

BTI 2008 | Sudan Country Report

Status Index	1-10	3.00	# 121 of 125	
Democracy	1-10	2.13	# 123 of 125	➔
Market Economy	1-10	3.86	# 104 of 125	➔
Management Index	1-10	2.88	# 111 of 125	

scale: 1 (lowest) to 10 (highest) score rank trend

This report is part of the Bertelsmann Transformation Index (BTI) 2008. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 125 transformation and developing countries are evaluated.

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Key Indicators

Population	mn.	36.2	HDI	0.52	GDP p.c.	\$	1,853
Pop. growth ¹	% p.a.	2.0	HDI rank of 177	141	Gini Index		-
Life expectancy	years	57	UN Education Index	0.53	Poverty ³	%	-
Urban population	%	40.8	Gender equality ²	-	Aid per capita	\$	50.9

Sources: UNDP, Human Development Report 2006 | The World Bank, World Development Indicators 2007 | OECD Development Assistance Committee 2006. Footnotes: (1) Average annual growth rate 1990-2005. (2) Gender Empowerment Measure (GEM). (3) Percentage of population living on less than \$2 a day.

Executive Summary

Two peace processes marked the key developments in Sudan from 2005 to 2007: one signed in January 2005 to end the conflict in the south, known as the Comprehensive Peace Agreement (CPA); the second proposed in April 2006 to end the conflict in Darfur, known as the Darfur Peace Agreement (DPA).

Two years of negotiations culminated in the CPA, which encapsulated all the discussed protocols. Its implementation has proceeded since then, though some aspects have proceeded faster than others. In July 2005, a Government of National Unity (GNU) was established, dominated by the parties participating in the agreement: the northern National Congress Party (NCP) and the southern Sudan Peoples Liberation Movement (SPLM). In addition, a new Government of Southern Sudan (GOSS) was established, dominated for the first time by the SPLM and the NCP. The National Assembly was also restructured to include both the signatories to the CPA as well as some representatives of other parties; and work was started in 2006 to prepare for national elections by 2009 in both the north and south. A number of commissions were also established for various causes, including: the assessment of CPA implementation; fiscal and financial monitoring; petroleum; the national civil service; the judiciary; land; and human rights. However the situation remains fragile as was shown by the clashes in Malakal in southern Sudan in November 2006, which was contained thanks to the help of the U.N. monitoring force.

The DPA, which was much more hurriedly negotiated, was signed by only one of the Darfur rebel factions, the Minni Minawi faction of the Sudan Liberation Army (SLA), with two other factions refusing. As a result, conflict has continued in Darfur and has been exacerbated by policy incoherence in the international community, as well as within the GNU over the African Union's (AU) monitoring roles and possible U.N. intervention. By the end of 2006, the GNU appeared to accept a hybrid AU – UN force,

though its commitment was subsequently questioned. However, even if accepted, its scale and scope is such that the restoration of peace in Darfur and the return of up to two million internally displaced peoples (IDPs) to their homes may still prove difficult. Meanwhile, a potential new area of conflict in the east appears to have been averted by the Eastern Peace Agreement (EPA), though its implementation may prove less successful.

History and Characteristics of Transformation

Sudan has repeatedly undergone transformation from a military regime to a democracy, and each experience has been fraught with difficulty. Sudan gained its independence in 1956 as a liberal democracy, but military regimes were to predominate in the subsequent years. In 1958, the military intervened for the first time under General Abboud, only to be ousted by a popular uprising in 1964 that restored democracy. However, a further coup in 1958 installed a military regime under President Nimeiri that survived until 1985, when it fell to another uprising. Sudan's third attempt at democracy survived until 1989, when it fell under the third successful coup.

The regime that began in 1989 was Islamist in character and opposed to liberal democracy. It wrote a new Islamic constitution and sought to impose it across the country, including the largely non-Muslim south. It also sought unsuccessfully to resolve by force the long-running conflict in the south, where civil war raged from 1962 to 1972 and re-ignited in 1983. Instead, the SPLA and its political wing, the SPLM, collectively known as SPLA/M went on the offensive in the later 1990s, only to fail in turn. By 2000 it was clear that neither side could obtain an outright victory, which led to the negotiations that ended in the Comprehensive Peace Agreement (CPA).

Sudan has a long and checkered human rights history, and the state of human rights have worsened significantly since the military coup of 1989. In the name of imposing its ideology – “Islam is the solution” – the new regime not only intensified the war in the south, but also applied greater repressive pressure in the north. Thousands of people were imprisoned and mistreated, and many of them died in captivity. As the situation worsened, a large percentage of the middle class fled the country. However, there have been significant developments since 1999, including a split in the ruling Islamist party, the National Congress Party (NCP) in which the party's ideological mentor, Hasan al-Turabi, clashed with the military president, Omer al-Beshir. Eventually, this split led to the ousting of al-Beshir. Upon assuming political power, the NCP grew increasingly pragmatic, its agenda becoming focused on security rather than ideology. In a second development, with the help of Asian, particularly Chinese support, Sudan became a significant oil exporter. Political developments in the country grew increasingly linked

to the burgeoning oil economy. Moves toward peace in the south occurred partly as an attempt to exploit that development, although this in turn contributed to new outbreaks of conflict in Darfur and eastern Sudan.

The CPA and the Eastern Peace Agreement (EPA), as well as the Darfur Peace Agreement (DPA) – if it is ever concluded and implemented – open up the path toward a new era. The agreements aim for democratic elections by 2009 and a referendum in 2011 on the secession of southern Sudan. They also aim to provide greater political representation in the Government of National Unity (GNU) for the peoples of Darfur and eastern Sudan. Economically, these agreements address the potential develop further Sudan's mineral resources, especially oil and gas. If these resources are harnessed properly, they could contribute significantly to the country's economic recovery and growth, possibly making it a key regional player.

Transformation Status

I. Democracy

With the signing of the CPA in 2005, Sudan reached a turning point it has yet to move beyond. Conflict between northern and southern Sudan has prevented liberal democracy from taking root in the country and facilitated successive military interventions. In addition, northern-dominated military regimes have failed to defeat southern rebels, thus revealing the futility of solving the conflict militarily. The CPA was settled between the two major armed groups in the state and it includes settlement terms for rebuilding democracy in both the national government in the north and the regional government in the south. It is an ambitious process with complex objectives, some of which are making greater progress than others. Maintaining peace between north and south, as well as finding a solution to the newer conflict in Darfur in the west, will be vital to the success of current attempts to democratize Sudan.

1 | Stateness

The state's monopoly on the use of force is now confined to the central areas of northern Sudan. It had largely lost control of the south to the SPLA, which was a deciding factor in forcing it to negotiate the CPA. The agreement involves the withdrawal of most of the GNU's army from the south, while the GOSS converts the SPLA into the new standing army of the south. The state is also unable to control the anti-SPLA southern militias, which it armed. In Darfur, the state lost much control following the revolt of 2003. It was largely the weak state army that drove the state to turn to the informal militia known as the Janjaweed. Although it supports them, its control of the various militia groups is open to doubt. In the east, the armed Eastern Front challenged the state, and eventually the state negotiated an agreement. In addition to military weakness, policing has been poor or nonexistent in much of the country.

Monopoly on the use of force

The legitimacy of the state has been widely contested in the south. Indeed, there are few doubts that if the referendum on secession is held in the very near future it will lead to separation. In Darfur and eastern Sudan, the state's ultimate legitimacy is less contested, but many in these regions feel that they have been marginalized and as a result regarded as second-class citizens in their own

State identity

country. The DPA and EPA contain sections designed to reverse these sentiments.

In northern Sudan, Islamic law, known as Shari'ah, is the basis of the legal system. Its original implementation in 1983 was a major cause of the second outbreak of civil war in the south, which led to expectations that the CPA would prohibit the implementation of Islamic law in areas under GOSS control. Nevertheless the existence of these two systems in one country is a factor pushing the population toward a vote for secession, scheduled for 2011.

No interference
of religious
dogmas

Basic administration is effective in the central areas of northern Sudan, especially the triangle of Dongola in the north, Sennar in the south and El Obeid in the west. In the country's southern regions, it operates only minimally outside the main towns, and in Darfur and eastern Sudan, it is very weak. Administrative staff is generally inadequately trained and poorly paid, which contributes to low morale and corruption. NCP supporters have dominated the higher echelons of administration. The GOSS is endeavoring to create a new administration in the south but lacks adequate personnel. It also aims to turn the SPLA into an effective army for the south.

Basic
administration

2 | Political Participation

The present rulers were not elected in free and fair elections. The present national government – the Government of National Unity (GNU) – is made up overwhelmingly of the two parties that negotiated the CPA in 2005. The NCP has the larger share of the GNU, followed by the SPLM, with additional members drawn from other parties. None of the acting leaders representing these parties were elected in free and competitive elections. The GOSS ruling in the south has an SPLM majority with an NCP minority; again, none of their members were elected in free and competitive elections.

Free and fair
elections

The GNU is supposed to be a power-sharing government, but in practice relations between the NCP and the SPLM have proven difficult. Both parties center around their respective security apparatuses and have little experience with the protocol required for successful power-sharing. The conflict in Darfur has provided an outstanding example of the divisions between the two parties. The NCP has endeavoured to monopolize policy-making, while the SPLM has made critical comments on certain positions taken by the NCP, though without appearing to influence the “partners” from the south in the GNU. Within the GOSS there has been little sign of any significant opposition to the SPLM's control. The GOSS has also attempted to reconcile with other southern militias through the Juba Agreement of January 2006, targeting in particular the South Sudan Defense Force (SSDF)

Effective power
to govern

Free association by independent political and civic groups has improved in recent years. The former political parties – such as the Umma Party, Democratic Unionist Party, Popular Congress Party and the Communist Party – are free to organize before the elections in 2009. Civic groups have also emerged more freely than in the past, though the NCP has been sponsoring its own groups in an attempt to influence this sector. However, there is a continued lack of trust in the NCP and fears that security forces could intervene at any time, even to stop progress towards elections, remain. In southern Sudan there is little organization other than that of the churches and foreign-supported NGOs.

Association /
assembly rights

Citizen organizations and the mass media now have greater opportunity to express opinions freely. A number of new newspapers have emerged in recent years, sometimes publishing comments very critical of the government. However, media personnel always fear interference by security, and the government has seized editions of papers on occasion. The national radio and television services remain dominated by the NCP, although access to satellite and Internet sources has spread. Despite increased freedom of expression, the security services are vigilant in preventing public demonstrations. This of course excludes the pro-party demonstrations that the NCP does organize on occasion, most notably to counter negative international attention attracted by Darfur.

Freedom of
expression

3 | Rule of Law

Separation of powers has not operated effectively for many years, but there are signs of change. In accordance with the CPA, a new National Assembly was appointed reflecting the power-sharing formula, but some of the new appointees have endeavored to make the legislature the center of government, and thus to endow it with the power to call the GNU executive to account for its actions. These members come from the SPLM and the NCP alike. Clearly, parliamentarians act as a more effective check on the executive with upcoming elections scheduled for 2009 in mind.

Separation of
powers

The coup that brought the Islamists to power in 1989 opened up a situation in which the judiciary's independence was significantly undermined. The implementation of a new Islamic constitution led to the extension of NCP influence over the judiciary, which is now widely seen as poorly trained and corrupt. However, the CPA stipulates measures including international training for the judiciary, which, it is hoped, will increase its independence. An independent judiciary has yet to develop in the south, though some training is being undertaken.

Independent
judiciary

Officeholders who abuse their positions have not hitherto suffered significant legal or political penalties. The following developments, however, indicate

Prosecution of
office abuse

potential for change. The U.N.'s sending of a list of suspects of humanitarian crimes in connection with Darfur to the International Criminal Court in 2005 has allegedly led to the investigation of a number of senior officeholders. It is expected that further developments will take place in 2007. Officeholders have also been accused of enriching themselves corruptly, and the international community has voiced the need for investigations.

Hitherto civil rights have not been guaranteed and protected and citizens have had little opportunity for redress. Criticisms of this situation have intensified within international human rights groups and Sudanese groups, repeatedly drawing attention to violations of these rights. Since the rebellion in Darfur in 2003 awareness of abuses has grown and contributed to the calls for international intervention in the troubled region and the International Criminal Court is currently investigating the alleged perpetrators of abuses in Darfur.

Civil rights

4 | Stability of Democratic Institutions

Following the signing of the CPA, new democratic constitutions were prepared for both the national government and the government of southern Sudan. Their functionality is only now being put to the test. At the level of national government, this functionality involves implementing reforms in the civil service and elsewhere and moving the country toward democratic elections by 2009. In southern Sudan, it involves creating a completely new government out of the wreckage of over 20 years of war.

Performance of democratic institutions

Relevant actors need to build confidence before moving forward with the democratic reform stipulated in the CPA. There are still suspicions that the NCP will seek to subvert the CPA if the opportunity arises. Likewise some fear that the SPLM will use any methods to consolidate its control over southern Sudan. In particular, other major political forces that have contested power in Sudan in the past are expressing their fears, for they intend to compete in the forthcoming national elections only insofar as their freedom and fairness is guaranteed.

Commitment to democratic institutions

5 | Political and Social Integration

The party system has always been stronger in northern Sudan than in the southern region. In spite of the years of rule by the NCP, older parties dating from the 1940s still survive and are now looking to re-group in preparation for the forthcoming elections. As they have represented sectarian, regional and social interests in the past, the extent to which they can be rebuilt in the face of the social change that has taken place since the coup of 1989 remains to be seen. Following the split in the NCP in 1999, a new Islamist party, the Popular

Party system

Congress Party (PCP), has emerged and is regarded as a growing opposition force, especially in the expanded urban centers.

While Sudan has a long tradition of cooperative associations and interest groups, the NCP has deliberately weakened them during its years in power. However they have never entirely disappeared and the tradition remains intact. Current efforts, with international support, aim to rebuild old associations and groups as well as to establish new ones, especially groups to represent and assist the poorest sections of society.

Interest groups

Historically, the citizens have consented to democratic norms, although they have often been disillusioned with the performance of elected leaders. However, periods of military and other undemocratic rule have equally disillusioned the population. At present that population is predominantly young and many have no clear memory of past democratic eras, the most recent of which ended in 1989. While the vast majority of people were relieved when the CPA was signed, it remains to be seen how far the large younger element of the population will identify with moves to re-establish a functioning democracy.

Consent to democratic norms

The low level of state support for social services and the need in many parts of the country to develop local and individual survival strategies in the face of conflict, have spurred an increase in the capacity for self-organization. With millions internally displaced and refugees returning, self-organization of all kinds will be in demand as people seek to re-establish their lives in more peaceful conditions, or at least outside of Darfur.

Associational activities

II. Market Economy

While Sudan's economy has been partially liberalized, the crucial economic questions center on its future as an oil producer. At face value, the economy is expanding rapidly with 13% growth in 2006, but the future is uncertain. One scenario projects a fragile boom fueled by oil receipts, which is already happening to some extent with investment underway to make the country a regional service center. If this strategy fails, however, it will leave Sudan even more deeply in debt (with its debt currently around \$27 billion). A second scenario projects Sudan as something of a rentier state, which would likely neglect non-oil sectors, especially agriculture, meaning that poverty, especially in rural areas, will continue. A more optimistic scenario would see oil revenues being invested to diversify the economy, especially in the agricultural sector, leading to national economic advancement. Political relations will of course determine the development of any of these scenarios, not only between north and south but east and west as well. Sudan's market is not fully free, with important

sectors dominated by companies associated with the NCP and the security services. They benefit from tax exemption and use their resources for political purposes.

6 | Level of Socioeconomic Development

Significant parts of the population have long been excluded from socioeconomic development. Historically, economic development centered on the northern Nile Valley, especially the irrigated cotton-growing area of the Gezira between the White and Blue Niles, and to a lesser extent the rain-watered areas that have produced food crops for export such as gum arabic, sesame and peanuts by traditional methods as well as mechanized agriculture. Northern Sudanese from the riverine area have dominated these developments to the exclusion of those from the rest of Sudan, who have remained comparatively impoverished, affected by conflict and felt the effects of environmental decay. Efforts made in the 1970s to disperse economic projects to the neglected areas generally ended in failure. The development of Sudan's oil sector in central and especially southern Sudan in the past decade has prompted a new wave of exclusion most clearly embodied in the systematic de-population of oil-producing areas in an effort to improve security. As well as excluding peoples of the south, east and west from the growing oil-driven growth of recent years, millions have resorted to low-paid labor in the more prosperous central areas. The towns and cities of the central area, especially the capital Khartoum and the adjacent centers of Omdurman and Khartoum North, have become magnets for economic migration that attract millions to a life of poverty on the margins of the urban settlements. Urban centers have also grown as a result of increased emigration abroad, especially to the Gulf, and the remittances that flow back from Sudanese workers. These remittances have played a large role in the urban boom, as they have been used to acquire real estate and to meet the demand for consumer durables. This phenomenon has made Khartoum in particular a very expensive city.

Socioeconomic
barriers

Economic indicators		2002	2003	2004	2005
GDP	\$ mn.	15,115	17,582	21,479	27,542
Growth of GDP	%	6.4	5.6	5.2	8.0
Inflation (CPI)	%	8.3	7.7	8.4	8.5
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	4.7	7.7	7.0	8.4

		2002	2003	2004	2005
Export growth	%	3.1	19.3	14	13
Import growth	%	7.5	5.3	-	-
Current account balance	\$ mn.	-973.6	-938.6	-818.2	-2768.0
Public debt	\$ mn.	10,938.9	11,391.4	11,741.0	11,163.0
External debt	\$ mn.	17,314.0	18,405.8	19,353.5	18,455.2
External debt service	% of GNI	1	1.7	1.6	1.5
Cash surplus or deficit	% of GDP	-	-	-	-
Tax Revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	4.5	10.9	11.9	17.0
Public expnd. on edu.	% of GDP	-	-	-	-
Public expnd. on health	% of GDP	1.1	1.3	1.5	-
R&D expenditure	% of GDP	0.4	0.3	-	-
Military expenditure	% of GDP	3.4	2.4	-	2.6

Sources: The World Bank, World Development Indicators 2007 | UNESCO Institute for Statistics | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security

7 | Organization of the Market and Competition

The GNU continues to implement IMF-compliant measures to liberalize the economy. Government spending is strictly controlled, although spending on the military continues to be the exception (the new GOSS is spending 40% of its budget to turn the SPLA into an official standing army). Privatization has had the effect of benefiting NCP supporters in particular, especially in such sectors as construction and telecoms. Foreign direct investment is surging ahead with Asian actors led by China now being joined by new Arab investment, particularly in construction and transportation. However, continuing U.S. sanctions on Sudan, and the country's poor image, especially with the continuation of conflict in Darfur, often deters Western companies. GOSS is increasingly endeavoring to control as much of the putative development of the southern economy as possible, though this has led to friction with the NCP leaders in the GNU notably over the allocation of oil revenues between the two governments. The CPA included the establishment of a National Oil Commission, which has, however, not succeeded in alleviating distrust as of yet. The GOSS is also starting its own banking sector in the south.

Market-based
competition

In practice, the development of economic monopolies and cartels faces few obstacles. As indicated the NCP has dominated both state and private sectors over recent years, and though new actors are entering the economy, they still have to be acceptable to those in power to have real opportunities. Significant military and security spending is off-budget and appears to have created some monopolies for senior figures in the NCP and the security services. In the south the concern is that senior figures in the SPLM will try to dominate economic opportunities. There are repeated allegations of corruption amongst leading political figures in both the northern and southern regions.

Anti-monopoly
policy

Foreign trade has been extensively deregulated, which has led to increased Asian and Middle Eastern activity in particular. There are no restrictions or controls on payments, transactions, transfers or repatriation of profits.

Liberalization of
foreign trade

For some years Sudan's banking system worked to the benefit of Islamic banks, and since the mid-1990s all 26 commercial banks have had to work according to Islamic banking principles. These commercial banks working under Islamic principles have however come under increasing scrutiny since 9/11 when there were fears that Islamic terrorists were using them. Sudan's powerful security network has been cooperating closely with the United States in this measure. The system still cannot perform some elementary functions, such as providing home loans and processing credit card transactions. As indicated the GOSS intends to develop a non-Islamic banking sector for the south, possibly linked to East Africa. To date this project remains in its embryonic phases, and the lack of qualified personnel and infrastructure make it a challenging aim.

Banking system

8 | Currency and Price Stability

The GNU has continued a conservative financial and monetary policy that has maintained overall stability. Inflation has remained at 8% and the currency has risen somewhat against the dollar, now at 250 dinars. The independent Bank of Sudan introduced a new currency, the Sudanese pound, in January 2007.

Anti-inflation /
forex policy

The government has aimed at macroeconomic stability in recent years, but faces new challenges. The development of oil resources and the achievement of the CPA have led many to expect a dividend, especially in the form of increased investment in public services, but the government has yet to deliver one. Faced with elections by 2009 the NCP may feel the need to increase public expenditure. At the same time, the GOSS has yet to demonstrate its capability to maintain economic stability while promoting growth in the south. Bearing in mind that the bulk of Sudan's oil reserves lie in the south, success or failure in this area may well determine the country's potential for economic growth. International assistance is expected to tackle the high level of foreign debt. Thus far the government has simply avoided paying any more than a small part of the interest due and will probably continue in this manner if the international assistance fails.

Macrostability

9 | Private Property

The importance of private property rights has been recognized and maintained in the urban areas, although squatters regularly have land confiscated. However in the rural areas the situation is more complex. All land is owned by the state, which has begun to sell or lease it to private individuals for mechanized agricultural and to oil companies for exploration. This practice obviously undermines the system of traditional communal land holdings based on tribal authority. These problems have arisen in the Nuba mountains area and in the Blue Nile Valley, where mechanized agriculture has spread in recent years, as well as in areas of the south where oil development has displaced some local communities, giving rise to local conflict. Property rights are also a growing concern in the post-conflict situation in the south where many people were internally displaced and some are now returning to find that others holding their traditional lands. A similar situation is likely to arise in the event of peace in Darfur, for many government-backed militias participated under the expectation that they would gain access to land held by the many people displaced by conflict.

Property rights

A number of private companies exist in Sudan, especially in the field of small and medium-sized enterprises. Yet, state-run companies dominate, particularly in those sectors that are of strategic concern, such as the oil industry.

Private enterprise

10 | Welfare Regime

There is little or no welfare regime for a large majority of the population. The state offers only the most rudimentary of medical services in the urban areas, and even those may be charged. Local and national NGOs also provide some services. In rural areas, the latter may provide the only support, and even that is highly erratic. In Darfur, for example, there is insufficient security for services outside the refugee camps, and even in the camps service delivery is inadequate.

Social safety nets

Equality of opportunity is deficient. Although the state has provided education and increased services in quantity, many young people in rural areas have not benefited and the quality of what is available has fallen in recent years. As a result, private education, available only to those who are comparatively wealthy, has seen substantial growth. It is also widely believed amongst all Sudanese that opportunity is linked to area of origin: those from central areas of the country have much greater opportunities than peoples from the south, west and east, a perception that has contributed to past conflicts in these areas.

Equal opportunity

11 | Economic Performance

On the surface, the economy appears to have turned around after years of decline and is now growing rapidly, centered on growth in the oil sector and remittances from the Gulf. However these quantitative indicators must be interpreted with caution since data is often lacking or difficult to clarify. The latter is particularly relevant to the somewhat opaque oil sector, a point illustrated by the failure to establish the Oil Commission in Sudan and by disputes between the NCP and the SPLM over oil revenues and concessions. Oil revenues and high expectations have precipitated a boom in economic activity, especially in the infrastructure and service sectors. However, agriculture, which has long been the backbone of the economy, has not expanded or benefited from this influx of funds. There are plans for a large new sugar development in central Sudan, but it is the agricultural recovery of war-torn areas – especially in the south – that should be the government's priority.

Output strength

12 | Sustainability

In practice, environmental concerns have not played a large role in policy-making but not for lack of problems. The Darfur crisis has roots in such factors as the effects of a growing population, less reliable rainfall and environmental decay. This is an extreme example of a national problem; others include the environmentally damaging practices associated with mechanized agriculture in rain-irrigated areas. On the Nile, the large new dam north of the capital also gives rise to questions about its environmental impact. Rapid urbanization, accelerated both by economic growth and by conflict-induced internal displacement, also brings new environmental challenges, as well as challenges to social stability. Issues of sustainability arise on all fronts. The growth of oil is closely linked to political stability, namely agreement and cooperation between the rivals NCP and the SPLM. In 1983, oil was a factor in the outbreak of a civil war in the south that set the oil sector back nearly 20 years. Local security will determine the success of agricultural development in the south, especially as displaced people return. Environmental problems will grow across central Sudan; along the Nile, Sudan will need to consider its increased water usage within the regional context. It must be prepared to compensate for the increased pressure this will put on all the riparian states. The World Bank's Nile Basin Initiative is addressing some of the potential conflicts between the riparian states.

Environmental policy

Education and training is very mixed. While services have technically expanded, many children in rural areas, especially girls, lack access to even basic schooling. Secondary and higher education has expanded but the facilities are limited and the quality is low. Moreover, a combination of political repression and

Education policy / R&D

availability of opportunities abroad has led many professionals, including teachers and researchers, to leave; their replacements have generally been of a lower caliber. One result of this phenomenon has been a growth in private education serving the elite. The war-torn south in particular has struggled to find trained personnel in the building of a functioning regional state and economy.

Transformation Management

I. Level of Difficulty

Sudan faces major structural difficulties. At the level of the state, stability requires peace in Darfur and the establishment of a viable GOSS. These are essentially political issues, requiring agreement and trust, but only upon their resolution can a functioning federal administrative system be established across the whole country. On the plus side, oil means that the resources to do this are available for the first time, if the political leadership can put them to effective use.

Structural
constraints

There is a long tradition of civil society associated with the professions and trade unions (including students' unions) in an overall culture of tolerance. However the Islamist regime that seized power in 1989 associated civil society with secularism and potential political opposition, thus subjecting it to harsh repression. The Islamist regime also sought to introduce a number of its own organizations to replace civil society. However, the introduction of the CPA has raised hopes that the tradition of a free civil society can be rebuilt and there are signs that the first steps are under way, though the security agencies still intervene on occasions. In the south, there is little associational activity beyond those activities of the churches and foreign-supported NGOs.

Civil society
traditions

Ethnic, religious and social conflicts have dogged the country since independence in 1956. At the macro-level the north-south conflict in particular, often depicted as the Arab Muslim north against the African Christian south, has become emblematic. The signing of the CPA has not ruled out the possibility of renewed conflict and the eventual division of the country. Micro-level conflict, such as the crisis in Darfur, also reveals bitter ethnic tensions. Religious conflict has also affected the north, especially at the elite level where Islamic movements have had long rivalries, especially with the rise of the Islamist NCP and the PCP following the 1999 split. The elections scheduled by 2009 could incite new tensions, as the major northern parties are rife with sectarianism.

Conflict intensity

II. Management Performance

14 | Steering Capability

Both the NCP and the SPLM showed capabilities in steering Sudan to the CPA. The agreement included lengthy and detailed plans for the future, but their implementation depended on the leadership's determination and ability. Doing this required the majority groups as well as others to work together, but the trust they developed never took root and problems of implementation have served to destabilize it further. The unexpected death of SPLM leader John Garang and his replacement by his deputy, Salva Kiir, only complicated the situation, as it involved a change in the personal relations that had produced the CPA. Tensions, fears and distrust have stymied cooperation within the GNU and between the NCP and the GOSS. Other political parties fear as to whether the NCP is really committed to steering the country towards elections and power-sharing, or is rather planning to monopolize power by some means or another. This tendency can already be observed in the Darfur crisis, with the NCP leadership trying to exclude the SPLM from decision-making. The NCP's refusal to accept the findings of the Abyei boundary commission also has bearing on north-south relations. Within the south, the SPLM is still in the early stages of establishing a government, let alone steering it. There are serious concerns about its capabilities to do so, especially in light of the political inexperience of the former soldiers now in power and the lack of personnel at their disposal.

Prioritization

The record of implementing the CPA, the core of current reform, has been very mixed. A new national government (GNU) has been established, as has the new regional government in the south (GOSS). A civil service commission is being established for both state and local levels, albeit slowly. Preparations are also under way for the first democratic elections since 1986. A judicial commission has been established and first steps taken to prepare for an independent judiciary. New constitutions have also been prepared for both the national and southern governments. On the economic front, the commission for fiscal and financial monitoring has proved slow to establish, and setting up the national petroleum commission is also more difficult than foreseen. An assessment and evaluation commission for the CPA has also been established to monitor reform on all fronts.

Implementation

The NCP and SPLM leaderships have shown themselves to be flexible and capable of innovation. Making peace after decades of conflict called for flexibility on both sides, and both have showed some capacity for innovation since signing the accord. The question remains, however, of the extent to which they can apply these capacities in implementing the CPA – which seeks to create a more peaceful, liberal and democratic government – or whether they are concerned primarily to protect their own interests in the north and south respectively. Both have also shown an ability to learn from past mistakes, especially in responding to pressures brought by the international community which itself played an important role in the CPA and is now very concerned over the situation in Darfur. In Darfur, the rebel movements have shown little ability to steer, and have instead split into several competing armed groups.

Policy learning

15 | Resource Efficiency

For both the GNU and GOSS a major part of the budget (up to 40%), which oil revenues have pushed up in recent years, goes to military expenditure. For the GNU this is justified by the rebellion in Darfur, while in the south it is believed that the guerrilla army of the SPLA must be converted into a modern army to defend the region if the CPA breaks down. In terms of human resources, there is a lack of well-trained personnel in the administration that limits the capacity to absorb resources and deliver services effectively.

Efficient use of assets

The main conflict in objectives lies in the capability of the NCP and SPLM to work together in the GNU while also suspecting each other's motives. The NCP's apparent circumventing of SPLM ministers in a number of areas, including foreign affairs, illustrates the effects of this tendency. There are also queries as to the capability of both the GNU and the GOSS to devolve power to the federal states as required by the CPA. Since both the NCP and the SPLM have been noted for extreme and secretive centralization, it is hardly surprising that no sign of this delegation has yet appeared.

Policy coordination

Sudan has a poor record of containing corruption. There has long been a culture of corruption at all levels, and although there are supposed to be anti-corruption measures in place they show little sign of effectiveness. Since the CPA, both the NCP and SPLM have made allegations of corruption involving the other party.

Anti-corruption policy

16 | Consensus-Building

In principle the major political and social actors agree on a market economy and democracy as long-term aims. However, time will tell whether they are truly working toward an open market economy or merely one facilitating Sudan's

Consensus on goals

long tradition of major actors manipulating the market through economic patronage for political ends. The CPA signatories' central aim in establishing a functioning market economy is to broadcast the country's unity to potential investors. In addition, the GOSS is endeavoring to create a regional market economy in the south, perhaps increasingly linked to East Africa rather than northern Sudan. With regard to democracy there remains, as indicated, the proclaimed readiness of the NCP and the SPLM to work for elections that are likely to result in a reduction of the power they currently enjoy.

The NCP has at its core a security cabal which continues to operate behind the scenes of the GNU. Likewise, security is at the heart of the SPLM, which dominates the GOSS. There are real fears that these security forces could operate in such a way as to obstruct the return to democracy. One example often cited is the claim that the NCP's use of force in Darfur has been partly to undermine the political support there for the opposition Umma Party before the elections.

Anti-democratic veto actors

The political leadership has less room to manage political cleavages than in the past. The CPA was widely interpreted as the NCP making major concessions to the SPLA. Thus, when the rebellion broke out in Darfur in 2003, the NCP was reluctant to make comparable concessions. Eventually, however, the DPA provided an alternative in 2006, but included fewer concessions and was rejected by two of the three main Darfur factions. In 2006 the GNU did make an agreement with new rebels of the Eastern Front, but again it involved fewer concessions than the CPA.

Cleavage / conflict management

The extent to which the political leadership enables civil society participation in the political process remains ambiguous. While there is more room for civil society than before the CPA its scope is still questionable. The GNU appears reluctant to give it real influence in the political process, and shows a readiness to be obstructive if not interventionist if it feels threatened (namely by unions of any kind).

Civil society participation

The CPA deliberately avoided any mention of reconciliation between the victims and perpetrators of past injustices. This omission brought criticism from both Sudanese and international human rights organizations. When the International Criminal Court (ICC) began investigations into the perpetrators of human rights abuses in Darfur in 2005, the GNU, a number of whose senior NCP members were believed to be amongst those under investigation, refused to cooperate. Instead it said that it would try suspects itself, but indicted only a small number of low-level officials.

Reconciliation

17 | International Cooperation

The CPA was signed under considerable international pressure, especially from its African neighbors in the Inter-Governmental Agency for Development (IGAD) and the “troika” of the United States, the United Kingdom and Norway (supported by the European Union). The international participants remain committed to the implementation of the CPA reforms, and are also playing a role in monitoring. However, relations between the United States and Sudan remain ambiguous. While they cooperate in the “war on terror,” U.S. sanctions and the American public’s concern on human rights issues in Darfur have led to uncertainty as to when, if ever, full diplomatic relations will be restored.

Effective use of support

The GNU is a more credible and reliable partner in some areas than in others. In particular it has ignored some of the international calls with regard to Darfur, supported in this by China and Russia, which lessened the leverage of the United States and the European Union.

Credibility

The GNU is willing to cooperate with IGAD, the African Union (AU) which is involved in Darfur and with its Arab League neighbors. However, as a result of the Darfur crisis relations with Chad and the Central African Republic have been strained to the extent of a de facto conflict with the former. Relations with Eritrea have been strained, and remain unpredictable with Libya and Uganda. However relations with Egypt and Ethiopia remain solid.

Regional cooperation

Strategic Outlook

The Comprehensive Peace Agreement (CPA) is itself a process containing a range of reforms in governance, development and financial management, and its continued implementation by the Government of National Unity (GNU) and the Government of Southern Sudan (GOSS) is the major policy recommendation. Key areas include:

Maintaining the coalition in the GNU itself, which has been under strain. The two main parties in the GNU, the NCP and the SPLM, have had increasingly acrimonious relations, accusing each other of failure to implement aspects of the CPA. The existing parties must support coalition-building, and they must broaden the coalition to include representatives of other national parties, including those from Darfur and the eastern regions.

Establishing national security, including peace in Darfur. At present, security remains inadequate in Darfur and fragile in the south. The United Nations is already involved in the south and may yet take part in a hybrid force with the African Union in Darfur. Addressing the issue of informal armed militias in both areas is crucial. The military and policing capacities in both the north and the south must also be addressed.

Establishing a federal system of administration. This involves encouraging both the GNU and the GOSS to delegate the designated powers to the federal states, as well as to develop their democratic institutions and administrative capabilities. It also involves reviving local government, including tribal administration where relevant, within the larger federal entity.

Implementing financial reform and delivering a peace dividend to gain the support of the population at large. While those in war-torn areas of the south and the Nuba Mountains have appreciated the peace brought by the CPA, the peoples of the country as a whole have not experienced a peace dividend in spite of rising oil income. Such a dividend, especially in the form of improved local services, is vital to maintain popular commitment to the CPA.

Internationally there is a need to re-establish the unity of the international community vis-à-vis Sudan, which was so vital to the achievement of the CPA. At the regional level this includes engagement with Chad, the Central African Republic and Eritrea, which are important for peace in Darfur; on the level of international organizations, it means rebuilding consensus amongst the permanent members of the U.N. Security Council, in particular with regard to Darfur and the sanctions on the GNU.