
Sudan Institutional Mapping of Government Economic Policy Institutions¹

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ABBREVIATIONS

APRM	African Peer Review Mechanism
BOSS	Bank of Southern Sudan
CBS	Central Bank of Sudan
CPA	Comprehensive Peace Agreement
DPA	Darfur Peace Agreement
EPA	East Peace Agreement
EU	European Union
FFAMC	Fiscal and Financial Allocation and Monitoring Commission
GMCs	Government Musharaka Certificates
GONU	Government of National Unity
HBI	Home Based Industries
IGAD	Inter-Governmental Authority for Development
JAM	Joint Assessment Mission
LDCs	Less Developed Countries
MAF	Ministry of Agriculture and Forestry
MCA	Ministry of Cabinet Affairs
MDGs	Millennium Development Goals
MI	Ministry of Industry
MIC	Ministry of International Cooperation
MOFNE	Ministry of Finance and National Economy
MSWWCA	Ministry of Social Welfare, Woman and Child Affairs
NC	National Congress
NCC	National Consultative Council for NEPAD
NCSP	National Council for Strategic Planning
NEPAD	New Partnership for Africa's Development
NGOs	Non-Governmental Organizations
PER	Public Expenditure Review
PRSP	Poverty Reduction Strategy Papers
SBEF	Sudanese Businessmen and Employees Federation
SCOVA	Sudanese Council of Voluntary Association
SDC	Social Development Corporation
SP	Strategic Plan
SPLM	Sudan People Liberation Movement
SSE	Small Scale Enterprise
UNDP	United Nation Development Programme
UNESCO	United Nation Educational, Scientific and Cultural Organization

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EXECUTIVE SUMMARY

Three years after the signing of the Comprehensive Peace Agreement (CPA) that brought an end to the longest raging civil war in the continent, the challenges for both the Government of National Unity (GONU) and that of Southern Sudan (GOSS), remain as ever tremendous. Recovery from conflict in the form of reconstruction and development pose challenges that are further aggravated in light of the lower than expected post-peace donor flows. In addition, the high levels of poverty and disparities in human development that characterize Sudan must be addressed if the dividends of peace are to be realized and progress towards achieving the Millennium Development Goals is to be made. Moreover, the co-existence of high poverty levels (both urban and rural) render the issue of re-direction of the government's development policies towards a promotion of pro-poor growth, and the re-engagement of the alienated regions through reformed inter-governmental fiscal relations ever more critical.

With this background, the Participatory Economic Policy Reform Project, jointly funded by the World Bank (through the WB Post Conflict Fund), CIDA, and the UNDP core funding, was set-up to focus on promoting intra-Sudanese dialogue on allocation and use of public resources. The engagement of civil society in this debate is considered to be a critical component of this program. The overall objective of the project is to improve national capacity to plan and monitor a comprehensive approach to the reduction of human and income poverty, in line with the Millennium Development Goals (MDGs) and the UN Development Assistance Framework (UNDAF).

In line with this overall objective, the current research report provides a mapping of the structure of economic policy making in Sudan and its institutions, with a focus on the federal level. This is to provide a basis to actors, in particular non-state, for understanding and meaningfully interacting with those institutions. In doing so, the report first provides a baseline mapping before going on to analyse the findings and concluding on the status quo and finally making specific recommendations on the way forward. Accordingly, and after outlining the methodology adopted, it considers the extent to which the present institutions of GONU include in their terms of reference or even in their day-to-day practice due consideration to efforts that can achieve the welfare of the most needy individuals. Furthermore, the report examines the capacity of these government institutions to undertake such pro-poor policy formulation and the extent of coordination among them in doing so. Most importantly, the research will look into whether these institutions consult with stakeholders in civil society such as the business and NGO communities, when formulating their poverty eradication policies and if so the extent to which such consultations feature in the decision making process. If this is the non-existent or lacking, what are the reforms needed to improve the situation and so move towards a more participatory approach in policy formulation? How can this be done?

The major conclusions and recommendations coming out of the report can be summarized as follows:

- Pro poor policies have become an important part of the constitutional ministries and institutions managing the country's economy. The attention given to government pronouncements in favor of pro-poor policies is probably due to the failure of the many past national plans adopted in the decades after independence. Moreover, more

specific attention has been given to pro poor policies in the 5 Year Strategy Plan of 2007/2011.

- Because of the late inclusion of such policies in the institutions and plans, there is yet to be a very clear arrangement whereby such pro poor policies can be translated into action for the benefit of the targeted groups. However, more in-depth research should be carried out in order to make more specific recommendations for better coordination between the various divisions of the MOFNE as well as between the MOFNE and other economic ministries. Moreover, there seem to be lack of awareness among the different institutions as to the importance of pro- policies. This is further aggravated by the dominance of the mentality of centralized governance in spite of the adoption of a federal system.
- There is definitely continued intervention from the political ministers into the affairs of the various government institutions, particularly at the local level. Such intervention is the main reason behind the throwing out of well trained professionals with each wave of government/ ministerial change that frequently takes place in the political scene. In the past and after independence, such changes were brought about by the alternation between the military and civilian governments. More recently, it has been brought about by the need of the NCP to bring in highly trusted but not necessarily qualified professionals with each wave of change.
- There is strict and urgent need for capacity building. Firstly, in terms of raising the academic levels of those professionals. Secondly, in intensifying on-the-job training as well as other forms of knowledge enhancement. All this is necessary to ensure proper design, execution and follow- up of pro poor policies. Moreover awareness sessions will be of paramount importance to raise the level of such professionals. The laws and accounting frames are in a way acceptable, the weakness remains with the human factor whether politicians or professionals.
- There is a great need for political will, not only on the part of the Presidency, but equally on the part of the ministries and institutions before pro-poor policies can be successfully implemented.
- A high powered Monitoring organ needs to be established to monitor and follow-up, not only pro poor policies, but also investment operations of the government in all fields. This is especially needed for ensuring adequate and timely financial allocations to the local levels for development purposes - the lack of which was the cause of all the civil wars in the marginalized areas of Sudan.

I. INTRODUCTION

The Comprehensive Peace Agreement (CPA) signed on the 9th January 2005 had introduced the Sudan into a new and different constitutional arrangement, as a result of which two governments had been established. These being one in the South (GOSS) and the other the Government of National Unity (GONU), which is formed, mainly, between the National Congress (NC) and the SPLA/M with the strict exclusion of political parties considered as opposition parties. The CPA embodies all the constitutional arrangements related to the structure of various Ministries both in GONU and the Ministries established in the South. A specific arrangement was agreed upon as regards wealth sharing which here meant the sharing of oil revenues ...etc. However, some Ministries remained responsible for the whole Sudan within the GONU i.e. Foreign Affairs, Defense, Energy and Mining ...etc. Within the Energy and Mining, electricity related to the South was passed to the government of Southern Sudan. Energy remained with the Ministry of Energy and Mining, where the Minister is from the NC and the Minister of State from the SPLA/M and so on. In addition to these postings certain commissions were established which include, Land, Oil, Revenues and Civil Service. In this way structural and qualitative changes had taken place in the institutions managing the Sudan's economy – a situation which required the two major partners to work together to execute the CPA as agreed upon between them.

Three years after the signing of the Comprehensive Peace Agreement (CPA), the challenges for both the Government of National Unity (GONU) and that of Southern Sudan (GOSS), remain as ever tremendous. Recovery from conflict in the form of reconstruction and development pose challenges that are further aggravated in light of the lower than expected post-peace donor flows. In addition, the high levels of poverty and disparities in human development that characterize Sudan must be addressed if the dividends of peace are to be realized and progress towards achieving the Millennium Development Goals is to be made. Moreover, the co-existence of higher poverty levels (both urban and rural) render the issue of re-direction of the government's development policies towards a promotion of pro-poor growth, and the re-engagement of the alienated regions through reformed inter-governmental fiscal relations ever more critical. With such concerns, it will be pertinent to ensure that civil society, in general, is included in the policy formulation and decision making processes. Such participation, will ensure that policies do serve the wellbeing of the majority of Sudanese who are increasingly poverty ridden. It also ensures ownership that is essential for monitoring of the implementation of policies for poverty reduction/eradication.

With this background, the Participatory Economic Policy Reform Project, jointly funded by the World Bank (through the WB Post Conflict Fund), CIDA, and the UNDP core funding, was set-up to focus on promoting intra-Sudanese dialogue on allocation and use of public resources. The engagement of civil society in this debate is considered to be a critical component of this program. The overall objective of the project is to improve national capacity to plan and monitor a comprehensive approach to the reduction of human and income poverty, in line with the Millennium Development Goals (MDGs) and the UN Development Assistance Framework (UNDAF).

Among the primary considerations for pro-poor policy formulation in Sudan, are the need for clear delineation of responsibilities among government institutions and the ability of these institutions to fulfill their mandate. This requires an understanding/mapping of the current baseline in order to be able to assess the institutional abilities for implementation of any poverty eradication program to be adopted by the government. Accordingly, this research

report will first provide a stocktaking before analyzing the status of institutions responsible for economic policy making related to improvement of peoples' lives. Such stocktaking will include: (1) A review of the constitutional position of most, if not all, of the relevant ministries and government institutions; (2) the legal and administrative documents of each individual ministry or unit to ascertain their respective roles and the extent to which their terms of reference (T/R) include any form of responsibility towards the poor implicitly or explicitly.

Subsequently, the research will undertake a detailed analysis of the information collected with the major objective of determining whether these ministries/institutions are sensitive to the welfare of the needy and the less privileged in the society through any form of programs, plans or policies. Moreover, the research will critically examine the several political dilemmas that hampered the implementation of participatory reform policies, especially the lack of government creditability, collective action, and distributive (in) justice.

Finally, and based on the above findings, the research will recommend ways and means through which these ministries and institutions could be reformed to include the elements necessary to: *Firstly*: Empower the weak (men and women as well as civil societies) to participate in the policies necessary for the improvement of their livelihoods. *Secondly*: make sure that the T/R of these ministries and institutions should include the necessary articles that will make such participation legal and operational. *Thirdly*: Ensure coordination between the parties that are responsible of implementing of such policy reforms. *Fourthly*: Identify needed policy that would help improve the government creditability, especially with regard to its commitments to such type of reforms.

II. METHODOLOGY

It must be noted at the outset that this report will not consider the institutional capacities in the GOSS after the CPA as the project focus is on the federal level . It is strongly recommended that a similar research be undertaken at the level of the Government of Southern Sudan to ensure adequate institutional capacities and coordination at an early stage.

In carrying out this research, the methodology adopted for data collection and information gathering included both primary and secondary sources. Primary sources included interviewing government officials at the different ministries and departments (a list is attached in Appendix no. 1), while secondary sources included references, Government Documents, International Governmental Organization, and Newspapers. This was undertaken with the aim of finding out the following:-

- a) The extent to which the present institutions of GONU (consisting of both the NC and the SPLM/A) include in their terms of reference or even in their day-to-day practice due consideration to efforts that can achieve the welfare of the most needy individuals.
- b) Examine the capacity of these government institutions to undertake such pro-poor policy formulation and the extent of coordination among them in doing so.
- c) Look into whether these institutions consult with stakeholders in civil society such as NGOs and business communities when formulating their poverty eradication policies, and, if so the extent to which such consultation between the concerned stakeholders in achieving the desired results when implementing reform policies.

d) If the above is non-existent or lacking what are the reforms needed to improve the situation and so to move towards a more participatory approach in policy formulation and can this be done?

III. CONSTITUTIONAL POSITION OF CONCERNED MINISTRIES & INSTITUTIONS:-

In accordance with the CPA, a constitutional Decree was promulgated Number 34 issued in 2005 after the signing of the CPA. This constitutional Decree charted out the responsibilities of Federal Ministries in the context of Government of National Unity (GONU).

1. Ministry of Finance and National Economy (MOFNE):-

The MFNE was charged with "The preparation of plans and programmes that aimed at developing the economic capacities of the country; as well as the achievement of a balanced social and economic development through efficient utilization of the available resources" (Constitutional Decree 34, 2005). It is implicit here that the achievement of social and economic development requires the eradication of poverty.

2. Ministry of International Cooperation (MIC):-

The MIC is charged constitutionally with the responsibility of "Directing of plans and policies of the international cooperation towards the achievement of rehabilitation and development" (Constitutional Decree 34, 2005). While there is a separate MIC, yet there is a separate department for international cooperation in the MFNE. An explicit indication that pro-poor policies is not openly visible but is embodied indirectly through the achievement of development.

3. Ministry of Agriculture & Forestry (MAF):-

This Ministry is charged according to the Constitutional Decree No. 34, 2005, with "The development and modernization of traditional agriculture for the achievement of rural development in family agriculture and poverty eradication". In the case of the MAF there is a clear and direct reference to the issue of poverty eradication.

4. Ministry of Industry (MI):-

In accordance with the Constitutional Decree No. 34, 2005, this Ministry is charged with "The preparation of plans, strategies and programmes for the Industrial Sector (whether public or private) in order to achieve industrial development". Here, no reference has been made directly to pro-poor policies or more specifically to the Small Scale Enterprises (SSE) and Home Based Industries (HBI) i.e. small artisans and small producers.

5. Ministry of Social Welfare, Women and Child Affairs (MSWWCA):-

According to the Constitutional Decree 34, 2005, this Ministry was charged with "Supervision of Poverty eradication programmes, as well as these programmes that related to social development in coordination with Sudan's States". In the case of this Ministry poverty eradication has been directly mentioned.

6. Ministry of Cabinet Affairs (MCA):-

According to the Constitutional Decree Number 34 issued in 2005, three Ministerial sectors were composed: specifically the Sovereignty Sector (which includes nine ministries); the Economic Sector (includes eleven ministries); and the Service Sector,

which includes (ten ministries). Also, the Ministry should supervise the preparation of the National Strategy; and the national social and economic development plans; whether short-medium or long terms according to the objectives and priorities determined by the Council of Ministers (Constitutional Decree 34, 2005). In addition, the Ministry coordinates between the above mentioned three sectors, as each sector has its own technical committee composed of the Under- Secretaries of concerned Ministries and experts. The technical committee of the sector studies certain issues, which were shifted from the Council to the sector, and offered its recommendations to the sector about these issues. The sector will discuss these recommendations; and issues its decision in a form of a resolution. The resolution will then be offered to the Council through the Chairman of the sector; the Council should approve the

Resolution, which only then is viable for implementation. The Council has a follow up and coordination committee that assigns the task of following up the implementation of these resolutions. The committee used to contact the concerned Ministries and inform them about the resolutions related to their field.²

7. The Central Bank of Sudan (CBS):-

As mentioned in its strategic plan, the Bank has been charged with "The organization, monitoring, supervising, developing, and improving the efficiency of banking services in order to achieve a balanced social and economic development" (Bank of Sudan, Strategic Plan 2007/2011). Again, the achievement of a balanced social and economic development can only be done through eradication of poverty. It should be mentioned that the duties of the Central Bank have been outlined by the Bank strategy and not by the Constitutional Decree 34, which only outlines the specialties of the Federal Ministries.

8. Fiscal and Financial Allocation and Monitoring Commission (FFAMC):-

According to the Constitutional Decree number 31 issued in 2007, the commission will be responsible of "ensuring transparency and fairness regarding the allocation of nationally collected funds to the Government of Southern Sudan; and the Northern States as stated by the Wealth Sharing Protocol of CPA. Also, to ensure appropriate utilization and sharing of financial resources" (Constitutional Decree 31, 2007).

By monitoring the usage of revenues allocated to States; making sure that the funds will be used according to their specific purpose, with spending on development as a priority, this may play a major role in reducing poverty.

9. National Council for Strategic Planning (NCSP):-

Eradication of poverty has been stated clearly in the country's national strategy by calling for "Reduction of poverty and realization of Millennium Goals" (National Council for Strategic Planning, the Key Result Areas and Strategic Objectives of the Five-Year Plan 2007-2011, 2006).

10. NEPAD/APRM Councils:-

NEPAD, a vision and strategic framework for Africa's renewal, is a strategic framework arising from the mandate given to the five initiating Heads of State (Algeria, Egypt, Nigeria, Senegal, and South Africa). NEPAD objectives include: poverty eradication, place African countries on a path of sustainable growth and development, halt the

² Babiker Konar, Head of the Documentation and Publication Department, Ministry of Cabinet Affairs, 20/5/2008

marginalization of the continent in the globalization process and accelerate the empowerment of women (NEPAD Secretariat Sudan, 2008).

On July 16, 2002 the Council of Ministers issued a decree appointing Mr. Badr Eldin Suleiman, Presidential Advisor for economic affairs in-charge of NEPAD, serving as the Focal Point with the rank of a federal minister. On November 21, 2005 the Council of Ministers approved the formation of the National Consultative Council (NCC) to design and implement a multi-policy of consultation activities. The duties of the NCC include the coordination of the national efforts to maintain Sudan's role in NEPAD; organization, preparation and coordination of Sudan participation in the meeting of NEPAD's various institutions; promotion, activation and strengthening of the information efforts which targets public and institutional awareness; and full support for the African Peer Review Mechanism (APRM) process (Ibid.).

APRM, a component of NEPAD, entails the voluntary process of collective African Self-assessment in terms of good governance and socio-economic development. The President of the Republic signed the memorandum of understanding signaling the joining of the Sudan to the APRM at the APR Forum on the 22nd of January 2006 at Khartoum. Sudan established National Secretariat for the APRM process and appointed the Focal Point responsible directly to his Excellency the President. Its main duties include overseeing the multitude of administrative, organizational and budgetary action required to prepare for the launching of the process.

IV. TERMS OF REFERENCE OF THE CONCERNED MINISTRIES & INSTITUTIONS

The following paragraphs will explore the availability of any sort of pro-poor policies in the terms of reference of the above mentioned institutions and Ministries:-

1. Ministry of Finance and National Economy (MOFNE):-

The Ministry has been regarded as one of the components of the Economic Sector, which also includes more ten Ministries, with the Minister of Finance and National Economy chairing this sector according to the Constitutional Decree 34 issued in 2005. The Sector's Strategic objective refers to "Accomplishing the economic structure, continuing the efforts for increasing production and productivity, achieving developmental balance, combating poverty, reducing unemployment" (Economic Sector, Sector's Plan for the year 2007). Moreover, the proposed projects of the sector include clear reference to poverty eradication policies by calling for "The continuation of the execution of the sustainable programs for reducing poverty and rural development according to the third MDGs constituted in poverty and hunger eradication, children mortality rate reduction, maternity improvement, ensuring environment sustainability, combating Malaria and Aids" (Ibid.).

However, when considering the (MOFNE) the focus will mainly be on the Development and Macro Economic Policies and Programmes Departments, which contains the Poverty Eradication Unit, as the most relevant Departments for combating poverty within the MOFNE.

Macroeconomic Policies and Programmes Department: its responsibilities include "Preparation, monitoring, and assessment of poverty eradication strategy, and to make

sure it is combatable with the overall macroeconomic policies" (MFNE, Ministry Manual, 2007, p.8).

The Poverty Eradication Unit: it was established in 2003 by Abda El-Mahdi (State Minister of Finance at that time), with the same mandate like the Macroeconomic Policies Department since it constitutes one of its various units. During that time two documents were produced: the Draft Interim Poverty Eradication Paper and the Poverty Eradication Concept Note, which was the culmination of a series of meetings with JAM members; the Government Economic Team; and the SPLM economic team. These two documents should have formed the base for designing the country's Poverty Reduction Strategy Papers (PRSP), which still has not been prepared fully and implemented by the GONU. The PRSP should describe the macroeconomic, structural and social policies and programs that a country will pursue over several years to promote broad-based growth and reduce poverty, as well as external financing needs and the associated sources of financing (World Bank, 2008).

The unit reports to the supervising State Minister of Finance and National Economy (Lwal Deng), and used to receive fund for conducting studies and research from the Ministry and Development Partner Donors, though it seems that the amount of fund and support diminished since 2005, i.e., after Ex-State Finance Minister Abda El-Mahdi left the Ministry (Wayl Fhmi, Poverty Eradication Unit, Interview 20/6/2008). The unit also received financial assistance from both the World Bank and the UNDP, with the latter providing chances for the training of the unit's employees. Nevertheless, its technical and financial capacities may still needs to be built up; with special attention should be given to improving the capacity of the unit Human Resource.

Moreover, the unit may not be closely involved in the formulation and adoption of pro-poor policies that was adopted by the government (though this picture may change with the completion of the National Poverty Strategy). In addition, the coordination between the unit and the relevant departments such as the Development Department, which actually approves all development projects to be financed by MOFNE can hardly be seen (Hassan Gaffar, Former Chairman of the Poverty Eradication Unit, Interview 18/6/2008).

Development Department: its responsibilities include "Improving the citizen's welfare and eradication of poverty, besides subsidizing solidarity institutions in order to improve educational, water and health services". It should also mentioned that the MOFNE in its five years strategic plan made clear reference to the eradication of poverty through "The achievement of food security through implementing a strategy that aimed at developing the agricultural sector; building the States capacities in order to improve the delivery of social services and to maintain higher level of transparency and accountability; resolving the problems of displaced people and the provision of the urgent needs that follows the implementation of the peace agreements (CPA, DPA, and EPA)" (MFNE, Five Year Strategic Plan 2007-2011, 2006).

2. Ministry of International Cooperation (MIC):-

The Ministry also belongs to the Economic Sector; therefore, the sector's strategic objective (mentioned above) can be applied here as well. In addition, the International Cooperation Activation Programs call for "Encouraging the international and regional organizations and some UN agencies not presented in the country for opening their offices as well as largely benefiting from their financial and human resources in executing

the economic and social development programmes and focusing on restoring the war affected areas" (Economic Sector, Sector's Plan for the year 2007, 2006).

In a document issued by the MIC the functions of the Ministry are expressed as follows:-

- 2.1. Design and coordinate plans and policies of international cooperation with the purpose of construction and development.
- 2.2. Attraction of foreign resources presented by countries, organizations, international financial institutions as well as regional institutions and coordinates such business.
- 2.3. Follow-up the execution of international cooperation agreements with ministries responsible for the executions of such projects and the use of foreign resources available through these agreements.
- 2.4. Follow-up the work of ministerial joint committees with countries with the aim of supervision, execution and follow-up.
- 2.5. Attraction and coordination and follow-up of grants on both bilateral and regional levels.
- 2.6. Coordinate Sudan's external relations with organizations, regional and international institutions (other than financial) and related to Sudan.
 - Associated Organization include: UNDP, EU Programme, UNDP for Population activities; World Food Programme; UNESCO; IGAD Economic, Development Programme; Industrial and Regional Institutions that are assigned by the Council of Ministers to MIC.

3. Ministry of Agriculture and Forestry (MAF):-

The Ministry belongs to the Economic Sector, i.e., the same as MOFNE, Ministry of Industry, and Ministry of International Cooperation with the same strategic objective mentioned previously. In 2008, the Ministry issued its Agricultural Renaissance Programme, which will cover the period 2008-2011. One of the most important features of the programme is the call for "Investment in infrastructure to be a priority, with 39.4% of the total investment allocated for that purpose; then followed by investment in the development and protection of natural resources, which has been assigned 9.8% of the total investment; the building of marketing and export infrastructure have been allocated 7.5% and 6.6% of the total investment respectively" (Agricultural Renaissance Programme, 2008-2011, 2007).

4. Ministry of Industry (MI):-

The Ministry belongs to the Economic Sector with the same strategic objective mentioned previously. However, the focus will be on the Small Industrial Enterprises Department, as the department supervising the operations of small and medium enterprises, and play an important role in eradication of poverty through "Establishing technological incubators and industrial complexes for supporting small and rural industries, improving the competitiveness capabilities of the small industrial enterprises in order to develop and sustain and face the challenges obliged by the liberalization of foreign trade" (Ministry of Industry, Five Year Strategic Plan 2007-2011, 2006).

5. Ministry of Social Welfare, Woman and Child Affairs (MSWWCA):-

The Ministry belongs to the service sector as indicated by the Constitutional Decree 34 issued in 2005, with the sector main objectives as "Accomplishing building of a unified, secured, civilized advanced Sudanese Nation" (Service Sector, Sector's Plan for the year 2007, 2006). In its plan for 2008 the Ministry proposes the preparation of a National

Strategy for Combating Poverty, which aims at determining the national indicators of poverty, as well as specifying the neediest regions of the country. Moreover, to assist the needy families; and turning them into productive families. The strategy will be implemented by the Poverty Center at the Ministry besides other related parties (without specification); also no reference has been made to how this strategy will be funded? (Service Sector, Sector's Plan for the Year 2008, November 2007).

It should also be mentioned that the Ministry participated in the writing up of the Draft Interim Poverty Eradication Paper. In addition, the Zakat Chamber, which constitutes one of the Ministry's major organs and units used to allocate around 40% of its revenues for financing microfinance projects (all these loans were non-refundable) that aim at combating poverty for both individuals and groups. Nevertheless, the Chamber rarely coordinates with the other relevant bodies such as MOFNE and the CBS, but the Chamber is working hard to improve its coordination with the parties involved in combating poverty. As a starting point the Chamber organized a workshop (in 2008) in order to discuss this issue (Dr. Abdalmoniem Eltayeb, Sudan Academy for Banking and Financial Sciences, Interview 18/6/2008).

6. The Central Bank of Sudan (CBS):-

The policies of the Central Bank for the year 2007 have been formulated in the context of macroeconomic policies and in coordination and consultation with the MOFNE and the concerned entities, and taking into consideration the basic principle of the CPA. These policies prescribed the adoption of a dual banking system; establishment of the Bank of Southern Sudan (BOSS) as a branch of the Central Bank to manage the conventional window in the South; independence of the Central Bank in implementing monetary policy; in addition to the responsibility of the Central Bank in maintaining stability of prices and exchange rate (Central Bank of Sudan, 2007).

Regarding monetary policy, the policy aims at maintaining inflation rate in the limit of 8% on average. In order to achieve this objective the Central Bank will manage the liquidity by concentrating on the indirect instruments of monetary policy, which will suit the dual system. The policy calls for the Islamic and conventional banks to maintain liquid assets in the form of Ijarh Certificates; Government Musharaka Certificates (GMCs); and other Government Sukouks; besides treasury bonds for the conventional banks (Ibid.).

By controlling inflation and keeping it at a lower rate, this will have a positive impact on both the small and medium enterprises; since the Murabaha margins may be reduced; in addition the repayment of the loan may be extended for a longer period (Ibrahim and Faris, 2006). However, within the CBS, focus will be on the External Debt; and the Micro Finance Unit as the most relevant units that may relate to the implementation of poverty eradication policies.

The External Debt Unit: established in 2000 in order to manage Sudan's external debt. Regarding the responsibilities of the unit, it is clear that no reference has been made directly to poverty eradication policies. However, one of its duties is to "participate in the shaping and implementation of foreign loans with the other concerned government bodies" (External Debt Unit-Bank of Sudan, 2000).

In fact, a committee had been composed by the Minister of Finance and National Economy in order to study the suitability and the allocation of foreign loans offered by donors to the country. It includes in its membership the representatives of MOFNE, Ministry of Foreign Affairs, MIC, the Private Sector; and the CBS. The committee takes certain factors into consideration when assessing foreign loans, specifically the amount of interest rate; grace period and maturity rate (Nagm Eldin Hassan and Leila Omer, Head and Deputy of External Debt Unit, Interview, 26/5/2008).

The recommendation of this committee is not obligatory, as it can be overruled by the Minister of Finance, i.e. the decision is rather political than technical (though it is very difficult to prove it). Nevertheless, these allegations had been totally denied by the State Minister of Finance who claimed that "foreign loans offered by donors were allocated for both Merawi and Roseiris dams; while Chinese loans were allocated for infrastructure projects such as roads construction and Sudan Railways rehabilitation" (Lwal Deng, Ilaf Newspaper, 19/5/2008).

Micro-Finance Unit: established in 2007 with the main aim of "Facilitating sustained access to financial services for the economically active poor-both un-served and under served in rural, semi-urban and urban areas through the expansion and development of the Microfinance sector in a cost effective and sustainable manner". While Microfinance is defined as "the provision of credit, savings, transfers and other financial services and products to the poor in rural, semi-urban or urban areas thereby enabling them to raise their income and improve their living standard".³

A major problem facing the expansion of Microfinance services could be the reluctance of commercial banks to allocate 12% of their finance for Microfinance activities; as specified by the CBS. Besides their failure in creating a conducive environment for the operations of Microfinance to expand, this may be attributed to the fact that Commercial Banks may usually neglect their social role and focus only on the maximization of their profits (Ishrag Dirar, Head of the Microfinance Unit, Bank of Sudan, Interview 2/6/2008).

Defending and justifying the Bank's reluctance, the Head of the Sudanese Banks Union claimed that "Banks suffer from the rising cost of financing Microfinance activities (48% annually), coupled with the lack of a more flexible collaterals mechanism. Adding that Sudanese Banks need restructuring if we want a more effective Microfinance delivery" (Hatim Elzubir, Sudanese Banks' Options for the Allocation of 12% of their Finance for Microfinance Activities, A Seminar organized by the Microfinance Unit-Bank of Sudan, 28/5/2008).

Regarding collaterals, the Central Bank issued a paper in March 2008 under the title of "Non-Traditional Collaterals accompanying Microfinance Operation" proposing the following collaterals methods; Solidarity Group; Up holding of Savings; Property Mortgage; and Precious Property Mortgage, e.g., diamond and gold (Bank of Sudan, March 2008).

A leading and successful example for organizations engaged in the field of Microfinance could be the Social Development Corporation (SDC), which work under the umbrella of Khartoum State-Ministry of Social Affairs, achieving almost 97% loan repayment, a

³ Unicons, A Vision for the Development and Expansion of the Microfinance Sector in Sudan, July 2006

record figure among all other institution' working in the field of Microfinance. (SDC, Quarterly Report, January-March 2008). The Manager of SDF attributed their success to the existence of a close monitoring and follow up system that track loan beneficiaries; flexible collateral methods; and adequate and timing finance from the State Ministry of Finance (Mohammed Kidir, Manager of Social Development Corporation, Interview 29/5/2008).

7. National Council for Strategic Planning (NCSP):-

The Council coordinates between ministries, which have specific projects for combating poverty, e.g., MOFNE, Ministry of Industry, and Ministry of Agriculture and Forestry. For example the Council participates in the preparation of the government budget at MOFNE by sending one of its members to attend the budget preparation meetings. Also, the MOFNE participates in the Council meetings that related to the preparation of strategy in order to combat poverty and this coordination takes place for the first time this year, i.e. 2008 (Amir, Head of the Coordination, Assessment, and follow up, Council for Strategic Planning, Interview 21/2008).

The Council collects the projects proposed by the concerned ministries in order to eradicate poverty; and classifies these projects according to priority and needs into three basic groups; A; B; and C (a list of these projects is attached in the Appendix). One significant observation about these projects for the five years do not appear to have their financing ascertained neither the local or foreign component. It appears as if these projects were just included without any solid confirmation of finance availability. Moreover, it is not clear whether these projects were fully embodied in the plan with full consultation and consent of the various states to which these projects belonged.

8. Fiscal and Financial Allocations and Monitoring Commission (FFAMC):-

According to CPA (Wealth Sharing Protocol, 2004) revenues should be allocated as follows: 50% for the Government of Southern Sudan; the remaining 50% should be divided between the National Government (60%) and the 15 Northern States (40%), but actually the National Government used to take more than 60% at the expense of the Northern States, which manage only to take 28% in the best scenario (Amna Abker, Head of the Allocation Department, FFAMC, Interview 1/6/2008).

The Commission faced many difficulties and challenges, the most important could be the following:-

- 1- Reluctance or delay in establishing the National Revenues Fund as indicated by the Constitutional Decree 31 issued in 2007. A major task of this Fund is to ensure the transparent transfer of the revenues for the States; National Government; and Government of Southern Sudan. The Commission should be represented at the Fund, as well as participating in its activities and meetings.
- 2- As a result of the delay in establishing this fund, revenues may be transferred directly to the States through the Revenues and States Subsidies Department at MOFNE, without consulting the FFAMC. Moreover, no specific formula has been applied when considering the distribution of revenues, i.e., there is a lack of transparency in the allocation of funds, while the FFAMC has its own formula for the allocation of fund for each of the fifteen Northern States.
- 3- The MOFNE should tighten its grip on the whole Government revenue; and penalize those Ministries or Departments, which willingly (or unwillingly) refuse to deliver the money collected by them to MOFNE, the continuation of this phenomenon may affect the amount of total revenue negatively.

- 4- The lack of a regulation, which should outline the activities and duties of the FFAMC, the existence of such regulation is expected to have a positive impact on the allocation of funds for the Northern States.

9. NEPAD/APRM Council

Although one of NEPAD main objectives is the eradication of poverty, there is a clear absence (or lack) of coordination between the NEPAD Secretariat and the relevant ministries (e.g., MOFNE and MAF) in this field. However, the secretariat used to invite members of those ministries to attend the forum and meetings organized by the Secretariat of both the NEPAD and APRM. Alternatively, those ministries often neglect to invite members of the NEPAD/APRM secretariat for their meetings, especially those which deal with the formulation of poverty eradication policies (Dr. A. Abdalrazig, NEPAD Secretariat, 29/10/08).

Moreover, a small core of staff of the national secretariat has been set up to provide the administrative, logistical, coordination and liaison necessary for the functioning of the secretariat. However, to ensure smooth and successful running of NEPAD activities, the national secretariat has to be expanded with greater independence given to it. For this to become a reality, financial and human resources are necessary and will need to be secured.

V. PRO-POOR POLICIES IN THE FIVE YEAR STRATEGIC PLAN-2007-2011 (5YSP)

In Vol 1, of the 5YSP, the objectives, challenges and opportunities are enunciated in a clear manner not known in previous plans in the Sudan. Such concern about pro-poor policies was implicit in this plan. The major characteristics of many previous plans may include:

1. The society for which these plans were designed was usually never consulted prior to deciding finally on the plan.
2. Most of these plans were designed by technicians and planners who may never have been to the places and peoples for whom they were planning.
3. Once the plan is prepared and accepted it is usually declared in open celebrations and kept in official drawers.

For these and other reasons, plans failed not only in Sudan but in many LDCs.

However, in the case of the 5YSD poverty alleviation (reduction) was referred to overtly for the first time in any Sudanese plan. But whether the mechanism responsible to achieve such targets exists will have to be seen when the research looks at the real run of events.

The 5YSP (Page 11) talks about "vision and message of the 5YSP. This message being "Reduction of poverty intensity and achievement of fair balance between the rural and urban areas and support in financing the projects with quick impact on the poor specially the displaced and those affected by war".

After talking about the economic situation (p.16), the 5YSP also indicates: "On the basis of the 5YSP attempted to preserve the achieved targets on the economic front and achievement of balanced development and becoming ready to enter international markets through attempts to enhance international competitiveness in national production and creating an attractive investment atmosphere, reduction of the intensity of poverty in accordance with the rates and

objective of the Millennium goals as well as enhancing the private sector to take initiative and develop resources and preserve environment".

The 5YSP gives direct mention (p.37) to Poverty reduction as follows: "Poverty constitutes one of major social problems in spite of takaful values and caring for each other which is deeply rooted in our heritage and in order to come out of the poverty circle the following is needed:-

1. Design of a national strategy to reduce poverty.
2. Direct public expenditure satisfies people's basic needs and achieves the Millennium objectives increasing resources for target groups.
3. Develop services in the rural areas and areas affected by conflicts, war in order to reduce internal migration to urban centers.
4. Take maximum advantages of private sector projects and rural projects and resources NGOs both regional and international in project aiming to reduce poverty."

More specific considerations in the 5YSP include:

- On "Social cultural sector, the 5YSP states (p.53): "Reduction of poverty through expanding the coverage of the social support and diversify projects to increase income and avail employment opportunities and achieve rural development and fair distribution of income."
- On "Micro Priorities of the Plan (5YSP), pp. 68-69: "Poverty reduction and expanding the umbrella of social support and diversifying projects to enhance income, avail employment opportunities, achieve rural development and fair distribution of income".
- On "National Population Policies Objectives (p.78), "Work towards poverty reduction in the short run and erasing poverty in the long run."
- On "Key Objectives of the 5YSP (p.82): In Social Development "Reducing the percentage of the poor to 30%, through executing projects agricultural and industrial, increase employment of graduates, enhancing social services, education, health as well as the social insurance coverage, and directing Zakat to the Poor's Bank to reach 70%".

These are more or less the explicit references to poverty alleviation and pro-poor policies in the country's endorsed 5YSP.

VI. ACTUAL IMPLEMENTATION OF POVERTY ERADICATION PROJECTS AND POLICIES

It is clear that all of the above mentioned ministries and institutions have included in their terms of reference or their duties according to the Constitution a sort of pro-poor policy or poverty eradication policies, whether directly or indirectly, but the question remains: are these policies and projects being implemented or not? What are the causes of delay in implementing these project or policies?

Given the fact that most of these strategies and policies had been introduced last year (2007), and some of them even introduced in this year (2008) like the Agricultural Renaissance Programme, this was coupled with the lack of adequate data about monitoring the implementation of these projects. Therefore, it would be very difficult to assess accurately the success (or failure) of these policies in reducing poverty especially in the absence of a recent statistics about the percentage of people under the poverty line.

The latest studies regarding the determination of the country's poverty line were dated back to 1990s, for example El-Tahir M.Nur indicated that the percentage of the poor increased annually by 2.5% as the result of the massive increase in the cost of living index. The study was based on data collected from the family and house hold surveys conducted in 1992 (Nur, 1996; cited by Ibrahim and Faris, 2006). Based on the same data, Ali estimated that 91% of the population of Sudan was under the poverty line (Ali, 1994). Ibrahim reached to the same figure determined by Ali though he depended on data collected by the 1996 Migration and Labour Force Survey (Ibrahim, 1997). Accordingly, a need for more recent data and studies about poverty may be felt greatly; hopefully the 2008 Census may provide the base for such studies. Also, there is a need for more collaboration between the Central Bureau of Statistics and academics in the designing and implementation of poverty survey, such collaboration can hardly be distinguished.

Therefore, the analysis regarding the success or failure of poverty eradication policies may depend mainly on interviews conducted with key figures in these institutions and ministries, besides data being collected from newspapers and magazines.

It seems that the implementation of the poverty eradication policies faces many difficulties and challenges, which may include:-

- Once the plan had been endorsed, the channels of tracking down the steps from top to bottom i.e. to the various ministries and institutions which may be too long, tedious and unclear at times. There are even conflicts down from the plan i.e. in the level of ministries as is happening between the MIC and the MOFNE. Although the functions of MIC seem to be very clear, yet an actual practice is very different from the approved Presidential Decree as follow:
- The MIC is supposed to be the channel through which every foreign fund should pass through, for example the MOFNE enters in financial obligations with institutions without the MIC knowing about such obligations. MIC is supposed to be a coordinating body for all foreign resources acquired by Sudan for various development purposes whether loans, grants ...etc. MIC is usually the vocal Ministry which is addressed by governments and institution from outside. It is then passed to the respective ministries and institutions. Another example is that Chinese institutions usually address the Asia Department in the MIC for almost every issue related to financial and trade matters. After such contact is made then each case is passed to the concerned Ministry whether it is the MOFNE or the Ministry of Agriculture & Forestry or Ministry of Industry.
- As regards the MOFNE not only that it does not transact with the MIC, but it has gone to the extent of establishing its own Department of International Cooperation thus creating a parallel institution carrying out the same function of MIC. In this regard the functions of MIC are carried out by both the MIC as well as the MOFNE thus creating unnecessary duplication in responsibilities. This state of affair tends to debase the status of MIC in front of would be donors and makes it difficult for them as whom to address. This could lead to delay of flow of funds or rejection by interested donors.

- Although every matter for example related to China still goes through the MIC, yet this coordination function is being weakened because the MOFNE is conducting transactions with China fully without having to pass through MIC.
- Due to politicization of decision making, sometime funds allocated for developmental projects may be reallocated for other purposes according to the priority of the government. For example some of the States Wali used the fund allocated for agricultural development projects (Nafra Programme) in order to meet their urgent need such as the payment of salaries for teachers (Nabil, Head of the Planning Unit-Ministry of Agriculture and Forestry, Interview 26/5/2008). However, the State Minister of Agriculture totally denied these allegations and claimed that the funds for the "Nafra" Programme were transferred to the States and kept into a separate account managed by a committee headed by the State Minister of Agriculture since 2006 (Abdalrahim Hamid, Alwatan Newspaper, 27/5/2008).
- Reluctance or delay in loan payment by donors for political reasons mainly, e.g., achievement of peace in Darfur.
- Lack of qualified cadre in the concerned ministries and institutions, as well as in the States in order to implement the proposed policies and strategies, i.e., there is a need for capacity building in these bodies. In this regard, the Head of the Allocation Department at FFAMC claimed that the States will be able to implement developmental projects, even much better than waiting the assistance of the center; she cites the example of publication of primary school books efficiently by the States own printing press. (Amna Abakr, Head of the Allocation Department, FFAMC, Interview 1/6/2008).
- Putting the right person in the right place (Evaluation of the National Strategy 1992/2002; National Council for Strategy Planning 2007).
- Failure of the government to pay the local component of the foreign loans (Amir, Head of the Coordination, Assessment, and follow up, Council for Strategic Planning Interview 21/2008).
- Lack of a monitoring system, which should be designed by the government in order to track the usage of funds in order to ensure transparency.
- Some of these projects did not take into consideration the urgent need of the specific community, i.e., it should be done through a bottom up approach (or participation) by consulting the grass roots. For example the farmers union claimed that neither the Ministry of Agriculture and Forestry nor the Agricultural Bank consulted them before issuing their finance policies for 2008 (Head of the Farmers Union, Alrayaam Newspaper, 26/5/2008).
- The State Minister of Finance was complaining about the rising administrative cost incurred by the various UN organizations operating in Darfur region (Lwal Deng, Interview in Ilaf Newspaper, 19/5/2008).

- Lack of coordination between the federal and state ministries that deals with poverty eradication policies (Evaluation of the National Strategy 1992/2002; National Council for Strategic Planning 2007).
- Absence or lack of a macro-economic frame, which will take into consideration the link between the three macro-economic variables; specifically, the growth rate; peace sustainability; and poverty reduction.

VII. CONSULTATION IN BUDGET DIRECTIVES AND CENTRAL BANK POLICY AS WELL AS COORDINATION BETWEEN THE MOFNE AND CBS

During the last three or four years there was continuous consultations between the MOFNE, Central Bank of Sudan (CBS) and various organizations. Such organizations included the Sudanese Businessmen and Employees Federation (SBEF), the various trade unions, farmers, the SPLM/A, as well as interaction with academics.

On the part of the MOFNE the broad salient features of the annual budget are put for discussion with the representatives of various trade Unions, Labour, farmers unions, SBEF as well the representatives of voluntary and NGO organization SCOVA. However, such consultations used to be conducted earlier than the preparation of the real budget. Various points used to be raised and some used to be accepted and some were argued by the MOFNE in accordance with their understanding of the real financial situation. Most of these discussions used to get through due to the fact that most of those representatives of unions etc. were closely linked to the ruling party. One respondent indicated to the fact that there were often differences of opinion and of interest between some of the leaders of these organizations and the stock of members of this organization at the lower to go on smoothly and endorsed easily. The budget is usually discussed once again in the Parliament and usually goes untouched since a good number of those with whom the major features of the budget are discussed may also be members of the Parliament. The issues discussed are usually general in nature and do not necessarily pay attention to pro-poor policies specifically.

As for the CBS, the annual financing policy, a practice that is almost more than a decade old, aims at consulting with those concerned specially the banking community as well as the SBEF. It is not like the annual budget whose salient features are discussed before the real preparation of the annual budget. It is usually tabled for discussion after it is fully prepared. In spite of this if there were amendments needed, they are taken into consideration, and the financing policy is amended accordingly. In one specific year a representative of the SBEF indicated to the importance of involving the SBEF in the process of preparation of the financing policy taking into consideration the actual experience of the SBEF during the previous year. Not much is usually mentioned as regards pro-poor policies except by way of indicating to the percentage of bank financing allocated for purposes of micro finance. Such financing allocations are meant to address to the requirements of the small producers. These consultations are usually attended by both the Minister of Finance and the Governor of CBS.

As to whether there is real coordination between the MOFNE and the CBS in their practice of day to day policies regarding monetary and fiscal policies, it could be said that there is such coordination. However, the relationship between the MOFNE and the CB had been the focus of considerable literature in finance. This is so because both these institutions are in

command of huge financial resources; the CB commands financial resources that belong to the various institutions that are under the direct control of the CB. The Ministry is usually the fiscal agent for the government and command financial resources. However, and due to difference in nature and quality of such financial resources, there are often differences of opinion in the way these financial resources should be used or even protected from illogical utilization. The resources of the banking system constitute resources which belong to individual depositors with which the banking system is entrusted. The resources of the Ministry are usually collected through various methods from the general public and which should be put to rational use in the service of the whole country .One constitutes the monetary policy and the other constitute the fiscal policy and both have to work in absolute harmony if the economy is to survive and prosper.

In the case of the Sudan and from the early years of central banking there used to be a visible and sometimes an invisible tug-of-war between these two important institutions depending on the nature of governance in the country. If the country follows a democratic system then the possibility of such tug-of-war to appear on the surface is much more prominent than if the system was undemocratic and comprehensive. Moreover, it also depended on the character of both the Governor and the Minister. This is so because the CBS used to be always under the umbrella of the MOFNE .However it was always understood implicitly that the CBS had always a certain degree of independence because of the nature of its fund component as mentioned .In the mid sixties when the Minister of Finance was late Sharif El Hindi, the CBS was always under heavy pressure to provide funds to the Ministry on order from the Minister rather than by mutual consent. His conception was that where there are financial resources poor people should not be deprived of it.

However, if one looks at this relation during the last decade one will find that there seem to be coordination between both the MOFNE and the CBS i.e. coordination between monetary and fiscal policies as was mentioned before. There was no reason not to coordinate since both the Minister and the Governor belonged to the same ruling party. The CBS remained under the MOFNE until about one year or so ago when the governor of the CBS became directly responsible to the President of the Sudan. The only previous case was mid 1984 when the Governor of the CBS came under the direct responsibility of ex President G.M.Nimeri.

Since the governor of the CBS has been there for many long years this must have given him more sustainable experience in holding to the strict monetary policy as conceived by the CBS. This may also be due to the fact that while the governor remained there for long years, ministers of finance used to change chairs frequently. This must have given the CBS more leverage on decision making as regards both monetary and fiscal policies.

As to whether there was ever a tug-of-war between these two important institutions, it is very difficult to surmise. Even if there were a tug-of-war they would not be easily noticeable except to that close by.

VIII. CONCLUSION

Pro poor policies have become an important part of the constitutional ministries and institutions managing the country's economy. The attention given to pro poor policies may be due to the failure of the many national plans that were adopted over the decades after independence. However, and because of that more specific attention has been given to pro poor policies in the 5 Year Strategy Plan of 2007/2011.

Because of the late inclusion of such policies in the institutions and plans, there is yet to be a very clear arrangement whereby such pro poor policies can be translated into action for the benefit of the targeted groups. However, more in-depth research should be carried out in order to install more positive coordination between the various divisions of the MOFNE as well as between the MOFNE and other economic ministries. Moreover, there seem to be lack of awareness among the different divisions as to the importance of such policies. The mentality of the central government is still dominant.

As mentioned there is definitely continued intervention from the political ministers into the affairs and allocation of resources specially to local levels. This kind of intervention goes further deep to throw out the well trained professionals with each wave of ministerial changes that frequently took place in the political scene. This was due to the alternation between the military and civilian governments after independence. This had led to bringing up highly unqualified but trusted professionals after each wave of change.

There is strict and urgent need for capacity building. Firstly, in raising the academic levels of professionals involved in policy making. Secondly, in intensifying on-the-job training and other forms of knowledge enhancement. All this is necessary if we were to ensure proper design, execution and follow-up of such pro poor policies. Moreover awareness sessions will be of paramount importance to raise the level of such professionals. The laws and accounting frames are in a way acceptable, the weakness remains with the human factor whether politicians or professionals.

It is true that the legal and regulatory frame work for accounting and reporting is relatively well developed in the GONU⁴, yet it is the actual behaviour of the human factor (whether politicians or trusted professionals) and its level of knowledge, that seem to be the underlying weakness of the whole budgetary system as well as an unclear and weak relation with other ministries and institutions. Moreover, the lack of transparency and resistance to the GFS proposed by the IMF is in itself telling. Such a GFS system will produce a high level of transparency and accountability, without which, decent policy making for the just and fair allocation of the nation's resources and their and utilization specially could be achieved. More in depth knowledge is needed if the budgetary management is to become transparent, clear, just and fair.

In addition to the real need of a political will on the part of the Presidency, there should be an equal will and determination on the part of the ministries and institutions in order for these pro poor policies to get to their targets.

A high powered Monitoring organ is to be established to watch and follow-up not only pro poor policies but the total investment operations of the government in all fields specially

⁴ Ahmed Badawi, Unicons-June 2008

insuring the proper and timely allocations to the local levels, lack of which was the cause of all these civil wars in the marginalized areas of Sudan.

IX. RECOMMENDATIONS

Based on the diagnosis of the problem i.e., institutional challenges facing the formulation and implementation of poverty eradication strategies in Sudan, the following specific recommendations are made. It is to be noted that these recommendations are an amalgamation of those emanating from the research and those resulting from the extensive discussion of the report in the workshop (26/06/08) organized specifically for this purpose by Unicons Consultancy under the sponsorship of the United Nations Development Programme (UNDP) in Khartoum, Sudan.

1. Improving strategic pro-poor planning, especially matching expenditures to specific poverty reduction efforts; In this regard a need for more decentralization pattern is felt greatly, especially in authorities, provision of services, and finance;
2. Enhancing budget creditability; i.e., the degree to which actual expenditures deviate from budgeted level; and Improving the quality of budget data (Sudan PER, World Bank 2006);
3. Activation the role of the civil society and NGOs since they could play an important role in pro-poor programmes as they work at the grass root level;
4. Reallocation from non pro-poor spending, especially enhancing fund transfer from oil sector to agricultural sector where the majority of poor people are living. Also, the Government should be committed to pay its contribution in development projects, which will allow the project to be completed in a shorter period of time, as the reluctance or failure of the Government to pay the local component has been one of the factors that hindered the implementation of these projects;
5. An urgent need for reaching an agreement with rebels in Darfur in order to secure the financial support of the international community;
6. Consultations with the concerned parties before the designing and implementation of pro-poor projects; i.e., a bottom up and participation approach should be put in place. Also, a close coordination between the related Ministries that involved in combating poverty is needed;
7. Capacity building of the personnel of the concerned ministries and institutions whether at the federal or state level, the specific need of each Ministry in terms of capacity building need to be separately worked out so that technical assistance could be sought ;
8. Priority should be given to developmental projects regarding allocation of government fund; in addition to ensuring transparency and accountability regarding the transfer and usage of these funds;
9. Establishment of the National Revenue Fund as soon as possible in order to oversee the allocation of fund to the States, and activation the role of FFAMC where special attention should be given to issuance of the Commission Regulation or Law;

10. Establishment of a macro-economic frame which will take into consideration the link between the three macro-economic variables; i.e., growth rate; peace sustainability; and poverty reduction;
11. Above all, a clear commitment and support from those at the top (specifically the President and Vice-Presidents).
12. More collaboration between the state and the business class in order to guarantee the effective participation of the domestic private sector in the policy-making process.⁵

The cooperation between these two parties is emphasized by Sfakiannakis,⁶ who indicated that: "The Interaction between business people and state officials is crucial for investment and production because it influences the private sector's confidence to commit resources. Simply put, when the relationship between business and state is either antagonistic or too comfortable, economic policies could be open for abuse. If it is too antagonistic, the business community could be uninterested in collaborating, and if it is too comfortable, and the bureaucracy and the political elite receptive to individual accumulative agendas, it could lead to cronyism.

13. It is of vital necessity to establish a body of high level technicians under the direct responsibility of the Presidency which will be to monitor not only the execution of pro-poor policies but the total investment programme all over the country and that such a body to report monthly and quarterly to the Presidency.
14. It is also important that a similar research be undertaken in Southern Sudan to map the institutional capacities and coordination channels. This should then be linked to the results and recommendations emanating from the current research focusing on the Federal Government.

⁵ El Mahdi, 2000; Moore, 2000

⁶ Safakiannakis, 2002, 60

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APPENDIX 1. LIST OF GOVERNMENT INSTITUTIONS AND PERSONS INTERVIEWED

	Government Institution	Name of Person Interviewed	Position
1	Ministry of Finance and National Economy (MOFNE)	Wayl Fhmi	Poverty Eradication Unit
2	Ministry of Finance	Hassan Gaffar	Former Head of the Poverty Eradication Unit
3	Ministry of International Cooperation (MIC)		
4	Ministry of Agriculture & Forestry (MAF)	Dr. Nabil	Head of the Planning Unit
5	Ministry of Industry (MI)		
6	Ministry of Social Welfare, Women and Child Affairs (MSWWCA)		
7	Ministry of Cabinet Affairs (MCA)	Dr. Babiker Konar	Head of the Documentation and Publication Department
8	The Central Bank of Sudan (CBS)	Dr. NgamEldin Hassan	Deputy of External Debt Unit
9	The Central Bank of Sudan (CBS)	Leila Omer	Head of External Debt Unit
10	The Central Bank of Sudan (CBS)	Ishrag Dirar	Head of the Microfinance Unit
11	Fiscal and Financial Allocation and Monitoring Commission (FFAMC)	Amna Abkr	Head of the Allocation Department
12	National Council for Strategic Planning (NCSP)	Dr. Amir Salih	Head of the Coordination, Assessment, and follow up Department
13	NEPAD/APRM Councils	Dr. A. Abdalrazig	Head of the Economic Committee at the NEPAD Secretariat
14	Sudan Academy for Banking and Financial Sciences	Abdalmoniem El-Tayeb	
15	Social Development Corporation	Mohamed Kidr	Manager of Social Development Corporation