

Sudan

Status Index (Democracy: 1.2 / Market economy: 2.1)		3.3	Management Index		2.0
System of government	Autocracy		Population	32.2 mill.	
Voter turnout	55 % (official data)		GDP p. c. (\$, PPP)	1,970	
Women in Parliament	9.7 %		Unemployment rate	18.7	
Population growth^{a)}	2.5 %		HDI	0.503	
Largest ethnic minority	n. a.		UN Education Index	0.51	
			Gini Index	n. a.	
Data for 2001 – if not indicated otherwise. ^{a)} Annual growth between 1975 and 2001. Source: UN Human Development Report 2003.					

1. Introduction

On June 30, 1989, a military coup led by Brigadier General Hassan Umar al-Bashir toppled the democratically elected civilian government of Sudan under the leadership of Prime Minister Sadiq al-Mahdi, which had come to power in 1986. The overthrow of the country's legitimate, democratic government put pressure on the new regime to demonstrate its legitimacy. It advanced a number of arguments for the coup, contending that the previous government had subverted democracy; abused institutions; neglected to combat chaos, corruption and nepotism; and failed to resolve the conflict in southern Sudan.

Only later did it gradually reveal the true reason for the coup, which became clearer as it consolidated its power. The new government wished to replace the secular constitution (1956-1983; 1983-1985 introduction of the Islamic penal law; since April 1985 suspended) with a comprehensive "Islamic social project," which would fuse politics and religion. As the process went forward, it also turned out that (Sheik) Hassan al-Turabi—since the 1960s the leader of Sudan's Islamist movement, the National Islamic Front (NIF), founded in 1985—was actually the guiding force behind the seizure of power.

In 1989, the very year of the coup, the new government began to transform Sudanese society and state on the basis of Islamist principles, in a systematic and often coercive process that is still underway today. At the same time, it has created participatory elements by introducing a council system and allowing elections. Because it places a high value on private economic action, it has also created the structural components of a market economy.

2. History and characteristics of transformation

The break with the secular political system represented a hiatus in Sudan's political development, and it ushered in a period of political and economic transformation. These processes were and continue to be correlated, but they have different dynamics. The process of political transformation began in 1990, when the government banned all parties and organizations, disbanded all political bodies and instituted a new political system in conformity with *sharia* (Islamic law) and the criteria of Islamic democracy (with its principle of *shura*, or consultation). Since obtaining its independence in 1956, Sudan has had negative experiences with a governmental system based on political parties. With these experiences in mind, the new government sought to follow Libya's example and replace "the institutionalized chaos of political parties" with a system of direct democracy in which there would be no political parties. Two large conferences were convened: the National Dialogue Conference on the Political System, August–October 1990, and the National Founding Conference on the Political System, April–May 1991.

At both, a wide social spectrum was represented, including women, students, and professional organizations – although predominantly NIF sympathizers. Through the conferences the NIF adopted a federal political system with elements of direct democracy. Committees were gradually created at the local, regional, state and national levels. In March 1996, the institutional structure was completed with presidential and parliamentary elections.

Since then—partly by manipulation and with the help of so-called committees of salvation (similar to Libya's revolutionary committees), which carry out political surveillance and control within the population itself—the NIF has controlled the council system and constituted its dominant political force. Bashir, who previously chaired the Revolutionary Command Council, became president in 1996 in elections that were formally pluralistic but effectively uncontested. He was re-elected in December 2000.

The last five years have witnessed two decisive changes to Sudan's political system. The first of these took place in November 1998. In recognition of the country's real political pluralism and in an effort to help resolve the southern Sudanese conflict and the conflict with the exiled opposition in northern Sudan, the government retreated somewhat from its ban on political parties and permitted the formation of political associations. These associations were allowed to enter the parliamentary elections as political parties, but the constitution was not amended to reflect their existence. However, because it controlled all of the country's institutions, the NIF—which became the National Congress Party (NCP)—won 355 of the parliament's 360 seats.

In the second major change, Turabi was driven from power in December 1999 in a power struggle that he himself had provoked. As a result, Turabi and his faction

broke off from the NCP to become the Popular National Congress (Party). More importantly, the government imposed a state of martial law, which is still in force today and allows for simplified mechanisms of exercising control.

Sudan's economic transformation took place as a result of Sudan's international isolation, which began in 1989, when most developmental aid organizations suspended their assistance to the country. Because of this, the Sudanese leadership held two national economic conferences (in 1989 and 1996) and adopted a rigid program of liberalization, privatization and economic restructuring. This not only stabilized macroeconomic structural indicators but also earned the recognition of the IMF.

The government is continuing to pursue deregulation and to promote foreign direct investment aimed at expanding oil production (oil exports began in 1999). Oil revenues (\$800 million in 2002) help to promote social stability. At the same time the leadership is attempting to shape the course of economic transformation by formulating long-term plans, including the Ten-Year Plan of Economic and Social Development 1990-2000 and the Sudan Strategic Plan 2020.

3. Examination of criteria for democracy and a market economy

3.1 Democracy

In the transformation of its political regime into a Western-style democracy, Sudan has made minimal progress in only a few of the areas under evaluation. It continues to suffer from massive transformational deficiencies in the realms of political representation and the rule of law.

3.1.1 Political regime

(1) *Stateness*: Sudan has had considerable problems with state identity since becoming independent, with only a brief interruption between 1972 and 1983. The state's monopoly on the use of force only extends to certain parts of the country: most of northern Sudan and the few areas of southern Sudan that are not controlled by the Sudanese People's Liberation Army, or SPLA. The Sudanese civil war has intensified since oil exploration began in the northern part of southern Sudan, which is controlled by the government, at the end of the 1990s.

Despite the fact that a civil war is currently being fought on roughly a third of the country's territory, the task of defining citizenship and who qualifies as a citizen is not a politically relevant question. The government does not deny citizenship to individual ethnic groups. For all the racism of Sudanese Arabs vis-à-vis those of

black African descent, the battle is drawn along religious lines, according to whether one accepts or rejects the Islamic state governing on the basis of *sharia*.

In the portion of Sudan controlled by the government, there is no separation between religion and the state. The political system is therefore not secular, as demanded by the SPLA and parts of the northern Sudanese opposition. Within certain limits, a capable administrative system exists in northern Sudan. However, because of tribal conflicts and criminality, public safety and order are not ensured in all federal states. For example, there is a state of emergency in Darfur. The regime tries to deal with the problem of inner (un-)security by imposing severe sentences against troublemakers.

(2) *Political participation*: Political participation in the system of people's committees, which was formed in 1990-1991, is inspired by the Libyan model and based on direct democracy. It is open to all Sudanese citizens over 18, male and female. There is universal suffrage and the right to campaign for office for the election of the 26 federal state assemblies and the national parliament, as well as in the direct election of the president. Because of manipulation, however, the formally competitive electoral process does not reflect the will of the voters. Instead, it is only an instrument for legitimizing the continued existence of authoritarian rule. Voter turnout was therefore low in the parliamentary and presidential elections of 1996 and 2000. Turnout was officially reported at 66 %, but limited to 7 % to 10 % according to the opposition's estimates; in 120 electoral districts there was no competition. In most constituencies in southern Sudan, elections did not take place due to civil war.

The government holds genuine power only in those portions of northern and southern Sudan that are under its control. President Bashir's military faction is the dominant influence in government and consistently fills the most important ministries from its ranks. The establishment of the basic rights of political organization and communication has barely begun.

The state media and especially the private media are subject to governmental control (censorship). The Political Association Act of 1998 permits the formation of political and civic organizations, but such organizations are required to obtain prior legal recognition. Such organizations exist under constant threat from the prevailing state of emergency. The government does not disallow political associations on the basis of ethnic, religious or regional criteria, but these are also not the predominant criteria according to which such associations are formed

(3) *Rule of law*: There are significant transformational deficiencies in Sudan in the area of checks and balances among the executive, legislative and judicial branches of government. The president—or the *de facto* state party, the NCP, which he leads—controls a majority in parliament and dictates the government's actions. Thus, since 1989 the separation of powers has been compromised in favor of the

executive branch. Theoretically, the Supreme Court, established under the constitution of 1998 (constitutional referendum of May 1998), is largely independent. In practice its independence is severely limited because the president packs the court with loyal judges.

The judiciary is institutionally well separated, but in all of its political decisions it is subject to the constraints already mentioned and is subordinate to the political authorities. *Sharia* law, which is rejected by non-Muslims and moderate Muslims alike, is disproportionately applied, and the court imposes *hadd* punishments in order to set a political example. Political corruption is pronounced, and judicial action is only taken against it in individual cases or temporary campaigns, when it is opportune to do so from the perspective of power politics.

Civil rights in the broadest sense (human rights, non-discrimination and freedom of religion) have been systematically violated in the years since the Islamist forces took power. There has been, however, a certain softening as the government has redoubled its efforts to seek peace with the SPLA (2001-2002) and an arrangement with the northern Sudanese opposition.

3.1.2 Political attitudes and patterns of behavior

(1) *Institutional stability*: With allowances for the above-mentioned limitations with regard to the rule of law, Sudan's political institutions are stable. The council system has been in operation since the middle of the 1990s, and in spite of difficult conditions, parliamentary elections were held on schedule in 1996 and 2000. In order to weaken traditional regional identities and to increase political flexibility and, thus, stability, the government decentralized the administrative structure of the country in 1994, increasing the number of federal states from nine to twenty six.

Alongside the permanent provocation of the SPLA, the greatest challenge faced by the government during the reporting period was the political power struggle between President Bashir and Turabi, the speaker of the National Assembly (1999). This culminated with the unseating of Turabi (and his subsequent arrest in 2001). The regime responded to continuous challenges, such as strikes and demonstrations, by students seeking democratic reforms with repressive measures. These actions did not endanger political stability.

(2) *Political and social integration*: Despite the lifting of the ban on party-like political associations in 1998 and the participation of such associations in the parliamentary elections of 2000, the parties have been unable to establish themselves as organizationally stable forces with roots in the society, as they were between 1985 and 1989. The Umma Party, which has its base among adherents of the Mahdiya movement, and the Democratic Union Party (DUP), which is

supported by the Khatmiya Brotherhood, are still not fully capable of acting (they are unrepresented in parliament). Their unclear position vis-à-vis the government and the state restricts their freedom of action.

With the exception of the large political parties—the NCP, the Umma Party, the DUP and Turabi’s Popular Congress Party (which spun off from the NCP)—the reconstituted party system suffers from a low level of organization, a diminished ability to form party platforms, strongly personalized and patronage-oriented tendencies and a high level of voter volatility. By contrast, the above-mentioned large parties embody the one-sided views of their religious constituencies and pursue mutually conflicting interests. Since 1989, civic organizations, particularly unions, which had played a large role in Sudan after independence, have either been banned or transformed into associations loyal to the state. By dint of their participation in the council system, they have an official role in the political decision-making process and therefore exercise a limited integrating function.

To this extent, the state—including the security forces—and social interest groups demonstrate a willingness to collaborate. The government maintains a graduated array of repressive measures against associations seeking the rule of law, greater democracy and respect for human rights (the Lawyers Union, the Human Rights Association, etc.). The population therefore has little trust in state institutions and their transformative potential, and it expresses that fact by refusing to participate in elections.

3.2 Market economy

Since 1989-1990 Sudan has made considerable progress in the transformation of its economic system. However, transformational deficiencies persist, especially in the areas of poverty reduction, reduction of the economic influence of Islamist circles and the optimization of business transactions.

3.2.1 Level of socioeconomic development

According to the primary economic indicators, Sudan’s level of development continues to be low, although its position on the HDI index has risen slightly in recent years (1995-2000) from 0.462 to 0.499. As a result of structural factors, the effects of civil war (including five million displaced persons from war-torn areas in Sudan) and, at least until 1999, extremely limited financial resources, there is an enormous degree of social exclusion based on poverty, education, ethnicity and religion. There has been a slight improvement in the realm of social policy since 1999, when the government began to implement policies intended to promote oil exports. But thus far this has not led to a narrowing of income inequalities.

3.2.2 Market structures and competition

As a result of the economic transformation, the foundations of market competition are now in place. Since 1997, the government has implemented IMF-compliant and IMF-monitored measures to restructure the economy. The result has been a systematic policy of liberalization and stabilization, embodied in the economic reform program of 1998-2002. The chief elements of this policy were strict spending discipline, the reduction of government subsidies, tax reform, the promotion of foreign direct investment and a program of privatization that is not yet completed, but includes also the splitting up of national state-owned enterprises and their transfer to the sphere of responsibility of the federal states. The government liberalized foreign trade, created free trade areas and reduced or eliminated tariffs. There are still transformational deficiencies, however, in terms of the further streamlining of bureaucratic processes within economic administrations and enterprises.

3.2.3 Stability of currency and prices

The government is pursuing a classical and systematic financial and monetary policy based on the achievement of financial stability involving better budgetary management, reduction of the budget deficit and stabilization of the exchange rate. The government has also formulated its fiscal and debt policies with stability as the aim. A tax reform is now in preparation. The high inflation rates of the early 1990s (80 % on average) have since been brought down to an average of 6.5 %. The government has not yet succeeded in paying down the large foreign debt that it inherited from the Numairi regime, but since 2001 discussions have been underway with the IMF to find a political solution to the problem. As the country has begun to export oil, its foreign currency reserves, which shrank in the 1990s because of war and international sanctions, have returned to previous levels.

3.2.4 Private property

There is adequate definition of private property rights and the acquisition of property. The government is currently privatizing the larger state enterprises, and about 10 companies have thus far been affected. It has created incentives, such as new regulations enacted in 2001, to attract foreign direct investments. In the economically dominant oil and banking sectors there is no concentration that might have a negative effect on competition.

3.2.5 Welfare regime

Because of limited financial resources, at least until 1999-2000, the government has been unable to properly combat poverty caused by the war. Thus, familial and tribal structures continue today to fulfill the function of social insurance. The regular social security systems cover only civil servants and employees of large companies.

Altogether, the efficiency of the public health system (as well as of the transportation sector) is low, especially in peripheral parts of the country. There is a High Council for Poverty Control. However, in view of the dimension of the problem (about 50 % of the population qualify as very poor or poor; 40 % not wealthy and only 10 % wealthy), its impact is limited. In 2000, even the official magazine *Sudanow* stated that “people were drowning in poverty.” On one hand, the government seeks to improve overall provisions for social security. On the other hand, it cut numerous subsidies within the framework of its strict spending discipline. So far, the most important means to fight poverty has been inflation control, which benefits the majority of the population.

By promoting foreign direct investment, especially in the non-oil sector, the government intends to ensure job creation. There is no equality of opportunities in the access to administration or jobs in the private sector, because hiring is based on ethnic-tribal or religious criteria. Gender-specific discrimination depends on the level of hierarchy (the higher the level, the more discrimination).

3.2.6 Strength of the economy

In terms of GDP, the Sudanese economy is weak. The greatest unutilized potential lies in agricultural production. However, since 1997 the government has managed the crisis successfully, undertaking a program of economic restructuring that has created the foundations for healthy future growth. In view of the difficult conditions in which this macroeconomic stabilization was accomplished, it deserves to be recognized as an impressive achievement independent of the ideological orientation of the regime. At the same time, however, the most important thing the government can do to improve the performance of the economy is to bring an end to the conflict in southern Sudan. Because of the amount of resources that it requires—and squanders—that conflict constitutes the primary obstacle to economic growth in Sudan.

3.2.7 Sustainability

The health care system in Sudan is not particularly good, and there exists only a very rudimentary social safety net to compensate for poverty and social risks.

Epidemics occur on a regular basis. Together with the spread of AIDS, these pose a permanent challenge to the country, especially in the south, in cities and in river areas. There has been a gradual increase in concern for the environment in recent years.

However, a significant change of the environmental situation will not be attained for a long time due to the lack of resources. Efforts to confront sustainability issues are evident in the field of solar energy research (a research institute was inaugurated in 2003). The Institute for Strategic Studies and other institutions are at least working to develop long-term perspectives for the Sudanese economy and society (Sudan 2020). Despite its small share of GDP (1.4 %), the educational system—which was modeled on the English system in previous decades but has since become heavily Arab in its orientation—is one of the government’s highest priorities (e.g. significant expansion of the school and university systems). In contrast to the positive quantitative development, the quality of teaching and thus the quality of the diplomas is deteriorating.

4. Trend

(1) *Democracy*: In recent years, Sudan’s democratic transformation has consistently been subordinate to the determination of the Islamist leadership, or NCP, to retain power and establish its Islamist model of society based on the principles of *sharia*. If the government held elections or permitted the formation of partylike organizations, it did so in order to extend its legitimacy or co-opt dissenting voices, not in the service of democratic principles. The steps it has taken may be reversed at any time. There is no sign of any lasting, progressive trend to permit citizens to organize freely, allow freedom of action to social organizations or establish freedom of speech and the press.

The development of an institutional framework and checks and balances among the executive, legislative and judicial branches of government is also oriented towards preserving the status quo. Thus, in comparison with the pre-Islamist period, the current situation is marked by an entrenched repressive tendency. In view of the government’s determination to hold fast to its Islamist orientation, institutional stability and the leaders’ readiness to enter into dialogue with the northern and southern Sudanese opposition are positive factors in appearance only. Non-Islamist Sudanese citizens respond to this situation by refusing to participate.

(2) *Market economy*: Despite Sudan’s low level of development and its growing income from oil production and export, the reporting period saw only a minimal improvement in the fundamental developmental indicators. Although no empirical data are available, it is likely that the Gini coefficient actually rose slightly, because the oil-related financial rewards of recent years have flowed

disproportionately to upper income strata of the society. At the same time, the reporting period has witnessed the improvement and consolidation of the institutional framework conditions of free-market activity.

In view of the inherited crisis conditions that prevailed at the beginning of the reporting period, the data of macroeconomic development represent a significant success for the government's economic policies. This despite all the continuing transformational deficiencies, such as the overstaffing of administrations both at the national level and in the 26 federal states, the dominance of patronage relationships and corruption. This positive trend in the country's economic development is increasingly dependent on the oil sector.

Table: Development of socioeconomic indicators of modernization

	HDI	GDI	GDP Index	UN Education Index	Political Representation of Women	GDP per capita (\$, PPP)
1998	0.477	0.453	0.163	0.48	-	1.394
2000	0.499	0.478	0.48	0.50	9.7	1.797

Table: Development of macroeconomic fundamentals (1998-2002)

	1998	1999	2000	2001	2002 (2/4)
Growth of GDP in %	2.29	9.12	8.30	6.00	-
Export growth in %	-1.19	48.41	116.74	-	-
Import growth in %	-3.05	-13.94	12.72	-	-
Inflation in % (CPI)	34.91	3.44	7.0	5.98	-
Unemployment in %	-	-	-	-	18.7
Budget deficit in % of GDP	0.40	0.93	0.5	-	-
Current account balance in billion \$	-	-	-	-1.598	-1.276

5. Transformation management

5.1 Level of difficulty

From the very beginning of the reporting period, transformation was impeded by a number of factors: the country's low level of economic and social development; the generally low level of education; the civil war, which has been going on since 1983 and has left 1.5 million people dead; religious conflict and the dispute between the government and the democratic opposition (both at home and abroad, where it is organized as the National Democratic Alliance, or NDA). Thus, in view of structural socio-economic conditions that will continue to mark the political process over the long term, the level of difficulty of transformation must be considered very high.

There was and is no fundamental consensus supporting democracy and basic democratic rules. In contrast to the positive quantitative development, the quality of teaching and thus the quality of the diplomas is deteriorating. The process of democratic transformation is made more difficult by the Sudanese people's limited previous experience with civil society, democracy and the rule of law. They have had such experience only for brief periods since 1956. Despite difficult global economic conditions during the reporting period, oil exportation, which began in 1999, has counteracted the negative impact on the economy. The persistence of the unresolved conflict in southern Sudan and the continuing conflict with the NDA represent fundamental obstacles to any and all efforts at transformation. Improvements in the rule of law are among the resulting casualties.

5.2 Reliable pursuit of goals

The country's leadership, in office since 1989, has never made a secret of its efforts first to realize an Islamist model of society (from 1989 until roughly 1996–1997) and then to consolidate and defend it. In this sense the government has acted on behalf of strategic priorities. Insofar as they were designed to support this goal, reform and restructuring measures were consistent. The government did not view democratic elements and a market economy as goals in themselves, but rather introduced them as useful means for stabilizing their preexisting political program. Thus, only the government's continuing Islamist course, which is attached to the regime of President Bashir, not necessarily the means by it chooses to implement that course, remains predictable.

5.3 Effective use of resources

The Sudanese leadership makes less than optimal use of the country's available material, personal and organizational resources in a number of different areas. Thus, its fixation on the Islamist social model results in the perpetuation of war with the SPLA, which has a secular orientation and is dominated by black African Christians, and, in turn, in the continued misallocation of resources for war. The leadership also makes less than optimal use of its available resources in administration, which—because of the administrative structure of the country, with its central government and 26 federal states—is extremely top-heavy and bloated and the less efficient the further removed it is geographically and functionally from the central administration in Khartoum. Nevertheless, public services are efficient in certain sectors, including that of the stepped-up efforts to promote investment.

By continuing to deregulate the economy, the government is working to diminish transformational deficits, but because of educational deficiencies and corruption throughout all parts of the country, those deficits will not fall beneath a certain level until decisive reforms are undertaken. The leaders profess the will to reform in speeches and pronouncements, but because of political considerations, the most competent individuals do not become department heads in the ministries. The same was true at lower levels of the hierarchy where preference is guided by ethnic or regional criteria rather than on the basis of qualification.

In individual cases, leaders point out the cultural basis for reform—Islam as a force for reform, Islam as inimical to corruption—but this does not play a significant role in the everyday life of the country's institutions. Hierarchical thinking is extremely pronounced, and even lower-level decisions must be made at the highest level, drawing out the decision-making process. However, it is not only government activity that is marked by these negative phenomena. They also affect the activity of civic organizations and the apparatus of political associations (parties). Thus, the permanent undermining of democratic attitudes has repercussions for the society as a whole.

5.4 Governance capability

In principle, the primary political actors are flexible and ready to learn, provided that the fundamental question of political and social orientation goes unposed. In the political arena, there have been demonstrable attempts to correct the deficiencies of the previous political system, which is not to say that those same attempts have not created a new need for reform. While its economic reform policies were IMF-compliant and thus in line with current conceptions of reform, the government gave too little attention to the social compatibility of its reforms. The economic reform program is firmly anchored in parliament, the

administration and economic circles. In view of the dominant authority and decision-making power of the state, the foundations are therefore in place for the continued progress of economic transformation.

By contrast, the readiness for democratic transformation is small, insofar as the state continues to set its sights on the realization of “Islamic democracy.” Thus, negotiations between the government and the SPLA—which began in 2002 in part as a result of pressure from the United States—show a rapprochement on the question of the reciprocal distribution of wealth (oil income) and approval of the capitalist system. However, they are at a standstill on the questions of power sharing and the relationship between religion and the state, areas in which—because of their convictions—neither side is willing, nor could possibly be willing, to brook compromise.

5.5 Consensus-building

Consensus building is one of the principle areas in which deficiencies have persisted since independence. Disagreement concerning fundamental questions of affiliation (Arab world vs. black Africa, secular vs. Islamist, capitalism and market economy vs. centralized economy) continues to fracture Sudanese society to varying degrees and makes it difficult to come to a consensus concerning the course of national development. Democratic actors have suffered persecution since the Islamist seizure of power. They have endured discrimination as a result of structural factors since the elections of 1996, while actors with anti-democratic veto powers control the government. The formation of a consensus is therefore thwarted in advance.

Because they are in the minority in parliament, opposition parties are unable to take the initiative, and extra-parliamentary opposition groups are under the strict control of the security apparatus. However, there is significantly more dissent concerning domestic political structures than on economic questions, since both the Islamist political leaders and the opposition (democratically orientated or from Turabi’s PNC) approve of the capitalist economic system. With their social model and their claim to power, the Islamist state leaders are dividing the multireligious society of Sudan and aggravating conflicts that did not exist in this form or in this intensity before 1989. No possibility exists, therefore, that the government might generate a fundamental sentiment of political solidarity among citizens.

5.6 International cooperation

While Sudan cooperates with foreign actors within the context of political transformation, it does so, as a rule, only with governments that second the interests of its political leadership (cooperation with Egypt and Libya to

counterbalance black African support for the SPLA; cooperation with Chad in the interest of internal stability in Darfur; cooperation with and membership in the SinSad regional community). The Sudanese leadership chose to collaborate with the Inter-governmental Authority for Development (IGAD) both in order to influence the peace process and to avoid appearing as an “enemy of peace.”

Sudan is also involved in another collaborative relationship, which it did not seek and does not unconditionally welcome. The relationship is largely opportunistic and arose from the new international situation following September 11, 2001. This relationship includes cooperation with the U.S. peace initiative beginning in September 2001, cooperation with the anti-terrorist coalition and cooperation with the UN human rights envoy to Sudan. Since 2001, the USA have shown a stronger engagement for the conclusion of a peace treaty between the government and the SPLM mainly due to pressure from church groups and have currently become one of the most vital foreign actors in.

The progress of Sudan’s economic transformation since 1997 is closely related to its increased cooperation with two external actors, the IMF and the World Bank, insofar as its program of economic restructuring is compliant with and monitored by the IMF. The Sudanese leaders based their reforms on IMF guidelines, and that strategy has had a positive effect on the country’s international image and risk assessment. While Sudan received no direct financial assistance from the IMF because of unpaid debts—debts that were not incurred by the present government—the IMF reopened discussions with Sudan in 2001.

6. Overall evaluation

This report comes to the following conclusions concerning the baseline conditions, current status, and evolution of Sudan’s political and economic transformation and the political management achievement of the actors involved:

(1) Baseline conditions: The baseline conditions of Sudan’s transformation must be described as blocked in the political arena and difficult with regard to the economy. The fundamental question of political and national identity has remained unresolved since 1956. The country has not yet overcome its considerable deficiencies in the realm of constitutional, civic and democratic traditions. Well-educated segments of the population or those who might have ensured the survival of a secular political model were too weak to exercise a lasting effect on the country’s policies. Transformation during the reporting period was an asymmetrical combination of stagnation (in the political realm) and efficient crisis management and successful economic restructuring (liberalization and deregulation, privatization, strengthening of private enterprise, etc.). Civil war and opposition were unable to decisively weaken the government’s power. The state’s leaders continue to dictate the scope and pace of transformation. The

willingness for the conclusion of a peace treaty with the SPLA and its successful contractual implementation will not only influence decidedly the development of foreign relations (e.g. the end of the U.S. sanctions regime), but also the economic development (return of the oil majors after the conclusion of a peace treaty).

(2) Current status and evolution; (3) Management: Sudan has made very little progress towards democratic transformation. It only meets the standards of the period preceding the Islamist seizure of power in individual areas (e.g., conducting elections). The country's leaders do not want democratic transformation in the Western sense, because they continue to set their sights on democratic transformation in the "Islamic sense."

More was achieved in the arena of market-economy transformation, because the government's ideological position is more compatible with Western conceptions of crisis management in matters of the economy than it is in the political arena. The political decision makers have succeeded in stabilizing the country's macroeconomic development. They have improved the framework structures of the market system. However, they have neither completed nor consolidated the transformation toward a highly functional social market economy.

While most of the quantitative indicators point to the successful management of the crisis—and although the promotion of oil production has expanded the possibilities for reform, and favored military armament—the government has either failed to undertake important reforms in certain sectors of the economy or else has not pursued those reforms effectively. These reforms include the achievement of increased efficiency in the agricultural sector, the improvement of the social insurance system and the battle against corruption.

7. Outlook

If, as seems likely, the Islamists remain in power in Sudan, the country's transformation will continue to be asymmetrical in the future. On one hand, Sudan's economic transformation will continue. In particular, the oil sector, agricultural exports and the promotion of foreign direct investments will help to integrate the Sudanese economy more firmly into the international economic landscape. In the realm of political transformation, on the other hand, tactical maneuvering will continue to be the rule. Although the government will certainly not abandon the Islamist social project, it is likely to make concessions in individual cases in order to co-opt those opposition groups that are willing to cooperate (e.g. the Umma Party) and strengthen its position in the southern Sudanese conflict.

It will likely not make fundamental improvements with regard to the rule of law, the separation of powers or the country's human rights record. Arab racism will

likely persist toward black African citizens, as will governmental discrimination against Christians and practitioners of African natural religions. Modifications that have thus far taken place in the institutional arena have, in this sense, been cosmetic and had no lasting institutional effects.