

Sudan

Status Index (Democracy: 2.30 / Market economy: 4.04) 3.17		Management Index 3.43	
HDI	0.512	Population	34.9 mn
GDP per capita (\$, PPP)	1,910	Population growth¹	2.6 %
Unemployment rate	18.7 %*	Women in Parliament	9.7 %
UN Education Index	0.52	Poverty²	-
		Gini Index	-
Source: UNDP: Human Development Report 2005. Figures for 2003 unless otherwise indicated. ¹ Annual growth between 1975 and 2003. ² Population living below \$1 a day (1990- 2003). * ISS 2002			

A. Executive summary

Sudan has long suffered from an unstable political system, civil war in the South and a failure to fulfill its substantial economic potential. This applies especially to agriculture and oil, though steps toward a market economy have been taken. In 1989, this instability led to a coup that produced an Islamist regime that has remained in power despite an ever-narrower base of support and civil war in Darfur.

Under substantial international pressure led by the United States there has been a lengthy peace process with the South that was completed at the end of 2004 and could herald a transformation toward democracy and open the way for a more market-oriented economy. The peace process has created an autonomous government in the South, with a referendum on self-determination to be held in six years time, and greater regionalization across the country. It also provides for power sharing, the writing of a new constitution and elections - all changes that could create a more open, pluralistic, political environment. Peace will also create a more conducive business environment: indeed, there are already signs of enhanced foreign direct investment. It will also lead to the availability of enhanced assistance from the United States, Europe, the Arab world, the World Bank and the IMF, conditional upon the enactment of the peace agreement. It is the most positive and challenging situation Sudan has been in for many years with regard to transformation.

There are though potential dangers at all levels. Politically, there are concerns that the ruling National Congress Party (NCP) and the Sudan People's Liberation Army (SPLA) in the South, will be reluctant to make a reality of power sharing with the various northern and southern political parties and groups. There are fears that, if the system is not really made inclusive, the writing of a new national constitution and eventual elections will fail; and similar fears exist for the future Government of the Southern Sudan. Economically, the fears are that Sudan's

growing oil wealth and agricultural potential will be developed in ways that benefit ruling elite groups rather than the population as a whole.

B. History and characteristics of transformation

At the end of January 2005 Sudan is about to embark on yet another transformation. The coup of 1989 that brought an Islamist regime to power, replacing the elected government of Sadiq al-Mahdi, began the last transformation attempt, which had largely collapsed by 2001. The pursuit of the Islamist agenda had envisaged a number of changes that were ultimately unattainable. The attempt to establish an Islamic constitution and run a Libyan-style “democracy” through controlled committees also failed to achieve legitimacy. From 1989 onwards, a series of constitutional reforms were instituted, including elections at various levels. Because they were all perceived as emanating from the regime and designed to maintain its power, however, they failed to address the country’s continuing political, social and economic problems.

Politically, the government’s major failing was its inability to end the war in Southern Sudan, in spite of hopes of victory upon seizing power, and subsequent unsuccessful attempts at peacemaking of various kinds. Instead, the long-running war continued until it was finally accepted by the government that victory was unlikely, and that continued conflict would threaten the survival of the regime itself. Nor had it been possible to stabilize northern Sudanese politics. The ruling NCP itself had split, and the eminence grise of the Islamist movement, Hasan al-Turabi, was forced out of power in 1999 by President Omer al-Beshir. Following this, Turabi established his own Popular National Congress (PNC) under the arrangements for the formation of political associations, but he was later arrested.

Meanwhile, the old established political parties- Umma and Unionist (the latter a part of the umbrella opposition the National Democratic Alliance or NDA) - chose to remain outside the system, in spite of government attempts to entice them to participate in the expanded political system. Matters became more critical in 2003 when a new revolt broke out in Darfur, which - in spite of bloody repression - government-backed militias were unable to contain. The crisis arose in part from the escalation of long standing tensions between pastoralists and farmers in a region where rising population and environmental deterioration has put increased pressure on land. It was also influenced by the progress in peace talks between the government and the Sudan Peoples Liberation Army (SPLA) that excluded other political interests, including those from Darfur. Another factor was the involvement of fighters linked to Turabi and the PNC who sought to use the situation in Darfur to destabilize the government.

The establishment of an oil export sector at the end of the 1990s improved Sudan’s economic prospects, but it is still subject to U.S. sanctions (though these are now likely to be eased) and has had restricted access to international capital.

Socially, the provision of services to citizens remains poor at best; while Sudan also has the highest number of internally displaced people (IDPs) in the world, many living close to destitution.

The combination of domestic and international pressures (especially from the United States) has forced the peace process between the government and the Southern Sudan People's Liberation Army (SPLA), but it remains to be seen if that agreement will also provide a framework for peace in Darfur.

C. Assessment

1. Democracy

1.1. Stateness

Sudan's problems of stateness have worsened to the point where separation for the South is now officially an option. The state's control of its territory extends to most of the northern Sudan, though no longer to Darfur in the west, and it has been threatened in parts of the east. In the South the challenge to the state's authority has been religious and ethnic, but as opposition has spread to the north it has taken the form of criticism that the ruling elite is representative only of the riverine North along the Nile, to the exclusion and marginalization of west and east. A popular 'black book' outlining this claim was widely circulated in 2000. As a result, state security and administration have both weakened in reverse proximity to the riverine area.

In the South, the state's authority exists only in government-held towns. There has also been criticism of the government's attempt to base the state around its own conception of Islamic identity. In part, this criticism has come from the split in the ruling National Congress Party (NCP) which has left Hasan al-Turabi – who functioned as the Islamist movement's major ideologue for the past 40 years – in the opposition. Other Islamic forces in the north that are closely connected to the parties banned after 1989 have also voiced critique, as have southerners who have consistently rejected the basing of a unitary state in Sudan on Islam, and sought secularism as an alternative.

The peace agreement between the government and the SPLA on January 9, 2005 includes a referendum in the South in six-and-a-half years time to decide whether the region wishes to secede or not.

1.2. Political participation

Political participation has been controlled since 1989, but in recent years, there have been efforts to broaden it without threatening the political leadership's ultimate control of power. Officially the Libyan model of committees opened up new channels of participation, and so too did the elections that took place in the 1990s, but the legitimacy of these processes was always questioned by the opposition, especially with regard to government claims about the numbers voting or participating in the committee system.

In fact, participation seems to have become narrower rather than broader in recent years. The splits in the NCP, combined with the limited impact of the policy of permitting registered political associations, mean that power is held by the president and vice president as well as the small clique, mostly of security chiefs, that surrounds them. One of the protocols in the peace agreement is concerned specifically with power sharing. This is to take the form of a more broad-based government, which was expected to be formed by the middle of 2005. This, in turn, was to be by democratic elections after a transitional period of approximately three years.

Alongside this power sharing it is intended that there will be freedom of association, and a freeing of the media from the constraints under which it has worked since 1989. While the atmosphere for public expression has lightened and some of the exiles are already returning, however, full freedom of the press has not yet been re-established.

1.3. Rule of law

In theory, lawmaking is the responsibility of the elected parliament. In effect, however, Sudan is a one-party state run by the NCP, and although in recent years there has been more open debate there is no effective counter to the overwhelming power of the executive.

According to the constitution, the judiciary is independent. In reality, the courts have been packed with regime appointees and no significant challenge has been mounted to the power of the executive. The constitution specifies Islamic law as the basis of the legal system, and in the early years of the regime, repressive Islamic punishments were frequently applied in order to frighten the population, though this practice has been eased in recent years. However, there is not yet a belief that the law is applied equally, or that political connections do not provide protection for those the regime favors.

In areas outside government control, there is scarcely any pretence of rule of law. Most of the South has no rule of law, although there have been efforts to establish local courts in some of the areas under the control of the SPLA. Lawlessness has

been growing for years in Darfur, even before the revolt that started in 2003. Since the fighting started, there have been calls on the government to rein in the militias that it armed and to arrest and try the perpetrators of the numerous human rights abuses that have been taking place. However, only a small number of low-level figures have been detained and the government shows little sign of endeavoring to restore the rule of law to the region.

1.4. Stability of democratic institutions

While the institutions created by the regime since 1998 have remained broadly stable, considerable questions are raised by the peace agreement signed in January 2005. The protocols include power sharing, where the government will have a built-in majority during an interim period of the first 6 months. Others will be involved at all levels for the first time for many years. The first area to watch will be the cabinet itself in which the SPLA leader John Garang is to become vice president, sharing the post with Ali Osman Taha, the current vice president. Apart from this, it is not clear who else will be in the cabinet. The parliament is also to be composed initially on a similar basis with elections at the end of the third year. An inclusive rather than exclusive central government may encounter new problems that could give rise to instability in the future.

There is also to be an autonomous administration in the South under Garang's presidency. Aside from SPLA, is not yet clear what parties will represent the people of the South. Clearly, this new institution may take time to function in a stable manner.

Administration across the country is to be decentralized. While this is officially the position now, however, in practice the central government has had a significant measure of control of senior positions that is likely to be challenged by regional groups in the future. Renewed conflict in Darfur will continue to have an impact on stability at all levels even if agreement is reached between the government and rebels.

1.5. Political and social integration

The agreement to share power has an immediate impact on integration. The ruling NCP will have a 52% majority of in the initial power-sharing arrangements and is likely to seek to use that to extend its patronage and try to ensure maximum support in the period leading up to elections. However, it has already been weakened by its split with the PNC. While that has clearly weakened the NCP's support base, the PNC's own position is ambiguous because of government accusations that it is involved in the Darfur revolt and that it planned a coup in late 2004. The imprisonment of its leader, Turabi, adds to the uncertainty of its future political role.

Uncertainty also surrounds the current strength of the traditional political parties, Umma and Unionists. Both are expected to enter the political arena, but they are also dissatisfied with their positions in the power sharing arrangements and they will seek to enhance their entry positions. The protocol gives all the northern opposition parties only 14% of posts; and while the NDA (including the Unionists) has moved toward an agreement with the government in recent talks in Cairo, the Umma leader, Sadiq al-Mahdi is more hesitant. All parties claim to be rebuilding but it remains to be seen if they can become programmatic national organizations rather than the patronage machines that they have been in the past.

There is also concern about southern parties. There is a possibility that the SPLA will try to turn itself into a national movement, perhaps with northern allies (there will also be 6% of posts in government for non-SPLA southern groups). However, the SPLA may instead seek to entrench itself in the South: in that event it may come to be seen as a Dinka ethnic party with roots in Bahr al-Ghazal and find itself challenged by new political groups with different ethnic bases in the Equatoria and Upper Nile regions.

The expectation of a transition to democracy should open new opportunities for civil society groups throughout the country. However, the NCP has already been encouraging its own non-governmental organizations (NGOs) and it remains to be seen to what extent the former comparatively lively civil society can be restored. The signs of exiles returning may help this process for repression of civil society in the early 1990s was a factor in the departure of many.

2. Market economy

Sudan has made progress in developing its economy but much remains to be done. The political changes now being undertaken will be crucial to further growth.

2.1. Level of socioeconomic development

Sudan's economic condition remains poor. Prospects for economic development rest largely on whether the future brings peace or continued conflict. Civil war in the South displaced some 4 million people – both inside and outside the country – the largest number in the world. The signing of a peace treaty has already inspired many to return, but conditions will be difficult given the almost total destruction of what little infrastructure was left in the country's war-torn areas. Yet, preparation to receive the returnees, expected to number between 500,000 and 1.2 million in the near future, has scarcely begun.

This situation has been complicated by the outbreak of conflict in Darfur, which has displaced a further 1 million people. Until the situation in Darfur is resolved, aid needed for future development in the South and the west is unlikely to be

delivered on the scale required. Aside from peace, growth in the agricultural and oil sectors provides the country's best hope for tackling poverty.

2.2. Organization of the market and competition

Since 1997 in particular, the government has focused on IMF-compliant measures to liberalize the economy, imposing strict controls on government spending, with the exception of military spending, which, fuelled by rising oil revenues, has risen significantly. Foreign direct investment has been encouraged and has grown in the oil sector especially, led by Asian investors. Privatization has continued, but has been associated with patronage of NCP supporters. Political reconciliation is expected to lead to a widening of access to private sector opportunities. Corruption is reputed to be significant in both the public and private sector.

While the recent peace agreement between the government and the SPLA appears to have opened the way for further trade liberalization, there is already confusion over the division of power in this area between the national government and the new emerging government of the South. The former believes that existing agreements should be honored and claims rights with regard to 'national' natural resources; while the SPLA is already claiming exclusive rights to the South, rejecting existing agreements.

The banking system has increasingly come under the control of the government, to the benefit of Islamic banks. However, there is tighter regulation of these banks, especially since 9/11, when the United States raised fears that such banks might be linked to international terrorism. It is expected that the South will see the development of its own secular banking system, probably linked to banks currently operating in East Africa.

2.3. Stability of currency and prices

The government has pursued conservative fiscal and monetary policies, producing greater financial stability than in the past. Inflation has decreased to approximately 7%, and if peace is achieved, that figure should stay constant. As a result, the currency has been stable in recent years and appreciated against the U.S. dollar to around 250 Sudanese dinars per dollar. Foreign debt remains high. Estimated at approximately \$17 billion, it is roughly equal to GNP. However, in the event of peace in Darfur as well as the South it is expected that there will be international support for debt reduction. Rising oil revenues, which should accelerate with peace in the South, will help the growth of foreign currency reserves.

2.4. Private property

Increasingly, the government has recognized the significance of private property rights. This has reassured both domestic and foreign investors. In the area of rural land, however, significant problems remain. The government has effectively deprived rural areas of traditional communal land holdings based on tribal authority, and made all such land state land which can be sold to private individuals and companies. The measure was intended to promote mechanized agriculture. Indeed, in areas such as the Nuba Mountains, this practice has spread.

However, there are problems with the impact of private mechanized farms on the local environment and their practices are thought to contribute to long-term land degradation. In addition, local communities now find themselves deprived of their traditional land rights are often turned into cheap agricultural labor or go left to join the ranks of the displaced. The issue of access to land is one of the dimensions of the Darfur crisis, with the belief that the traditional rights of African farmers are being removed by forced clearance using government-armed militias.

There has been acceptance of the principle of privatization of public enterprise and some moves have gone ahead. The most obvious area of success has been in telecommunications, which have expanded significantly in recent years. However, in other companies, such as Sudan Airways, progress has proved very slow. This is because such companies are run down and unattractive to investors and it is due to accusations that the privatization that has taken place favors supporters of the present government.

2.5. Welfare regime

For the large majority of Sudanese, there is little or no welfare regime provided by the state, though some provision is made by the state and private companies to employees in the provision of medical care and pensions. While (extremely rudimentary) medical services are available in urban centers, they are typically not free. In many rural areas, health care is largely non-existent unless provided by NGOs, most of which are foreign or foreign-funded.

In education, there has been expansion of numbers at all levels, but the quality of education has declined over the years, both because of the government's promotion of the "Islamization" of education and its attempts to replace English in higher education with Arabic. In addition, education has been poorly funded and handicapped by the politically motivated dismissal of many qualified staff. At present, however, the teaching of the English language is expanding in an effort to better-equip students to enter a dynamic workforce, fueling the economic development which is hoped to raise employment levels. This is happening at a local level in a few areas, such as the oil-producing area of Muglad, but it remains

to be seen how far it can be extended. It is also expected that peace will produce new educational and work opportunities in the South.

There has been discrimination against women, particularly under the present government – although it would dispute this fact. In practice, the opportunities available tend to go to women associated with the Islamist movement. Women in menial occupations have often been picked on and a number have been imprisoned, generally in conditions of considerable suffering. However, it is noticeable that women are now the majority in higher education and their skills may well be needed if a consolidated peace enables the country's economy to grow.

2.6. Economic performance

There have been advances in the management of the economy overall. While peace makes it possible for Sudan to use its resources, complications still arise. Agriculture has been the backbone of Sudan's economy. While this is not expected to change, there are serious issues surrounding the practices associated with agricultural expansion especially in the rain-watered areas across the central belt of Sudan. There are plans for expanding irrigated agriculture along the Nile, but that requires cooperation with neighboring states on water usage. The area of greatest agricultural potential is in the South where it is expected that international investment and support will be vital. The oil sector has already begun to expand, producing some 450,000-500,000 barrels per day. Peace should allow further exploration and possible production. All sectors of the economy are handicapped by poor infrastructure, which will require substantial investment build.

2.7. Sustainability

The most immediate question of sustainability concerns environmental decay and desertification. This is a further factor in the Darfur crisis with population growth and desertification contributing to growing conflict over the past 20 years, and there are fears that the problem could spread especially in the east of the country. There are cosmetic efforts to address the problem, such as a few academic studies, but little of substance has been achieved. The South, though better watered, faces related problems especially as the war has seen poaching destroy many of the animals that might have contributed to a tourist trade, while forests have also been plundered. The oil sector could provide income to promote sustainability but only if it is used to more productive effect than has been the case in most African and Middle Eastern countries.

3. Management

3.1. Level of difficulty

The regime has survived over the period under consideration, though with difficulty. President Omer al-Beshir has remained in office. His role as the head of the military and security forces and has gone largely unchallenged since the early 1990s, partly through the practice of occasional purges of officers seen as unreliable. It is believed that there have been strains on him from officers who are unhappy with the peace process in the South, and that such hardliners influenced the decision to arm pro-government militias in Darfur. Vice President Ali Osman Taha is seen as the leading figure in the NCP, and well connected to the leading security figures at the heart of the regime. The major challenge has come from the worsening of the government's relations with the breakaway PNC.

These tensions may be eased somewhat in the event of an agreement on Darfur – indeed, the peace agreement with the SPLA is a step forward. Many had thought this outcome unlikely, and it is an achievement for both sides, showing that progress is possible. The next steps to power sharing will be a difficult – though not necessarily an insurmountable – test. In particular, the fact that SPLA leader John Garang is simultaneously acting as the nation's vice president and as President of the southern government and head of the southern army will present a major trial.

If, as intended, Sudan proceeds to a power-sharing government, there will be a wider pool of talent in politics as well as civil service. However, there are still likely to be a shortage of well-trained recruits due to the declining quality of education at all levels, and the new southern government already-pronounced shortage of qualified personnel. There is also a problem of re-locating large numbers since Sudan has the highest numbers of Internally Displaced People (IDPs) in the world. Many will wish to return to their original homes, but conflicts of land rights are likely to occur. Movement of both people and goods is further hindered by poor infrastructure. While the road system has been extended in recent years, it is only between key cities; and the rail network has deteriorated over many years.

The peace process has already brought ethnic and religious differences to the fore, especially in Darfur and, increasingly, among the Beja of the east as well. Constitutional decisions regarding regionalism and federalism and the rebuilding of local administration will have an impact on ethnic relations across the country. These are in turn fueled by poverty and allegations of past discrimination by the politically dominant Arab northern tribes. At the center of the country, especially the capitol Khartoum, it will be important that civil society be able to re-emerge. Before 1989, Sudan had a strong tradition of organization and activity within civil society, especially amongst the professions and the trade unions. With many of

their former members returning to Sudan, civil society could become important once more.

Profile of the Political System

Regime type: <i>Autocracy</i>	Constraints to executive authority: Latest parliamentary election:	2 20.12.2000
1. Head of State: <i>'Umar Hasan Ahmad al-Bashir</i> Type of government: <i>unified government</i>		
	Number of ministries: Number of ministers:	24 51
Source: BTI team, based upon information by country analysts, situation in July 2005. Constraints to executive authority (1-6 max.) measures the institutional constraints posed by a federal or decentralized state, a second parliamentary chamber, referenda, constitutional and judicial review and the rigidity of the constitution. Number of ministries/ ministers denotes the situation on 1 January 2005.		

3.2. Steering capability

While both involved in negotiating peace agreement – i.e., the government and the SPLA – have proven themselves capable of leading their respective followers to agreement, it remains to be seen whether, in three years time, it will be possible to include other established political forces in democratic elections in the same manner. The Umma Party leader, Sadiq al-Mahdi, the last democratically elected prime minister, returned to Sudan some years ago. While critical of the terms of the agreement, he has not unequivocally opposed it. Some lesser figures in the Umma leadership have already chosen to take up offers of government posts. As such, their relationships with Sadiq al-Mahdi may be important in the future development of the party.

The Unionists and their allies in the NDA are negotiating with the government for concessions, and have indicated that they will be joining the power-sharing arrangements. Much will depend on President Beshir, and Vice Presidents Garang and Ali Osman Taha working together and convincing others that it is worthwhile for them to their seats in cabinet. At the same time, those who have been outside the process will have to decide whether being granted less initial power than they would wish could justify not participating at a time when the country has a chance of peace. In the South, the major question will be the ability of the SPLA to convert itself from a fighting force into a civilian movement that does not try to monopolize power but seeks to create a broad regional and ethnic consensus in the South. While it will also face a major task in establishing a new government and administration, here there will be international assistance available.

3.3. Resource efficiency

The present regime has a very narrow base in the Islamist movement, especially since the NCP and PNC split, and thus draws on limited pool of talent. In addition

to the prospect of their political leadership being enlarged by the involvement of other political forces, there is a need for a broadening of the administration: while many civil servants are not NCP members or sympathizers, the NCP has monopolized power in most key departments and institutions since 1989. It will be important that senior posts are made more open to competition by people other than those known to be pro-NCP.

At a time when the majority of higher education graduates are women, high-ranking positions have been held overwhelmingly by men: it will be important that the career opportunities for this under-utilized human resource become better available. There is also a possibility that more of the Sudanese currently living in exile will return, playing a role not only in government positions but also in reinvigorating civil society.

In the past, Sudan had one of the more vibrant and energetic civil societies in Africa. Control over civic life may be somewhat contested in the future, as NCP supporters have been setting up a number of NGOs to perpetuate the Islamist agenda from which so many educated Sudanese fled.

The search for new talent will be particularly vital in the South where there is only a very small pool of university graduates to fill administrative – or indeed, any – positions in government service. Some are now returning and a number of international organizations have been active in offering training programs for some time. Here again, it is to be hoped that greater use of women's talent is made than in years past. There are signs of nascent civil society in the South, especially associated with the churches. This must be encouraged, as it has the potential to underpin democratic development in a region that has known little other than conflict for 50 years.

A culture of corruption has pervaded the Sudanese economic and political scene for decades under both secular and Islamist regimes. While there is a general acknowledgement of the need for action, little of consequence has been done. Furthermore, were action to be taken, the net would be cast wide amongst the current elite. Corrupt practices have been condoned – if not encouraged – by many of those that trade with Sudan. Because such trade is becoming increasingly international in character, if significant measures to reduce corruption are to be taken, the action must be on a global scale.

3.4. Consensus-building

The peace process has built a provisional consensus. The two parties have agreed that there will be an autonomous government in the South and that after a transitional period of six years, the citizens and government will have the opportunity to choose full independence. It is thus a provisional consensus with regard to the country as a whole since it may lead to an agreed division after the

referendum in the South. The consensus also includes the secular character of government in the South though Islamic law will continue in the north, at least for the present. It is encouraging that consensus on the protocols has been reached, given that neither party has been known in the past for its ability to reach out to other actors. On the contrary, both the NCP and the SPLA have been noted more for their own proclivity to splinter into warring factions than for their ability to arrive at an agreement with others.

However, the protocols also call for a national constitutional conference, and it remains to be seen if there can be wider agreement on a new Constitution and what it is likely to contain. While it is not yet clear if Darfur can be incorporated into the steps toward a constitutional consensus, it is expected that serious attempts to do so will begin now that peace between the north and south has been brokered. Linked to that will be the ability of any new elite consensus to reach out to the rural population as a whole in both north and South of the country. That is likely to be reflected in the pattern of party formation and mobilization between now and the planned elections.

As indicated above, civil society could emerge to play a more active role and influence a decision-making process that has been in the hands of a very narrow clique in recent years. There are also calls for some form of reconciliation between old adversaries, perhaps along the lines taken in South Africa. In this regard, it notable that, in the past, Sudanese society has generally been willing to avoid recriminations and tends instead to find a social consensus even where there have been past political differences.

3.5. International cooperation

The progress toward transition that Sudan has made over the past three years would not have been possible without a great deal of international collaboration at different levels. Sudan's African neighbors in the Inter-Governmental Authority for Development (IGAD) agreed on a Declaration of Principles (DoP) that included the right of self-determination for the South as long ago as 1994. In 1999, after several unsuccessful negotiations, IGAD established a secretariat in Nairobi and more groundwork was done. Because talks that have now proven successful were conducted under the auspices IGAD, the outcome is thus backed by the group of states involved.

There are also expectations of growing links between Sudan and Ethiopia, Kenya and Uganda. Ethiopia will receive oil from Sudan and have improved access to Port Sudan; while Kenya and Uganda both anticipate growing trade, and rail links may be established. At the same time, the wider international community has been vital in pushing and facilitating the peace process, especially through the Troika in the IGAD Partners' Forum: the United States, Britain and Norway. Their continuous support for the actual peace negotiations has been most important: as

well as funding the talks, they have also provided expertise on numerous technical aspects when required. At one time it appeared that Sudan's Arab neighbors, Egypt and Libya, were proposing an alternative, more inclusive, national conference. They were persuaded not to press for this and risk derailing the IGAD peace process.

Sudan's links with Asian countries will also have economic significance in the future. China, Malaysia and India have been prominent in investment in the newer sectors of the economy, especially oil and infrastructure. As such, it will be in their economic interests that the peace process proceeds as planned.

International concern has now turned to the Darfur conflict. As well as IGAD and its friends, Darfur has drawn in the African Union (AU) and the UN. The AU has a small monitoring force but it has not been able to oversee an effective ceasefire. It is expected that this force will grow to 3,400 and that it will then prove to be more effective in enforcing ceasefire arrangements. In support of both IGAD and the AU, the UN Security Council took the unusual step of leaving New York to meet in Nairobi in late 2004, where it endorsed the AU efforts and called for the rapid completion of the peace process between the government and the SPLA. The UN also considered sanctions as a measure to end the Darfur crisis, but China, which has invested in Sudan's oil, and Russia, which sells it arms, watered down the original proposals. If and when there is agreement on peace in Darfur then significant international aid programs will be put into operation to try to support the transition to democracy in all areas of the country.

4. Trend of development

4.1. Democratic development

It is not possible to speak of institutional developments in the past four years that have made the current system more democratic. The attempt to make the system appear more open by allowing a form of licensed political party development did not actually engender the creation new popular political organizations, nor to draw in the older political forces such as the core of the Umma Party and the various groups in the NDA. The signing of the peace agreement has created the potential for a breakthrough in this realm. The crucial steps to be taken are the formation of a power-sharing government that is effective in achieving consensus; the writing of a new constitution; the successful holding of elections after three years; and a peaceful acceptance of the outcome of the referendum on the future of the South after six years.

4.2. Market economy development

There has been some effective change in the direction of a market economy, but more needs to be done. The management of the economy has been stabilized; inflation has been brought under control and the balance of trade has improved significantly with the growth of the oil sector. However, there are still basic problems that have not been addressed. The business environment remains corrupt, and little has been done to address the problem. It still favors the government and its clients, though that may change as the political environment broadens and opportunities become available for others as well. For the wider population, much will depend on employment opportunities in the oil and service sectors, and sustainable agricultural development. Given these economic developments, the country's political stability would likely improve as well.

Table: Development of macroeconomic fundamentals (2000-2004)

	2000	2001	2002	2003	2004
Growth of GDP in %	6				5.9
Export growth in %					
Import growth in %					
Inflation in % (CPI)					8
Investment in % of GDP				14.8	
Tax Revenue in % of GDP					
Unemployment in %			18.7		
Budget deficit in % of GDP				1	
Current account balance in billion \$				-718mn	226mn

Source: ISS and CIA

D. Strategic perspective

Politically and economically, Sudan stands at a potential turning point. For it to succeed, international support must continue. Security is a crucial factor: at present, there is a ceasefire in the South; while fighting continues in Darfur. In the South, the international community has committed to supplying 9,000 UN peacekeepers to try to prevent conflict, including that between the numerous armed factions in the region. The African Union (AU) has also committed to providing 3,400 peacekeepers in Darfur, but they have been slow to deploy them: at present, only one-third are in place and are achieving little. External supporters must contribute directly and indirectly to the security efforts of all kinds if political and economic progress is to be made.

The role of external supporters with regards to progress to democracy will be to encourage and monitor developments. This will include support for a functioning multi-party system, the writing of a new constitution and the holding of free and fair elections. Human rights monitoring and help with the re-establishment of an

independent judiciary will also be important. External support can also help with the re-building of local and regional administration especially in areas where the state has collapsed such as the rural South.

Health and education programs are also vital and require external support.

To improve economic prospects Sudan will seek new investment, especially in the agricultural and oil sectors. Growth will be helped by external assistance to resolve the longstanding problem of debt; as well as with the government's program of privatization. All areas of infrastructure will also require international support.