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Sudan—Recent Economic Developments

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SUDAN

Recent Economic Developments

Prepared by a staff team consisting of Roland Daumont (head),
Jose Martelino, Mohamad Elhage (all MED),
and Ugo Fasano (PDR)

Approved by the Middle Eastern Department and
the Policy Development and Review Department

January 17, 1997

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Sudan: Basic Data

I. Social and Demographic Indicators

<u>Area</u>	<u>Population</u>	<u>Density</u>	
2,506 thousand sq. km	30 million (1996 estimate)	10.6 per sq. km (1993)	
	Rate of growth: 2.9 percent		
<u>Health</u>	<u>Education</u>		
	1994	1994	
Life expectancy at birth (years)	53.5	Adult illiteracy (percent)	53.9
Infant mortality (per 1,000 live births)	73.7	School enrollment	
Population per physician	11,290	(Percent of relevant age group)	
Access to safe water		Primary	49
(percent of rural population)	45	Secondary	20

II. Economic Indicators

	1992/93	1993/94	1994/95	1995	<u>Est.</u> 1996
	<u>(Annual changes in percent)</u>				
National income and prices					
Real GDP (at factor cost)	5.3	4.3	4.5	4.4	4.5
GDP deflator	95.0	93.0	74.0	68.0	139.0
Consumer prices (period average)	103.0	119.0	85.0	68.0	139.0
Real effective exchange rate (period average: depreciation -)	-75.6	26.5	-18.4	-22.9	3.5 1/
Central government operations					
Revenue	129.4	67.9	117.6	75.5	86.0
Expenditure	119.0	52.1	88.5	95.7	136.5
Expenditure (excluding interest arrears)	82.4	36.3	69.9	87.7	95.7
	<u>(In percent of GDP)</u>				
Saving and investment					
National saving	-8.6	-8.5	-5.8	-7.4	-9.0
Foreign saving	23.2	23.8	20.1	20.8	22.6
Gross saving = Investment	14.6	15.3	14.3	13.4	13.6
Central government operations					
Revenue	9.5	7.8	9.4	8.7	6.5
Total expenditure	28.2	21.2	22.0	24.0	22.8
Overall deficit (accrual basis)	-18.7	-13.4	-12.7	-15.3	-16.3
Overall deficit (cash basis)	-8.2	-4.1	-1.7	-3.2	-2.9
Balance of payments and external debt					
Current account deficit	-23.2	-23.8	-20.1	-20.8	-22.7
Exports, f.o.b.	6.0	8.0	6.0	7.8	7.9
Imports, c.i.f.	18.3	19.5	14.4	17.2	17.8
External debt	288.9	283.2	263.9	272.0	267.7
External interest due	14.5	13.8	13.1	12.9	13.5
External interest paid	0.4	0.3	0.5	0.4	0.3

Sudan: Basic Data (concluded)

	1992/93	1993/94	1994/95	1995	Est. 1996
<u>(Changes as percent of beginning stock of broad money)</u>					
Money and credit					
Domestic credit	52.0	49.2	18.6	32.7	52.2
Claims on Central Government (net)	31.0	31.7	5.5	22.0	31.0
Claims on nongovernment sectors	21.0	17.5	13.1	10.7	27.2
Money and quasi-money	75.9	89.1	54.2	74.2	97.2
<u>(In billions of Sudanese pounds)</u>					
Central government operations					
Revenue	79.0	131.9	285.2	365.4	679.6
Total expenditure	233.7	356.4	671.3	1,005.0	2,377.1
Overall deficit (accrual basis)	-156.0	-225.0	-386.0	-640.0	-1,698.0
Overall deficit (cash); financed by	-68.0	-68.0	-53.0	-135.0	-306.0
External	30.0	21.0	33.0	42.0	41.0
Domestic bank financing	30.0	54.0	23.0	89.0	219.0
Exceptional domestic borrowing	8.0	-7.0	-3.0	--	--
Float	--	--	--	4.0	46.0
<u>(In millions of U.S. dollars)</u>					
Balance of payments and external debt					
Current account ^{2/ 3/}	-1,439.7	-1,566.1	-1,461.7	-1,523.0	-1,759.5
Merchandise exports	351.3	502.6	421.7	555.6	600.0
Merchandise imports, c.i.f.	-1,067.8	-1,227.4	-1,023.4	-1,218.8	-1,344.4
Services (net)	35.3	-10.0	-5.1	-5.5	-16.3
Income (net)	-865.4	-885.7	-936.3	-914.4	-1,023.0
Private transfers (net)	106.9	54.4	81.4	60.1	24.3
Total official transfers (net)	124.4	88.1	52.3	54.4	52.9
Financial account (net)	-91.8	-324.5	114.2	183.0	-109.7
Errors and omissions and other private capital flows	117.3	603.5	114.6	175.1	578.6
Overall balance	-1,289.8	-1,199.0	-1,180.7	-1,110.5	-1,237.7
Gross official reserves (in weeks of imports)	1.1	1.3	1.5	2.1	1.5
External debt stock (end of period)	16,840.7	17,780.2	18,695.9	19,302.3	20,259.4
<u>(As percent of current account receipts)</u>					
External debt service					
Commitment basis	240.5	185.2	215.1	160.6	186.7
Debt service payments	6.7	3.9	10.9	9.9	11.4
<u>(In Sudanese pounds per U.S. dollar)</u>					
Exchange rates					
Official rate (end of period)	145.0	216.0	523.9	838.0	1,460.0 ^{1/}
Commercial bank rate (end of period)	---	312.0	523.9	820.8	1,467.7 ^{1/}

Sources: Staff estimates and projections based on information provided by the Sudanese authorities.

- ^{1/} Through end-October 1996.
- ^{2/} Interest on an accrual basis.
- ^{3/} Excluding public current transfers.
- ^{4/} End-October 1996.

I. INTRODUCTION AND SUMMARY

Sudan, the largest country in Africa, has considerable natural resources, particularly fertile land. Its predominantly agricultural economy has been buffeted by episodes of flood and drought, a long-running civil conflict, and weak economic policies. As inflation worsened in the last decade, real incomes have fallen. A large proportion of the population lives in poverty, and literacy rates are low. Sudan's economic and financial situation continues to be very difficult. External and domestic imbalances are unsustainable, and monetary policy has been overly expansionary, accommodating budgetary imbalances and private sector demands. With agriculture representing over one-third of GDP, weather conditions have a major impact on output and growth. Real GDP rose by 5.3 percent in 1992/93 when rains were good, and by about 4.5 percent during 1993/94–1995/96, as uneven pattern of rainfall produced swings in output. With the exception of the first half of 1995, the Central Government's fiscal performance was weak during 1992/93–1996, with expenditures typically twice as high as revenues and the deficit (on accrual basis) ranging between 18.7 percent of GDP in 1992/93 and 12.7 percent of GDP in 1994/95. Government deficits continued to be financed by the Bank of Sudan, with the net credit to the Government expanding from 5.5 percent of the opening money stock in 1994/95 to about 42 percent in 1996. This direct monetization of the deficit has contributed to accelerating monetary growth and inflation. Inflation accelerated to 71 percent in 1995, to 162 percent in 1995/96, and it reached almost 165 percent in August 1996 (end-period basis).

The poor performance in the period that preceded 1994/95 prompted the authorities in May 1994 to renew efforts to strengthen economic policies by adopting a stabilization program covering 1994/95 which the Fund staff agreed to monitor informally. Performance under the 1994/95 program constituted a significant improvement from the early 1990s. Owing to a rebound in revenue and sustained expenditure containment, net domestic bank borrowing was reduced from 3.2 percent of GDP in 1993/94 to 0.8 percent in 1994/95, with limited government borrowing from the Bank of Sudan occurring during January–June 1995. Revenue rose significantly on account of higher domestic prices of petroleum products and upward adjustments to the exchange rate used for custom duty valuation. Expenditure in 1994/95 was contained to 22.0 percent of GDP (11.1 percent excluding unpaid interest), mainly through cuts in local development expenditures. The tighter credit policy and improved government finances contained total credit expansion to 18.6 percent of beginning-period money stock in 1994/95 (down from 49.2 percent in the previous year). The rate of growth of broad money (M2) decelerated from 89 percent in 1993/94 to 54 percent in 1994/95. Reflecting the tighter stance of fiscal and monetary policies, the twelve-month rate of increase in consumer prices fell from over 100 percent in December 1994 to 57 percent in June 1995. Real GDP grew by about 4.5 percent in 1994/95 mainly on the strength of continued advances in agriculture. This favorable outcome has been attributed largely to the abundant and evenly distributed rainfall, better control of pest infestation, and timely application of fertilizers and higher quality seeds.

Since July 1995, Sudan's economic and financial performance has deteriorated significantly. Revenue shortfalls were substantial, while extrabudgetary outlays surged mainly on account of the subsidization of domestic petroleum prices. Domestic bank financing of the budget deficit from Bank of Sudan reached LSd 89 billion and estimated LSd 219 billion in 1995 and 1996, respectively, compared to LSd 6.7 billion during the first half of 1995. Private sector credit rose by LSd 44 billion in 1995 and an estimated LSd 191 billion in 1996, compared to LSd 8.0 billion in the first half of 1995. Reflecting the sharp increase in credit expansion during 1995–1996, total liquidity increased by 74 percent in 1995 and is estimated to accelerate by 97 percent in 1996, compared to 20.6 percent increase in the first half of 1995. Consequently, the 12-month rate of inflation reached 165 percent in August 1996 before declining slightly to 157 percent in September.

Sudan's external position deteriorated significantly during 1995–96, owing primarily to an increase in imports and a drop in net private transfers. This deterioration took place despite an important expansion in export volume, particularly of non-traditional exports, and an improvement in the terms of trade over the same period. Imports rose as short-term capital inflows and other private capital inflows (included in errors and omissions) more than offset the sharp drop in official financing, particularly of project grants and loans. The UN World Food Program and the International Fund for Agricultural Development have become the main sources of official financing whereas all financing from bilateral creditors has practically stopped over the past two years. Thus, the external sector deficit has continued to be financed mainly by a further accumulation of payments arrears, which were expected to reach US\$17 billion by end-1996, accounting for about 84 percent of the total stock of debt. In this context, Sudan's external public debt remains unsustainable, with a debt service due (including late interest payments) exceeding 100 percent of current account receipts, and actual payments, most of them to the Fund, of only about 11 percent of those receipts.

Regarding external sector policies, the Sudanese authorities implemented a series of reforms in the exchange rate, which culminated with the adoption of a market-determined exchange rate system in September 1995. Other measures were also adopted to deepen the foreign exchange market and increase competition. However, most of these measures and the exchange rate regime were reversed by mid-1996. A de facto fixed exchange rate system has been in effect since then despite the lack of supportive financial policies. In addition, a multiple currency practice has been reinstated, and market segmentation has worsened. Consequently, Sudan's competitiveness has deteriorated, reversing the gains achieved since September 1995, and the volume of foreign exchange transactions has dropped drastically to less than one-third compared to level prior to the adoption of the new measures. A trade reform was also enacted in early 1996, in part based on IMF technical assistance recommendations.

II. THE REAL SECTOR

A. Overview

1. Sudan is the largest country in Africa with an area of 2,506,000 square kilometers, but it is also one of the poorest with a per capita income of about US\$240 per year. Population is estimated at about 30 million and growing at the rate of 2.9 percent per year. According to social indicators, Sudan is also among the least developed in the world with, inter alia, an adult illiteracy rate of more than 50 percent, rural access to potable water of about 45 percent, and an infant mortality rate of about 75 per thousand. The northern one-third of the country is arid desert, and the areas in the south and southeastern regions consist of rain forests with large untapped potential and swampland. Sudan is traversed by the Blue and White Nile Rivers, which provide ample supply of water to a vast region. Apart from some potential for oil and some gold deposits in the south, the country has few other mineral resources.

2. In these circumstances, the economy is heavily dominated by the agricultural sector, which traditionally accounts for roughly one-third of total production, over four-fifths of exports, and two-thirds of employment. This notwithstanding, there is considerable potential for further exploitation of agriculture. About 4 million feddans¹ are irrigated by the Blue and the White Nile Rivers, but the total potential arable land is much larger, estimated at 80 million feddans. In addition, only one quarter of the estimated 240 million feddans suitable for grazing for livestock is currently under pasture. There are two planting seasons in most areas of southern Sudan, of which the first takes place in April with the harvest occurring in July; the second planting starts in July, with harvesting from November onwards. In most of the northern upper-Nile states, the most important rainfall arrives in July–August, and harvesting of the crops begins in November.

3. Being heavily dependent on agriculture, the growth of the economy is influenced by the patterns and amount of rainfall,² which has indirect effects on the manufacturing and services sectors. In addition, the country suffers from a poor transport system, which is centered around Khartoum, Port Sudan, and the irrigated agricultural schemes, thereby posing a major barrier to the expansion of economic activity to the other parts of the country. Also, the protracted conflict in the south involves a large financial cost, hampers the growth and development of economic activity—in particular oil exploration and production—and imparts a heavy burden arising from the displaced local population and refugees from neighboring countries.

¹One feddan is equal to 0.39 hectare or 1.04 acres.

²In most areas of Sudan, the main rains start in late March/early April and continue through October.

4. As regards recent developments, notwithstanding a slight decline in 1995/96, the growth of output in Sudan has averaged about 4.5 percent in the last five years (Chart 1 and Table 1).³ This favorable outcome, particularly in the past two years, has been due mainly to advances in agricultural production, which has more than offset the drop in services. Industrial output showed modest gains, reflecting mainly increases in mining and manufacturing. A brief summary of developments in each of these sectors is as follows:

B. Agriculture

Agricultural crops

5. As regards the output of the agricultural sector, following an increase of 14 percent in 1994/95, production rose further by about 9 percent and contributed more than four-fifths of value added in 1995/96 (Chart 1 and Table 1). The slight decline in the rate of growth over the last year reflected mainly the uneven and relative lack of rainfall in certain key producing areas. The fall in output was particularly evident in the *rainfed* subsector where production of certain basic grains (e.g., sorghum) was markedly affected. All in all, the relatively strong growth of the agricultural sector in general over the past five years has been attributed to the generally abundant rainfall, better control of plant diseases and pest infestation, and the timely application of fertilizers and higher grade seeds.

6. Agricultural output in Sudan may be broadly divided into: (i) crops; (ii) livestock; and (iii) forestry/fisheries. Agricultural crops can be further subdivided into the *irrigated* and the *rainfed* sectors, the latter of which is composed of the mechanized and traditional subsectors. The *irrigated* sector accounts for approximately 4.5 million feddans (3.5 million feddans of cultivated area), and is composed of a few large, mechanized agricultural schemes (e.g., Gezeira, New Halfa, Blue and White Nile, Rahad, Suki, Tokar, Darfur, Khartoum, etc.), the main crops of which are cotton, sugar, wheat, groundnuts, and oilseeds.

7. Regarding the *rainfed* sector, on the one hand is the *mechanized* subsector, which is composed of medium-sized farms (averaging roughly 1,500 feddans) in the areas of Damazin, Kosti, Gedaref, Dilling, Renk, and other eastern states. Modern machinery (tractors, combines) and fertilizers are used for planting and harvesting, but the farms rely heavily on migratory labor for completing the weeding process. About 80 percent of these farms are devoted to sorghum, and the remaining 20 percent to sesame. On the other hand, the *traditional* subsector comprises numerous small farms, averaging 1–5 feddans, which produce

³The analysis of output trends in this report is carried out on a fiscal year basis, despite the move of all official accounts to a calendar year basis starting in January 1996. This is mainly because agricultural statistics continue to be collected in line with the crop year (July–June).

cotton, millet, groundnuts, sesame, sunflower, fruits, vegetables, as well as livestock and gum arabic. These small farms, which are located largely in the central states, Kordofan, Darfur, and the southern region, employ largely labor-intensive techniques and generally produce low-yielding varieties of crops.

8. Production of agricultural crops rose by nearly 12 percent (more than one-half of value added) in 1995/96, as the increases in the irrigated crop subsectors more than offset the declines in output for most commodities in the rainfed (mechanized and traditional) subsectors.

- *Irrigated* subsector: In 1995/96 output rose sharply by 26 percent, due mainly to production increases in cotton (17 percent), groundnuts (25 percent), and wheat (17 percent) (Table 2). For these products, increases in output were occasioned by expanded acreage to take advantage of the buoyant international market prices, as well as better yields from the cultivation of higher quality seeds, more intensive application of fertilizers, and efficient control of plant diseases. In the case of cotton, use of aerial spraying of pesticides resulted in a more successful control of whitefly infestation, thereby neutralizing the spread of the honeydew disease of the cotton lint. Moreover, contrary to previous years, ginning operations were started on time, and there were no serious problems in transporting the finished product to Port Sudan. On the other hand, output of sorghum declined considerably, which was due entirely to a large drop in cultivated areas. The irrigated sorghum area was also affected by a change in crop rotation in some schemes, with the result that production was reduced by about 30 percent in 1995/96.
- *Rainfed mechanized* subsector: Output, particularly sorghum, declined by nearly 15 percent in 1995/96 (Table 2). This outcome was attributed to the poor and uneven distribution of rainfall at the start of the planting season in the eastern (Gedaref) and central (Damazin, Kosti) areas that adversely affected the yields. In the areas of Eastern and Western Equatoria and North Bahr El-Ghazi, rains began on time but there was a dry period in June–July that forced a replanting of crops. Moreover, the failure to control pests (grasshopper and rodents) was cited as important factor in the decline in production. Other crops produced in this area include cotton, millet, and sesame, which also registered output declines stemming from a combination of a drop in acreage and/or yields.
- *Rainfed traditional* subsector: This subsector, which is composed of small farms varying in size from 1–5 feddans in western Sudan, concentrates on producing low-yielding varieties of crops, including sorghum, groundnuts, and millet. Output dropped by some 42 percent in 1995/96 (Table 2), also as a result of the uneven distribution of rainfall and the fall in cultivated areas. In the Jonglei state,

heavy rains during May, particularly in the Pibor and Pochala areas, resulted in floods and heavy crop losses. In the upper Nile states, notably in the Sobat basin, the rains continued through September, which led to flooding along the Sobat and Akobo areas and to an estimated loss of crops by about 30 percent.

Livestock

9. The main livestock (including processed meat and milk from cattle) producing areas in Sudan are located in the western provinces of the Upper Nile States, Eastern Equatoria, Jonglei, and parts of the Bahr El-Ghazi states. Production of livestock increased by 5 percent in 1995/96, owing to the continued high breeding and lower mortality rates with the application of higher quality veterinary care (Table 1). Moreover, the abundant rainfall resulted in an exceptionally good browse and grazing for cattle and small stock (sheep and goats). In recent years, several other factors contributed to the successful outcome of this sector, including: (i) the continued emphasis on incorporating livestock production into integrated farming schemes (e.g., Gezeira); (ii) the adoption of rotational grazing, greater participation by small private producers; (iii) and increased credit facilities provided by the specialized banks (e.g., Animal Wealth Bank, Livestock Producers Bank, and Agricultural Bank).

Forestry and fisheries

10. A large bulk of the output from forestry/fisheries derives from the production of gum arabic and felled lumber for processing to charcoal and other substitute energy sources. In 1995/96, output from forestry increased by 8 percent (0.3 percent of value added), which was related to the sharp rise in the demand for cheaper sources of energy, particularly in the wake of successive upward adjustments to domestic petroleum prices. Despite relatively poor rainfall in certain key producing areas, gum arabic production rose slightly to about 25,000 metric tons (Statistical Appendix Table 11), of which about 20,000 tons were on account of the higher variety (Hashab), and the remaining one-fifth of the lower quality varieties (Talha). With respect to fisheries, output continued to be exceptionally good due to the high levels of rainfall in southern Sudan and neighboring Ethiopia.

C. Industry and Services

11. Production from the *industry and services* sectors as a whole rose by about 6 percent, and contributed about 1.1 percentage points to value added in 1995/96. Most evident was a sharp increase in the production of gold, which rose more than five-fold owing mainly to recent discovery and exploitation of gold ore deposits with financial assistance from joint ventures with foreign companies.

12. Following declines in the previous two years, manufacturing output recovered by about 3 percent in 1995/96, mainly on account of a recovery of intermediate goods (cement), and food and beverages (flour, vegetable oils, and soft drinks) (Statistical Appendix Table 15).

Modest gains were also registered in the manufacturing of shoes, reflecting the increase in tanning output. At the same time, however, declines were witnessed in apparel, associated with shortages of imported inputs and low capacity utilization of the factories. Meanwhile, the *services* sector continued to show a drop in output for the second consecutive year, which was caused by the cutback in government services in the wake of the tight fiscal and monetary policies in conjunction with the Government's stabilization efforts.

13. As regards oil, Sudan's petroleum reserves are roughly estimated at 250–300 million barrels (equivalent to about 17 years at current consumption levels). In late July 1996, a new refining facility was inaugurated at El-Obeid, with an initial refining capacity of around 10,000 barrels per day (bpd). It is envisaged that the crude oil will be transported by tanker trucks through a newly constructed road from the eight Heglig oil fields in the south, which currently produces about 10,000 bpd. It is roughly estimated that the refinery will be able to supply one-third of Sudan's consumption needs. Under a joint venture with Russia (Zangas), provisions are underway to construct a 1,800-km. oil pipeline from the Heglig and Unity fields (via El-Obeid to the proposed oil refinery in Khartoum) to Port Sudan. The first stage of the 5-year project incorporates plans for a 300-km. pipeline from the Heglig oil field to El-Obeid will commence in early 1997.

D. Inflation and Prices

Inflation

14. After rising from 57 percent in June 1995 to a peak of 165 percent in August 1996, inflation (as measured by the 12-month rate of increase in the medium-income consumer price index) declined to about 157 percent in September 1996 (Statistical Appendix Table 16).

Most of the acceleration in the rate during the past several months was caused by:

(i) excessive domestic credit expansion to cover the widening Government deficit and private sector financing; (ii) successive increases in the domestic prices of petroleum, which has had adverse repercussions on virtually all sectors of the economy; and (iii) shortages of basic foodstuffs (notably sorghum), owing to poor rainfall in some areas that adversely affected yields.

Price controls

15. Price controls for most consumer goods have been lifted, with the exception of petroleum and sugar, which are considered strategic commodities and remain Government monopolies. In the case of *petroleum*, despite recent price increases, domestic price levels continue to remain well below the equivalent international market prices, resulting in large Government subsidies to the state petroleum company. In the case of bread and wheat, there are no Government net subsidies mainly as a result of the neutralizing effects of cross-subsidization. In fact, cross-subsidization often yields a net contribution to the budget, as in the case of sugar in the recent past. The mechanism for cross-subsidization for these two products is as follows. For *bread*, lower income families continue to be entitled to a card

authorizing the purchase of a certain number of loaves at the subsidized price of LSd 10 per loaf vis-à-vis a free market price of approximately double that amount. For *sugar*, the subsidy is administered according to the same principle. A two-tier price structure still applies wherein the lowest income families are issued a ration card, which entitles the bearer to a subsidized price of about LSd 9.38 per rotl (i.e., 0.99 pounds) under the principle of "one ounce per day per person in the family." Any needs in excess of this amount have to be purchased at the free market price (currently about LSd 900 per rotl).

Procurement prices

16. Most enterprises responsible for marketing agricultural commodities have already been privatized, with the exception of the Sudan Sugar Corporation and the Gum Arabic Corporation. As a result, the prices paid to the farmer (procurement prices) have generally risen in line with international prices. In the case of procurement prices for non-cotton commodities (e.g., sorghum, groundnuts, sunflower, sesame, millet, etc.), procurement prices are freely determined at periodic auctions at regular intervals throughout the country. For cotton, procurement prices are calculated according to the following formula, which results in the pass-through of the benefits of favorable export price to the farmer: f.o.b. export price in US dollars less 11-1/2 percent (comprising 10 percent export tax; 1/2 percent for "quay" marketing dues; and 1 percent for the exporter) less LSd 700 per bale (preparation fees) equals the "ex-store" price, which is then converted to local currency at the official exchange rate. The "ex-store" price less 4 percent (comprising 2 percent marketing fee for the Sudan Cotton Co. and 2 percent dues for a Reserve Fund) equals the net price paid to the farmer (procurement price). The total deductions from the original f.o.b. price amount to about 16 percent. In the case of *wheat*, the marketing board announces two months in advance of the planting season a "generous" minimum price, which is sufficiently high to ensure adequate incentives for planting. Any excess profits arising from higher actual market prices are jointly shared at the rate of 30 percent to the Government and 70 percent to the farmer. In the event of a loss, the marketing board absorbs all of the losses.

III. PUBLIC FINANCE

A. Structure and Institutional Setting

17. The government sector in Sudan consists of the Central Government, regional and provincial governments, and nonfinancial public enterprises controlled fully or partly by the Government. The Central Government's influence on the rest of the economy is both significant and pervasive. The Central Government is the most important part of the general government, and is responsible for formulating and implementing fiscal policy. In recent years, the role of the state governments has expanded to include a significant portion of total Government expenditure in community and social services and in 1993 their number increased from 9 to 26.

18. Until 1995, the Central Government was responsible for financing the current deficits of the state governments and was fully responsible for the development expenditures in Sudan. In early 1996, there was a decentralization of power, and the state governments were granted more autonomy in allocating their expenditures. To enable the state governments to finance their current and capital expenditures, beginning 1996, revenues generated from excise and sales taxes, rental income tax, capital gains tax, car licencing tax, and agricultural tax will be transferred fully to the state governments. The Central Government still finances the national development projects within the states. The local authorities do not have access to foreign or domestic borrowing; they depend on their own sources of revenue and on their share of tax revenue under the new arrangement, and on annual transfers for capital expenditures from the Central Government budget.

19. Nonfinancial public enterprises play an important role in the provisions of goods and services. Public enterprises are engaged in diverse lines of activities such as oil refining, textile manufacturing, sugar production, cement production, and the provision of public utilities transport and communications. Public enterprises also play a major role in the wholesale trade—in particular, monopolizing the exports of cotton and gum arabic, importation of petroleum products, and marketing of sugar. The Government's policy since the early 1990s has been to privatize as many public enterprises as possible, and to require those enterprises that remain in the public domain to operate on commercial basis.

20. While the financial operations of nonfinancial public enterprises are important, the absence of detailed data hampers the evaluation of the overall fiscal developments of the consolidated nonfinancial public sector in Sudan. The analysis below focuses primarily on Central Government operations, covering activities of the rest of the public sector only to the extent that they are already reflected in the Central Government operations.

B. Overview (1992/93–1995)

21. Over the 3-year period ending 1995, the fiscal position remained weak, with the budgetary revenue equivalent to less than half of budgetary outlays. The fiscal position continued to be weakened by increasing recourse to extrabudgetary outlays, caused mainly by the failure to cover the higher cost of petroleum products stemming from a more depreciated exchange rate and shortfalls in the collections of Government Petroleum Corporation (GPC). After dropping as a percentage of GDP to 12.7 percent in 1994/95 from 18.7 percent in 1992/93, the overall deficit on an accrual basis rose once again to 15.3 percent in 1995 (Table 4). The fiscal deterioration in 1995 occurred in spite of a significant improvement during the first half. Servicing of external debt became increasingly selective, and a further accumulation of external payment arrears in effect became a major financing source. In 1992/93–1993/94, as interest paid on external debt represented only a small fraction of external interest falling due, the primary deficit converged to the overall deficit on cash basis (Chart 2). In 1994/95–1995, the spread between the primary deficit and the overall balance on cash basis widened by about 1 percent of GDP, as interest payment increased during this period.

C. Revenues

22. Despite numerous discretionary measures in the last few years, revenue as percentage of GDP declined to 8.7 percent in 1995 from 9.5 percent in 1992/93 (Table 4). This lack of buoyancy in revenue can be traced to a number of factors. First, Sudan relies heavily on taxes on imports, and due to the lack of timely adjustments in the exchange rate for the customs duty valuation to the level of the official exchange rate, the effective tax rate for custom duties has been declining. Second, the specific nature of many taxes, fees, and charges in the face of high inflation, combined with a long lag between income earned and taxes paid, have effectively constrained revenue growth. Third, Sudan offers a number of exemptions from import duties and taxes on income and profits to encourage activities deemed necessary for the social and economic development of the country. Fourth, tax administration and the collection of tax liabilities have been impaired by shortages of trained staff and equipment and an erosion in taxpayers' compliance due to the weak penalty enforcement. Fifth, performance of the parastatal sector has been poor. Sixth, the growth of unreported economic activities and the lack of adjustments in fees and charges have, de facto, resulted in the erosion of the traditional tax base.

23. During this period, the decline in total revenue reflected a drop in non-tax revenue, which declined as a percentage of GDP from 2.6 percent in 1992/93 to 1.8 percent in 1995 (Statistical Appendix Table 17). Nontax revenues generally followed the trend in commodity price differentials for oil, which, with the exception of 1994/95, declined to zero. The increase in fees and charges and in revenue generated from taxing the price differential of sugar was not sufficient to compensate for the decline in real terms in the other items in nontax revenue, e.g., car licences, agricultural taxes, and stamp duties.

24. Between 1992/93–1995, tax revenue stabilized at around 6.9 percent of GDP; as a result, the share of tax revenue in total revenue increased from 72.4 percent in 1992/93 to about 80 percent in 1995. These developments were reflected in increasing shares in total revenue of taxes on income and profits, as well as on goods and services, with taxes on international trade more or less maintaining their share. During this period, the share of taxes on income and profit has stabilized at about 2.5 percent of GDP; with business profit tax accounting for almost 80 percent of the total. Business profit taxes have recently become an important source of revenue, and their contribution to total revenue has increased steadily from 20.8 percent in 1992/93 to 22.8 percent in 1995. This improvement is due largely to the tightening of tax brackets in real terms and efforts by the tax administration to improve compliance. However, the present system of assessment of business taxes has continued to contribute to the buildup of tax arrears; business taxes are assessed as an estimate by the Tax Department in the absence of final accounts, and frequent appeals by taxpayers can take years to settle in court.⁴

⁴For detailed description of the tax system in Sudan, refer to Appendix II.

25. Taxes on goods and services have increased slightly as a percentage of GDP from 1.5 percent in 1992/93 to about 1.7 percent in 1995. However, the low level of domestic manufacturing activity has been a major factor inhibiting the growth of these taxes. Taxes on foreign trade declined steadily from a high of 5 percent of GDP in 1987/88 to 2.5 percent in 1995. Taxation on imports has been influenced by delays in changes in the customs exchange rate, considerable changes in the composition of imports, and the shift towards basic necessities, which are usually exempted or subject to low rates. During 1992/93–95, there were 15 adjustments in the customs exchange rate (Appendix I). Exemptions from import duties are accorded to imports by the government and other public sector institutions, as well as enterprises benefiting from investment codes. As a result of these factors, the aggregate tax base has been eroded, and the value of revenue loss is estimated in 1995 to be in the range of 50 percent of total imports.

D. Expenditures

26. Most of the recent increase in total expenditure was attributable to a rapid increase in interest obligations falling due, which reached an estimated 12.9 percent of GDP in 1995 from 10.7 percent in 1992/93 (Chart 2 and Statistical Appendix Table 18). As only minimal interest payments were made during the period, interest arrears were built up rapidly. Excluding interest obligations, total expenditure and net lending remained broadly stable between 10 percent and 12 percent of GDP during 1993/94–1995, compared to 17.3 percent in 1992/93.

27. Beginning in 1993/94, the composition of total expenditure and net lending shifted further in favor of current expenditure, which increased from about 63 percent of total expenditure and net lending (excluding interest arrears) in 1992/93 to about 75 percent in 1995; at the same time, the share of development expenditure as a percentage of GDP declined from 5.1 percent to 1.6 percent. Both local financing and project aid components of development expenditure registered similar declines, with the trends in project aid reflecting mainly valuation adjustments and lower disbursements by most creditors. In recent years, the authorities have made efforts to channel development spending into priority activities, with the result that the agricultural sector receives the largest share (about one-third), followed by energy and mining, transport, services, and industry.

28. In comparison to other Sub-Saharan countries, total expenditure (excluding interest arrears) is not excessively high, however; it has been maintained in the face of a declining domestic revenues. The fall in the revenue to GDP ratio has been mainly offset by cuts in development expenditure. The Government has attempted to control expenditures in successive stages, but these efforts have been largely ineffective due to the emergence of large extrabudgetary expenditures and underlying weaknesses in the planning, budgeting, control, and monitoring system.

E. Fiscal Developments in 1996

29. Fiscal policy for 1996 aimed at a substantial reduction in the fiscal deficit and to limit net domestic borrowing from the Bank of Sudan by the Government to 1.0 percent of GDP. The key fiscal adjustments were to be the enhancement of revenue collection and the widening of the tax base. To achieve the revenue target of 12.5 percent of GDP for 1996, the Government intended to implement the following measures: (i) an import tariff reform; (ii) adjustments to domestic prices of petroleum products; (iii) adjustments of the customs duty valuation to the market exchange rate; (iv) increases in various specific excise taxes and in the surcharge on airline tickets; (v) the introduction of the first phase of the general sales tax; and (vi) the privatization of several major public enterprises. Expenditures in 1996 were to be held, on cash basis, to no more than 15.5 percent of GDP with strict limits on nonproductive outlays; a ceiling on general public sector wage increases; the streamlining of the civil service; and the avoidance of extrabudgetary expenditure (mainly petroleum price subsidization).

30. In early 1996, the Government implemented some of the planned revenue measures. First, the import tariff system was reformed. The new tariff schedule includes 7 rates ranging from 5 to 250 percent, compared to 12 rates ranging from 1 to 250 percent previously. In the new tariff schedule, 60 percent of total imports are subject to the 5 percent rate and only 3 percent are subject to a rate higher than 75 percent. Staff estimates for 1996 indicate that the average effective rate declined from about 14.5 percent to 14.2 percent. Second, the defense and security duty that was introduced in 1987 at 20 percent of the c.i.f. value of certain imports was replaced by a 10 percent consumption tax on most imports, and the number of exemptions was lowered substantially. However, the other revenue measures were not implemented as originally planned. Only minor adjustments were made to the customs valuation exchange rate, and no adjustments to the price of petroleum products were made during January-May 1996.

31. The weak revenue efforts were exacerbated by a failure to control expenditures (excluding wages, interest payments, and transfers to localities) as originally envisaged. As a result, the implemented measures were not sufficient to reverse the fiscal deterioration that begun in the second half of 1995.⁵ During the first half of 1996, revenue shortfalls were substantial, while extrabudgetary outlays surged on account of the subsidization of domestic petroleum prices (LSd 83 billion). Domestic bank financing of the overall deficit amounted to LSd 116 billion (Table 4)⁶ (or 1.1 percent of annual GDP), compared with the authorities' revised target of LSd 52 billion for the year as a whole, and bank financing by the Government of LSd 93 billion in 1995.

⁵Actual data through end-September and estimates for end-1996.

⁶Excluding LSd 46 billion classified as a float item for checks issued pending payment.

32. The poor fiscal outcome of the first part of 1996 prompted the authorities to adopt a series of emergency measures in May–June 1996 aimed at cutting the fiscal deficit. On the revenue side, the following measures were taken: (i) an increase in domestic petroleum prices and petroleum products: for gasoline, from LSd 1700 to LSd 2,500 per gallon; for gas oil, from LSd 600–750 per gallon to a unified price of LSd 1,200 per gallon; for furnace oil, from LSd 130,000 to LSd 180,000 per ton; (ii) increases in fees and charges: for those under the Ministry of Interior by 135 percent; for usage of federal roads by 50 percent; for hospitals by 120 percent; and for all others by 30 percent; (iii) an increase in stamp duties for all 529 items by 50–900 percent, with an average increase of 200 percent; (iv) and addition of 16 items to the list of commodities subject to stamp duties; and (v) the issuance of various ministerial decrees to generate additional revenues (Box I). For the second half of 1996, the authorities also considered additional corrective actions, in particular, further periodic adjustments to petroleum prices, electricity rates, the customs duty valuation rate, as well as certain fees and charges. The authorities also sought to impose a tax on the domestic price differentials for cement and sugar, improve tax administration, and accelerate the sale of public enterprises.

33. On the expenditure side, the Government committed to curtail expenditures in the second half of 1996, so as not to exceed the LSd 40 billion target for net domestic borrowing. Accordingly, the Government would: (i) resist granting any increase in public sector wage; (ii) streamline the civil service; and (iii) restructure and/or divest additional public enterprises. Several ministerial decrees were issued during May–June to improve fiscal discipline (Box I). The overall effect of the proposed measures would help to limit the deficit on cash basis to 1.0 percent of GDP in the second half of 1996.

34. According to actual data through the end of the third quarter and estimates for end-1996, performance has been disappointing. It is estimated that, for the second half of 1996, the overall fiscal deficit on cash basis will exceed the target by 0.3 percent of GDP, and that net domestic credit to the Government will amount to LSd 103 billion, compared to a target of LSd 40 billion (Table 4). The revenue shortfall is estimated at 1.2 percent of annual GDP, reflecting sharp erosion of the tax base due to higher inflation, as well as insufficient adjustments in domestic petroleum prices and the customs duty valuation rate. The state petroleum corporation, instead of contributing the envisaged LSd 30 billion to the budget, is projected to incur losses of about LSd 46 billion. In addition, the planned increase in electricity prices was rescinded in August in response to widespread public protests. To partly compensate for the revenue shortfall, expenditure (excluding interest arrears) is expected to be held to about 5.0 percent of annual GDP in the second half of 1996, against the envisaged 6.0 percent.

35. For 1996 as a whole, revenue is estimated at LSd 680 billion, about 12 percent lower than envisaged in the original budget. The shortfall in revenue collection was not compensated for by cuts in expenditures. Total expenditures excluding interest arrears and foreign development expenditures (LSd 944 billion) exceeded what was envisaged in the budget (LSd 873 billion) by 8.1 percent. The increase in expenditures was mainly the result of extrabudgetary expenditures, which is expected to reach LSd 129 billion by end 1996. The

increase in total expenditure occurred despite a 48 percent cut in development expenditure than originally budgeted. As a result, domestic bank borrowing is projected to be about LSd 264 billion, compared with LSd 62 billion foreseen in the original budget, excluding extrabudgetary expenditures, domestic bank borrowing is expected to reach LSd 135 billion. The Government deficit on cash basis is expected to be about 2.9 percent of GDP. On accrual basis, the deficit is expected to reach 16.3 of GDP, as interest arrears are expected to be about 13.4 percent of GDP.

F. Privatization

36. In an effort to promote greater efficiency and decentralize government operations, the Privatization of State Corporation Act was passed in August 1992, which envisaged the sale of 190 public corporations (about 90 percent of the total number) to the general public. Under Phase I (1993–95) of the program, the Government succeeded in selling 17 public corporations, engaged in joint ventures with private entities in 3 public corporations, leased 2 enterprises, and restructured or transferred to local governments 17 companies. Under Phase II (1995–98) of the plan, the sale of an additional 50 public corporations has been envisaged. In contrast with Phase I, the current plan envisages the sale of the largest enterprises, including the four sugar corporations (Guneid, New Halfa, Assalaya, and Sennar), the National Railways, Sudan Airlines, and the National Electricity Corporation. Notwithstanding the Government's intention to accelerate privatization as part of their program for the second half of 1996, there has not been any progress as of end-October 1996, apart from the leasing of a hotel to a foreign corporation.

37. In general, the conditions of the sales are on a cash basis and a higher price is charged if the purchase is on credit terms. Moreover, the purchaser should provide for cancellation of any interest arrears, and should provide new capital for upgrading the company. However, the Government has relaxed the conditions of the sale of these enterprises. The slow progress of sales has been due partly to the inability to attract investors, who may be discouraged by the poor state of the corporations, including poor management, inadequate cash flow, unprofitability, and overstaffing. Instead of allocating some funds to partially rehabilitate the remaining unsold enterprises, the Government has been considering the reduction of the selling prices and easing the conditions for their sale. Moreover, the Government has also decided to manage the privatization program more flexibly and encompass schemes such as leasing and different forms of joint ventures, and would be complemented by appropriate financial and operational restructuring.

IV. MONEY AND CREDIT

A. Institutional Structure

Bank of Sudan

38. The Bank of Sudan was created by the 1959 banking act, and is responsible for managing the country's monetary and credit policy as well as supervising the banking system. It is the sole source of credit to the Central Government, which does not pay interest on its outstanding debt. Up to August 1990, the Bank of Sudan was also the main source of credit for the public enterprises; since then, most state enterprises and public entities depend on the commercial banks for their financing needs as part of the Central Government's policy of promoting self-sufficiency of the parastatals. However, a few state enterprises, such as the state petroleum corporation (GPC), have indirect access to the Bank of Sudan via the Central Government's recent financing of extrabudgetary expenditures for subsidies of domestic petroleum products.

39. In accordance with the Banking Regulations Act of 1991, the Bank of Sudan has supervisory responsibilities over commercial banks, including the issuance and revocation of banking licenses, for authorization to establish or close branches, for setting capital and reserve requirements, profit margins under Islamic banking practices. Part of the provisions under the 1991 banking regulation act was the creation of the Financial Institutions Administration (FIA) which is an agency within the Bank of Sudan that has the responsibility to assist the Bank of Sudan to oversee and regulate the operations of commercial banks and financial institutions, including insurance schemes, pension funds, and government funds. In addition, the FIA monitors all other activities of banks, such as portfolio management, reserves, and provisions.

Commercial banks

40. Sudan's 27 commercial banks accept deposits and extend credit to the private sector, and to a lesser extent, public enterprises. Two of the largest commercial banks, the Bank of Khartoum and the El Nilein Bank Group, are government owned; most of the other banks are either privately owned or with mixed ownership.

41. Since 1984, Sudan adopted the principles of Islamic banking in accordance with Sharia law, which strictly prohibits the charging of interest on financial transactions and fixed ex-ante rates of return. Borrowing and lending operations are conducted under various purchase and sales agreements or on the basis of profit sharing arrangements that determine ex-post the rates of return (e.g., Murabaha, Musharaka).⁷ Depending on semiannual reviews of credit

⁷The charging of interest is prohibited under Islamic banking, which is based on the principles (continued...)

needs of the economy (during June and December of each year), the Bank of Sudan, in consultation with commercial banks and representatives of the business and agricultural sectors, sets both the margins for borrowing and the levels of mandatory cash and statutory reserve requirements for the following six-month period.

Specialized credit institutions

42. Sudan has a number of specialized credit institutions, the largest of which is the Agricultural Bank of Sudan and its various branches throughout the country. Among its major functions are to provide a major portion of credit to the agricultural sector for planting and preparation of crops as well as to extend loans for working capital for marketing and storage requirements. The other specialized credit institutions include the Sudan Estates Bank, which specializes in housing finance; the Post Office Savings Bank, which concentrates on deposit and personal credit financing; and the Industrial Bank of Sudan, which deals mainly in business loans. The Government also owns two specialized banks—the Post Office Savings Bank and the Sudan Savings Bank—which accept deposits and extend personal loans on a small scale.

B. Monetary and Credit Developments

Developments through 1994/95

43. In the period 1992/93–1994/95, efforts to contain the growth of money were only partially successful, mainly because of failure to strictly control credit to the Government and lack of enforcement of the overdrafts of commercial banks' accounts with the Bank of Sudan. In 1993/94, monetary expansion exceeded the amount envisaged by the authorities, as the growth of broad money accelerated from 76 percent in the previous year to 89 percent in 1993/94 (Chart 3 and Table 5). During this period, net credit to Government rose by LSd 53 billion (32 percent of beginning broad money stock) to LSd 143 billion. At the same time, credit to the private sector expanded by LSd 29 billion (17 percent of beginning M2) to LSd 71 billion, reflecting mainly the authorities policy of achieving food self-sufficiency in the face of declining external foreign assistance.

⁷(...continued)

of profit sharing and equity participation. For example, under *Musharaka*, surplus funds (bank investment deposits) are made available by several lenders to an entrepreneur; all parties invest in varying proportions, and the profits (or losses) are shared in relation to the respective capital contributions. Under *Murabaha*, the bank purchases a product/business venture and resells it to the borrower at a price that includes a profit market or mark up. See Appendix II of SM/94/311; 12/30/94 for a detailed description of Islamic banking practices in Sudan.

44. In an effort to better control private sector credit, in November 1993, the statutory reserve requirement was raised by 10 percent age points to 30 percent of demand and savings deposits denominated in local currency. This policy was tightened further in April 1994 when the Bank of Sudan strictly enforced the reserve requirement and monitored more closely the use of overdrafts against free reserves. Oversight of banks' management of their holding of Bank of Sudan deposits was also tightened.

45. In 1994/95 monetary policy was weaker than envisaged by the authorities during the second half of 1994, but it was strengthened considerably in the first half of 1995. The shortfall in private sector performance during July–December 1994 resulted from the lax enforcement of credit ceilings, in particular the accommodation of the increased demand for agricultural credit and other priority sectors. In March 1995, however, the mandatory vault cash reserve requirements were further raised from 10 percent to 15 percent. In addition, directives were issued to commercial banks to raise the cost of borrowing under Islamic banking practices and reduce its availability. Specifically, the share of customers' own financing under *Musharaka* was raised from 55 percent to 75 percent for local trade, and from 10 percent to 30 percent for priority sectors. For *Murabaha*, the margins were raised from 35 percent to 50 percent. With the (12-month) rate of inflation declining from 118 percent in June 1994 to about 57 percent in June 1995, the cost of borrowing approached positive level in real terms. The tighter credit policies, along with the improved government finances, contained credit expansion to 19 percent of beginning broad money stock in June 1995, down from 49 percent in the same period in the previous year. Over this period, the annual growth of broad money decelerated from 89 percent to 54 percent in 1994/95, as had been envisaged.

Developments in second half of 1995 and 1996⁸

46. Following the relatively successful outcome in 1994/95, monetary and credit policies were eased considerably in July 1995. To ensure adequate crop financing, effective July 1, 1995 the Bank of Sudan liberalized credit policies through the adoption of the following measures: (i) a reduction in the ratio of vault cash to demand and savings deposits from 15 percent to 10 percent, and in the statutory reserve requirement from 30 percent to 25 percent; (ii) lowering of the share of borrower's contribution in *Musharaka* (i.e., Islamic banking equivalent of interest) lending operations from 75 percent to 50 percent for local trade, and from 30 percent to 25 percent for priority sectors; and (iii) a reduction of the prepayment of principal in *Murabaha* lending operations from 50 percent to 35 percent.⁹

⁸Sudan adopted policies covering a six-month period from July–December 1995 to bridge the changeover of official finances from a fiscal year (July–June) to a calendar year basis.

⁹Nominal rates under Sharia law greatly understate the effective rates of return. The Bank of Sudan sets minimum profit margins in lieu of interest rates, which translate to very different nominal and effective rates. For example, the current minimum profit margins (for *Murabaha*)
(continued...)

47. As a result of the easing of credit policies, performance during the second half of 1995 deteriorated markedly. The growth of liquidity accelerated due to bank financing of the Government deficit and the sharp rise in credit expansion to the private sector. Compared with a target envisaged by the authorities of LSd 25 billion, net bank borrowing by the Government during the second half of 1995 amounted to LSd 90 billion, owing mainly to large extrabudgetary expenditures for the subsidy of domestic petroleum prices. Meanwhile, credit to the private sector also exceeded the target (LSd 30 billion) by about LSd 6 billion. Reflecting the developments in total credit, the annual rate of growth of the money supply (M2) accelerated from 54 percent at end-June 1995 to 74 percent in December 1995; this compares with a target of 43 percent envisaged for the second half of 1995. As a result, the 12-month rate of inflation, which showed a declining trend to 57 percent up to June 1995, accelerated to 71 percent in December 1995 and peaked at about 165 percent in August of 1996, since then it stabilized at about 150–160 percent (Statistical Appendix Table 16).

48. For 1996, the authorities aimed at reducing the rate of inflation to about 30 percent by end-year through tight fiscal and monetary policies. In support of these objectives, several measures were adopted to contain net Government borrowing from the banking system to no more than one percent of GDP, while the ceiling for credit to the private sector was set at LSd 50 billion. In March 1996, although margins and reserve requirements remained the same, some credit tightening measures were taken; these included a prohibition of importers to use bank guaranteed checks for settling import duties, and a ban for borrowing through the check clearing mechanism by using overdrafts with the Bank of Sudan.

49. However, instead of improving, the outcome for the first six months of 1996 deteriorated further. During January–June 1996, domestic financing of the Government deficit amounted to LSd 116 billion¹⁰ (compared with a revised target of LSd 52 billion for 1996 as a whole), mainly due to the continued subsidization of domestic oil prices. At the same time, private sector credit rose by about LSd 65 billion, as compared with a target of LSd 20 billion for the first half of 1996. As a result, total liquidity rose much faster than envisaged, with the

⁹(...continued)

was raised from 30 to 40 percent for priority sectors; this translates to effective nominal rate of 48 and 64 percent, respectively. The nominal *weighted* rates for Murabaha before and after May 1996 were estimated at 28 percent and 37 percent, respectively; the equivalent rates in *weighted effective* terms were estimated at 45 percent and 59 percent, respectively. In view of the fact that the third quarter 12-month inflation rates are averaging around 160 percent, the real rates of return (interest rates) in Sudan continue to be highly negative.

¹⁰Excluding LSd 46 billion classified as a float item for pending checks.

rate of annual increase of broad money rising from 74 percent at end-1995 to 94 percent at end-June 1996. Reflecting the excessive credit expansion, the 12-month rate of inflation rose further to 163 percent by end-June 1996. Given the slippages in performance, the original objectives, in particular the target of 30 percent for end-year inflation, had to be abandoned.

50. In May–July 1996 when it became increasingly evident that the private sector credit was not being contained, as had been envisaged, the authorities took a series of emergency measures for the second half of 1996. As part of the emergency package in June 1996, these credit tightening measures were taken: (i) an increase in margins for borrowing under Musharaka from 65 to 75 percent for priority sectors, from 20 to 30 percent for production cooperatives, and from 10 to 20–25 percent for household productive activities and small-scale producers; and (ii) an increase in margins under Murabaha from 30 to 40 percent for priority sectors and exports, from 30 to 35 percent for small-scale producers, and from 10 to 20 percent for household productive activities.

51. The revised objectives for the second half of 1996 aimed at reducing the inflation rate to about 85 percent by end-year through a tighter control of the growth of liquidity in the economy. Specifically, the increase in the growth of broad money in the 6-month period ending December 1996 was targeted at 20 percent, or 62 percent on an annual basis. In accordance with this target, over this same period, net domestic credit was to be limited to no more than LSd 80 billion (8 percent of broad money stock at end June 1996), to be distributed equally between the Government and private sectors.

52. In the event, monetary policy remained overly expansionary, with net domestic credit in September already exceeded the end-year target by a wide margin. Although the cost of borrowing was raised as initially planned, it proved insufficient in relation to the increase in inflation. In nominal effective terms and weighted by activity, it is estimated that the average rate of return for Musharaka was increased from 45 percent to 59 percent. While the vault cash reserve requirement of 15 percent was observed by all banks in July–August, the holdings of statutory reserves ranged from 17–23 percent, compared to the minimum required of 25 percent. This shortfall was mainly on account of the more important commercial banks, in particular the public banks, on which the related penalties for non-compliance with reserve requirements were not strictly enforced. Growth of credit to the private sector in the second half of 1996 is expected to amount to LSd 126 billion, about 59 percent increase over the first half. With the envisaged credit requirements of the Government already greatly exceeding targets, the annual rate of growth of broad money is projected to accelerate to 97 percent by end-1996, compared with the revised target of 62 percent, and 74 percent in 1995.

C. Prudential Measures and Oversight

53. Under the 1991 Banking Regulation Act, the Financial Institutions Administration was created to oversee and regulate the operations of commercial banks and financial institutions (including Insurance Schemes, Pension Funds, Government Funds). In June 1994, the Bank of Sudan issued the “Banking Adaptation Scheme” regulations, which require all local banks and

branches of foreign banks operating in Sudan to comply with the Baise guidelines on capital adequacy within three years (by June 1997). The Baise guidelines essentially require that each bank should not allow the ratio of core and supplementary capital to risk weighted assets to fall below 8 percent. In addition, the Financial Institutions Administration monitors other activities of banks such as portfolio assessment, reserves, and provisions.

54. A periodic report of the Financial Institutions Administration is periodically submitted to the Governor of the Bank of Sudan, including an analysis and recommendations of the status of individual banks in Sudan, in particular: (i) a list of those banks that are already with the Baise guidelines, (ii) those that will easily be able to adapt to the guidelines in the near future, and (iii) those that will most likely not be able to comply with the guidelines. In the case of the latter, the Bank of Sudan will encourage a merger with other banks to reinforce their financial positions. As a result of previous Committee recommendations, several state banks recently were merged, as follows: (i) the Nilein bank and the Industrial Bank to form the Nilein Group; (ii) the Unity Bank and the Bank of Khartoum to form the Khartoum Bank Group.

V. EXTERNAL SECTOR DEVELOPMENTS

A. Overview¹¹

55. Sudan's external position deteriorated in 1995 and 1996, owing primarily to a sharp increase in imports and a drop in net private transfers. The current account deficit (excluding official transfers and interest payments due) increased from 7.5 percent of GDP in 1994/95 to 8.6 percent in 1995 and an estimated 9.7 percent in 1996 (Table 6). Most of the increase in the external current account deficit continued to be financed by a further increase in external payments arrears, short-term capital inflows and unreported private capital inflows (included in errors and omissions). As a result, it was estimated that by end-1996, total external payments arrears would reach almost US\$17 billion or 84 percent of total external debt. The overall balance of payments deficit also deteriorated in 1996 to 16.3 percent of GDP, from 15.7 percent in 1995.

56. Sudan's external public debt burden remained heavy, with contracted debt service amounting to more than 17 percent of GDP since 1994/95. However, actual debt service payments have been much lower, at about 1 percent of GDP. Since 1994, Sudan has substantially increased its payments to the Fund in order to avoid a further accumulation of external payments arrears; these payments (including burden sharing refunds) increased from US\$5.3 million in 1993/94 to US\$55.6 million in 1995, and US\$49.9 million in the period January–November 1996.

¹¹Data on Sudan's external transactions presented in this section are of uncertain reliability, reflecting severe weaknesses in the official balance of payments statistics.

57. The external current account deteriorated in 1995 and 1996, despite a sharp growth in exports. Exports volume expanded by 32 percent, and prices by almost 11 percent during the two years, with total exports rising from US\$422 million in 1994/95 to US\$556 million and US\$600 million in 1995 and 1996, respectively (Table 6 and Statistical Appendix Table 25). However, over the same period, imports rose from US\$1.0 billion to US\$1.2 billion and US\$1.3 billion, respectively (or about 21 percent in volume terms) despite the continuing decline in official financing. Official financing (including project grants and loans) amounted only to an estimated US\$29.5 million in 1996, compared with US\$97 million in the previous year (and over US\$250 million in the early 1990s).

B. Current Account Developments

Merchandise trade

58. The improvement in Sudan's trade deficit in 1994/95 was reversed in 1995–1996, as imports rose sharply. The trade gap widened to almost 10 percent of GDP in 1996 from 7.5 percent of GDP in 1994/95. This deterioration took place despite a rapid export growth (from 6 percent of GDP to almost 8 percent over the same period) (Table 6), and the improvement in the terms of trade.

Exports

59. The estimated increase in exports in 1996 took place despite the sharp decline in sorghum exports associated with poor rainfall in the cultivated areas. About two-thirds of this improvement in exports was broadly due to higher volumes, particularly in non-traditional products (Statistical Appendix Table 25). However, the substantial increases in international prices of some traditional exports, such as cotton, also contributed to this favorable export performance, as export volume for these products declined.¹² As a result, the composition of exports has changed significantly over the past few years. Traditional exports like cotton and gum arabic, which accounted for 46 percent of total exports in the early 1990s, fell to only 29 percent of total exports in 1995–96. On the other hand, non-traditional exports, particularly sesame, livestock, and gold, which registered sharp increases in both volume and value terms, accounted for about 42 percent of total exports in 1996 from half that amount in the early 1990s. However, exports continue to be dominated by two products—sesame and cotton—which traditionally accounted for almost 45 percent of total exports.

60. The growth of exports over the past few years can be attributed to relatively good weather conditions, more intensive use of fertilizers, improvement in control of pests and plant diseases, and the liberalization of procurement prices. However, Sudan's exports are still far

¹²Export volume of extra-long cotton declined by 28 percent from 1992/93 to 1996 whereas international prices more than doubled.

below their potential, as in the 1970s their level had already reached above US\$1 billion (measured in 1990 prices). Severe impediments to export growth still remain in effect, particularly in irrigated schemes where crop selection is not entirely based on market mechanism (for instance, cotton production and exports have contracted in recent years, as priority has been shifted to cultivation of food crops in these areas¹³). Other impediments include poor infrastructure; the lack of a consistent agricultural policy; heavy taxation; and export surrender requirements that penalize key exports.¹⁴ For example, in the case of gum arabic, Sudan had maintained until recently a monopoly in international markets; however, an inappropriate domestic and international price policy has hindered export growth, despite its low cost of domestic production. Farmers receive only about 40 percent of the international price, which has been set at such a high level, thereby encouraging the use of gum arabic synthetics and the entry of other producers in the region to compete in international markets.¹⁵ Furthermore, gum arabic is subject to high central and regional taxes in Sudan.

61. Another important impediment to export growth is the high concentration of Sudanese exports to only a few markets. For example, in 1995, 53 percent of total exports were destined to just four markets, Saudi Arabia (20 percent), the U.K. (14 percent), China (11 percent), and Italy (8 percent) (Statistical Appendix Table 26). In the case of cotton, 45 percent of exports were destined to China and 16 percent to Thailand. In fact, the favorable domestic production of cotton in China explained the sharp decline in Sudan's cotton exports during the first part of 1996. Furthermore, about 45 percent of gum arabic exports were destined for the combined markets of the United States and France in 1995, and for sesame, as much as 33 percent of exports were destined to just two markets—Saudi Arabia and Egypt.

¹³The authorities are trying to encourage cotton production in rainfed areas, which are less vulnerable to honeydew diseases and requires less inputs for planting.

¹⁴Proceeds of cotton and gum arabic exports are subject to a 100 percent surrender requirement and 95 percent, respectively, to the Bank the Sudan at the official exchange rate, against 30 percent for other export products.

¹⁵The new producers of gum arabic are Chad, Mauritania, Senegal, Mali, and Nigeria, which account for a total between 10,000 to 15,000 tons a year. Sudan's production is estimated at about 30,000 tons a year, whereas consumption of natural gum arabic is estimated at 25,000 tons a year, compared with synthetics which amount to about 200,000 tons a year.

Imports¹⁶

62. Merchandise imports have also continued to grow—in U.S. dollars terms—reaching US\$1,219 million in 1995 and an estimated US\$1,344 million in 1996, after dropping to around US\$1,023.4 million in 1994/95. About two-thirds of this increase in imports was broadly due to higher volumes (Statistical Appendix Tables 24 and 25).

63. The composition of imports also has changed significantly over the past few years. Imports of foodstuffs, which accounted for 25 percent of total imports in 1991/92, declined to 18 percent in 1995 and further to 16 percent in 1996. This has been mainly due to lower imports of wheat, resulting from increased local production in the irrigated areas. Imports of transport equipment has also declined over the past two years, despite the recent increase in imports of trucks associated with the transportation of petroleum from the newly discovered oil fields in southern Sudan. In contrast, imports of chemical products, particularly fertilizers and insecticides, manufactured goods and machinery and equipment rose to 51 percent of total imports in 1995–96, compared with about 35 percent in 1991/92, reflecting in part the authorities' policy to encourage agricultural production in an effort to achieve self-sufficiency in foodstuffs. Most recently, in 1996, the further increase in import volume of 5 percent, following a sharp rise (15 percent) in 1995 (Statistical Appendix Table 25), was the result of an apparent stockpiling of commodities, particularly petroleum products, associated with the uncertainties regarding a possible U.N. embargo on trade with Sudan and market expectations of further devaluation of the pound. The increase in imports was also attributed to the rise in implicit import subsidies due to the lag in adjusting the customs valuation rate for taxation of imports.

64. As regards the sources of imports, Saudi Arabia, as in the case of exports, was the most important trading partner, supplying about 10 percent of total imports in 1995 (Statistical Appendix Table 27). Egypt and United Arab Emirates were also important suppliers among regional countries with a combined share gradually rising to 10 percent in 1995. The United Kingdom, Germany, Japan, and France represented the primary sources of imports among industrialized countries, each with a total share of about 6 percent. In Asia, South Korea has become the most important import market (Statistical Appendix Table 27).

C. Service and Income Accounts and Current Transfers

Service and income accounts

65. The deficit in the service account is expected to widen from US\$5 million in 1995 to US\$16 million in 1996 (Table 6), due primarily to a deterioration in net government receipts. However, this deterioration may be indicative of an increase in transactions passing through

¹⁶The difference between staff estimates of imports and official statistics lies in the partial exclusion from official statistics of imports financed by the UN World Food Program.

official channels after the liberalization of the exchange rate regime in September 1995. The larger imbalances in the net income account in 1995 and 1996 reflected primarily the growing burden of external interest obligations (including late interest payments) on outstanding foreign debt. Contractual interest obligations reached US\$913 million in 1995 and over US\$1 billion in 1996, thus remaining above 120 percent of total current account receipts despite the improvement in exports. However, actual interest payments as a percentage of current account receipts declined from 3.8 percent to about 3 percent in 1996, most of which were on account of payments to the Fund (Table 6 and Statistical Appendix Table 31).

Current transfers

66. **Private remittances**, which constitute an important source of foreign exchange from the large number of Sudanese working abroad, dropped from close to US\$100 million in the early 1990s to about US\$60 million in 1995 and to an estimated US\$24 million in 1996. However, this outcome does not imply that total private remittances have in fact declined over the past few years, particularly in view of the fact that Sudanese (locals) are highly dependent on this source of income. First, exchange rate developments influence how much of such remittances take place in the official channels or in the parallel market (including unofficial channels). In addition, exchange rate developments also are major determinants whether Sudanese living abroad send cash or goods in-kind to Sudan. Given the uncertainty created by the frequent changes in exchange rate policy, this explains the reasons for the increasing proportion in total imports of machinery and equipment, which include TV, radios, ovens, and other household items, since the early 1990s. On the other hand, official **public current transfers**, comprising mainly humanitarian food relief and a small amount of cash aid, have remained stagnant at about US\$44 million a year since 1994/95 (compared to US\$150 million in the early 1990s). Current transfers from bilateral creditors or other multilateral creditors have been negligible during most of the 1990s (Statistical Appendix Table 28).

D. Official Borrowing and Capital Flows

67. **Official loans and project grants** declined sharply from close to US\$500 million in the early 1990s to US\$97 million in 1995, and are expected to decline further in 1996 to about US\$29 million (Chart 4). The decline in **project grants** was particularly significant since the peak of US\$40 million in 1992/93. Since then, they gradually declined to an estimated US\$8.5 million in 1996, comprising of UNDP technical assistance, African Development Fund (AfDF) and Islamic Development Bank (IDB) financing for a few infrastructure and institutional strengthening projects. Modest amounts of project grants from bilateral donors have been provided most notably by Germany over the past few years. **Official borrowing** has also declined significantly to about one-sixth of the level achieved in the early 1990s. The International Fund for Agricultural Development (IFAD) has recently become the main source of medium- and long-term project financing, together with small amounts from the Islamic Development Bank and the OPEC fund. Nonetheless, financing from bilateral creditors has

practically ceased since 1994/95 (Statistical Appendix Table 29). In 1995, Sudan received about US\$81 million from the African Development Bank/Fund, after reaching in May 1995 a debt restructuring agreement in the amount of US\$29 million, but disbursements from that institution are envisaged for 1996.

68. In contrast, net **private capital inflows** have risen substantially during the 1990s (Chart 4), which have allowed Sudan to avoid a sharp compression in imports in the face of decline in official financing. In particular, net short-term capital flows, which include trade and other credit facilities of the Bank of Sudan and commercial banks, reached US\$331 million in 1995 and US\$141 million in 1996. "Net errors and omissions" likely reflect an unrecorded financing of imports and other private capital inflows and remittances. On this basis, it is estimated that private capital inflows would have risen to US\$719 million in 1996 from US\$506 million in 1995, and from an average of about US\$380 million in the preceding four-year period.

E. External Debt and Debt Service

Evolution of the external debt burden

69. Sudan's external debt burden, one of the highest in the world, reached almost 2,600 percent of current account receipts in 1995 and is estimated to reach about 2,900 percent in 1996 (Table 6), compared with an average ratio of only 116 percent in the early 1970s. The increase in Sudan's external debt burden over the past 25 years was exceptional, even when compared to other African countries such as Uganda where external debt peaked in 1992 at over 1,500 percent of exports of goods and services, or in Zaire where it amounted to more than 900 percent by the mid-1990s. In Latin America, only Nicaragua's external debt service ratio reached a level comparable to Sudan's, at about 3,000 percent by the late 1980s.

70. Sudan's external debt problems became evident by the late 1970s, when the country started to accumulate external payments arrears. During that period, contractual debt service increased from less than 20 percent of current account receipts to almost 56 percent by 1979. At that time, the debt service ratio also climbed to about 450 percent. As noted above, the situation has worsened significantly since the mid-1980s, with Sudan's debt burden rising rapidly to nearly 3,000 percent by 1990s.

71. The increase in the debt burden was due to a combination of a rapid increase in the outstanding stock of external debt and a sharp decline in current account receipts (Chart 5). External debt was contracted largely at nonconcessional terms, which culminated in a rapid accumulation of interest arrears and associated late interest penalties. In addition, in terms of 1990 dollar prices, current account receipts, particularly exports, declined to less than US\$0.5 billion by the early 1990s from US\$1.3 billion in 1986, and a peak of US\$1.9 billion in

1977. This adverse performance resulted from several factors, including the maintenance of tight exchange and trade control in the face of high inflation, a protracted armed conflict, policies biased against export expansion, such as the allocation of irrigated crop land, the failure to fully pass the benefits of any exchange rate and international prices changes along to producers, heavy central and regional taxation, and a piecemeal approach to structural reforms.

Recent developments

72. The total outstanding external debt increased from US\$19.3 billion (official estimates) at end-1995 to an estimated US\$20.3 billion by end-1996, equivalent to about 270 percent of GDP in 1995–96. Around 58 percent of this debt was owed to bilateral creditors, 22 percent to multilateral creditors, and the rest to private creditors (commercial banks and suppliers' credits). Almost 70 percent of the non-Paris Club bilateral debt was owed to two countries, Saudi Arabia and Kuwait. Regarding Paris Club bilateral debt, the United States was the most important creditor (22 percent), followed by the United Kingdom and France, each with around 13 percent. About two-thirds of debt owed to all bilateral creditors was estimated to represent pre-cutoff-date debt, none of which was previously rescheduled on concessional terms (Statistical Appendix Table 32). The stock of external payments arrears is also estimated to increase from US\$15.8 billion at end-1995 to US\$17 billion at end-1996 (Statistical Appendix Table 30).¹⁷ Therefore, about 84 percent of total debt would constitute arrears by end-1996, compared to 100 percent of the debt owed to private creditors (including commercial banks and suppliers) and to the Fund, and about 26 percent to multilateral institutions other than the Fund. Until recently, the IFAD remained the only international organization to which Sudan had no outstanding external payments arrears.¹⁸

73. Sudan's contractual debt service payments also increased from US\$1.2 billion in 1995 to about US\$1.3 billion in 1996, or from 161 percent of current account receipts to 187 percent. Excluding late interest payments, which were estimated to reach US\$885 million in 1996, the debt service ratio would still amount to 60 percent of current account receipts. Sudan's actual debt service payments have remained very small, in comparison to contractual obligations. In 1995, the public sector made total cash payments (including payments for arrears on repurchases and burden sharing refunds) of about US\$70 million, of which US\$55.6 million was to the Fund (i.e., 80 percent of total payments), and the rest to the African Development Bank, OPEC fund, and IFAD. During the first eleven months of 1996, payments reached US\$52.2 million, of which US\$50 million to the Fund (96 percent of total payment) and the rest to the IFAD. Total payments (including those made by the private

¹⁷According to preliminary official information, all external payments arrears are considered to be public or publicly guaranteed debt.

¹⁸By end-1995, external payments arrears for less than U.S. DOLLAR million appeared with the IFAD.

sector) amounted to US\$73.5 million in 1995 and about US\$56 million through November 1996, about 10 percent of current account receipts in 1995 and 11 percent in 1996. As a result, the bulk of Sudan's contractual principal and interest obligations falling due in 1995-96 accumulated as payments arrears.

74. Since early 1995, Sudan has been making payments to the Fund, which has resulted in a decline in overdue obligations. Thus, overdue obligations dropped by SDR 1.8 million to SDR 1,186.7 million at end-1995 (including the effect of burden sharing refunds of SDR 3 million in that year), and to SDR 1,180.1 million at end-November 1996 (also including the effect of burden sharing refunds of SDR 2.6 million through end-November, 1996).

VI. THE EXCHANGE AND TRADE SYSTEM

A. Exchange Rate Arrangements¹⁹

Developments in 1995 and the first half of 1996

75. In March-September 1995, the Sudanese authorities implemented a series of reforms in the exchange area, which culminated with the replacement of the multiple exchange rate regime in effect at that time with a unified market-determined exchange rate system.²⁰ In addition, in order to deepen the foreign exchange market, the compulsory export surrender requirement to the Bank of Sudan by commercial banks was reduced from 65 percent to 50 percent of most export proceeds (except cotton and gum arabic) in March 1995, and the requirement to surrender 20 percent at the Bank of Sudan's (non-market) reference rate was eliminated by end-September.

76. Market competition was enhanced by allowing non-bank foreign exchange dealers to start operations in September 1995. Toward end-1995, the number of non-bank dealers increased to 21 and their volume of transactions grew quickly to over US\$30 million a month. Thus, the total volume of transactions in the foreign exchange market reached about US\$54 million in December 1995, with non-bank dealers accounting for 60 percent of the

¹⁹ For exchange market developments during 1960-95, refer to Box 2.

²⁰ A unification of the exchange rate system was effected in late September 1995, when the exchange rates in the official interbank market and in the accounts-to-accounts market (among holders of foreign currency accounts with domestic banks) were merged into a single market-determined exchange rate. At that time, foreign exchange flows formerly transacted through the accounts-to-accounts market were absorbed into the new unified system, and the percent age spread between the rates of commercial banks and nonbank dealers amounted to about 3 percent .

total. Prior to the opening of non-bank dealers, the commercial banks' volume of foreign exchange transactions had, on average, amounted to around US\$20 million a month in the period January–August, 1995. As the commercial banks' volume of transaction failed to decline since the opening of non-bank dealers, the sharp increase in the total volume of transactions was indicative to the entry into official channels of transactions previously taking place in the illegal parallel market.

77. Sudan's international competitiveness improved as a result of the new exchange rate policy of September 1995. The commercial banks' exchange rate depreciated by 32 percent in nominal terms vis-à-vis the U.S. dollar in the period September–December 1995, or by about 9 percent in real terms, reflecting the need to compete with the rate prevailing in the parallel (account-to-account) market (Chart 6). The non-bank dealers' rate also depreciated over the same period, albeit at a much lower pace, as since the onset, their rate was closer to the one prevailing in the parallel (account-to-account) market. As a result, the spread between commercial banks and non-bank dealers' rate declined to about 3 percent, and the spread between the official exchange rate, calculated by the Bank of Sudan as the weighted average rate (by transactions volume) of all foreign exchange market participants, and the non-bank dealers' rate declined to 1.3 percent by end-1995.

78. However, following the elimination of the Bank of Sudan's reference rate for surrender of export proceeds on September 27, 1995, a spread among the commercial banks' and non-bank dealers' rate remained below 10 percent only through January 1996. As commercial banks maintained their privileged access to mandatory export proceeds (not surrendered to the Bank of Sudan) and a continued monopoly on surrender of services proceeds, renewed market segmentation reemerged; this was because the rate of commercial banks became increasingly less depreciated in comparison to that of the new non-bank dealers, who were limited to operations in the market for invisibles.²¹

79. During the first quarter of 1996, the nominal depreciation of the commercial banks' exchange rate vis-à-vis the U.S. dollar was much lower than the rate of inflation, resulting in a real appreciation of about 11 percent from December 1995 to March 1996. In contrast, non-banks' rate depreciated in real terms by about 21 percent over the same period. As a result, the spread between these two markets widened again to 20 percent (consistent with the past spread between the banks and the parallel market) before reaching 45 percent in March 1996. This was mainly because the excess demand pressures resulting, among other factors, from speculation surrounding the possibility of U.N. sanctions, manifested themselves primarily in the non-bank dealers markets. In addition, in April 1996, the Bank of Sudan increased the export surrender requirement to 50 percent (thereby reversing an early decision to reduce it to 30 percent) and continued to impose a 10 percent surrender on non-bank dealers daily purchases of foreign exchange (see Appendix III for a summary of changes in the exchange and trade systems during October 1995–October 1996). Furthermore, the 100 percent

²¹For more details on exchange rate developments in 1995, see EBS/96/1. Appendix V.

surrender requirement on proceeds of exports of cotton and on transfers by Sudanese expatriates, and the 95 percent on exports of gum arabic were maintained, as the Government needed the foreign exchange to continue financing the imports of basic commodities, particularly petroleum products. Meanwhile, the non-bank dealers' volume of transactions continued to rise, reaching US\$46 million in March 1996 (accounting for almost 80 percent of the total volume of transactions in the market), whereas commercial banks' volume amounted to only about US\$12 million, half the volume reached during the last quarter of 1995.

80. The pressures on the non-bank dealers' exchange rate subsided somewhat in April and May, as the rate appreciated in nominal terms during certain periods. In contrast, the commercial banks' rate continued to depreciated (22 percent from March to May 1996), leading to a narrowing in the spread to 12 percent. This outcome was due, in part, to the increasing competition from non-bank dealers, which by end-May already accounted for 81 percent of total foreign exchange market transactions. This competition was further enhanced when in June, the authorities decided to abolish that privileged access of banks to export proceeds by allowing exporters to sell the non-surrendered portion of their proceeds to *any* licensed foreign exchange dealer, including nonbank entities. As a result of this measure, the spread between banks' and non-banks' rate declined to 9 percent by end-June. In addition, the mandatory surrender requirement of export proceeds to the Bank of Sudan was reduced from 50 to 40 percent. The non-bank dealers' volume of transactions more than doubled to US\$51 million between January and June 1995, whereas the volume of transactions of commercial banks stagnated at about US\$10 million a month during the first half of 1996.

Developments during the second half of 1996

81. In light of the sharp drop in the value of Sudanese pound experienced during the first half of 1996, on July 10, 1996, the authorities temporarily suspended the operations of the non-bank dealers, which by then accounted for most of foreign exchange transactions.²² However, this measure was surprising because there were no evidence of a speculative attack on the exchange rate in the non-bank dealers market. In fact, the overshooting of the non-bank dealers' nominal exchange rate in the first quarter of 1996 was then followed by a period of nominal appreciation. Between December 1995 and June 1996, the real effective exchange rate remained broadly unchanged, and the spread between commercial banks' and non-banks' rate was about 7 percent prior to the adoption of this measure. The rate in the non-bank dealer market depreciated by only 2 percent in nominal terms between the last week of June and the first of July, while that of commercial banks depreciated by about 6 percent over the

²²Licenses to nonbank dealers were granted and subsequently revoked on a number of occasions over the past decades; these reversals were accompanied by frequent changes in the exchange rate policy.

same period. Furthermore, despite the sharp adjustment in petroleum and other prices in early June, which resulted in a monthly inflation of 25.5 percent, the nominal exchange rate only depreciated by 9 percent and 16 percent in June with respect to May in the non-banks and commercial banks markets, respectively.

82. Although most non-bank dealers were allowed to reopen on July 21, only half of them remained in operation (about 14 dealers) by early November, as the authorities strictly enforced the capital requirement for exchange bureaux²³ and some other dealers decided to close down in view of the lack of profitability arising from the new foreign exchange guidelines and other exchange rate measures adopted since they were allowed to reopen.

83. Under the *new guidelines*,²⁴ a joint committee comprised of representatives of commercial banks and non-bank dealers sets daily a reference rate for all market participants, including the Bank of Sudan. The joint committee takes into consideration the elements detailed below when determining its daily *reference exchange rate*.

- The previous day's weighted average exchange rate calculated daily by the Bank of Sudan as per the following procedure:

"The previous day rate of each commercial bank and non-bank dealer is multiplied by the percent share of the respective bank and non-bank dealer in total purchases to determine the weighted average rate for the previous day (the percent share of each bank and non-bank dealer in total purchases is calculated weekly). This rate is then communicated to the joint committee's Secretariat."

- The committee convenes a meeting daily at noon to assess the situation prevailing in the exchange market through, for example, applications from importers for letters of credit for which the local counterpart was collected, and other relevant information. Based on this assessment, the committee can amend the exchange rate provided by the Bank of Sudan, yielding the new reference exchange rate. Henceforth, each bank and non-bank dealer is permitted to determine its own buying rate within a 3 per thousand trading band. Once the buying rate of the respective bank or non-bank dealer is fixed, it cannot be changed until a new reference rate is established by the committee. The committee will only meet whenever it determines that it is necessary given developments in the exchange market. If it does not meet on a specific day, the previous day reference rate remains in effect. Banks and non-bank dealers will add a 1.5 percent and 2.0 percent margin, respectively, to their buying

²³ In December 1995, licensed foreign exchange dealers were required to increase their capital from LSd 250 million to LSd 500 million, and the registration fee was increased from LSd 100,000 to LSd 500,000. The authorities granted to the bureaux already in business at that time a period of six months to comply with the new regulations.

²⁴ These guidelines were provided by the Bank of Sudan.

rates to yield their selling rates. The official buying exchange rate is also set daily by the Bank of Sudan by taking the mid-point of the reference rate trading band. To determine its selling rate, the Bank of Sudan adds LSd 12 to its buying rate. Therefore, the new guidelines have forcefully eliminated the spread between the commercial banks and the non-bank dealers markets.

84. Other foreign exchange measures taken after the adoption of the new guidelines were the increase from 10 percent to 20 percent of the mandatory surrender requirements to the Bank of Sudan for all non-bank dealers foreign exchange purchases, and the introduction of a 100 percent mandatory surrender requirement on all invisible receipts. Thus, these actions represented a reversal of earlier policies to deepen the market and reduce market segmentation.

85. During the two-week period when non-bank dealers were temporarily closed, the average exchange rate quoted by commercial banks remained stable at around LSd 1,465 per U.S. dollar. However, after their reopening, the exchange rate of both banks and non-bank dealers started to depreciate at the same rate. The nominal rate depreciated by about 9 percent between the third week of July and early August. However, after reaching a peak of almost LSd 1,600 on August 8, the exchange rate began to appreciate in nominal terms, and since August 18, it has remained stable at about LSd 1,468 per U.S. dollar as the Committee had not met to set a new reference rate since that time.

86. A drastic reduction in the volume of foreign exchange transactions had been also observed since last July, indicating that the new guidelines have not enhanced the supply of foreign exchange. Non-bank dealers' volume had declined steadily since then, reaching only US\$1.6 million by September 1996, whereas that of commercial banks' increased to US\$14 million a month in August and September. The drastic reduction in the total volume of transactions indicated that some transactions had reverted to the parallel (account-to-account) market, where the exchange rate (by end-October) was reportedly between LSd 1,750 to LSd 1,850 per U.S. dollar. In addition, as a result of the nominal stability of the exchange rate and the relatively high domestic inflation, Sudan's external competitiveness has experienced an important deterioration under the new foreign exchange guidelines. This is reflected by a real appreciation of about 16 percent in the period July—October 1996, thereby reversing the competitiveness gains achieved during the previous months.

B. Trade and Payments System

87. Sudan has a trade and current account payments system, which is free of restrictions in comparison to other countries in the region. However, the pervasive shortage of foreign exchange and the reemergence of an implicit multiple currency practice have reinstated an informal rationing of foreign exchange for goods and invisibles under the new exchange guidelines adopted at end-July 1996. In addition, despite the tariff reform adopted in early 1996 to lower the number of rates and the maximum tariff rate, the trade regime could benefit from a further liberalization.

88. Imports of all goods are permitted, except for those prohibited for reasons of public health, national security, and religion. There are no restrictions on payments for invisibles. Exports to Israel continue to be prohibited, as are exports of raw hides and skins, charcoal and firewood. The authorities recently added sorghum to the negative export list due to the poor harvest in 1995/96. Raw hides and skins remain on the negative export list due to their sub-standard quality by international standards and the need to ensure sufficient supply of such products for the domestic tanneries. In addition, there are still in place export councils, created in 1993, for certain non-traditional exports, including sorghum, oil seeds, livestock and meat, melon seeds, medical herbs, fresh vegetables and fruits, and industrialized products. These councils were established to set minimum export prices (to deter under-invoicing) and to facilitate quality control and export promotion.

89. All export proceeds must be repatriated into Sudan and most exporters must sell all of their proceeds in the market within 45 days of the transaction. The Bank of Sudan's share in foreign exchange resources changed in several occasions during the first half of 1996. The portion not surrendered to the Bank of Sudan may be sold to any authorized foreign exchange dealer, including non-bank dealers, since June 1996. However, the Bank of Sudan's share in export proceeds of cotton, mandatory transfers by Sudanese expatriates, and gum arabic exports have remained at 100, 100 and 95 percent, respectively. All other foreign exchange inflows may be sold to any licensed foreign exchange dealer or deposited locally into a foreign currency denominated account.

90. The Bank of Sudan introduced in February 1996 a 10 percent surrender requirement on the daily purchases of foreign exchange by non-bank dealers, which was subsequently increased to 20 percent. In addition, in September 1996, a 100 percent surrender requirement was introduced on all receipts from invisibles, an important source of supply in the non-bank dealers market.

91. All foreign currencies brought into Sudan must be declared. All Sudanese nationals are allowed to maintain balances in foreign currency denominated accounts, which may be credited with funds from any source, after the declaration of their sources. Accounts may be debited without restriction for purposes of transferring funds abroad for travel or other purposes, for transfers to other foreign currency denominated accounts, for making certain payments in Sudan, and for purchases of Sudanese currency.

Box 1: Decrees Issued in May and June 1996

The following Decrees were passed in May and June 1996 in order to enhance revenue collection and curtail expenditure, as follows:

- require all public enterprises to submit all audited accounts to the Auditor General and the Minister of Finance for approval by the General Assembly within 30 days (Decree 27);
- eliminate ad hoc taxes and customs duty exemptions (Decree 32);
- revoke most customs duty exemptions granted to exporters and to local charity organizations as of October 1996 (Decree 50);
- ban all incentives extended by government units and public enterprises without prior consent of the Ministry of Finance (Decree 35);
- create of a Higher Council for Revenues to monitor monthly revenue collection efforts (Decree 40);
- prohibit all government units and public enterprises from purchasing used vehicles and equipment from the local market (Decree 46);
- eliminate purchases of vehicles and expenditures on building maintenance and rehabilitation by the Government as of June 9, 1996 (Decree 38);
- form various committees to review existing tax regulations and to make recommendations on further reforms (Decrees 23, 25, 26, 27, 34, 39, 41, and 42);
- eliminate the practice of providing financial assistance to government officials to visit Mecca effective this Haj season (Decree 48);
- require all government agencies, with virtually no exceptions, to transfer fiscal revenue to the government account at the Bank of Sudan (Decree 36); and
- form a committee to review the allocation of cars to government officials and review ways and means to cut petroleum consumption by the government (Decree 44).

Box 2. Exchange Market Developments, 1960-September 1995

Licenses of nonbank dealers were granted and subsequently revoked on a number of occasions; and the approach of the authorities toward the informal market has differed considerably from time to time. This band engendered an atmosphere of uncertainty about future exchange measures resulting in inefficient disposal of exports, slowdowns in the transfer of remittances, and a continuous outflow of capital. The following review briefly the history of the Sudan's exchange system.

1. 1960-June 1978. The official exchange rate (OER) of the Sudanese pound (LSd) was fixed at LSd 0.35 per U.S. dollar.
2. July 1976. An exchange tax/subsidy scheme was introduced yielding an effective exchange rate of LSd 0.40 per U.S. dollar for noncotton exports and nongovernment imports. Workers' remittances enjoyed an incentive rate of LSd 0.58 per U.S. dollar.
3. June 1978. The OER was devalued by 14 percent to LSd 0.40. The foreign exchange tax/subsidy increased yielding an effective rate of LSd 0.50. This latter rate applied to all transactions except the receipts of cotton exports. The special incentive rate for nonresident remittances and certain other invisibles remained unchanged at LSd 0.57 per U.S. dollar.
4. July 1979. The OER was adjusted to LSd 0.5, the subsidy scheme and workers' remittances rates were abolished, and a Parallel Exchange Rate (PER) of LSd 0.8 was established for selected imports and exports.
5. June 1981. The black market for foreign exchange was legalized by issuing licenses to certain dealers to open "exchange houses".
6. November 1981. The official and the parallel rates were unified at LSd 0.9. Only public sector trade was allowed to be conducted at the "unified" rate. Private-sector foreign exchange had to be purchased from the exchange houses at a rate of 10 percent above the official unified rate.
7. November 1982. The official exchange rate was devalued by 44 percent to a level (LSd 1.3) that prevailed in the free market. Commercial banks were now also licensed to deal in the free market. Within a matter of weeks, the commercial banks' rate depreciated, along with the licensed exchange house rate to LSd 1.8 per U.S. dollar.

Box 2 (continued). Exchange Market Developments, 1960-September 1995

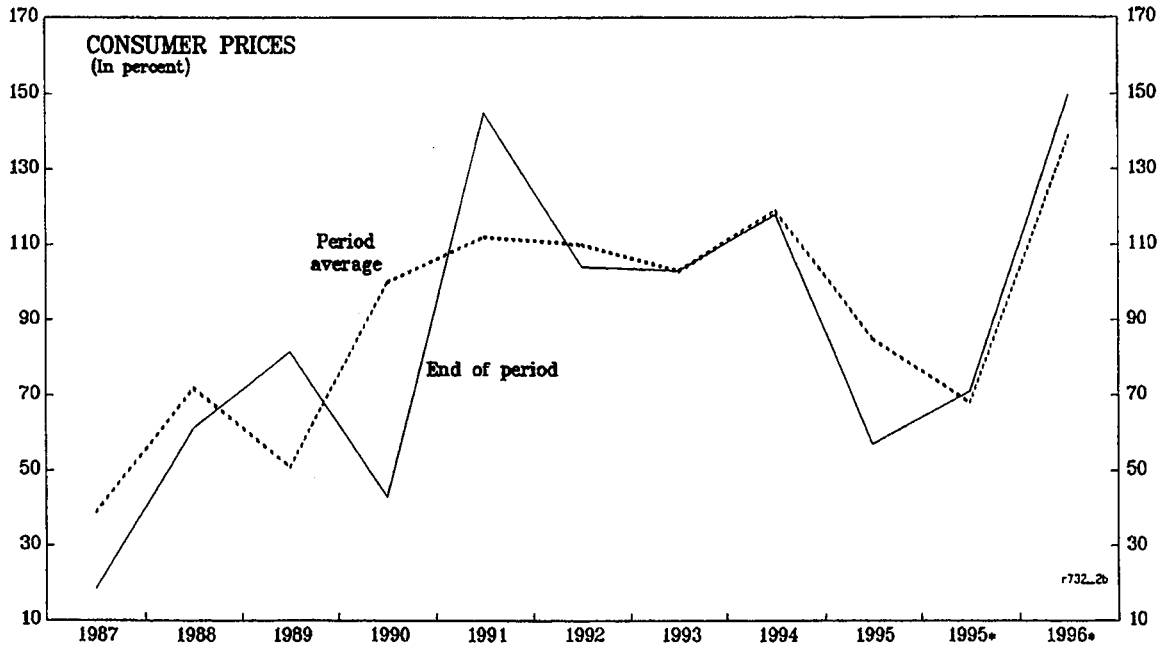
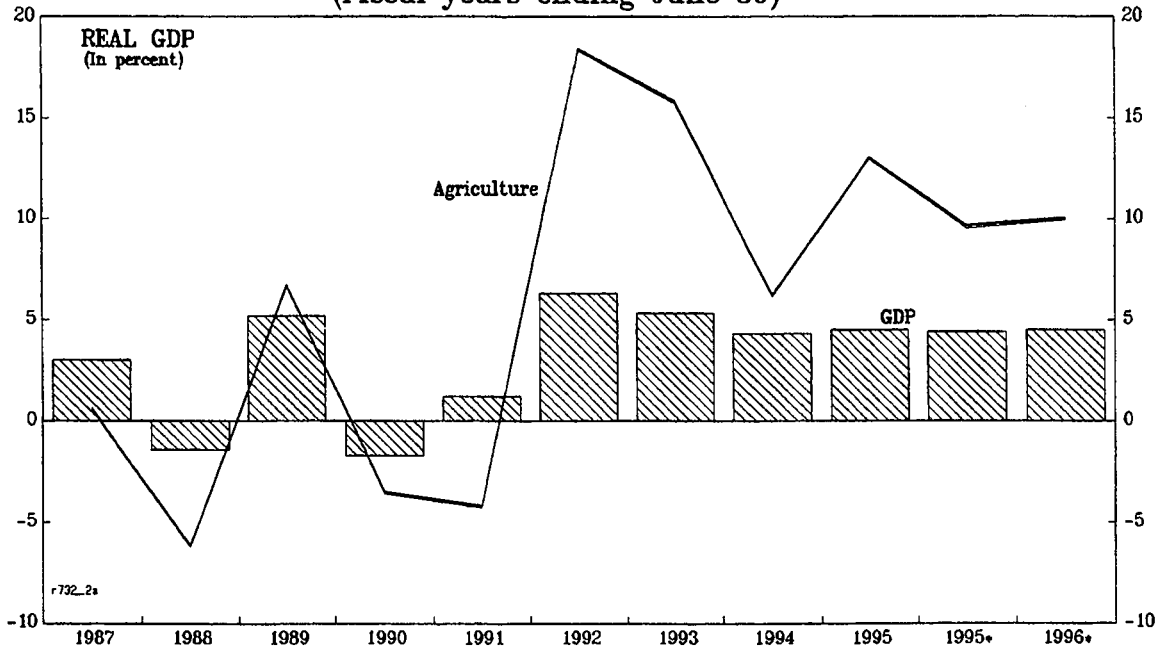
8. May 1983. The Bank of Sudan revoked the licenses of the exchange house dealers. The unofficial free market flourished as the gap between the rate it offered and that in the controlled commercial bank rate immediately widened. To obtain an import license, it was necessary to produce evidence that the required foreign exchange was available from an official account as a commercial bank. For many individuals, it became necessary to purchase the foreign exchange at the much less favorable rate in the illegal market, deposit this with a commercial bank, and then obtain the import license and finance transactions.
9. April 1984. The Bank of Sudan agreed to reissue licenses to exchange house dealers. Not more than five dealers reapplied. The unofficial free market rate adjusted to LSd 2.4 by June 1984. Following a rapidly deteriorating economic and political climate in Sudan, private investors became increasingly attracted to the acquisition of foreign assets abroad and consequently, the demand on the unofficial free market for foreign exchange for purposes of capital flight began to play an increasingly significant role.
10. December 1984. The free market was legalized again, and the rate deteriorated from LSd 4.0/US\$.
11. February 1985. The Bank of Sudan closed all licensed nonbank foreign exchange offices and restricted transactions to licensed commercial banks. An illegal parallel market re-emerged to handle the operations that did not have access to the official or commercial bank markets. The authorities adjusted the official rate to LSd 2.5 (representing 48 percent depreciation with respect to the previous official rate) and the controlled commercial bank rate to LSd 3.3. Transactions conducted in the official rate were enlarged to include certain export proceeds previously channeled through the commercial bank rate. Commercial bank rates applied to nongovernment imports and workers' remittances.
12. March 1986. The commercial bank rate, which remained at LSd 3.3 per U.S. dollar, was moved to LSd 4.1 per U.S. dollar. The requirement to surrender all export proceeds through the official market was replaced by a requirement to surrender 70 percent through that market with the remaining 30 percent receiving the commercial bank rate.
13. October 1987. The exchange rate system was unified at a single official fixed rate of LSd 4.5 for all transactions, a devaluation of 45 percent, and the commercial bank rate was reintroduced initially set at LSd 11.3. The commercial rate was applicable on all exports other than cotton and gum-arabic, and on all nongovernment imports of goods and services.

Box 2 (concluded). Exchange Market Developments, 1960-September 1995

14. October 1991. The official exchange rate was devalued from LSd 4.5 to LSd 15 per U.S. dollar. All export proceeds from irrigated cotton and gum arabic had to be converted at the official rate, as compared to 50 percent prior to this date. The commercial bank rate was devalued to LSd 30 per U.S. dollar. Receipts from exports of sesame, groundnuts, and livestock (with a retention rate of 50 percent) and receipts from other exports (with a retention rate of 60 percent) were to be surrendered in this market.
15. February 1992. The dual-rate regime was unified rate close to that in the parallel market (LSd 90 per U.S. dollar) thus, eliminating a major overvaluation of the currency that had emerged over the preceding three-year period. The exchange rate was to be determined in an interbank market by the Union of banks. However, the Sudanese authorities could not maintain the new unified rate due to the absence of adequate tight fiscal and monetary policies.
16. October 1993. In response to the growing diversion of exchange transactions to the parallel market, the authorities restored a dual exchange rate regime. The official exchange rate was set at LSd 216, and applied to all exports and official receipts and payments. The commercial bank exchange rate was applied for all other transactions, and set initially at LSd 302 per U.S. dollar, in line with the prevailing parallel market rate. Responsibility for fixing the commercial bank exchange rate remained with the Bankers' Committee.
17. July 1994. The official and commercial bank exchange rates were abolished, and an interbank exchange "market set" rate was reintroduced (initially set at LSd 311). The high proportion of commercial banks' foreign exchange purchases that were subject to compulsory sale to the Bank of Sudan at the official buying rate appeared to have contributed to a degree of rigidity in banks' quotations in the interbank market. The spread between the interbank and parallel market rates narrowed from 45 percent in August 1994 to only 18 percent by June 1995.
18. September 1995. The Bank of Sudan established a unified market determined exchange rate. Commercial banks and several nonbank dealers were authorized to set freely their buying and selling rates. Commercial banks were also permitted to transact freely foreign exchange for their own account with holders of foreign currency denominated deposits. The official exchange rate depreciated from LSd 610 in early September to LSd 850 per U.S. dollar by end-December 1995, while the parallel market rate depreciated from LSd 700 to 1050 per U.S. dollar during the same period.

Source: "Sudan: Assessment of Economic Development Since 1960," by G. Iradian (IMF, unpublished manuscript, May 1996, pp. 46-47).

CHART 1
SUDAN
REAL SECTOR INDICATORS, 1987-96 1/
(Fiscal years ending June 30)



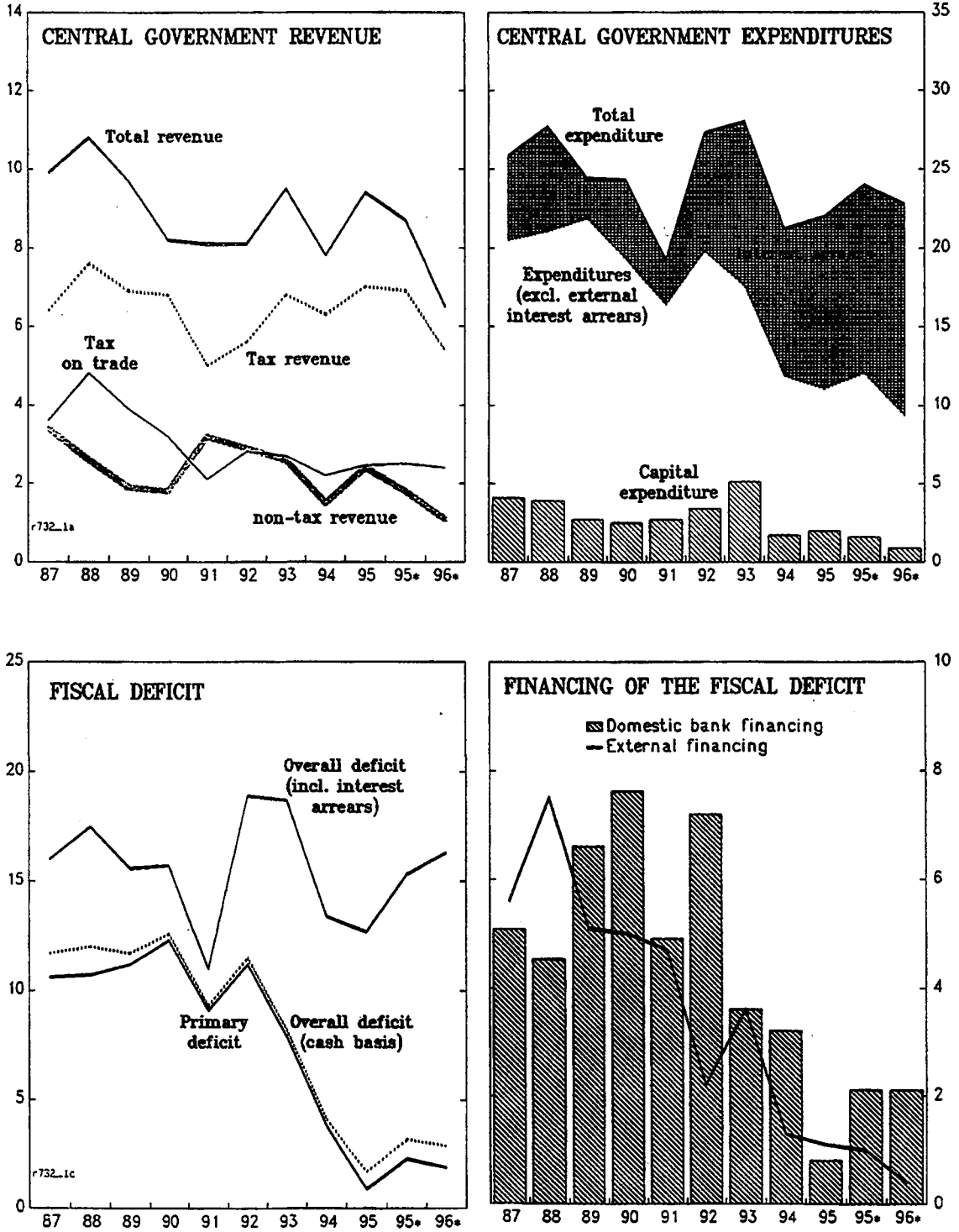
Source: Sudanese authorities.

1/ 1996 data are staff estimates.

* Calendar year.

CHART 2

SUDAN
FISCAL INDICATORS, 1987-96 1/
(In percent of GDP; fiscal years ending June 30)

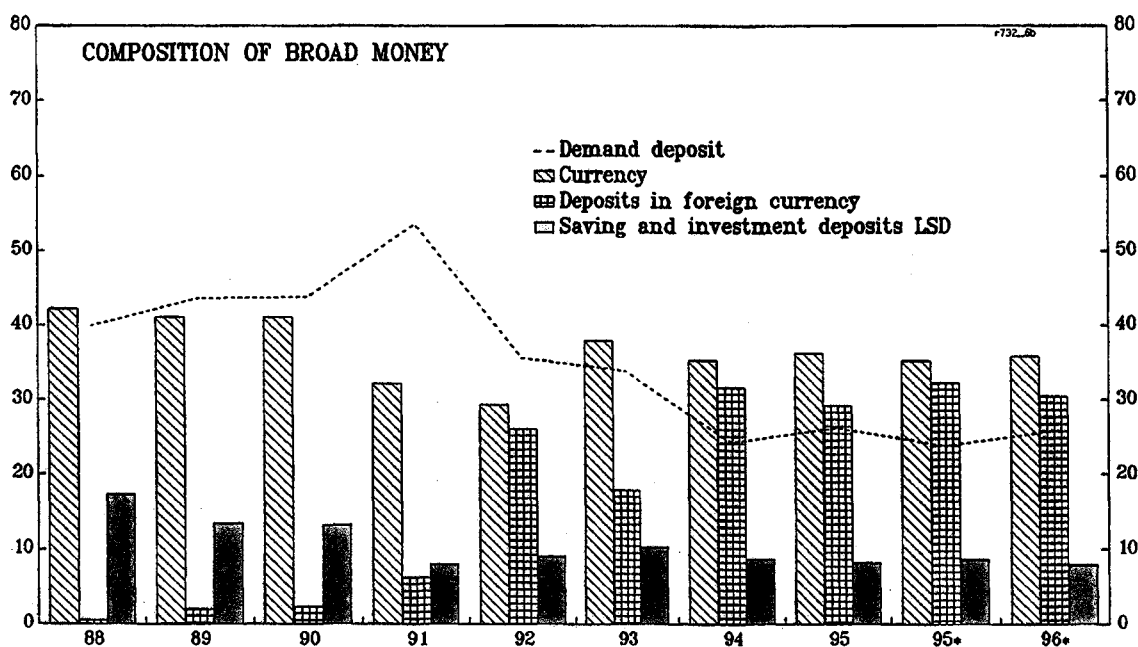
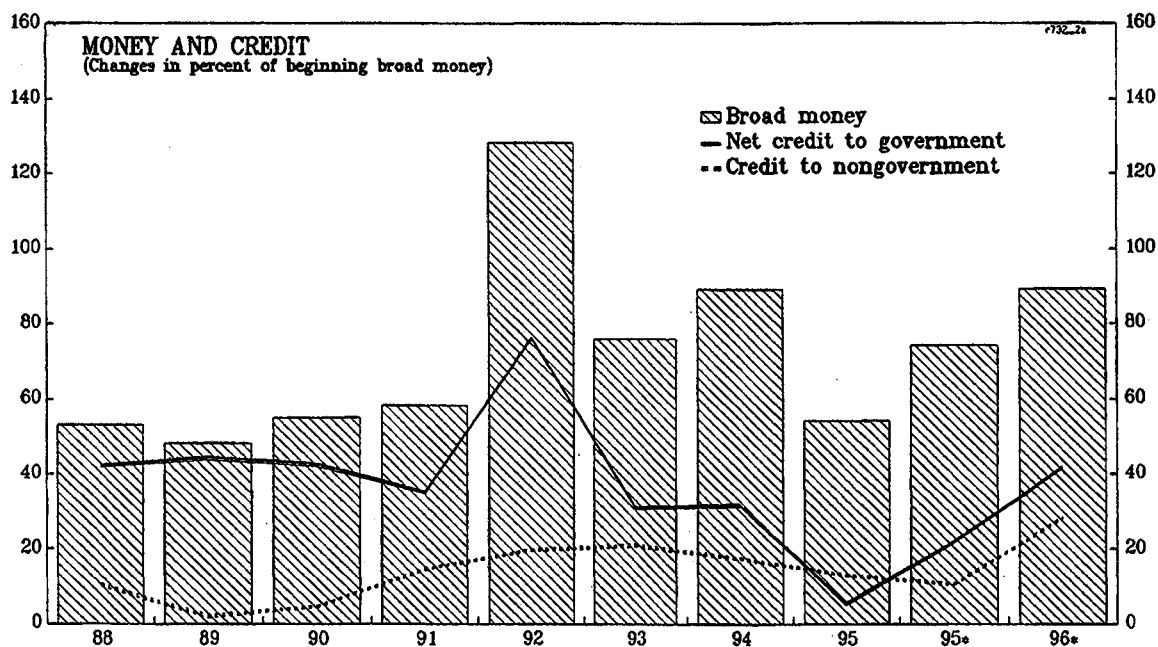


Source: Sudanese authorities.

1/ 1996 data are staff estimates.

* Calendar year.

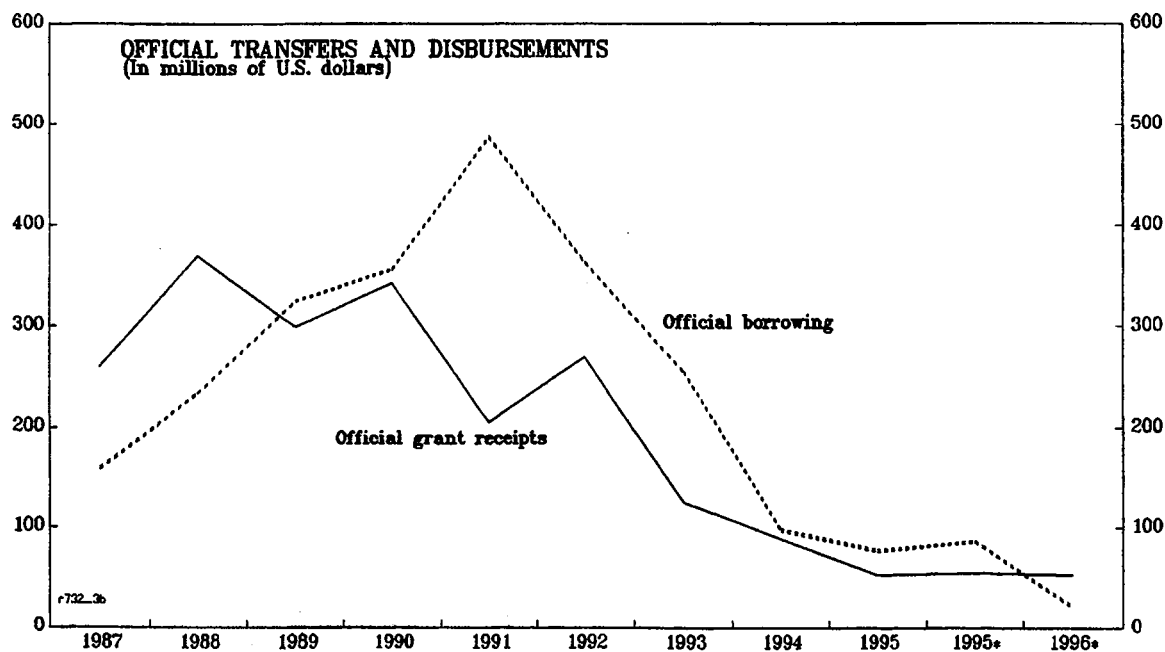
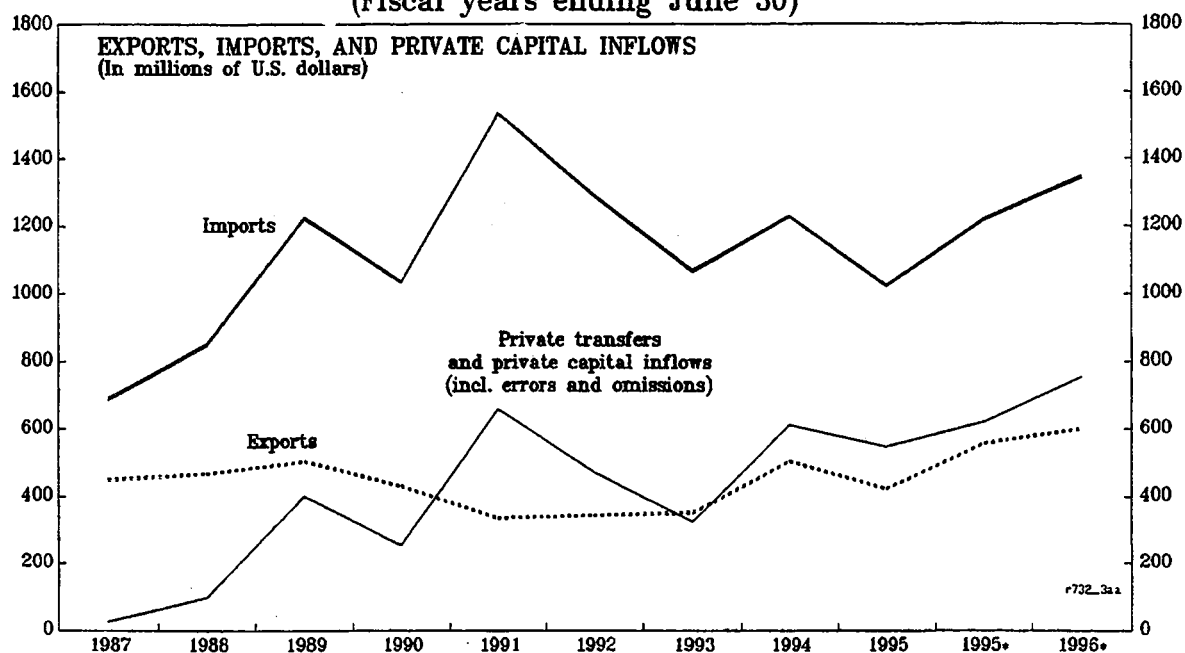
CHART 3
SUDAN
MONETARY SECTOR INDICATORS, 1988-96 1/
(Fiscal Years Ending June 30)



Source: Sudanese authorities.

1/ 1996 data are staff estimates.

CHART 4
SUDAN
EXTERNAL SECTOR DEVELOPMENTS, 1987-96 1/
(Fiscal years ending June 30)

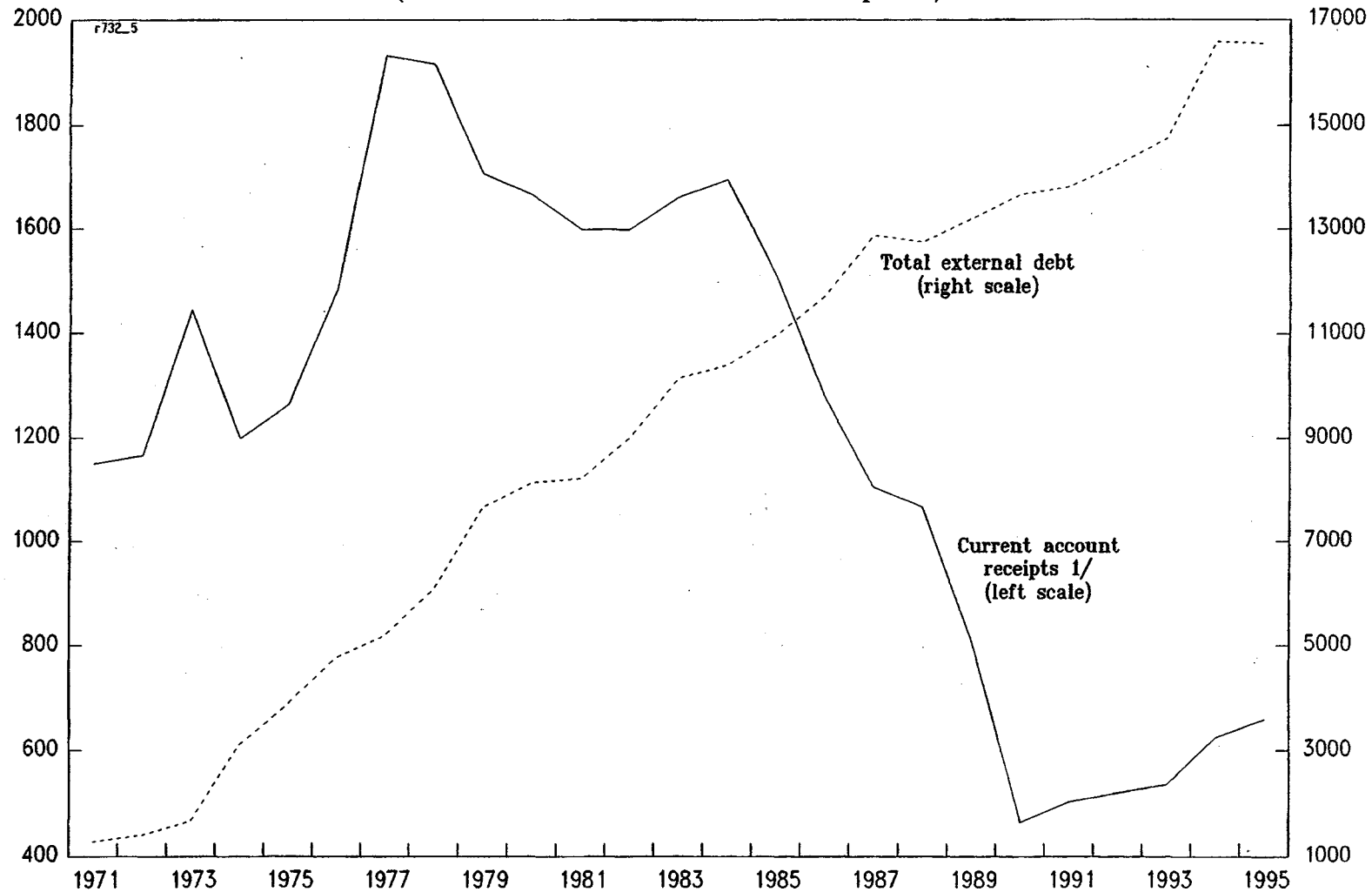


Source: Sudanese authorities.

1/ 1996 data are staff estimates.

* Calendar year.

CHART 5
SUDAN
CURRENT ACCOUNT RECEIPTS AND EXTERNAL DEBT, 1971-95
(In millions of U.S. dollars at 1990 prices)

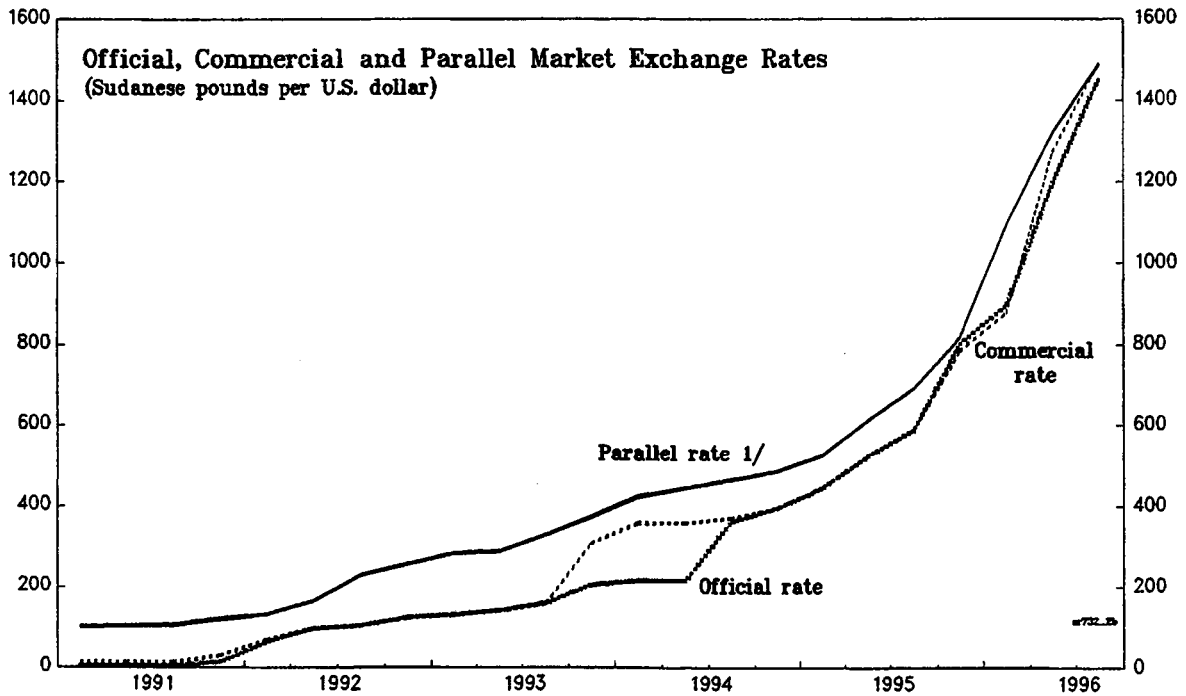
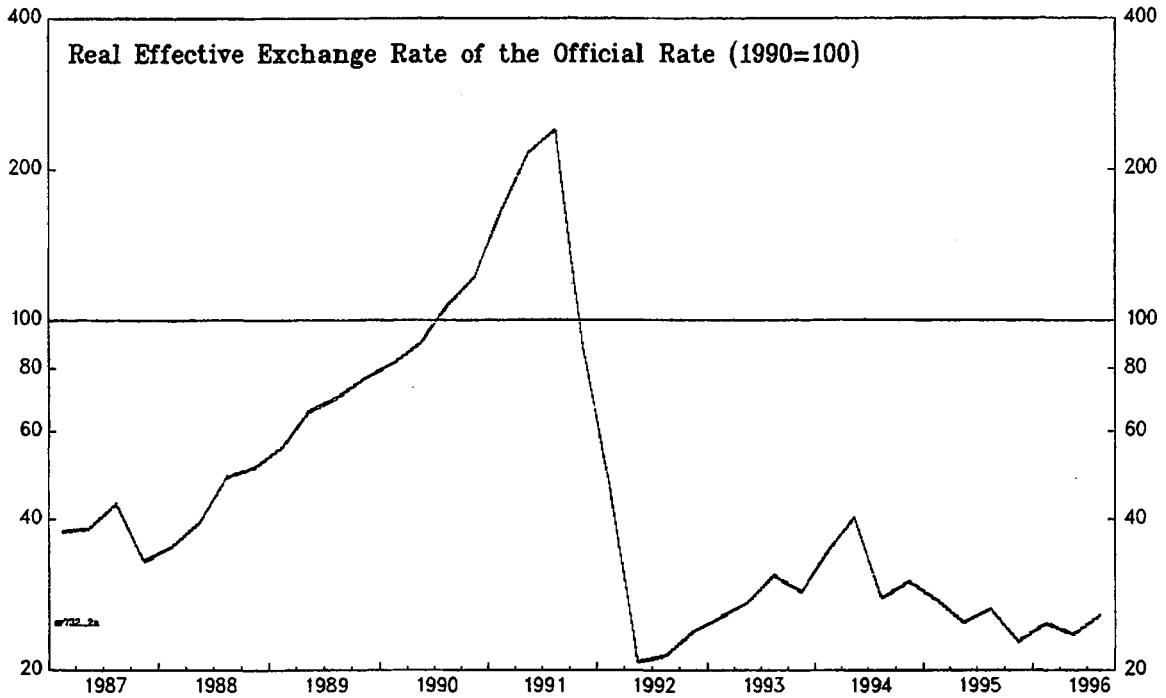


Source: Irdian (IMF, May 1996, unpublished manuscript).

1/ Including receipts from exports, services, and (net) private transfers.

CHART 6

SUDAN
EXCHANGE RATE DEVELOPMENTS, 1987-96



Sources: Sudanese authorities, Information Systems Notice; and Staff estimates.

1/ Non-bank dealer rate from September 1995.

Table 1. Sudan: Origin of Gross Domestic Product, 1992/93-1996

	1992/93	1993/94	1994/95	1995/96	1996
GDP at constant factor cost	7,489	7,812	8,165	8,518	8,714
Agriculture	2,629	2,793	3,178	3,471	3,659
Crops	1,509	1,528	1,835	2,051	2,163
Irrigated crops	840	991	1,102	1,392	1,496
Rainfed mechan. crops	389	206	273	228	237
Rainfed tradit. crops	280	330	460	431	430
Livestock	890	990	1,010	1,060	1,113
Forestry and fishing	230	275	333	360	383
Industry	1,329	1,383	1,407	1,498	1,525
Mining and quarrying	12	12	13	90	72
Manufacturing	730	715	653	671	698
Electricity and water	175	191	193	199	206
Construction	412	465	548	538	548
Services	3,531	3,637	3,580	3,549	3,531
Government services	656	704	630	585	571
Other services	2,875	2,933	2,950	2,965	2,960
GDP deflator (1981/82 = 100)	10,721	20,702	35,772	84,779	118,049
GDP at current factor cost	802,876	1,617,240	2,920,781	7,221,722	10,286,979
Indirect taxes less subsidies	32,300	63,157	130,823	140,000	140,000
GDP at current market prices	835,176	1,680,397	3,051,604	7,361,722	10,426,979
(Annual percentage change)					
GDP at constant factor cost	5.3	4.3	4.5	4.3	4.5
Agriculture	15.8	6.2	13.8	9.2	10.0
Crops	21.8	1.2	20.1	11.8	11.3
Irrigated crops	13.5	18.0	11.2	26.3	20.0
Rainfed mechan. crops	25.5	-47.0	32.5	-16.5	-5.5
Rainfed tradit. crops	48.1	18.0	39.2	-6.3	-3.5
Livestock	8.3	11.2	2.0	5.0	11.0
Forestry and fisheries	9.5	19.6	21.1	8.1	10.5
Industry	7.8	4.1	1.8	6.4	5.0
Mining and quarrying	100.0	0.0	8.3	592.3	40.0
Manufacturing	7.4	-2.1	-8.7	2.7	5.5
Electricity and water	12.9	9.1	1.2	3.0	5.0
Construction	5.1	12.9	17.8	-1.8	1.0
Services	-2.2	3.0	-1.6	-0.9	-0.9
Government services	-14.8	7.3	-10.5	-7.2	-6.0
Other services	1.3	2.0	0.6	0.5	0.1
(Sources of GDP growth, in percentage points)					
GDP at constant factor cost	5.3	4.3	4.5	4.3	4.5
Agriculture	5.0	2.2	4.9	3.6	4.0
Crops	3.8	0.2	3.9	2.6	2.6
Irrigated crops	1.4	2.0	1.4	3.6	3.0
Rainfed mechan. crops	1.1	-2.4	0.9	-0.6	-0.2
Rainfed tradit. crops	1.3	0.7	1.7	-0.4	-0.2
Livestock	1.0	1.3	0.3	0.6	1.4
Forestry and fisheries	0.3	0.6	0.7	0.3	0.4
Industry	1.3	0.7	0.3	1.1	0.9
Mining and quarrying	0.1	0.0	0.0	0.9	0.2
Manufacturing	0.7	-0.2	-0.8	0.2	0.4
Electricity and water	0.3	0.2	0.0	0.1	0.1
Construction	0.3	0.7	1.1	-0.1	0.1
Services	-1.1	1.4	-0.7	-0.4	-0.4
Government services	-1.6	0.6	-0.9	-0.6	-0.4
Other services	0.5	0.8	0.2	0.2	0.0

Sources: Ministry of Economics, Planning, and Investment; and Fund staff estimates.

Table 2 Sudan: Indicators of Selected Agricultural Crops, 1993/94–1995/96 1/

(Area in thousands of feddans; production in thousands of metric tons; and yield in kilograms per feddan)

	Irrigated			Rainfed						Total		
	Area	Production	Yield	Area	Production	Yield	Area	Production	Yield	Area	Production	Yield
Cotton												
1993/94	278	144	518	14	4	260	--	--	--	292	148	507
1994/95	420	256	610	18	3	167	--	--	--	438	259	591
1995/96	534	300	562	55	7	177	--	--	--	589	307	521
Dura (Sorghum)												
1993/94	904	602	666	7,896	1,473	187	2,352	311	132	11,152	2,386	214
1994/95	1,181	726	615	7,730	1,623	210	4,392	878	200	13,303	3,227	243
1995/96	737	512	695	6,843	1,379	202	3,697	542	147	11,277	2,433	216
Groundnuts												
1993/94	293	254	867	--	--	--	1,565	174	111	1,858	428	230
1994/95	299	262	876	--	--	--	1,814	452	249	2,113	714	338
1995/96	350	326	931				2,230	412	185	2,580	738	286
Wheat												
1993/94	851	475	558	--	--	--	--	--	--	851	475	558
1994/95	656	443	675	--	--	--	6	2	300	662	445	672
1995/96	691	520	753				18	7	400	709	527	743
Millet												
1993/94	2	1	300	162	27	166	2,381	193	81	2,545	221	87
1994/95	10	2	180	76	10	132	7,621	961	126	7,707	973	126
1995/96	8	2	250	58	8	138	5,692	375	66	5,758	385	67
Total 1/												
1993/94	2,328	1,476	634	8,072	1,504	186	6,298	678	108	16,698	3,658	219
1994/95	2,566	1,689	658	7,824	1,636	269	13,833	2,293	166	24,223	5,618	232
1995/96	2,320	1,660	716	6,956	1,394	200	11,637	1,336	115	20,913	4,390	210

Source: Ministry of Agriculture.

1/ Excludes fruits and vegetables that account for a large portion of agricultural output.

Table 3. Sudan: Consumer Price Index, 1991/92–September 1996 ^{1/}

(Index, February 1992 = 100)

	Index ^{2/}	12–Month Percentage Change	Monthly Percentage Change
1991/92	168.0	...	...
1992/93	366.7	118.2	...
1993/94	753.8	105.6	...
1994/95	859.7	127.3	...
1995	1,287.6	70.8	...
September 1996	2,703.2	157.5	...
1995			
January	745.5	80.1	–1.1
February	756.0	89.8	1.4
March	780.2	74.8	3.2
April	790.3	63.9	1.3
May	819.5	55.1	3.7
June	859.7	57.2	4.9
July	937.1	56.5	9.0
August	1,004.5	59.3	7.2
September	1,049.8	59.7	4.5
October	1,091.7	71.6	4.0
November	1,211.8	89.4	11.0
December	1,287.6	70.8	6.3
1996			
January	1,371.0	83.9	6.5
February	1,487.8	96.8	8.5
March	1,580.1	102.5	6.2
April	1,703.8	115.6	7.8
May	1,798.0	119.4	5.5
June	2,256.5	162.5	25.5
July	2,412.2	157.4	6.9
August	2,660.6	164.9	10.3
September	2,703.2	157.5	1.6

Sources: Statistics Department of the Ministry of Finance.

^{1/} Middle income index covering greater Khartoum area.

^{2/} For 1991/92–1996, the annual data shown are period averages.

Table 4. Sudan: Central Government Operations, 1992/93–1996 ^{1/}

	1992/93	1993/94	1994/95	1995	1st half Act.	2nd half Est.	Est. 1996
<u>(In billions of Sudanese pounds)</u>							
Total revenue	78	131	285	365	284	396	680
Tax revenue	57	106	212	289	243	318	561
Nontax revenue	22	25	73	76	41	78	119
Of which: Petroleum price Differential	--	--	32	--			
Total expenditure (including interest arrears)	234	356	671	1,005	946	1,431	2,377
Expenditure excluding interest arrears	146	199	338	504	456	529	985
Current expenditure ^{2/}	92	151	278	376	344	415	759
Wages and salaries ^{3/}	14	29	49	60	34	46	80
Goods and services ^{3/}	28	65	98	156	168	197	365
Transfers ^{3/}	33	35	80	38	65	58	123
Interest paid	3	5	25	40	48	59	107
Other ^{2/}	14	17	26	82	28	57	85
Extrabudgetary	12	19	--	58	83	46	129
Capital expenditure and net lending	43	29	60	67	29	68	97
Interest arrears on external debt	88	157	333	501	490	901	1,391
Overall deficit (on an accrual basis)	-156	-225	-386	-640	-661	-1,037	-1,698
Overall deficit (on a cash basis)	-68	-68	-53	-135	-171	-135	-306
Financing	68	68	53	131	125	135	260
External	30	21	33	42	9	32	41
Domestic bank borrowing (net) ^{4/}	30	54	23	89	116	103	219
Exceptional domestic borrowing	8	-7	-3	--	...	...	...
Floot	...	...	...	4	46	...	46
<u>(As percent of GDP)</u>							
Total revenue	9.5	7.8	9.4	8.7	2.7	3.8	6.5
Total expenditure (including interest arrears)	28.2	21.2	22.0	24.0	9.1	13.7	22.8
Expenditure excluding interest arrears	17.8	11.9	11.1	12.0	4.4	5.0	9.4
Expenditure excluding interest payments and arrears	17.3	11.6	10.3	11.1	3.9	4.5	8.4
Development expenditure	5.2	1.7	2.0	1.6	0.3	0.6	0.9
Overall deficit (on an accrual basis)	-18.7	-13.4	-12.7	-15.3	-6.3	-10.0	-16.3
Overall deficit (on a cash basis)	-8.2	-4.1	-1.7	-3.2	-1.6	-1.3	-2.9
Primary deficit	-7.9	-3.8	-0.9	-2.3	-1.2	-0.7	-1.9

Sources: Ministry of Finance; Bank of Sudan; and Fund staff projections.

^{1/} Starting in 1996, all official accounting moved from a fiscal year (July–June) to a calendar year basis.

^{2/} Starting in 1995, includes expenditures on commodity aid.

^{3/} There is discontinuity in these series prior to 1993/94, due to a reclassification of the budget involving, inter alia, reclassification of the contingency reserve for wage adjustments from the Transfers category to the wages and salaries category.

^{4/} As reported in the monetary survey by the Bank of Sudan.

Table 5. Sudan: Monetary Survey and Factors Affecting Liquidity, 1992/93–August 1996

	1992/93	1993/94	1994/95	Dec. 1995	Aug. 1996
<u>(In billions of Sudanese pounds; end of period)</u>					
Net foreign assets	-356.2	-601.2	-1,641.8	-2,571.7	-4,439.7
Bank of Sudan	-386.1	-684.0	-1,471.5	-2,712.2	-4,671.2
Commercial banks	29.8	82.8	99.7	140.5	234.5
Domestic credit	131.3	213.7	272.4	398.5	694.6
Net claims on Central Government	89.9	143.0	160.2	251.0	416.7
Claims on nongovernment sector	41.4	70.7	112.1	147.5	278.0
Other items (net)	17.9	35.8	112.7	205.1	140.1
Counterpart to valuation changes	374.6	668.5	1,745.3	2,673.9	4,657.3
Money and quasi-money	167.6	316.7	488.5	705.8	1,052.1
Currency	63.5	111.7	176.8	248.6	376.7
Demand deposits	56.6	77.1	128.5	167.9	271.4
Savings and investment deposits in L.Sd	17.5	27.8	40.5	61.9	84.0
Deposits in foreign currency	30.0	100.1	142.7	227.3	320.2
<u>(Change from year earlier; in billions of Sudanese pounds)</u>					
Domestic credit	49.6	82.5	58.8	132.5	388.5
Net credit to the Government	29.5	53.2	17.3	89.0	231.5
Credit to nongovernment sectors ^{1/}	20.0	29.3	41.5	43.5	157.0
Money and quasi-money	72.2	149.3	171.7	300.7	497.5
<u>(Change from year earlier; as percent of beginning broad money)</u>					
Net foreign assets	-127.4	-113.8	-328.5	-326.3	-476.9
Domestic credit	52.0	49.2	18.6	32.7	70.0
Net credit to the Government	31.0	31.7	5.5	22.0	41.7
Claims on non-government sectors ^{1/}	21.0	17.5	13.1	10.7	28.3
Other items, net	29.4	17.6	24.3	34.8	-0.3
Valuation counterpart	121.7	136.1	339.9	333.0	496.9
Money and quasi-money	75.9	89.1	54.2	74.2	89.7
<u>(In millions of U.S. dollars; unless otherwise indicated)</u>					
Memorandum items:					
Net foreign assets of Bank of Sudan ^{2/}	-2,248	-2,339	-2,539	-2,448.0	-2,421.0
Foreign currency deposits	209	325	272	271.0	219.0
Velocity of money ^{3/}	6.3	6.7	7.6	7.5	...
Deposits in foreign currency (as percent of broad money)	17.9	31.6	29.2	32.2	30.4

Sources: Bank of Sudan and staff projections.

^{1/} Private sector and nonfinancial public enterprises.

^{2/} Net reserve assets.

^{3/} Nominal GDP divided by the average of the beginning and end-period stock of money and quasi-money during the period.

Table 6. Sudan: Summary Balance of Payments, 1992/93-1996

	1992/93	1993/94	1994/95	1995	Est. 1/ 1996
(In millions of U.S. dollars)					
Trade balance	-716.6	-724.8	-601.7	-663.2	-744.5
Exports, f.o.b.	351.3	502.6	421.7	555.6	600.0
Cotton	62.6	95.9	95.5	123.0	133.1
Gum arabic	19.8	81.0	44.7	51.4	28.2
Livestock	72.5	89.8	61.7	84.1	75.1
Sesame	52.2	76.7	60.6	80.6	130.1
Other	144.2	159.2	159.2	216.6	233.4
Imports, c.i.f.	-1,067.8	-1,227.4	-1,023.4	-1,218.8	-1,344.4
Foodstuffs	-165.5	-204.8	-181.4	-214.5	-215.5
Petroleum	-249.5	-230.4	-178.2	-194.2	-239.5
Manufactured goods	-199.5	-293.2	-228.6	-276.6	-261.8
Other	-453.4	-499.1	-435.2	-533.5	-627.6
Services (net)	35.3	-10.0	-5.1	-5.5	-16.3
Receipts	107.0	113.7	74.7	131.6	73.9
Payments	-71.7	-123.7	-79.8	-137.0	-90.2
Income (net)	-865.4	-885.7	-936.3	-914.4	-1,023.0
Receipts	0.4	1.4	1.3	1.9	5.6
Payments	-865.8	-887.1	-937.6	-916.3	-1,028.6
Of which: public interest payments due 2/	-844.8	-868.3	-931.2	-912.6	-1,024.1
(Total cash payments)	-23.5	-20.4	-29.1	-25.6	-23.7
Current transfers (net)	191.6	123.7	122.1	103.9	68.7
Private transfers (net)	106.9	54.4	81.4	60.1	24.3
Public transfers (Cash and commodity aid)	84.7	69.3	40.7	43.8	44.4
Current account balance	-1,355.0	-1,496.8	-1,421.0	-1,479.2	-1,715.1
Excluding public transfers	-1,439.7	-1,566.1	-1,461.7	-1,523.0	-1,759.5
Capital account	39.7	18.8	11.6	10.6	8.5
Project aid	39.7	18.8	11.6	10.6	8.5
Financial Account (net)	-91.8	-324.5	114.2	183.0	-109.7
Disbursements	254.8	97.7	76.7	86.0	21.0
Cash and commodity loans	116.1	45.2	20.9	22.9	--
Project loans	138.7	52.5	55.8	63.1	21.0
Amortization	-514.7	-374.0	-311.8	-287.6	-279.6
(Total cash payments)	-14.4	-10.2	-5.6	-6.9	-2.4
Short-term capital flows (net) 3/	58.1	9.9	273.3	330.6	140.9
Commercial banks reserve (net) (increase -)	110.0	-58.0	76.0	54.0	8.0
Errors & omissions and other private capital	117.3	603.5	114.6	175.1	578.6
Overall balance	-1,289.8	-1,199.0	-1,180.7	-1,110.5	-1,237.7
Change in official reserves (increase -)	39.0	32.5	-1.3	-22.5	-20.4
IMF (net)	70.7	49.5	-2.3	-2.5	-31.6
Change in arrears on repurchases	--	--	-32.4	-39.7	-57.7
Change in arrears on charges 4/	70.7	49.5	30.1	37.2	26.0
Other	-31.7	-17.0	1.0	-20.0	11.2

Table 6 (continued). Sudan: Summary Balance of Payments, 1992/93-1996

	1992/93	1993/94	1994/95	1995	Est. 1/ 1996
(In millions of U.S. dollars)					
Debt relief and restructuring 5/	--	--	29.0	29.0	--
Net change in non-Fund arrears	1,250.8	1,166.5	1,153.0	1,104.0	1,258.2
Financing Gap	--	--	--	--	--
(In percent of GDP)					
Trade balance	-10.2	-11.1	-7.5	-8.6	-9.7
Current account	-23.2	-23.8	-20.1	-20.8	-22.7
Excluding official transfers	-24.7	-24.9	-20.6	-21.5	-23.2
Non-interest Current Account	-8.8	-10.0	-6.9	-8.0	-9.1
Excluding official current transfers	-10.2	-11.1	-7.5	-8.6	-9.7
Overall balance	-22.1	-19.1	-16.7	-15.7	-16.3
Exports, f.o.b.	6.0	8.0	6.0	7.8	7.9
Imports, c.i.f.	18.3	19.5	14.4	17.2	17.8
Gross official reserves (in weeks of imports)	1.1	1.3	1.5	2.1	1.3
External debt service due	23.3	19.8	17.5	16.9	17.2
Of which: interest payments	-14.5	-13.8	-13.1	-12.9	-13.5
Total external debt service paid (incl. arrears)	0.6	0.5	0.9	1.0	1.1
Of which: interest payments	0.4	0.3	0.4	0.4	0.3
In percent of c.a. receipts	4.2	3.0	5.0	3.4	2.8
External outstanding debt (in billions of U.S. dollars)	16.8	17.8	18.7	19.3	20.3
(In percent of GDP)	288.9	283.2	263.9	272.0	267.7
(In percent of current account receipts)	2,979.9	2,650.8	3,236.0	2,582.9	2,898.7
External arrears (in billions of US dollars)	12.4	13.6	14.8	15.8	17.0
External debt service due (in percent c.a. receipts)	240.5	185.2	215.1	160.6	186.7
Actual debt payments (in percent of c.a. receipts)					
(Including arrears payments to the Fund)	6.7	4.6	11.6	9.7	11.4

Source: Staff estimates based on information provided by the Sudanese authorities.

1/ Estimates based on actual data through end-August 1996.

2/ Includes estimates of late interest accrued during the year and Fund special charges.

3/ Net short-term trade and other credit facilities of the Bank of Sudan and commercial banks.

4/ Including refunds of burden sharing.

5/ In May 1995, reflects a restructuring debt operation with the African Development Bank Group amounting to US\$29 million.

Custom Duty Exchange Rate

	During	Custom Exchange Rate
1)	....- 12/5/90	4.5
2)	12/6/90-10/6/91	12.3
3)	10/7/91-12/31/91	15.0
4)	1/1/92-6/30/92	27.0
5)	7/1/92-9/30/92	100.0
6)	10/1/92-10/4/92	105.0
7)	10/5/92-12/31/02	115.0
8)	1/1/93-6/30/93	125.0
9)	7/1/93-10/22/93	145.0
10)	10/23/93/-12/6/93	140.0
11)	12/7/93-2/19/94	170.0
12)	2/20/94-7/1/15/94	200.0
13)	7/16/94-8/31/94	240.0
14)	9/1/94-12/3/94	300.0
15)	12/4/94-1/9/95	380.0
16)	1/10/95-3/14/95	390.0
17)	3/15/95-6/2/95	440.0
18)	6/3/95-10/8/95	520.0
19)	10/9/95-11/24/95	600.0
20)	11/25/95-1/5/96	750.0
21)	1/6/96-7/30/96	800.0
22)	8/1/96-9/30/96	900.0
23)	10/1/96-11/2/96	1,000.0
24)	11/3/96-present	1,100.0

The Tax System of Sudan

This appendix describes the operation and performance of the main taxes levied in Sudan between 1982/83 and October 1996. It also highlights some of the important factors that have hindered the effective operation of certain specific taxes.

1. Operation and performance of taxes

a. *Personal income tax*

The personal income tax (PIT) is paid annually by residents on all income earned in Sudan or abroad, including wages, salaries, leave and sick pay, and all other remuneration for employment or services rendered. However, interest and domestic dividends, employers' contributions to retirement and medical schemes, and housing and transport allowances are excluded. Individual income taxes are "pay-as-you-earn" basis, and are deducted by employers who are obliged to submit collected monthly revenues by the 15th day of the following month. In the case of a refund, employees may file their returns after December 31.

As of October 1996, the applicable personal income tax rates are as follows:

First	LSd 144,000	exempted
next	LSd 12,000	5 percent
"	LSd 15,000	10 percent
"	LSd 24,000	15 percent
"	LSd 36,000	20 percent
"	LSd 36,000	25 percent
exceeding	LSd 276,000	30 percent

Effective January 1996, the minimum threshold was raised from LSd 90,000 to LSd 144,000, while the highest income bracket was increased from LSd 146,000 to LSd 276,000. These changes were accompanied by a lesser increase of the average monthly wages in the public sector, from about LSd 7,000 to about LSd 10,000.

Overall, less than 300,000 individuals are subject to the PIT, but only 50,000 tax declarations are normally submitted. This is due to the fact that most employers withhold the tax directly from the wages and salaries, and also because other additional sources of income are usually insignificant. Between 1982/83 and 1996, the revenue from the personal income tax as a share of GDP has declined almost continuously (from 0.6 percent to 0.1 percent).

b. *Business profit tax*

The business profit tax, which was based on the Income Tax Act of 1986, is levied on net business profits of individual entrepreneurs, limited public and private companies,

partnerships, trusts and associations, banks, and insurance companies. Profit taxes are calculated on the basis of profits earned over the year ended December 31 and companies must file their returns by March 31. The first installment is due by April 30, and the second by October 31.

The schedule of rates is currently as follows:

(1) Individual entrepreneurs

First	LSd 100,000	exempted
next	LSd 150,000	10 percent
"	LSd 250,000	20 percent
"	LSd 500,000	30 percent
exceeding	LSd 1,000,000	40 percent

The Taxation Bureau of the Ministry of Finance and Economic Planning (TB) estimates that about 170,000 individual entrepreneurs are currently subject to this tax. Owing to the high rate of inflation and the lack of corresponding adjustments in the nominal tax brackets, about 95 percent of taxpayers currently fall in the highest bracket. Hence, the profit tax has become regressive, posing a relatively higher burden on smaller or medium level business incomes. In January 1995, the minimum threshold was raised from LSd 1,500 to LSd 100,000.

(2) Private companies, including banks and insurance companies

Since July 1995, the net income of private companies is taxed at 40 percent while that of banks and insurance companies are taxed at 45 percent. The TB estimates that there are about 4,500 registered enterprises which are subject to this tax.

Between 1982/83 and 1995 the revenues from the profit tax showed two distinct trends. After declining until 1990/91, profit taxes became an increasingly important source of revenue reaching almost 30 percent of total tax revenue, and about 2 percent of GDP in 1995 (Statistical Appendix Table 17). This improvement owes largely to the tightening of the tax brackets in real terms, and to the efforts by the tax administration to raise compliance.

Revenue from the profit tax fell during the 1980s primarily because of two factors. First, the existence of generous exemptions and immunities led to a decline of revenue. A broad range of concessions and exemptions were granted in accordance with the 1989 Taxation Act and the 1991 Investment Encouragement Act. Over 60 companies and several banks currently benefit from these tax exemptions.¹ The loss in revenues from these specific

¹For example, companies operating under the 1991 Investment Encouragement Act are
(continued...)

exemptions and immunities was large. Furthermore exemptions were extended also to cooperatives dealing with trade, transport, agriculture, and other activities, and 53 charity organizations which undertook commercial activities. In March 1995, exemptions were eliminated for cooperatives and charities that operate on commercial basis and in July 1995, a 1 percent development tax on the income of enterprises benefiting from tax holiday was introduced, strategic projects are exempted from this tax. In 1995, actual collection was LSd 0.3 billion. Second, the decline in revenues was also caused by the large lags in tax payments. To minimize the loss from such lags, in March 1995, a ministerial decree was issued stating that business profit tax and rental tax payments would be made at the time of tax payer declaration or presentation of audited accounts. The main factors that still exist behind these delays are the weak penalty system and the widespread utilization of the appeal system.

c. Tax on Sudanese working abroad

The current annual rates of taxation are as follows:

Rates as of October 1996

(In U.S. dollars)

Laborers	150
Employees	350
Professionals	500-800
University educators	500-800
Businessmen	2,000

The payments rates are enforced by requiring that citizens obtain an exit visa verifying tax payment before leaving Sudan and that passports be renewed every two years. About 200,000 expatriates have complied with this tax in recent years.

¹(...continued)

granted a five to ten years tax holiday. This Act subjects tax concessions to the fulfillment of any of several conditions, among which are: (a) the contribution of the investment project to the increase of national income; (b) the removal of "any bottlenecks obstructing development;" (c) the "consolidation" of economic developments; and (d) and increase in employment. After an initial effective period of five years, the tax concession can be extended for additional five years in the case of large investments. Furthermore, the Act also exempts these investment schemes from customs duties and excises on equipments, machineries, and spare parts. Losses may be carried forward and deducted from profits for a period of five years.

d. *Agricultural tax*

Detailed and reliable information on agricultural taxation is not available. However, it is known that farmers are subject to local taxation (by regional and provincial governments), central taxation (by the Central Government), and the zakat (a mandatory contribution that is not included in the budget). Most of these taxes are collected during the harvest period from November to April.

In July 1993, the agricultural tax rate collected by the Central Government was lowered from 5 percent to 2 percent, and beginning in 1996, the amount collected by the Central Government would be transferred to the state governments.

e. *Capital gains tax*

In July 1995, the capital gains tax rate was lowered from 10 percent to 5 percent for real estate and from 5 percent to 2.5 percent for cars, and is levied on the difference between the sales and purchase price without adjustment for inflation.

f. *Sales tax*

Most items manufactured in Sudan are subject to a sales tax of 10 percent, with the exception of medicine, food, and vegetable oils, which are exempt. Both the sales and excise taxes are collected at the factory by the Customs department. Beginning in 1996, the amount collected from sales and excise taxes would be transferred to the state governments. Inspectors located within the factory issue forms certifying that taxes have been paid before allowing goods to be shipped. This tax is not applicable to corresponding imports, which are subject to customs duty and consumption tax. The rates for the major items are listed in Appendix II, Table 7.

(1) Sales tax on services

The tax on services is charged at a rate of 20 percent for hotels, restaurants, and club services. An airport departure tax is levied on all international flights by the Civil Aviation Authority. In October 1994, this tax was raised to LSd 5,000 per passenger and to US\$10.00 per non-resident. In October 1996, the airport departure was raised to US\$20.00 per non-resident.

(2) Excise tax

The excise tax is also levied on several domestically manufactured products at a variety of ad valorem rates ranging from 2 percent to 150 percent. As mentioned above, beginning 1996, the revenue generated from excise tax is transferred to the state governments. Currently, there are 7 different excise rates applicable to about 20 goods.

g. *Taxes on international trade*

Sudan has relied considerably on taxes on international trade as a source of income; these include import and export duties, and the consumption tax. Their contribution to total tax collection progressively declined from 65 percent in 1987/88, to 37 percent in 1995 when they accounted for only 2.5 percent of GDP. This decline was due to the valuation of imports below their true market price, and to the continued shift in import composition toward basic necessities subject to lower duties.

(1) Import duties

All import duties are ad valorem and are applied to a fair market c.i.f import price. The import duty rates range from 5 percent to 250 percent (Appendix II, Table 8). The revenue generated from import duties are transferred to the Central Government.

(2) Export duties

All export duty rates are ad valorem and are calculated on free along side (f.a.s) value. With the exception of cotton and gum arabic, export duties are applied at a rate of 2 percent. Export duties on cotton and gum arabic are charged at the rate of 10 percent.

(3) Consumption tax

The consumption tax rate is levied at a rate of 10 percent on a broad range of items. Items exempted from the consumption tax include the following: wheat flour, printed books and booklets, sacks and bags for packing, and medical supplies (Appendix II, Table 8).

h. *Other taxes*

Other taxes include various levies and fees, such as stamp duties and car license fees. Their contribution to the budget has been insignificant. In Statistical Appendix Table 17, these revenues are combined with those from the agriculture tax, and have yielded no more than 0.5 percent of GDP since the mid-1980s. The stamp duty is charged at various rates on more than 260 instruments of various kinds. The car license fees are levied at a range of LSd 400-10,000 per car.

Table 7. Sudan: Main Commodities Subject to Excise, Sales, and Consumption Tax, and Their Rates, 1996

Commodity	Excise Rate	Sales Tax	Consumption Tax
Tobacco (F)	150	--	10
Cement (F)	75	--	10
Soft drinks (F/S)	7	--	--
Biscuits and cakes (S)	10	--	--
Tomato paste (S)	--	--	--
Flour (F)	--	--	--
Edible oils (S)	2	--	--
Ready made clothes (S)	--	--	--
Shoes (S)	5	10	--
Sweets (S)	5	10	--
Soap – toilette (S)	10	10	--
Soap – regular (S)	--	10	--
Perfumes/cosmetics (S)	20	10	--
Toothpaste (S)	--	10	--
Tires (F)	5	--	10
Tubes and pipes (S)	10	10	--
Batteries/electric flashlights (F)	10	--	10
Household materials (S)	10	10	--
Paints and polishes (F)	30	--	10

Source: Data provided by the Sudanese authorities; Customs Department.

F: Revenues collected are transferred to the Central Government.

S: Revenues collected are transferred to the State Governments.

F/S: Revenues collected are shared by the Central and State Governments

Table 8. Sudan: Selected Commodities Subject to Import Tariffs and Consumption Tax, 1996

(In percent; unless otherwise stated)

Commodity description	Consumption Tax	Tariff Rate	Total Rate
Motor oil and lubricants	10	5	15
Rice	10	5	15
Wheat flour	...	5	5
Printed books and booklets	...	5	5
Sacks and bags for packing	2	5	7
Insecticides and pesticides	2	5	7
Tractors	10	5	15
Harvesters and parts	10	5	15
Coffee	2	10	12
Natural yeasts	10	5	15
Tea	2	5	7
Vegetable oil	10	5	15
Additives for mineral oil	10	5	15
Margarine	10	5	15
Caustic soda	10	5	15
Zinc oxide and peroxide	10	5	15
Chemical products	10	5	15
Polymerization products	10	50	60
Synthetic rubber	10	5	15
Natural resins	...	5	5
Writing paper	...	5	5
Paper board boxes	10	10	20
Yarn of man-made fibers	10	5	15
Glass bottles, etc.	10	5	15
Iron and steel wire	10	5	15
Metal containers	10	5	15
Combustion engines	10	5	15
Pumps	10	5	15
Machinery, plant equipment	10	5	15
Excavating machineries	10	5	15
Machineries and accessories	10	5	15
Auxiliary machinery	10	5	15
Sewing machines	10	5	15
Tapes, valves, etc.	10	5	15
Compressors	10	5	15
Bell bearings	10	5	15
Transformers and generators	10	5	15
Other electric goods	10	5	15
Electric fans	10	10	20
Electric ignition	10	5	15
Electric lighting for cars	10	30	40
Electric apparatus	10	5	15
Parts for tractors	10	5	15
Parts for motor vehicles	10	5	15

Table 8 (continued). Sudan: Selected Commodities Subject to Import Tariffs and Consumption Tax, 1996

(In percent; unless otherwise stated)

Commodity description	Consumption Tax	Tariff Rate	Total Rate
Motocycles	10	5	15
Cycles and parts	10	5	15
Lead pencils	10	30	40
Trucks and lorries	10	5	15
Mini-buses	10	5	15
Buses	10	5	15
Paper	10	5	15
Cinnamon	10	10	20
Cloves	10	10	20
Cement	10	10	20
Sliced wood	10	5	15
Cables	10	5	15
Polishing and crushing stones	10	30	40
Sheets and plates of iron	10	30	40
Iron and steel products	10	30	40
Iron and steel bars and rods	10	30	40
Tubes and pipe fittings	10	10	20
Needles	10	10	20
Razors and blades	10	10	20
Locks and padlocks	10	30	40
Lamps and lighting fittings	10	30	40
Electric parts	10	30	40
Televisions	10	30	40
Pharmaceutical glassware	10	5	15
Refined sugar	10	30	40
Other papers and paper boards	10	30	40
Tableware and other	10	30	40
Glassware	10	30	40
Nails, tacks, staples, etc.	10	5	15
Heavy duty pickups	10	100	110
Sauces and seasonings	10	30	40
Soups and broths	10	10	20
Perfumes and cosmetics	10	50	60
Rubber tires	10	50	60
Cotton fabrics	10	75	85
Other cotton fabrics	10	75	85
Air coolers	10	50	60
Primary cells and batteries	10	100	110
Cars	10	100	110
Pick-ups	10	100	110

Source: Data provided by the Sudanese Authorities; Customs Department.

1/ To be altered by the authorities in the coming months.

Changes in the Exchange and Trade System, October 1995-October 1996

The following were the substantive changes to the exchange and trade system over the period October 1995 - October 1996.

October 1995

Non-banks are permitted to sell foreign bank notes up to US\$5,000. Amounts sold in excess of US\$5,000 must be in the form of bank drafts or certified checks debited to the non-bank dealer's foreign exchange account. Non-bank dealers are required to show in the receipt issued to the customer the purpose of purchase, whether it is for imports or making invisible payments.

November 1995

Non-bank dealers must maintain a working balance equivalent to 10 percent of daily purchases plus the closing balance for the previous day. Amounts in excess of the closing balance must be sold to the Bank of Sudan. It was intended that these funds be used by the Bank of Sudan to create a Reserve Fund.

January 1996

Non-bank dealers authorized capital increased from 10 million Dinars to 25 million Dinars. Paid up capital increased from 7.5 million Dinars to 18.75 million Dinars. Licensing and renewal fees increased from 10,000 Dinars to 50,000 Dinars.

February 1996

Bank of Sudan share in foreign exchange resources reduced to 30 percent; however, Bank of Sudan share in export-proceeds of cotton, mandatory transfers by Sudanese expatriates and gum arabic exports remain at 100, 100 and 95 percent, respectively. Non-bank dealers required to sell to Bank of Sudan 10 percent of total purchases at the dealers' prevailing rate.

April 1996

Bank of Sudan share in foreign exchange resources increased to 50 percent except export proceeds of cotton, gum arabic and mandatory transfers by Sudanese expatriates which remained at 100, 95, and 100 percent, respectively.

June 1996

Bank of Sudan share in foreign exchange resources, other than proceeds of cotton and gum arabic exports and mandatory transfers by Sudanese expatriates, reduced to 40 percent. Exporters are allowed to sell 40 percent of their export proceeds to any commercial bank or any authorized non-bank exchange dealer. This measure excluded export proceeds of cotton, gum arabic and mandatory transfers by Sudanese expatriates.

July 1996

A Joint Committee of commercial banks and non-bank dealers declares daily a reference exchange rate. Commercial banks and non-bank dealers determine their buying rates within a 3 per thousand band and a margin of 1.5 or 2 percent is added by commercial banks and non-bank dealers respectively to yield their selling rates.

Non-bank dealers are prohibited from selling foreign exchange to public sector entities whether belonging to the Federal or State Governments.

Non-bank dealers are required to sell foreign exchange to importers against only a certificate from a commercial bank evidencing availability of an import letter of credit.

August 1996

Bank of Sudan share in foreign exchange resources reduced to 30 percent except for cotton and gum arabic exports and mandatory transfers by Sudanese expatriates that remained at 100, 95, and 100 percent respectively as Bank of Sudan share.

Exporters' share of export proceeds that can be sold to any commercial bank or any authorized exchange dealer was increased from 60 to 70 percent.

September 1996

Bank of Sudan share in invisible receipts increased to 100 percent.

Non-bank dealers required to sell to the Bank of Sudan 20 percent of total purchases at the dealers' prevailing rate.

October 1996

Bank of Sudan share in invisible receipts decreased to 85 percent.

Table 9. Sudan: Cotton Production, 1992/93–1995/96

(In thousands of bales) 1/

	1992/93	1993/94	1994/95	1995/96
Total production	293	245	436	518
Extra long–staple (Barakat)	89	37	77	111
Long–staple (Shambat "B")	30	41	31	
Medium–staple (Acala)	174	167	328	395
Short–staple	--	--	--	12

Sources: Ministry of Agriculture; and Fund staff estimates.

1/ One bale of lint weighs 420 pounds or approximately 0.191 metric tons.

Table 10. Sudan: Harvested Area, Production, and Yield of Cotton, Average 1993/94–1995

(Area in thousands of feddans; production in thousands of metric tons; and yield in kilograms per feddan)

	Area	Production	Average Yield	Area	Production	Average Yield	Area	Production	Average Yield
	1993/94			1994/95			1995		
Irrigated sector									
Egyptian	120	54	450	130	67	515	134	66	493
Blue Nile	14	5	354	15	7	495	19	8	421
Gezira and Manegil	94	45	449	102	57	559	96	52	538
Tokar	12	4	353	9	1	135	9	1	134
Suki	---	---	---	---	---	---	---	---	---
White Nile	---	---	---	---	---	---	10	5	500
New Halfa	---	---	---	4	2	490	---	---	---
Rahad	---	---	---	---	---	---	---	---	---
Acala	158	90	570	290	189	652	400	234	585
Rahad	53	34	637	59	43	736	68	48	708
Zeidab	---	---	---	---	---	---	---	---	---
Gezira	55	31	566	150	96	637	203	127	657
Blue Nile	---	---	---	---	---	---	13	5	385
New Halfa	50	25	495	50	32	357	60	28	460
Subi	---	---	---	---	---	---	16	7	442
Rainfed sector									
American	14	4	260	18	3	167	55	7	127
Blue Nile	5	1	140	8	1	158	23	5	165
Gedaref	4	1	140	6	1	145	13	1	112
Nuba mountains	5	2	283	2	---	158	5	1	150
Abu Habil	---	---	---	2	1	395	4	4	113
Equatoria	---	---	---	---	---	---	---	---	---
White Nile	---	---	---	---	---	---	1	...	141
Total	292	148	507	438	259	591	589	307	521

Source: Ministry of Agriculture.

Table 11. Sudan: Cropped Area, Output, and Yield of Major Noncotton Crops, 1992/93-1995/96

	1992/93	1993/94	1994/95	1995/96
<u>(In thousands of feddans)</u>				
Area				
Sorghum	14,762	11,152	13,303	11,277
Irrigated	1,221	903	1,181	737
Rainfed	13,541	10,249	12,122	10,540
Millet	3,710	2,543	7,707	5,758
Groundnuts	1,298	1,858	2,113	2,580
Irrigated	298	293	299	350
Rainfed	1,000	1,565	1,814	2,230
Sesame	3,207	2,931	3,206	3,556
Wheat	777	851	662	709
<u>(In thousands of metric tons)</u>				
Output				
Sorghum	4,042	2,386	3,648	2,433
Irrigated	769	602	726	512
Rainfed	3,273	1,784	2,501	1,920
Millet	449	221	973	885
Groundnuts	380	428	714	738
Irrigated	235	254	262	326
Rainfed	145	174	452	412
Sesame	266	175	170	313
Wheat	445	475	445	527
Gum arabic	13	24	27	25
<u>(In kilograms per feddan)</u>				
Yields				
Sorghum	274	214	238	216
Irrigated	630	666	615	695
Rainfed	242	174	207	182
Millet	121	87	126	67
Groundnuts	293	231	338	286
Irrigated	798	867	876	931
Rainfed	145	111	249	185
Sesame	24	60	53	88
Wheat	891	558	672	743

Sources: Ministry of Agriculture; Ministry of Economics, Planning, and Investment; and Gum Arabic Corporation.

Table 12. Sudan: Land and Water Charges, 1992/93–1995/96

(In Sudanese pounds per feddan)

	Gezira Scheme				Other Schemes 1/			
	1992/93	1993/94	1994/95	1995/96	1992/93	1993/94	1994/95	1995/96
Cotton	590	1,650	2,350	17,281.0	744	1,800	2,500	20,710.0
Wheat	463	1,300	1,800	12,961.0	634	1,300	2,200	15,532.0
Groundnuts	463	1,300	1,300	12,961.0	634	1,300	2,200	15,532.0
Sorghum	463	1,300	1,300	12,100.0	634	1,300	2,200	14,497.0
Vegetables	1,083	5,000	3,200	25,150.0	1,608	5,000	4,250	28,993.0

Source: Ministry of Agriculture.

Table 13. Sudan: Procurement Prices, 1991/92-1995/96

(In Sudanese pounds per kantar)

	1991/92	1992/93	1993/94	1994/95	1995/96
Cotton ^{1/}					
Extra long-staple (Barakat)			14,960 ^{2/}	19,125 ^{2/}	49,699
Grade 1	2,485	6,090			
2	2,385	5,990			
3	2,285	5,890			
4	2,185	5,790			
5	2,085	5,690			
6	1,985	5,590			
7	1,885	5,490			
8	1,785	5,390			
9	1,685	5,290			
Long-staple (Shambat "B")			11,703 ^{2/}	27,340 ^{2/}	49,761
Grade 1	1,535	4,800			
2	1,435	4,700			
3	1,335	4,600			
4	1,235	4,500			
5	1,135	4,400			
6	1,035	4,300			
Medium-staple (Acala)			13,794 ^{2/ 3/}	30,000 ^{2/ 3/}	38,520 ^{2/ 3/}
Grade 1	1,535	4,550			
2	1,435	4,450			
3	1,335	4,350			
4	1,235	4,250			
5	1,135	4,150			
Wheat (LSd per ton)	6,000	12,000	38,500	143,000	220,000
Gum arabic (ex El-Obeid)	583	2,789	17,500	25,000	800,000

Sources: Ministry of Agriculture; and Sudan Cotton Company.

^{1/} Prices are in Sudanese pounds per kantar of seed cotton. One kantar of seed cotton weighs 315 pounds and yields about 106 pounds of lint in the case of long-staple cotton, 95 pounds for Shambat "B", and about 116 pounds of lint in the case of medium-staple cotton.

^{2/} Average prices according to formula: US\$ export (f.o.b.) price less 11.5 percent (1 percent for Sudan Cotton Co., 0.5 percent quay dues, and 10 percent for export tax) equals "ex-store" price; "ex-store" price converted at average official exchange rate less 4 percent (2 percent each for Sudan cotton Company and Reserve Fund) equals net price for cotton.

^{3/} New Halfa Agricultural Scheme.

Table 14. Sudan: Cropping Patterns in the Gezira Scheme, 1992/93-1995/96

	1992/93	1993/94	1994/95	1995/96
<u>(In thousands of feddans)</u>				
Total area cultivated	1,557	1,398	1,293	1,361
Groundnuts	165	178	191	231
Wheat	500	531	393	390
Sorghum	729	540	499	385
Cotton	108	94	155	299
Other noncotton	55	55	55	56
<u>(As percent of total area)</u>				
Total area cultivated	100.0	100.0	100.0	100.0
Groundnuts	10.6	12.7	14.8	17.0
Wheat	32.1	38.0	30.4	28.7
Sorghum	46.8	38.6	38.6	28.3
Cotton	6.9	6.7	11.9	22.0
Other noncotton	3.5	4.0	4.3	4.1
<u>(In thousands of metric tons)</u>				
Output				
Groundnuts	146	149	159	231
Wheat	280	282	230	254
Sorghum	496	394	338	271
<u>(In kilograms per feddan)</u>				
Yield				
Groundnuts	885	837	350	1,000
Wheat	560	531	600	560
Sorghum	680	730	683	703

Sources: Sudan Gezira Board; and Ministry of Agriculture.

Table 15. Sudan: Manufacturing Production, 1992/93–1996

	1992/93	1993/94	1994/95	1995	<u>Est.</u> 1996
Food and beverages					
Flour (thousand tons)	530	423	300	350	360
Sugar (thousand tons)	515	425	428	450	460
Vegetable oils (thousand tons)	180	90	90	70	118
Soft drinks (million dozen bottles)	40	28	29	33	29
Textiles and apparel					
Textiles (million yards)	70	75	30	24	19
Shoes (million pairs)	2.4	1.3	5.2	6.0	9.0
Other consumer goods					
Cigarettes (tons)	890	1,935	1,417	1,317	1,300
Tires (thousands)	300	111	133	186	198
Intermediate goods					
Cement (thousand tons)	170	186	249	199	380
Petroleum products (thousand tons)	1,000	1,000	--	--	--

Sources: Ministry of Industry; and Fund staff estimates.

Table 16. Sudan: Monthly, Quarterly, and Annual Consumer Price Index, 1991/92–September 1996 ^{1/}

(January 1990 = 100)

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
<u>(Index levels, monthly averages)</u>						
July	335	707	1,349	3,083	4,823	12,413
August	347	725	1,513	3,247	5,170	13,691
September	341	742	1,590	3,383	5,402	13,910
October	338	762	1,573	3,275	5,618	...
November	341	819	1,772	3,293	6,236	...
December	345	863	1,888	3,881	6,629	...
January	443	906	2,132	3,838	7,060	...
February	514	965	2,050	3,893	7,660	...
March	559	1,015	2,298	4,017	8,135	...
April	609	1,106	2,482	4,068	8,770	...
May	612	1,119	2,720	4,216	9,252	...
June	636	1,291	2,815	4,424	11,611	...
Year average index level	452	918	2,015	3,718	7,197	...
<u>(Index levels, quarterly averages)</u>						
July–September	341	725	1,484	3,238	5,132	13,338
October–December	341	815	1,744	3,483	6,161	...
January–March	505	962	2,160	3,916	7,619	...
April–June	619	1,172	2,673	4,236	9,878	...
<u>(Percentage changes)</u>						
Year average	109.5	103.3	119.4	85.0	94.0	...
End–year	103.6	103.0	118.1	57.0	162.0	...
<u>(Change over previous quarter)</u>						
July–September	12.6	17.0	26.7	21.1	21.1	35.0
October–December	0.1	12.4	17.5	7.6	20.1	...
January–March	48.0	18.1	23.9	12.4	23.6	...
April–June	22.6	21.8	23.7	8.2	29.6	...

Table 16 (concluded). Sudan: Monthly, Quarterly, and Annual Consumer Price Index, 1991/92–September 1996 ^{1/}

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
Change over previous month						
July	7.2	11.2	4.5	9.5	9.0	6.9
August	3.5	2.6	12.2	5.3	7.2	10.3
September	–1.5	2.3	5.1	4.2	4.5	1.6
October	–0.9	2.7	–1.1	–3.2	4.0	...
November	0.7	7.5	12.6	0.6	11.0	...
December	1.3	5.4	6.5	17.8	6.3	...
January	28.3	5.0	12.9	–1.1	6.5	...
February	16.1	6.4	–3.8	1.4	8.5	...
March	8.7	5.2	12.1	3.2	6.2	...
April	9.1	8.9	8.0	1.3	7.8	...
May	0.5	1.1	9.6	3.7	5.5	...
June	3.8	15.4	3.5	4.9	25.5	...
Change over previous year						
July	146.5	111.2	90.8	128.5	56.5	157.4
August	110.1	109.2	108.7	114.6	59.3	164.9
September	104.6	117.3	114.3	112.8	59.7	157.5
October	114.4	125.2	106.4	108.2	71.6	...
November	111.2	140.4	116.3	86.0	89.4	...
December	97.8	150.3	118.6	106.0	70.8	...
January	106.8	104.7	135.2	80.1	83.9	...
February	106.1	87.7	112.5	89.8	96.8	...
March	119.9	81.8	126.4	74.8	102.5	...
April	109.0	81.6	124.5	63.9	115.6	...
May	101.5	82.7	143.2	55.1	119.4	...
June	103.6	103.0	118.1	57.2	162.5	...

Source: Ministry of Finance and Economic Planning.

^{1/} Middle income Greater Khartoum index.

Table 17. Sudan: Central Government Revenue, 1992/93–1996 ^{1/}

	1992/93	1993/94	1994/95	1995	1st half Act. 1996	2nd half Est. 1996	Est. 1996
(In billions of Sudanese pounds)							
Total Revenue	79.0	131.9	285.2	365.4	284.3	395.3	679.6
Tax Revenue	57.2	106.5	212.3	288.7	242.7	318.5	561.2
Taxes on income and profits	20.7	37.9	75.1	104.9	69.1	104.2	173.3
Personal income tax	0.9	1.3	4.3	7.1	6.0	8.3	14.3
Business profit tax	16.4	30.2	64.7	83.6	53.9	75.9	129.8
Sudanese working abroad	0.7	4.2	5.0	10.2	6.9	16.5	23.4
Development tax	...	...	...	0.3	0.6	1.0	1.6
Other ^{1/}	2.7	2.2	1.1	3.7	1.7	2.5	4.2
Taxes on goods and services	12.3	28.5	54.1	69.8	56.3	64.0	120.3
Excise duties	9.9	17.7	44.1	59.8	53.6	60.2	113.8
Sales taxes	2.4	10.8	10.0	10.0	2.7	3.8	6.5
Taxes on international trade and transactions	22.8	37.2	74.9	105.9	111.0	142.2	253.2
Import duties	13.4	16.9	42.1	60.2	61.0	78.0	139.0
Export tax	2.7	3.9	7.2	8.0	16.1	20.7	36.8
Defense tax	5.9	13.4	24.2	32.3	27.0	34.7	61.7
Other	0.8	3.0	1.4	5.3	6.9	8.8	15.7
Other taxes ^{2/}	1.4	2.9	8.2	8.1	6.3	8.1	14.4
Nontax revenue	21.8	25.4	72.9	76.7	41.6	76.8	118.4
Fees and charges on public services	0.8	2.5	4.6	45.3	24.2	50.8	75.0
Charges on land and water	0.8	0.2	0.7	3.2	...	...	...
Public enterprises profits, interest, rent, and dividends	1.5	5.1	5.2	9.3	14.1	17.0	31.1
Commodity price differentials (oil)	...	...	37.6	...	...	...	...
Commodity price differentials (sugar)	6.1	7.5	4.7	9.3	...	...	...
Sales of Sudanese petroleum	...	...	...	...	...	...	...
Receipts from sales of public enterprises	1.9	0.5	7.8	2.0	1.6	2.0	3.6
Land sales	...	0.9	2.6	2.0	...	...	...
Pension contributions	...	...	...	...	...	...	...
Other ^{3/}	10.7	8.6	9.6	5.4	1.6	6.1	7.7
Loan repayments	...	0.1	0.1	0.1	0.1	0.9	1.0
(In percent of GDP)							
Total revenue	9.5	7.8	9.4	8.7	2.7	3.8	6.5
Tax revenue	6.8	6.3	7.0	6.9	2.3	3.1	5.4
Nontax revenue	2.6	1.5	2.4	1.8	0.4	0.7	1.1
(In billions of Sudanese pounds)							
Nominal GDP	835	1,680	3,050	4,179	10,433	10,433	10,433

Source: Ministry of Finance and Economic Planning; and Fund staff estimates.

^{1/} Starting in 1996, all official accounting moved from a fiscal year (July–June) to a calendar year basis.^{2/} Includes rent tax and capital gains tax.^{3/} Includes stamp duty, car licences, agricultural taxes, and airport departure tax.^{4/} Includes mechanical transport works surplus, villages replanning charges, and other miscellaneous items.

Table 18. Sudan: Central Government Expenditure, 1992/93-1996

	1992/93	1993/94	1994/95	1995	1st half Act.	2nd half Est	Est. 1996
					1996		
(In billions of Sudanese pounds)							
Total expenditure	233.7	356.4	671.3	1,005.0	946.0	1,431.1	2,377.1
Expenditure excluding interest arrears	147.2	199.3	337.6	503.7	455.7	529.8	985.5
Current expenditure (excluding interest arrears)	92.6	151.9	278.1	376.0	344.2	415.0	759.2
Wages and salaries	8.6	32.7	48.9	60.0	33.8	45.7	79.5
Goods and services	29.2	66.7	105.9	155.7	168.4	197.1	365.5
Ministries	9.8	22.1	32.8	55.4	39.4	39.4	78.8
Defense 1/	17.8	41.1	65.5	80.6	90.7	117.5	208.2
Other 2/	1.5	3.5	7.6	19.7	38.3	40.2	78.5
Current transfers	38.2	30.9	39.1	38.5	65.3	57.3	122.6
To regions	2.7	4.7	20.0	16.7	53.5	48.5	102.0
To institutions	35.5	26.2	19.1	21.7	11.8	8.8	20.6
Interest paid	3.0	5.0	34.0	39.6	48.4	58.8	107.2
General reserves, emergency reserves exchange rate different and other expenditures	13.6	16.6	50.2	82.1	28.3	56.1	84.4
Capital expenditure and net lending	42.7	28.8	59.5	67.0	28.7	68.6	97.3
Development expenditure	38.1	25.3	58.8	67.0	28.7	68.6	97.3
Foreign expenses	22.7	16.4	31.0	39.0	9.4	31.9	41.3
Local expenses	12.6	7.4	23.5	23.7	19.3	36.7	56.0
Agriculture and industry funds	2.8	1.4	4.3	4.3	...	...	...
Equity	0.7	0.8	0.7	...	...	...	...
Net lending	3.9	2.7	...	...	...	...	...
Extrabudgetary	11.9	18.6	...	58.0	82.8	46.2	129.0
Interest arrears	86.5	157.1	333.7	501.3	490.3	901.3	1,391.6
(In percent of GDP)							
Total expenditure	28.0	21.2	22.0	24.0	9.1	13.7	22.8
Expenditure on cash basis	17.6	11.9	11.1	12.1	4.4	5.0	9.4
Current expenditure (excluding interest arrears)	11.1	9.0	9.1	9.0	3.3	4.0	7.3
Defense 3/	2.9	2.9	3.0	2.9	1.1	1.5	2.6
Wages and salaries	1.0	1.9	1.6	1.4	0.3	0.5	0.8
Development expenditure	5.1	1.7	2.0	1.6	0.3	0.6	0.9
Interest arrears	10.4	9.4	10.9	12.0	4.7	8.6	13.3

Source: Ministry of Finance and Economic Planning; and Fund staff estimates.

1/ As reported by the authorities.

2/ General social support, including support for poor families, medicine, and medical treatment.

3/ Staff estimate, which differs than the number reported by the authorities.

Table 19. Sudan: Balance Sheet of the Bank of Sudan, 1992/93–1996

(In billions of Sudanese pounds)

	1992/93	1993/94	1994/95	Dec. 1995	Aug. 1996
Assets	105.4	162.0	223.7	344.2	594.6
Foreign assets	7.6	9.8	52.6	86.0	167.7
Domestic credit	97.8	152.2	171.2	258.2	426.9
Net claims on Central Government <u>1/</u>	91.1	143.5	165.8	252.5	420.4
Public enterprises and specialized banks	2.3	2.3	2.3	2.3	2.3
Claims on commercial banks	4.4	6.3	3.1	3.4	4.1
Liabilities	105.4	162.0	223.7	344.2	594.6
Reserve money	103.5	178.9	263.5	357.2	551.5
Currency outside banks	63.5	111.7	176.8	248.6	376.9
Cash in commercial banks	5.7	13.7	21.7	22.5	38.6
Deposits of commercial banks <u>2/</u>	29.6	48.6	61.0	74.2	126.7
Other current deposits	4.8	4.8	4.0	11.9	9.4
Quasi-money deposits	5.8	12.7	13.4	32.1	47.3
Foreign liabilities	448.0	693.8	1,791.1	2,798.2	4,841.9
Revaluation accounts <u>3/</u>	-451.3	-677.5	-1,751.5	-2,684.0	-4,671.4
Rescheduling adjustment	-0.6	-0.6	-0.6	-0.6	-0.6
Capital accounts	0.9	-0.5	2.5	4.3	10.6
Other items (net) <u>4/</u>	-0.9	-44.7	-97.6	-163.0	-184.8
Memorandum items:					
Official exchange rate <u>5/</u>	143.7	216.0	523.9	838.0	1,460.0

Source: Bank of Sudan.

1/ Net of Government deposits.2/ Includes mandatory and free reserves held by commercial banks, plus working balances.3/ Offset to valuation effects in foreign currency assets and liabilities.4/ Includes counterpart to overdue Fund charges.5/ Sudanese pounds per US\$1; as of end of period.

Table 20. Sudan: Consolidated Balance Sheet of the Commercial and Specialized Banks, 1992/93-1996 ^{1/}

(In billions of Sudanese pounds)

	1992/93	1993/94	1994/95	Dec. 1995	Aug. 1996
Assets	118.3	226.3	308.2	345.6	687.2
Reserves	39.7	57.1	79.0	80.1	134.1
Vault cash	5.7	13.7	21.7	22.5	38.6
Balances with Bank of Sudan	33.8	42.7	56.9	57.3	94.7
Statutory reserves ^{1/}	1.0	22.0	35.2	39.7	44.8
Other balances	32.8	20.7	21.7	17.6	49.9
Other claims	0.2	0.7	0.3	0.2	0.8
Foreign assets, of which:	38.5	98.4	119.1	168.7	276.6
Claims on foreign banks	36.1	86.2	109.4	153.2	244.1
Claims on Central Government	1.1	2.6	0.4	1.6	0.9
Claims on public enterprises	6.9	5.4	8.3	11.9	18.3
Claims on private sector, of which:	31.6	59.9	100.0	130.7	251.8
Agriculture	8.2	16.6	19.3	30.4	60.2
Industry	5.8	11.2	18.3	25.4	49.8
Local trade financing	5.3	5.0	4.3	3.7	10.3
Claims on nonbank financial institutions	0.5	2.8	1.3	1.2	3.8
Liabilities	118.3	226.3	308.2	395.6	687.2
Demand deposits	51.8	72.3	124.5	156	262
Time and saving deposits	7.8	13.1	20.6	26.4	39.7
Margin accounts on trade financing	6.1	4.6	9.2	7.9	5.9
Restricted deposits	0.2	0.2	0.3	0.1	0.1
Central Government deposits	2.3	2.9	5.9	3.1	4.6
Government lending funds ^{2/}	0.1	0.2	--	--	--
Liabilities to Bank of Sudan	0.2	1.3	6.9	7.5	3.9
Foreign liabilities, of which	8.6	15.6	19.4	28.1	42.1
To nonresident banks	5.4	10.7	9.3	13.4	19.8
Foreign currency deposits ^{3/}	27.7	97.5	139.9	222.9	311.3
Capital accounts	11.0	25.1	45.0	54.7	67.3
Exchange valuation adjustment (net) ^{4/}	11.3	9.6	6.9	10.8	14.6
Unclassified liabilities, net ^{5/}	-8.9	-16.2	-70.4	-121.9	-64.4
Memorandum item:					
Net foreign currency position ^{6/}	2.1	-14.8	-40.2	-82.3	-76.8

Source: Bank of Sudan.

^{1/} Data exclude Agricultural Bank of Sudan.^{2/} Funds for onlending in context of Islamic finance.^{3/} Foreign currency deposits of Sudanese residents.^{4/} Net valuation effect between assets and liabilities.^{5/} Net of unclassified assets, including interbranch accounts.^{6/} Foreign assets, less foreign liabilities and foreign currency deposits of residents. Small amounts of foreign currency positions may be located elsewhere in the balance sheets.

Table 21. Sudan: Claims of the Banking System on the Central Government, 1992/93–1996

(In billions of Sudanese pounds)

	1992/93	1993/94	1994/95	Dec. 1995	Aug. 1996
Total net claims on Central Government	89.8	142.9	160.2	251.0	416.7
Bank of Sudan					
Net claims on Central Government	91.1	143.5	165.8	252.5	420.4
Claims on Central Government	107.9	146.9	174.3	264.9	491.4
Main government account	61.3	61.3	61.3	61.3	61.3
Temporary advances	35.5	74.5	101.9	192.5	418.9
Long-term loans	9.3	9.3	9.3	9.3	9.3
Arrears on Fund charges	0.7	0.7	0.7	0.7	0.7
Treasury IMF position	1.2	1.2	1.2	1.2	1.2
Less: Government deposits	16.8	3.4	8.5	12.4	70.9
Commercial banks					
Net claims on Central Government	-1.3	-0.6	-5.6	-1.5	-3.7
Claims on Central Government	1.1	2.6	0.4	1.6	0.9
Less: Government deposits, of which:	2.3	2.9	6.0	3.1	4.6
Demand deposits	1.8	2.3	2.3	2.1	3.5
Margin accounts ^{1/}	0.5	0.1	0.6	0.8	0.1

Source: Bank of Sudan.

^{1/} Margins collected for import transactions.

Table 22. Sudan: Commercial Banks' Rates of Return and Charge, 1983-96 ^{1/}

(In percent per annum or percent ranges)

	Jan. 1983- Sept. 1984	April 1989	May 1990	July 1993 ^{2/}	July 1995 ^{2/}	June 1996 ^{2/}
Lending rates						
Discount of bills of exchange	20	...	...	...	...	...
Advances against bills of exchange	20	...	...	...	...	...
Advances to industrial borrowers	17	...	...	...	...	...
Overdrafts and other advances	17-20	...	...	...	...	...
Murabaha						
Short-term ^{3/}	...	2-3	1-3	...	...	...
Long-term	...	15-35	15-18	...	...	...
By purpose:						
Agriculture				30	30	35
Exports				30	30	40
"Other productive sectors"				36	15	20
Crafts and Cooperatives				25	25	30
Local trade				48	36	40
Musharaka	...					
Minimum on customer participation	...	...	5-25	...	55	70
Share for management	...	20-30	15-45	...	...	...
Bank's share	...	...	55-85	...	...	...
Deposit rates						
Demand deposits	---	---	---	---	---	---
Fixed deposits					...	...
6 months	14	...	...	...	...	...
12 months	15	...	...	...	...	...
Savings deposits	13	...	...	...	...	...
Foreign currency deposits (U.S. dollars and pounds sterling)		Linked to rates in international markets				

Source: Bank of Sudan.

^{1/} The charging and payment of interest was prohibited by law effective September 1984, when banks' operations were made subject to Islamic principles. Observations for April 1989 and later are based on Bank of Sudan circulars.

^{2/} Minimum annualized nominal rates. Owing to discounts, advance payments, and other lending practices, effective rates are higher.

^{3/} Monthly profit margins for loans under one year.

Table 23. Sudan: Commodity Composition of Exports, f.o.b., 1992/93-1996

(Value in millions of U.S. dollars; volume in thousand of tons except
when indicated; price in U.S. dollars per ton except when indicated)

	1992/93	1993/94	1994/95	1995	Est. 1996
Total exports	351.3	502.6	421.7	555.6	600.0
Total recorded exports	346.7	500.0	421.5	555.6	600.0
Cotton	62.6	95.9	95.5	123.0	133.1
Extra long staple	24.5	35.9	26.4	31.7	39.6
Volume (thousand bales)	117.9	134.4	71.9	86.1	84.8
Unit value (U.S. cents/lb)	49.5	63.6	87.4	87.5	111.2
Other	38.0	60.0	69.1	91.3	93.5
Volume (thousand bales)	384.3	276.2	244.1	348.6	348.2
Unit value (U.S. cents/lb)	23.6	51.7	67.4	62.4	63.9
Groundnuts	15.7	25.8	23.1	21.2	21.4
Seeds and edible nuts	4.2	4.6	3.0	2.5	1.8
Volume	7.2	12.3	7.0	4.5	3.3
Unit value	580.2	375.2	428.6	555.6	545.5
Oil	5.7	11.7	14.0	11.5	10.5
Volume	5.1	17.1	21.3	12.5	11.5
Unit value	1,114.1	685.1	657.3	920.0	916.7
Cake	5.8	9.5	6.1	7.2	9.1
Volume	51.7	75.2	57.8	64.7	71.8
Unit value	112.3	126.3	105.5	11.3	126.6
Sesame	52.2	76.7	60.6	80.6	130.1
Seed	50.6	74.2	60.6	80.3	130.0
Volume	97.3	137.3	91.9	97.4	141.0
Unit value	519.7	540.3	659.4	824.4	922.2
Cake	1.6	2.5	--	0.3	0.1
Volume	8.4	15.2	3.0	1.7	0.9
Unit value	191.4	164.5	--	176.5	111.1
Dura	42.3	34.9	21.4	44.0	10.1
Volume	415.0	358.9	210.5	407.0	67.3
Unit value	101.9	97.3	101.7	108.1	150.1
Gum arabic	19.8	81.0	44.7	51.4	28.2
Volume	12.7	24.1	15.3	18.5	14.7
Unit value	1,555.4	3,361.0	2,923.7	2,778.5	1,915.0
Sugar	16.2	32.8	15.8	22.0	34.9
Volume	160.9	178.8	128.1	215.8	281.0
Unit value	100.5	183.2	123.3	101.9	124.2
Livestock	72.5	89.8	61.7	84.1	75.1
Sheep and lambs	53.0	76.8	57.5	71.6	68.4
Volume (thousand head)	697.3	793.0	707.8	884.4	1,073.6
Unit value (U.S. dollars per head)	76.0	96.8	81.2	80.9	63.7
Cattle	18.5	4.7	0.2	1.0	1.5
Camels and goats	1.0	8.3	4.0	11.5	5.2
Other	65.5	63.1	98.7	129.4	167.0
Hibiscus (karkadeh)	8.1	15.2	11.8	13.1	11.8
Yarn	2.9	0.5	2.9	7.2	13.8
Watermelon seeds	7.7	8.3	6.6	8.1	21.2
Hides and skins	11.6	9.4	15.1	20.5	21.8
Fruits and vegetables	2.3	2.1	2.5	4.4	4.5
Gold	11.8	22.0	16.8	46.7	48.5
Other	21.2	5.6	43.0	29.4	45.4
Unrecorded in customs data	4.5	2.6	0.2	--	--
Livestock	--	--	--	--	--
Camels (Egypt bilateral)	4.5	2.6	0.2	--	--

Sources: Information provided by the Sudanese authorities; and Fund staff estimates.

Table 24. Sudan: Commodity Composition of Imports, c.i.f., 1992/93–1996

	1992/93	1993/94	1994/95	1995	<u>Est.</u> 1996
<u>(In millions of U.S. dollar)</u>					
Total Imports	1,067.8	1,227.4	1,023.4	1,218.8	1,344.4
Foodstuffs ^{1/}	165.5	204.8	181.4	214.5	215.5
Wheat	17.2	9.6	5.7	30.3	38.9
Wheat flour	12.5	55.8	40.0	58.9	45.2
Sugar	--	--	0.1	0.8	0.9
Tea	6.8	32.1	26.9	26.6	32.0
Coffee	3.0	8.5	5.1	9.0	7.3
Dairy products	3.9	2.2	8.1	9.1	6.5
Animal and vegetable oils	34.8	7.0	25.6	5.8	9.2
Other foodstuffs	87.3	89.5	69.9	74.0	75.5
Customs data	39.3	39.1	40.1	38.2	38.3
World Food Program	48.0	50.4	29.8	35.8	37.2
Drinks and tobacco	2.5	7.9	14.5	16.5	14.3
Crude materials	279.6	254.5	196.8	224.8	283.4
Petroleum	249.5	230.4	178.2	194.2	239.5
Customs data	249.5	230.4	178.2	194.2	239.5
Quantity	1,384.6	1,372.1	1,032.2	1,162.4	1,168.5
Unit value	180.2	169.8	169.8	165.3	204.4
GPC petroleum	206.5	--	--	--	--
Other	30.2	24.1	18.6	30.6	43.9
Chemicals	57.1	113.3	116.8	134.0	177.4
Pharmaceuticals	8.0	3.0	40.4	38.1	27.5
Fertilizers	15.6	29.1	11.0	15.7	58.6
Insecticides	4.0	5.6	25.0	31.8	11.5
Other	29.6	30.8	40.4	48.2	79.8
Manufactured goods	199.5	293.2	228.6	276.6	261.8
Machinery, equipment	163.6	202.1	188.5	209.8	238.7
Transport equipment	191.7	134.2	70.4	112.4	126.4
Automobiles	50.9	15.3	18.2	38.1	27.5
Trucks	103.7	46.5	8.9	18.0	51.1
Auto spare parts	13.7	25.9	21.8	17.8	16.3
Other	23.4	17.1	21.5	38.5	31.5
Textiles	8.3	17.4	26.3	30.2	27.0
Other	--	--	--	--	--

Sources: Information provided by the Sudanese authorities; and Fund staff estimates.

^{1/} Includes commodity aid imports, and emergency aid assistance.

Table 25. Sudan: Summary Index of Export and Import Prices and Volumes, 1991/92–1996

(Index 1993/94 = 100)

	1992/93	1993/94	1994/95	1995	<u>Est.</u> 1996
Total Exports 1/	65.7	100.0	76.3	105.1	111.5
Change in percent	7.9	52.2	-23.7	37.8	6.1
Export volume	86.1	100.0	70.6	90.5	93.2
Change in percent	44.7	16.1	-29.4	28.1	3.1
Export prices	76.3	100.0	108.0	116.2	119.6
Change in percent	-25.5	31.1	8.0	7.5	2.9
Total Imports	87.0	100.0	83.4	99.3	109.5
Change in percent	-17.2	14.9	-16.6	19.1	10.3
Import volume	85.4	100.0	78.6	90.4	94.8
Change in percent	-16.7	17.0	-21.4	15.0	4.9
Import prices	101.9	100.0	106.1	109.9	115.5
Change in percent	-0.6	-1.8	6.1	3.5	5.2
Terms of trade	74.9	100.0	101.8	105.7	103.5
Change in percent	-25.0	33.5	1.8	3.9	-2.1

Source: Staff estimates based on information provided by the Sudanese authorities.

1/ Excluding unclassified exports.

Table 26. Sudan: Destination of Exports, 1991-95
(In percent of total)

	1991	1992	1993	1994	1995
Industrial countries	52.6	36.6	38.7	42.2	46.1
Of which:					
United States	4.3	1.3	1.8	3.4	4.7
France	6.3	6.5	3.6	5.5	3.0
Germany	5.5	5.0	4.6	2.7	3.9
Italy	7.0	9.0	4.7	7.6	8.0
Japan	11.1	5.0	6.5	4.5	6.2
United Kingdom	5.9	4.9	9.0	7.4	14.3
African countries	5.2	2.5	2.2	4.2	1.7
Asian countries	24.7	10.1	7.4	17.4	19.5
Of which:					
China	4.5	0.1	0.1	6.1	10.8
Thailand	...	6.0	0.2	4.6	3.9
South Korea	...	0.4	0.2	1.7	0.9
Taiwan	...	0.1	6.0	0.1	0.2
Middle East countries	15.6	49.4	40.0	35.1	32.5
Of which:					
Egypt	...	7.4	2.0	0.7	4.7
Saudi Arabia	...	19.3	25.2	23.2	19.5
United Arab Emirates	...	0.7	0.7	0.4	1.5
Libya	...	11.7	4.2	4.5	1.2
Other countries	7.1	1.4	11.7	1.1	0.2
Total	100.0	100.0	100.0	100.0	100.0

Source: Fund staff estimates based on Bank of Sudan, Foreign Trade Statistical Digest—several issues.

Table 27. Sudan: Sources of Imports, 1991-95
(In percent of total)

	1991	1992	1993	1994	1995
Industrial countries	37.2	36.0	44.5	40.6	44.2
Of which:					
United States	1.4	7.9	3.4	3.5	5.0
France	2.3	1.9	3.9	3.7	5.9
Germany	7.0	4.1	2.7	3.7	6.4
Italy	7.6	3.7	6.7	3.1	2.9
United Kingdom	7.1	7.8	5.0	11.3	6.1
Japan	4.2	3.5	11.0	3.7	5.7
African countries	2.6	0.2	4.4	4.5	4.4
Of which:					
Kenya	2.3	0.1	2.9	1.8	1.6
Asian countries	11.1	11.1	12.8	17.7	17.5
Of which:					
China	3.7	2.1	2.8	3.2	3.6
South Korea	0.9	0.7	1.4	1.6	6.9
India	1.9	1.4	2.0	2.0	2.1
Indonesia	...	1.1	2.7	2.0	1.0
Middle East countries	44.3	43.4	30.0	28.9	24.9
Of which:					
Egypt	...	5.2	4.9	6.0	6.1
Saudi Arabia	...	21.3	15.4	16.0	10.3
United Arab Emirates	...	6.4	1.0	2.7	4.3
Other countries	4.8	9.3	8.3	8.3	9.0
Total	100.0	100.0	100.0	100.0	100.0

Source: Fund staff estimates based on Bank of Sudan, Foreign Trade Statistics Digest -- several issues.

Table 28. Sudan: Official Transfers, 1992/93-1996

(In millions of U.S. dollars)

	1992/93	1993/94	1994/95	1995	<u>Est.</u> 1996
Total official transfers	124.4	88.1	52.3	54.4	52.9
Multilateral creditors	98.2	78.8	48.1	53.6	52.8
Of which: project grants	26.1	13.2	11.1	10.6	8.4
Official bilateral creditors	26.2	9.3	4.2	2.6	0.0
Paris Club	21.9	9.3	4.4	2.6	0.0
Non-Paris Club	4.3	--	--	--	--
Cash and commodity aid	84.7	69.3	40.7	43.8	44.4
1. Budgetary inflows	84.7	18.7	16.7	15.6	12.0
Official bilateral	12.6	3.7	3.7	0.8	--
France	--	--	--	--	--
Germany	--	--	--	--	--
Italy	0.5	3.7	3.7	0.8	--
Japan	8.0	--	--	--	--
Netherlands	4.1	--	--	--	--
Pakistan	--	--	--	--	--
Multilaterals	72.1	15.0	13.0	14.8	12.0
World Food Program	72.1	15.0	13.0	14.8	12.0
Food for schools, etc.	48.0	12.5	...	...	...
Food for sale	24.1	2.5	...	...	...
2. Non-budgetary inflows	--	50.6	24.0	28.2	32.4
World Food Program	--	50.6	24.0	28.2	32.4
Food aid	--	...	16.8	21.0	25.2
Cash aid	--	...	7.2	7.2	7.2
Project aid	39.7	18.8	11.6	10.6	8.5
1. Budgetary inflows	39.7	12.8	5.9	6.0	3.6
Official bilateral	13.6	5.6	0.5	1.8	0.0
Canada	0.3	--	--	--	--
Germany	1.8	0.6	0.7	1.8	0.0
Iran	7.3	5.0	--	--	--
Japan	--	--	--	--	--
Saudi Arabia	4.3	--	--	--	--
Multilaterals	26.1	7.2	5.4	4.2	3.5
African Development Fund	2.3	2.7	2.6	2.6	3.4
EEC/EDF	6.4	4.5	2.4	1.3	--
Islamic Development Bank	1.4	--	0.4	0.3	0.1
UNDP	16.0	--	--	--	--
2. Non-budgetary inflows	--	6.0	5.7	4.7	4.9
Multilaterals	--	6.0	5.7	4.7	4.9
UNDP (TA)	--	6.0	5.7	4.7	4.9

Sources: Sudanese authorities; and Fund staff estimates.

Table 29. Sudan: Loan Disbursements, 1992/93-1996

(In millions of U.S. dollars)

	1992/93	1993/94	1994/95	1995	<u>Est.</u> 1996
Total loan disbursements	239.65	77.47	76.70	86.01	20.99
Multilateral creditors	149.55	44.90	76.70	86.01	20.96
Bilateral creditors	7.10	7.57	--	--	0.03
Paris Club	0.30	0.90	--	--	0.03
Non-Paris Club	6.80	6.67	--	--	--
Commercial banks	83.00	25.00	--	--	--
Cash and Commodity loans	116.10	45.20	20.90	22.95	--
Multilateral Funds/Banks	18.00	--	20.90	22.95	--
African Development Bank	18.00	--	7.20	22.95	--
Islamic Development Bank	--	--	--	--	--
OPEC Fund	--	--	13.70	--	--
Other	98.10	45.20	--	--	--
Bangladesh	25.00	--	--	--	--
Saudi Arabia	--	--	--	--	--
Indonesia	--	--	--	--	--
Italy	--	--	--	--	--
Libya	--	--	--	--	--
Libyan Arab Foreign Bank	13.00	25.00	--	--	--
Malaysia	40.00	--	--	--	--
Nigeria	--	--	--	--	--
Pakistan	5.00	--	--	--	--
U.S.	--	--	--	--	--
Germany	--	--	--	--	--
Other	15.10	20.20	--	--	--
Project loans (budget)	138.65	52.47	55.80	63.06	20.99
Multilaterals	131.55	44.90	55.80	63.06	20.96
IDA (World Bank)	77.80	33.40	--	--	--
IFAD	2.55	4.30	0.98	2.45	18.14
African Development Bank	16.60	2.90	22.92	26.22	--
African Development Fund	31.00	4.10	29.22	31.49	0.12
European Investment Bank	1.20	--	--	--	0.00
Islamic Development Bank	0.80	0.15	2.64	2.78	2.14
OPEC Fund	1.60	0.05	0.05	0.13	0.55
Arab Funds	2.40	0.10	--	--	--
Arab Fund (socio-economic development)	--	--	--	--	--
Kuwait Fund	--	0.10	--	--	--
Saudi Fund	2.40	--	--	--	--
Other	4.70	7.47	--	--	0.03
Germany	0.30	0.90	--	--	0.03
China	4.40	6.57	--	--	--

Sources: Sudanese authorities; and Fund staff estimates.

Table 30. Sudan: Total External Arrears, 1993-96

(In millions of U.S. dollars)

	1993	1994	<u>Prel.</u> 1995	<u>Est.</u> 1996
Total	12,624.8	14,156.0	15,769.7	16,985.4
Multilaterals	2,066.0	2,260.0	2,400.2	2,435.3
IMF	1,605.2	1,736.0	1,763.8	1,723.6
IBRD group	7.6	32.1	50.1	68.9
IBRD	--	1.0	2.3	3.4
IDA	7.6	31.1	47.7	65.5
Arab Monetary Fund	247.5	259.9	295.1	309.9
Islamic Development Bank	0.7	0.0	1.1	1.1
African Development Bank	4.8	9.7	12.7	19.0
African Development Fund	1.7	3.1	12.6	16.3
Arab Fund for Ec/Soc	140.3	...	192.9	210.5
European Investment Bank	27.7	32.6	24.8	30.1
International Fund for Agriculture Development	--	--	0.9	0.9
OPEC Fund	13.7	--	12.0	19.1
APICORP	16.7	22.7	34.2	35.9
Paris Club bilaterals	3,346.6	3,610.0	4,454.6	4,961.3
Rescheduled	2,614.5	2,814.2	3,584.1	3,980.6
Unrescheduled	732.1	795.8	870.5	980.6
Non-Paris Club Bilaterals	3,976.2	4,741.0	5,002.0	5,402.1
OPEC countries	3,491.0	...	4,424.0	4,758.3
Eastern European countries	252.2	...	323.0	347.8
Other countries	233.0	...	255.0	296.0
Commercial banks	2,636.0	72,945.0	3,216.9	3,442.1
Suppliers	600.0	600.0	696.0	744.7
Memorandum items:				
Proportion of total debt in arrears				
Total	77.5	78.6	81.7	83.8
Multilaterals	55.0	55.4	56.6	57.2
Paris Club	75.2	76.6	82.8	86.2
Non-Paris Club bilats	82.0	83.7	86.6	89.1
Commercial banks	99.8	100.0	100.0	100.0
Suppliers	100.0	100.0	100.0	100.0

Sources: Bank of Sudan and Fund staff estimates.

Table 31. Sudan: External Public Debt Service Obligations, 1992/93–1996

(In millions of U.S. dollars)

	1992/93	1993/94	1994/95	1995	Est. 1996
Principal due	514.7	374.0	311.8	287.6	279.6
IMF	--	--	--	--	--
Other	514.7	374.0	311.8	287.6	279.6
Interest due	844.8	868.3	931.2	912.6	1,024.1
IMF 1/	73.6	54.7	49.7	53.1	40.4
Other 2/	771.2	813.6	881.4	859.6	983.8
Total debt service due	1,359.5	1,242.4	1,243.0	1,200.3	1,303.7
IMF 1/	73.6	54.7	49.7	53.1	40.4
Other 2/	1,285.8	1,187.6	1,193.2	1,147.2	1,263.4
Actual debt service payments	37.9	30.6	68.4	73.5	79.6
IMF 3/	2.9	5.3	53.4	55.6	72.0
Other	35.0	25.4	15.0	17.9	7.7
Of which: private sector payments	--	4.2	3.8	3.7	2.5
Memorandum item:					
Total debt service due	240.5	185.2	215.1	160.6	186.7
Actual debt service payments 3/	6.7	4.6	11.8	9.8	11.4

Sources: Fund staff estimates based on information provided by the Sudanese authorities.

1/ Including GRA charges, Trust Fund interest, special charges, arrangement charges, and total SDR charges.

2/ Includes estimates of late interest and interest on short-term credits.

3/ Including payments of arrears on repurchases and burden sharing refunds and assuming that payments to the Fund were made as committed.

Table 32. Sudan: External Public Debt (including arrears), 1993–1996

(In millions of U.S. dollars)

	1993	1994	<u>Prel.</u> 1995	<u>Est.</u> 1996
Total	16,295.0	18,002.0	19,302.3	20,259.4
Multilaterals	3,755.1	4,077.0	4,239.4	4,257.8
IMF	1,605.2	1,736.0	1,763.8	1,723.6
IBRD group	1,129.1	1,141.9	1,301.5	1,311.5
IBRD	5.9	6.3	6.8	7.0
IDA	1,123.2	1,135.7	1,294.8	1,304.4
Arab Monetary Fund	247.5	259.9	295.1	309.9
Islamic Development Bank	8.8	9.6	11.2	12.9
African Development Bank	52.4	...	81.3	84.7
African Development Fund	237.1	...	274.7	274.5
Arab Fund for Ec/Soc	255.7	...	278.7	286.6
European Investment Bank	76.4	78.1	71.7	72.7
International Fund for Agriculture Development	64.4	...	73.5	90.2
OPEC Fund	53.5	47.5	53.8	55.4
APICORP	25.0	26.8	34.2	35.9
Paris Club bilaterals	4,447.9	4,715.0	5,377.2	5,753.0
Rescheduled	3,194.8	3,418.0	4,001.9	4,293.0
Unrescheduled	1,253.1	1,297.0	1,375.2	1,460.0
Non–Paris Club Bilaterals	4,850.0	5,665.0	5,773.0	6,062.0
OPEC countries	4,079.0	...	4,980.0	5,233.3
Eastern European countries	372.0	...	338.0	357.8
Other countries	399.0	...	455.0	470.9
Commercial banks	2,642.0	2,945.0	3,216.7	3,441.9
Suppliers	600.0	...	696.0	744.7

Sources: Bank of Sudan and Fund staff estimates.

1/ Assuming that all payments to the Fund were made as committed.