

BTI 2014 | Sudan Country Report

Status Index	1-10	2.58	# 124 of 129	
Political Transformation	1-10	2.45	# 126 of 129	➔
Economic Transformation	1-10	2.71	# 122 of 129	⬇
Management Index	1-10	2.11	# 123 of 129	
	scale	score	rank	trend

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2014. It covers the period from 31 January 2011 to 31 January 2013. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

Please cite as follows: Bertelsmann Stiftung, BTI 2014 — Sudan Country Report. Gütersloh: Bertelsmann Stiftung, 2014.

This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

Key Indicators

Population	M	37.2	HDI	0.414	GDP p.c.	\$	2195.3
Pop. growth ¹	% p.a.	2.1	HDI rank of 187	171	Gini Index		35.3
Life expectancy	years	61.7	UN Education Index	0.250	Poverty ³	%	44.1
Urban population	%	33.4	Gender inequality ²	0.604	Aid per capita	\$	22.9

Sources: The World Bank, World Development Indicators 2013 | UNDP, Human Development Report 2013. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$2 a day.

Executive Summary

The key development in Sudan during the period under review was South Sudan's referendum and subsequent secession. The considerably truncated Sudan is still coming to terms with the consequences of that development, both in terms of developing a relationship to the new South Sudan and seeking a new equilibrium within Sudan itself.

With regard to democracy, the primary focus over the past few years has been on bringing the opposition parties into the political process, and beginning to take the steps outlined in the Comprehensive Peace Agreement (CPA) of 2005. The CPA was originally the work of two parties, the ruling National Congress Party (NCP) and the South's rebel force, the Sudan People's Liberation Army (SPLA). The CPA deliberately excluded other political parties from participating in the peace process or the subsequent framing of the steps toward liberal democracy contained in the CPA.

The opposition parties had themselves held power in Sudan's earlier democratic periods, but were then overthrown by the 1989 coup that ultimately produced the NCP. It was thus unsurprising that they remained highly suspicious with regard to the NCP democratic bona fides. Citing the NCP's use of state resources in the 2010 elections, they withdrew from participation shortly before the elections, leaving a political deadlock. Following the South's separation, talks in the North are ongoing about the content of a new constitution. Some are pushing for a plank officially giving the state a Muslim identity, but this Islamic revival has been criticized by opposition and activist members of society.

At the same time, the northern branch of the SPLA, SPLA-N, has continued to fight in two areas of Sudan, while conflict has also continued in Darfur despite a new peace agreement signed in July 2011. The government has restructured greater Darfur into five instead of the former three regional states, officially aiming at increasing the degree of local self-administration. However, some have complained that this is purely an effort to split the local insurgents. Conflict on this

scale in the territory that is now Sudan – as opposed to South Sudan, where the earlier wars were fought – is unprecedented.

Economically, the most significant issue has been the failure to agree on the rent to be paid by South Sudan to pass its oil to Sudan's Red Sea coast. That failure led South Sudan to close the taps on its oil wells in January 2012. An agreement on pricing was achieved in September, but had not been implemented by the end of the review period due to Sudan's demand that South Sudan sever its alleged support for the SPLA-N fighters. The subsequent loss of over 40% of government revenues had an immediate and crippling effect on the national economy.

The lack of progress towards peace, democracy and market reforms has led to Sudan's semi-isolation from many Western countries, particularly in financial and economic terms. However, it has continued to receive economic support from its major new partner, China, as well as from other Asian and oil-rich Arab states, and has hopes that new mineral discoveries and agricultural investment will boost its fortunes in the near future. It is still the only country where the head of state has officially been indicted by the International Criminal Court.

History and Characteristics of Transformation

Sudan has made repeated steps toward democracy over a long period of time. Its first elected government came in 1953, shortly before independence, but the chaos of the ensuing years, both domestically and internationally, swept away this promising start. The 1950s saw the rapid growth of Arab nationalism, while Sudan's first military coup came in 1958, mounted by a conservative group of army officers led by General Ibrahim Abboud. That was in turn overthrown by a popular uprising in 1964, after which Sudan reverted to its former democratic system. However, the country still produced unstable coalition governments, while being unable to conclude the civil war in southern Sudan that had broken out under the military rule. In 1969, a more radical military coup brought President Gaafar Nimeiri to power, who survived in office until 1985 and another popular uprising. For the third time Sudan returned to democratic rule, which lasted this time only until 1989, when Sudan's present president, Omar al-Bashir, seized power. Sudan thus has had a continuing experience with democracy, though political leaders have never expanded the democratic model to make it more inclusive, especially of the South where conflict continued through most of the democratic years.

Sudan's three military regimes have had varying approaches to democracy. Abboud was a straightforward autocrat, if comparatively benign; Nimeiri, by contrast, sought to create a single-party state, proclaiming that to be democratic though in practice it was ramshackle and clientelistic. The third coup of 1989 brought more original thinking, though still leaders remained critical multiparty democracy.

The post-1989 regime was the first within the Sunni Arab world headed by an Islamist movement. While Bashir served as president, the power behind him was in fact Islamist ideologist Hasan al-

Turabi. Turabi had been an ideologist and activist since the 1960s, and his teachings were quite widely known in the Muslim world where he was regarded as liberal but not as a Western democrat. In contrast to Western thinking, under which a multiparty system was required for multicultural societies, Turabi believed that it was necessary to first build a new Islamic society. When that had been achieved, he contended, it would reveal its own true democratic character. Under his influence, the government endeavored to reshape Sudanese society with a particular emphasis on the use of the Arabic language and on its own Islamic theology. At the same time, it prosecuted the war in the South more fiercely.

However, society was not readily transformed. A power struggle developed when Turabi sought to empower the rubber stamp parliament at the expense of Bashir and his security leaders. Turabi was ultimately forced out, and from 1999 on, Bashir sought to secure his own power as leader of the now less ideological National Congress Party (NCP). Sudan had by then become an oil exporter, relying heavily on assistance from China, but most prospective oil fields were in conflict-torn South. With active support from the West, especially the United States, United Kingdom and Norway, a serious peace process finally got underway, with both the NCP and the SPLA looking ahead to a prosperous oil-fueled peace.

The West also saw an opportunity to link the promotion of democracy and national unification, and the Comprehensive Peace Agreement of 2005 ultimately included provisions leading toward democratic elections in 2009, though the elections were eventually held in 2010.

However, by the time of the elections, significant changes had taken place. The opposition parties in Sudan, under the same leaders who had held power in 1989 and subsequently been excluded from the CPA, distrusted the NCP to such an extent that they withdrew from the elections. The SPLA also withdrew from the national elections, though it won in the elections for the government of South Sudan (GoSS). The NCP thus won the national elections virtually unopposed, and subsequently made clear that it would introduce a new Islamic constitution. According to the terms of the CPA, that gave South Sudan the right to decide whether it wished to be in a state ruled predominantly by Islamic law, or instead choose to secede. It was no surprise when in 2011 it chose the latter course – thus dashing the West's hopes for a unified democratic outcome from the CPA.

Likewise, hopes that Sudan would develop into a growing market economy making good use of its growing oil income proved unfounded as well. A crony capitalism that had enriched the ruling elite since the late 1990s continued to grow, with unconcern about its character from its main backers in Asia (largely China, Malaysia and India) and the Persian Gulf. This was to be interrupted only by the secession of South Sudan and the subsequent disagreement on pipeline rental fees for the oil passing from the South through Sudan to the Red Sea. As a result of the dispute, South Sudan closed its oil taps in January 2012, plunging both it and Sudan into a financial and economic crisis which remained unresolved a year later.

Thus, rather than achieving a condition of democracy and prospering market economies, the warring enemies became two dominant party systems at loggerheads with one another, with damaging economic consequences for both.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

Several areas of the country are affected by guerrilla conflict.

In Darfur, the country's western region, a number of local factions continue the fighting that erupted in 2003 in spite of the presence of a United Nations/African Union peacekeeping mission (UNAMID) that was established on 31 July 2007. As of 31 January 2013, the mission included 20,888 total uniformed personnel, including 15,778 troops, 310 military observers and 4,800 police officers, accompanied by around 4,500 international and local civilian staff members. Repeated clashes with local groups had led to 131 casualties within the peacekeeping forces by the end of the period under review.

In the Nuba Mountains area of Southern Kordofan, the Sudan People's Liberation Army-North (SPLA-N) has continued the struggle that started after the signing of the Comprehensive Peace Agreement (CPA) with South Sudan in 2005.

The SPLA-N is also active in southern Blue Nile State and other provinces bordering the new nation of South Sudan. Several hundred people have been killed, wounded or have gone missing as a result of their activity. On 15 July 2011, a U.N. Interim Security Force (UNISFA) was deployed to Abyei, a region under special administration status according to the terms of the 2005 CPA. On 31 January 2013, slightly more than 4,000 troops and observers were deployed to the area, and 10 people were killed.

A number of smaller border disputes with Egypt and Ethiopia remain unsettled.

Sudan's government sought to reaffirm the legitimacy of the Sudanese nation-state following the secession of South Sudan in 2011. It claimed that Sudan could be regarded as Islamic and Arab in character given the secession of the mainly Christian and African South Sudan. However, some of the Darfur rebel groups dispute the

Question
Score

Monopoly on the
use of force

3

State identity

3

state's legitimacy, and have sought a referendum on secession of their state similar to the one in the South in 2011.

The SPLA-N does not challenge the Sudan as an entity so much as the legitimacy of its government and its ideology with regard to national identity. This view is also held by civilian opposition groups, particularly in the urban areas.

The state represents itself as Islamic, and is in the process of writing a new permanent constitution making reference to Islamic governing principles following the secession of South Sudan. A dogmatic Islamic constitution would probably affect minorities as well as women, hindering their presence and participation in the public sphere.

No interference of religious dogmas

3

Efforts to bring political parties holding other views on Islam into the process have failed thus far. As a result, there is a lack of consensus with regard to the appropriate degree to which Islamic principles should inform the constitution. One result has been a persistent lack of clarity on the constitutional position of the non-Muslim minorities, mainly Christian Copts and southerners still resident in Sudan.

Administratively, the state operates through state governments in a federal system. However, the federal states are in practice heavily dependent on the central government for financial support, and there are often complaints that this is not paid on schedule.

Basic administration

3

The state does provide some basic services, but funding for these is very limited. Services in fields such as education, health, water supply and sanitation are thus frequently inadequate, especially in outlying rural areas. However, the state's exorbitant military expenditures to some extent include social spending, as army members enjoy special privileges.

Infrastructure is one area that has been addressed in recent years. Though the country has long been dependent on an antiquated rail system inherited from the colonial era, there has been a good deal of road building, and in the eastern, northern and central areas of the country, recent improvements have linked many more of the country's cities.

2 | Political Participation

Under the terms of the Comprehensive Peace Agreement of 2005, national presidential and legislative elections were scheduled for 2009. However, there were a number of technical delays in staging these elections, and they eventually took place in April 2010.

Free and fair elections

3

The fairness of the elections was difficult to judge, as opposition parties overwhelmingly pulled out of the running relatively shortly before voting

commenced. The SPLA candidate pulled out of the presidential election altogether, leaving President Bashir with a comfortable margin for reelection (68.24% of votes were cast for Bashir, according to official sources), while all major opposition parties pulled out of the parliamentary elections. All parties cited the ruling National Congress Party's (NCP) use of state funds for electoral purposes as reason for their decision. The NCP in turn charged that the opposition was simply scared of defeat.

Following the secession of South Sudan and the end of the government of national unity (GNU) established by the Comprehensive Peace Agreement, the NCP was left to rule on its own. In recent years, however, most obviously in the year 2012, internal conflicts within the NCP have become apparent. Reform voices within the NCP itself have caused tensions, even questioning the NCP's effectiveness in governing the country. In an effort to increase its support, NCP decision makers have tried to bring other parties into government, and in late 2011 the Democratic Unionist Party (DUP) did join. However, its commitment was never strong, and the NCP has continued to dominate the government coalition.

During the course of 2012, there was growing popular unrest in urban areas as well as conflict in outlying rural areas.

President Bashir, himself a military man, has continued to maintain the support of the military, though his health problems in 2012 led to speculation about a possible succession struggle. Rumors about unrest within the military apparatus ultimately culminated in a failed coup attempt in November 2012.

On the whole, political parties are accorded free association rights, although they are closely monitored by the powerful security apparatus. It appears that the NCP thinks it better to give the parties some limited freedom, perhaps believing that any attempt to repress them further may actually increase their support.

However, street demonstrations are vigorously repressed, though they have grown in number as a result of the influence of the Arab Spring as well as of worsening living conditions and high inflation. The government is determined to avoid a "Tahrir Square situation," in which different groups of protesters are able to make common cause at the heart of the capital (as was the case on Cairo's famous Tahrir Square during the Egyptian uprisings).

Islamic groups are accepted and even encouraged, but other manifestations of civil society such as NGOs are harassed, especially if they have international backing from the West. The burning of the German embassy in Khartoum by radical Islamist protestors on 14 September 2012, following the release of an Internet movie criticizing the Prophet Muhammad in the United States, can be seen as a clear example of the governmental favoritism accorded to Islamist activists. They benefit from considerably broader assembly rights as compared to the other groups.

Effective power to govern

2

Association / assembly rights

4

National radio and television are dominated by the NCP, though the audience uses international media widely, especially sources from the Arab world. The press remains quite lively, and does speak out on occasions; though editors also know that security officials watch the presses closely and occasionally intervene to censor articles or even prevent publication of a particular edition. This constraint can check the freedom of expression by encouraging self-censorship for fear of loss of revenue. Journalists have also been detained, and at least one has been murdered. Among these incidents was that of a well-known woman journalist, Amal Habani, who reported on a rape case and was released from prison only when her colleagues paid a substantial fine on her behalf. Renowned journalist Faisal Mohamed Salih was jailed for writing articles in support of the young protestors in Khartoum, who were calling for a revolution similar to the Arab Spring. In 2012, Sudan was rated 170th out of 179 countries by the World Press Freedom Index, with only Somalia and Eritrea lower in Africa.

Freedom of
expression

3

There has been a growth in the use of social media by opposition movements, especially amongst Sudan's large diaspora. Articles banned in printed newspapers are often published on websites such as Sudanese Online or Alrakoba, hence giving Internet sources a higher credibility than traditional media in some cases. This has helped to fan protest, especially among the young, educated population with access to the Internet, but the government's measures have still largely contained them. However, Internet access still remains limited to the educated and those who can afford it in the urban areas.

3 | Rule of Law

The establishment and maintenance of a system of checks and balances between the executive and the legislature has not been effectively accomplished in Sudan since the country's independence in 1956. Executive dominance has been the norm, though in the three brief periods of democratic rule, unstable coalition governments gave the legislature more influence. There were hopes that more accountability would develop under the CPA, but efforts in this direction failed to bear fruit, especially after the opposition withdrew from the 2010 legislative elections. The resulting NCP majority was not challenged in 2010, and the party continued to dominate thereafter. There are a few outspoken voices today, but they are little more than tokenism in the face of executive dominance.

Separation of
powers

3

One striking example of how the executive interferes outside its official realm of authority occurred in May 2011, when Finance Minister Ali Mahmud ordered the arrest of a local journalist who had acquired evidence showing he had authorized an overly large salary for one of his subordinates. The incident was reported by the Sudan Tribune.

The legal profession and the judiciary in Sudan have traditionally sought to establish and maintain their independence. This current of activity was rigorously suppressed following the coup of 1989, though as in other areas, there were hopes after 2005 that the independence of the judiciary might improve. To support these efforts, the UNDP established a special project in 2006 which included training for the judiciary at both the national and local level, with a special focus on Darfur because of its high levels of human rights abuses. However, this is proving difficult in practice. Many judges are in effect picked by the Ministry of Justice, while a number of lawyers have been harassed by the security forces. Overall, the judiciary is widely perceived as inefficient, if not dysfunctional, and corrupt.

Independent
judiciary
3

Sudan is widely regarded as a country where there is little constraint upon the politically powerful, and where corruption is widespread and endemic. As the Sudan Tribune reported, Sudan's Auditor-General Al-Tahir Abdel Gaioum revealed in November 2012 that the amount of public money stolen by officials increased to more than SDG 175 million (\$40 million) between September 2011 and August 2012. As of the time of writing, no judicial or political consequences deriving from these accusations had been reported.

Prosecution of
office abuse
2

However, a major attempt at prosecution for abuse of office has been made by the International Criminal Court (ICC). Three senior figures in the government, including the president and the minister of defense, have been indicted for crimes against humanity in Darfur. Their prosecution is vigorously rejected by the government, but they have avoided arrest only by carefully avoiding those countries that support the ICC. The opposition in Sudan is less rejectionist in its attitude to the ICC.

Following the coup of 1989, Sudan experienced several years in which there were repeated and widely reported violations of human rights, including disappearances and the use of "ghost houses" in which detainees were systematically abused over long periods.

Civil rights
1

At least within the main towns, the practices associated with that period have declined over time, especially around the signing of the CPA of 2005. However, the rebellions in Darfur, the Nuba Mountains and the southern Blue Nile area have led to further allegations of human rights abuse, including those that led to the indictments by the ICC.

International human rights organizations have long reported on the atrocities in Darfur, while the worsening conflict in the Nuba Mountains and South Darfur has since 2011 resulted in frequent new instances. Many thousands of people have been displaced within Sudan or are refugees in neighboring South Sudan and Ethiopia, many with harrowing tales of abuse.

Across the country, the situation related to women's rights has deteriorated further. Many women activists were arrested during the period under review, and violence

against women is widespread. Cases of rape used as a weapon against women's rights activists were reported. Laws that clearly violate women's rights remain in place, and women continue to be treated as second-class citizens within society.

4 | Stability of Democratic Institutions

Sudan has had a generally poor record with respect to democratic institutions. Since independence in 1956, it has had three comparatively short periods of democratic government, each of which was followed by a military coup and a lengthy period of military rule. Following the CPA of 2005, there was an interim period in which a new parliament was established, with seats allocated by agreement between the NCP and the SPLA rather than by elections. Elections for both the presidency – the president and two vice-presidents – and a fresh parliament were scheduled, but the SPLA and opposition parties ultimately withdrew, claiming the balloting was being manipulated by the NCP. As a result, the NCP won the elections with virtually no opposition, and rules as a dominant executive-led party, with parliament playing little active role in governing.

Performance of
democratic
institutions
1

The CPA's apparent aim to create democratic institutions was intended as a means of giving legitimacy to the agreement domestically, while gaining international approval. However, doubts emerged from the beginning as to the true level of commitment by the two parties to the agreement, the NCP and the SPLA/M (i.e., the SPLA and the Sudan People's Liberation Movement). Both had a military background, and had records of authoritarian leadership. In addition, they distrusted each others' good faith, as was shown by the SPLM's withdrawal from the 2010 elections and subsequent decision to lead the secession movement in South Sudan. In these circumstances, there has been little reason for other political parties or the wider public to accept the legitimacy of the country's democratic institutions, a view that remains widespread today.

Commitment to
democratic
institutions
1

5 | Political and Social Integration

Since the late 1990s, Sudan's Islamist regime has sought to make the NCP the dominant party in the country. It was helped in this regard by Sudan's becoming an oil exporter in 1999, which gave the party substantial new resources for the creation of a wider network of patronage and clientelism. The NCP is thus a comparatively young party, but one that has been able to mobilize youth groups in a young population as well as the business community to which it is closely connected.

Party system
3

However, older parties based on longstanding Sufi-type religious and social networks persist, and continue to allege that the NCP's popularity depends on its control of government. In the absence of participation in the 2010 electoral process, however,

it is hard to gauge the respective strengths of the new and old parties, which are in any case likely to be at least partly dependent on prevailing economic circumstances. The Umma Party has suffered from the conflict in Darfur and Blue Nile, areas where it has traditionally commanded considerable support, while the Democratic Unionist Party has experienced factional fragmentation.

In 2012, the senior sons of both Umma Party leader Sadiq al-Mahdi and Democratic Unionist Party leader Mohammed Osman Mirghani were hired as advisors to President Bashir, and given offices in his palace. Some observers interpreted this as a sign that the government is seeking rapprochement between the different parties. Critics, however, have dismissed the move as an “occupation” rather than any serious attempt at rapprochement by Bashir.

There is a long history of interest group activity within Sudan. For many years before and after independence, professional groups and trade unions played an active part in the country’s social and political life. Religious groups, including various Sufi organizations, were active, as were churches supported by Copts and southerners. Local NGOs, sometimes associated with religious groups, were also active.

Interest groups
3

However, following the Islamist coup of 1989, the new regime endeavored to suppress these independent interest groups through means including the use of force. It associated them with secularist tendencies that it wished to replace by creating what it regarded as a properly Islamic society, a campaign that would include the encouragement of a range of pro-regime Islamic NGOs.

After the signing of the CPA, there were hopes that interest groups would be allowed a more open environment to flourish, but with the secession of South Sudan in 2011 and the government’s renewed commitment to the creation of an Islamic and Arab state, the restrictions on interest group activities have returned. Several centers and research institutes created during the small window of relaxed restrictions were shut down after 2011.

Many in Sudan would express their approval of democratic norms in principle. According to the 2011 Arab Opinion Index, 75% of surveyed Sudanese “agreed” or “strongly agreed” with the statement that “in spite of having its weaknesses, a democratic system is better than other systems.” Among the educated elite, however, there are differing interpretations of those norms. For most, at least until 1989, these norms were understood in liberal and secularist terms; however, the ideology of the Islamist regime that seized power conceived of true democracy as something requiring the construction of an Islamic society, and that remains the justification of many in the government and the NCP. Islamists argue that Sudan as an Islamic state does not need to import principles of democracy from the West, and should instead use the Islamic model of shura (consultation).

Approval of
democracy
n/a

The wider public has generally welcomed the restoration of democracy following the collapse of military regimes, only to be disillusioned by the performance of elected politicians and consequently supportive of the subsequent military coups.

Recent opinion polls have shown Sudanese to have the highest level of interest in politics within the Arab world (54%), but that only 11% were fully satisfied by the overall governance of their country. This was in part due to the economic decline, as only 8% were satisfied with their economic situation; another 39% reported that they were strongly concerned with security. The finding that fully 50% of the population wished to emigrate if they could was the highest such number recorded in the Arab world.

Levels of trust in society vary widely. In central rural and urban areas there is a reasonable level of mutual trust, reflecting widespread norms of behavior largely reflective of the long-standing forms of tolerant Islam. As a result, forms of social and economic cooperation have long operated across a variety of fields, including a long tradition of non-state support for education.

However, there has been a growth in conflict in areas of Sudan that is indicative of a breakdown in relations across at least portions of the country. Following growing accusations of social and economic marginalization, conflict broke out in Darfur in 2003, as well as in the Nuba Mountains and the southern Blue Nile.

Social capital
3

II. Economic Transformation

6 | Level of Socioeconomic Development

Significant sections of Sudan are subject to a social exclusion that has deep historical roots. Economic development has taken place in the central areas of the country along the Nile, and especially around the area where the White and Blue Niles meet. In the 19th century this area was at the center of trading networks in indigenous products, including slaves, and often sent exports to the north and east. Under British rule in the 20th century, a focus was placed on developing the huge Gezira cotton-exporting scheme in the same area.

This pattern of growth, often working to the detriment of outlying rural areas, continued after independence, with a variety of light industries being developed at the center. Outlying areas consequently felt increasingly impoverished or “marginalized”; with rising populations and environmental degradation in the Sahel regions, poverty often increased. Comparatively few people enjoyed the fruits of the oil revenues in the years between 1999 and 2011, while the majority of the society

Question
Score

Socioeconomic
barriers
2

remained poor. This tension was to be central to the war and secession in South Sudan, as well as to the conflicts in Darfur, the Nuba Mountains and the Blue Nile area. New developments in oil extraction and mechanized agriculture have done little to improve local communities, which remain heavily dependent on subsistence agriculture. Therefore, even if the two Sudans do reach agreement on oil pricing, there is no guarantee that this would translate into socioeconomic benefits for the masses, thanks to the monopoly on wealth held by the ruling parties in both Sudan and South Sudan.

Substantial regional and societal variation can be seen in the data supplied by international organizations on the country as a whole. For instance, the Gini coefficient figure of 35.5 is better than other comparative figures, but is certainly too high in the areas of continuing and new conflict, where millions of internally displaced individuals live in extreme poverty. The UNDP's 2011 Human Development Report assigns Sudan the low index score of 0.408 (rank 169), thus ranking Sudan much worse even than Yemen (which is rated at 0.462, rank 154). According to the World Bank 2012 Governance Indicators, 44.1% of Sudanese live on less than \$2 a day, and the overall adult literacy rate is just 71.1%. Breaking down this statistic finds that 62.0% of the male population and 80.1% of the female population is literate. The advanced standing of women is somewhat astonishing here given Sudan's patriarchal society structures, with female-to-male school enrollment rates of 90.1% (primary), 88.1% (secondary) and 91.9% (tertiary education), and a very low official female labor-market participation rate of 29.5% in 2009.

Economic indicators		2009	2010	2011	2012
GDP	\$ M	52645.6	64791.7	64053.4	58768.8
GDP growth	%	3.2	3.5	-3.3	-10.1
Inflation (CPI)	%	11.2	13.2	22.1	37.4
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	10.6	9.4	4.8	-
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	-3845.9	-680.0	767.6	-5282.0
Public debt	% of GDP	71.8	73.1	71.0	97.6
External debt	\$ M	21128.0	22233.3	21168.7	-
Total debt service	\$ M	487.6	492.2	534.9	-

Economic indicators		2009	2010	2011	2012
Cash surplus or deficit	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	12.6	10.8	10.9	-
Public expnd. on edu.	% of GDP	-	-	-	-
Public expnd. on health	% of GDP	2.1	2.0	2.4	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	-	-	-	-

Sources: The World Bank, World Development Indicators 2013 | International Monetary Fund (IMF), World Economic Outlook 2013 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2013.

7 | Organization of the Market and Competition

Following the coup of 1989, the new rulers announced their intention to introduce radical reform to the economy with the aim of creating a market economy. Hopes for this increased when Sudan became a significant oil exporter in 1999, and rapid growth took place that was sustained until the global crisis of 2008. However, many of the market opportunities were in practice used to benefit NCP supporters, while limiting opportunity for rivals associated with opposition political parties. In addition to political favoritism, widespread corruption distorts the market. Informal economic activity remains significant, though its true scale is necessarily a matter of conjecture.

Market-based
competition
3

The government claims that it regulates monopolies, but in practice it has done little to enforce such regulation. A significant monopolistic military-industrial complex has developed over the past decade, manufacturing many of the weapons used in the internal wars. The military has also been involved in other business ventures, particularly transport, including both the bus and freight sectors. At the same time, cartels have grown up to the point of distorting markets for imported goods. An overall lack of transparency in many business sectors – the armaments business, for example, is wholly off-budget – combined with a lack of enforcement of anti-monopoly rules makes accurate assessment difficult.

Anti-monopoly
policy
3

In recent years, a variety of new policies have sought to stimulate domestic production. Sudan is the world's largest producer of gum arabic, with export of this small producer crop traditionally in the hands of a single company; however, this monopoly was broken up in 2009, allowing new exporters into the market. The highly profitable telecommunications industry, one of the most vibrant areas of growth in the country, was opened up to competition in 2001.

The establishment of the oil industry with the help of Chinese, Malaysian and Indian companies appeared to open a new era for Sudan's, foreign trade, and imports subsequently rose sharply. A considerable amount of Sudan's trade is also conducted with Gulf states. However, the imposition of U.S. sanctions on Sudan in 1997 (renewed in May 2007) as a result of its alleged involvement in international terrorism has deterred most Western companies from investing in or trading with Sudan. The latest negotiations over WTO accession took place in 2006, but no further progress has been made since that time. The World Bank's 2013 Doing Business report ranks Sudan at position 153 (out of 185) in its Trading Across Borders sub-index, two places worse than the year before.

Liberalization of
foreign trade
5

From the early 1980s, and especially after the coup of 1989, Sudan has relied on an Islamic banking system. With the commencement of oil exports, there was a rapid growth in banking activity, although there was some decline after the 9/11 attacks, when the U.S. alleged that Sudan's banks had been used by Islamist terrorists, based on the fact that al-Qaeda had been based in Sudan from 1991 to 1996. A combination of Islamic banking regulations and U.S. sanctions has deterred Western institutions from engaging in Sudan's banking sector. Hence, the 33 banks currently active in Sudan, according to Sudan's central bank, all are based in Sudan or other Arab countries such as Saudi Arabia, Qatar or Egypt. Banking supervision is mainly performed by the central bank. The bank's board of directors is appointed by the president, and the bank's statutes note that all activities "shall be subject to the supervision of the presidency."

Banking system
3

8 | Currency and Price Stability

The sudden and unexpected loss of oil revenues following the secession of South Sudan has had a major impact on Sudan's financial situation. After reaching 13.0% in 2010 (World Bank data), inflation rose rapidly to 45% in October 2012, according to Reuters press reports, while the value of the currency plummeted. The government already had an austerity program in place, but could do little in the face of the loss of some 40% of its revenues. Little or no improvement in the situation was possible unless and until an agreement with South Sudan was reached. In September 2012, the two parties did strike a deal, but this remained unimplemented as of the time of writing, with the oil taps remaining off pending another agreement relating to security. Accusations that both governments were engaging in covert cross-border aggression had made such an agreement necessary.

Anti-inflation /
forex policy
2

The economic crisis resulting from the loss of oil revenue has seriously damaged the government's reputation for fiscal and debt policy management, areas in which it had been comparatively successful prior to the secession of South Sudan. Previous to the dispute, Sudan seriously underestimated South Sudan's determination to acquire more of the revenue from the export of its oil, and failed to foresee the possibility that

Macrostability
4

South Sudan might cut off all its oil flows through Sudan. South Sudan is also planning a new pipeline, to be completed by 2015, to take its oil to the Indian Ocean at Lamu (Kenya) rather than to the Red Sea through Sudan, in which event the loss to Sudan would be long term and perhaps permanent. Unless Sudan swiftly finds new oil and gas fields, the dispute will have a lasting impact on its fiscal and debt policies.

9 | Private Property

The major concern in regard to private property is land, all of which is officially owned by the state. However, private property rights are recognized, and operate in urban and more developed rural areas. The arrival of the new regime in 1989 led to confiscations, particularly for leading families connected with the ousted ruling political parties. In an effort to appear more moderate after 1999, the government returned some of these properties. The numerous poor squatters living on the margins of the major cities have been denied property rights, and have on occasions been evicted and even expelled from the urban areas. In rural areas, there have been moves to encourage mechanized agriculture, and in recent years leases have been sold to foreign investors, especially from the Gulf state. These policies have frequently overridden the traditional claims of subsistence farmers, forcing them to move away or to become landless agricultural laborers. Land-grabbing issues of this kind are one of the causes of growing resistance in Darfur, the Nuba Mountains and the southern Blue Nile area. Here, property rights are only marginally protected and are subject to constant violation.

Property rights
3

The number of private companies grew following the coup of 1989. A number of companies nationalized in the 1970s were sold off very cheaply, often to supporters of the regime. With the emergence of the oil economy after 1999, a number of new foreign investors emerged to participate in the fast-growing economy, often from the Gulf or from Asia. China has played a particularly influential role. However, following the international financial crisis of 2008 and then the secession of South Sudan and its associated problems, this international interest has declined. The government still makes efforts to attract FDI with offers of favorable terms, but has met with only limited success. Registering new private firms requires 10 administrative steps and demands an average of 36 days, according to the World Bank's 2012 Doing Business report. Private-public partnerships are rare, and no private companies today play an influential role in Sudan's formal economy. However, a significant share of the country's economic activity is performed in the shadow sector by small and medium-sized private enterprises.

Private enterprise
4

10 | Welfare Regime

The state organizes and runs little in the way of social safety nets. Medical facilities are very limited beyond urban centers, and even there they are of poor quality and require payment. The wealthy can access private facilities, though those who can often seek to go abroad for treatment. In general, the health sector is in a disastrous state, as evidenced by several recent incidents of medical mistakes that have taken place in both private and public hospitals. The country's international isolation prevents the import of badly needed medicine due to the absence of hard currency.

Social safety nets

1

For the more than 40% of the population below the poverty line, support is largely available through their social networks, and also may involve traditional practices. Some assistance is also provided by local, national and international NGOs. In areas of conflict, notably Darfur, many internally displaced people (IDPs) need food as well as medical relief.

Equal opportunity has been limited. In recent years, some opportunities have emerged for women, partly because their performance in secondary and higher education has often been better than that of men. Indeed the figures for female literacy are considerably better than those for male, even though female participation in primary, secondary and university education is only about 90% that for males. When it comes to hiring and promotion opportunities, however, women face substantial disadvantages with respect to men. Institutionalized inequality and discrimination against women are derived from the Islamic and patriarchal nature of the country's state and society.

Equal opportunity

2

In geographical terms, the outlying areas of the country have been subject to significant inequality of opportunity. This was a significant factor in Darfur in particular, where many of the younger generation saw few prospects in their own region, and felt themselves to be discriminated against when they migrated internally. There are also frequent accusations of ethnic favoritism, especially toward the riverine tribes that are strongly represented in government at all levels.

Southern Sudanese living in Sudan have historically been poorly represented in education, a fact that has not changed significantly. With the question of their citizenship following the secession of South Sudan still not fully resolved, their position is not expected to improve. Indeed, many were fired from their jobs after secession, and have been indirectly encouraged to depart from Sudan to the new South Sudan. This was implemented through the issuance of new identity cards, which in 2011 and 2012 became the only documents accepted in any dealings with the government. This was seen as a way of excluding Southern Sudanese from access to the government job market, as well as a means of excluding all nonriverine tribes.

11 | Economic Performance

Sudan's economy grew rapidly from 1999 on, until it slowed down in response to the financial crisis of 2008. However, subsequent political changes produced sharp setbacks. Over 40% of Sudan government revenues came from the oil sector, with that income based on a revenue-sharing settlement with South Sudan as a part of the CPA. However, that agreement ended with South Sudan's decision to secede in 2011, after which it became clear that any future settlement would result in a fall in government revenues. However, there was no immediate agreement, and in January 2012 South Sudan instead stopped the flow of oil altogether, pushing both countries into a swift economic downturn. Sudan had already introduced a program of austerity, and the economy was soon pushed into low growth, accompanied by falling currency value and rising debt levels. This situation was widely seen as reflecting a major political-economic miscalculation by the government, and its overall position weakened significantly.

Sudan's 2011 GDP was \$64.1 billion, according to the IMF (up from \$14.8 billion a decade earlier), resulting in a per capita GDP of \$2,300. Forecasts for the near future are pessimistic, as GDP was expected to contract in 2012 due to the oil situation. The decline in FDI flows from 10.1% of GDP in 2007 to 3.0% in 2011 represented a further ominous sign.

Output strength
3

12 | Sustainability

The government claims to be aware of environmental challenges and to have established appropriate agencies and policies, especially with regard to the problem of desertification across the central Sahel region of the country. This issue has been particularly apparent in Darfur, where decreasing sustainability and a rising population have contributed to the clashes between the region's various groups. Elsewhere in the country, the growth of commercial mechanized agriculture has led to unsustainable growing practices. In addition, the rapid growth in urban density has generally put a strain on the local environment. In the 2012 Environmental Performance Index (EPI), Sudan was ranked 104th out of 132 countries.

Environmental
policy
2

Education policy, one of the main sectors targeted by the Islamist government as it sought to restructure society according to its ideology, has seen growth at all levels, but frequently accompanied by a fall in standards. Following the coup of 1989, there was a major shift in education policy toward greater use of the Arabic language, including in higher education, while considerably more time was devoted to Islamic studies. Critical thinking was not encouraged, and labor market needs were not sufficiently considered. However, after 1999 there was a partial reversal of this policy, with more English taught in secondary schools and higher education, though

Education policy /
R&D
3

standards are fairly low. Private education is available at all levels or the elite; for the poor there are networks of informal schools, often with an emphasis on the teaching of Islam. Facilities and opportunities for research are very limited.

Higher education is completely underfinanced and almost wholly dysfunctional. In 2005 (the latest data available), Sudan spent a meager 0.29% of GDP on R&D. In the 2013 Ranking of Universities by Spain's largest public research body, the Spanish National Research Council (Consejo Superior de Investigaciones Científicas, CSIC), the University of Khartoum – the best-placed Sudanese higher education institution – was ranked at position 2,275 worldwide. The rise in female participation in higher education has been notable in recent decades, with many women achieving better results than their male counterparts, most notably in subjects such as medicine.

Transformation Management

I. Level of Difficulty

There are major structural constraints on governance in Sudan, though some efforts have been made to address them. Decades of war have devastated the country's development in general, while providing a particular disruption to investment in infrastructure. While the issue has been addressed recently, especially with new road construction in the eastern, northern and central areas, much transport infrastructure such as the railway network still has its origins in colonial times and needs significant upgrades.

Structural
constraints
9

The quality and quantity of the skilled labor force is another problem, with a large proportion of the most able professionals leaving the country for better opportunities. The most obvious example is in the medical field, with more Sudanese doctors today living outside than inside the country.

Given the size of the country and its partially desert location, it is unsurprising that desertification has thus far proved well beyond the capacities of the government to address, while creating new social and political problems.

There are high levels of water-borne diseases and malaria, which the government has been as yet unable to address effectively.

Finally, the geographic location of Sudan poses another challenge. Surrounded by mostly conflict-prone neighbors with insufficiently protected borders, criminal and terrorist groups are able to move almost unhindered throughout the region, making money through weapons smuggling or the trafficking of human beings. The secession of South Sudan further complicated the situation.

Finally, with its president under international indictment since the 4 March 2009 verdict of the International Criminal Court (ICC), Sudan's prospects for support and development cooperation are rather limited. As long as Omar al-Bashir refuses to step down and make a new start possible, the country can be seen as a prisoner of its own president.

There is a long tradition of civil society organizations in Sudan, especially professional associations, trade unions and student bodies. However, after 1989 they were targeted by an Islamist regime that associated them with support for the former democratic era. The new government's aim was to crush such organizations and groups, and instead to encourage or in some cases build new Islamic civil society institutions. However, as the regime's ideological enthusiasm waned after 1999, these efforts to change civil society eased; the signing of the CPA in 2005 seemed to open further opportunities for civil society activities with the support of Western NGOs. However, the secession of South Sudan and the government's reassertion of its Islamic credentials may lead to further attempts to control civil society groups.

Civil society traditions

6

The ethnic, racial, religious and social tensions that fed over 30 years of civil war in the South clearly helped drive South Sudan's decision to secede in 2011. However, that proved not to be the end of ethnic and social conflicts in Sudan; indeed the secession contributed to existing and new conflicts in three rural areas of Sudan. In Darfur, the success of the SPLA in the South contributed to the exacerbation of conflict, which continues today in spite of efforts to reach a negotiated peace.

Conflict intensity

10

Meanwhile, the SPLA-North group has intensified conflict in the Nuba Mountains and the southern Blue Nile area. Sudan's government accuses South Sudan of supporting these efforts.

The sharp economic downturn following the closing of the oil flows from South Sudan, as well as the influence of the Arab Spring, have raised tension and increased the incidence of clashes in a number of Sudan's urban areas.

II. Management Performance

14 | Steering Capability

Question
Score

Any sense that the government is able to set and pursue strategic priorities has been undermined by its performance since 2005. In the CPA, a series of priorities were established which related to keeping Sudan united and pursuing liberal democratic reforms. Future events clearly took an altogether different path.

Prioritization

2

Keeping Sudan united was to be accomplished by making unity an attractive prospect for South Sudan. However, the overbearing and duplicitous performance of the government over the following six years was such that unity became increasingly unattractive, as was confirmed in the referendum in South Sudan in January 2011 that resulted in an overwhelming vote for separation. With regard to liberal democracy, the government did little to engage opposition parties in Sudan as envisioned in the

path laid down by the CPA, a fact that contributed substantially to their decision to boycott the 2010 elections. In November 2012, the government held the very costly 8th General Conference of Sudan's Islamic Movement (IM) in Khartoum, hosting diverse Islamist organizations from different countries. At this event, it offered support for Hamas and announced itself as a leader of Islamic brotherhood in the world – objectives that do not represent the concerns of most of Sudan's citizens at this point of history. For its part, the government might argue that relations with the new Islamist regimes in its neighboring Arab countries are crucial to Sudan's future development. Economically, the regime's stance in negotiations with South Sudan over oil revenues resulted over the loss of 40% of state revenues in 2012, sending the economy into freefall.

The government has clearly used falsified data from time to time to sugarcoat the otherwise disastrous situation. According to Reuters, Sudan's central statistics office reported an official inflation rate of only 0.2% in October 2012, though the de facto rate was about 45%. This is not helpful for developing long-term strategies with clear prioritization.

The government has shown little if any ability to implement policies in recent years. Politically it has failed in repeated attempts to draw opposition parties into the political process, largely because it has refused to share any significant powers in practice. It has sought to divide opposition parties and factions, but this has served only to weaken the political system. It has also failed to bring peace in Darfur or prevent the growth of conflict in the Nuba Mountains and southern Blue Nile area, in both of which government forces have suffered setbacks. Its manipulative and domineering approach contributed substantially to driving South Sudan into secession. If it thought it could dictate terms with South Sudan on the issue of rents for the oil pipelines through Sudan, then that policy too proved erroneous at great cost to Sudan's economy.

The government appears to have learned little with regard to policy. It appeared to be learning to be more pragmatic from 1999 until the signing of the CPA in 2005, but thereafter it has been on an accelerating downward path. If there is any explanation for its deterioration, it probably lies in the prominence of securocrats within the regime and their reluctance to seriously embrace the CPA and economic reform. In addition, the president's declining health gave rise to concern in 2012, with some suspecting cancer, though this was denied. However, this focused attention on his condition and possible successor, further detracted from any serious reevaluation of the situation into which the government had led Sudan since 2005.

In general, Sudan's neighbors and the international community more broadly were disappointed at the government's failure to "make unity attractive" to Southern

Implementation
2

Policy learning
2

Sudan after 2005, and regard the South's secession as opening new problems rather than solving old ones.

15 | Resource Efficiency

In selecting personnel, the government gives particular regard to the "safety" of the individuals employed. That generally means a hiring policy based on political calculations, with sympathy for a "middle of the road" form of Islamism deemed likely to indicate loyalty to a regime that has now been in place under the same president for over 20 years, the longest such period in the country's history. In addition, those closest to the group in power often share ethnic backgrounds and significant social links. While personal disagreements may lead to personnel changes, action taken for performance-based disciplinary reasons is rare.

Efficient use of
assets

2

While the budget has come under sudden pressure with the sharp drop in oil revenues, the largest budgetary line item remains security services. Spending in this field substantially outstrips health and education combined. There is a lack of transparency in all areas.

On paper there is substantial decentralization to the federal states, but top positions are still appointed by the presidency, while state funds come largely from the central government. Local revenue-raising powers remain very limited in most states.

Since the signing of the CPA, policy coordination has been particularly weak. After 2005, a government of national unity (GNU) was established, but there was little coordination between the GNU and the newly established government of South Sudan. The failure of the GNU to "make unity attractive," as envisioned in the CPA, was the clearest indication of that coordination failure. Following the secession of South Sudan, an event for which the Sudan government seemed unprepared, the government has appeared to operate on an ad hoc basis, with successive miscalculations leading to a precipitous drop in revenue for which it lacks the reserves to compensate.

Policy
coordination

2

Sudan has a very poor record of tackling corruption. While some rhetorical attacks on corruption are made, meaningful action is rare, and never targets the ruling elite who are its greatest beneficiaries.

Anti-corruption
policy

2

In January 2012, the government established an anti-corruption agency headed by Al-Tayeb Abu Qanaia, who previously served as undersecretary in the Ministry of Finance and National Economy. As the Sudan Tribune reported in December 2012, "nothing has yet emerged from the agency on its corruption investigation." It is widely thought that the anti-corruption policy in Sudan is designed to focus on weak figures or persons intentionally sacrificed by the government, while the government's own partners are left unaccountable. A common narrative within Sudan accuses

President al-Bashir himself, his wife and his brothers of stealing money and property from the treasury. The fact that the wealth of the country is monopolized by a small elite is a clear indicator of high levels of corruption.

16 | Consensus-Building

Following the secession of South Sudan, Sudan's president claimed that with the "African and Christian" South gone, there would be new ground for consensus on a national identity as a "Muslim and Arab" country. However, this consensus has not emerged. Opposition parties and rebel groups still call for the downfall of the government, and reject the government's understanding of "Muslim and Arab" as little more than ruling party propaganda.

Consensus on goals
3

The new permanent constitution, intended to replace the interim document that followed the signing of the CPA, is indicative of the lack of consensus. The opposition has rejected opportunities to join the constitution-writing process on the grounds that the ruling NCP will control the process and take no serious account of views differing from its own. In addition, opposition figures criticize the government's claims to be building a market economy as little more than a front for crony capitalism with the state at its core.

By 2012, the situation was characterized more by deadlock than by consensus.

The strongest calls for liberal democracy within Sudan come from opposition parties. This is partly due to being denied power by what they see as an authoritarian regime, but also reflects the fact that they did exercise power in the three periods of Western-style liberal democracy experienced by Sudan since 1956, the last of which ended in 1989.

Anti-democratic
actors
3

The Islamist government that took power in 1989 was not committed to liberal democracy, but rather advanced the view a "truly" Islamic society must first be created, from which democracy would by definition evolve. By signing the CPA, it appeared to accept a more liberal view of democracy. However, its subsequent record indicated that its dominance of the state could be used to the ruling party's advantage, at least in the view of its opponents. This impression drove the opposition boycott of the 2010 elections.

With the failure of the CPA to maintain national unity, it appeared to some that the separation of South Sudan might reduce cleavages in Sudan. However, that has not occurred. Instead, ethnic polarization fanned by claims of socioeconomic marginalization has led to the continuation of conflict. In Darfur, the government has tried to promote peace talks only with certain groups, thus polarizing the several factions in the region while simultaneously using force against those that still oppose talks. A new Darfur peace agreement was signed in June 2011, reviving the

Cleavage /
conflict
management
2

reconciliation process that started with the first Darfur peace agreement in 2006 but subsequently lost steam. Parts of the new agreement deal with the revival of the Transitional Regional Darfur Authority, compensation for victims, and plans to hold a referendum on Darfur's exact status in the future.

This apparent progress notwithstanding, ethnic differences within Darfur have continuously been exacerbated, so that there is localized conflict within the region as well as attacks on government positions. The government's plans to split the Darfur territory into five instead of three regional states, announced in 2011, drew considerable criticism from rebel groups that accused the regime of seeking to fragment the Fur ethnic community. On 11 January 2012, the two new states of Central Darfur and East Darfur were officially created.

In the Nuba Mountain and Blue Nile areas, the government regards the conflicts as vestiges of the war with the SPLA in the South, now conducted by the SPLA-North with support from South Sudan. Thus, it seeks to isolate SPLA-N from South Sudan before implementing the oil agreement made in September 2012 while fighting the SPLA-N on the ground. However, some in the government appear to favor talking with SPLA-N. There would be precedent for this approach, since eastern Sudan remains comparatively peaceful following the Eastern Sudan Peace Agreement (ESPA) of 2006.

Economic hardship and the Arab Spring have prompted an increased number of demonstrations with Sudan's urban areas in particular, but the government has done little to address the charges beyond moving to isolate and break up the demonstrators.

Following the CPA signing, there were hopes that a more open environment would be established, in which civil society organizations could flourish. However, the government remains suspicious of organizations pursuing liberal agendas, as well as of those that have links with the West, such as human rights organizations. This suspicion deepened following the International Criminal Court's indictment of President Bashir and two other senior figures for crimes against humanity related to the Darfur conflict. The regime also moved to restrict United Nations operations, closing down Operation Lifeline Sudan, which had delivered humanitarian relief particularly within conflict regions.

The government has also moved to restrict the press. A range of views have been expressed in the press, especially after 2005, but the security services monitor it closely, banning articles or sometimes even complete editions as they come off the presses.

The government remains sympathetic to Islamic charities, and seeks to facilitate their work as a way of bolstering its political strength. Secular groups are seen as favoring the opposition, and are subject to harassment of all kinds.

Civil society
participation
2

The signing of the CPA triggered calls for reconciliation mechanisms, especially from opposition parties and civil society groups concerned with human rights. The example of South Africa's truth and reconciliation commission was often cited. However, the government of Sudan resisted these calls, as implementing such a policy would involve not just reconciliation with South Sudan – which has now separated – but also with many people in Sudan itself who have suffered under a heavy burden of government repression and abuses since 1989. The 2011 Darfur Peace Agreement refers compensating victims, but no concrete steps to address past injustices have been taken to date.

Reconciliation
2

17 | International Cooperation

Following the signing of the CPA, Sudan hoped that the role of the major international actors involved in that process – the United States, the United Kingdom and Norway (known as the Troika) – would continue. In particular, it hoped that the United States would lift sanctions, thus opening the way for Western businesses of all kinds to once again engage with Sudan and contribute to economic development. However, U.S. concern with political developments in Sudan and pressures from within the United States itself prevented this from happening, and Sudan has in consequence felt itself largely isolated by the West. The attacks against the German, British and U.S. embassies in September 2012 were perceived by Western observers as having been “steered” by the authorities.

Effective use of
support
2

In response, Sudan has largely turned to other countries to its east. China made Sudan a springboard for its moves into Africa in the mid-1990s, and has remained supportive ever since. Its primary motivation was to gain access to oil, but also pursued a range of other opportunities associated particularly with the construction of infrastructure such as dams and roads. While not in favor of South Sudan's secession, China afterward continued its close relations with both countries. India and Malaysia also continued to pursue projects in Sudan, sometimes in competition with China.

Sudan also has long-standing support from Saudi Arabia and other Gulf states. They have long provided the regime with financial support, and in recent years have taken advantage of opportunities to lease agricultural land. Qatar hosted the talks that produced the 2011 Darfur Peace Agreement, which is therefore known as the Doha Agreement.

As indicated, the West has become increasingly concerned about Sudan as the optimism engendered by the CPA has vanished. As a result, there has been a loss of credibility by the government, exacerbated by its policies toward South Sudan since 2005. The government's compliance in the CPA process leading to South Sudan's secession was widely interpreted as stemming from the fact that the military and

Credibility
2

political situation in 2011 – both domestically and internationally – offered it little other choice.

However, the Asian countries' and Gulf states' lack of concern with the pursuit of liberal democracy or market reforms has enabled them to pursue opportunities within Sudan without interruption.

Sudan has acquired a new neighbor, South Sudan, with which it continues to have difficult relations arising from unfinished business deriving from the CPA and South Sudan's secession. The dispute over oil has thus far been very damaging to the finances and economies of both countries; other outstanding issues include border delineation, citizenship rights, and the future of the disputed territory of Abyei. This led not only to the oil cutoff, but also to a months-long trade embargo and talk of war in 2012.

The establishment of South Sudan meant Sudan no longer had a border with the East African states of Kenya, Uganda and Democratic Republic of Congo, which are in any case more sympathetic to South Sudan. However, Sudan has retained relations with Eritrea and Ethiopia, and continues to sell oil from Sudan's own fields to the latter.

With respect to its Arab neighbors, Sudan has supported the regime changes in Egypt and Libya, claiming that its own 2010 elections show that the country was part of the Arab Spring. However, it has also retaining relations with Saudi Arabia and the Gulf states, where many Sudanese citizens work and send vital remittances home to their families.

Sudan cooperates with the African Union, which is seeking to mediate between it and South Sudan. Neither the Arab League nor the Intergovernmental Authority on Development (IGAD) are particularly active in Sudan at present. The Arab League has become preoccupied by changes in the Arab world itself, while IGAD has felt that the CPA has been implemented, and has largely turned its attention to Somalia. However, IGAD did recently launch projects related to enhancing peace between the North and the South in cooperation with the University of Khartoum.

Regional
cooperation
3

Strategic Outlook

The fears expressed by some observers that the CPA might fail to lead to liberal democracy and a market economy in Sudan have been largely borne out over the past seven years. The way ahead no longer involves implementing that agreement, especially now that South Sudan has seceded, but rather requires an examination of where progress might be made after the events of 2012.

In domestic politics, the top priority must be to address the conflicts in Sudan, which are more intense now than at any time since independence. Darfur is still immersed in a conflict that is often complex and confusing, with both local and national dimensions. Talks have been ongoing for years but little progress has been achieved. It remains to be seen whether the peace agreement signed in July 2011 and the related administrative restructuring of the region will contribute to a de-escalation of conflict and an increase in peace. The SPLA-N areas of conflict in the Blue Nile region and the Nuba Mountains must also be addressed.

Progress is unlikely in the absence of international support. The government is already demonstrating that through its refusal to agree to the implementation of the September 2012 oil deal before South Sudan withdraws its alleged support for the SPLA-N. There are signs that some in the government are willing to consider talks, however. China has encouraged moves toward peace in Darfur, where it has potential economic interests. Qatar has hosted the Darfur talks thus far, and might welcome additional support enabling it to achieve a prestigious success. The United States might also be drawn into peace efforts, especially if it dropped its sanctions, which some in Washington would like to see happen.

The other major political question relates to the opposition parties, which wish to bring down the government without the use of force. For them, the question is the integrity of the government in its claims to be establishing a democratic Islamic state. The leaders of both the main parties and the NCP are entrenched, aging figures who are unwilling to concede anything to each other and who have spent their lives regarding politics as a zero sum game. However, they and President Bashir are coming to the end of their active political lives. This may be a moment for the international community to encourage the leaders of the next generation in each of the organizations to step forward. It is notable that the senior sons of both Umma Party leader Sadiq al-Mahdi and Democratic Unionist Party leader Mohammed Osman Mirghani were made advisors to President Bashir in 2012, and were given offices in his palace. This effort to encourage open-mindedness within the younger generation will need international support, especially from the Arab world, where a stable democracy may appear ideologically and/or pragmatically more attractive than the risk of a continually fragmenting Sudan.

Economically speaking, the implementation of the oil-transmission agreement with South Sudan is urgently required, at least for the short to medium term. Beyond that, use of the Nile waters represents an increasingly important issue for Sudan and Egypt. If the United States were to lift

sanctions, it may also encourage Western investment, especially in Sudan's agricultural sector. With this, if appropriately regulated internationally, could come moves toward something closer to a functioning market economy.