SUDANREPORT

Can the Sudan Achieve the MDGs Given its Past and Present Expenditures Allocation Patterns?

Medani Mohmed Ahmed

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Contents

Introduction 1

1. What are the MDGs 6

2. The UNDP HDI for the Sudan 7
    Growth, Poverty and Insecurity in the Sudan 8

3. Data from the Ministry of Finance and National Economy and UNCIEF on the MDGs 12

4. Budgetary Allocations and MDGs Achievement 16

5. Sudan's Current Expenditure Trends 21

6. MDGs in the Sudan: A First Attempt at Estimating Costs 23
    6.1.1 The JAM Education Objectives 23
    6.1.2 The Objectives Assigned to the Health Sector 23
    6.1.3 Target Outcomes for HIV/AIDS Programmes in Sudan 25
    6.1.4 The JAM Water and Sanitation Services' Objectives 25
    6.1.5 The Social Services Cost Outcome 25

7. Some Conclusions 30
    7.1 Some Recommendations 31

References 33

Appendix 1: Progress Towards Achieving MDGs in the Sudan 35

Can the Sudan Achieve the MDGs Given its Past and Present Expenditure Allocation Patterns?

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Introduction[1]

In recent years there has been enormous concern about whether or not the Highly Indebted Poor Countries (HIPCs) and non-HIPCs will be able to meet the Millennium Development Goals (MDGs). Many scholars, decision makers and politicians have started to doubt whether the IMF and World Bank debt sustainability measures and debt relief under the HIPC Initiatives are appropriate and effective in order to achieve both debt sustainability and the MDGs in Low Income Countries (LICs). The IMF, the World Bank and some other concerned organisations and scholars have started to develop and encourage the development of new debt relief frameworks and models that will make debt sustainable and at the same time allow the LICs to achieve their MDGs. As a result, many serious studies have been made attempting to deal with these issues. The UNDP has spearheaded the efforts to incorporate and embed MDGs achievement in any worldwide efforts to sustain debt and/or programmes and initiatives to achieve the MDGs. In what follows we will review some of the contributions that have aimed to sustain debt relief and at the same time achieve the MDGs in LICs.

Petifar and Greenhill (2002)[2] have examined the magnitude of the debt problem and its impacts on the achievement of the MDGs in the LICs. Their main conclusion is that MDG achievement is heavily dependent on both substantial debt cancellation and the provision of additional resources for the indebted countries. They have argued that necessary debt cancellation should be sensitive to the LICs' urgent need to eradicate poverty and to sustain development and should not wholly be determined by the donors' perception and concern about debt sustainability.

On the other hand, Joseph Linn (2006)[3], in his assessment of the Indonesian experience in achieving the MDGs, argued that Indonesia was in a position to achieve most of the MDGs at the national level, but that many provinces and remote areas may fail to achieve the MDGs. He observed that modest economic growth rates might not be adequate to absorb a large unemployed workforce. Indonesia is vulnerable to many shocks, both monetary, trade and natural disasters. The best option for the country is to opt for debt conversions (e.g. debt to development, debt to education, debt to environment, debt to MDGs financing). A critical factor for achieving the MDGs is that creditors and donor countries should honour their commitment and pledges to provide at least 0.7 % of their GNP in the form of development assistance and concessional aid.

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[1] This paper draws on our previous work, Medani M. Ahmed: "Sudan External Debts and the Millennium Development Goals". UNDP, Sudan, 2007. The author is grateful for the UNDP financial support of to carry out research for the case of the Sudan within a worldwide project titled MDG-Based Debt Sustainability, in October, 2006.

[2] See Petifor, A. and Romily Greenhill, "Debt Relief and the Millennium development Goals," Jubilee Research and the Economics Foundation, December, 2002. UNDP Background Paper, Human Development Report 2003.

[3] Joseph Linn (2006)

Gunter[4] (2006) has advocated a call for a more MDG-consistent debt sustainability concept by taking into account the progress in achieving the MDGs when determining the debt ceilings of the LICs. He has argued that one must take into account the fact that some poor but non-HIPC eligible countries have higher debt levels than the HIPCs. His work is an attempt to review alternative approaches to lower the total debt service payments of these countries. Gunter observed that while domestic debt has the advantage of not carrying an exchange rate risk, it may also be useful for building domestic capital markets; the non-concessionality of domestic debt makes it a costly alternative to external borrowing. Therefore, for him an optimal strategy to create a fiscal space would involve policy actions on all three fronts (revenues, expenditures and debt). His work has developed a MDG-consistent debt strategy concept that allows countries to increase their debt financing as long as they make progress towards achieving the MDGs. The logic is simple; countries that progress in achieving the MDGs are able to remain debt sustainable at higher debt ratios (traditionally defined) compared to countries that do not progress with achieving the MDGs. He recommended that it makes sense to replace the currently purely financial debt sustainability indicators with an MDG-consistent indicator. But he also saw it as important to extend the eligibility for the Multilateral Debt Relief Initiative (MDRI) to all countries with a per capita income of US$ 300. He recommended that development strategies in these countries should focus on either export growth or fiscal policy improvement.

In addition, like Lipsey[5] (2002), Gunter agreed that these countries should emphasise the national development strategies that use more foreign direct investment (FDI) and less debt financing instruments. The strong support given to the expected positive role of the direct foreign investment for growth in LICs has been mentioned by many scholars[6].

It is important to mention that the MDGs issues are often discussed within the framework of debt relief and debt sustainability issues. The debate is not a purely economic one; it is often a political debate on whether and how to give debt relief to countries once these debts have been deemed and defined as unsustainable. Debt relief is channelled through three possible avenues: Through donor forums such as the Paris Club, through the HIPC Initiative from 1996 and later through the enhanced HIPC in 1999, through the G8-initiated MDRI, and through relief support in response to natural disasters (such as the tsunami or earthquakes), or in conflict situations.

An international conference on the MDG-based debt sustainability was sponsored by the UNDP New York Office in October 2006 in which a number of case studies representing HIPC and non-HIPC countries were presented[7]. Some papers were conceptual ones that suggested changes to the IMF and World Bank debt sustainability concept by developing a MDG-based sustainability measure. Other papers focused on external debt magnitude and debt burden indicators as well as on the burden of domestic debts in poor countries. Other set of papers examined the conversion of external debts to MDG-types of financing (such as bonds, stocks, securities).

[4] See Gunter, B.G.: "MDG-Consistent Debt Sustainability: How to Ease the Tension Between achieving the MDGs and Maintaining Debt Sustainability," UNDP conference on MDG-Based debt Sustainability, New York, October, 2006

[5] See Lipsey, Robert E. (2002): "Home and Host country Effects of FDI." National Bureau of Economic Research (NBER) Working Paper No. 9293 (October)

[6] See Kosack, S. and J. Tobin: "Funding Self-Sustaining Development: the Role of the Aid, FDI and Government in economic Success," International Organisation 60 (January): 205-243.

[7] UNDP: "MDG-Based Debt Sustainability in the Low-Income Countries," New York, 2006.

Birdsall, Nancy and Kemal Dervis (2006)[8] have suggested the creation of a "Stability and Social Investment Facility" in the long-run, dealing with debt sustainability and social priorities. It attempts to help LICs overcome unsustainable debt problems and vulnerabilities without putting at risk growth and social programmes. It is hoped that countries like Argentina, the Philippines and Morocco will be able to benefit from such a programme and to make their debts sustainable.

Spratt (2006)[9] wrote a paper in which he attempted to establish a framework for debt sustainability that is compatible with countries' ability to meet the MDGs by 2015. The paper envisages a two-stage process. The first stage assumes that countries can qualify for up to 100% debt relief; the measure is MDG expenditures/government revenues. The idea is that debt relief will be given until debt sustainability is reached, which for many LICs will be attained at 100% debt cancellation. The second stage addresses the remaining issue of the "*external debt – of mainly middle-income countries, but also some lower-income countries which had only qualified for partial debt relief – converted into 'MDG Bonds', where both interest and principle payments move in direct proportion to the ratio of scheduled debt service payments to 'surplus' government revenue. 'Surplus' revenue is defined as available government revenue minus that needed to meet MDG expenditure. In terms of debt service payments, the maximum a country would pay after the MDG bond conversion would be the prevailing market rate, while the minimum would be zero, with actual payments moving between these two bounds in direct proportion to the changing ratio of scheduled payments to government revenue*"[10].

The model has some merits; first of all, debt relief is directly related to a country's ability to meet the MDGs relative to government revenues; second, LICs payments are linked directly to their ability to finance MDG spending as an extreme priority; third, Spratt envisioned the development of a secondary market in the newly created MDG-Bonds "*which would focus market attention on MDG progress, as the interest payable on traded bonds would be directly linked to MDGs achievement*"[11]. He considered this mechanism to be simple, transparent and potentially much quicker and more effective than the HIPC process.

Culpeper and Kappagoda (2006)[12] contributed a paper in the UNDP project on Millennium Development Goal (MDG) achievement and debt sustainability in HIPC and other highly indebted LICs. The project seeks to challenge the currently accepted view of debt sustainability, which is based on the notion of the ability to service debt obligations, or the "ability to pay". However, full servicing of what is defined as "sustainable" debt may weaken the financial ability of highly indebted countries to meet their MDGs.

The two authors have also examined the implications of a number of scenarios of domestic resource mobilisation (DRM) via taxation or local borrowing to achieve the MDGs.

They made two points. First, there is a need to consider domestic debt in any MDG-compatible debt sustainability. Second, an effective means of lowering debt obligations to levels compatible with achieving MDGs is through reliance on domestic resources

[8] See Birdsall, Nancy and Kemal Dervis: "*A Stability and Social Investment Facility for High-Debt Countries*", UNDP conference on "MDG-based Debt sustainability," New York, 2006.

[9] Spratt, Stephen: "External Debt and the Millennium Development Goals: A New Sustainable Framework", a paper presented in the UNDP conference on MDG-debt sustainability, New York, October, 2006.

[10] Ibid.

[11] Ibid.

[12] Culpeper, Roy and Nihal Kappagoda: "Domestic Resource Mobilisation, Debt Sustainability and the Millennium Development Goals." A Paper for UNDP's project on *MDG Achievement and Debt Sustainability in HIPC and other critically indebted Developing countries*, New York, 2006.

mobilisation, via taxation, which can be also converted into foreign exchange in time of need[13].

Damoni Kitabire (2006)[14] reviewed the evidence on post-HIPC debt sustainability which started in 1996. He discussed the concept of debt sustainability in the context of MDG achievement in LICs, and attempted in his work to provide guidance on future borrowing policies in such countries. His new LIC framework uses the quality of a country's institutions, as defined by its World Bank Country Policy and Institutional Assessment (CPIA) score, to establish sustainability thresholds. An independent World Bank evaluation[15] shows that debt ratios have deteriorated in 11 out of the 13 countries for which post-completion point data is available, with ratios having risen above the HIPC thresholds in eight of them.

It is important to mention that the World Bank and IMF have introduced a new post-HIPC methodology for assessing debt sustainability in low income countries, suggesting that at least four of the eight post-completion point countries which have breached their HIPC thresholds have debt levels which are considered sustainable under the new framework[16].
The paper examined whether the new World Bank/IMF LIC model provides an appropriate tool for assessing debt sustainability and the effectiveness of sustainable resource scale-up. It also made a number of proposals to enhance the framework's capacity as a tool for assessing not just debt sustainability, *but also* the effective use of resources to meet the MDGs.

This paper is organised in six small sections. The first section discusses briefly the Millennium Development Goals (MDGs) and section two addresses the Human Development Index (HDI) for the Sudan and investigates the country's efforts and attempts to achieve the MDGs by 2015. It analyzes the existing situation and reviews some of the Sudan's attempts to achieve these goals. The purpose is to shed light upon the current situation of social and economic development in the Sudan and to briefly outline what is expected of the country in order to achieve the MDGs.

The third section is a continuation of the analysis from the previous subsection and gives more data and updates on the Sudan's efforts in achieving the MDGs and the major handicaps and impediments facing it.

The fourth and fifth sections discuss the issues of government expenditure allocation to social services sectors generally and to health, education and water in particular. They examine the magnitudes of spending and their distribution among different services and their trends and direction. The main idea is to show how past and current government spending patterns have been affecting and will continue to affect the achievements of the MDGs.

Section six examines the issue of MDGs cost, especially for the education, health and water sectors. The discussion on the cost of achieving MDGs was originally done by the Joint Assessment Mission (JAM) to the Sudan in the format of matrixes of objectives and cost tables for these objectives for two phases; 2005-2007 and 2008-2011. The section examines these costing estimates for various sectors and then attempts to evaluate the potential of achieving MDGs given the historical fiscal experiences in the Sudan and the availability of budget finances to meet these objectives in the Sudan.

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[13] Ibid.

[14] Kitabire, Damoni: "MDG achievement and debt sustainability in HIPC and other critically indebted developing countries: Thoughts on an assessment framework", UNDP conference on The MDG-Based debt Sustainability, New York, 2006.

[15] Independent Evaluation Group (2006)

[16] See Kitabire, Damoni: "MDG achievement and debt sustainability in HIPC and other critically indebted developing countries: thoughts on an assessment framework," UNDP conference on The MDG-Based debt Sustainability, New York, 2006.

The main point to be stressed is that little resources have been allocated to sectors influencing the achievement of the MDGs and we are arguing that if this pattern of spending continues in same manner and magnitude, there is a slim chance that the MDGs targets will be met. It is important also to mention that the analysis in this MDGs section, like other ones, is severely handicapped by a shortage of detailed and reliable data. We start with an introduction to the MDGs.

1. What are the MDGs?

The United Nations held a Millennium Summit in September 2000, attended by 147 leaders who pledged to achieve the Millennium Development Goals (for details of MDGs see box 1). In June 2003 the Group of Eight summit endorsed those goals. The eight MDGs are supported by an action plan with 18 targets for reducing poverty, hunger, diseases, illiteracy, achieve sustainable development, and fight environmental degradation and discrimination against women. In what follows we briefly describe the eight Millennium Development Goals:

By the 2015 all the UN member states have pledged to:

- Reduce by half extreme poverty and hunger
- Achieve universal primary education for girls and boys
- Promote gender equality (i.e. eliminate gender disparity in primary and secondary education) and empower women
- Reduce child mortality by two-thirds among children under five years old
- Reduce maternal mortality by three-quarters
- Reverse the spread of HIV/AIDS, malaria and other diseases.
- Ensure environmental sustainability (reduce by half people who have no access to safe dinking water and incorporate principles of sustainable development into country policies)
- Develop a global partnership for development, within a comprehensive strategy for poverty reduction, external debt reduction, concessional aid, and transfer of technology, access to markets and support to the private sector role in the economy.

The rich advanced countries are committed to provide additional concessional aid, give access to markets to poor developing countries, debt reduction, and fairer trade.[17] The Human Development Report (HDR 2003)[18] outlines the main challenges to the MDGs in the following points:

- More than a billion people in the world have no access to basic health and safe dinking water and live on less than a dollar a day
- One fifth of children do not complete primary education
- The HIV/AIDS pandemic continues to spread and more than 14 million children lost one or both parents to the disease in 2001
- In the developing world, more than 1.2 billion people currently live below the international poverty line, earning less than US$1 per day[19]. Those people are suffering from chronic hunger and it is doubtful whether the Sub-Saharan Africa (SSA) and South Asia regions will be able to meet the MDGs goal of combating poverty and hunger by 2015
- There is a more than 33 % probability ratio that a child in the SSA region will not be able to finish primary education, while the ratio is 25 % for children in the South Asia region
- In the SSA region half a million women die in pregnancy or childbirth each year

[17] This section on MDGs and HDI draws on information from the UNDP, Human Development Report 2003.
[18] Ibid.
[19] See the hunger website : http://www.freedomfromhunger.org/info/#unicef

2. The UNDP HDI for the Sudan

In this subsection we will touch on the UNDP Human Development Index (HDI) and its relationship with poverty and insecurity in the Sudan. The major source of information here is the Human Development Report (HDR), published in 2003, which focused on the status and progress of human development in the world, and coined and developed a Human Development Index which in turn became a major reference and indicator for international comparison between countries. The HDI is defined as an average measure of levels in three areas; longevity, knowledge and standard of living. The HDI ranges between 0 (the lowest attainment of human development) and 1 (the highest achievement level of human development). A country will improve in its human development level as it progresses from 0 towards 1. The UNDP HDR 2003 ranks Sudan as number 138 with an HDI of 0.503[20]. It is important to note that Sudan's HDI has improved steadily over the period 1975-2001, with ratios of 0.351, 0.378, 0.399, 0.431, 0.465 and 0.503 for the years 1975, 1980, 1985, 1990, 1995 and 2001 respectively. The Sudan HDI of 0.503 places it at the bottom of the medium ranged countries and puts great pressures on the country to allocate more financial resources and take stronger pro-poor policies to meet the MDGs by 2015.

From the HDR information it is clear that for the Sudan the progress towards achieving the MDGs has been slow, and given the challenges created by the country's huge external debts problem, it will be difficult for the Sudan to achieve these goals without mobilizing enormous local resources and substantial concessional development aid from the international community in the future.

For instance, in the Human Poverty Index (HPI-1) calculated by the HDR 2003 for 94 countries, Sudan is ranked as number 52 with a ratio of 32.2 %[21]. The Sudan has not been able to do much in meeting the first MDG; to reduce hunger and poverty by half.

In addition, Sudan is not doing well when it comes to building the capacity of women, measured by the Gender-Related Development Index (GDI). The GDI for the Sudan equals 0.483, ranking it number 116 out of total 144 countries worldwide. The Gender Empowerment Measure (GEM) which calculates gender equality in participation in economic and political decision making and professional activity has not been calculated for the Sudan due to a shortage of data. When it comes to gender equality proxied by the ratio of girls to boys in primary and secondary education there are indicators that Sudan's performance is very impressive and that it surpassed the MDG in 2001 (102 % - as shown in table 1 below).

However, as for the goal of reducing hunger by half (measured here by % of undernourished people), the Sudan was able to reduce hunger by 32.3 %, from 31 % in 1990 to 21 % in 2001. If the country allocated adequate resources to pro-poor expenditures it might have been able to meet the target goal of reducing hunger to a 16 % ratio. If the government opts for allocating resources to meeting internal and external debt obligations the reduction of poverty and hunger by half will not be achieved.

Finally, the Sudan will struggle very hard to achieve the universal primary education goal given the expenditure allocation pattern for social services.

[20] See UNDP, HDR, 2003.
[21] HPI ranges between 1-100% (smaller percentages indicate less poverty)

Growth, Poverty and Insecurity in the Sudan

It has been the trend that the growth in GDP has been cyclical and varying over time, since it is always determined by the growth in the agricultural sector. The cyclical growth trend was discernable in the 1980s when there were minuses and pluses throughout the decade.

The economy's positive growth performance was largely due to a recovery of the agricultural production from effects of drought. The recovery was made possible by good weather conditions and also partly by a timely provision of imported agricultural inputs as well as through adoption of heightened pro-agriculture monetary and lending policies

Conversely, the 1990s witnessed relatively high positive rates of growth in GDP, ranging from a record high of 11.3 % in 1991/92 to a low of 4.5 % in 1995/96, with an average of 7.5% for the period 1992/93-1999/00.

The growth of the GDP from the 1990s and to date was caused by a number of factors, the most important of which are the high growth rates of the agriculture, building and construction sectors, and later of the oil sector. The rapid rate of growth in agriculture in the 1990s - about 10 % in general but even higher in some of the sub-sectors – was the prime reason for the overall GDP growth. For instance, traditional agriculture grew at 19.8 %, the livestock sub-sector 12.8 %, followed by irrigated agriculture at 7.4 %, while the mechanised sub-sector had a very low growth rate at about 0.9 %.

Despite the relatively good economic growth rates achieved in late 1990s and after, incidents of poverty are intensifying and spreading all over the country. There are wide income and human development inequalities between urban and rural communities and also between the states. The figures for the country as a whole show that poverty has increased and become a serious problem, with ratios of 51.6 %, 54.3 %, 77.8 % and 91.4 % for the years 1968, 1978, 1986 and 1992 respectively.

A combined rural survival deprivation index based on data from the Multi-Indicators Clusters Survey (MICS) for different states, shows that the highest level of poverty is found in the rural areas of the Red Sea, Blue Nile, Kassala, southern Kordofan and northern Darfur States. For urban areas the combined index of deprivation shows that the highest level is found in Blue Nile, Malakal, Red Sea, southern Kordofan, and Kassala States. On the other hand, most of the urban poor in the Sudan are found in Khartoum, Gezira and in the urban areas of the northern states and in Port Sudan.

The economic growth has not trickled down to the most needy people and regions. The possible cause is that income inequality is accentuating and the benefits of growth have not been shared by all income classes. Especially the poor have not gained much means by which to improve their welfare conditions. Theirs is a rather vulnerable situation socially, economically and politically throughout the whole country. The country has suffered greatly from civil strife, violent disputes, and internal insecurity in the southern, western and eastern regions.

It must be mentioned that there is a strong link between conflicts, insecurity and poverty as well as between poverty, declining human development and inability to achieve the MDGs. In Sudan, the incidents and depth as well as the severity of poverty are all reflections of a low level of human development, conflict and insecurity.

Poverty increases the risks of conflict, violence and insecurity in a number of ways. Poor countries are characterised by low economic performance levels, low per capita income and consumption levels, poor infrastructure, inadequate social and economic services, disarticulated sectors (lack of linkages between sectors and unevenness of growth rates

among sectors), low productivity levels and low capacity of production and exportation. Poor countries are more likely to have weak governments and institutions, which results in low and unsustained economic growth rates. This will often lead to dissatisfaction and social strife, which in turn fuels conflicts and violent action against the state or groups in order to gain material benefits, land and resources by force[22].

Resource scarcity, drought and desertification and widespread incidents of poverty can trigger strong competition among people for survival and provoke internal migration and displacement that results in conflicts between social groups, as is the case in Darfur. Declining opportunities of productive employment, heightened sense of despair, rage and a feeling of marginalisation can all lead to conflict and violent actions disrupt the social system and endanger peace and security in the inflicted region and in the whole country. In other words, "the lack of economically viable options other than criminal activity creates the seedbed of instability and increases the potential for violence"

Furthermore, there is another factor that will negatively affect human development and the achievement of the basic education MDG target in the Sudan. That factor is the continuing problem of displacement of large segments of the population in the South and in Darfur. For the case of Darfur, the UNICEF estimated that more than 2 million people have been affected by the ongoing crisis. Most of those affected will continue to be in need of basic social services due to insecurity and a lack of funding. About 1.9 million internally displaced were expected to return home in 2006 but that did not happen and they are becoming increasingly entrenched in the camps that house them. Displaced children will be the most negatively affected group. Their education will be disrupted and this will negatively affect Sudan's ability to meet the MDG education target.

Table 1 shows that net primary school enrolment ratio was just 46 % in 2001, far below the Arab countries' ratio of 77 %. Huge amounts of spending are needed to meet the MGD goal for attaining a 100 % ratio of primary school enrolment.

Table 1: Achievements in Some Selected Millennium Development Goals in Sudan

Item	Measure	country	1990	2001	Goal for 2015
Poverty	GDP PER CAPITA(2001 PPPUS $	Sudan Arab States	1355 4628	1970 5038	- -
Hunger	% of undernourished people	Sudan Arab States	31 13	21 13	16 -
Education	% Net primary enrolment ratio	Sudan Arab States	- 73	46 77	100 100
Gender Equality	% Ratio of girls to boys in primary and secondary education	Sudan Arab States	75 78	102 84	100 100
Health	Under 5 mortality rate (per 1000 live births)	Sudan Arab States	123 90	107 72	41 -
Water	% of population with access to an improved water source	Sudan Arab States	67 -	75 86	84 -
Sanitation	% of population with access to improved sanitation.	Sudan Arab States	58 -	62 83	79 -

Source: UNDP: *Human Development Report*, 2003

[22] UNDP, Millennium Project, 19 January 2005 It is quoted in Yale Global Online © 2007, the Yale Center for the Study of Globalisation. 20 UNCEF report published in the UNICEF Website:http:/www.unicef.org/sowc07. 21 UNDP, Millennium Project, 19 January 2005 It is quoted in Yale Global Online © 2007, the Yale Center for the Study of Globalisation.

Some further evidence shows that the children enrolment ratios in northern Sudan have been improving compared to in the south. The ratio is even better when compared to the Sub-Sahara African countries' (SSACs) level. In northern Sudan the enrolment ratio increased from 52 % to 62 % in the 1990s, whereas the ratio for the southern region was 38 %. The girls' school attendance in the north increased from 49 % to 60 % and male attendance improved slightly, from 57 % to 63 % in the same period. The situation was gloomy in southern Sudan where girls' enrolment ratio was 28% and boys were 4 7%[23]. A possible explanation of the low enrolment ratio of boys may be that boys were recruited as young soldiers and/or were forced to work to support the family income.

Another study has shown that the Sudan's performance in the literacy and gender equality goals is much better than the SSACs average. However, inequality between northern and southern Sudan is discernable and striking. For instance, the adult literacy ratios in the northern region are estimated at 86 % for males and 72 % for females, much higher than the figures for the south; 37 % for males and 12 % for females[24].

On another matter, the director of the National Council for Illiteracy Eradication (NCIE), Abdel Aziz Abdel Latif estimated that the cost of an illiteracy eradication campaign would amount to SDD 75 billion (equals roughly to US$ 375 million (at the 2007 conversion rate of SDD200 for one dollar), and the cost per person was estimated to US$ 37500. He stated that the total number of illiterate people in the Sudan is about 8 million, of which 3.25 million is of primary school age.

In 2006 about 8000 pupils were able to sit for the primary examination after completing the basic level education. The NCIE has a five and a ten year plan for eradicating illiteracy. There are attempts to achieve the Ghana Declaration's target to reducing illiteracy by half in 2015. Presently there are about 247 registered organisations working to combat illiteracy in the Sudan.[25]

The people of the NCIE hope to achieve the illiteracy eradication goals by 2015 but there is no assurance and guarantee that this will happen since it depends on the availability of funding and technical and human capacities which are often lacking in the Sudan.

Also, in my opinion (and as we will see later in this section), it is equally difficult for the Sudan to meet the health related MDGs by 2015. One of the targets is to reduce the under-5 mortality rate (per 1000 live births) to 41 in 2015. In 1990, the figure was 123; it dropped to 107 in 2001 (a 13 % rate of decrease), which is far from the 41 per 1000 target figure.

Again with pressing demands on scarce resources from different sectors, there is a slim likelihood that more resources will be devoted to achieve the MDGs as long as the external indebtedness problem is not solved and without receiving substantial development and concessional aid from the international community.

Finally, the prospects of meeting the environmental sustainability goal, especially when it comes to improving people's access to safe drinking water and sanitation services, are attainable if more resources and expenditures are allocated to the target sectors. This can be achieved within the context of a strategic development plan to eradicate poverty and enhanced and strengthen the economic sectors that are pro-poor. Substantial resources need to be channelled into infrastructure and social development to improve the social and economic

[23] Valerie Kozel and Patrick D. Mullen: "Indicators or the Millennium Development Goals Levels, Trends, and Patterns," World Bank/AFTH1, July 22, 2003.
[24] Op.cit. 2003
[25] Al-Sudani Newspaper, issue no.387, September 13, 2006.

wellbeing of the people, together with an active support from donors and multilateral institutions.

The information given in table 1 shows that by 2001, 75 % of the population had access to safe drinking water. The target ratio of 84 % is achievable, at least for the northern part of the country. In addition, about 62 % of the population had access to sanitation services in 2001 and the MDG target is 7 9% by 2015.

Kozel and Mullen (2003) discussed the rural-urban and northern-southern distribution of safe water and sanitation services in the Sudan. They stated that there has been a fairly equal distribution of improved drinking water between the rural and urban areas in northern Sudan, but that there is an inequality in terms of access to sanitation in the rural areas. They have also noted inequality between the north and south in terms of access to both safe water and sanitation services. The distribution of access to adequate sanitation was much more unequal in both 1990 and 2000, and seems to have changed little during the decade[26]. Still, it is clear that Sudan's performance when it comes to meeting the social development MDGs is comparable to the Sub-Saharan countries' performance, and sometimes even better.

With reference to meeting the sixth MDG to combat HIV/AIDS, malaria, and other diseases, the Sudan is facing some real challenges. For instance, although the estimated adult prevalence of HIV/AIDS at 2.6 %, is somewhat lower than the overall ratio for Sub-Saharan Africa (where it is 9.2 %), it is more likely to increase sharply in the medium and long term perspective due to the spread of civil strife and the difficulty to close borders in the face of the refugees from the neighbouring countries in the west and east. The widespread problem of internally displaced people, caused by internal disputes and wars, will increase the HIV/AIDS growth rate and the growth rate of other epidemics in the Sudan.[27].

As for other diseases like malaria and tuberculosis, the Sudan's efforts to reduce them are still far from achieving the target goals and more resources and efforts are needed if they are to be combated by 2015. The Sudan was able to supply insecticide-treated bed nets to only 2 % of the total population in northern Sudan, and was able to provide anti-malaria medication for 33 % of children with fever in northern Sudan and for 26 % of the children with fever in southern Sudan[28].

This section concludes that although the Sudan performed relatively well in terms of the levels of enrolment, school attendance and gender equality, as well as in literacy objectives, the disparity between the northern and southern regions when it comes to these issues is still wide. The divergence between the rural and urban areas is also clear.

The progress towards achieving the other MDGs is relatively slow and will continue to be slow should the amounts of resources allocated to pro-poor sectors continue to be very low as a percentage of total federal government expenditures and as a percentage of the GDP. Unless the Sudan is able to solve its external debts quickly (and consequently benefit from the HPIC Initiative), and to release more resources to reduce poverty and strengthen social development efforts, and unless it receives more concessional and development aid from donors and multilateral institutions, the country will definitely fail to achieve the MDGs by 2015.

[26] Ibid.
[27] See Benaiah Yongo-Bure: "Peace Dividend and the MDGs in the Southern Sudan." A paper presented at the conference on Management of Post-Conflict Transition: the Challenges of Institutional reform in the Sudan, Khartoum, January 22-24, 2007. Also see Hamid, M.: "Population Displacement in the Sudan," Center for Migration Studies, New York, 1996.
[28] Ibid.

3. Data from the Ministry of Finance and National Economy and UNCIEF on the MDGs

The UNICEF and the Ministry of Finance and National Economy (MFNE) are important sources of data that provide updated information on the Sudan's achievement of the MDGs. Both sources have shown that there are development in the efforts to meet the MDGs and have also mentioned important obstacles and difficulties handicapping the achievements of the MDGs.

The UNICEF is considered a major contribution of the most updated data on the MDG process in the Sudan, and recent information from the organisation (2006) outlines some of the challenges the country faces when it comes to meeting the MDGs (see Appendix 1).

One important implication from the data is that huge government spending needs to be allocated to the MDGs sectors and more donor support is also critically needed to enhance the efforts leading to a successful achievement of the goals. Given the present expenditure allocation patterns in relation to the MDGs sectors and the lack of debt relief and of influx of foreign concessional development support to the Sudan, it is unlikely that the Sudan will be in a position to fully achieve a reduction of extreme hunger and poverty by half in 2015 (MDG 1). The MDG 1 target is 25-45 %, and the estimates from the year 2000 gave a range of 50-90 % for the north and 90 % for the south (see Appendix1). The Interim Poverty Reduction Strategic Paper (IPRSP) gave a rough estimate of poverty incidence in the range of 50 %-60% of total population, based on human deprivation considerations but not on any solid field work and research.

Although considerable progress has been made in order to achieve universal primary education for girls and boys (enrolment for both sexes and literacy objectives as defined by MDG 2), more efforts and spending are needed to achieve this goal. Whereas the Gross Enrolment Ratio (GER) was relatively good (about 62 % for the north in 2004 and 25 % in the south in 2003), the Net Enrolment Ratio (NER) in the north was 48.3 % in 2004 and 0 % in the south for a target of 100 %. With the very low NER and the present low expenditure allocation in the budget, it is unlikely that the country will be able to meet the 100 % NER target by 2015.

Some recent data presented by the Sudan's paper to the Sudan consortium 2007[29], showed that the GER is still low and has improved slightly from 48 % in 1991 to 60 % in 2004[30]. Likewise NER has increased from only 40 % in 1991 to 53 % in 2006 (the Sudan Household Health Survey, SHHS). On the other hand, adult and youth literacy rates showed some progress, where the first increased from 45.8 % in 1990 to 60.9 % in 2004, and the later increased from 65 % in 1990 to 77.2 % in 2004. The data also showed substantial regional disparities where relatively rich and secure regions have witnessed rising ratios and insecure and poor regions have low ratios.

The third MDG, promoting gender equality and empowerment of women says in its target 4 that gender disparity in primary and secondary education should be eliminated preferably by 2005, and in all levels of education no later than 2015. The situation indicates that the target can potentially be achieved. Substantial progress is done on MDG 3, especially in the in the north, but it is unlikely to be met in the south. For instance, the girl to boys' ratio in primary

[29] See MFNE, "MDGs in Sudan; Current Status, Achievement and Prospect," Sudan Consortium, Pre-consortium Technical Sessions, Khartoum, March 19, 2007

[30] http://www.uis.unesco.org/profiles/EN/EDU/countryProfile_en.aspx?code=7360

education was 85.5 % in 2004 in the north and only 35 % in 2004 in the south. Also, the ratio of literate females to males was 84 % in 2000 in the north and only 43 % in 2000 in the south.

However, the data furnished by the MFNE to the Sudan Consortium are more ambitious, indicating a tremendous improvement in achieving MDG 3. The MFNE states that "The ratios of girls to boys in primary and secondary education have improved significantly form 0.85 and 0.92 in 2000 to 0.92 and 1.0 respectively in 2005. However, the ratios of girls to boys in tertiary education have reached 1.4[31]. Also ratio of literate women to men between 15 and 24 years improved to 0.58[32]; the share of women in wage employment in the non-agricultural sector increased from 26 % in 2000 to 30 %[33] in 2005, and the proportion of seats held by women in the national parliament increased from 10 % to 18.3 % in 2005, which is good in comparison with the regional level"[34].

As for MGD 4, aiming to reduce the mortality rate of children under the age of five by two thirds between 1990 and 2015, the outlook is somewhat mixed according to the data used to assess the situation. We will here refer to two sets of data; from the UNICEF as shown in the table above, and from data referred to in the Sudan consortium paper from the MFNE. According to both sources some progress has been made towards reducing the infant and under-5 child mortality rates. For example, the UNICEF data showed that in the north, the under-5 mortality rate was 124 in 1990 and dropped to 104 in 1999 while the target rate is 35. In the south, the figure was 250 in 2001 with a target of 83. Both targets are unlikely to be met in 2015.

On the other hand, the MFNE data indicated that "the under-5 mortality rate per 1,000 live births declined from 143[35] to 73 deaths/1000 live births in 2006." It also showed that "the infant mortality rate was reduced from 80[36] to 68[37] in 2000 and further declined to 52/1000 in 2006."The data further indicate that the Expanded Program on Immunisation (EPI) has achieved the national target of a DPT3 coverage of over 83 %.

The MDG 5 concerns the reduction of the maternal mortality ratio (MMR) by three-quarters between 1990 and 2015. The MMR was 535 in 1990 and dropped to 509 maternal deaths per 100,000 live births in 2000 in the north, which is far away from the target rate of 127. The situation in the south is even gloomier, where the ratio accounted for 1700 maternal deaths in 2000 with a target figure of 425. Again, as reported by the MFNE's Sudan Paper on MDGs, "the preliminary findings of the SHHS from Northern Sudan showed considerable improvement in Khartoum, and in the central and northern regions. The conflict affected states showed some deterioration. The ratios are better than those in many countries in sub-Saharan Africa, but they are the worst in the Eastern Mediterranean region. In the north, production of skilled birth attendants has increased more than six times in the last 5 years. Deliveries assisted by skilled personnel are 57 % (SHHS, 2006). However, there is a marked variation between states. This percentage is highest in the Northern State (98.2 %) and lowest in the Jongoli State (22 %)"[38].

[31] Ministry of Social Welfare, Women and Children, 2006
[32] Ibid
[33] Ministry of Social Welfare, Women and Children, 2006
[34] See MFNE, **"**MDGs in Sudan; Current Status, Achievement and Prospect," Sudan Consortium, Pre-consortium Technical Sessions, Khartoum, March 19, 2007
[35] DHS 1990
[36] DHS 1990
[37] CBS/UNFPA, 1999
[38] See MFNE, **"**MDGs in Sudan; Current Status, Achievement and Prospect," Sudan Consortium, Pre-consortium Technical Sessions, Khartoum, March 19, 2007

With respect to MDG 6, combating of HIV/AIDS, malaria and other diseases, the potential of meeting the targets is there if more efforts and resources are used and spent to achieve the targets. Target 7 attempts to halt and begin to reverse the spread of HIV/AIDS by 2015.

For instance, the HIV prevalence rate was 1.6 % in 2003 in the north with a target to lower it below the 1.6 % ratio, and in the south it was 2.6 % with the aim of lowering it also below this percentage. With an adoption of a serious health, social and economic strategy to combat HIV the chances that the objectives will be achieved are good[39].

Target 8 tries to halt and begin to reverse the incidence of malaria and other diseases. Although malaria has caused about 7.5 million attacks and killed a round 35000 people (with a fatality rate of 5 % to 15 %), eradication and containment efforts have succeeded to reduce the case rate from around 400/1,000 in 1993 to 71/1,000 in 2005. Most likely the rate has declined since then.

The results of the SHHS 2006 reported by the MFNE showed that 49.8 % of children under the age of five slept or used some form of mosquito net the night prior to the survey. Those who had used at least one insecticide treated bed net amounted to 18.1% of the total sample[40]. Combating malaria attacks and fatalities depends very much on securing both domestic and foreign financial and technical support which will be critical in achieving the MDGs by 2015.

As for other diseases like tuberculosis, the MFNE report indicated that it "accounts for 12 % of hospital admissions and is one of the main causes of hospital death." The report roughly estimated the number cases to around 50,600. The report goes on to state that "in the year 1999, there were 26,950 cases, but since then, case notification showed a gradually declining trend. In 2005 the case detection rate was 44.3% which is far below the global target of 70 %. The majority of TB patients are in the productive age of their life (15-45 years)"[41].

Finally with reference to ensuring environmental sustainability and halving the proportion of people without sustainable access to safe water and basic sanitation, the actual situation is much more critical in relation to the huge water resources available in the country. The data available reported by the Sudan Interim MDGs Report indicated that in the rural areas the overall drinking water per capita was 75 %, and in the urban areas it amounted to 59 %[42].

The MFNE also points to the fact that some considerable amount of investment has been done in the water sector in the Sudan in the period 2004-2006, increasing rural water production from 240,000 m³/day to 825,000 m³/day and the urban water supply to1,030,000 m³/day.
The Sudan Household Health Survey (SHHS) 2006 estimated that about 59.3 % of the total population have access to an improved water source, whereas those who have access to improved sanitation amount to only 31.2 %.[43].

The report also showed clearly that there is a wide disparity between regions and states in terms of access to safe drinking water. The levels vary from a low of 24 % in the Blue Nile state to a high of 93 % in Khartoum state. The main impediments are physical, financial and managerial capacities[44].

All in all, the ratio of safe drinking water in the north was 59.7 % in 2000 with a target of 85 %, whereas the ratio for the south was 25-30 % and the target ratio was 64 % (see UNICEF 2006 in table 3). Again, the achievement of this MDG 7 depends on allocation of substantial

[39] Behavioural and Epidemiological Survey Report, 2002 quoted by MFNE, ibid.
[40] op.cit
[41] ibid.
[42] Sudan Interim MDGs Report, 2005
[43] Reports of the National water corporation
[44] ibid.

financial resources in the budget and on mobilisation of tremendous donor support from abroad.

The same argument can be advanced for the improved sanitation objective, where in the north the ratio was 59.7 % in 2000 with a target ratio of 82 %, and in the south the ratio was 15 % with a target ratio of 58 %. The Sudan MDG Report stated that "on average it is estimated that 64 % of the population have access to sanitation, though there are wide regional variations. The ratio of the population who has access to sanitation networks are only 6 %, while the ratio of urban population who have access to septic tanks is not more than 3.5 %. According to the population census, 45 % in the northern states have pit latrines, and the corresponding figures for urban and rural areas are 58 % and 38 % respectively"[45].

Again, without substantial increase in spending on the water and sanitation sectors both target ratios are unlikely to be met by 2015.

[45] ibid.

4. Budgetary Allocations and MDGs Achievement

It is important to explain briefly how government expenditures in the Sudan are classified before going into a detailed description of the magnitudes and trends of these expenditures. The budget has never been prepared according to functional classification of expenditures or based on programmes, and has not applied the Government Financial Statistics (GFS) or followed any international best practices. In the Sudan, the expenditure assignments and allocations in the budget follow administrative/economic classification, by chapters. The budget includes four major chapters in which allocations are lumped together to make specific categories. These chapters are aggregated allocations of spending items grouped as follows[46]:

Chapter One: This expenditure category consists of wages and salaries for all federal employees.[47] This chapter also includes central government contributions to the Pension Fund and central government contributions to the Social Security Fund.

In terms of employment the chapter explains the involvement of the federal government in the provision of jobs in the economy. Historically the public sector has been working as the sole provider of steady jobs for many people, especially graduates who see in these jobs opportunities to assume important socio-economic and even political roles in society. For instance, in literature there are many competing theories explaining the role of bureaucrats in development in LDCs. In fact the statist model of development is built round the central role that senior government bureaucrats play when they ally with parties' leaders, military officers as well as with industrialist to achieve specific development goals as a means of legitimacy. China, Pakistan and Egypt and Sudan are cited as examples, to name but a few cases[48] (see Lippit 1985 and Ahmed, 1985).

Another point regarding Chapter One is that during the decades of the 1970s and 1980s wages and salaries offered to government employees were high enough to protect them from falling under the poverty line. However, in the 1990s, those wages and salaries have been falling steadily in real terms due to the impact of high levels of inflation – a situation that forced most of the employees to seek part time jobs to escape poverty.

Chapter Two: This expenditure category consists of goods and services purchased for governmental units. In addition, this category of spending (in the 1990s) includes social subsidies, which are mainly directed to subsidizing electricity for those who consume below 500 KWH/month, free medication in emergencies, free medicines for kidney dialysis and heart disease, and support to poor students in higher education. The chapter also includes allocations for the central government's running expenses and centralised items. As we will see later on, this chapter, which is an important part of the government current spending, includes expenditure allocations to fund economic services, social services (education and health), debt service payments, defence, security and others.

In addition, this expenditure category also includes centralised obligations which include internal debt, external debt, travel abroad, subscription in international organisations, custom

[46] See Ahmed, M.M., R. Babiker and Michael Bell: "An Analysis of Fiscal Policy in the Sudan: A Pro-Poor Perspective," UNDP, July 2005.

[47] Primary and secondary education teachers, medical staff for all health units, except specialised hospitals, and water supply employees are not paid under this chapter of the federal budget since they are states' responsibilities. They are included under Chapter 1 of state spending.

[48] See Lippit, Victor D: "The Statist Model of Development in the Third World." Discussion Paper, UCR, 1985. Also see Ahmed, M.M.: "The relevance of the Concept of Economic Surplus to Economic Development," Discussion series No.3, DSRC, 1988.

duties for government units, pipeline fees, training, replacement of equipment and emergency reserves.

Chapter Three: This expenditure category consists of current and development transfers to states, as well as Agriculture Tax Compensation, Petroleum Price Difference, the Value Added Tax (VAT) and additional support. These transfers are strictly unconditional transfers and the states are not required by law to report details of their spending to the federal Ministry of Finance and National Economy (MFNE). It is important to mention that these transfers are mostly used in the Sudan to fund wages and salaries (Chapter 1 of the budget in the states). However, one should mention that these transfers are significant means by which the government can redistribute resources and income in favour of the poor people and regions. Benefits accrued from these transfers are much higher in terms of enhancing social, human and economic development compared to their negative effect on resource allocation between private and public sectors.

Chapter Four: This expenditure category consists of national development expenditures, transfers of development funds to states, capital contributions of government projects financed by foreign loans and financing of agriculture. The actual performance of the budget's development expenditures have been affected by the implementation of Structural Adjustment Programmes (SAPs) as investments on new projects have been reduced to curb budget deficits in order to reduce inflation. Allocations in this development chapter are directed to maintain and sustain the functioning of existing projects. Contributions of capital in late 1990s became significant as the government started to undertake some serious investments in oil sector projects. A growth and poverty reduction strategy should use this chapter to allocate more resources to facilitate the development of projects that create employment opportunities to the poor and the unemployed labour force and broaden the productive capacities of the economy.

Now turning the discussion onto the achievement of MDGs in the Sudan, one needs to look carefully into the budgetary allocations of expenditures and identify the items that are going to affect the service delivery in the MDG sectors and affect the achievement of the MDGs. Given the past historical budget performances in allocating expenditures to social services, and to the sectors that were likely to influence the achievement of the MDGs in the period 1990-2005, one may feel sceptical concerning the likelihood that the MDGs will be achieved.

For example, based on information presented in table 2 for the period 1978-1988 regarding functional classification of some items of chapter 2 running expenses and purchases of goods and services of various sectors (budget operating expenses or centralised and operations items), one can observe that the social services, namely spending on education and health activities, have received on average only 4 % of total current expenditures.

The break-down of social services reveals that health services have received on average only 2.8 % and education on average about 1.2 % for the same period. These ratios are extremely low even in comparison to other items, namely debt service (17.8 %) and military and defence (15.2 %) in the same period. The running expenses of the social services show how little resources were indeed being allocated to these essential social development sectors and also indicate how small these sectors were in the government budget.

Therefore, in the logic of service delivery and expenditure assignment, social development ranked very low as government priorities in the Sudan in the period under consideration.

Table 2: Government Expenditure Functional Allocation (amounts are in million Sudanese Pounds - SDD)

	78/79	79/80	80/81	81/82	82/83	83/84	84/85	85/86	86/87	87/88	88/89	Average 1978-1988
Social services	36.1	36.0	37.5	53.7	59.7	66.7	34.9	33.1	217	264.8	311.6	
Social services % of total	**5.4**	**4.4**	**3.9**	**5.2**	**4.4**	**3.8**	**1.8**	**1.0**	**5.1**	**5.1**	**4.2**	**4.0%**
Education	9.1	9.4	10.5	14.9	20.7	22.9	15.7	15.6	52.7	69.4	84.9	
Education as % of total	**1.4**	**1.1**	**1.1**	**1.4**	**1.5**	**1.3**	**.8**	**.5**	**1.2**	**1.3**	**1.1**	**1.2%**
Health	12.1	12.9	13.4	21.2	30.4	34.6	9.6	9.3	144.3	169.3	193.9	
Health as % Of total	**1.8**	**1.6**	**1.4**	**2.0**	**2.2**	**1.9**	**.5**	**.3**	**3.4**	**3.2**	**2.6**	**2.8%**
Military as % Of total	**14.1**	**13.0**	**16.2**	**16.1**	**13.5**	**12.9**	**14.9**	**10.9**	**16**	**17.9**	**22.1**	**15.2%**
Total debt service	116.3	111.4	112.2	106.3	370.5	393.1	368	1203	545	375	810	
Debt services as % Of Total	**17.6**	**13.6**	**11.9**	**10.2**	**27.1**	**23.4**	**19.2**	**37.2**	**17.8**	**7.2**	**10.9**	**17.8%**
Total spending	659.1	820.3	942.6	1042	1368.1	1757.2	1912.9	3237	4259.7	5232.2	7385.8	

Source: Economic Survey, Ministry of Finance and national Economy, Various issues for respective years. Ratios are Medani M Ahmed's own calculations*Amounts are in million Sudanese pounds and ratios are % of total government spending.

However, the situation did not improve at all in the period 1990-2005. The same pattern of resource allocation for various sectors in chapter 2 continued. In the period 1990-2005, both health and education, received the lowest percentage ratio in relation to other items, on average about 10 % of total recurrent spending. Economic services got on average about 11 %, whereas defence and security received on average about 28 % (compared to 15.2 % in 1978-1988) and debt services received about 12 % compared to 17 % in 1978-1988. The transfers to the states in 1990-2005 were about 9 % and reserves got on average about 29 % (see table 3).

Table 3: Functional Classification of Current Expenditures in the Sudan, 1990-2005 (amounts are in billion Sudanese pounds - SDD)

Item/Year	Economic services	Social services	Debt service	Defence & Security	States governments	Others	Current Expenditures
1990	0.087	0.078	0.059	0.430	0.137	0.795	1.586
1991	0.122	0.108	0.493	0.459	0.180	3.983	5.344
1992	0.627	0.354	0.824	1.785	0.266	4.110	7.967
1993	2.560	0.750	1.070	3.860	0.400	3.300	11.940
1994	9.100	10.400	1.200	5.710	0.700	0.560	27.670
1996	8.400	20.600	6.100	13.300	12.700	21.900	83.000
1997	2.440	3.320	93.600	15.400	4.800	4.800	124.360
1998	5.800	23.200	14.700	52.200	9.900	51.700	157.500
1999	9.900	32.800	20.200	108.500	12.800	13.300	197.500
2000	9.700	32.400	40.200	151.000	24.200	55.000	312.500
2001	12.700	36.400	34.500	100.400	25.000	133.800	342.800
2002	7.600	32.700	29.200	127.600	38.900	141.000	377.000
2003	12.700	20.800	57.100	103.900	38.700	330.100	563.300
2004	273.300	27.100	8.700	320.000	84.200	80.300	793.600
2005	301.100	32.700	48.900	283.800	363.800	13.200	1043.500
2006	207.8	58.2	47.0	333.8	797.2	27.3	1471.3

Percentage	Distribution	% of current expenditures in the Sudan					
1990	6%	5%	4%	27%	9%	50%	100%
1991	2%	2%	9%	9%	3%	75%	100%
1992	8%	4%	10%	22%	3%	52%	100%
1993	21%	6%	9%	32%	3%	28%	100%
1994	33%	38% *	4%	21%	3%	2%	100%
1996	10%	25% *	7%	16%	15%	26%	100%
1997	2%	3%	75%	12%	4%	4%	100%
1998	4%	15% *	9%	33%	6%	33%	100%
1999	5%	17% *	10%	55%	6%	7%	100%
2000	3%	10% *	13%	48%	8%	18%	100%
2001	4%	11% *	10%	29%	7%	39%	100%
2002	2%	9%	8%	34%	10%	37%	100%
2003	2%	4%	10%	18%	7%	59%	100%
2004	34%	3%	1%	40%	11%	10%	100%
2005	29%	3%	5%	27%	35%	1%	100%
Average	11%	10%	12%	28%	9%	29%	100%
2006	14.1%	3.9%	3.2%	22.7%	54.2%	1.9%	100%

Source: Central Bank of Sudan, Annual Report for Respective Years

The period 1994-2001 witnessed a noticeable increase in spending on social services as ratios to total expenditures reflected the government's efforts and concerns to pay attention to spending more on education and health and social activities. This was partly in response to an ambitious plan launched by the social sectors' ministries to improve the social conditions of people affected by the SAPs implemented in 1992.

It is important to note that the debt servicing ratio was higher in the first period (1978-1988) compared to second one (1990-2005), because repayments of external debt obligations had stopped before the beginning of the 1990s. Also the servicing of internal debt was higher in the first period compared to the second, as the debt to GDP ratio was higher in the first period as we have argued earlier.

Again, the social services sectors did receive the lowest expenditure allocation (about 10 % of total recurrent spending) in relation to other sectors and activities. However, this ratio was much higher than the 4 % for the period 1978-1988. This is partly due to an increase in the overall amount of expenditures allocated to chapter 2 as it became the highest receiving chapter in the budget; on average about 53 % of total budget allocation.

Secondly, more attention and concern have been given to the social development sectors as a result of internal and external concerns and pressure to improve the wellbeing of the people and to allocate more resources to pro-poor sectors in the effort to reduce poverty. Yet the ratio of 10 % for both the education and health sectors is not and will not be a sufficient to enable the country to achieve the MDGs by 2015. Sudan should allocate more budgetary expenditures to health and education, as well as to other services such as water, electricity, roads and sanitation, to help achieve the MDGs. As we will argue later the country will need to allocate about 30 % of its total expenditures to social services in order to meet the MDGs targets.

Table 4 gives the details of government spending on the pro-poor sectors, namely education, health and water, which are critical for meeting and achieving the MDGs. The spending on these sectors, which is presented in current prices and as ratios of GDP, has in nominal values increased substantially. This is a welcome sign, but as ratios of GDP the figures are very small and will not enable the country to achieve these important MDGs. All three sectors did

receive more than 0.3 % of GDP in the period 2000-2006. For instance, education expenditures are extremely low in the first three years (2000-2003), not exceeding 0.1 %, and increased slightly to 0.3 % in the period 2004-2006. Comparatively, the health sector received slightly higher ratios of GDP, amounting to 0.2 % in 2000-2003, and 0.3 % in 2004-2006.

The JAM estimated that at least 7 % of the total federal government and states expenditures was needed if Sudan was to be able to achieve the MDGs; more than double the actual spending on the sectors. For the period 2000-2003, the spending on the water sector is even lower in percent of GDP, compared to the education and health sectors. However, the water sector received almost the same percent of GDP compared to the other sectors in the period 2004-2006. In sum, spending on the three social sectors has been very low and can not support them to meet the MDGs targets by 2015.

In addition, more international support and resources should be attracted to increase and complement local spending on these social services to meet the MDGs targets.

Table 4: Sudan Federal Social Expenditures (in billion Sudanese pounds - SDD)

	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Education	1.4	1.7	2.1	1.9	14.5	17.8	21.3
Health	5.4	7.1	8.5	9.8	16.8	17.9	19.9
Water	0.2	0.9	0.2	5.1	10.2	15.2	20.2
Education as % GDP	0	0.1	0.1	0	0.3	0.3	0.3
Health as % GDP	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Water % GDP	0	0	0	0.1	0.2	0.3	0.3
Total Spending as % GDP	11.5	11.9	13	16.2	19.9	17.6	15.6
Social Expenditures as % GDP	0.2	0.3	0.3	0.4	0.8	0.9	1
Current Spending as % GDP	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Development Spending as % GDP	0.1	0.1	0.1	0.2	0.6	0.6	0.7

Source: Fareed Atabani: "Interim Poverty Reduction Strategy Paper 2004-2006", Khartoum, 2004

5. Sudan's Current Expenditure Trends

Figure 1 below depicts the current expenditure items trends for the period 1990-2005. These trends reflect the allocation of expenditures between the components of the current expenditures, namely social services, economic services, debt services, defence and security, transfers to states and reserves.

The total current expenditure trends show that they were almost constant but started to increase slowly from 1993 to 1994. The increase rate grew steadily until 1999, after which it climbed sharply until 2000, and continued to rise, albeit at a slower pace until 2002. From 2002 to 2005, the increase sped up again.

The behavioural trends of the components of the current spending vary considerably from one item to the other. However, one noticeable observation is that the social services expenditure trends are somewhat consistent, as their growth rates have been very low and systematic. They maintained the same trend from 1990 until 1994, increased slowly until 1996, dropped in 1997 and then maintained an almost similar trend until 2005. This shows that the government spending patterns on social services have been systematically low and consistent in terms of percent of total current expenditures.

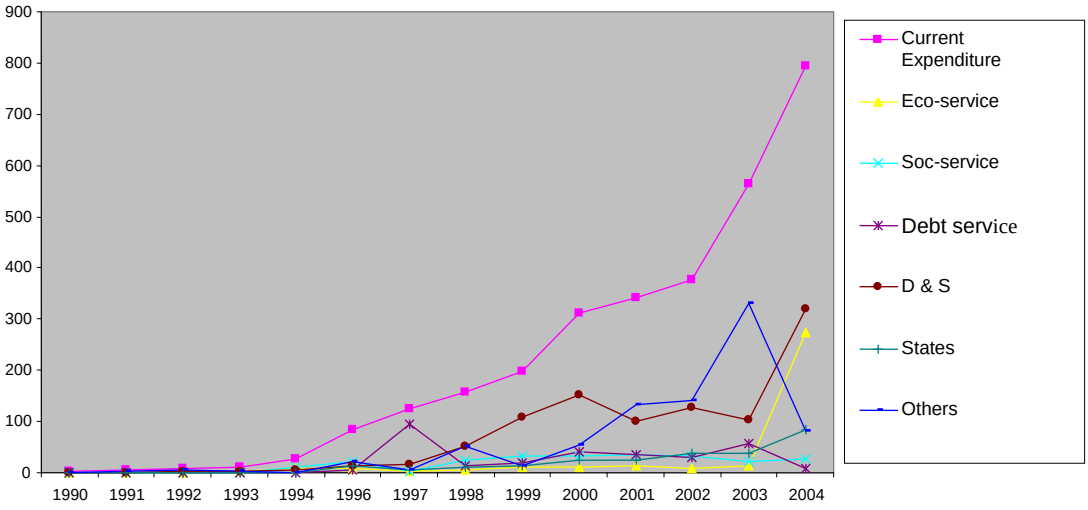
On the other hand, economic services have shown a stable trend in the period 1990-2002, and then increased sharply until 2005, as the government started to spend more on economic and infrastructure activities.

The defence and security expenditure trends were generally cyclical, but were relatively stable in the period 1990-1996. The cyclical patterns reflected the changing military situation in southern Sudan, as the period 1997-2000 witnessed a heavy escalation of operations requiring more spending, and the period 2003-2005 witnessed intensive operations brought about by the insecure situation in Darfur.

The debt services trends have been less cyclical than the defence and security trends, but more so than the other items. The trends were stable in the period 1990-1994, and slowly increased until 1996, grew sharply until 1997 and dropped just as sharply until 1998, whereupon it grew more slowly and systematically until 2003, and dropped quickly until 2005. Again, the behavioural trend of the debt services was influenced by the magnitude of the internal debt, not by the repayment of the old external debt obligations, which the Sudan stopped servicing in late 1989.

Finally, the transfers to states trends have been consistent and maintained a stable low pattern of increase throughout 1990-2002, when it started to increase more sharply until 2004 (from 11 % in 2003 to 35 % in 2004) before it fell to a level lower than that of 2003 (9 %). The increase in transfers to the states was caused by a political pressure to transfer more resources to the states in order to reduce poverty and also as result of implementation of the CPA, which demanded more transfers to the Government of South Sudan (GSS) and to the other states.

Figure 1: Current Expenditure Trends



6. MDGs in the Sudan: A First Attempt at Estimating Costs

The government of the Sudan, the UNDP and the World Bank agreed on the need to carry out a detailed assessment of the critical needs of the Sudan (both its northern and southern regions) after signing of the peace agreement in January 2005. The Joint Assessment Mission (JAM) was successfully done and its work covered all sectors of the Sudan; economy, polity and information and capacity building needs. The JAM designed a matrix of key actions and results for the period 2005-11 and target outcomes for 2011 for eight clusters.[49] It also prepared estimates of the costs required to meet these objectives in two phases. The first phase covers the period 2005-2007 and the second covers the period 2008-2011.

The basic social services targets and key actions are done in cluster five. These social services are critical for achieving the MDGs in the Sudan. In what follows we will examine the main actions, results and outcomes expected by 2011 and then look at their expected cost to the government of the Sudan. In what follows we will briefly survey the social sectors objectives and targets mentioned in the JAM reports.

6.1.1 The JAM Education Objectives

The baseline information on basic education indicated that the gross enrolment rate was 62% with variations among states and regions in the Sudan. Nomads got the lowest ratio. Also, the adult literacy rate was only 59%. The target outcomes for the sector are to improve enrolment in formal and informal education so that Sudan is on track to meet the MDGs, while simultaneously ensuring a better quality of education.

This could be done by adopting strategies to increase enrolment, develop relevant effective curricula, programmes, material, books, campaign for adult education, distance education, modernise the systems of textbook production and delivery, and target the disadvantaged communities and sustaining and monitoring quality of education.

Another target outcome is to establish an efficient network of school facilities, which involve launching classroom construction and rehabilitation programmes, continued expansion of classrooms, and integrated planning on water and sanitation.

In addition, the sector outcomes also include improvement of sector management capacity and an increased number of trained teachers. This involves meeting targets for teacher training (at least 90% of teachers trained) and recruitment, designing and implementation of training systems and putting in place and operationalize plans for human development investment.

6.1.2 The Objectives Assigned to the Health Sector.

In what follows we summarise the main health sector MDGs as outlined in the JAM report[50]:

- To augment provision of quality basic health services to 70-80% of the population, in relation to the estimated level of 40-60%

[49] This section draws on information provide by JAM Sudan, Cluster Co-signs and Matrices, Volume II, March, 2004.

[50] This section draws on the main findings of the JAM report on the main objectives of the health sector. See JAM Retreat (Wad Medani), Health Sector Report, and 10-11 Jan. 2005.

- MDG 1 - poverty and hunger: The target is to reduce chronic malnutrition among children under the age of five from 36% (in 2000) to 23%
- MDG 4 – child health: The target is to reduce the under-5 mortality rate to 60 per 1,000 live births by 2010, compared to the estimated average of 105 in 1999
- Increase utilisation and improve quality of primary and first-referral health care services
- Rapidly increase interventions to combat priority communicable diseases
- Increase health spending on sustained basis and tap funding from both internal and external sources. Within this context, there is an urgent need to reform existing health care financing, with gradual increases in public allocations to the health sectors, and increase financial transfers from the federal government to the states and localities

The strategy calls for improving the intra-sectoral allocations of health spending. The main focus should be on primary and first-referral services, supporting local level services in underserved areas. On another point, the health sector strategy has also proposed some ambitious institutional development and capacity building programmes in the following key areas: Planning, management, regulation, supervisory capacity, financial management, human resources management, drug procurement and distribution; health information system investment in infrastructure and equipment as well as investment in human resource development.

One important health target outcome for 2011 is to expand long-term health service delivery as well as to undertake successful short-term projects to improve the health situation in the Sudan.

The baseline data for health showed that basic health coverage was 45 % and health indicators were very low with sharp variations among gender groups, states and regions of the Sudan.

The mechanisms for achieving the targets are to expand basic services coverage to all underserved groups and target areas. The objective is to increase coverage to 60 % of the population, sustain immunisation campaigns, target areas not routinely covered by health services and improve maternal and child health outcomes.

Another target outcome was to develop an efficient and equitable infrastructure network of health care facilities and services. The tools to achieve this are to rehabilitate existing health institutions, hospitals, centres and clinics as well as to invest in new ones in target states and underserved areas. The outcomes by 2011 should be to have health network functioning and increased by 50 % of 204 levels. New investments should cover at least 10 additional states.

Another objective was sustaining delivery of basic health care services, generally and in the poorest areas, in particular. Policies and strategies for capacity building and training to meet the targets should be done, and capacity building in at least 10 additional states, and fully operational financial management, planning and policy development should be in place by 2011.

In addition, human development resources in the health sectors should be expanded to meet the MDGs by 2015. This requires undertaking of some serious studies to assess existing capacities, and design strategies for training, infrastructure and curriculum development. It also involves in-service training and reallocation of skilled manpower to cover needy areas. The outcome should be to greatly improve and upgrade the efficiency of the labor force in the health sector and increase coverage of in-service training to include 10 additional states as well as to increase skilled manpower in the sector by 25 %.

6.1.3 Target Outcomes for HIV/AIDS Programmes in Sudan

Detailed and disaggregated data on HIV/AIDS epidemics are not available by sector or region given the social, cultural and economic conditions compounded by an enormous lack of technical capacities and expertise. The main target outcome is therefore to hold the infection rates at their current (2006) levels and to improve the quality of life of people infected with HIV/AIDS. The baseline information showed a very low awareness of risk factors, protection and prevention measures.

The mechanisms for achieving targets depend on undertaking comprehensive strategies and policies and arrangements of awareness campaigns, coverage of testing and counselling, human development investment and training of health personnel dealing with HIV/AIDS.

The objective was to raise awareness of HIV to at least 80 % among the highest vulnerable groups and achieve a safe blood transfusion rate of 99 % and safe behavioural practices by a minimum of 60 % of the high risk group.

6.1.4 The JAM Water and Sanitation Services' Objectives

The last few years have witnessed substantial efforts from the government development strategy to improve the infrastructure investments in the water sectors and also to deliver water services in many rural areas of the Sudan. Therefore, one significant target outcome of this sector has been to substantially expand access and awareness and need for safe water and sanitation services and to sustain them in both rural and urban areas to reduce significantly mortality and morbidity rates in the Sudan.

However, in 2005 the JAM estimated that about 60 % of the rural population did not have access to safe water and 53 % were without adequate sanitation facilities and services. The need was to identify needs and build and construct infrastructure and undertake ongoing training and raise awareness through sustained and efficient campaigns and programmes.

The target outcome then would be to expand rural services and access to safe water to 66 % of the population and sanitation to 60 % of the population. This has to be done by undertaking some serious institutional and capacity building programmes, both in the technical and human development spheres. Policies and strategies should be revised and new effective ones should be adopted, implemented and sustained.

Finally, a systematic review of achievements and progress in water policy and identification of new priorities should be sought.

6.1.5 The Social Services Cost Outcome

It is important to mention that budgeting experiences in the Sudan have never witnessed a detailed cost of services delivery and/or a Public Expenditure Tracking Survey or System (PETS). The cost of the MDG related sectors of education, health and water estimated by the JAM are given below in tables 6 and 7 and 8 below. The JAM calculated the costs of these sectors into two phases covering the period 2005-2007 and 2008-2011. The cost figures, which are in billion US dollars and as percentage of GDP, are compared to cost figures as ratios of GDP given by the Interim Poverty Reduction Strategy Paper (IPRSP) of the Ministry of Finance and National Economy (MFNE).

The IPRSP, which was published as a draft paper in 2004, showed that the Sudan spent on average only about 0.4 % for period 2000-2004, and 0.9 % and 1 % in 2005 and 2006 respectively on social services (education, heath and water). The share for education was just 0.12 % for the entire period 2000-2006. On the other hand, health services received on

average for the same period about only 0.24 %, double of what the education sector got in the same period. The water sector got on average about 0.12 %, similar to education sector, for the entire period 2000-2006 (see table 7).

The JAM estimated cost of social services were US$ 1140 million for phase 1 (2005-2007) and US$ 2807 million for phase 2 (2008-2011). In terms of GDP % ratios this amounted to 7.5 % for the period 2005-2007, and 10.5 % in 2008-2011. The social services delivery cost (as % of GDP), in relation to the overall budget is relatively high and cannot be provided for in the Sudan.

The spending allocation records in the Sudan point to the fact that it would be extremely difficult to avail these resources to meet the JAM cost estimates and nearly impossible to meet MDGs target by 2015. Some comparisons between expenditure allocations for key spending areas with the proposed cost for the two phases will discern the problem of the financial resources inadequacy in the Sudan.

For instance, as we argued in section two, spending on social services (including education, health and other social sectors) in the period 1991-1994 was on average only 4 % of total expenditures, and for the whole period 1991-2005 it amounted to just 10 % of total budget expenditures.

If we take the expenditures allocated to development and compared them to the proposed social services cost in the two phases mentioned before, we find that the development expenditure allocations in the period 1991-2005 on average amounted to only 3 % of GDP, much lower than the 7.5 % and 10.5 % of GDP needed to meet the cost of the social services in the two phases; 2005-2008, and 2008-2011.

If we compare the estimated social services costs with some components of the federal revenues, we find that total non-tax revenues as % ratio of GDP for the whole period 1990-2005 on average amounted to only 4.6 % of GDP, much lower than the cost of social services for phase1, and indeed much too low compared to the cost of phase2. In fact, the cost of social services in any of the two phases is much higher than the average tax-revenue as % of GDP (6.1 %) for the period 1990-2005.

Sectoral distribution of these ratios show that education services costs will amount to US$ 594,5 million and US$ 1548.4 million or, as ratios of GDP, to 2 % and 4.1 % for the two phases respectively.

Health services were estimated to cost about US$ 420.8 million and 985.3 million or, in % of GDP, about 1 % and 2.6 % for the same phases.

Therefore, the likelihood that Sudan will meet the health targets of the MDGs by 2015 depends on a number of factors. First, it depends on substantial increases in spending allocations from federal budget being assigned to health sector for the purpose of achieving MDGs. This is quite an unattainable target given the present financial situation in Sudan (namely, expanding budget deficits and falling oil revenues due to falling prices and shrinking oil production). The 2006 budget estimated that the newly developed oilfield in Thurgat in the Upper Nile state would produce about 200,000 barrels a day, which were included in the revenue calculation. However due to technical difficulties in exporting oil and selling it at the planned price per barrel, the budget suffered from a large deficit by mid 2006[51].

Secondly the achievement of these goals will also dependent on substantial flows of foreign aid and support in the coming years. Again, this is an unattainable target; the two last years

[51] See the 2006 budget, Ministry of Finance and National Economy.

have witnessed a failure on the part of the donors to fulfil their aid and financial support promises to Sudan to implement the JAM projections and projects strategy after the Sudan achieved peace when the CPA and the DPA were signed.

Finally, the water and sanitation services costs were estimated to US$ 124.2 million and US$ 273.5 million with ratios to GDP equal to almost 0 % and 0.7 % for the two phases.

It is now obvious that such substantial amounts of expenditure allocations can not be assigned to social services as they will be out-competed by essential government priorities in other sensitive sectors.

In addition, it is a quite unattainable target given the present financial situation in Sudan (namely, expanding budget deficits and falling oil revenues due to falling prices and shrinking oil production caused by technical problems in some of the oil fields in the Upper Nile State mentioned above). Even though Sudan is not currently servicing its external debt obligations, it could not possibly avail financial resources to meet necessary spending on social services.

The estimated cost of the social services amounts to 7 % of GDP or more than 30 % of the total federal government expenditures for the fiscal year of 2005. This ratio is unattainable given the actual expenditure allocations pattern followed in the past budgets.

Furthermore, the MFNE in its Sudan Consortium paper[52] presented on November 19 2007 estimated the figure needed to be spent in order to meet the MDGs in the Sudan in the range of 100-120 US$ per capita, which roughly will be in the range of 16-19 % of the current Sudan GDP of 640 US$ per capita (see table 5). The report presumes that meeting the MDGs will require substantial resource generation both from domestic and foreign sources, namely significant support by development partners in the form of Official Development Aid (bilateral and multilateral).

Table 5

	2007-2015 (annualised average) US$ per capita*
Hunger	4
Education	22
Gender equality	3
Health	25
Water supply and sanitation	6
Improving the lives of slum	5
Energy	20
Road	35
Total	120

Source: MFNE: “MDGs in Sudan; Current Status, Achievement and Prospect, “Sudan consortium, Pre-consortium Technical sessions, Khartoum, March 19, 2007. The MFNE estimates of these averages are based on recent work of the WB, the UN Millennium project and WHO on the cost of meeting the MDGs in developing countries.

[52] See MFNE, “MDGs in Sudan; Current Status, Achievement and Prospect,” Sudan consortium, Pre-consortium Technical sessions, Khartoum, March 19, 2007

It is important to mention that the transfers to states would alone require spending in the range of 30-40 % of total expenditures. Wages and salaries need more than 20 %, and with the JAM cost estimate of social sectors amounting to more than 30 %, very little will be left to defence, security and development spending. This is a most unlikely scenario based on past budgetary performances.

The Sudan is in critical need to complete successful agreements on debt relief and debt arrears clearance within the HIPC in order to substantially write off its enormous debt arrears (both principal and interest). In summary, there is no way Sudan will be able to service its current levels of external debt and meet the MDGs.

Table 6: JAM, National Government, Cluster-Based Cost Estimates (in million US$)

Item /Year	**Phase 1, 2005-2007**				**Phase 2 Preliminary**	**Grand**
	2005	2006	2007	total phase 1	2008-2011	Total
1.Capacity Building and institutional Development	8	21	27	56	101	156
2.Governemnt and Rule of Law	15	39	43	96	142	238
3.Economy Policy	23	62	43	96	142	238
4.Productive sectors	74	153	158	386	135	520
5.Basic Social Services	167	445	528	1140	2807	3947
6.Infrastsucture	16	43	259	318	405	723
7.Livelihood and Social protection	48	129	107	285	208	493
8.Information and Statistics	5	22	22	49	17	66
Total	357	913	1189	2458	3852	6310

Source: Figures in this table are adapted using data from "JAM, National Government, Cluster-Based Cost Estimates, table 1", Sudan, March, 2005, pp 11-12.

Table 7: National Government-Basic Social Services decomposed Cost estimates (amounts in million US$)

	Phase 1, 2005-2007			Total cost phase 1	Phase 2 Preliminary	Grand Cost
Item	**2005**	**2006**	**2007**		**2008-2011****	**Total**
GDP Estimates (in US$ m)*	**29,904.60**	**32296.97**	**34880.73**	**37671.2**		
Basic Education	84	224.1	268.4	576.6	2807	2120
Technical, Vocational and Adult Education	2.4	6.3	9.3	17.9	5	23
Total Education Cost	**86.4**	**230.4**	**277.7**	**594.5**	**1548.4**	**2143**
Education % of GDP	**0%**	**0%**	**0%**	**2%**	**4.10%**	**5.70%**
Health System	6.2	16.7	31.2	54.1	156.2	210.4
Basic Health Services	51.8	138.1	153	342.9	729.1	1072
HIV/AIDS	3.8	10	10	23.8	100	123.8
Total Health Cost	**61.8**	**164.8**	**194.2**	**420.8**	**985.3**	**1406.2**
Total Health Cost % of GDP	**0%**	**1%**	**1%**	**1%**	**2.60%**	**3.70%**
Water and Sanitation	**18.5**	**49.4**	**56.4**	**124.2**	**273.5**	**397.8**
Water & Sanitation % of GDP	**0%**	**0%**	**0%**	**0%**	**0.70%**	**1.10%**
Total	**167**	**445**	**528**	**1140**	**2807**	**3947**
(%)	**1%**	**1%**	**2%**	**3%**	**7.50%**	**10.50%**

Source: Sectoral costing and percentage calculations are based on data we obtained from: "JAM, National Government, Cluster-Based costing Estimates", table 1, Sudan, March, 2005, pp 11-12.
** Percent ratios are calculated using GDP figures for 2007 to cover figures for 2008-2011

Table 8: Sudan Federal Social Expenditures

	2000	2001	2002	2003	2004	2005	2006
Education in billion US $	1.4	1.7	2.1	1.9	14.5	17.8	21.3
Health in billion US %	5.4	7.1	8.5	9.8	16.8	17.9	19.9
Water in billion US $	0.2	0.9	0.2	5.1	10.2	15.2	20.2
In Percent of GDP (%)							
Education	0	0.1	0.1	0	0.3	0.3	0.3
Health	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Water	0	0	0	0.1	0.2	0.3	0.3
Total Spending in billion US $.	11.5	11.9	13	16.2	19.9	17.6	15.6
Social Expenditures (% of GDP)	0.2	0.3	0.3	0.4	0.8	0.9	1%
Current Spending (% of GDP)	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Development Spending (% of GDP)	0.1	0.1	0.1	0.2	0.6	0.6	0.7

Source: Fareed Atabani: "Interim Poverty reduction Strategy Paper 2004-2006", a study prepared for the Ministry of Finance and National Economy, Khartoum, 2004.

7. Some Conclusions

Sudan is at a critical juncture in terms of whether it will shift onto a path whereby it will be able meet the MDGs. While certain sectors of the economy are strengthening, Sudan is still very poor and remains vulnerable to market sentiment on oil and other extracted resources.

Following the signing of the Nivasha Comprehensive Peace Agreement (CPA) with the south, the Abuja Agreement with the western (some rebel groups are still expected to sign this agreement) and the Asmara Agreement with the eastern rebel groups, the prospects for achieving peace are great.

Most of these agreements have called for transfers of substantial financial resources from the federal government to these regions to be spent on pro-poor sectors, namely education, basic health services, water and roads and other critical social services. The south gained a 50-50% distribution of oil returns and internal revenues plus complete control over the administration and the economic affairs of the region, whereas the west also gained transfers of financial resources to provide essential development spending in the coming three years.

The minimal information that has been published on the eastern region agreement also indicates that about US$ 600 million will be spent in the next coming years to deliver critical education and health services as well as to undertake some development projects in order to improve the economic condition of the region. The region is also given representation in the presidency and state's legislative and executive bodies.

Sudan is highly indebted by any indicators or thresholds, and this places a massive constraint on whether achievement of the MDGs can be supported. Sudan will not be able to service its existing debts and meet the MDGs at the same time.

This study has examined the level of achievement of the MDGs in the Sudan using available data. The conclusions reached indicate that Sudan is at a considerable distance from achieving most of the MDGs, whether in the North or South, in rural and urban areas, or according to gender.

Progress in the Sudan on achieving MDGs has been very slow and has faced serious challenges. We have argued that enormous government spending for MDGs sectors and possibly more donor support are urgently needed to enhance efforts that will lead to the goals being successfully achieved. Given the present expenditure allocation patterns in the social and development sectors, it is not likely that the Sudan will achieve MDG 1; reducing extreme hunger and poverty by half, in 2015.

It is also unlikely that the country will be able to achieve universal primary education for girls and boys (enrolment for both sexes and literacy objectives as defined by MDG 2). The net enrolment ratio was 48.3 % in the north and 0 % in the south in 2004, for a target of 100 %. Meeting this target will be difficult given the present expenditure allocations to the budget. In 2004, the gross enrolment ratio (GER) was 62 % in the north and 25 % in the south, which is far below the target of 100 % which is to be met by 2015.

With reference to gender equality and the empowerment of women, the situation indicates that the target can potentially be achieved in the north, but it is unlikely that it will be met in the south.

As for MGD 4, the outlook is gloomy and it is unlikely that the targets will be met given the existing level of spending for these services. The MDG 5 (concerning improving maternal health) achievement rate is far away from the target rate in the North Sudan. The situation in the South is even gloomier as the target ratio is substantially below what has been achieved.

With respect to MDG 6, especially combating of HIV/AIDS, Malaria and other diseases, the potential of meeting the targets is great if more efforts and resources are used and spent to achieve the targets.

Finally, concerning ensuring environmental sustainability and halving the proportion of people without sustainable access to safe water, the situation is much better in the north compared to the south. It is only likely that these targets will be achieved if more resources are allocated to the water sectors.

On another matter, even though Sudan is not currently servicing its external debt obligations, it could not possibly avail financial resources to meet necessary spending on social services (education, health and water and sanitation).

If Sudan is able to reach an understanding with the international community then creditors would stand ready to bring Sudan into the HIPC and later the Multilateral Debt Relief Initiative (MDRI) schemes so as to channel the resources the country needs to:

- meet the MDGs through investment in service delivery and infrastructure, and
- meet the financial commitments contained in the various peace agreements

7.1. Some Recommendations

The long-term government development strategy should aim to sustain economic growth and maintain macroeconomic stability. This strategy should clearly be headed and steered by the Central Bank of the Sudan (CBS) in coordination with the Ministry of Finance and National Economy (MFNE). The CBS took a leading role in the mid-1990s in maintaining macroeconomic stability by stabilizing prices through a touch policy in order to control the inflation that hit a record high of 130.2 % in 1996 following the expansionary fiscal policy adopted by Mr. Abdel Rahim Hamdi, the then minister of finance, in early 1990s. The strategy also meant reducing government spending, controlling credit expansion and curbing of money supply. The strategy intended to encourage foreign direct investment in oil and natural resources on the one hand, and in other important productive sectors, such as agriculture and industry (both manufacturing and heavy industry), electricity generation, and infrastructure on the other.
The government should:

- Adopt a series of policies to reduce the intensity of the level and incidence of poverty in order to improve the situation of the poor and solve some of the main challenges they face. For instance, the government should allocate more resources to poor people and regions through increased spending on essential services (education and literacy programs, primary health and disease prevention and treatment, safe dinking water, electricity, roads and finance of agricultural activities in the rural areas where most of the poor reside and subsist). It is widely believed that increasing spending on these activities will enhance and strengthen the conditions of the poor.
- Adopt appropriate pro-poor fiscal and monetary policies for rural development and economic growth to improve the economic conditions of the poor. For instance, appropriate taxation and exchange rate policies are critical in order to enhance the rural people and traditional exports sectors.

- Maintain sound and sustained macro-economic stability to facilitate sustained economic growth through strengthening and enabling the environment for private investment and competitive markets.
- Adopt and apply new technologies, seeds and modern methods of production in farming and other rural economic activities to improve factor productivities and increased output returns and thus alleviate poverty. Related to technology is the need to launch a strong public support (that is, more pro-poor expenditure allocation) for agricultural research and effective extension services to improve and raise productivity and incomes from farming activities.
- Adopt a strong participatory approach allowing farmers to participate in designing, implementing and monitoring development programmes.
- Encourage private and public sectors to critically provide insurance against expected and unexpected economic shocks.
- Increase both block (unconditional) and earmarked (conditional) transfers to sub-national governments and levels (states and localities) to strengthen pro-poor sectors, namely; education, health, water, electricity, infrastructure, rural agriculture, extension services, sanitation and communication, as well as capacity building programmes, which will help improve the wellbeing of the poor and reduce poverty and encourage an environment that will enable development and sustained economic growth in the long-run.

More importantly, enormous government expenditures should be allocated to the most essential social services (namely health, education, water, sanitation, electricity, roads and access to the market and local finance) that have direct effect on achieving the MDGs in the Sudan.

On the problem of external debts the Sudan has some positive points that will allow it to benefit from the HIPC and thus improve its opportunities to solve its debt problem and enjoy the reception of substantial concessional aid and debt relief to achieve its MDGs. However, in order to protect itself from falling back in the trap the Sudan has to develop a sound and viable borrowing strategy within a framework of comprehensive institutional capacity building development programmes, improve the economic governance, enhance and sustain the economic growth strategy, establish transparent and accountable economic and political institutions and a culture of productiveness and improve the use of resources for services delivery and development. The development of such a system requires structural and institutional reforms.

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Appendix 1: Progress Towards Achieving MDGs in the Sudan

Meeting the MDGs in Sudan – status and possibility of achievement of the goals							
MDG and related targets and indicators	**Northern Sudan**			**Southern Sudan**			**Possibility of MDG achievement**
	Base year status	**Latest year status**	**MDG target (2015)**	**Base year status**	**Latest year status**	**MDG target (2015)**	
MDG 1 : Eradicate extreme poverty and hunger (Target: Halve, between 1990 and 2015, the proportion of people who suffer from hunger)							
Estimated poverty incidence (% of total population)		50-90% (2000)	25-45%	--	90% (2000)	45%	Unlikely
Prevalence of underweight (weight-for-age) children under five years of age (% under five)	35% (1990)	18% (2000)	16%	--	48% (1995-2001)	24%	Potentially
Prevalence of acute child malnutrition (underweight for height) (% under five)	31% (1990)	18% (2000)	15%	--	21% (1995-2001)	11%	Potentially
MDG 2 : Achieve universal primary education (Target: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling)							
Net Enrolment Ratio in primary education	48.3% (2000)		100%	20% (2000)	--	100	Unlikely

Meeting the MDGs in Sudan – status and possibility of achievement of the goals							
MDG and related targets and indicators	**Northern Sudan**			**Southern Sudan**			**Possibility of MDG achievement**
	Base year status	**Latest year status**	**MDG target (2015)**	**Base year status**	**Latest year status**	**MDG target (2015)**	
Gross Enrolment Ratio in primary education.	51.0 (2000)	62% (2004)	100% (GoNU target: 87..5)	23% (2000)	25% (2003)	100	Unlikely
Proportion of pupils starting grade 1 who reach grade 5;	66% (2000)	--	100%		28% (2002)	100	Unlikely
Literacy rate of 15-24 year-olds (% 15-24 year olds)	78% (2000)	--	100%		31% (1999-2002)	100	Unlikely
MDG 3 : Promote gender equality and empower women (Target: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015)							
Ratio of girls to boys in primary education.	87.6 (2000)	85.5 (2004)	100	36 (2000)	35 (2004)	100	Unlikely
Ratio of literate females to males (% 15-24 year olds)	84 (2000)		100	35% (2000)		100	Unlikely
MDG 4: Reduce child mortality (Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate)							
Under-five	124	104	35		250	83	Unlikely

Meeting the MDGs in Sudan – status and possibility of achievement of the goals							
MDG and related targets and indicators	**Northern Sudan**			**Southern Sudan**			**Possibility of MDG achievement**
	Base year status	**Latest year status**	**MDG target (2015)**	**Base year status**	**Latest year status**	**MDG target (2015)**	
mortality rate (per 1000 live births)	(1990)	(1999)	(GoNU target:80-90)		(2001)		
Infant mortality rate (per 1000 live births)	77 (1990)	68 (1999)	No target specified		150 (2000)	No target specified	Unlikely
Proportion of one year-old children immunised against measles (%)		60..5% (2000)	Universal coverage		25 (2001)	Universal coverage	Potentially
MDG 5: Improve maternal health (Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio)							
Maternal mortality ratio (per 100,000 live births)	537 (1990)	509	127		1,700 (2000)	425	Unlikely
Proportion of births attended by skilled health personnel (%)		57%	90%		6% (2000)	90%	Potentially
MDG 6: Combat HIV/AIDS, malaria and other diseases (Target: Have halted by 2015 and begun to reverse the spread of HIV/AIDS; target: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases)							
HIV prevalence among pregnant		Data not available			Data not available		

Meeting the MDGs in Sudan – status and possibility of achievement of the goals							
MDG and related targets and indicators	**Northern Sudan**			**Southern Sudan**			**Possibility of MDG achievement**
	Base year status	**Latest year status**	**MDG target (2015)**	**Base year status**	**Latest year status**	**MDG target (2015)**	
women aged 15-24 years							
HIV prevalence among general adult population (15-49 year olds)		1.6% (2003)	<1.6%		2.6% (2003)	<2.6%	potentially
percentage of population aged 15-24 years with comprehensive correct knowledge of HIV/AIDS		Data not available	No target specified		Data not available	No target specified	potentially
Prevalence rates associated with malaria		14% (2000)	<14%	--	Data not available		Potentially
Proportion of population in malaria-risk areas using effective malaria prevention and treatment measures (Children		33% (2000)	No target specified	--	36% (2002)	No target specified	Potentially

Meeting the MDGs in Sudan – status and possibility of achievement of the goals							
MDG and related targets and indicators	**Northern Sudan**			**Southern Sudan**			**Possibility of MDG achievement**
	Base year status	**Latest year status**	**MDG target (2015)**	**Base year status**	**Latest year status**	**MDG target (2015)**	
under five with fever treated with anti-malarial) (%)							
MDG 7: Ensure environmental sustainability (Target: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation)							
Proportion of population with sustainable access to an improved water source, urban and rural		59.8% (2000)	85%		25-30% (2000)	64%	potentially
Proportion of population with sustainable access to an improved sanitation facility, urban and rural		59.7% (2000)	82%		15% (2000)	58%	Unlikely

Source: UNCIEF, 2006.

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Research addresses main challenges to peacebuilding in Sudan, with a particular focus on (a) the political economy of the transition, including institutional and governance issues, and (b) the role of third party engagement and issues related to the management and coordination of aid. The programme is multidisciplinary and combines macro level studies with research in selected localities and states. It covers basic and policy-oriented research as well as competence building.

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