

CPIA Detailed Report

Pays: Sudan

Année de l'exercice: CPIA Exercise 2023

Currency: Sudanese Pound (SDG)

Ville: Khartoum

Groupe de revenu: Low income

Catégorie de prêt: IDA

Score CPIA final: 2.338

(A) Economic Management

Score du cluster: 2.5

01. Fiscal Policy

Score du critère: 3

1. Fiscal Policy

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

Due to political instability and civil war, Sudan has failed to implement the structural reforms necessary for strong and inclusive growth of its economy. Fiscal consolidation and improvement in public revenues

following the easing of COVID-19 restrictions reduced the fiscal deficit to 0.3% of GDP in 2021, but has relatively increased to 1.7% in 2022. The fiscal deficit was financed through domestic resources, monetization, and external inflows. Increased military spending and weak revenue mobilization are expected to widen the fiscal deficit to 4.2% of GDP in 2023 (AfDB estimates, October 2023), before narrowing slightly to 2.9% in 2024. There is a high likelihood that the fiscal deficit will be monetarized, as the government remains constrained in accessing both domestic and external borrowing, as well as the Special Drawing Rights (SDRs). The current account deficit reduced to an estimated 6.6% of GDP in 2022 from 7.3% in the previous year because of increased exports following improved demand among key trading partners in the Gulf. The current account deficit is projected to improve to 0.9% of GDP in 2023 due to reduced imports.

Historically, the fiscal deficit widened to 6.6% of GDP in 2017, up from 1.5% in 2016 and rose to 5% and 15.1% in 2018 and 2019 respectively. The fiscal deficit decreased slightly to 11.1% of GDP in 2020. This high deficit is attributed to low tax revenue collection, narrow tax base and poor monitoring mechanism. Initially, the GoS has maintained a modestly expansionary fiscal stance from 2016 to 2020, driven by high subsidies amid weaknesses in public revenue leading to fiscal deficits monetization.

Total expenditure rose to 19% of GDP in 2019 and 2020, while tax revenues to GDP share remained below 10.0% due to various tax regime weaknesses. The Economic Reform Program (ERP) 2015-2019 and the Macroeconomic Framework for the Poverty Reduction Strategy Paper 2021-2023, prioritized fiscal consolidation aimed at reducing recurrent spending and strengthening revenue mobilization via tax reforms to reduce fiscal deficits, boost private investments, and restore economic growth and stability. Fiscal consolidation and improvement in public revenues following the easing of COVID-19 restrictions reduced the fiscal deficit to 1.5% of GDP in 2022 from 4.7% in 2021. These were part of reforms implemented and was strongly supported by an IMF Staff Monitored Program and African Development Bank support targeting to reduce fiscal deficit and restore macroeconomic imbalances in the short-to-medium-term period. However, the removal of fuel and wheat subsidies in 2021 reduced expenditure and eased pressure on the fiscal space during 2021 to 2022.

Prior to April 15th, 2023, the Government continued to be committed to reduce budgetary allocation to military after signing an agreement with the warring factions in Darfur, which was expected to keep defense spending low and create fiscal space for social sector spending. However, the war erupted in Sudan on 15 April 2023 has halted down these efforts leading to huge jump in military spending. Sudan is on the tail of the least tax collectors in Sub-Saharan Africa with a tax effort estimated at only 6% of GDP (Sudan Central Bureau of Statistics). This has further reduced due to the recent conflict given that most of the sectors representing the tax base have been destroyed. Therefore, the fiscal consolidation efforts adopted before the war will not hold, and the country may embark on excessive monetization program to finance defense related expenditures. This will jeopardize the impressive reform programs Sudan was implementing with the support of the international community, especially on fiscal consolidation and domestic revenue mobilization. In this regard, the African development Bank planned to support Sudan to undertake tax reforms through technical assistance support, which was expected to help in the automation and modernization of the tax systems leading to improvement in tax collection. However, this program was put on hold following the declaration of Sudan as a de facto government in November 2022, which has been complicated further by the war started in April 2023.

02. Monetary Policy

Score du critère: 2.5

2. Monetary Policy

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

Monetary policy in Sudan has long been hindered by the lack of independence of the Central Bank, which has had implications for its effectiveness in controlling inflation and maintaining macroeconomic stability. The Central Bank's role, as stated in its mandate, encompasses acting as the government's banker, advisor, and agent in monetary and financial affairs. This broad mandate has often blurred the lines between fiscal and monetary policy, leading to the practice of debt monetization, whereby the government was bridging the budget deficit by printing money (Logan, 2021). Such practices have contributed to inflationary pressures and economic instability in the country. The political instability since 2018/19 has negatively impacted economic activities, contracting growth and destabilizing the economy by 3.1%. Other factors affecting the economic stability including South Sudan secession, Russia's invasion of Ukraine and COVID-19 remaining ramifications also hinder Sudan's economic growth and recovery efforts.

The hyperinflationary situation in Sudan has undermined the progress made in improving the macroeconomic framework over the past few decades. In response, the Central Bank of Sudan (CBoS) has reintroduced measures to tighten monetary policy, guided by the International Monetary Fund. Reforms have been implemented in exchange rate policies, including the liberalization of the foreign exchange market and a reduction in the money supply. The excessive 50% increase in the money supply has contributed to worsening inflationary pressures, leading to the adoption of reserve money targeting by the central bank, which resulted in a reduction of money supply growth to 48% in 2022. To address the escalating inflation problem, additional restrictive measures are being implemented as the current levels have become unsustainable. However, this has become inefficient following the war started in April 2023 leading to huge disarray in the Central Bank policies.

There has been recent attempt to introduce the conventional banking system, but the Central Bank of Sudan continues to operate under the Sharia law and therefore cannot use interest bearing debt instruments. It cannot discount these instruments in the secondary markets. This limitation due to limited interbank market for Islamic financial instruments continues to undermine the effectiveness of conventional open market operations and monetary policy to control inflation.

In response to the characteristic hyperinflation experienced in recent years, the Central Bank of Sudan (CBoS) has implemented certain policy measures to address the situation. One key approach adopted has been reserve money targeting. This strategy involves focusing on controlling the growth of reserve money, which comprises the monetary base, including currency in circulation and commercial bank reserves held at the Central Bank. By reducing the growth of reserve money, the Central Bank aims to limit inflationary

pressures in the economy. Since 2020, the CBoS has revived its efforts to tighten monetary policy and fight inflation. A range of policy tools have been deployed, including an increase in the cash reserve ratio, restrictions on financing for real estate and automobile purchases, and the implementation of import restrictions on specific goods that can be potentially substituted with domestic alternatives. These measures aim to reduce excess liquidity and alleviate dependence on foreign currency. Concurrently, the Sudanese government has initiated an import substitution program to incentivize private sector investment in key commodities such as sugar, cooking oil, medicines, and wheat. The goal of this program is to reduce the demand for foreign currency by promoting domestic production and self-sufficiency. However, the response from the private sector has been sluggish, primarily due to challenges related to limited access to financing and a lack of innovative technology, which have hindered their active participation in the program.

The Sudanese pound underwent significant devaluations of 66% in 2018 and nearly 100% in 2020. Exchange rate had witnessed relative stabilization in 2022 but, continue to depreciate in the second half of 2023 following the start of the war in 2023. The impact of reserve money targeting has been significant. In 2022, the growth of money supply decreased to 48% from the exceptionally high rate of 153% in 2021. This reduction in money supply growth has contributed to a notable decline in inflation. In 2021, the inflation rate stood at 359.1%, whereas it dropped to 164.6139% in 2022 (AfDB estimates, October 2023). This positive trend can be attributed to a combination of factors, including the unification of exchange rates and the reduced monetization of the budget deficit. Exchange rate unification has played a crucial role in stabilizing the economy and containing inflation. By eliminating multiple exchange rates and establishing a unified exchange rate system, the Central Bank has enhanced transparency and reduced distortions in the foreign exchange market. This has helped to restore confidence, attract foreign investment, and facilitate trade, ultimately contributing to lower inflationary pressures during 2022 and the first quarter of 2023, before inflation hiked again in the second half of 2023.

03. Debt Policy

Score du critère: 2

3. Debt Policy

Type de score	Valeur
Score de brouillon	2.0
Score révisé	2.0
Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

Sudan is grappling with a heavy debt burden and weaknesses in public debt management. In 2020, the country's public and external debt were recorded at 275% and 167.5% of GDP respectively. The ratio of debt to GDP has increased significantly, from around 110% in 2016 to 275% in 2020, largely due too

several shocks that highlighted the vulnerability of Sudan's macro-fiscal situation, and accumulation of arrears. The country reached Heavily Indebted Poor Countries (HIPC) Decision Point in June 2021, and its USD 56 billion external debt was expected to reduce by 50% by 2022, but the progress towards "HIPC Completion Point" stalled due to political instability. Sudan's domestic debt is low, as it remained within 7-8% of the GDP.

The large depreciation of parallel market exchange rate and high inflation have caused further turbulences to macroeconomic environment and haven't helped the Government to service its debt and adopt consistent debt management policy. The Government continued efforts towards achieving the HIPC initiative completion point triggers. Failure to reach completion point under the HIPC and Multilateral Debt Relief Initiative by 2024 could pose fiscal challenges as debt service obligations are projected to rise to 29.3% of public revenue by 2023 from 11.9% in 2021. Sudan now off-track to reduce its debt/GDP ratio to 9% in 2024 as was expected if the Cologne terms agreed to by the Paris Club members are matched by the non-Paris Club creditors following the country's achievements of the completion point requirements under HIPC. If the war concluded and Sudan Reached the Decision Point means that a new Extended Credit Facility (ECF) arrangement will be in place to anchor the authorities' policies and reforms between the Decision Point and the Completion Point, at which time Sudan's pre-Decision Point debt to the IMF would be cancelled. These combined efforts serve as an important step toward forgiveness by all creditors of much of Sudan's total public- and publicly guaranteed external debt, which was estimated at USD 56 billion at the end of 2020.

If Sudan continues stop the war and continue commitment of economic reforms, the country has the potential to reach the Completion Point by June 2024, which could drop Sudan's debt by USD 56 billion to about USD 6 billion. This can be accomplished once Sudan implements the floating Completion Point triggers (including satisfactory implementation of their full Poverty Reduction Strategy for at least one year) and maintain a track record of satisfactory macroeconomic performance under the Extended Credit Facility arrangement. As such, it will be important to make sustained progress over the coming months, and for donors and the international community to provide Sudan with sufficient support to facilitate its transition to a stronger, more inclusive economy that benefits the Sudanese people.

The Bank has provided the following support to prepare Sudan for arrears clearance and HIPC debt relief programs: i) technical assistance for preparing a new Poverty Reduction Strategy Paper (PRSP), 2021-2023; ii) helped to prepare Sudan's External Debt and Arrears Clearance Strategy to guide the resolution of the country's debt with IFIs, and the Paris and Non-Paris club members; iii) helped in setting up the Debt Management and Financial Analysis System (DMFAS); and iv) supported the African Union to coordinate Sudan and South Sudan to resolve Sudan's external debt using HIPC framework. All this support will benefit Sudan's debt relief process if the current conflict in the country is finalized, and institutions are back on track.

(B) Structural Policy

Score du cluster: 2.167

04. Policies and Institutions for Economic Cooperation, RI and Trade

4.a. Regional Integration and Economic Cooperation

Type de score	Valeur
Score de brouillon	2.0
Score révisé	2.0
Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

Sudan has a great potential to benefit from regional integration and is a member of key pan-African integration communities. Sudan enjoys preferential access to major industrial markets and is a member of several important regional free trade agreements, such as the Greater Arab Free Trade Area (GAFTA) and the Common Market for Eastern and Southern Africa (COMESA). Sudan has also signed the African Continental Free Trade Agreement (AfCFTA). This progress is reflected in the trade integration index, with Sudan ranking fifth among the Community of Sahel-Saharan States (score of 0.58) and eighth in COMESA (score of 0.64) during the period 2016-19, which has remained the same for 2021 and 2022. Due to proximity and cultural ties, the Greater Arab Free Trade Area is the leading destination for Sudan's exports (53.9% of total exports), with 8.4% destined for COMESA. Whereas, Sudan has cross-border road transport infrastructure with Egypt, Eritrea, Ethiopia and South Sudan, the quality is low and there is need for rehabilitation. In addition, these roads are mostly closed due to security reasons, and the situation is further exacerbated by the recent conflict started in April 2023 reducing the already meager trade relations.

With respect international trade, Sudan exported USD 5 billion of goods and services (0.02% of total world exports), while imports of goods and services stood at USD 10 billion (0.05% of total world exports) in 2022. Sudan's external trade is heavily concentrated in a few import and export markets, and a narrow range of largely low value-added exports. Sudan ranked 6/7 among IGAD member countries on the 2021 African Regional Integration Index (ARII). Sudan also performed poorly at the continental level, with a 2021 ARII ranking of 50 out of 54 African countries and similarly on trade integration where it ranked 53/54. Trade with African countries is largely with Egypt. The announcement by Sudan's River Navigation Authority (Ministry of Transport) in August 2021 regarding the resumption of river cruises, flights and water transport to Sudan is expected to boost trade between the two countries. Furthermore, in April 2021, Egypt and Sudan established a joint committee for development of Sudan's Port Wadi Halfa to boost transport connectivity and bilateral trade. To catalyze structural transformation and maximize benefits from trade and regional integration, Sudan needs to, among others, modernize its trade policy through well targeted reforms and improve the efficiency of its logistics system to enhance competitiveness. Participation in the AfCFTA, CEN-SAD, COMESA and WTO integration processes offers impetus for targeted trade policy and trade facilitation reforms. During the last 12 months Sudan ratified three (3) protocols, but due to shortage of foreign exchange the country has not been able to make regular contributions to regional programs. Port Sudan has the potential to transform Sudan into a regional transport and logistics hub of its landlocked neighbors. However, achieving this ambition requires inter-modal transport to link Port Sudan with landlocked neighbors like Ethiopia and Uganda, and subsequently

extending to the Central Africa Republic, Chad, and South Sudan. Findings from the Bank's ongoing regional study on the Port Sudan – Ethiopia standard gauge railway will inform its interventions. Although regional peace and security improved in 2022, it has seriously deteriorated during 2023. Deterioration of insecurity after the war started in April 2023 overshadowed the rating in regional integration as the result of limited movement of goods and services during 2023.

With regard to Logistics Performance Index (LPI), Sudan ranked 121 out of 160 countries surveyed in 2021, well above comparator countries like Gambia (127), Zimbabwe (152) and Eritrea (155). The relatively high score is explained by relatively efficient and timely positioning of domestic goods into international markets. However, shipments are frequently delayed at Port Sudan for 5–6 weeks due to inefficient logistics services, which further increases cost of doing business. Sudan is a focal point for several regional integration initiatives, including New Partnership for Africa's Development (NEPAD), IGAD drought resilience programs and Technologies for African Agricultural Transformation (TAAT). However, the ranking of Sudan in logistics performance will witness serious deterioration due to the setbacks caused by the war started in 2023.

4.b. Trade restrictiveness

Type de score	Valeur
Score de brouillon	2.0
Score révisé	2.0
Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

Even before the start of the conflict in 2023, tariff trade barriers are high in Sudan. With a simple average tariff rate of 20.2%, Sudan's MFN tariffs are among the highest in the world and considerably higher than most countries in Africa and the Middle East. Just over half of the products (tariff lines) in the tariff schedule are in the top two tariff bands—the 25 and 40% bands—and around one-third of imports by value are in these bands. The General tariff along with the imposition of additional border duties or making Sudan having high levels of protection. Sudan is a member of two free trade areas-COMESA and GAFTA and under both offers duty free access although the para-tariffs have not been removed. Sudan has limited overlapping membership between COMESA and GAFTA since Egypt and Libya are members of both organizations. In Sudan, all tariffs are applied on an ad valorem basis to the c.i.f. value of the import. Although the Transitional Government talked about some reforms in NTBs as well as imposing para-tariffs during the last last year, but the political instability during the period and further the war started in 2023 has not made it possible to agree on those reforms and implement them.

Beside being high on average, there is considerable variation across industries and stages of production. Tariffs on final products are generally higher than on intermediate inputs, especially in agriculture and light manufacturing. High tariffs on imported inputs prevent local producers from sourcing inputs at the lowest-

possible prices, undermining their ability to compete international and discouraging them from integrating in to global supply chains. High tariffs on final goods raise the prices of competing goods above world levels, thus encouraging local producer to supply the local market rather than selling internationally. A tax on imports is effectively a tax on exports. High variation of tariffs across industries and stages of production distorts incentives to invest—investors allocate resources according to tariff policies rather than productivity—and impose greater economic costs on society than a more uniform tariff with the same average rate.

Besides tariff trade barriers, there also non-tariff trade barriers. Trade barriers and immigration regulations are high and in way of fully integrated services markets that would allow services trade to take place. Sudan's economic freedom score is 45.0, making its economy the 173rd freest in the 2020 Index, which has not changed for 2022. Its overall score has decreased by 2.7 points due to a substantial drop in the fiscal health score. Sudan is ranked 44th among 47 countries in the Sub-Saharan Africa region, and its overall score is well below the regional and world averages.

According to a recent independent evaluation of the NTBs trade programs within East Africa, removal of key Non-Tariff Barriers (NTBs) has contributed to a 14% reduction in time taken to import goods from one East African country to another. It currently takes only 26 days from 33, to export goods from each of the East African Community (EAC) nations, hence a 20% reduction in the time taken. The independent evaluators based their findings on NTBs program valued at US\$ 7.89 million across the EAC partner states, supported by Trademark East Africa (TMEA). The program has identified 112 NTB's and had resolved 87 of them by the time of the evaluation was done. According to the report, the enactment of The EAC Elimination Act positively impacted on the NTBs program and improve Sudan's trading with the rest of East Africa, COMESA and SEN-SAD members. But this has been offset by the negative developments on security that has serious negative ramifications on trade.

4.c. Customs/trade facilitation

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

Until recently, trade facilitation is impeded significantly in Sudan from the past historical stigma of sanctions, inclusion of the US State Sponsors of Terrorism List, and build-up in external arrears. Accordingly, Sudan pays more for trade services than most other countries. After the removal of Sudan from SSTL in December in 2020, venues are opened for Sudan to enhance trade facilitation. However, some studies show that trade in Sudan is characterized by high transaction costs due to high transport communication tolls, high charges, poor quality or insufficient infrastructure, delays at the numerous roadblocks, long customs and administrative delays at Port Sudan and border posts, inefficient

payment systems, and stringent international trade standards. For example, trading across borders in Sudan is particularly costly compared to other countries. Customs in Sudan, like in many countries, represents a key Trade Facilitation player and its potential in facilitating international trade is quite evident. Several elements constituting a strong base for customs modernization and trade facilitation, including the major initiative of implementing ASYCUDA World. Sudan Customs also enjoys the benefits of dedicated and competent personnel, reasonable infrastructure and maturity of an established organization. The Customs training facility and laboratory are fairly up to date and well equipped. Four X-Ray scanners are operational at Port Sudan and smaller ones are available at Khartoum Airport for checking specific cargo and passengers. A tremendous shift in Customs policies is reflected in the adoption of risk management technique and through Bill of Lading which are underway. In addition, the draft amendment of the Customs Act has incorporated World Trade Organization (WTO) methods of valuation and all features of modern customs, international standards, and best practices based on the World Customs Organization (WCO) Revised Kyoto Convention and Framework of Standards to Secure and Facilitate Supply Chain. Recently, Sudan Customs implemented electronic payment and is now preparing to implement Single Window with Technical Assistance from UNCTAD and the United Nations Economic and Social Commission for Western Asia (UNESCWA) as well as seeking financial assistance in this area.

Sudan launched its Trade Facilitation reforms in 2007, when the Council of Ministers recommended the creation of a committee to facilitate and simplify trade procedures. In July 2008, a Sudanese delegation first participated in a meeting of the WTO Negotiating Group on Trade Facilitation. Since then, Sudan has developed good relations with WTO, UNCTAD, UNESCWA and UNECE reaping the benefits of technical assistance and capacity building. In particular, these organizations improved the country's needs assessment, prioritization and implementation of trade facilitation measures, participation in workshops and conferences held regionally and internationally, and regular attendance of meetings of the Negotiating Group on Trade Facilitation. Sudan conducted its first Needs Assessment and Priorities Workshops in 2009 funded by WTO and subsequently joined the UNCTAD Project of National Plans for Implementation of the future WTO Trade Facilitation agreement in 2012. The elaboration of Sudan's national trade facilitation implementation plan and its endorsement at the national validation conference demonstrate the country's strong political will and commitment to Trade Facilitation measures. The capacity building program funded by the Government of the United Kingdom and Northern Ireland and executed by the World Customs Organization (WCO) and UNCTAD will facilitate the successful implementation of some of the measures included in the Plan. Correspondingly, an update of the National Trade Facilitation Implementation Plan took place from 2 December 2015 to 30 January 2016. While this was expected to improve customs performance, no assessment has been made to determine the success or otherwise of these initiatives.

After regime change in Sudan in April 2019, the Government contacted several development partners including the Bank to undertake studies on trade aiming at increasing trade with Africa and worldwide. The Bank is planning to conduct a study on Trade and Industrialization in 2022 to support the country diversify the economy and enhance trade. However, the study has not been done due to severe political instability and the war that started in 2023. In the past, trade facilitation policies and reforms will not achieve huge progress to improve the intended objective. Perceptions of corruption is not high in customs given the relatively good system, however; the Government should put in place and enforce a much tighter anti-corruption legal and regulatory framework to deal with corruption cases wherever allegations of misdemeanor have been raised.

05. Financial Sector Development

Score du critère: 2.167

5.a. Financial stability

Type de score	Valeur
Score de brouillon	2.0
Score révisé	2.0
Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

The banking sector dominates the financial sector in Sudan and accounts for over 80% of the total financial sector assets. The private sector credit to GDP ratio remained points during 2022 compared to the same period in the previous year, reflecting contraction of economic activities due to political instability. During 2022, the Government of Sudan (GoS) started taking steps to facilitate the transition to a reserve money targeting monetary regime. To target reserve money, the GoS used both non-market and market-based instruments. Market-based instruments included government securities and open market operations and non-market based instruments were cash reserve ratio and import finance restrictions. This has kept credit to the private sector at an estimated 12% of GDP at the end of 2022, which is below the 14% of GDP in 2019. The ratio of non-performing loans to gross loans remained low at 3% in 2022. However, this is expected to increase considerably given the fact that political instability has led to close of businesses, which reduced debt repayment by clients. Banking sector highly vulnerable to shocks in the medium term. Share of NPLs and level of capital at risk are high. Adherence to Basel Core Principles is limited (capital adequacy requirements not in line or below Basel I requirements). Quality of risk management in financial institutions is poor. Supervisors use rudimentary tools and resources to adequately assess risk. Returns on assets on 2022 remained low at 1% from 1.8% in 2019, reflecting reduced profitability on account of sharp economic contraction. The banking sector operates under Islamic modes of finance. Advancements in banking services has been constrained by the breakdown of correspondent bank relations since mid-2014 due to sanctions and Sudan's SSTL categorization. The stiff penalties imposed on international banks that breached U.S. sanctions during 2014–2015 contributed to a sharp decline in correspondent banking with Sudanese banks. Whereas the US-imposed 'economic sanctions' were lifted in 2017 and SSTL was removed in December 2020, several correspondent banks have been slow to reactivate correspondence with Sudanese banks.

Like many developing countries, the Sudanese financial sector is still young and underdeveloped. High excess reserves, low bank credit to the private sector, high non-performing loan, weak financial intermediation and low spread of bank branches are the main features of the Sudan's financial sector.

Sudan's financial sector underdevelopment has been complicated by many years of repression, political the war in April 2023 and economic instability. Historically, Sudan's financial system has also been characterized by heavy government interventions and regulations, centralized lending by the central bank to public enterprises, absence of indirect monetary policy instruments, lax bank supervision and an inadequate accounting system. Compared to its peers in the Middle East, Sudan's financial system remains small and financial intermediation proxied by broad money as percentage of GDP is very low. The Regulatory capital to risk-weighted assets and the Regulatory Tier I capital to risk-weighted assets remained at 7% in 2022. Also, the credit to deposit ratio is equal to 65% in 2019, but estimated to

decrease by approximately 10 percentage points in 2020 (IMF Country Report No. 21/142, June 2021). However, now new information to update credit to deposit ratio for 2022.

Sudan continues to be under-banked, given the low ratio of credit to GDP. This makes Sudan among the least comparators in the Middle East in terms of credit to GDP ratio. Only a small share of the population has access to bank services, and enterprises often face difficulties in obtaining funding from banks or capital markets. The weak banking services and the low banks credit to private sector has also been impacted by poor business environment. Therefore, the authorities have stepped up efforts to strengthen governance, improve the business environment, and boost private investment. In addition, they are amending the Investment Law, fostering dialogue with the private sector, and strengthening legal and institutional frameworks for Public-Private Partnerships (PPPs) with support from the African Development Bank, the World Bank and IFC. Further, they plan to promote financial inclusion through enhancing access to finance for MSMEs while leveraging fintech and the electronic mobile payments system to extend financial coverage to remote areas. Furthermore, AfDB has conducted a financial sector diagnostic study, which was approved and validated in July 2021. The study recommended important recommendations to improve financial sector in Sudan. To support the Government, implement the recommendations, the Bank is providing TA project to be implemented during 2022-2023. Impressive activities in this regard, including the Bank's TA, has been suspended due to the war started in April 2023.

Regarding the financial stability, the Central Bank of Sudan in conjunction with the IMF conducted a number of bottom-up micro stress testing scenarios for Sudanese Banks on a bank-by-bank basis in June 2020. Stress testing as a tool is used to assess the impact of a set of plausible scenarios (usually base case, worst case and best case) on key financial soundness indicators, the financial sector, macro financial stability level, at the level of individual institutions or at the level of top-down sector assessments. The findings of the stress tests showed there are 11 banks below the minimum CAR requirement, 6 of them have a negative CAR, 3 are systematically important and 2 of them are problematic as well. The exercise also found the overall banking system to be financially sound and the capital adequacy ratio was 24%. The Sudanese banks is now put under a difficult test of maintaining reasonable indicators during this difficult time of the war using branches outside of Khartoum.

5.b. Sector's efficiency, depth, and resource mobilization strength

Type de score	Valeur
Score de brouillon	2.0
Score révisé	2.0
Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

The credit-to-GDP ratio remained low at 12% reflecting the weak financial depth. Size and reach of financial markets are limited, and capital markets underdeveloped, but improving. Interest rate spreads are

high, and mMicrofinance is inefficient private sector credit (percent of GDP) is low, given the economy's size and sophistication. . However, the mobile payment system introduced in April 2017 is expected to improve financial inclusion, access to credit and competitiveness. This has also been supported by electronic payment system that has been rolled out massively in 2020 and 2021. The high monetization of the fiscal deficit, the rising quasi-fiscal operations and the absence of an interbank market contributed to the ineffectiveness of CBOS 'liquidity operations.

The deprivation of Sudan from international financial markets due to economic sanctions, forced the country to resort to regional and local equity markets, but it has started to reestablish linkages with international banks after removal from sanctions and SSTL. Within these circumstances, the Khartoum Stock Exchange (KSE) has grown rapidly during 2016-2020 and has 53 listed companies with an estimated market capitalization of USD 5 billion. However, the war started in 2023, the growing uncertainty due to rising COVID-19 reduced market capitalization at the KSE as investors seek more stable assets such as gold. Furthermore, the sharp decline in the oil market is envisaged to affect the KSE as some of the oil investments are securitized and listed on the stock exchange. Due to lack of equity financing, limited access to long-term financing seriously affected development projects' financing in Sudan, especially infrastructure projects considerably. This has been further complicated by the political instability and the war commenced in April 2023.

5.c. Access to financial services

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

A large portion of the population remains outside of the formal banking sector, and has access to credit remained limited in 2022, given the low ratios of deposits / GDP (12%) and private sector credit / GDP (8.4%). Payment and clearance systems and credit reporting systems are underdeveloped. Small percent of the population has access to formal sector financial services. SMEs face significant limitations in access to finance. Legal and regulatory framework burdensome to financial services but improving. The banks complain that they are most likely to offer term lending. In other words, they do not have matching funds for term lending. In addition, most prospective customers do not have the requisite collateral to qualify for loans.

Moreover, the government continues to distort the allocation of credit. Capital markets are very small, primarily in the Khartoum Stock Exchange. There is no interbank market. In 2022, 16% of adults have a bank account, and the number of ATMs per 100,000 adults is equal to 6.42 in 2018, which has not changed significantly since then. The mobile penetration rate is 76%, which is above the North Africa average of 64%.

During 2016-2022, the Central Bank of Sudan provided at least 12% of their portfolio to microfinance, but only 4% have been utilized. In the long term, this is expected to increase people's access to credit (especially rural) and ultimately higher credit / GDP ratio to higher levels. The country is hopeful that it will help to reduce the risk of a global financial crisis, which could lead to a recovery of Sudan's economy, but this recovery is very much subject to peace and reconciliation in the country.

06. Business Regulatory Environment

Score du critère: 2.167

6.a. Regulations affecting entry, exit, and competition

Type de score	Valeur
Score de brouillon	2.0
Score révisé	2.0
Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

Sudan was ranked 157 out of 190 countries in World Bank EODB 2020 regarding the ease of starting a business. The total number of procedures to register a firm is 9 procedures and takes 34 days to register the firm. The institution in charge of business registration is the Commercial Registrar. The process starts with reserving a unique company name; notarizing the memorandum and articles of association; notifying the taxation chambers; registering with the commercial registry; applying for a tax identification number (TIN); registering for VAT; registering with the labor authorities; enrolling employees in social security; and, making a company seal.

The World Bank DB report ranked Sudan 124 in ease of getting a permit lower than what previously obtained. It takes between 255 days and 16 procedures to obtain permits. The requirements for obtaining a building permit are easily accessible online with fees. According to the World Bank DB report, resolving insolvency framework provides that a creditor or debtor has the right to object to decisions accepting or rejecting creditors' claims. The insolvency framework provides for the possibility of the debtor obtaining credit after the commencement of insolvency proceedings. Regarding the regulations of entry, exit and competing, doing business in Sudan in 2022 has not improved since 2019. However, Sudan's ranking was likely to improve due to relative peace and political stability following the formation of the Transitional Government, but peace has not sustained in Sudan and thereby reversed the anticipated improvements. Key business regulatory policy reforms under implementation including strengthening the mobile payment system to boost financial inclusion, simplification of business registration and access to market information. But these reforms have been put on hold due to the conflict irrupted in Sudan in the first quarter of 2023. Sudan registered improvements in the following areas from 2018 to 2021: Starting a business improved from 159 to 157, but registering property deteriorated from 89 to 95. Getting credit also

deteriorated from 173 to 176, and paying taxes worsened from 163 to 164 underscoring the need for improvement in these areas. It made progress in the following areas during the same period: dealing with construction permits from 133 to 124, and resolving solvency from 154 to 152. Sudan introduced a series of measures relating to the business environment including:

Starting a Business: Sudan made starting a business more difficult by increasing the cost of a company seal.

Protecting Minority Investors: Sudan strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors, and granting shareholders preemption rights in limited liability companies. However, Sudan weakened minority investor protections by making it more difficult to sue directors in case of prejudicial related-party transactions, decreasing shareholder rights and role in major corporate decisions, and undermining ownership and control structures.

Getting Credit: Sudan improved access to credit information by establishing a private credit bureau, but given turbulent economic situation, and political instability credit has reduced considerably.

Paying Taxes: Sudan made paying taxes less costly for companies by reducing the corporate income and capital gains tax rates and abolishing the labour tax.

Trading across Borders: Sudan reduced the time required for trading across borders by making it easier through customs declaration online, by connecting 10 additional customs offices to the electronic system and by adding 2 new scanners at the port of Sudan. However, this process has been suspended due to the war launched in April 2023.

There are no restrictions on the entry and exit of firms in Sudan. Procedures for registering a business are simple and flexible. However, companies are confronted with the challenge of lack of technical capacities. It is hoped that the lifting of sanctions and later the removal of Sudan from the US State Sponsor of Terrorism List (SSTL) will go a long way in facilitating the repatriation of profits and transfer of funds and thereby, ease doing business in Sudan. However, firms decisions to invest in Sudan will be subject to improvement in the security situation in the country.

There are still a number of administrative barriers that the transitional government is working to address, including the following: i) complex licensing and land tenure system; ii) the multiplicity of taxes and their overlapping; and iii) land tenure issues and problems faced by investors due to the flaws in federal, state and local legislations. It is hoped that the Public Private Dialogue Forum started since 2018 and the TA support provided by the African Legal Support Facility on legal and regulatory frameworks will address these issues in the context of improved momentum in Sudan.

6.b. Regulations of ongoing business operations

Type de score	Valeur
Score de brouillon	2.5

Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

According to the US Department of State, Sudan faces a severe foreign exchange reserves shortage and the national currency faces depreciation pressures. Domestic businesses have no assurance of obtaining needed levels of foreign currency for international transactions. The government strictly controls incoming hard currency from exports and business owners wishing to retrieve cash can only make withdrawals denominated in Sudanese pounds at the time of this report. Foreign companies operating in Sudan must have the Central Bank of Sudan's permission to repatriate profits and foreign currency. According to the US Department of State, the Investment Encouragement Act of 2021 establishes equal treatment to foreign and domestic business owners, allowing foreign investors to own business enterprises in Sudan. The law is new and its applicability untested. Nonetheless, it is more difficult for foreign companies to invest in Sudan.

Prior to the conflict, there are huge opportunities for undertaking business in various sectors, particularly agriculture and mining, but the business environment in Sudan is constrained by various challenges. These issues include the following: i) The availability, cost and quality of inputs can be influenced by import tariffs and bans, regulations and licensing requirements, or poor local supply chains; ii) Inadequate physical infrastructure, especially electricity, water, telecommunications, and land transportation; iii) Access to land, especially for industry; regulations related to land policies, land leasing arrangements, tax treatment of investments and export facilities; iv) Access to finance; v) Laws and regulations on licensing and inspection functions; vi) Trade costs and logistics, due especially to invisible infrastructure and limited knowledge, experience and network in commerce; vii) Limited entrepreneurial capabilities, at both technical and managerial levels; viii) Inadequate worker skills; and, ix) Opaque investment and banking regulations.

Other factors include concerns about *force majeure* to political risks (such as changes in the regulatory environment), environmental risks and the current status of environmental laws and regulations in Sudan, currency exchange risks, and social risks. The non-salary cost of employing a worker is moderate, but dismissing a redundant employee is burdensome and costly. Regulations related to the number of work hours are somewhat flexible. However, land registration system is weak and there are reports of pending or unsatisfactorily resolved cases of ownership in urban areas, indicating the need for a fair judicial resolution mechanism and formal registration of urban property ownership.

6.c. Regulations of factor markets (labor and land)

Type de score	Valeur
Score de brouillon	2.0
Score révisé	2.0

Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

According to the US Department of State, Sudan is experiencing a demographic “bulge” that has resulted in a disproportionate number of potential workers under 25 years of age. There is a large, informal market of small entrepreneurs. The country’s borders are porous, producing a large pool of unskilled labor market, with many workers from Ethiopia, South Sudan, and Syria. Based onAccording doing business report, there are 6 procedures and 11 days process involved in registering property in Sudan. The type of land registration system in the economy is the Deed Registration System. The Land Registry Office is the institution in charge. There is no electronic database for recording boundaries, checking plans, and providing cadastral information (geographic information system). The Public Civil Court is the Court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights for a property worth 50 times gross national income (GNI) per capita and located in the largest business city.

Before the war and since 2016, the structure and regulations governing factor markets in Sudan have not changed. The Sudanese factor market is characterized by the modern formal sector and the traditional informal sectors. The formal sector of the Sudanese labour market accounts for a small and declining proportions of the factor market. The small size of the formal labour market is a constraint on the growth process and reflects the constraints facing firms operating in the country. The Sudanese labor market is also characterized by considerable regional mobility with little intervention in the workings of the private labor market. Thus, there is a competitive private sector labor market existing side by side with extensive government intervention and growing surpluses of specific categories of workers. Regarding wages, there is a widening wage differential between public and private sectors, although the recent sharp increase done by the Government has narrowed down the discrepancies.

Labor codes are not consistently applied while standard labor laws and practices need to be modified to expand opportunities for entrepreneurs. It is important to state that some infrastructure developments have been taking place, particularly telecommunication that needs to be supported by other modes of infrastructure to induce investments. However, it is difficult to assess the damage caused to the infrastructure by the war launched in April 2023.

Owing to historical rigidities, despite the establishment of land commissions, land policy and land tenure rights issues have not been addressed adequately. According to the Land Act of 1975, almost all land is formally owned by the government. All lands, with only limited free holdings (approximately 1 percent of land in Sudan), belong to the government. For cultivation, dwelling and investment, individuals can obtain leases from government for a certain period of time. Investors are granted land at preferential rates as an incentive. In recent years, the government has attempted to address the issue of land property with reforms starting with big projects; like Gezira and Elgash projects, however, the reform process is yet to achieve intended results on the ground. A system of land ownership is yet to be instituted properly to drive the necessary land reforms. In short, weak labour laws and land tenure system affect factor markets.

Capital markets are very small, consisting primarily of trade in bank shares on the Khartoum Stock Exchange. A corporate bond market is also present but only three corporate entities had been issuing debt instruments, but this process has stopped due to the war started in 2023. The primary market, largely

composed of the Sudan Financial Services Company (Ltd) (which markets and trades all government securities), does not feature a minimum competitive bidding amount and, instead, imposes restrictions on purchasing amounts when demand exceeds available supply. Security instruments are also traded on the Khartoum Stock Exchange, and around 53 brokerage firms operate on the market. Secondary market activity is limited to over-the-counter trades, and is largely dominated by government securities. Access to securities markets is open to local and foreign investors, including banks, corporate entities, financial institutions, and individuals, except for *Igarah* Certificates which are restricted to banks. However, the recent waves of inflation in 2020 and 2021 and narrowed public trading in Government bonds and securities, as these papers rapidly loses value over time. Furthermore, following protracted period of political instability, trading on government security bonds is non-existence.

On land, there is no new developments. However, Land Registry Office is the institution in charge of the immovable property registration. Anyone who pay for the property is entitled to ownership and lease of the immovable property. No policy restrictions on purchases of leases of property have been imposed.

(C) Policies for Social Inclusion/Equity

Score du cluster: 2.433

07. Gender Equality

Score du critère: 2.5

7.a. Promotion of equal access for men and women to human capital development opportunities

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

Sudan fares weakly when it comes to health, especially women's health. As far as childbirth goes, Sudan has the 22nd highest infant mortality rate on the continent with 42.0 /1000 live births in 2019, which hasn't improved since then, as almost half of women have no safe-motherhood services. An issue that rises with the discussion of childbirth and with women's health in Sudan, is that nearly 9 out of 10 women, or 87% of Sudanese women aged 15 to 49 have been victims of female genital mutilation. A brutal act committed

upon girls, almost always 15 and under, female genital mutilation is deemed a human rights violation by the World Health Organization and has no purpose other than to decrease sexual pleasure for women and culturally “prepare them” for marriage. It is stated by WHO that how much importance a country places on women’s virginity and marriageability is positively correlated to the amount young girls are circumcised.

When it comes to the furthering of women’s rights in development countries, health and education goes hand in hand. The education life expectancy of a woman in Sudan is 7 years, and 41% of girls have had less than 2 years of schooling. While basic education is free in Sudan, factors such as geographical proximity, out of pocket financial costs, and crippling gender roles prevent many women from gaining even a basic education. Women with an education are more likely to contribute to the economy, be able to care for their children’s and own well-being in a more educated way, and having an education gives them means to a livelihood, which can help them break out of the patriarchal and misogynistic dependence the Sudanese culture breeds. More educated women are also more likely to use birth control, and have more say in family planning, which not only improves the economy, but also the overall health of women. Giving women an education gives them different ways of thinking both philosophically and logically, which can lead them to become functioning members of the economy. Becoming an indispensable part of the economy puts them in a position to inflict legal and social change, allowing them to challenge the very structure that oppresses them.

Improvements in education have been made over the past decade. Inclusive and non-discriminatory education policies have been adopted in Sudan to redress inequalities in education, policies that target not only free and equal access to education but also improving the quality of education, particularly among the poor and marginalized communities in these two countries. However, Sudan is still struggling to address issues of equal access to education and gender equality owing to cultural and socio-economic factors. In Sudan, the impact of socio-cultural factors on children’s education is evident in terms of participation and retention of learners in school. The school system reinforces and reproduces culturally conceived gender stereotypes which are invisible forms of exclusion. Girls are vulnerable and are victims of sexual abuse and rape. High levels of sexual violence reported in schools are one feature of the ways in which participation is not a simple process of enrolment and retention and passing exams; likewise empowerment of women and girls in both South Africa and Sudan might not be a simple process of changing traditional practices.

In Sudan, it appeared that preparing girls for early marriages in the form of home education was valued. The effects of war in Sudan impeded free access to education. For instance, the participants interviewed in Sudan indicated that the early arranged marriages and men’s hegemony were the major challenge for girls’ education. Girls were socialized early in life for their roles as wives and mothers and parents disregarded the value of education in relation to their cultural norms. These attitudes represent the different cultural stereotypes that are mainly derived from traditional norms. Malala Yousafzai’s said, “Education is education”. We should learn everything and then choose which path to follow. Education is neither Eastern nor Western, it is human.” Once women are given this choice of path is when real change begins to occur, in their health, in the well-being of their communities, and in the development of their nations.

For Sudan, some indicators have improved, while others worsened. Some examples include: i) labor force participation rate (total):47.3%; ii) labor force participation (female): 24.5%; iii) primary school enrolment (total): 60%; iv) primary school enrolment (female): 59.0%; v) secondary school enrolment (total): 31.5%; vi) secondary school enrolment (female): 31.0%; vii) adult literacy rate (male): 65.4%; viii) adult literacy rate (female): 53.1%; ix) life expectancy at birth (total):65 years; and, x) life expectancy at birth (female): 67 years. Although the government has made attempts to enhance gender equality since 2020, these

attempts have been confronted by severe political instability and later the war that happened in 2023 that has exposed women to serious gender-based violence, including raping and slavery. This has worsened the situation of gender in Sudan, necessitating the need to quickly stop the violence on women.

7.b. Promotion of equal access for men and women to productive and economic resources

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

Recent studies revealed that women contribute 74% to the monthly agricultural income, 65% to total income, 62% to the labor work, and 65% to the household activities. Especially in the rural areas, the average daily working hours for women are 14, while, those of men are only 8. The study suggests that the removal of the obstacles those women face could increase their contribution to and enhances the livelihood of the people in the state. Hence, a review to the relevant government policies is needed, so that women are empowered by improving their access to resources and credit. The laws in Sudan maintained equal rights for men and women to productive and economic resources with no discrimination on either sexes. Despite this large contribution, their access to productive resources leaves a lot to be desired. The following analysis depicts the women's access to productive resources:

Land: Although women have equal access to land use, very few have land ownership rights, and thus lack the collateral needed for credit and for membership in cooperatives and access to extension and production technology. Most subsistence farmers operate under the system of customary land tenure, which assures equal usufruct rights to both men and women. While government-owned land is rented or leased to farmers irrespective of gender, few women have the economic resource base required to access this land. Privately-owned lands are usually registered in the name of the head of household, and in those cases in which women do own land they usually transfer the title to male members of the household, due to custom and tradition. Few Sudanese women are land owners, despite their significant participation in food production. Only 11.7% of the tenancies of the Gazira Scheme are owned by women, and; 63% of the White Nile Pump Schemes. of Koasti; and 9% of that of Al Diem are owned by women. In Kutum (Darfur), 10% of the land is owned by women; in the Rahed Scheme 3% are owned by women. Riverian tribes of Northern Sudan, influenced by the male-dominated Arab culture, and being as well the dominant tribes of Sudan from whom most policy makers are drawn, continued to implement Sudanese customary law which dictated male dominance over land. Thus, women logically withdrew from economic participation when land was withdrawn from them through the legislation systems. Women of Western Sudan continued to cultivate land because traditionally this is the role assigned to them, and because they need to feed themselves as men migrated to urban areas. Thus, discriminatory legislation, customary laws, misconceptions about women's roles and male dominance have affected women adversely, by depriving them of needed service in agriculture.

Livestock: Men are responsible for managing cattle and sheep, while women and men share responsibility for goats and poultry. Also Forestry: Mmen and wWomen are responsible for different types of trees and that while both men and women share the tasks involved in forestry, women handle seedling preparation. Water: Although women are responsible for water supply to their families, data is unavailable on their access to this resource. Fewer women than men work in the irrigated agricultural sector. Regarding extension services and agricultural training,: aAgricultural extension services are oriented to cash crop production in the modern sector. Extension messages are targeted to male farmers and women are expected to receive information second-hand. About 22% of extension agents are women.

Getting credit is not easy for both sex, but more difficult for women than due to issues of collateral and some cultural practices. Examples of cultural practices that prevent women from gaining access to formal financial institutions are the predominant role of males in the household, inheritance rules that favor male family members, and the gendering of economic spheres. It should be noted, however, that many Sudanese, whether male or female, are excluded from formal finance. Hence reform efforts should not only address the issues that are particular to women but also take into consideration factors that cause marginalization and severe regional imbalances within the country.

The exclusion is not based on legal criteria, but rather on informal practices that control institutions of the formal sector. However, women –particularly in urban areas of northern Sudan – have access to informal financial institutions, and in recent years there have been some attempts by non-governmental organizations (NGOs) to offer financial services, especially loans at discounts, to women. However, the situation has considerably changed during 2020-2021 favoring women and protecting their right following the regime. However, the worsened political landscape and the war started in April 2023 deteriorated the progress made to bridge the gender gap.

7.c. Men and women equal status and protection under the law

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

In the context of the last regime, although in the constitution men and women are supposed to be treated equally under the law, in reality, they are not. During the peace process in Sudan women were merely “guests at the table”. The role permitted to women during negotiations was based on a perception of them as passive victims of war, not active players in politics and society. The 61-page report, “‘Good Girls Don’t Protest’: Repression and Abuse of Women Human Rights Defenders, Activists, and Protesters in Sudan,” documents efforts by Sudanese authorities to silence women who are involved in protests, rights campaigns, and other public action, and who provide social services and legal aid, as well as journalists.

For decades, Sudan vaguely defined public morality laws discriminate against women, prescribing their manner of dress, limiting their movement and role in public life, and imposing humiliating corporal punishments of lashing and stoning. Many activists told Human Rights Watch they felt constrained by the laws. Security officers have intimidated women by threatening their reputations, Human Rights Watch found. Also, The family law gives men and women different rights in requesting a divorce, or in obtaining individual identity cards or a passport. Although considerably improved, gender disparities exist in political participation at the local or national level. Laws and policies are obstacles to women's participation in national or local governments, and there have been no recent efforts to make laws and policies more supportive of gender equality in this respect.

However, since the regime change in April 2019, women role has completely changed. Women represents the pioneers of the revolution, have been represented in high positions and many of their rights have been regained. For example, two out of eleven members of the Supreme Council governing the transitional period are women. Also, many ministers including ministers of finance, welfare and social development and youth and sports in the transitional government were women. This way, women have been given opportunities where they can make decisions on behalf of the country. This represents an important step towards changing the entire women status in Sudan and achieve gender balance. Furthermore, CEDAW has been ratified without reservations in the context of the Transitional Government. consequently, family law gives men and women equal rights in requesting a divorce and in obtaining individual identity cards or a passport. Relatively few gender disparities exist in political participation at the local or national level (compared to international averages). Policies and laws that specifically address gender equality in these areas are broadly enforced. However, there are no active programs or institutions to prevent an increase in domestic violence or to promote greater gender equality. The recent serious violence against women during the war in April 2023 represent a serious setback to gender equality in Sudan.

08. Equity of Public Resource Use

Score du critère: 2.333

8.a. Poverty Measurement

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

According to the 2014 (latest) household survey financed by the AfDB, the incidence of poverty stood at 36.1%. The rural poverty rate stood at 5.5% while the urban poverty rate stood at 37.3%. The poverty rates for males and females were at 36.0% and 37.2% respectively. According to World Bank estimates,

poverty increased from 64.6% in 2021 to 66.1% in 2022 and unemployment remained high at 20.6% in 2022, partly due to rising inflation and reduced economic activity owing to political instability, the lingering effects of COVID-19 and Russia's invasion of Ukraine. Livelihoods have also been affected by rising humanitarian needs due to large numbers of internally displaced persons due to the war started in 2023.

The results of the 2014 household survey have benefited the preparation of the full PRSP which was prepared with AfDB assistance and endorsed in May 2021. The other inputs into the PRSP 2021-20235 include the I-PRSP poverty assessment report and the background papers all of which have been prepared with support of AfDB. The PRSP, 2021-2023 is the Government's blueprint for poverty reduction. It builds on the I-PRSP 2012-2014. The I-PRSP assessment report revealed that public resources allocated to the I-PRSP pillars with the view of targeting the poor have grown since 2012, signaling the Government's commitment to poverty reduction. Public resources, allocated to the I-PRSP pillars of agriculture and infrastructure, human resources, governance, and integration of IDPs, increased from 4.2% of GDP to 5.0% of GDP in 2014. Equivalent commitment has been made for these sectors in the new PRSP, 2021-2023.

According to the UNDP Human Development Index (HDI) of 2022, Sudan was rated in the low human development category with a rank of 167 out of 189 countries and a score of 0.508. Between 1990 and 2022, Sudan's HDI value increased from 0.331 to 0.508, an increase of 52% (UNDP 2022).

8.b. Public Expenditures: Priorities and strategies

Type de score	Valeur
Score de brouillon	2.0
Score révisé	2.0
Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

Sudan's budget usually allocates the bulk of funds to non-productive sectors such as security, defense and presidential expenditures, with very little spending was been put into the priority sectors identified in the I-PRSP. The 2021 budget, for example, allocates 20% of total Government spending to defense and security. While the health and education sectors only received 3-5% of the total spending. In addition, most of the budget expenditure is devoted to the federal government, which received 72% of the general budget, with only 28% of the budget being allocated to the 18 states. Government spending in the last few years has been focused mainly on three areas (civil servant salaries, commodity subsidies and operational spending). In the period between 2016-2022, on average, 35% of the spending was directed towards wages and salaries; 28% was allocated towards commodity subsidies (mainly wheat and fuel), although subsidies have been removed in the second half of 2020. The government's operational spending consists of grants (transfers to sub-national governments and international organizations) and purchasing of goods and services, which represented 18% and 12%, respectively. Meanwhile, social sectors received a measly

6% in the same period. This budget reveals the extent of the structural imbalance of the Sudanese economy, which suffers from rampant corruption, mismanagement and misalignment of priorities.

The government has also adopted a poverty reduction strategy (PRSP) to be implemented during the period 2021-2023. However, it remains unclear how the PRSP priorities are embedded into the budget planning process, given that public expenditures are only marginally aligned with poverty reduction priorities. The implementation challenges are numerous as the strategy is taking place against the background of the limited revenue mobilization, the very little historical spending share on the priority sectors identified by the PRSP, and weak administrative capacity. These structural defects have prohibited the country's economy to benefit from the lifting of US economic sanctions on Sudan in the middle of the previous year. It is important to note that supported by the IMF, some reforms are underway to improve budget and enhance transparency and accountability in public resources use. This will be underpinned by the removal of Sudan from the US State Sponsor of Terrorism List (SSTL), which was declared effective on 14 December 2020. However, the military coup on 25th October 2021 has the potential to lead to another wave of US sanctions towards Sudan, which is further aggravated by the war started in April 2023.

8.c. Regressive Tax

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

Sudan's tax system is regressive, and it is characterized by a multiplicity of taxes which discourages investment and innovation, and does not reflect national poverty reduction priorities. Consumption-based taxes (e.g., a VAT) and taxes on trade are a major source of revenue with too many rates, while the income tax base is narrow. States and local authorities impose taxes on economic activities within their jurisdictions. The full range of taxes is cumbersome to assess, as it varies by product and location, and includes both official and unofficial taxes. The private sector faces taxes for using land as collateral, building tax, business registration and establishment fees to start a business, license fees, and various taxes on imports, value added and profits. In the case of livestock taxes, at least five types are imposed in western Sudan (livestock, sale, Zakat, stamp, and slaughter tax). These taxes appear to have several unintended consequences, including avoidance to pay. Anecdotal evidence also suggests that some of the taxes at state and local levels are not consistent with those specified at the national level.

Tax revenues in Sudan are less than half of the average for fragile low- and lower-middle income countries and the lowest in East Africa estimated at 6% of GDP although low-distortionary indirect taxes (customs duties, VAT, and excise taxes) represent about 86% of the total tax revenues, with taxes on international transactions dominating. This owing largely to lower share of revenue which is generated

from company and personal income taxes due to large informal economy, contraction of economic activities and an inefficient tax system with extensive use of tax exemptions. Direct taxes (comprise a Business Profit Tax (BPT), a Personal Income Tax (PIT), a tax on Sudanese residents abroad, and various stamp duties) which are more equitable represent only 12% of the total taxes, while other taxes and departmental fees represent 2% of total tax. Income taxes—both personal and corporate—are particularly low, at 0.1 and 0.4% of GDP, respectively, compared with an average of 2.7 and 2.5% for SSA. The main reason behind the low collection of direct taxes is the excessive exemptions that eroded the tax base. These exemptions apply to almost all types of taxes including business profit tax, taxes on international trade and personal income tax.

Efforts are underway to strengthen tax administration and compliance and subsequently increase revenue yields. The transitional Government planned to undertake tax reforms, with support from the IMF and AfDB to broaden the tax base by eliminating the unproductive tax exemptions. Exemptions will also be streamlined and aligned with tax legislation notably the VAT and Investment laws. Electronic billing machines for VAT are being rolled out to business centers to increase efficiency and transparency. While the technical assistance by the AfDB has gone a long way to be approved, the negative progress leading to military coup and later the ongoing fight didn't encourage the Bank to move forward with the support. In summary, the situation has not changed since 2021, as all policies and regulations regarding taxes have been updated and the institutions' implementing capacity have neither progressed, nor retrogressed.

09. Building Human Resources

Score du critère: 2.333

9.a. Health and nutrition services

Type de score	Valeur
Score de brouillon	1.5
Score révisé	1.5
Score de deuxième brouillon	1.5
Score final	1.5

Notes du pays:

Sudan's Universal Health Coverage Strategy 2016–2021 seeks to increase access to healthcare, while the 2025 Vision on Social Safety Nets has led to the adoption of cash transfers to poorer families with the aim of reducing inequality. However, the low public spending in the health sector, which has stagnated around 1% of GDP, is a major concern. This has weakened health service provision, with only 41.8% of the poor currently covered by the National Health Insurance Fund in the face of declining health workers even for basic services such as prenatal care. The COVID-19 has exacerbated the situation and has reduced the public spending on health even further considerably. This has further worsened the health situation in the country. The health situation has been negatively affected by the conflict in erupted in April

2023 in Khartoum and in various parts of Sudan after the Rapid Support Forces (RSF) concurred the hospitals and health centers and reacted brutally with health workers.

Sudan made good progress in achieving the MDGs related to health (Child Mortality and HIV/AIDS, Malaria and other diseases). Sudan, however failed to register good performance in some MDGs, such as Goal 4 (reduce child mortality). Although child health in Sudan generally improved, mortality at infancy and early childhood remains high in rural areas and in most states, which hindered progress on this target. The implementation of health and nutrition policies, including full immunization coverage and free medicines for children below age 5, at the state level, could reduce the high death rates among infants and children. To facilitate implementation of SDGs, the Government of Sudan (GoS) has maintained the same structure under the MDGs framework, with the National Population Secretariat serving as the focal point for tracking and monitoring progress in SDGs. The Technical Committees and the Advisory Board set up under the MDGs framework, comprising GoS, NGOs, academia, and development partners are being maintained under the SDG framework.

The National Nutrition Policy for health was formulated in 2009 with the following objectives: i) Reverse the current deterioration in nutritional status, among various population groups, of all ages; and gradually improve it, particularly among the physiologically vulnerable; ii) During the short-term improvements brought about by emergency interventions, increase local skills and develop adequate programs to sustain the improvements. Sudan needs to upgrade and expand emergency staff in both publicly and privately-funded programs and those liaising between sectors; iii) Expand nutrition resources for state- and local-level activity, both human and financial. Capacity-building and the working environment in the federal system will need to improve, with local teams adapting and developing programs appropriate to local needs. Funding will be required for this upgrading; iv) Actors across the sectors will talk together and coordinate activities. Sudan will need a broad nutrition forum, or a series of formal and informal fora, in which the implications of this policy can be discussed along with other nutritional issues between those working in many sectors. To enhance coordination, an oversight body to monitor the level of activities outlined in the Strategy and to propose relevant changes will be needed, and proposals for this could emerge from the different level of fora; and, v) Mainstream nutritional status as a key development indicator during Recovery and Reconstruction. Monitoring in Sudan will correlate various nutrition indicators with those of improved health, rising incomes, economic and social growth.

With assistance from development partners, including the Bank, the Transitional Government had begun to increase spending on social sector during 2020-2021 budgets, which was support the country improves SDGs performance. However, the deterioration happened in the implementation of budget during 2023 retrogressed the health spending, which will lead to disarraying SDGs implementation.

9.b. Education, ECD, training and literacy programs

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5

Notes du pays:

The Government of Sudan recognizes education as a right for every citizen and guarantees access to free primary/basic education. Achieving the Education for All targets is considered a pre-requisite for achieving socio-economic stability in Sudan. Sudan's quarter century Education Sector Plan 2007–2031 which guides short-term policies has facilitated an increase in public education expenditure, reaching about 10% of the total public spending in 2019. It seeks to achieve universal primary education and promote gender equality in education. However, such targeted spending was not possible during 2021 and 2022 due to reduced government revenues because of COVID-19 and the political instability aggravated by the war of April 2023.

Sudan continues to benefit from the Global Partnership for Education (GPE). The GPE grant supports improving the learning environment in targeted areas, increasing textbook availability and strengthening education planning and management mechanisms. GPE funding has contributed to the following progress through: i) Implementing a national learning assessment system; ii) Building or rehabilitating 850 classrooms in primary schools; and 260 have made progress; and iii) Training 47 communities in school construction management. The Ministry of Education's National Council for Literacy and Adult Education has also been implementing an Alternative Learning Program for out-of-school children, focused on numeracy and literacy to enable re-integration into the appropriate level of the formal system. Life-skills and vocational training are also provided.

Some progress has been made in the education sector, including the following: i) Primary school completion rate increased from 42.3% in 2000 to 79.3% during 2014-2021; ii) A marked increase in the women-to-men parity index from 0.84 in 2000 to 0.95 during 2016-2021; iii) 62% of the population 15 years old or above in Sudan is literate. Urban literacy reached 79% of the population in this age group compared to 51% of the rural population; iv) Most of the States have achieved, or close to achieving, gender parity in primary school attendance, except Gadarif, East Darfur and West Darfur States, where more boys than girls attend primary schools; and, v) The continuation of students to grade 8 is above the national average in 7 States (Khartoum 94.4%, Kassala 92.4%, Red Sea 90%, River Nile 89.2%, East Darfur 87.6%, Gezira 84.4% and Northern 81.9%). Family stability and affordability are among the most important explanations.

However, Sudan has both the largest number and the highest rate of out-of-school children in the region. Some 3 million children between the ages 5 to 13 are out of school, who should be in pre-primary (50%), around 2 million primary school aged children (37%) and 641,587 lower secondary school aged children (40%). Fifteen percent of primary school children are at risk of dropping out before the final grade of primary school. At particular risk of being excluded from school are girls, children affected by war and IDPs, children in rural areas, poor children and some ethnic and religious groups.

There are many challenges, including the following: i) Social norms among some ethnic and religious groups which devalue education, especially when compared to the need for labour on family farms/herds; ii) Poverty and child labour make the worse-off children 15 times more likely to be out of school than their richest peers. Such families cannot afford school fees, uniforms, transport and other associated costs. Although there is a free education policy, it is not widely enforced; iii) Educational resources are limited and policies are not enforced in some states, particularly those affected by conflict. More generally, a lack

of investment has resulted in schools lacking basic supplies, a decent, safe environment with sufficient sanitation facilities and well-trained teachers. Sometimes, schools are too far away; vi) There is a lack of effective protection system for targeting vulnerable families; and, v) Early marriage, particularly in rural areas is a deterrent to girls' education.

These unfavorable conditions together with recent war that stopped the operationalization of the education system completely in Sudan, especially in Khartoum, has led to the deterioration of education as about 5 million people with their families have been displaced.

9.c. Prevention and treatment of HIV/AIDS, tuberculosis, and malaria

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

The National HIV and AIDS Strategic Plan 2011/12- 2014/15 was reviewed at Midterm— August/September 2014. Findings from the Mid-Term Review (MTR) were used to develop the National HIV and AIDS Strategic Plan (NSP) 2016-2020. The Global Fund to Fight AIDS, Tuberculosis and Malaria supports the HIV response for most-at-risk groups. HIV/AIDS prevalence rate among persons aged 15-49 years is very low, at of 0.2% . An active referral system is being supported by the Global Fund to ensure that newly diagnosed cases from HIV testing sites are referred to antiretroviral therapy centers for treatment. Transportation facilities are also being supported by the Global Fund to ensure prophylaxis coverage of infants for the first 6 weeks and confirmation of the infant's HIV status through polymerase chain reaction testing.

The UNDP HIV/AIDS program in Sudan leads an integrated strategy to promote HIV/AIDS prevention, treatment and care amongst the Sudanese public. This work is undertaken in close collaboration with the Sudan National HIV/AIDS Program (SNAP), the technical department of the government responsible for HIV/AIDS national level policy, planning, and coordination, in addition to national and international organizations working in the field of HIV/AIDS. The HIV epidemic in the general population is still low, with prevalence being less than 1%. However, the prevalence is high among key populations, who remain stigmatized and, in some cases, criminalized.

The challenges in the fight against HIV/AIDS include: i) Achieving higher coverage of key populations with HIV preventive packages, given the cultural and legal context for female sex workers and men having sex with men in the country; ii) Fully integrating HIV testing into antenatal care in primary health care facilities; iii) Ensuring effective referral mechanisms for HIV cases detected from voluntary counselling and testing; and, iv) Preventing mother-to-child transmission of HIV; and retention in antiretroviral therapy.

Until 2022, Sudan has made good progress against malaria, TB, and HIV. The country has increased coverage of mosquito nets and achieved universal coverage in prioritized States. Between 2000 and 2013, the country reduced the number of malaria cases from more than four million to less than one million. Between 2000 and 2013, the number of deaths due to malaria declined by over two-thirds. However, Malaria prevalence started to increase after reduction in public spending directed to health during 2020 and 2021, which has been exacerbated by huge influx of refugees from South Sudan. However, Malaria remains a big concern in the country with 8.7% of all out-patient consultations and 11% of all inpatient admissions attributed to the disease. Malaria also remains one of the biggest causes of illness and death in children under 5. Furthermore, due to disruption happened in the health system after the war in April 2023, malaria and other communicable diseases started to hit Sudanese people severely.

The country has also gained a lot of ground against tuberculosis. However, The has there isled to increase in the number of deaths to increase in 2021 and 2022 after it has earlier declined by over 50% percent – from 53 to 25 per 100,000 people. Despite sensitive socio-cultural environment, the country has provided strong support to key populations.

10. Social Protection and Labor

Score du critère: 2.5

10.a. Social safety net programs

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

The Government of Sudan is increasingly taking into consideration social protection activities for the poor as defined in the 25-Year Strategy 2007-2031. Efforts are expected to go along with the global norms in providing the poor with some assistance as needed. Sudan has several social safety net programs including:

The ZAKAT Fund: The Zakat Fund currently administers and implements the largest programs targeting the poor in Sudan. A Presidential Decree institutionalized the Zakat Fund as a semi-autonomous agency under the Ministry of Welfare and Social Development (MWSD). Its guiding principles are based on Islamic law. Its financial envelope is largely independent of that of the government, and its resources are generated by taxes collected according to Islamic practices.

National Pension Fund: The National Pension Fund (NPF) had its beginnings in the early 20th century with the ratification of the Government Pension Law (1904) which secured a pension income for retired government officials. That law was followed by the Civil Service Pensions Law (1962), the Public Service Pensions Law (1975), and the Public Service Pensions Law 1992, all of which gradually expanded benefits and coverage. About 1% of the NPF funds are spent on scholarships for the dependents of the pensioners and on health care coverage and other support for pensioners in need. Some retired workers from other branches of the public sector are covered by their own pension schemes such as the police, the military, and the judiciary.

National Social Fund: The National Social Fund (NSF) was established in 1974 to ensure pension coverage of those workers in the formal sector who were not covered by the NPF. The original decree was later amended several times (in 1978, 1990, and 2004) to expand coverage to include, for example, old age, early retirement, disability (in other words, accident insurance), and death (in other words, survivors and dependence coverage). An amendment also stipulated the legal retirement age (early retirement from 50 years old and compulsory retirement at 65 years old). The NSF covers all employers who employ one or more workers.

The National Health Insurance Fund (NHIF): This funds the provision of free medical services to its members at health centers and hospitals and subsidizes the price of medicines at 25 percent of their value. The national social health fund existing by law since 1995 is presently governed by 1996, by National Health Insurance Law of 2003 and provides for compulsory social health insurance for public and private sector employees. The services of the NHIF are available in all the states. Its coverage rose from 12.7% of the population in 2005 to 30% in 2009, but this has considerably increased to 65% in 2020. This was a lot lower than the target set by the Twenty-Five Year Strategic Plan 2007-2031, which was to provide comprehensive health coverage to the whole population by 2031. Coverage is compulsory for public sector employees but not for private sector companies with fewer than 10 employees. Additionally, following the 2003 amendment, private sector companies with 10 or more employees can opt out of the NHIF by paying an exemption fee. One of the main challenges for the NHIF is how to extend its services to the informal sector.

National Council for Children's Welfare: The National Council for Children's Welfare (NCCW) develops and executes policy in line with the international conventions to which Sudan is a signatory that promote the welfare and protection of children. The NCCW was established by Presidential Decree in 1991 to set policies, plans, and programs according to national and international policy; to monitor the implementation of the international and regional child conventions ratified by Sudan; to coordinate government institutions, including the police and military, on issues of child welfare; to establish an information system for child welfare; to represent Sudan at international and regional conferences on issues related to children's welfare; to mobilize international and national financial assistance to support programs for children; and to advocate for increased awareness of children's issues. About 2.1 million people benefit from the general food distribution program constituting 5.4% of the relevant population group and 1% of GDP. In terms of health insurance, about 15.7 million benefit from it constituting 40.7% of the relevant population group and 0.3% of GDP.

A key challenge in Sudan is a lack of data, and even when the data do exist, there is no coordinated system for making them available. The lack of data to inform policy dialogue and program design, implementation, and monitoring and evaluation severely hampers the relevance and effectiveness of SP programming.

The following recommendations would improve social protection in Sudan:
 i) Reallocate the savings from the fuel subsidy reform to social safety nets to fund targeted and effective pro-poor interventions; ii) Explore links between social safety net programs, the health/nutrition and education sectors, and conflict-related interventions to ensure optimal use of resources and institutional capacity to provide families with core services; iii) Review the existing institutional architecture for implementing social protection interventions; iv) Develop a coherent National Social Protection Policy (NSPS) that includes social safety nets; v) Develop an effective system for monitoring the outcomes of social protection programs, strengthen controls and social accountability, and foster a culture of evaluation; and vi) Enhance existing information technology (IT) for managing, monitoring, and implementing social protection programs, including management information systems, payment systems, and program monitoring and oversight; and, vii) Create an efficient document filing system for important documents and reports to facilitate future assessments and analysis as scattered documentation has been one key factor that has impeded the development of the sector.

While the status of social protection and labor remained the same since 2021, the war started in April 2023 will weakened the capacity of social funds to function properly and thereby exposing pensioners and poor people to failure of providing the required social protection.

10.b. Protection of basic labour standards

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

The 1997 Labor Code continues to governs labor market regulation of the . While a minimum wage exists but is insufficient to support the average family. A typical work week in Sudan is comprised of 40 hours per week, generally spread over a five-day work week with at least two days of rest in between. Overtime is permitted up to four hours per day for a maximum of 12 hours per week except for cases of emergency response or as called for on a national level. Daily working hours are reduced by one hour with pay during the month of Ramadan for fasting workers and nursing mothers (of children two years and younger).

There are three types of employment contracts in Sudan. One is for a fixed term of employment outlining the amount of time and specific duties, pay, and so forth. Another is for employment of indefinite duration. And a third is for contracts entered for the performance of a specific task. All employment contracts exceeding three months must be put into writing by the employer. A fixed-term contract cannot exceed two years or be renewed more than once. Probationary periods, except for a training period, cannot exceed three months. The period of notice must be served in writing and its duration (up to one month) depends on the worker's status. In cases of dismissal with notice for disciplinary reasons, the employer must

provide the worker with written explanation as to the reasons for termination and the sum of all entitlements to be paid to the employee.

If an employee has been employed by the same employer for not less than three consecutive years, he or she is entitled to severance pay based upon the following calculations: i) One month of salary for each year worked for those employed 3 to 10 years; ii) One-and-a-half months of salary for each year worked for those employed 10 to 15 years; and, iii) A month and three-quarters of salary for each year worked for those employed 15 or more years, up to a maximum of 36 months of severance.

Employees may appeal their dismissal before a competent authority within a period of two weeks from the date of being notified of their termination. If the competent authority disapproves the termination, it can order the employer to reinstate the worker or to pay compensation equal to six months of wages. Legally mandated benefits and leave include annual leave, mourning leave, maternity leave, sick leave, pilgrimage leave and traveling leave.

Sudan labors under a somewhat cumbersome regulatory climate, as well as substantial political problems – notably the conflict in Darfur – that are constituting disincentives to investors. While Sudan ratified the Convention on the Rights of the Child (CRC) without reservation, the prevalence of key child rights issues remains a source of concern, including child labor; choice of education; rights to own property; and right to care and protection; and juvenile justice.

Weak and inefficient regulations and institutions settings for organizing the labor market and its rigidity and lack of dynamism limit employers' appetite to hire. These include unsustainable practices such as lifetime job security programs in the public sector, large regional imbalances between labor supply and demand, a serious mismatch between the specialization of young university graduates on one hand and the skills needed by the labor market on the other and a serious information deficit that limits awareness of emerging job opportunities across the labor force. Sudan has ratified 14 conventions on labor force, child labor and wage conventions, but they remain with varied degree of enforcement.

In Sudan About 4% of the labor force in Sudan are children of 6-9 years old. This number represents 47% of the total number of children. Between the age 10-14 the number of working children represents 10-12% of the total labor force and 53.9% of the total number of children. In rural areas child labor represents 13% of the labor force and in urban areas it represents 5%. Child labor in Sudan became a pervasive phenomenon and it is a striking common everyday sight in urban centers. This need to be put in top priorities of the Sudanese authorities.

The C182 - Worst Forms of Child Labor Convention was signed in March 2007 and it is in force. Child labor elimination programs were being implemented in the country, signing of the partnership protocol with ILO was followed by capacity building targeting government officials and non-governmental organizations. Government officials have been trained on mainstreaming child labor elimination in education sector plans, child labor reporting and laws, policies and reporting tools to support the fight against child labor. Globally, the Government is making progress in implementing the convention in national law and policy.

Overall, Policies of protecting basic labor standards have not changed since 2021. However, the war started in April 2023 could affected the government ability to protect basic labor rights including the payment of wages and salaries and other related benefits. In this regard, the government and the private sector have not been able to pay salaries of some employees for six months since the war started.

10.c. Labour market regulations

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

The Sudanese labor market is characterized by considerable regional mobility with little intervention in the workings of the private labor market. There is a competitive private sector labor market existing side by side with extensive government intervention and growing surplus of specific categories of workers. There is significant seasonal migration in the agricultural labor markets with widespread labor shortages. There is also significant international labor migration in the Sudan, whose main impact is seen in shortage of skilled manual labor within the country. Urban labor markets are characterized by enormous importance of public sector employment and by the fact that dualistic approaches are not currently applicable to interpret observed overall employment trends. Regarding wages, there is a widening wage differential between public and private sectors and to a secular compression of skill differentials within the public sector.

There is no recent labor force survey to update the data, but the latest information indicates that labor force is estimated at 7.1 million. Labor force participation is rated at 80% in agriculture, 7% in industry and approximately 13% in services. These labor force participation rates will change drastically if a new survey is conducted, as huge shift has happened from agriculture to service. According to estimates of the Central Bureau of Statistics (CBS), unemployment rates averaged 15% from 1993 to 2020. Against these data, the overall unemployment rate of 18% that increase to 26.7% among youth in 2020. There are three types of employment contracts in Sudan. One is for a fixed term of employment outlining the amount of time and specific duties, pay, and so forth. Another is for employment of indefinite duration. And a third is for contracts entered for the performance of a specific task. In spite of the war started in April 2023, the labor market regulations have not changed and has therefore, not retrogressed.

10.d. Community driven initiatives

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

Sudan is traditionally a communal society. This has been clear from the various activities that communities (particularly rural) are doing collectively. People normally work together in the farm using the local terminology “Nafeer” for collective work. Some of the community-driven initiatives being undertaken in collaboration with development partners include training and income generating activities by IFAD; the Community Development Fund (CDF) which complements the government’s reconstruction and development programs (Multi donor trust Fund); and **Community-Driven Recovery (CDR)** program focusing on rehabilitation and construction of classrooms; construction of water sources for both human and animal use; water for irrigation; and a community clinic and latrines. The biggest historic initiative by far is the Community Development Fund (CDF) which was financed by the government and Multi-donor Trust Fund administered by the World Bank. The main objective of the CDF was to meet urgent community-driven recovery and development needs in the most affected and underdeveloped areas of Sudan. The program was finalized before the revolution in 2019 but CDF had succeeded in training over 30 senior local government officials drawn from 13 localities and numerous communities who internalized the CDF culture.

In line with the UN Sustainability Development Goals, Sudan's great green wall initiative contributes to achieving food security, improved livelihoods and promote sustainable agriculture. The Sudan's GGW Initiative will harness national and local capacities for land management to support local communities in sustainable management and use of forests, croplands, rangelands and water in dryland areas, as well as to protect biodiversity. The Initiative will also strengthen the resiliency of local communities by contributing to climate change mitigation and adaptation, with significant improvements to food and nutrition security and livelihoods for Sudanese communities. Some of the achievements of community-driven initiatives include the following: i) The level of capacity building both at the community levels which has increased the demand for service delivery; ii) Successfully advocating the link between poverty reduction and service delivery; and iii) Establishing partnerships with lower levels of government that may be more pro-poor than central government.

However, it is worth noting that long-term sustainability of community-driven service delivery will require: a) reforming the allocation and budgeting system for decentralized service provision (better funding), and b) improving delivery systems and coverage (accessible better services). Another successful initiative is the Sudanese Development Initiative (SUDIA) which is committed to playing an active and leading role in advancing peace, development and social justice for the people of Sudan. SUDIA has frequently collaborated with international and national partners which has created a pool of information and expertise. This has led to innovative projects and activities across a range of sectors. These include livelihoods, community development, media, natural resource management, reproductive health and organizational development. As a facilitator, SUDIA builds capacity within existing organizations to replicate successful pilot projects. During the revolution until the regime changed in April 2019, social safety nets and community solidarity has been active and promoted by the youth to support each other at tough times. The war started in April 2023 reduced ability to implement community driven projects, but solidarity among people have improved as many people have internally displaced and relocated from the capital to their families at state level.

10.e. Pension and old age savings programs

Type de score	Valeur
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Score de brouillon	2.0
Score révisé	2.0
Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

The Sudanese Pension Fund was established in 1919 and was managed exclusively by the Sudanese Government. Up to 1994, the Fund operated on a pay as you go system but since then the National Pension Fund moves towards being a partially funded system as a first step eventually to become fully funded where the government contributions to the Fund were no longer needed.

Sudan has long maintained a good system of pension for both public and private sector employees. While the National Pension Fund (NPF) is responsible for public sector employees, Social Security Fund (SSF) is responsible for covering the private sector. For both Funds, the employees contribute 8% of gross monthly earnings and the employer covers 17% and the self-employed contribute 25% of his monthly income. Whilst NPF pays monthly installments for the pensioners, SSF pays a lump sum payment at the end of the services. These funds have been very successful, however; they seriously need to adjust to the economic crisis, particularly the depreciation in the local currency that has left them vulnerable to price surges in basic goods prices.

The Qualifying Conditions include the following: i) **Old-age pension:** Age 65 with at least 20 years of contributions. The normal retirement age is reduced for those in arduous work; ii) **Early pension:** Paid from age 50 with at least 20 years of contributions; iii) **Old-age settlement:** Paid at the normal retirement age to an insured person who is ineligible for the old-age pension; at any age to an insured person resigning from work or laid off; iv) **Disability pension:** Paid for a permanent total disability. There is no minimum qualifying period. The disability began while in insured employment or within 1 year after insured employment ceased and before reaching the normal retirement age; iv) **Survivor pension:** Paid for the death of an insured person or a partially disabled pensioner. There is no minimum qualifying period; v) Eligible survivors are a widow or a dependent widower and children younger than age 18 (age 26 if a student, no limit for an unmarried daughter or if disabled). In the absence of a surviving widow and children, the pension is paid to dependent brothers, sisters, and parents; and, vi) **Death grant:** Paid for the death of the insured or a pensioner. In the absence of a surviving widow (er), children, or parents, the benefit is paid to dependent brothers and sisters.

It is important to note that the fiscal crisis engendered by the secession of South Sudan and the US sanctions had put considerable pressure on the ability of the Government to meet its obligations under the Pension Fund. More importantly, real incomes of the pensioners have been considerably reduced by inflation and the recent currently devaluation, especially in 2021 making it difficult for pensioners to live comfortably. The pensioners' situation has even been worsened by the war started in 2023, which disabled the government to pay their monthly pensions as well as the deteriorated purchasing power of the local currency.

11. Environmental Policies and Regulations

11. Environmental Policies and Regulations

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

The last 20-30 years have seen significant environmental degradation in Sudan, with 75% of its causes directly attributed to the country's policies and cultural practices. The subsequent soil erosion, deforestation, destruction of watersheds and accelerated decertification led to the loss of about 12% of forest cover during 1990–2005 especially in central and northern areas. This has aggravated the frequency and severity of droughts and floods, with erratic rainfall patterns threatening to deepen poverty in poor rural communities, especially pastoralists, agro-pastoral and poor farmers. This situation has not only aggravated the impact of the economic, social and political drivers but has also increased the incidence, severity and persistence of conflicts. At the national level, Sudan has ratified the Global Environmental Conventions in line with the global environmental objectives agreed upon at the UN Conference on Environment and Development, Rio de Janeiro, in 1992, and related international instruments. In doing so, the country became a party to the United Nations Convention on Biodiversity (UNCBD) in 1995; a party to the United Nations Framework Convention on Climate Change (UNFCCC) in 1993; and in November 1995, was the 16th Party to ratify the United Nations Convention on Combating Desertification (UNCCD).

Sudan is among the most vulnerable countries in the world to climate variability and change. Increased frequency of droughts and high rainfall variability over the past few decades have already put stress on the region's rainfed agriculture and pastoralist systems, the dominant livelihoods in rural areas. In addition to unstable crop production and shrinking productive land and water resources, ongoing conflicts leading to millions of displaced people and population growth add pressure to an already strained natural resource base. The land-use change and forestry sector is the top emitter, followed by the agriculture, energy, industrial processes, and waste sectors.

Sudan has demonstrated strong political commitment to green growth and has made considerable progress in outlining its green growth and climate action priorities. Sudan's updated 2021 NDC affirms the country's commitment to implementing climate change mitigation and adaptation actions as a national priority. Sudan submitted its Intended NDC (INDC) to the United Nations Framework Convention on Climate Change (UNFCCC) in October 2015 and later ratified it in 2017, making it an NDC. Sudan is also receiving support to enhance human and institutional capacities in promoting transparency of its Monitoring, Reporting and Verification (MRV) systems, in line with the provisions of the Paris Agreement. To address the issue of flooding in Sudan, which has been increasing in frequency and intensity, the National Council of Civil Defence is collaborating with the United Nations Office for Disaster Risk Reduction (UNDRR) to draft a plan for the National Platform on Disaster Risk Reduction, to allow effective

coordination among key actors in the sector. As the African Development Bank launches the ADF-16 Climate Action Window (CAW), the Government of Sudan has the opportunity to apply for resources to continue building its institutional capacity on climate action as well as to develop bankable proposals for access to climate finance, under the technical assistance pillar. The country could also apply for resources under CAW's other pillars on adaptation and mitigation respectively, to implement priorities outlined in its Nationally Determined Contributions (NDC). The NDC estimated financing requirements to meet its adaptation and mitigation targets for 2020-2030 at \$25.5bn (\$15.5bn for mitigation and \$10bn for adaptation). It has also submitted its Initial and Second National Communication to the UNFCCC.

The country's NDC affirms its commitment to implementing mitigation and adaptation actions as a national priority. In the new National Development Plan, Sudan Vision 2040, which is under preparation and in line with its NDC, Sudan seeks to align its mitigation plans with national development priorities and aims to pursue low carbon development interventions in the energy, forestry, and waste sectors. Despite relative efforts, Sudan's government does not have a natural climate strategy nor strategy for monitoring natural capital, such as biodiversity and ecosystems. It does not have policies to reach net-zero carbon emissions, nor are there any regulatory incentives in place to encourage resource efficiency, pollution abatement, or climate resilience. As a matter of fact, Sudan's mean green growth index (GGI) has been stable over the past 10 years, increasing from 32.4 in 2010 to 35.1 in 2021.

Sudan is one of the least performing countries on green growth in East Africa between 2010 and 2021, with a mean index of 34.1. Sudan's GGI is mainly driven by high performance on waste and material use efficiency, greenhouse gas emissions reduction, social equity, environmental quality, and green investment. Sudan, however, underperforms in relation to green trade and efficient and sustainable water use. This is further complicated by Sudan's mining industry, which involves dealing with some of the world's most toxic extraction materials, such as cyanide and mercury. The Higher Council for Environment and Natural Resources (HCENR) was created in 1991 with the following objectives: i) Setting policies related to natural resources; ii) Protecting the environment in cooperation with other centralized and decentralized authorities; iii) Long term planning for the best utilization of natural resources; iv) Reviewing laws governing the use and protection of natural resources; v) Encouraging research in all areas connected with environment and natural resources; and vi) Planning a permanent development strategy, compatible with Agenda 21. HCENR formed part of the technical arm of the Ministry of Environment, Natural Resources and Physical Development which was established in 1995 and abolished in 2018. In April 2020, the Government of Sudan amended the Environmental Act 2001 and invested responsibility on environmental affairs to HCENR. All ministries with responsibility on natural resource management, land planning and socio-economic development are members of the board of HCENR. Sudan signed the Convention on Biological Diversity and has established a Bank of Hereditary Sources for the collection of information and records on biodiversity preservation. Sudan has developed and will seek funding for biological diversity projects relating to the Red Sea (a regional effort) and preserving the hereditary sources of domestic animals. Chief among the projects developed by Sudan is the Meteorological Observation project, for which Sudan is actively seeking funding. Sudan has also ratified the Vienna Convention and the subsequent Montreal Protocol on ozone depleting substances and has banned CFCs in coolants and aerosols and has initiated programs to manage and phase out all ozone depleting substances. Furthermore, Sudan has ratified the Stockholm Convention, Basel Convention, Rotterdam Convention and the Bamako Convention, which is a regional (African) application of the Basel Convention. All the above-mentioned conventions/commitments put Sudan firmly on the international community to protect the environment. The implementation of the conventions is reflected by the established and well-functioning environmental administrations. In demonstration of its commitment to address climate change impacts, Sudan has submitted its First and Second National Communication to the UNFCCC, which are reports that enable review and assessment of the progress of implementation of the Convention and monitoring progress. The Third National Communication is currently being finalized and during this process, a current and projected climate vulnerability assessment has been conducted for the agricultural sector (crop and livestock). In 2005, the country signed and ratified the Kyoto Protocol. A National

Adaptation Plan (NAP) was then created in 2016 which provides a detailed climate risk and vulnerability assessment of all states in Sudan, together with recommendations on effective adaptation measures to address these risks. In 2017, the country submitted its Intended Nationally Determined Contributions (INDC) which elaborate Sudan's commitments to address climate change through various sectoral mitigation and adaptation actions and strategies over a five-year period. Sudan's updated National Determined Contributions (NDC, 2021) estimated financing requirements to meet its adaptation and mitigation targets for 2020-2030 at \$25.5bn (\$15.5bn for mitigation and \$10bn for adaptation). About \$3.83bn could be mobilized from domestic sources and the rest from international sources. If Sudan receives similar amounts of climate finance as during 2016-2020 (\$3.33bn p.a.), the financing gap will average \$2.6bn p.a. over 2020-2030. The updated NDC will focus on the sectors of agriculture, water, health and the coastal zones, which are identified as being at high risk of current and projected climate change impacts. Though Sudan has sound environmental governance, the implementation of policies and programs is often hampered by capacity and budgetary constraints, armed conflicts, weak enforcement of laws and policies and lack of understanding of environmental issues. Most of the programs which are funded by donors, including in particular the United Nations Environment Development Program and the United Nations Development Program face some of these challenges.

To promote low carbon development, Sudan has prioritized the energy, forestry and waste sectors as those to implement interventions that will lead to greenhouse gas (GHG) emission reduction. There is need to support Sudan in increasing awareness on climate change impacts, the incorporation of appropriate mitigation measures and raising climate finance for implementation of these interventions. Currently, Sudan is receiving support from the Green Climate Fund (GCF) to conduct the NAP Readiness Project (2021-2022) which seeks to enhance the level of precision of climate change data and information, capacity building and strengthening of national institutions to enable effective implementation of interventions. The focus will be on the agriculture and water sector. The support provided by GCF has been tremendously affected by the war started in April 2023.

Sudan is also receiving support to enhance human and institutional capacities in promoting transparency of its Monitoring, Reporting and Verification (MRV) systems, in line with the provisions of the Paris Agreement. To address the issue of flooding in Sudan, which has been increasing in frequency and intensity, the National Council of Civil Defence is collaborating with the United Nations Office for Disaster Risk Reduction (UNDRR) to draft a plan for the National Platform on Disaster Risk Reduction, to allow effective coordination among key actors in the sector. As the African Development Bank launches the ADF-16 Climate Action Window (CAW), the Government of Sudan has the opportunity to apply for resources to continue building its institutional capacity on climate action as well as to develop bankable proposals for access to climate finance, under the technical assistance pillar. The country could also apply for resources under CAW's other pillars on adaptation and mitigation respectively, to implement priorities outlined in its Nationally Determined Contributions (NDC).

(D) Public Sector Management and Institutions

Score du cluster: 2.283

12. Property Rights and Rule-based Governance

Score du critère: 2.125

12.a. Legal basis for secure property and contract rights

Type de score	Valeur
Score de brouillon	2.0
Score révisé	2.0
Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

Until early 2023, Sudan has fair legal system to securer property and contract rights. However, this has completely reversed after the war took place in April 2023, when legal basis has disappeared completely, especially around the capital Khartoum and some parts in Darfur and Kordofan states. Inherited from the colonial time, Sudan has a common law, but there are Islamic influences, and customary law and traditional dispute resolution mechanisms partially operate in many parts of Sudan. The WGI rate the “rule of law” in Sudan at 10.85 form to 2018 up to 2021, slightly improved compared to the previous year (8.17), and at very low levels relative to regional averages for Sub-Saharan Africa. However, this is expected to change in the coming years as the transitional Government endorsed general framework for the program during the transitional period until 2023. It outlines ten commitment to full democracy transformation, including commitment to carry out legal reform, rebuild and develop the rights and justice system and ensure the independence of the judiciary and the rule of law.

Sudan ranked 95 out of 190 for ease of registering property in the World Bank’s index, which has not changed for three years. Sudan has six procedures required to legally transfer title on immovable property taking a total of 11 days and at a cost of 2.6 percent of property value. The World Bank gave Sudan a rating of 5.5 out of 30 for quality of land administration. The legislative framework on intellectual property rights (IPR) is adequate, but enforcement remains uneven, especially during the time of severe political instability. The World Bank rated the quality of judicial processes (expressed as an index) in Sudan (4.0) is lower than the regional average of 6.9. The time to resolve a dispute through the judiciary system is also significantly higher than the regional average. However, in terms of cost of enforcing contracts, it is significantly lower in Sudan than the regional average.

Land use and access rights in Sudan derive from both customary institutions and formal statutory law. Formal law, including Islamic law, governs land access and tenure security. In areas with available land, those in need of land may clear and use unoccupied land. Regarding land rights, the government’s appropriation of land and systemic abuse of local land rights were significant factors fueling intercommunal conflict. Rights of access – to agricultural land for cultivation of crops and livestock production, water for irrigation, and to forest products and petroleum reserves for export revenues – continue to be contested at national, regional and local levels. In the absence of a functioning and socially legitimate system to identify and enforce formal and customary land rights, tenure security has increased in the face of commercial pressures to develop agribusiness and explore for and extract oil.

The contract enforcement in Sudan takes 810 days in 2021. However, the cost of enforcement sustained around 19.8% of the claim (remained the same since 2018), which is slightly lower than the OECD average (21.5%) and considerably less than the SSA average of 41.6 0%. However, contract enforcement has completely be worsened following the war of April 2023.

12.b. Predictability, transparency, and impartiality of laws affecting economic activity

Type de score	Valeur
Score de brouillon	2.0
Score révisé	2.0
Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

Until before the war started in April 2023, laws in Sudan are non-discriminatory, transparent and impartial as far as economic activity is concerned. There is no discrimination against foreign investors. However, economic policies can be unpredictable. During 2020-2021, for example, the Government continued to ban the importation of 18 commodities aimed at saving foreign exchange considering that they could be produced domestically. Such restriction will reduce economic activities, which will added to the already adverse situation created by COVID-19. Although the ban has been lifted in 2022, trade barriers is now forced by the war.

Sudan also lacks an effective Intellectual property right regime, although some progress is being made, following support provided by the World Intellectual Property Organization (WIPO). Sudan has been a signatory to the WIPO Convention since February 1974, the Paris Convention (Industrial Property) since April 1984; and the Berne Convention (Literary and Artistic Works) since December 2000. Better protection of intellectual property rights would permit increased food production and food security through biotechnology applications. Access to justice is improving as well and will improve with the new Transitional Government that took power in August 2019, but more efforts is required to improve business regulatory environment, which become difficult following the war of April 2023.

While Sudan was gradually making strides in fortifying its intellectual property right regime with assistance from the World Intellectual Property Organisation (WIPO), and has been part of crucial conventions since as early as 1974, the absence of a robust regime could potentially hamper advancements in sectors like biotechnology, thus affecting food production and security. The transitional government, established in August 2019, heralded hopes for improved access to justice and a healthier business regulatory environment, but the war in 2023 significantly curtailed these potential improvements. Furthermore, while some regulatory bodies engage stakeholders during regulation proposals, they are not legally bound to ensure transparency in these processes, nor is there an established, centralised online location for key regulatory actions, hampering the accessibility of critical information. Some ministries and regulatory agencies distribute the text or summary of proposed regulations before their enactment to

interested stakeholders but are under no legal obligation to do so. There is no set period by law for the text of the proposed regulations to be publicly available. Some agencies make received comments publicly accessible. There is no specialized government body or department tasked with soliciting and receiving these comments. The situation of institutions has been weakened tremendously amid the deteriorating political landscape in the country since 2021.

Some ministries and agencies report on the results of the consultation on proposed regulations in the form of one consolidated response in an official gazette, journal, or other publication or directly distributed to interested stakeholders. This reporting on the results of the consultation is not required by law. There is no centralized online location where key regulatory actions are published. The law provides criminal penalties for corruption by officials; nevertheless, government corruption at all levels was widespread. The previous regime made a few efforts to enforce legislation aimed at preventing and prosecuting corruption. World Bank's most recent Worldwide Governance Indicators unveiled that, corruption was a severe problem. The law provides the legislative framework for addressing official corruption, but implementation under the previous regime was weak, and many punishments were lenient. Officials found guilty of corrupt acts could often avoid jail time if they returned ill-gotten funds. Under the previous regime, journalists who reported on government corruption were sometimes intimidated, detained, and interrogated by security services. There have been some improvements for journalist to report corruption, but the recent conflict has again worsened the situation and increase the risk of detaining journalist attempting to unveil corruption.

12.c. Difficulty in obtaining business licenses

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

While Sudan has established a somewhat clear process for company registration and has enacted legislation that aligns with good practices, the actual implementation of these frameworks is hampered by a lack of secondary legislation, institutional capacity, and coordination among governmental levels. The Sudanese companies are registered at the Commercial Registrations Department of the Ministry of Justice. Sudan stayed in the middle to regarding the ease of registering property. The company registration procedure is as follows: i) file a draft copy of the company documents with the Companies Registrar for approval, together with the application to reserve a company name; ii) notarize the company documents; iii) apply for preliminary approval from the Taxation Chamber; iv) register the company with the Commercial Registry by filing the required documents; and v) the Commercial Registry inspects the company premises to ensure its existence and that the required sign appears on the outside thereof.

After incorporation, the company must apply for a tax identification number and register for VAT. The company must also register with the labour authorities and register its employees with the Social Insurance Fund. Lastly, the company makes a company seal. Recently, Sudan made starting a business easier by removing the requirement to have site inspections, which saves time and costs. Furthermore, with the tremendous improvement due to declaration of Sudan off the US Sponsor of Terrorism List (SSTL), will reduce difficulty to obtain businesses. Needless to say that investors sentiments has been reduced tremendously following the deterioration of infrastructure resulted by the conflict.

According to UNCTAD, Sudan has put in place a relatively open investment legislative framework and many laws are in line with good practices. However, their implementation is often impeded by the absence of secondary legislation, insufficient institutional capacity, and lack of coordination between different levels of government. Registering business has also been worsening due to the overall inefficiency in the Sudan following the military coup in 2021. A company typically must register with the Commercial Registrar, taxation chambers, labor authorities, Social Insurance Fund, and the Sudan Currency Printing Press Company. In total, business registration typically takes an estimated 34.5 days.

The report noted that the number of procedures and the amount of time it takes to register a business are higher than the sub-Saharan Africa average. Sudan presents one of the most challenging business environments in the world for potential investors. Sudan is ranked 173 of 180 countries on Transparency International's 2020 Corruptions Perception Index, which is among the bottom on the list. The situation was expected to improve, as the gTransitional Government was working to open up businesses and trade, but the military and the turbulent political situation reversed the improvements anticipated.

12.d. Crime and violence as an impediment to economic activity

Type de score	Valeur
Score de brouillon	1.5
Score révisé	1.5
Score de deuxième brouillon	1.5
Score final	1.5

Notes du pays:

The Mo Ibrahim Index unveiled that perception of personal safety has improved and the overall indicator is classified as bouncing back after a period of decline. Domestic armed conflict has remained steady since 2013, but the collapse of Bashir Government has opened up a wide room for peace building. Initially, almost all armed group have signed an agreement in Juba in August 2020 and joined the transitional government. Consequently, the security situation in Sudan has improved, including the two areas (South Kordofan and Blue Nile). However, due to harsh economic conditions, banditry activities have increased leading fatal cases in the big cities and in the peripheries. The fluid security situation accompanied by limited outreach of security personnel to prevent and detect crimes has worsened the situation in Sudan during 2021. Although the criminal activities used to be non-violent and non-confrontational, there has been an increase in petty crimes in 2022 and aggravated in a result of difficult economic conditions. In

addition, homelessness and begging have increased, the latter can be quite aggressive. Furthermore, the war took place in April 2023 has increased looting tremendously, especially in Khartoum where complete absence of police has increased criminal activities where most of the people in Khartoum have lost their properties (car, cash, gold, homes furniture etc.).

Most crimes reported are property crimes (motor vehicle theft, burglary, larceny-theft, arson). Pickpocketing, bag snatching, smash-and-grabs, and car break-ins have also been reported. Double-edged knives and machetes continue to be the weapons of choice in violent assaults. In the eastern region, organized crime networks are engaged in smuggling and trafficking activities through the porous borders with Eritrea and Ethiopia. The government is attempting to address this problem with an intensive focus on anti-trafficking efforts, declarations of states of emergency, and occasional border closures; however, authorities often do not have the resources to confront these groups.

Poor information infrastructure leads to a wide range of risks in cyberspace. Cyber actors, with varying levels of sophistication, are developing capabilities to commit crimes and to support terrorism activities. Terrorist groups are known to use platforms in cyberspace, mainly through social networks, to promote their agendas in Sudan and to support their recruitment efforts.

The U.S. Department of State has assessed Khartoum as being a HIGH-threat location for terrorism directed at or affecting official U.S. government interests. Elements of ISIS, al-Qa'ida, and many other terrorist organizations recruit in Sudan. Although this assessment has not been real after the latest development of ISIS emergence in Sudan. In September 2021, Islamist groups emerged in Sudan and have deadly attacks on Sudanese security forces killing about 6 people. This represents a very serious development that will have serious downside risk on Sudan's security. The conflict erupted in April 2023 and the absence of government represent a fertile land for terrorist groups to grow including ISIS.

The transitional government has taken steps to limit the activities of these terrorist organizations and has worked to disrupt foreign fighters' use of the country as a logistics base and transit point. Sudan enacted legislation to combat organized crimes (e.g. human trafficking) and is no longer on the U.S. Financial Action Task Force watch list related to terrorism financing. In recent years, Sudan experienced periodic and localized demonstrations. The government of Sudan monitors the internet, including e-mail correspondence, through the National Telecommunications Corporation (NTC) and the National Intelligence and Security Services (NISS) Cyber-Crimes Unit. Websites and proxy servers judged to have violated norms of public morality are blocked in some cases. However, the war has reduced the government influence over the telecommunication infrastructure. e of police during conflict times, and an aggravation of cyber threats and terrorism activities. While there have been certain strides toward peace-building and attempts to curb terrorist activities, the persistent and varied nature of the crimes, particularly in the backdrop of socio-political and economic crises, and the war in April 2023, implies that the state is significantly hindered in protecting the lives and properties of its citizens across most of its territory.

13. Quality of Budgetary and Financial Management

Score du critère: 2.375

13.a. Comprehensive and credible budget

Type de score	Valeur
Score de brouillon	2.0
Score révisé	2.0
Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

The budget implementation rate in 2022 has been in the range of 85%, better than the rate of 70% for 2021 when the Government increased public wages considerably (6 folds increase), which had stretched the budget to cover recurrent cost. The budget classification has not been modernized, as it remained focused on traditional classification. The Open Budget Survey for 2021 results rank Sudan at 116 of 120 countries with a transparency score of 1/100 points. The World Bank has assisted the Government to prepare macroeconomic framework as part of the Poverty Reduction Strategy Paper 2021-2023, which was expected to improve budget planning and credibility. This was considered a remarkable step before the support discontinued due to the war occurred in April 2023, leaving the budget process to be weak and inefficient.

Regarding the budget as an essential ingredient of the PFM process, its credibility is poor in all states and continues to be hampered by limited costing and prioritization of sector and thematic policies during the budget preparation process and execution. Policies and priorities that focus on poverty reduction are not broadly reflected in the budget, extra-budgetary expenditure exists and there is little analysis of contingent liabilities. Budget classification system does provide a relatively adequate picture of general government activities, but budget monitoring and control systems are inadequate. There are significant delays (lacks by more than a year) in the preparation of the public accounts. The accounts are not submitted to the legislature in a timely way, and little action is taken on budget reports and audit findings. The assignment of revenues and expenditures between different levels of government is not always clear and there is some mismatch between revenues and expenditures. The weakness of timely preparation of public accounts of 2022 has been aggravated by the war that has led to the malfunctioning of the government institutions and will lead to further delay in 2023 accounts preparation.

Sudan's budgetary process continues to confront with challenges, including the following:

- i) The time allocated for external consultations with line ministries and states is relatively short and perhaps does not permit effective feedback and revision to original budget prepared by the MOFNE. Only three weeks are dedicated to discussing the budget draft with Civil Society; with limited representative participation.
- ii) The National Assembly reviews, amends and adopts the National Budget; rarely taking into account feedback from CSOs and empirical evidence.

iii) Expenditure data currently only captures Ministry of Finance and Economic Planning releases to spending units, rather than actual use by spending units; and there is limited attention budget execution and less to the outcomes of expenditure.

iv) It is very difficult to assess budget performance in Sudan once the budget year is over. A year-end report is produced, but it is not made available to the public, thereby preventing comparisons between what was budgeted and what was actually spent and collected.

Although the effort of the transitional government was expected to improve budget credibility, this progress has been derailed following the conflict eruption in April 2023, which represent a serious setback in budget performance going during the year 2023forward.

13.b. Effective financial management systems

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

Sudan's financial Management is characterized by weak and ineffective internal control systems, deficiencies in the accounting systems, absence of transparency in the functioning of government, the ineffectiveness of procurement and audit, shortage of qualified accounting and auditing staff, absence of a robust legal framework and sub-optimal governmental financial control systems. Little attention has been given, at least until recently, to sound accounting and auditing practices, and comprehensive training programs for auditing and accounting staff in public sector organizations. This situation provides inadequate safeguards against fraud, and malpractices in public sector institutions and has proven to be the greatest challenge to the development of PFM systems in the country.

Budget execution improved to 85% in 2022 compared to 70% in 2021, but it is difficult to assess the situation of Sudan during the conflict time since April 2023. During 2019-2020, the Government of Sudan has made attempts to address the deficiencies in PFM through the AfDB's intervention in the context of the Technical Capacity Building for Public Finance and Macroeconomic Management Project. This project seeks to build capacity and accountability in PFM, and produce timely, accurate and reliable data and reports on debt. However, the Bank intervention in PFM has been cancelled given the government poor preparedness to receive such support. Other development partners, including the IMF, World Bank and the European Union are also intervening in PFM during 2021-2022. Public financial management can be strengthened by sustaining progress in the implementation of the treasury single account (TSA), which the IMF was working to support the Government to implement before the recent security situation worsens.

This include the following: (i) strengthening budget formulation and planning, with emphasis on revenue projections and the recently established macro-fiscal unit; (ii) improving the preparation of the medium-term fiscal framework and incorporating it into budget planning; (iii) expanding the coverage of the TSA; and (iv) deploying an integrated financial management system. The Transitional Government has been committed to undertake considerable improvement in PFM during 2021 and 2022 as part of HIPC completion point triggers, which is expected to enhance PFM platform. This has, however, been suspended during 2023 following the recent conflict started in Sudan, exposing PFM to further setbacks.

13.c. Timely and accurate fiscal reporting

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

Prior to the war in April 2023, the accounting system suffers several drawbacks including incomplete and inadequate recording of some important aspects in expenditure execution process (e.g spending commitments); lack of consistent integration of accounting and fiscal information; and irregular, untimely, and incomplete subnational reporting to central government. These setbacks produce a reporting and accounting framework that is inadequate for effective budget control and monitoring and for sound macroeconomic management.

There are considerable delays in the preparation of the public accounts. When the accounts are prepared it is not submitted to the legislature timely, and little action is taken on budget reports and weak actions to implement audit recommendations. This is complicated by unclear assignment of revenues and expenditures between different levels of government (national, state and local governments) and there has been some mismatch between revenues and expenditures.

The above problems are due in part to constraints facing Sudan's Supreme Audit Institution is hampered by a number of factors, including: lack of full legal discretion to determine what it will audit; insufficient resources to meaningfully exercise its mandate; delays in submitting audit reports on the final expenditures of national departments; and unclear channels of communication with the public. To address part of these challenges, the Government of Sudan has been making efforts to reverse the situation and has requested for support from the African Development Bank to undertake capacity building for Audit Chamber employees to improve reporting. The support for audit chamber was considered positively by the Bank but following the declaration of Sudan as a de facto government, the support was suspended

pending improvements in security situation and removal of de facto situation for the Bank to resume assistance.

13.d. Clear and balanced assignment of expenditures and revenues to each level of government

Type de score	Valeur
Score de brouillon	2.0
Score révisé	2.0
Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

The allocation of resources between different levels of government is not always clear, necessitating critical reforms. Beside the transfers that are channeled from federal to the state levels, the Interim National Constitution (INC) had given rights to the states and localities to accrue revenues in items that fall out of the federal government jurisdictions. Although the INC has been refuted after Sudanese revolution in December 2018 followed by took over of the Transitional Government, the states are to have an alternative constitution to use but no constitution was endorsed after INC to be used for revenue allocation. Transfers are managed through the Ministry of Finance and Economic Planning and National State Support Fund, which its role has been marginalized following the takeover of the transitional government. Since 2005, the distribution of resources between the states is conducted by a national commission called Fiscal and Financial Monitoring and Allocation Commission (FFAMC). Although it is originally not recognized by the transitional government, FFAMC continues to use nine criteria to distribute resources vertically (between central and states) and horizontally (among the states). The main criterion used to allocate resources are poverty situation, size of population, and the state's ability to mobilize its own revenues. Although the states are given much space to mobilize resources, their ability to raise revenues remains very weak, as most of the states get more than 70% of their resources transferred from the center.

The main objective of the fiscal transfer system is to allocate and transfer adequate resources to conflict areas in order to realize genuine development in these regions and mobilize human resources in a way that will consolidate peace building, reduce poverty and increase the standard of living among the rural communities. The system proved to be quite effective in availing substantial resources to serve these objectives and the system empowered the state governments to exercise some degrees of fiscal freedom in the sense that the state governments will have more power to plan and allocate various and diverse fiscal resources among different expenditure items. In spite of the fact that FFAMC is no longer exist in the context of the new regime, the distribution of resources between the center and the states continues follow the same practice. The current transfer system provides the necessary but not sufficient elements of effective fiscal arrangements that could serve as an effective arm in putting an end to regional inequality. More reforms are required to strengthen the system especially in the areas of fiscal and financial management, expenditure control and cash management.

Due to using old concepts, revenue sharing between state and localities does not draw very much on regulatory and legal framework, it rather follows negotiated sharing arrangements which sometimes appear disadvantageous to lower level of government (localities). Given localities expenditure responsibilities, these arrangements force a critical spending constraint on localities and result in spending arrears and rationing in addition to basic service delivery compromise. The start of the war in April 2023 has further complicated the roles of resources distribution between different levels of government. This will aggravate the already miserable situation of the lower levels of government and further reduces their resource share and ability to implement credible budget.

14. Efficiency of Revenue Mobilization

Score du critère: 2.25

14.a. Tax policy

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

Until April 2023, Sudan's tax system is characterized by a multiplicity and overlapping of taxes due to conflict between federal, state and local government regulations. Sudan has one of the lowest tax revenues among LLMICs, collecting only ^ percent of GDP on average per annum. However, tax revenues have reduced to only 4.5% of GDP during the COVID-19 pandemic period, particularly in 2020 and part of 2021. This is explained by low personal and corporate income tax rates, high exemptions and tax holidays, and low compliance due to various tax regime weaknesses. However, tax collection has improved in 2022 and the first quarter of 2023 going back to the previous level of 6% of the GDP. Relative improvement in taxes reduced the current account deficit to an estimated 3.4% of GDP in 2022 from 6.0% in the previous year. This has been supported by increased exports with an average of 12% during 2022 and part of 2023 following improved demand among key trading partners in the Gulf.

Before April 2023, the medium-sized company operating in Sudan must, on average, make 42 payments to the tax authorities every year and spend 180 hours preparing, filing and paying taxes at a total tax rate of 36.1% of profits. There is significant scope to raise tax revenues in Sudan. Out of 36 African Low Middle-Income Countries, Sudan ranked 34 thin terms of tax effort, with a tax revenue gap of 6.1% of GDP. According to the IMF, Sudan should be able to double its tax ratio to GDP, especially by raising tax collections on income and goods and services by 2.3% and 2.8% of GDP, respectively. Beside inefficiency of tax system in Sudan, tax collection is also characterized by heavy corporate tax and VAT revenue loss arising from many tax exemptions and tax holidays. Further, the tax policy has failed to harmonize taxes

between the federal and state governments – leading to overlapping and many taxes – these, in turn, have the potential to encourage facilitate corruption. This has further been complicated by the war started in April 2023.

Sudan customs' annual financial report revealed that revenue loss of imports tax exempted from customs duty during 2021-2022 amounted to an average of 40% of import duty collected while revenue loss of imported value added tax (VAT) is recorded an average of 35% of imported VAT collected during the same period. Exemptions from investment law and financial sector also remained high with about 32% and 22% loss in revenue respectively in 2022.

The authorities have also stopped the renewal of VAT exemptions originally granted under the Investment Encouragement Act (IEA). Under the IEA, strategic investments enjoy a tax holiday for up to 10 years with respect to corporate income tax and some custom duties. Tax reforms targeted to rationalizing exemptions, ceasing to grant new tax holidays and phasing out existing ones, which cannot be justified on economic returns grounds, reforming gold taxation, increasing personal and business income tax rates and their progressivity, and continuing to strengthen customs and tax administration and tax appeal process. Rationalizing tax exemptions, phasing out tax holidays, changing tax rates and broadening the tax base to combat tax evasion and corruption and boost fiscal revenues. The reforms also aimed to reduce heavy corporate tax and VAT revenue losses arising from widespread tax exemptions and tax holidays can be substantially reduced by rationalizing exemptions and phasing out tax holidays (Sudan Selected Issues, IMF 2020). However, these reforms have not gained traction since the military coup in October 2021 and the war commenced in April 2023 has complicated the matter and reduced capacity to carry on with such reforms.

14.b. Tax administration

Type de score	Valeur
Score de brouillon	2.0
Score révisé	2.0
Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

Although information since April 2023 is scarce, the Sudan Chamber of Taxation historically faces immense challenges related to administrative capacity, tax compliance policies and skilled human resources with tax knowledge. Tax filing and payments times required per year is 42 time compared to the SSA countries and OECD (36.3 and 10.3 number/year respectively). Filing and payment takes 180 hours a year to be settled compared to SSA which takes 280.6 hours and relatively higher compared to 158.8 hours in OECD high income countries.

According to IMF report 202, firms on average make 42 payments and spend more than 23 days (180 hours) a year to comply with tax regulations. Reducing the number of steps needed to comply with tax regulations and investing in new technology (e.g., introducing electronic filing and payment systems) to make compliance easier would reduce opportunities for corruption (i.e. improve tax audit, introduce automated collection system and reduce paper work), improve the business climate, and help reduce informality. These steps could be accompanied by taxpayer education, personnel training and improvements in internal control and oversight of tax collection. There is an appeal committee, but the Sudan Tax Chamber need to put more efforts to make it more effective to respond quickly to appeals raised, especially during the time of the war, which makes it more cumbersome to implement.

Regularly, the Auditor General's report estimated tax leakages and illegal earmarks at around 10% and 0.3% of total tax revenue, respectively. To tighten corruption The Auditor General Act was amended in 2017 to allow the auditing of entities with at least 1% government ownership, including the establishment of a special prosecutor unit for suing cases of abuses of public funds. The ongoing reform, especially, the exchange rate unification should minimize rent-seeking activities and institute a level playing field that would improve the business climate. In addition, the full certification of land tenure including community-owned land would boost security and access to basic economic and social services, especially in some areas of Darfur, South Kordofan, and Blue Nile states, the site of the ongoing civil war.

There is a need to improve the Sudan tax system operational efficiency. Improving tax performance in Sudan will entail embarking on a combination of tax policy (i.e. removing huge tax exemptions, changing tax rates and broadening the tax base) and administrative reforms (i.e. modernizing tax administration, improving tax compliance and combating tax evasion and corruption) to overcome weak administrative capacity, generous tax exemptions, poor tax compliance and limited skilled human resources.

Strengthen the Large Taxpayer Office (LTO) by: (i) ensuring digital encoding into the Tax Administration Core System (TACS) database of all paper-based tax returns filed by large taxpayers (from tax year 2017 onwards); (ii) revising large taxpayer criteria to include indicators sourced directly from tax returns data captured in the TACS database; (iii) compiling an analysis based on the new large taxpayer criteria and revising the large taxpayer registry to ensure that a minimum of 60 percent of total domestic tax revenues are managed through taxpayers assigned to the LTO; and iv) introducing on-demand reports for staff to monitor the near real-time status of large taxpayer filing and payment activities. While these procedures have been possible before the war, its implementation after April 2023 became difficult due to lack of functioned government institutions.

15. Quality of Public Administration

Score du critère: 2.167

15.a. Policy coordination and responsiveness

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5

Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

Until the war started in April 2023, Sudan's authorities has taken difficult steps to enhance the efficiency and effectiveness of public management. The authorities have made significant progress on their reform program under the IMF Staff-Monitored Program, with a strong policy commitment to strengthen public finances, channel assistance to the most vulnerable; reduce distortions and move to a market-determined exchange rate system; and improve governance. The authorities have also completed a Poverty Reduction Strategy Paper (PRSP) 2021-20234, which was designed with extensive consultations with domestic and international stakeholders, which has been spearheaded by the AfDB. The PRSP provides a comprehensive set of sectoral plans and reform policy measures for reducing poverty and making progress toward the Sustainable Development Goals (SDGs).

The authorities have recently approved the revised Central Bank Act, while progress has been made on bank stress tests and AML/CFT inspections of banks. Structural reforms have also moved ahead with new legislation on anti-corruption, investment, public-private partnerships and the re-instatement of conventional banking. New Investment and Public-Private Partnership (PPP) laws have recently been enacted with the goal of improving the investment climate, fostering public-private dialogue, strengthening the legal and institutional framework for PPPs, and supporting MSME development.

Nonetheless, the public policy mechanisms for coordination remains fragmented with significant risks. According to the 202220 Mo Ibrahim African Governance Index, Sudan ranked 4744th in 2020, with a deterioration from 44th41st in 20202016, in public management with a score of 34.533.5. TEven though t he score in 20222020 (34.5) was lower than the average for Africa (47.5). at that time, this sub-indicator score has been the country's highest sub-category rank of governance indicators in 2020. Although there was an improvement by 6.8 places from the 2018 scores. According to the 202220 Bertelsmann Transformation Index 20222018, Sudan's Governance Performance score has improveddeclined by 0.427 points (from 1.472.57 in 202018 to 1.4789 in 20220). However, transparency is expected to improve given the new policies of the Transitional Government. The current government budget law does not facilitate effective fiscal planning or assessment of risks, and its coverage is narrowly focused on the central government, with inadequate attention to general government finances, including the large state-owned enterprise (SOEs) sector (IMF 2021).

The country has also targeted to implement a series of additional reforms to address public sector governance, including: (i) Submission for approval by Parliament of a revised Financial and Accounting Procedure Law (budget system law) which covers the entire budget cycle to facilitate fiscal sustainability via better budget planning and transparency; (ii) Enact a revised Banking Regulation Act which includes a comprehensive resolution regime for the banking sector in line with international best practice to lay the groundwork for restructuring the banking sector; (iii) Significant steps to improve governance, reduce the role of the state in the economy, and mobilize private investment to unlock Sudan's private sector potential; (iv) Establishment of an independent Anti-Corruption Commission to address corruption related concerns; (v) Develop a strategy for the SOE sector to improve oversight and management of the sector and determine those that are privatized and those that remain under state control; and (vi) Issue implementing regulations for the Investment Law which stipulate that all tax exemptions must have prior approval from the Ministry of Finance and must be costed. After the war, collecting taxes has even

become difficult given the fact that economic activities in major centers have stopped.

15.b. Service delivery and operational efficiency

Type de score	Valeur
Score de brouillon	1.5
Score révisé	1.5
Score de deuxième brouillon	1.5
Score final	1.5

Notes du pays:

Sudan's latest human development index of 0.508 (2022), depicted by low access to education, health, electricity, water and sanitation services, is among the world's lowest. Only about 20% of the poor people have access to improved social services, a figure that is below 50% even for the top wealthy people. However, services delivery has been even more deteriorated due to the impact of COVID-19, which reduced Government revenues as a result of contracted economic activities and further the conflict started in 2023. The Sudanese health system was extremely stretched to respond to the pandemic, despite the support from the AFDB (USD 20 million) and other development partners.

One of the underlying causes of this is weak institutional and human resources capacity gaps, which hinder the country's ability to deliver social services. The Ministry of Human Resources and Labour reports that more than 91,000 qualified people left Sudan only in one year, mostly to the Middle East, including 1,002 university teachers (compared to only 21 average brain drain), doctors, nurses, teachers, engineers and lawyers.

The capacity gaps occasioned by the skills exodus have tended to impede social service delivery, and thereby, reversing poverty reduction gains. The nationwide 48.3% and 55.4% poverty incidences recorded in 2019 and 2020 respectively are worse than Sub-Saharan Africa's average of 41%. According to World Bank estimates, poverty increased from 64.6% in 2021 to 66.1% in 2022 and unemployment remained high at 20.6% in 2022, partly due to rising inflation and reduced economic activity owing to political instability, the lingering effects of COVID-19 and Russia's invasion of Ukraine. This disparity is essentially due to weak institutional capacity to deliver basic social services in rural areas, worsened by limited economic opportunities especially in areas emerging from conflicts, as well as environmental degradation.

Since 2012, the Government and development partners have intensified efforts to build human and institutional capacity to deliver basic social services and create livelihood opportunities especially in the rural areas. The ongoing Bank's Inclusive Social Service Delivery project has made progress to increase health insurance coverage for poor families from 8% to 56% in 2021 in the two states, while its interventions in water and education sectors have provided water to thousands of villagers, rehabilitated schools and built the capacities of teachers, trainers and education planners. The insecurity situation took

place recently resulted in the evacuation of various development partners who left behind important projects of services delivery, which retrogressed the situation.

15.c. Merit and ethics

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

According to the Public Service Regulations selection is based on competence, scientific qualifications, and experience in accordance with the conditions required for the post. Except for high leading posts, the posts of entry to service and those posts which can be filled by promotion, vacant posts shall be announced. Appointments and re-appointments to posts of grades of 15 and lower grades shall be approved by a decision of the head of the federal or provincial unit. Except for persons appointed by a decision of the President of the Republic or the Council of Ministers, an employee who is appointed shall be appointed for an initial probationary period of at least two years of continuous service without absence.

The regulations also dictate that promotion shall be made upon ordinary competition. It may be determined upon passing a competitive examination for a third of the vacant posts listed for promotion to grade four, and lower grades. The evaluation and selection of competing candidates for ordinary promotion shall be based on merit, and in accordance with the following elements of evaluation: 70% for on-the-job performance; 20% for scientific qualifications; and, 10% for seniority.

Malpractices are pervasive in the civil service particularly manifested in the area of recruitment and selection which are not based on merit; rather they are based on political loyalty, patronage, kinship, tribalism and regionalism. The result was more deterioration in the public service and more brain drain as thousands of highly qualified personnel left the country for the Gulf States and other locations abroad to escape these unfavorable conditions.

Many officials in leadership or managerial positions are incompetent and unskilled and require training in managerial skills to alleviate the enormous problems facing the country. This means that inexperienced, unqualified, and incompetent officials were appointed as heads of organizations. Once these officials were appointed, they were not given any training in the managerial skills to empower and equip them for more effective and efficient service delivery. The appointment of staff was influenced by political affiliations, i.e. political allegiance, not professional competence, was the major criterion for appointing personnel to major positions. The selection and recruitment procedures were not well publicized although recruitment procedures and advertisements were meant for all those people who were targeted for the particular jobs.

Information was not widely disseminated, and people had to rely on hearsay or a friend within the organization.

Although the average Sudanese is very well known for his integrity, the deteriorating economic conditions have compelled civil servants to compromise their ethics and beliefs. The wage of a civil service employee covers only 30% of his/her monthly needs, which put him/her under serious pressure to preserve integrity. This situation has undermined the implementation of the civil service reform introduced by the Government. The issue is further complicated by the conflict, which destruct the main government institutions and dispersed employees.

15.d. Pay adequacy and management of the wage bill

Aucune donnée de score disponible pour ce sous-critère.

16. Transparency, Accountability, and Corruption in the Public Sector

Score du critère: 2.5

16.a. Accountability of the executive to oversight institutions

Type de score	Valeur
Score de brouillon	2.0
Score révisé	2.0
Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

Sudan scored 16 points out of 100 on the 2022 Corruption Perceptions Index reported by Transparency International. Corruption Index in Sudan averaged 16.27 Points from 2003 until 2022, reaching an all-time high of 23 Points in 2003 and a record low of 11 Points in 2013. Because of this poor performance, Sudan faces many of the governance and corruption challenges that affect both conflicts torn and resource rich countries, including fragile state institutions, low administrative capacity, weak systems of checks and balance, and blurred distinctions between the state and ruling party. Furthermore, The secession of South Sudan in July 2011 brought brings new economic and political challenges and further the conflictrevolution that took place in April 2023 has weakened institutions and worsened accountability.

Despite the existence of institutions such as the Office of the Auditor General, Anti-Corruption Agency, Ombudsman, public procurement law, E-commerce and whistle blowing, corruption permeates all sectors, and manifests itself through various forms, including petty and grand corruption, embezzlement of public

funds, and a system of political patronage well entrenched within the fabrics of society. Evidence of the impact of corruption is scarce and concealed by the country's economic and political instability. Nevertheless, there is evidence that patronage has a negative impact on small and medium sized enterprises. Also, corruption in the police and security forces undermines internal security and allows abuses of civil and political rights.

Sudan's legislation criminalizes corruption, but anti-corruption laws are not effectively enforced. Public institutions and both high and low-ranking public officials are criticized for being poorly trained to prevent corruption. Several reports, such as the Bertelsmann Foundation repeatedly indicated that the government has not been making much effort to tackle rampant corruption. Additionally, Sudan's longtime isolation from the global economy has led to weak legal institutions, extremely limited adoption of global anti-corruption and corporate governance norms, and corrupt public-procurement practices. In Sudan's legal culture, the business community is very much viewed as the source of corruption, not a victim. According to Sudan's successive penal codes (1925, 1974, 1983, and 1991), bribery and breach of trust become a concern when they are committed by a government official or against a government entity. Even after actions by private individuals or against private entities were criminalized in more recent codes, lighter punishments were imposed on the perpetrators.

By isolating Sudan, the international community unintentionally insulated the country from international discourse that inculcates the markets of the developing world with universal values pertaining to corporate governance and business ethics. The oversight institutions include Office of the Auditor General, Anti-Corruption Agency, Ombudsman, public procurement law, the military and the police. Although an anti-corruption court exists, no member of the executive has been held accountable or prosecuted. Similarly, customs and land administration, public service and the public procurement agency have never been held accountable.

16.b. Access of civil society to information on public affairs

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

Access to public information has slightly improved since the last CPIA was produced in 2021. Arresting journalists continued even after the establishment of the transitional government, but with less intensity during the previous regime. However, the law seeks to enhance transparency by giving citizens the right to access and publish public information. It represents the basic human rights of freedom of thought and expression and that it would be used to strengthen the relationship between the government and its citizens, and to fight corruption.

In the previous Government, the President established a committee supervised by a minister to oversee the freedom of information requests instead of them being sent directly to the relevant ministry. This leaves the executive branch of government with control over access to information, a decision that has been criticized by the press. While rules granting freedom of information are steps in the right direction in Sudan, several Sudanese journalists and press freedom organizations are worried about how effective it will be because censorship and executive branch control still prevail.

Moreover, Sudan with a long history of censorship and harassment from authorities, journalists suspect the law will be used as another way to suppress them and as a quick fix to remove the specter of Transparency International's rankings, which placed Sudan at the bottom of the list of countries as the least transparent. Access of civil society to information has not improved considerably, but has not retrogressed since the CPIA 2021. To improve it further, the government needs to establish an open dialogue mechanism between government institutions and CSOs to enhance exchange of information.

Sudan currently ranks 52 among 54 countries in disclosure of Financial & Judicial Information. Furthermore, in the 2021 Open Budget Survey (OBS), Sudan ranked 113 of 117 countries for transparency, which has not changed since 2019. According to OBI 2021 reports on measuring the public access to information and how the central government raises and spends public resources in 2020, Sudan has an overall transparency score of 2 (out of 100) and ranked 113 out of 117 countries. The external audit report for 2022 is no longer made public, to update the latest information.

During 2021 and 2022, the government has been started to publishing budget data and make it publicly available and the civil society can have access to the public documents. Publication of the first quarter of 2023 data is yet to be made available since the end of year report has not been prepared yet due to the war started in April 2023. On account of the 39th Session of the UN Human Rights Council (UNHRC) in Geneva, more than 30 civil society organizations (CSOs) have called on the members of the council to adopt a strong monitoring and reporting mandate on Sudan. In the context of the Transitional Government, more freedom space has been allowed, which has been suppressed since the military coup in October 2021 and the conflict happened in 2023 that reduced NGOs' access to information.

16.c. State captured by narrow vested interests

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

In Sudan, development in general is being undermined by vested interests both in the business community and in politics. There is a substantial number of civil servants who own companies which are

engaged in business activities with government which raises the issue of conflict of interests. Similarly, most businesses are affiliated with politicians. Consequently, such businesses end up not being audited resulting in undervaluation of turn overs, nonpayment of taxes, and non-fulfillment of other obligations to government and consequently loss of revenue. In addition, the government may not get value for money in its dealings with such companies, while the implementation of programs may be derailed due to graft. Corruption is a concern and conflict of interest between public office and private/tribal interests still prevail.

Furthermore, party affiliations and political patronage tend to dictate government policies and programs which may not be in the genuine interest of the population. Such programs may even be at variance with the core objectives of the programs and policies outlined in national frameworks such as the National Development Plan. It was envisaged that following the revolution, the political interference will stop. However, the affiliation to political patronage continued and conflicted with national goals. Many in Sudan see their political party leader as their tribal sheikh or father figure. Many political party members are as loyal to their leaders as they would be to their own parents. Therefore, criticism is usually personal based on their failed duty as parents/guardians and not based on their actual "job-description" as political party leaders.

Most of the current political parties do not have coherent constitutions and or a set of policies aligned to their identity. Political membership is purely based on the relationship with the party leader and in response to his/her charisma. As a result, party members have various assumptions about the expected role of a party leader. The assumption is mainly based on the role of a tribal leader rather than a political party leader who is proposing a manifesto to run a modern State. In such a tribalized scenario, party leaders who fall short of the authoritative/care provision tribal leadership role, are branded as failed politicians. In contrast, party leaders who use their influence to broker business deals for party members and to facilitate access to higher education and jobs as well as broker marriage deals are considered successful politicians.

While there are clear boundaries between political and business interests of state officials, instances of conflict of interests often go unnoticed and therefore unpunished. These practices were reducing as the new Transitional Government brought about new concepts for dealing with political issues that are related to corruption, but that has stopped since the military coup take place in 2021. According to the 2020 2022 Mo Ibrahim African Governance Index, Sudan ranked 44th (a deterioration from 41st in 2016) in public management with a score of 33.5. Although there was an improvement by 6.8 places from the 2018 scores According to the 2022 Bertelsmann Transformation Index, Sudan's Governance Performance score has declined by 0.7 points, and expected to decline further taking into account the war taking place.

(E) Infrastructure and Regional Integration

Score du cluster: 2.25

17. Infrastructure Development

Score du critère: 2

17.a. Sector strategy/policy

Type de score	Valeur
Score de brouillon	2.0
Score révisé	2.0
Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

Sudan does not have a coherent policy or strategy for infrastructure development despite the massive investments in the sector over the last three decades. It has a transport policy which is adopted by Ministry of transport. However, this policy has not been enforced due to capacity constraints, which in turn makes road maintenance difficult that has been exacerbated by lack of funding due to reduction in Government revenue during COVID-19 period and further complicated by the current conflict.

Power generation capacity has more than tripled in the past decade, increasing from about 1,140 MW in 2005 to almost 3682 MW by 2020, but no generation efforts was done since then due to political instability. In the longer-term, Sudan has the potential to be an exporter of hydropower if additional capacities are developed and transmission links to other Nile Basin countries are strengthened. Sudan has made large strides in liberalizing the ICT sector, and as a result, has attracted significant amounts of private capital. Mobile penetration increased from less than 1% in 2000 to almost 90% by 2021. Recent connectivity to an undersea fibre-optic cable has led to an expansion in access, improvements in quality, and reduction in prices. The proportion of population access to electricity is 55%, which is very low in rural area (41%) compared to 82% in urban centers.

Sudan's infrastructure development has had a predominantly national focus. Thus, a lot more work is necessary to achieve greater regional integration. Before the war commenced in road corridors in Sudan are developed, connectivity with neighbors is largely absent. Sudan has a natural gateway to the sea through Port Sudan, but the port's performance is severely hampered by long dwell times, high costs, and capacity constraints. recent studies indicated that addressing Sudan's infrastructure challenges will require sustained expenditures of almost US\$4.2 billion per year for a decade. For the decade ahead, this would represent a tripling of the annual average of infrastructure spending to about 7% of GDP. For the near and medium-term at least, the main challenges for further development of infrastructure to improve broad-based access to quality services are in the water and transport sectors, and in mobilizing the large amount of funding required for expansion and upgrade.

Looking ahead, Sudan's most pressing infrastructure challenges lie in the water and transport sectors. Most of Sudan lacks access to safe sources of water. Access to sanitation is bimodal, where 40% of the population uses improved sanitation technologies and around 40% defecates in the open. Access challenges have been compounded by large inefficiencies at the water utilities. Inadequate collection of revenues, large distributional losses, and to some extent inability to recover costs have diverted over \$120 million in revenues each year. Infrastructure in Sudan largely subsists around Khartoum, the country's

main hub, which acts as a direct connection between five major areas—Port Sudan, Egypt and North Africa, the Eritrean border, Kordofan and Ethiopia. The rest of Sudan consists of disjointed highways, five international airports that are limited in their operational capacity due to financial constraints and a power infrastructure that only focuses on major urban areas. All of these underdeveloped areas leave the outlying regions beyond Khartoum disconnected to the rest of the country and incapable of economic development or expansion. There has been considerable development undertaken in infrastructure over the last three decades, but given the vast land of Sudan, there are still immense needs for infrastructure. Furthermore, the war started in April 2023 have destroyed huge proportion of the country's infrastructure.

For almost two decades, Sudan invest a sizable amount—\$1.5 billion per year, or 7% of GDP—to meet its infrastructure needs. In terms of the economy's size, the aggregates are comparable to what middle-income countries spend and perhaps slightly higher than what other resource-rich countries spend. About 60% of the total infrastructure spending is allocated to capital expenses and 40% to operating expenditures. Operating expenditure is entirely covered from budgetary resources and payments by infrastructure users, but this has not been sufficient during the COVID-19 and the conflict started in April 2023, period as the number of users for such infrastructure reduced considerably. The composition of financiers indicates that Sudan has been able to capitalize on the interest of non-Organization for Economic Co-operation and Development (OECD).

With its new Transitional government, Sudan is expected to take advantage of the opportunities offered globally to revive economic growth by undertaking structural reforms in the area of infrastructure development to facilitate the movement of labor from a primitive agriculture towards industry and services to encourage private investment, which would accelerate growth to absorbs labor and reduce unemployment. On the other hand, the non-food agribusiness value chain suffers from a lack of logistics infrastructure (land transport, rail and post port delivery), the main catalyst for growth in value which could diversify the sources of the economy, and thus compensate for the loss of oil revenues.

Sudan was constrained to get foreign financing for infrastructure development due to the problem of debt, but the clearance of arrears of multilateral debt will offer additional funding for the country to finance infrastructure. The AfDB has already prepared an Energy Assessment Report in 2021 and is planning to undertake infrastructure review report in early 2022, but this has not been completed due to the war started in Sudan in April 2023. The Government need to further develop procurement systems used for infrastructure projects to match the international standards for effective implementation of those projects. This needs important commitment from the Government to prepare standards for infrastructure and build capacity to implement projects.

17.b. Legal and regulatory frameworks for infrastructure

Type de score	Valeur
Score de brouillon	2.0
Score révisé	2.0
Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

Sudan has no clear legal and regulatory framework for all infrastructure subsectors. However, the Ministry of Water Resources and Dams has its own infrastructure regulatory framework for water sector which comprises all water activities including water harvesting. This regulatory framework for water was approved by both Cabinet of Ministers and the Parliament. Nevertheless, important developments have taken place during 2020-2021, as the government has prepared a legal framework that will regulate infrastructure in the country to include all infrastructure subsectors. The document contains performance and assessment for the last three years and provides policies to regulate the sector. However, the document prepared to regulate infrastructure sector has not been approved due to severe political instability in Sudan since October 2021.

Recently, with assistance from the Bank, water strategy has been prepared and was planned for and is currently under consideration by higher authorities, but the war started in April 2023 suspended progress of approval. It is envisaged that the new Transitional Government will focus on legal framework to boost infrastructural development in the country. The Ministry of Information and Communication supervises the ICT sector in terms of regulatory framework and sector regulation. Although some development partners, including the World Bank, have started to avail financing for infrastructure, projects related to infrastructure need some time before they can get adequate financing. The government has just established a Public Private Partnership (PPP) Unit at the Ministry of Finance and Economic Planning while the legislation is being adopted to unlock PPP financing in infrastructure. It was expected that the PPP financing modality would have gone a long way to facilitate the funding of infrastructure in Sudan, but the launching of the war in April 2023 has reduced investors' appetite to engage the possibility of benefiting from in PPP projects.

17.c. Public resource management and accountability in the infrastructure sector

Type de score	Valeur
Score de brouillon	2.0
Score révisé	2.0
Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

Accountability in the provision and utilization of infrastructure is guaranteed in accordance with the general rules and procedures of the country, but no specific guidelines are provided solely for infrastructure. Prior to the war, the government has an acceptable level of standards and specifications against which infrastructure projects are benchmarked. Compared with neighboring countries, Sudan's standards on which infrastructure projects are executed is considered among the best. In accordance with the public finance management reforms taking place in Sudan (i.e. introducing GFS and the Government Resource Planning System), infrastructure accountability has improved in line with the overall emphasis

on government accountability. Also, the Procurement Act that has been approved by the government in 2012, which updated in 2018 has contributed to improving accountability in the infrastructure sector and the gTransitional Government focused on its enforcement during 2020-2021 to enhance transparency. Furthermore, the reforms that Government has undertaken by adopting Treasury Single Account (TSA), will further improve the management of public resources earmarked for the infrastructure sector.

Infrastructure in Sudan largely subsists around Khartoum, the country's main hub, which acts as a direct connection between five major areas—Port Sudan, Egypt and North Africa, the Eritrean border, Kordofan and Ethiopia. The rest of Sudan consists of disjointed highways, five international airports that are limited in their operational capacity due to financial constraints and a power infrastructure that only focuses on major urban areas. All of these underdeveloped areas leave the outlying regions beyond Khartoum disconnected to the rest of the country and incapable of economic development or expansion. There has been considerable development undertaken in infrastructure over the last three decades, but given the vast land of Sudan, there are still immense needs for infrastructure. Furthermore, the war started in April 2023 have destroyed huge proportion of the country's infrastructure.

Sectoral ministries and departments concerned with infrastructure submit their respective budgets to the Ministry of Finance and Economic Planning based on their master plans. Budgetary allocations are made based on geographical aspect, which considers the level of economic activity, incidence of poverty and regional disparities to achieve balanced development. Also, budgetary allocations are made in accordance with the priorities spelt out in the National Development Plan, but due to COVID-19 Government revenues were not adequate to cover additional infrastructure development projects. One proposed solution to this issue is encouraging private-public partnerships (PPPs), which allows private businesses to invest in public infrastructure development projects for a tax incentive. However, private investors should be able to find the country to implement measures, such as: - limitation of political risk; transport, communication and access to energy and sanitary water infrastructure; fight against corruption; adoption of tax and customs incentives; legal measures organizing privileged access for the local private sector, including SMEs and artisans, to PPP contracts; acquiring the know-how necessary for the development of the private sector and PPPs; the establishment of a guarantee fund for the financial commitments of local businesses. On the other hand, Sudan has some examples of projects structured as PPP, such as Omdurman Water Treatment (Water Infrastructure), Kanartel in the Plant Information and Communication Technology (TIC Infrastructure). In 2019, the more recent PPP was the "South Port Container Terminal" at Port Sudan, as a Concession of Port of Soudan, by Africa Gateway Terminal Company. These projects have not been implemented properly due to severe political instability took place since October 2021 and futher worsened by the war started in 2023.

18. Regional Integration

Score du critère: 2.5

18.a. Movement of persons and labor and right of establishment

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5

Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

Sudan has a very strict immigration policy which requires all foreigners to obtain entry visas to the country. This policy also includes diplomats whose visas are renewed yearly. Entry visas are issued to individuals traveling to Sudan for tourism, work inside the country, do businesses or other official purposes. However, the new transitional Government has relaxed the strict policy in 2020 reducing the grip of people movements into and within the country. These policies include removal of exit visas and eliminating the requirement for travel permit within the country. Sudan is a member of the COMESA and has signed a number of agreements to facilitate free movement of people and labour. However, its immigration system remains very restrictive and not accommodative. Sudan scored 0.030 ranking 52nd place in the 2022 Visa Openness Index, reflecting the toughness of Sudan's immigration policy. Sudan scored 0.23 in the 2023 Africa Regional Integration Index thus placing it in the lowest category. Citizens of other African countries require visa before travelling to Sudan.

According to the 2023 Freedom House Report, although 2019 interim constitution affirms freedom of movement and the right to travel—including overseas—for all citizens, but these rights are still impeded in practice by state security forces and other armed groups across the country, including those engaged in clashes between ethnic communities. In 2020, the transitional government abolished the need for exit permits, as well as a rule that had required women to obtain permission from a male guardian to travel abroad with children. In 2022, the government began to limit the movement of people in some of the states affected by intercommunal conflicts. Several reports indicate that the decision has mostly affected already vulnerable and marginalized communities. Entry visas are issued to individuals traveling to Sudan for tourism, business or official purposes. The drafter's note lacks information on the issuance of residence and work permits to foreigners in Sudan. This information is very pivotal and should be included in the revised note

As a member of COMESA, the government has signed several cooperation agreements with some countries to facilitate movement of persons, goods and labor. These are bilateral agreement with South Sudan, Egypt, Eritria and Ethiopia aimed at facilitating trade and economic integration. However, the residents of these countries must obtain visas to enter Sudan, which still prevent smooth trading among African countries

The Government is planning to open a free trade area in Port Sudan where people from all these countries will move freely and benefit from the facility offered by the Port. Information about the means (human, logistics, etc.) Some implemented at the borders to facilitate the movement of persons and labor and the right of establishment are mentioned under in Question 5. However, the process to open a free trade area has been hindered by the negative political development and the war took place since April 2023. This will

considerably delay the establishment of free trade area in Port Sudan.

18.b. Regional financial integration

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

Sudan's financial system comprises both foreign and domestic banks. Sudan's financial system is relatively small by regional standards. According to the International Trade Administration, Sudan's banking sector comprises almost 40 banks, including five foreign and four state-owned banks. Sudan's banking sector remains under capitalized, deficient in employing modern technology, and lacking in trained and experienced human resources. Most banks and other financial institutions are concentrated in Khartoum. Most foreign banks operating in Sudan are based in Gulf states, including Saudi Arabia, United Arab Emirates, and Qatar.

The Central Bank of Sudan lists banks operating in Sudan. The financial and banking sector is regulated by the Central Bank of Sudan (under the Sudan Central Bank Act, 2002), the Khartoum Stock Exchange (under the Khartoum Stock Exchange Act, 1994) and the Insurance Supervisory Authority (under the Insurance Control Act, 2001). Sudan has a home-grown, unique Islamic banking system and is in the process of reintroducing conventional banking practices. No recent Findex survey has been conducted in Sudan, but as of 2014, financial inclusion hovered around 15%. It is not generally believed to have grown in the intervening years. Sudanese are making the best of available financial services – which often means cash and informal networks. To improve regional financial integration, Sudan needs to improve its financial integration and macroeconomic policy convergence. As envisaged in the PRSP, Sudan would have to upgrade its logistic competence to achieve 2.8 points by end-2024 in the World Bank's logistics performance index, up from 2.43 points in 2018. Sudan has limited border-crossing roads with Egypt, Eritria, Chad, and Ethiopia. There are also boarder-crossings with South Sudan, but for security reasons, these roads are sometimes closed calling for scaling up peace building.

The financial markets in Sudan are still generally weak, but are comparable with those in SSA. However, Sudan has made progress in integrating the financial markets in 2021 and 2022. Also, Sudan allows liberal access to foreign banks and cross-border ownership of banks. For example, Sudan hosts several banks from Egypt with subsidiaries in other Arab and African countries. The past decade has also seen the emergence of pan-African banks in Sudan. The role of these institutions in facilitating intra-continental trade and investment cannot be understated. Several regional commercial banks in the region have adopted a market development model combining the setting up of subsidiaries at country level with an attempt to develop regional linkages between clients and their undertakings.]This regionalization of the financial sector is arising in the context of higher capital requirements and consolidation at the global and

national level, which allows relatively stronger banks and financial institutions to take advantage of increasing levels of liberalization and opening of domestic markets. Recently (in February 2020), Sudan has also benefited from a joint IMF/World Bank Financial Sector Assessment Program (FSAP). It is envisaged that the lifting of US sanctions and removal from SSTL will help boost financial integration. This has reaped the benefits in advancing the financial integration during 2023 and the first quarter of 2023, before seriously deteriorated after the conflict started in April 2023.

There are no administrative restrictions on foreign investment in the Sudan. International companies may open locations in the Sudan under a range of legal forms governed by the investor's strategies, plans and the degree of freedom that the Sudan operations are authorized by the parent company. Each option implies a specific obligation regarding company law. A potential investor may form a strategic alliance with an already existing Sudanese company based on mere contractual arrangements. A foreign entrepreneur may start as a sole proprietor having a business name. A foreign company may establish an entity in the form of a branch or a subsidiary having an independent existence from its parent company. An investor may elect to set up a joint-venture in the form of a partnership or a limited liability company which is the form most often chosen by investors. Companies which elect to scrutinize for business in the Sudan before embarking on a project may decide short term solutions by allocating a liaison office which does not engage in commercial activities, or a sale representative whose mission is to take orders and put them forward to his or her company.

Even though efforts are being made to strengthen national level regulatory frameworks and supervision, without harmonized regulations governing the structure and terms of financial products, the development of uniform products for cross-border transactions and associated economies of scale will be difficult to achieve. Also, in the absence of cross-border credit information, which enhances lenders' ability to collect debts effectively and with certainty, domestic commercial banks may find it difficult to compete in the larger regional market. In 2005, East African Community member states committed to implement a harmonized Customs Union in order to achieve liberalization of intra-regional trade in goods and promote trade. However, this has not progressed to improve harmonization of customs. From a supervision perspective, it is unclear whether the Central Banks effectively monitor the exposure of commercial banks? holding companies that have lending operations or subsidiaries across a number of countries. Though affected by prolonged economic sanctions, Sudan also has a Stock exchange that depends on local and regional companies, but cross-border listings are limited. However, all commercial banks in Sudan, especially in Khartoum have been looted and damaged by the war started in April 2023. The stock exchange has not been functioning since the war started.

The Sudan's performance in productive integration, free movement of persons and financial integration and macroeconomic policy convergence could be improved, although its performance in trade integration is relatively strong and its performance in regional infrastructure is moderate, it is 26th Twenty-sixth in CEN-SAD (score: 0.23). 6th Sixth in IGAD (score: 0.27). 18th Eighteenth in COMESA (score: 0.275), compared with the best performing country in COMESA, Kenya with score: 0.457. Provided that the war stopped, the policies and procedures taken by the government since 2021 will bring about positive changes in Sudan's performance and will improve its score considerably. While regional financial integration has improved considerably following the regime change and removal of sanctions, the recent war and sanctions from US on some companies in Sudan reduces pace for regional financial integration.