between 2015 and 2018, as the country faces the lowest level of reserves. In the medium term, the current account deficit may worsen and exacerbate external imbalances in the economy.

Fiscal deficit is expected to widen, and thus fueling inflation. Sudan's fiscal deficit widened from 0.9% of GDP in 2014 to 3.8% in 2018, reflecting a fall in commodity export revenues, weak revenue mobilization efforts and an expansion of public spending. Government consumption has been the main driver of Sudan's economic growth over the past few years.

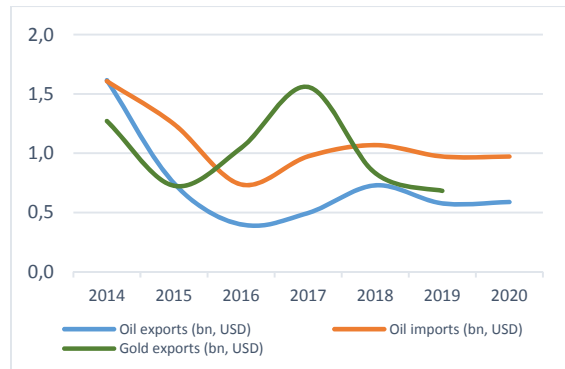
As a result, Sudan's public debt is substantially high and in unsustainable levels. The public debt ratio increased from 32.9% of GDP in 2014 to 177.4% in 2018 and it is expected to reach 203.3% of GDP in 2020. High public debt level is translating into higher debt service payments. The external debt service ratio rose from 4.0% of exports in 2014 to 5.7% in 2018, and is estimated to increase to 7.0% in 2020 raising the risk of accumulating the stock of external debt arrears. Debt restructuring and strengthening its management would reduce debt vulnerabilities and be able to meet the country's financing needs (of infrastructure, education, health etc.).

Reference Figures

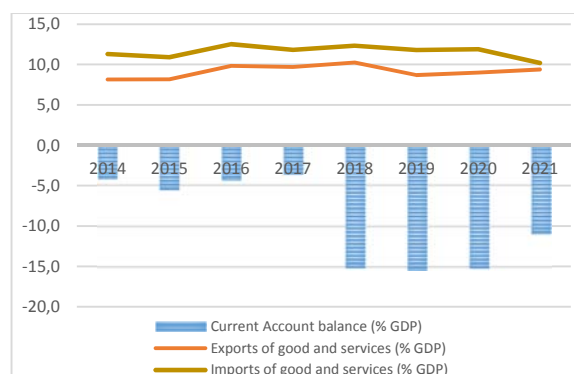
Real GDP growth rate still contracted before an expected slow recovery in 2020 ...



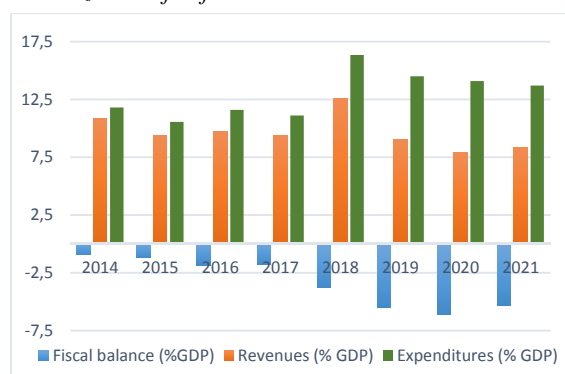
... due to a sharp decline in oil and gold exports and an increase in oil imports...



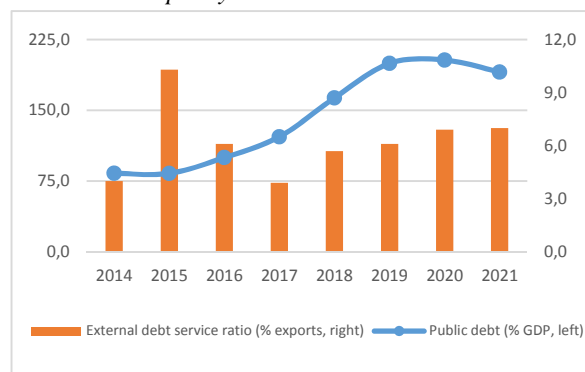
... widening the current account deficit...



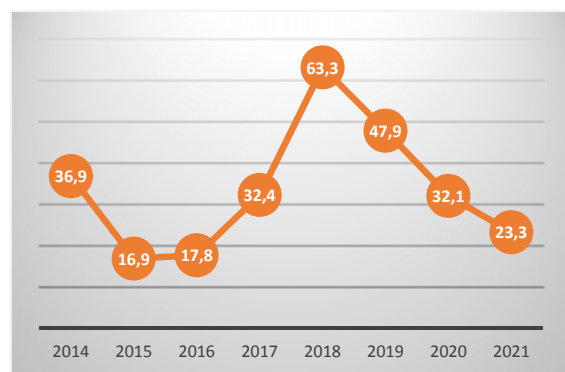
Revenue falls and rapid public spending expansion are worsening the fiscal position, rising the monetization of deficit ...



... increasing public debt and compromising Sudan's debt service capacity...



... fueling and accelerating inflation



Data Sources: EIU, IMF and Central Bank of Sudan (CBoS)