

CHAPTER 4

THE EXPERIENCE OF SUDAN IN POVERTY ERADICATION

4.1 Introduction

The preceding chapter provided an elaborate account of the history of development plans and policies and their implication on poverty eradication and restructuring of society in the context of rapid growth of the Malaysian economy since its independence in 1957. This chapter deals mainly with the experience of Sudan in poverty eradication. It starts by giving general background information on the Sudanese economy and society. It critically reviews the history of development plans and policies since the pre-independence era.

Chronologically, the history of planning efforts in Sudan could be subdivided as follows: the colonial era and the post-independence development planning period over which the Ten Year Development Plan 1960/61-1970/71 was initiated. This will be followed by an analytical overview of Sudan's development programs 1970-1983, the period over which the Five Year Development Plan (1970/71-1974/75), the Breadbasket Strategy (1972- 1977), and the Six Year Development Plan of Economic and Social Development (1977/78-1982/83), were carried out. Sudan's experience with the structural adjustment programs and liberalization policies will be reviewed. The Comprehensive National Strategy within which the National Salvation Program was launched will be thoroughly discussed. In this respect, the emphasis will be on the evaluation of the poverty eradication programs have been implemented.

4.2 Background Information on Sudan's Economy and Society

Sudan is generally conceived as the largest country in Africa as well as in the Arab and Muslim countries (see Figure 4.1). This is because of it has the largest area of 2,492,360 square kilometers (or about 967,500 square miles), that is, nearly one-tenth of the total area of the African countries and approximately seven fold the area of Malaysia (Sudan, 1999: ix). Sudan lies between the longitudes 22° and 38° E, and between the latitudes 3° 30' 22° N. It is situated in the northeastern part of Africa and it has nine neighboring countries; these are Egypt and Libya to the north, Uganda and Kenya to the south, Chad, Central African Republic and Zaire to the west, Ethiopia and Eritrea to the east.

Compared to its vast area, Sudan has small population and hence is sparsely populated. According to the 1993 census the total population of Sudan amounted to 25.588 million with an annual rate of growth of 2.9% (Sudan, 1993). Like Malaysia, Sudan also has a multicultural society. The major ethnic groups are the endogenous Hametics (Nubian, Fur and Bega) and Negroids (Nilotic and Eqautionian), as well as the immigrant Arabs (Bagara, Kababish and Kawahla). In spite of these, over 500 local dialects are still spoken but Arabic remains the lingua Franca and the official language of the country. However, despite the racial, ethnic, regional, linguistic, religious, sectarian and political diversity, peace, security and social harmony have been maintained until the middle of twentieth century where war in the south had broken out (Awad, 1998a).



Figure 4.1 Location of Sudan in Northeast Africa

Sudan experiences a tropical climate in the south and an arid or semi-arid one in the north. Rainfall averages vary from 2000 mm in the former to a very low level of 25 mm in the latter (El Dawi, 1998). In addition, the vast size of Sudan exhibits a considerable geographical variation. Its terrain consists of vast plains, mountainous land in Kordofan (the Nuba Mountain) and in Darfur (Jebel Marra) and uplands in the South. The River Nile, which is the longest in the world, flows from the Ethiopian plateau and the Great Lakes of Central Africa and run northward to Egypt. As such, Sudan possesses a huge potential of water resources, which has been utilized to cultivate 12 million hectares out of the total arable land of 48 million hectares (Awad, 1998a).

The Sudanese economy despite its recent classification as a middle-income oil importer by the World Bank is an underdeveloped one (Ali, 1985). However, the extent of this underdevelopment can be seen in terms of the sectoral structure of the economy. The manufacturing subsector, which is believed to be the most dynamic of all sectors, contributed less than 10% to the GDP (Sudan, 1998). Comparing the relative share of the various sectors in the GDP, it is quite evident that the underdeveloped state of Sudan's economy can be perceived in terms of the disproportionately increased share of the services sector (a supposedly unproductive sector) at the expense of the industrial sector (the most productive one) (Table 4.1).

Table 4.1 Sudan's Economic Structure 1998-2002 (% share of GDP)

Year	Agriculture	Industry	Services	GDP (annual growth %)
1998	40.5	15.0	45	6.0
1999	41.0	18.0	41	6.0
2000	41.0	18.0	40	6.0
2001	39.0	19.0	42	7.0
2002	39.0	18.0	43	11.0

Source: World Bank, 2003

Moreover, the nature of this underdevelopment can also be viewed in terms of the dualistic and heterogeneous structure of the economy. The dualistic structure of Sudan's economy manifests itself in the coexistence of two distinct sectors, namely the modern and the traditional sectors. The modern sectors comprise irrigated and mechanized agriculture, cattle ranches, industry and transport. The agricultural sector, which is the dominant sector in the economy, contributes about 48.7% to GDP and provides a livelihood for 80% of the population. In addition, the agricultural products make up 95% of the exports (Sudan, 1998). The agricultural sector constitutes four distinct sub-sectors: the modern irrigated farming, most of which consist of large-scale schemes and is dominated by the Gezira scheme which covers an area of two million acres; mechanized rainfed crop; traditional rainfed farming and livestock production.

However, the ultimate result of such dualism appears in the well-known (loped-sided) development, where the priority in terms of the allocation of development funds tends to go to the modern sectors at the expense of the traditional ones. This is very obvious in the development plans and programs that have been carried out in Sudan since independence (Oesterdiekhoff & Wohlmuth, 1979). Moreover, this dualism also contributed to the widening disparity between the different regions of the country in terms of the concentration of the development projects. Most of the irrigated and mechanized rainfed agriculture is in the former Blue Nile province and Kassala province in the central and eastern regions of the country, where the transport, power, schools, and industry are concentrated. As a result, the regions in the west and south are still lagging far behind (ILO, 1975).

Several strategies have been suggested to correct such dualism: First, it has been suggested that population from the low-income regions should be drawn into the high

income region by allocating tenancies to them in the proposed new irrigation schemes on the Nile and its tributaries. Secondly, modern production units must be established in the backward regions. Thirdly, traditional agriculture and livestock raising should be developed in the low income regions by promoting the growth potential of modern agriculture to generate the necessary savings to develop the traditional sector.

In short, the dualistic structure of the Sudanese economy has contributed largely to the ever-widening gap between the rich and the poor areas as well as between the poor and the rich of the population leading to extreme inequality in terms of the distribution of wealth and income among the different social strata (Abu Affan, 1985).

Such structure hinders any agricultural development policies intending to increase production and productivity and hence improving the standard of living of a large number of poor farmers. Institutional rigidities obstructed the assumed elastic supply responses of these farmers and draw off resources for consumption and investment from the agricultural sector. At the same time, it increases the cost of living in urban areas and curtails any growth in the services sector (Ibrahim, 1993).

The review of the development policies, including those during the Condominium and post-independence period shows a great bias towards the neglect of the agricultural subsistence sector, which incorporates the majority of the Sudanese traditional farmers who inevitably produce to survive (El Rediacy, 1993).

4.3 Poverty Eradication Programs during the Colonial Era

In chapter one it has been acknowledged that Sudan, though possesses a huge economic potential in terms of arable and grazing land, water resources, mineral and human

resources, still acutely suffers from a persistence of poverty since the pre-colonial era. Sudan's pre-colonial society was a closed traditional one based on subsistence rural economy. However, disparities between people in terms of wealth and income had been observed since medieval times.

During the Turco-Egyptian rule a large proportion of the population was engulfed in the so-called poverty trap. This was exacerbated by a multiplicity of factors among them were the spread of slave trade, political instability and the alienation of a large number of peasants from their land and means of production.

The Anglo-Egyptian intervention in 1899 brought many changes in Sudan. During this period, the British restricted economic development to the central regions of Sudan- namely the Blue Nile and Khartoum province. This was an application of what was known as the growth pole approach to development, which assumed that the concentration of investment in the region that yields the highest returns would spill over the benefits to the less privileged areas. However, the expected spillover from the center to peripheral regions was no more than a trickle. This policy in turn led to the seclusion of the southern region from the rest of the country, deprived it of any development and paved the way for the uprising of war which started in 1955 just one year before the Independence in 1956 (Awad, 1998a).

The concentration on the economic infrastructure such as telephone and telegraph communications as well as transport routes could be regarded as the characteristic features during this period. The agricultural sector played an insignificant role in supporting the livelihood of the poor masses residing in the rural areas. This was mainly attributed to the very low share of this sector in total investment expenditure, which was only 1.8%, (El Rediacy, 1993). Thus, priority was given to the development of

economic infrastructure, which was thought of as a prerequisite. This period also witnessed the domination of subsistence agriculture where production was solely for domestic consumption.

Between 1919 and 1939 there was a tremendous change in the pattern of public investment. Expenditure on transport was reduced from 76.3% to 26% whereas the share of the agricultural sector increased to 58.6% (El REDIACY, 1993). This period also revealed a remarkable change in the economic structure via the introduction of modern irrigated scheme such as the Gezira scheme in the 1920s for cotton production for export. However, the expansion of the cotton areas resulted in the contraction of the food areas in the subsistence sector. This policy affected the well-being of a large segment of the population and led to the manifestation of poverty problems particularly among subsistence farmers. Food crop production remained a secondary priority in the Gezira scheme during the Condominium and since independence.

Between 1946 and 1951 a well planned development program was initiated whereby the share of the individual sectors were 16.1% for agriculture, 13.7% for irrigation, 0.7% for veterinary services, 8.6% for education, 6.2% for health and 21.8% for railways (El REDIACY, 1993). Raising the height of Sennar Dam could be viewed as a contributing factor that made possible the mechanization of *dura* (sorghum) cultivation, which increased the overall food production in Sudan.

In both subsistence and modern irrigated agriculture the improvement of the social services as well as the increase in food production has led to an improvement in the living conditions of the poor. From 1951 until 1956 the share of the agricultural sector in total investment expenditure was 16.8%, for social services was 27.3% and shares for transportation and communications, public utilities and administration were 26.85%,

13.4% and 14.4% respectively. Although the percentage share of the agricultural sector in total investment expenditure during this period seemed to be so modest, the increase in the share of the social services implied the importance of the investment in human capital as an important means of producing cotton in the Gezira scheme.

The period since the 1950s onwards witnessed the formulation of many development plans in Sudan. The overall objectives of these plans were to increase the real annual per capita income, extend modern irrigated agriculture, and increase production and implement proposed programs for rural development such as the provision of water supply, schools, and health services.

4.4 Poverty Eradication Programs during the Post Independence Period

The post independence period saw the implementation of the growth pole strategy where most of the planning efforts were concentrated in the investment in the economic infrastructure mainly transport and communication, productive schemes and human resources in the central part of Sudan. This was the area with fertile soils, regular water supplies and access to world economy. These distinctive geographical characteristics served the ultimate objective of the British colonizers of mass production of raw cotton for Lancashire mills (Awad, 1997).

However, in the post-Independence period, the colonial pattern of development was not changed. The period from independence in 1956 to the late 1970s witnessed the pursuit of the growth pole strategy passed over from the colonial era and was regarded as the main cause of poverty by many Sudanese economists. During the post-independence development programs of 1957-1961, the agricultural sector acquired a high proportion

of 28.1% of the public investment. The social services sector was allocated 28% (El Rediacy, 1993).

During this period more emphasis was placed on social development including the provision of social services (education, health, and water supply). In addition, this period also saw the initiation of many development projects such as the private pump schemes and the expansion of the mechanized rainfed agriculture sector for producing *dura*. These developments seemed to have a direct bearing on the improvement of the socioeconomic conditions of the poor in both rural and urban areas.

4.4.1 The Ten Year Plan for Economic and Social Development (1961-1971)

The Ten Year Plan for Economic and Social Development, which was designed by the World Bank experts, adopted the growth pole strategy of colonialism, which concentrated development in the central region. During this period the plan focused on the initiation of major infrastructure, agricultural and industrial projects. The plan also showed a noticeable increase in the percentage share of the individual sectors in public investment. The share of the agricultural sector was 29.9% and that of education, health, housing and other social services was 29.7% (Sudan, 1961).

During the course of the Ten Year Plan, the area of producing food crops especially *dura* (sorghum) was expanded and additional food projects such as Dali, Mazmoum, Agadi, and Jebel Marra were set up. Improvement in agriculture for food production and the provision of social services (education, health, water supply, etc.), were conducive to the achievement of the development plan's objectives in raising the standard of living of the poor masses in rural and urban areas.

It has been argued that this pattern of growth has enabled Sudan to avoid the worst effect of the 1967-73 droughts. This pattern of growth also protected the rural poor from food insecurity in the short run but in the long run it led eventually to economic crisis. Moreover, the growth pattern during the Ten Year Plan was unusual for the Third World because its leading sector was geared to food production for mass consumption and not for export.

However, the Ten Year Plan of socioeconomic development has been subjected to severe criticism on several grounds: First, it pursued the colonial strategy of the growth pole that restricted the development efforts in the central region which became the site of major infrastructure, agricultural and industrial projects, while the minor projects were placed in peripheral regions, particularly industrial ones which had failed. These included the Babanusa milk factory, the Karima fruit and vegetable canning factory, the Aroma cardboard factory, and the Kassala onion-drying factory. Second, the Ten Year Plan did not much benefit the targeted central region or the country as a whole, mainly because of financial problems that forced the government to abandon it soon after the October 1964 popular uprising. Third, there were delays of development projects and wasting of financial resources. These developments resulted in the attainment of a very low rate of GDP growth during the 1960s which amounted to only 1.3% per annum, compared to those achieved over the same period by low and middle income countries which averaged 3.9% and 6.0% respectively (Awad, 1997).

With a population growth rate of 2.2%, which was growing faster than the GDP, the poverty situation has deteriorated somewhat further. But in spite of these unfavorable economic conditions, the income distribution in Sudan during the 1960s was significantly better than in most developing countries. This is evident from the share of

the poorest 40% of the population in Sudan, which was 14.5% higher than that achieved by countries such as Malaysia, the Philippines, Honduras, Chile, Argentina and Venezuela (Awad, 1998). During the 1970s, Sudan experienced a substantial improvement in GDP growth rate, which rose to 4.3% exceeding the population growth rate of 2.8%. This implied an increase in average income, which in turn contributed to the eradication of poverty (Awad, 1997).

The Five-Year Plan of 1970/71-1974/75, which was introduced to supersede the existing Ten-Year Plan, emphasized both the producers' goods branch and the consumers' goods branch. This was exactly what is called for by the Marxist model of development. This Plan marked a departure towards socialist planning for development with the nationalization of foreign business and agricultural land reform as the characteristic feature of the early 1970s. This Plan witnessed extensive programs of public investment to develop the economy and social services. As a result the volume of public investment in education was to be increased by 60%, in health by 82% and public activities by 53%. Productive cooperatives were to be the basis for a socialist way of developing the economy, guaranteeing full employment for the economically active and promoting the prosperity of the people through the growth of labor productivity and the expansion of public services (Sudan, 1970).

The Five-Year Plan and the Extended Seven-Year Plan seemed to give quite significant attention to food production, provision of social services that catered towards the needs of the poor segment of the population in both rural and urban settings. Within the context of this plan, the traditional rainfed agriculture received little attention and no clear policy of development was proposed. In November 1972, the political authorities were convinced of the inadequacy of the Five-Year Plan in the field of transport and

large-scale productive schemes and hence decided to supplement it with a five year Action Interim Plan (IAP) (Sudan, 1970).

4.4.2 The Breadbasket Strategy 1972-1977

This strategy was implemented at the beginning of the 1970s as an ambitious development program involving a massive restructuring of production and trade to take advantage of a regional Arab division of labor. It was based on the development strategy of export-oriented agro-industrialization. It has been based principally upon the idea of the utilization of Sudan's huge agricultural resources and the financial resources of the oil-rich Arab countries (Wohlmuth and Hansohm, 1976). The Breadbasket Strategy relied on two main assumptions: first, that of the availability of a surplus of unutilized land with a heavily under-populated country, and second that of the feasibility of the expanding the mechanized farming sector.

The objectives of the Breadbasket Strategy were to overcome the deformed economic structure. The objectives included: balanced growth (regionally and socially), development of the traditional sector and self-sufficiency in food. However, these objectives were not actually reflected in the actual allocation of resources. In the second half of the 1970s, the overambitious and inappropriate character of the Breadbasket Strategy became obvious. The huge investment had affected new distortions of the Sudanese economy and strengthened old ones. These included among others, the imbalance of public revenues and expenditures, the imbalance of investments and savings and the imbalance of export and import (Wohlmuth and Hansohm, 1986).

Both the Breadbasket Strategy and the socialist strategy led to increasing problems of deficient management, increasing production costs and parastatal financial losses

coupled with slow growth rates. The implementation of the Breadbasket Strategy had been stopped because of the worsening balance of payments problems and increasing domestic imbalances (Sudan, 1977). Views of different commentators on the Breadbasket Strategy agreed that the failure of the strategy marked the beginning of the economic crisis in Sudan in 1978. Wolmuth and Hansohm (1987) argued that the Breadbasket strategy, far from helping the Sudanese economy actually aggravated macroeconomic imbalances. Exports declined from 15% of GDP in 1971/72 to 11% in 1976/77 and trade balance registered a deficit of 6% of GDP in 1976/77 compared to only 2% in 1971/72 (Wolmuth and Hansohm, 1987).

4.4.3 The Six Year Plan of Economic and Social Development 1978- 1983

The Six-Year Plan (SYP) 1977/78-1982/83 of Economic and Social Development, which superseded the Breadbasket Strategy, was supposed to make a radical change to the policy direction. It was formulated to achieve certain objectives such as pushing the Sudanese economy into self-sustaining growth, a fall in the ratio of agricultural income to non-agricultural income, the expansion of the social services growth rates, an equitable distribution of investment and the provision of food products (Sudan, 1977).

Some of the proposed objectives of the plan are thought to be influential on the alleviation of poverty. They include the development of subsistence agriculture, largely ignored in the Breadbasket Strategy, the conservation of Sudan's natural resources, achievement of food self-sufficiency, increased agricultural inputs, and activation of rural development and community participation. These stated objectives, however, overlooked the optimum allocation of resources, which in practice favored export and modern sector investment. From the total budget of this plan, agriculture acquired 27%, transport and communication 21% and social services 16%. However, 88% of the total

investment in agriculture was planned to go to the modern sector compared with 3% to the traditional sector (Sudan, 1977).

The implementation of the Six Year Plan was faced with both internal and external difficulties. Among the internal difficulties, the failure to realize public savings targets led to deficit finance over the plan ceiling. In addition to finance, the implementation was confronted with infrastructure bottlenecks, administrative problems and manpower constraints. The most important among the external factors is the heavy reliance of the plan on foreign capital. External sources were expected to cover 52% of the total investment. The inflow was below expectation from the beginning and when the inflow of capital from oil-rich Arab states slowed down and the grace period of the loans reached their end, severe balance of payments emerged in 1978 (Sudan, 1977). Consequently, the plan proved to be short-lived and it was frozen after Sudan supported the Camp David Accord of 1978, which caused OPEC financiers of the SYP to boycott Egypt and its supporters (Awad, 1997).

Consequently, two sets of programs - the Public Investment Program and the Financial Reform and Stabilization Program - replaced the plan. Both were rolling three year programs. The former, which was designed by the World Bank, covered the period 1978/79-1980/81 and the latter was formulated by the IMF and extended over the period 1979/80-1981/82. Both programs were focusing on the rehabilitation of the existing projects within the country's diminished resources. This meant freezing all new projects including the Breadbasket Strategy. As a result the GDP growth rate dropped to -1.9% during the 1980s, causing poverty to increase sharply. However, income distribution had worsened during the same period where the share of government employees' total

wages fell from 1.99% of GDP in 1979/80 to 1.65% in 1990/91 as well as the decline in the share of the 40% of the population from 14.5% to 8.0% (Awad, 1997).

4.4.4 Problems and Handicaps

The history of development planning in Sudan reveals that there have been many more failures than successes in its implementation. Most of the plan targets have not been achieved. However, the failure to carry out development plans in Sudan usually manifests itself in a variety of ways which, taken together, explain why the plan targets are often unfulfilled. From the Sudanese experience in planning implementation, some of the problems that were encountered and hence led to the failure of development policies can be pinpointed such as (i) the dispersal of resources whereby the plan usually includes large projects causing pressure on physical and administrative resources, (ii) inadequate preparatory work on projects, (iii) lack of engineering supervision and discipline where what is planned and what is done bear no relation to each other, (iv) administrative and procedural delays and uncontrollable factors including political instability, (v) war in the south, (vi) infrastructure problems, etc.

Accordingly, the history of development policies in Sudan was not a successful story due to the above-mentioned problems. As a result, the burden of the failure has been borne by the most vulnerable social groups (the old, the handicapped, children, women, etc.). Thus, improving the conditions of implementation of a development plan would be important in accelerating the process of economic development as well as in improving the livelihood of the vast majority of the poor living in rural and urban settings. This necessitates the development of economic potential, administrative capacity, and political will. Plan targets must be more in line with a country's real capacity to achieve its economic potential.

4.5 The Structural Adjustment Program and Poverty in Sudan

As was noted earlier both the Breadbasket Strategy and the Six Year Plan have failed to realize their objectives as the government in the late 1970s adopted the International Monetary Fund (IMF) contractionary and pro-rich Structural Adjustment Programs (SAPs). Adjustment as a process of responding to the severe economic imbalances began to acquire its importance after the 1970s financial crisis, which led to a complete switch in major international institutions' approach to development. Almost all policy advisers were concerned with adjustment which was generally tackled without due regard to its distributional or poverty implications. The fact that adjustment is an economic necessity cannot be denied though it is a complex process because it pursues three objectives with different nature and dimensions, namely, stabilization, growth and development.

The failure to pay enough attention to the social aspects of adjustment usually generated serious tensions, and sometimes led governments to stop their reform programs. In particular, the implementation of SAPs in Sudan has been followed by the economic liberalization measures in 1990. Major policy implementation tools have been followed pertaining to price liberalization (i.e, removal of subsidies), national currency devaluation, cuts of government spending, and privatization of public enterprises. The application of SAPs in Sudan was carried out too swiftly and haphazardly and failed to produce the intended results. For example, public spending cuts failed to reduce inflation while the frequent devaluation and lately the floating of the Sudanese national currency also failed to reduce imbalances in trade and balance of payments deficits (Awad, 1998, Ali, 1991). The ultimate result was stagflation, rising unemployment, trade and balance of payment deficits and large-scale poverty.

4.5.1 The Application of SAPs and the Creation of Poverty

Most of the studies carried out by Sudan's economists on the relationship between the implementation of SAPs austerity measures and the increased rate of poverty revealed strong correlation. Nevertheless, their studies failed to explain the process by which adjustment had increased poverty. Accordingly, the IMF attributed the increase of poverty to the misimplementation of the adjustment program (Awad, 1997). Monitoring the poverty situation in Sudan has revealed that poverty in Sudan as measured by all poverty ratios has increased rather substantially especially between 1978 and 1986 during the period of the application of the SAPs policies (Ali, 1992).

4.5.2 Evaluation of the Impact of SAPs on Poverty in Sudan

Ali (1994) used the before and after method to critically evaluate the impact of SAPs on poverty in Sudan. Due to the availability of the income and expenditure data, the 1968-78 represents the base period, whereas the 1978-1986 stands for the period of the application of SAPs in Sudan. As such different indicators such as the head-count, poverty gap, the poverty line, and the Consumer Price Index (CPI) are used to measure poverty in the before and after method.

a) Poverty Trends in the Pre-SAPs Period 1968-78

Table 4.2 illustrates that the number of the rural households in absolute poverty in 1968 was 1181 thousand and the incidence of poverty as measured by the head-count ratio amounted to 62.7 %. In addition, during the same period, the average household income in the rural areas was only Ls.75 per annum. This figure represents 55.15% of the poverty line, which was Ls.136 in 1968, and it means that the income gap was 44.85%.

These results reveal that the poverty gap in rural areas in 1968 was 28.11%. In the urban areas, on the other hand, the absolute number of urban households below the poverty line in 1968 accounted for 51.7 thousand and the incidence of poverty was only 15.9%, which is very much less than in the rural areas indicating that poverty was largely a rural phenomenon. Moreover, the average income of the urban poor household was Ls.97 per annum in 1968, which represents 71.32% of the poverty line and the income gap amounted to 28.68%. Therefore, the poverty gap in urban areas in 1968 was only 4.56%.

In Sudan the total number of poor families was 1306 thousand and the head count ratio was 51.59% which means that about 52% of the poor families were under the poverty line in 1968. The average income of the poor households in the same year was Ls.71, which represents 52.21% of the poverty line, and hence the income gap was 54.79%. However, all these results showed that the poverty gap in Sudan in 1968 was 24.66%. In terms of the sectoral structure of poverty in Sudan, using the above-mentioned results, it appeared that the rural sector constituted 90.4% of the poor, while the urban and suburban sector represented 4% and 5.6% respectively.

(i) Poverty Indicators in 1978

Table 4.2 also demonstrates the state of poverty in 1978 as shown by all poverty indicators. In terms of rural poverty, the number of poor households below the poverty line was 1575 thousand which meant that the incidence of poverty amounted to 64.17% revealing that about 64% of rural households were below the poverty line in 1978.

As depicted by Table 4.2 the average income of the poor household in the rural area was Ls.407 in 1978 per annum, which equated to 52.38% of the poverty line, which

was LS.777 in the same year. This implied that the income gap was 47.62%. The poverty gap in the rural areas in 1978 was 30.56%. In urban areas, on the other hand, the number of poor households below the poverty line in 1978 was 127.4 thousand and the incidence of poverty as measured by the head count ratio was 20.51%. This implies that about 21% of the total number of urban households was under the poverty line in 1978.

Table 4.2 also shows that the average income of poor households in the urban areas was Ls. 452 per annum, which represented 58.17% of the poverty line resulting in an income gap of 41.83%. Thus, the poverty gap in urban areas in 1978 was 8.58%. In the country as a whole the total number of poor households in 1978 was 1669 thousand signifying that the head count ratio was 54.26%, which meant that about 54% of the total number of the population in Sudan were below the poverty line in 1978.

As shown in Table 4.2, the average income of the poor households in Sudan in 1978 was Ls.446 per annum, which represented 57.39% of the poverty line. This in turn indicated that the income gap would be 42.61%. Therefore, the poverty gap in Sudan obtained from these results was 23.12 % in 1978. Comparing the results obtained in 1968 with those of 1978, one can conclude that poverty in Sudan as measured by all poverty ratios was on the increase for both rural and urban areas.

(ii) Poverty Indicators 1968-1978

Table 4.2 also summarizes the main results of the major poverty trends as shown by the poverty indicators in Sudan over the ten years before the application of SAPs. First, the incidence of poverty as measured by the head count ratio increased annually by 0.5%

between 1968 and 1978. In other words, the overall incidence of poverty had increased from 52% in 1968 to 54% in 1978. In terms of rural and urban strata, however, the incidence of poverty varied considerably. In the rural areas, the incidence of poverty increased from 63% in 1968 to 64% in 1978, at an annual rate of 0.23%, whereas in the urban areas it increased from 16% in 1968 to 21% in 1978 at an annual growth rate of 2.58%. Second, the overall poverty gap has declined from 25% in 1968 to 23% in 1978 recording a negative growth rate of -0.64% annually. Such a result reflects a substantial improvement in the economic well-being of the poor regardless of the increase in their number. The improvement in the standard of living of the poor was due mainly to the increase in their average income at an annual growth rate of 20.17%.

Table 4.2 also shows that between 1968 and 1978 the Consumer Price Index (CPI), increased by 15.6%. This means that the average real income of the poor experienced a substantial decline at an annual growth rate of 4.57%, while the actual poverty line rose by 3.44% per annum (Ali, 1994). Concerning rural-urban poverty gaps, Table 4.2 illustrates that the rural poverty gap increased by an annual (growth) rate of 0.8%, whereas in the urban areas it increased by 6.5% annually.

b) Poverty in the Post- SAPs Application Period 1978-1986

As mentioned earlier, the post-SAPs application period includes the period extended from 1979 to 1985 over which the government pursued various economic policies. These policies include the structural adjustment policies launched by the IMF in collaboration with the IBRD. As Table 4.3 illustrates, the absolute number of rural households below the poverty line in 1986 was 2309 thousand. Given the total number of rural households of 2778 thousand according to the 1986 estimate, the incidence of poverty would amount to 83.12%.

Table 4.2 Sudan: Poverty Trends 1968-1978 in the Pre-SAPs Period

Indicators	Y	E	A	R	Annual rate of growth (%)
	1968		1978		
Head-count (%)					
Rural	62.68		64.17		0.23
Urban	15.90		20.51		2.58
Sudan	51.59		54.26		0.50
Poverty gap (%)					
Rural	28.11		30.56		0.84
Urban	4.56		8.58		6.53
Sudan	24.66		23.12		-0.64
No. of poor households (000)					
Rural	1181		1575		2.92
Urban	51.7		127.4		9.44
Sudan	1305.8		1669		2.48
Poor's average income (Ls)					
Rural	75		407		18.43
Urban	97		452		16.63
Sudan	71		446		20.17
Poverty line (Ls)	136		777		19.04
CPI (1978=100)	2.4		10.2		15.6

Source: Ali, (1994:90)

This result shows that about 83% of rural households at that time were in poverty. Table 4.3 also demonstrates that the average income of the rural poor households was Ls.2415 per annum, which represents 37.83% of the poverty line of Ls.6384, leading to income gap of 62.17%. Consequently, the rural poverty gap reached 51.67% in 1986.

In terms of urban poverty, Table 4.3 shows that about 370 thousand of the total number of urban households was under the poverty line in 1986, which means that the urban sector's head count ratio was 52.86%. This figure indicates that about 53% (700 thousand) of the total number of the urban households was under the poverty line. The average income of the poor urban households was Ls.3440 per annum, which represents 53.88% of the poverty line, resulting in an income gap of 46.12%. These results imply that the poverty gap was 24.38% in 1986. The over all number of the poor in Sudan was 2706 thousand households, which means that the incidence of poverty as measured by the head count ratio was 77.8%. The overall average household income of the poor was Ls.2656 per annum, which represents 41.6% of the poverty line leading in turn to an income gap of 58.4%. These results mean that the poverty gap was 45.43% in 1986. These results also reflect that 86.2% of the poor were in the rural areas compared with 13.8% in the urban areas, which demonstrates that poverty in 1986 was mainly a rural phenomenon.

(i) Poverty Trends 1978-86

Table 4.3 shows the poverty trends in the post-SAPs era as indicated by the head count and the poverty gap ratios. Over the eight years of the application of SAPs, the head count ratio in Sudan increased substantially by an annual growth rate of 4.6%, which means that the number of poor households had increased at a rate exceeding the population growth rate.

Table 4.3 Poverty Trends in Sudan in the Post-SAPs Application Period 1978-1986

Indicator	1978	1986	Annual rate of growth (%) 1978-1986	Targets 1986	SAPs policies impact (%)	Annual rate of growth (%)
Head count ratio (%)						
Rural	64.17	83.12	3.29	65.36	17.76	0.23
Urban	20.51	52.86	12.56	25.15	27.71	2.58
Sudan	54.26	77.8	4.61	56.47	21.33	0.5
Poverty gap ratio (%)						
Rural	30.56	51.67	6.79	32.57	19.10	0.84
Urban	8.58	24.38	13.94	14.23	10.15	6.53
Sudan	23.12	45.43	8.81	21.96	23.47	-0.64
Number of poor households (000)						
Rural	1575	2309	4.90	1816	493	2.92
Urban	127	370	14.30	176	194	9.44
Sudan	1669	2706	6.23	1964	742	2.48
Poor's average income (Ls)						
Rural	407	2415	24.93	-	-	18.43
Urban	452	3440	28.88	-	-	16.63
Sudan	446	2656	24.99	-	-	20.17
Poverty line (Ls)	777	6384	30.12	-	-	19.04
CPI (1987=100)	10.2	82.9	29.94	-	-	15.60

Source: Ali (1994:96)

As a result, the overall incidence of poverty has risen from 54% in 1978 to 78% in 1986. In addition, Table 4.3 also reveals that poverty trends varied between urban and rural strata. While the head count ratio in the rural area recorded an annual growth rate of 3.29% between 1978 and 1986, in the urban area it was about fourfold of this value and recording an annual growth rate of 12.56% over the same period. Nevertheless, poverty in the rural areas had spread widely, about 83% of the rural people lived below the poverty line in 1986 compared with 64% in 1978. In the urban areas the head count ratio registered a high rate of growth in 1986, of 13% annually, where 53% of the urban households were under the poverty line.

The overall poverty gap, as Table 4.3 reveals has increased from 23% in 1978 to 45% in 1986 recording an annual growth rate of 8.81%. However, this result shows that the increase in poverty rates was accompanied by a sharp deterioration in the economic well-being of the poor during the period of the implementation of SAPs. Moreover, poverty intensified rather substantially in the rural areas where the poverty gap registered a noticeable increase from 31% in 1978 to 52% in 1986 with an annual growth rate of 6.79%. In the urban areas, on the other hand, the poverty gap increased from 9% to 24%, over the same period, recording an annual growth rate of 13.94%. The increased worsening of the living conditions of the poor in Sudan also appeared in terms of the rise of the poverty line annual rate of growth compared with the increase in the poor's average income. While the former increased by 30%, the latter increased by 25% for both Sudan and the rural areas, and 29% for the urban areas.

(ii) The Effect of SAPs on Poverty 1978-1986

Table 4.3 depicts the impact of SAPs on the state of poverty in the Sudan as measured by the head count and poverty gap ratios within the period 1978-86. Table 4.3 illustrates

that the head count ratio would have been 57% if the economic policies had remained intact during the 1968-78 period (Ali, 1994). The cumulative effect of SAPs on poverty may be quantified by comparing the actual value of the head-count in 1986 with its expected value in the same year. The difference between the two values represents the effect of these policies on poverty.

As seen in Table 4.3, the implementation of SAPs has increased the overall incidence of poverty by 21.33%, which in absolute terms means that about 742 thousand households became poor because of the application of SAPs. In addition, the application of the economic reform policies resulted in an increase in both rural and urban poverty by 17.76% and 27.71 respectively. This result indicates that the number of rural households below the poverty line increased up to 493 thousand households compared with 194 thousand of their urban counterparts. Table 4.3 also reflects that the poverty gap would have been 22%, if the economic policies had remained unchanged over the period 1968-1978. In comparing the actual value with the expected value of the poverty gap, it appeared that SAPs increased poverty by 23.5%. In addition, the adoption of these policies resulted in a considerable rise in rural and urban poverty, by 19% and 10%, respectively.

To sum up, over the ten years that preceded the implementation of SAPs measures, the extent of poverty in Sudan was relatively limited as revealed by the head count ratio, which amounted to 52% in 1968 and increased to 54% in 1978. In addition, the extent of poverty in Sudan was restricted in terms of the depth of poverty as measured by the poverty gap, which was 25% in 1968 and reduced to 23% in 1978. But the poverty situation witnessed a dramatic change due to the introduction of SAPs' austerity measures. During the 1978-86 period of the application of SAPs measures, the extent of

poverty has increased substantially as reflected by the head count ratio, which amounted to 78% in 1986, as well as by the poverty gap, which increased to 45% in 1986.

4.5.3 Economic Liberalization Policies and Poverty in Sudan

Due to the implementation of SAPs' privatization and economic liberalization policies in the 1990s, the poverty situation in Sudan has been aggravated and recorded higher rates amounting to 91.41% (Appendix-4). In absolute terms this means that about 3.43 million households were in poverty. The overall poverty gap in 1993 was 59.35% and the average poor income was Ls. 90200, which reflects an income gap of 66.59% (see Table 4.4). In terms of rural-urban strata, the incidence of poverty as measured by the head-count has increased dramatically in both rural and urban areas as shown in Table 4.4. However, in rural areas the incidence reached 93.16 % in 1993 compared with 84.43% in the urban areas in the same year.

In absolute terms, the number of rural poor households below the poverty line in 1993 was 2725 thousand. The average income of the poor in the rural areas was Ls. 85500, representing 31.65% of the poverty line estimated at Ls.270000 per annum in 1993. This in turn means that the income gap would be 68.35%. As a result, the poverty gap in the rural areas was 63.68%. In the urban areas, the number of poor households under the poverty line was 705 thousand, which represented 84% of the total number of the urban households in 1993. As Table 4.4 reveals, the average income of the urban poor was Ls.117200, which represents 43.31% of the poverty line indicating an income gap of 56.59%. These results show an urban poverty gap of 47.78% in 1993. This indicates that poverty in Sudan is both rural and urban phenomenon. There have been no genuine government interventions to curb this situation and the policies and programs that were set out to alleviate poverty were not efficient.

Furthermore, the ramifications of such afflictions led to rural urban migration and urban slum with their negative impact on the economy and society. In absolute terms, the number of households below the poverty line has risen substantially between 1968 and 1993. In 1968, the total number of poor families in Sudan was 130500 and because of the imposition of SAPs, it reached 3430000 in 1993. Table 4.4 also reveals a noticeable increase in the income inequality between rural and urban areas and between the rural and urban poor. Inequality in terms of the distribution of income and wealth between rural and urban areas can obviously be seen by the increasing poverty gaps, which reached 62.61% in the former and 47.78% in the latter in 1993.

i. Poverty Trends in 1986-1993

Table 4.4 illustrates that the head count ratio has increased substantially over the seven years from 78% in 1986 to 91% in 1993 at an annual rate of 2.3%. This means that the absolute number of poor households in Sudan has increased from 2706 thousand in 1986 to 3430 thousand household in 1993. In addition, the overall poverty gap has experienced a noticeable increase from 45% in 1986 to 59% in 1993 at an annual rate of growth amounting to 3.9% due to the imposition of SAPs. These results demonstrate that poverty in Sudan has increased dramatically as shown by the head count ratio, and led in turn to further deterioration in the economic well-being of the poor.

In addition, at the sectoral level the poverty gap increased significantly in the rural areas from 52% in 1986 to 63% in 1993 at an annual growth rate of 2.8%, whereas in the urban sector the ratio increased from 24% in 1986 to 48% in 1993 recording an annual growth rate of 10.1%. Moreover, the impact of the economic reform policies upon the socioeconomic welfare of the poor can be obviously seen by comparing the average income growth rate of the poor with the annual growth rate of the poverty line in the

country. This reveals that the overall average income of the poor has registered an annual growth rate of 65% while the poverty line has increased at an annual growth of 71% during the 1986-1993.

The period 1978-1993 also witnessed a considerable upward trend in the poverty gap, which registered an annual rate of growth of 6.5% in the country and 4.9% in the rural as well as 12.1% in the urban areas. As Table 4.4 depicts, the adverse effects of the poverty trends have been associated mainly with the decline in the real average income of the poor over the periods under study. However, the period 1968-78 showed a growth in real average incomes of the poor and hence reflecting an improvement in their economic conditions.

ii. The Effect of the Economic Reform Policies on Poverty 1993

Table 4.4 shows the effect of the economic liberalization policies on poverty in Sudan in 1993 as indicated by the head count and the poverty gap. The head-count in the rural areas would account for 64.17% if the economic policies had remained unchanged before the application of SAPs. As a result, the cumulative effect of SAPs has increased the head count ratio in the rural areas by 29%, which represented 848 thousand poor households. Similarly in the urban areas, the head-count ratio would have risen by 30.05% in 1993 if the economic policies had remained unchanged prior to the application of SAPs policies. Thus, due to SAPs policies the head-count ratio increased by 54.4%, which means an additional 454 thousand urban households became poor. In addition, in the country as a whole and because of the imposition of SAPs, the head-count ratio increased by 33%, which represented 1239 million poor households. The poverty gap on the other hand increased as a result of SAPs. Table 4.4 shows that the poverty gap in Sudan was anticipated to increase to 21% in 1993, if the economic policies before SAPs remained unchanged. However, because of SAPs, the poverty gap

increased by 38% in the country as a whole as well as by 29% and 26% in the rural and urban areas respectively.

iii. Poverty Eradication Policies

Ali (1994) suggested a policy of redistribution of resources as a means of poverty eradication. He compared the resources required for eradicating poverty with the resources made available in the economy. He counted the resources that would be required to uplift the poor at the rural, urban and country level. For the rural sector he found that the income poverty gap (poverty line minus the average income of the poor) compared with the average rural income amounted to 7.94%, implying that poverty could be eradicated if 7.4% of the resources would have been transferred in favor of the rural poor. Likewise, in the urban sector the income poverty gap was 4.84%, implying that 4.1% of the resources would be required to eradicate poverty in the urban areas. At the country level the income poverty gap was 7.2%, indicating that 6.6% of resources would be required to eradicate poverty in Sudan. It has generally been observed that the resources required to eradicate poverty in Sudan are always less than the actual resources made available in the country.

Table 4.4 The Effect of SAPs on Poverty, 1978-1993

Indicator	1978	1993	Target 1993	SAPs impact (%)	Annual rate of Growth (%) 1968-78
Head count ratio (%)					
Rural	64.07	93.16	64.17	28.99	0.23
Urban	20.51	84.43	30.05	54.38	2.58
Sudan	54.26	91.41	58.48	32.94	0.50
Poverty gap (%)					
Rural	30.56	62.61	34.65	27.97	0.84
Urban	8.58	47.78	22.16	25.62	6.53
Sudan	23.12	59.35	21.00	38.35	-0.64

Source: Ali (1994:122)

4.6 Regional Distribution of Poverty and Unemployment

Since independence in 1956, the ultimate concern of the successive governments has been the elimination of regional disparity in terms of income distribution and wealth. As such, rural development has been used as an instrument to attain such objectives. Nevertheless, such objectives have been eroded by the pursuit of the colonial pattern of economic development, which was shaped by the growth pole strategy of development.

However, poverty in Sudan is related mainly to the failure of development plans and policies that in most cases were biased towards specific parts of the country. As a result, stark disparities exist between the different states in the country in terms of human development and human poverty indices. Based on the latest 1993 census, Table 4.5 demonstrates the state level human development and human poverty indices in Northern Sudan. Khartoum, Gezira and the River Nile are considered the richest and most developed states and they rank first, second and third with respect to the two indices. The backward states are those, which tail the list. These are the Blue Nile, West and South Kordofan respectively. They rank 14, 15 and 16 in terms of human development and poverty indices. However, either these states were subjected to rural urban movement in the form of displacement or job-seeking. Accordingly, poverty in Sudan is highly concentrated in certain regions, economic sectors and segments of the society. It is more severe in the western regions- Darfur and Kordofan, followed by the Northern, Central and Eastern regions consecutively.

Table 4.6 displays the results of the migration and labor force surveys of 1990 and 1996 with respect to the regional distribution of poverty. With the continuing deterioration in household income, overall incidence of poverty increased from 77.5% in 1990 to 90.2% in 1996 at an average annual growth rate of 2.6%.

Table 4.5 Northern Sudan: State-level Human Poverty Index in 1998

Human Development Index (HDI)			Human Poverty Index (HPI)	
State	Rank	Value	Rank	Value (%)
Khartoum	1	0.578	1	32.0
Gezira	2	0.482	2	39.6
River Nile	3	0.457	3	46.4
Northern	4	0.448	4	53.2
White Nile	5	0.433	6	57.7
Gadaref	6	0.415	7	58.4
Sinnar	7	0.397	8	58.8
North Darfur	8	0.385	11	70.6
Red Sea	9	0.379	5	55.1
Kassala	10	0.369	9	59.4
South Darfur	11	0.367	13	73.0
West Darfur	12	0.359	15	73.3
North Kordofan	13	0.337	10	67.6
Blue Nile	14	0.331	14	73.2
West Kordofan	15	0.316	16	75.5
South Kordofan	16	0.305	12	72.4
North Sudan	(--)	0.423	(--)	55.9

Source: Extracted from Nur (1998)

Table 4.6 Sudan: Incidence of Poverty by State 1990-1996

Region	Incidence of poverty (%) 1990	Incidence of poverty (%) 1996	Average annual growth rate (%)
Khartoum	71.8	75.4	0.8
Darfur	72.0	95.4	4.5
Northern	77.0	93.2	3.0
Central	78.0	91.9	2.6
Eastern	80.0	90.7	2.0
Kordofan	84.0	94.2	1.8
Average	77.5	90.2	2.6

Source: Migration and Labor Force Survey, 1990 and 1996

Table 4.7 Sudan: Regional Unemployment and Poverty, 1996

Region	Unemployment (%)		Incidence of poverty (%)	
	Urban	Rural	Urban	Rural
Northern	5.5	29.4	90.0	92.7
Eastern	20.7	24.1	88.4	94.3
Khartoum	22.3	18.6	76.9	80.0
Central	16.3	16.4	93.1	91.2
Kordofan	21.0	14.7	86.5	96.0
Darfur	13.9	10.2	89.1	97.0
Northern Sudan	19.6	15.7	84.6	93.3

Source: Migration and Labor Force Survey, 1996

Significant variations in the average growth of poverty rates tended to exist between the different regions. The highest rate was recorded in Darfur which was 4.5% followed by the Northern region with the rate of 3.0%. Due to the expansion in urban economic activities and hence the improvement in household income levels, Khartoum registered a low rate of poverty, which stood at 0.8%. High incidence of poverty was assumed to exist in the war devastated Southern regions but was not covered by the survey due to security problems. According to the 1993 census, these states constitute 70% of the population and contribute 30% of the overall government revenues (Sudan, 1998).

In an attempt to assist the underdeveloped states, the government initiated the state's support fund, which covered eleven states. The fund provides ongoing and developmental support. In the 1998 national budget, the ongoing and developmental support amounted to Ds 7 billion and Ds 3 billion respectively. Despite the meager financial resources allotted to the fund a modest sum tends to go to the payment of salaries (Awad, 1998).

Closely associated with poverty is the existence of high rates of unemployment in different states. Table 4.7 gives the distribution of unemployment and poverty by states. On average unemployment rates are lower in rural than urban areas.

Table 4.7 shows that in the western states namely Kordofan and Darfur, urban unemployment rates surpassed those of the rural. This can be attributed mainly to rural-urban drift because of drought. In all regions, high unemployment rates are not always reflecting high incidence of poverty. In the northern and eastern regions where the estimated unemployment rates were much higher than other regions, the incidence of poverty was relatively higher amounting to 92.7% and 94.3% respectively.

In Kordofan and Darfur low rates of unemployment in rural areas coincided with high incidence of poverty estimated at 96% and 97% respectively. Khartoum urban unemployment rate was the highest compared to other urban regions but indicated the lowest incidence of poverty, which could be attributed to the higher average earnings, compared to other urban places. Paradoxically, in Sudan the regions with the highest urban unemployment rates-Khartoum (22%), Kordofan (21%), and the Eastern (21%), had - the lowest incidences of urban poverty of 77%, 87% and 88% respectively. At the same time the regions with the lowest unemployment rates - the Northern (6%), Darfur (14%) and the Central region (16%) - had the highest poverty rates: 90%, 89% and 93% respectively. Higher income and lower unemployment rates are not always a guarantee of low poverty if income is unevenly distributed. Therefore, with a low employment elasticity of growth, high rates of growth in output would be needed in order to expand employment (Maglad, 1998). Access to employment and income generating activities (IGAs) is also vital for increasing self-esteem for upward social mobility and for breaking off the web of poverty. There is an urgent need for the state to initiate job creation programs aiming at alleviating the rampant poverty, improving the overall standard of living and at boosting the state economy.

Nur (1997) employed both monetary and non-monetary measures in drawing a poverty map for geographical targeting. He used a single poverty indicator as well as a composite index in ranking the different regions in terms of inequality and relative poverty. In his view both indices are useful in thematic poverty alleviation programs. Using a single poverty indicator, a region is said to be poor if it has the lowest consumption level, the highest degree of inequality, the lowest share in the national welfare, the highest food share in total expenditure, and the highest incidence of

poverty. In Table 4.8, the rural single indicator poverty map reveals that the poorest region ranks first and the richest one ranks eight. Kordofan, the poorest region, ranks first in terms of adjusted per capita expenditure, share in total welfare and incidence of poverty. On the other hand, Khartoum, the richest region, ranks eighth in terms of adjusted per capita expenditure, share in total welfare, food share in total expenditure and incidence of poverty. The Red Sea ranks second in terms of adjusted per capita expenditure and incidence of poverty. In terms of inequality, Sinnar, the Blue and White Nile rank first and Darfur ranks second.

Table 4.9 displays the urban single indicator poverty map for the northern regions. The poorest region ranks first and the richest one ranks eighth. The poorest is Kordofan that ranks first in terms of the adjusted expenditure, inequality; share in total welfare and incidence of poverty. In terms of adjusted per capita income, share in total welfare and the incidence of poverty the Northern region and Khartoum rank second and eighth respectively. Khartoum, the richest region ranks eighth in terms of the adjusted per capita income, share in total welfare, and the incidence of poverty. It is worth noting that urban Kordofan is poorer than rural Kordofan and rural Khartoum is richer than urban Khartoum. This result obviously reflects rural-urban disparities. Finally, any policy action taken to alleviate poverty, given the availability of resources, should be directed first to Kordofan (both rural and urban). Second priority should be given to the rural part of the Red Sea region and the urban part of the Kassala and Gadaref regions.

Table 4.8 Sudan: A Rural Poverty Map by Single Poverty Indicators, 1997

Rural	Adjusted p.c expenditure		Inequality		Food share in total expenditure		Incidence of poverty	
	Rank	Ls/month	Rank	Gini	Rank	%	Rank	%
Kordofan	1	1040.8	5	0.3624	2	74.29	1	0.819
Red sea	2	1294.5	7	0.3337	1	74.39	2	0.674
North & Nile	3	1413.0	8	0.3125	6	69.33	3	0.654
Darfur	4	1416.7	2	0.3940	4	71.61	4	0.619
Kassala & Gadaref	5	1494.5	4	0.3688	5	70.10	5	0.604
Gezira	6	1679.8	6	0.3532	3	73.74	6	0.556
Sennar, White and Blue Nile	7	1722.0	1	0.3991	7	65.98	7	0.508
Khartoum	8	2725.1	3	0.3838	8	65.78	8	0.317
All regions		1541.2	--	0.3861	--	70.24		0.617

Source: Extracted from Nur, 1997, p. 30

Table 4.9 Sudan: An Urban Poverty Map by Single Poverty Indicators, 1997

Urban	Adjusted p.c expenditure		Inequality		Share in total welfare		Food share in total expenditure		Incidence of poverty	
	R1	Ls.	R2	gini	R3	%	R4	%	R5	%
Kordofan	1	1331.3	1	0.4058	1	8.65	2	71.78	1	0.902
North	2	1495.8	3	0.3685	2	10.32	1	72.43	2	0.885
Sinnar & White & Blue Nile	3	1664.7	4	0.3643	3	11.56	7	64.06	3	0.824
Kassala & Gadaref	4	1645.8	7	0.3149	5	12.32	5	68.61	4	0.802
Darfur	5	1677.2	6	0.3402	4	12.09	3	70.72	5	0.772
Red Sea	6	1824.9	8	0.3142	6	13.67	8	62.80	6	0.769
Gezira	7	2109.4	5	0.3627	7	14.69	4	69.70	7	0.744
Khartoum	8	2468.4	2	0.3809	8	16.70	6	65.75	8	0.647
All Regions	--	1938.2	--	0.3774	--	100.0	--	67.14	--	0.757

Source: extracted from Nur, 1997, p. 31

4.7 Poverty Eradication Programs at the National Level

This subsection provides a cursory description of the national programs that have a direct impact on the poverty situation in Sudan.

4.7.1 The National Comprehensive Strategy (1992-2002)

The National Comprehensive Strategy (NCS) is the recent attempt to initiate positive changes through a comprehensive planning process. It called for full collaboration between the government, individuals, citizens and the society in fostering development. It considered people as the target of development and the household the nucleus of society. The NCS addressed poverty alleviation explicitly in its objectives, priorities and implementation strategy. Its targets include:

- i. Alleviation of poverty;
- ii. Promotion of *takaful* (mutual support of impotent members of society) amongst people;
- iii. Redistribution of wealth;
- iv. Promotion of productive employment;
- v. Doubling the revenues collected through *zakat*, *awqaf* (endowment), and other support funds by 20 fold and distributing them to the poor; and
- vi. Providing 2.5 million households with IGAs.

The NCS also called for establishing a body for coordinating the initiatives of government agencies, social support funds and other agencies dealing with *takaful* and poverty alleviation. The priorities set in the NCS include: assessing the extent of poverty and establishment of a database; setting up IGAs for poor households; establishment of Takaful Bank as well as construction of low cost housing units.

Several agencies were charged with the implementation of the NCs at the national level such as the Takaful Fund, the National Social Insurance Fund, the Zakat Fund, the Retirement Fund and the Students' Support Fund among others. The implementation of the NCS was scheduled to proceed in three phases, three years for the first phase which included the National Economic Salvation Program (NESP), three years for the second phase and four years for the last phase.

4.7.2 The National Economic Salvation Program (NESP)

The poor performance of the Sudanese economy during the 1980s resulted mainly from the distorted macroeconomic policies pursued since the 1970s. These policies resulted in a profound malformation of the economy leading in effect to institutional, physical and price rigidities. To remedy such a situation, the Salvation Revolution Government that took power in 1989 introduced the NESP as a panacea for the inherited socioeconomic problems. The main objectives of the NESP included:

- i. Revitalization of the Sudanese economy;
- ii. Increasing production and productivity;
- iii. Protection of vulnerable groups against the adverse effects of the program; and
- iv. Encouragement of the private sector to play a more effective role in the economy.

The means of the program to achieve the above objectives are as follows: First, more emphasis should be given to the agricultural development as a leading sector in the economy. Second, a comprehensive social solidarity system was to be introduced to cater for the low income segment of the society by mitigating the higher costs incurred in the process of restructuring the economy. Third, exports should be enhanced through

price liberalization. Fourth, both domestic and external resources should be mobilized. Fifth, there was to be a removal of government monopoly in the areas of agriculture, industry, domestic markets, foreign trade and the services sector and an opening of the door to the private sector in all areas of economic activities except oil production. Finally, there was to be a deregulation of price and profit controls and a limiting of price control on a short list of basic items.

a. The Performance of Economic Indicators

The annual GDP growth rate during the years 1990, 1991 and 1992 was 1.2%, 11.3%, and 12.7% respectively (Table, 4.10). The program implementers ensured that the NESP achieved its objectives in increasing the national income and mobilizing production through the utilization of untapped resources.

However, it has generally been recognized that the concept of development as growth maximization is no longer valid. The trickle down by growth, as mentioned earlier, was often limited. As such, economic development has to be redefined to encompass poverty eradication, employment and income distribution as well as human development. As we have seen, growth is a necessary but not sufficient condition for ensuring the protection of the poor in either the short or medium term. As for the NESP, despite the sizeable increase in the GDP growth rate, deterioration in living standards of the overwhelming majority of the Sudanese people particularly the limited income groups is quite evident.

The most striking feature of the Sudanese economy is its reliance on the agricultural sector. During the first year of NESP, the agricultural sector registered a negative growth rate of - 4.2%, and then it began to improve and achieve high growth rates of 31.5%, and 26.4% during the years, 1991/92 and 1992/93 respectively (see Table 4.10). In addition, the agricultural sector's contribution to the overall GDP reached 28.7%.

33.9% and 38% over the three years of NESP (Table 4.11). This indicates an improvement in the standard of living of the agricultural population.

The industrial sector still lagged behind and recorded modest growth rates amounting to 15%, 8.5% and 15.6% in 1990, 1991 and 1993 respectively (Table 4.10). Its share in the GDP over the three years of the NESP, as demonstrated by Table 4.11 was 17.5%, 17% and 17.5% during the periods 1990/91, 1991/92, and 1992/93, respectively. Accordingly, the industrial sector in Sudan still occupies the third position within the context of the economic sectors. As a result of the imposition of the liberalization policy, the services sector has grown at slow rates of 0.3%, 1.5% and 2.1% in 1990/91, 1991/92 and 1992/93 respectively. Nevertheless, its contribution to the GDP exceeded that of the agricultural and industrial sectors over the same periods. Its share in the GDP during 1990/91, 1991/92 and 1992/93 was 53.8%, 49.1% and 44.5% respectively (see Table 4.10).

b. The Impact on Income Distribution

Within the social milieu of the Sudanese people, the middle class entirely disappeared due to the implementation of the liberalization measures (Awad, 1993). However, the introduction of the Zakat Fund and the Social Solidarity Fund in 1990 marked the beginning of active state participation in extending financial assistance to the poor in the form of grants, subsidies, interest free lending (*gard hassan*), and project finance. Disbursement through these institutions during the years of the NESP did not exceed 0.5% of the GDP (Awad, 1993).

Table 4.10 Sudan: GDP Growth Rates by Economic Sectors 1990-1996 (at 1981/82 constant price) (%)

Sector	1990/91	91/92	92/93	93/94	1995	1996
Agriculture	-4.2	31.5	26.4	13.1	9.3	9.6
Irrigated	1.3	36.9	-8.3	15.6	10.6	26.3
Mechanized rainfed	-32.9	26.1	7.7	-46.9	32.1	-16.5
Traditional rainfed	-39.0	51.4	73.9	13.4	11.3	-6.4
Livestock	3.6	2.9	67.8	27.2	4.2	9.5
Forestry	3.4	1.0	9.5	19.6	15.9	8.8
Industry	15.0	8.8	15.6	0.9	-7.4	7.2
Mining	0.0	0.0	99.7	0.2	0.0	58.7
Manufacturing	6.5	14.2	18.9	-6.7	-8.8	4.4
Electricity & water	2.0	2.0	23.9	8.9	-22.9	3.1
Construction	41.0	1.8	5.1	12.9	1.6	-1.8
Services	0.3	1.5	2.1	4.9	7.4	-1.0
Government services	-3.6	-1.5	-14.8	7.3	0.0	-7.2
Other services	1.4	2.3	6.7	4.4	0.0	0.5
Total GDP (constant)	1.2	11.3	12.7	7.3	4.5	4.7

Source: Ministry of Finance: Economic Review, 1996, p. 41

Table 4.11 Sudan: The Share of Economic Sectors in GDP 1990-1997 (%) (At current price)

Sector	1990/91	91/92	92/93	93/94	1995	1996	1997
Agriculture	28.7	33.9	38.0	40.0	43.0	45.0	47.6
Irrigated	10.3	12.6	10.3	11.1	11.1	13.3	14.1
Mechanized rainfed	1.5	4.8	4.6	2.3	2.7	2.2	3.2
Traditional rainfed	1.9	2.5	3.9	4.1	6.7	6.0	6.9
Livestock	11.9	11.0	16.4	19.5	19.2	20.0	20.0
Forestry	3.1	2.8	2.7	3.1	3.3	3.4	3.4
Industry	17.5	17.0	17.5	16.4	14.1	14.5	15.1
Mining	-	0.08	0.14	0.13	0.13	0.86	0.9
Manufacturing	9.4	9.6	10.1	8.8	6.6	6.5	7.4
Electricity & water supply	2.3	2.1	2.3	2.3	1.9	1.9	1.9
Construction	5.8	5.3	4.9	5.2	5.5	5.2	4.9
Services	53.8	49.1	44.5	43.5	42.9	40.6	37.2
Government services	11.7	10.3	7.8	7.8	8.4	7.5	5.9
Other services	42.2	38.8	36.7	35.7	34.5	33.1	31.3
GDP (at current price)	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Ministry of Finance: Economic Review, 1996 and 1997, p. 42,54

Even with the inclusion of Islamic Banks and NGOs funding, such contributions would not exceed 1.5% of the GDP. Thus, the tiny amounts of these flows and their limited impact led in turn to the concentration of income in a few hands and the impoverishment of the masses.

As a result of the increased worsening of the socioeconomic conditions of the majority of the population and due to the failure of these funds to improve the situation of the poor, the government began to reassess the performance of the Solidarity Fund. Consequently, the Central Solidarity Fund was dismantled and some regional offices were established. Instead of improving the situation, such steps led to further problems and shortage in the provision of services due to the meager resources, in addition to weak administrative capacity in these states.

c. Evaluation of the NESP

Despite the high rates of growth being achieved during the three years of the NESP, many flaws could be observed in its implementation. First, there is an apparent inconsistency between what was planned for and what has actually been achieved so far. Where the program target was to stabilize prices and the exchange rate, in reality it adopted austerity measures including the deregulation of price control, the removal of subsidies and privatization of the public sector. Second, one of the objectives of the program was to attain self-sufficiency in food production. But such objective was accomplished swiftly leading the government to restrict consumption and bridge the deficit in food by import (Awad, 1992). Third, the price liberalization policy, instead of fostering food supply dampened demand and crippled production by raising its cost.

4.7.3 The National Mobilization Scheme for Takaful and Production

This scheme was established in 1999 as a mechanism for alleviating poverty and revitalizing social solidarity among the Sudanese people in the face of economic hardships. In accordance with the objectives of the NCS, the scheme seeks to mobilize all the society to supplement the efforts of government and NGO agencies engaged in the task of poverty alleviation. In addition, the scheme also tries to induce a holistic socioeconomic development that goes beyond poverty alleviation. The strategic aim of the scheme is the creation of a model society characterized by higher moral standards, composed of individuals and households who enjoy a decent human life and subscribe to higher standards of morality. The objectives of this scheme were:

- i. Instigating the tenets of reciprocity, self-reliance and *takaful*;
- ii. Massive social mobilization to alleviate the poverty of two million poor households within a four year span;
- iii. Promotion of appropriate small industries and increasing the output of various types of sustenance activities both vertically and horizontally;
- iv. The promotion of employment opportunities for women, youths, students, graduates, people with disabilities and those receiving social support; and
- v. Supporting employees and other limited income groups through non-conventional means.

In addition, the scheme sets quantitative targets and proposes an implementation strategy which identifies the role of fifty four different actors including the twenty six states, relevant government agencies, banking institutions, research and training institutions, Community Based Organizations (CBOs), NGOs and UN agencies.

4.7.4 The Savings and Social Development Bank

It was established in 1995 as one of the main mechanisms of poverty alleviation at the national and local levels. The bank provides credit to small producers and poor households and utilizes a simplified lending procedure to establish Income Generating Activities (IGAs). In addition, it supports social services in poor communities. The sources of finance of the fund were its working capital, credit ceiling, government transfers and 17.5% of net *zakat* proceeds. The bank has 31 branches nationwide.

Table 4.12 illustrates the amount of finance delivered by the Savings Bank to various economic activities. The bulk of the Savings Bank finance over the period 1991- 1997 went to productive family projects representing 55% (SD 2966 million) out of the total of (SD 5434 million). The small-scale and handicraft sector ranks second in terms of its share in the Bank finance, which amounted to 28%. These results indicate that the principal objective of the Savings and Social Development Bank is to eradicate poverty by providing loans and credit facilities negating the prevailing wisdom that the poor are not credit worthy as envisaged by conventional banking systems.

Table 4.12 Sudan: Disbursement of Loans and Credit Facilities to Different Economic Sectors 1991-1997 (million SD)

Sector	Agriculture		Industry		Services		Small-scale and handicraft industries		Productive family projects		Total
1991	27.2	34%	9.9	12%	15	19%	20	2.5%	-	-	72.1
1992	57.2	47%	8.3	8.2%	-	-	41	4%	-	-	106.5
1993	61.9	64%	7.6	7.9%	-	-	44	4.5%	90	3.9%	203.5
1994	72.2	38%	22.5	12%	-	-	82	4.3%	567	30%	743.7
1995	83.6	30%	60.7	22%	11	4%	180	6.3%	714	25%	1049.3
1996	179	34%	76.8	15%	35	7%	680	13%	886	17%	1856.8
1997	171	31%	51.1	9.4%	10	1.6%	461	8.4%	709	13%	1402.1
Total	652.1		236.9		71		1508		2966		5434

Source: The Savings and Social Development Bank, 1997

\$1=SD210, SD1= Ls. 10

4.7.5 Social Support Funds

To achieve the objectives of the NCS of eradicating and maintaining social balance, several supportive funds were established. Here is a cursory description of the most important ones:

a. The Takaful Fund

It was established in 1991 within the Ministry of Social Welfare. The ultimate objective of the fund is alleviating poverty and supporting food security schemes. It was instrumental in initiating the productive family projects and for subsidizing the medical bills of the poor. In encouraging the development of the productive family projects, the fund provided a number of productive families in some states with the means of production. According to the Social Development Doctorate statistics, in 1994, the fund provided 110 households in the River Nile state (Umbra town) with sewing machines and carriages. In the Northern State (Wadi Halfa Province), the fund supported 60 households by offering goats costing LS. 900000. In the Nile and Northern states, the fund implemented the Green Hope Project for supporting small farmers. In Kordofan state about 100 households were supported by the fund. Later on, the fund was dissolved and its assets and responsibilities were transferred to Khartoum State Takaful Fund. A food security company called Yarol was established (El Gusy, 1996).

b. The Social Insurance Fund

It was established in 1990 to provide social insurance to government and private sector employees who accounted for 1.4 million persons. The fund invests its capital in agricultural, industrial and services projects as well as in small industries and

productive family enterprises. Through these investments, the fund has supported thousands of poor households and those who do not have access to formal banking institutions.

c. The Students Support Fund

It was established in 1992. It supports 165,000 poor students nationwide. Its sources of finance include government transfers, proceeds from its hostels and other investment and private donations.

d. The Social Development Foundation (SDF)

Becoming operational in early 1998, the SDF is charged with planning and implementation of poverty alleviation programs in Khartoum State. Its main objectives include:

1. Providing poor households with IGAs on a revolving credit basis;
2. Training of IGAs beneficiaries and developing their skills;
3. Providing the poor with medical insurance;
4. Community mobilization for poverty alleviation;
5. Fund raising from NGOs, UN agencies, and donors;
6. Coordination of poverty alleviation initiatives.

The main target groups for the SDF are poor households who are listed as eligible for Zakat. Thus the beneficiaries are identified by the Zakat committees in each neighborhood and screened by the SDF through a network of social workers at the localities. The principal sources of funding the SDF are the Federal and state ministries of Finance and Zakat fund. In 1998 the SDF has provided 3708 households with IGAs in individual and group projects for a total of L.s.2, 835,521,148 (\$ 1.3 million), and has

trained 780 beneficiaries in various skills for a total of Ls. 98,895,000 (\$ 45000). Obviously these figures are too low given the extent of poverty in the state, and given SDF own targets of supporting 9,000 poor households, which could not be achieved, because of the lack of finance (Sudan, 1999).

4.7.6 The Role of National and International NGOs in Poverty Alleviation

Most of NGOs poverty alleviation initiatives in Sudan take the form of the provision of basic needs and income generating activities, including, *inter alia*, health and medical care, education, supplementary feeding, immunization, water and sanitation, environmental conservation and microcredit. The Humanitarian Aid Department of the Ministry of Social and Cultural Affairs estimates that there are 15 foreign NGOs and 32 national NGOs working currently in Khartoum State alone for a combined budget of US\$ 20 million. Most of the activities of the NGOS are concentrated in the National Capital in areas where the poor are found such as the squatter and peripheral settlements.

Various UN agencies have engaged in poverty alleviation programs in Khartoum State and in some parts of the country, which are directed mainly towards specific target groups. The United Nations Development Program (UNDP) focuses primarily on triggering long term sustainable development by addressing the plethora of symptoms comprising poverty- namely low income levels, lack of access to basic needs such as health, education, water as well as information and social organizations. Given its limited human and financial resources, the UN Poverty Alleviation Program (UNPAP) does not promise to alleviate all poverty in Khartoum State during its three years life span. However, the project will assist in establishing a model of poverty alleviation

program that can be replicated through out the State, and possibly in other states, long after the present project has ended.

With regard to raising income levels, UNPAP provide a revolving credit fund as seed money to establish IGAs that benefit the poor. In Khartoum State these IGAs focus on four municipalities where the poor are concentrated (Umbada, East Nile, Omdurman and Jebel Aulia). Eventually it was expected that thousands of households, at a much wider geographical coverage, would have the chance to benefit from this revolving fund, which will be managed by local community institutions trained by the project.

With respect to basic needs, UNPAD, plays a catalytic role in addressing these needs by bringing together all concerned parties, including government agencies, NGOs, CBOs, and the beneficiaries. As partners in a common cause, they could then agree on the contribution each one of them can make to address the poverty problem. In a school building program for example, the state Ministry of Education may not have all the resources required for building schools, but through partnership with concerned bodies various elements of the program (e.g. buildings, furniture, supplies, personnel, etc.) can be shouldered by various partners (UNESCO, localities, NGOs, beneficiaries, etc.). This program approach facilitates coordination of various initiatives, optimizes utilization of limited resources and avoids duplication of efforts.

4.7.7 The Area Development Scheme (ADS)

The ADS is a community based, environmentally friendly and gender sensitive participatory rural development program of the government of Sudan, assisted by UNDP aiming at increasing the incomes and improving the standard of living of villagers in five selected rural areas in Sudan that have often left out of any development

interventions (Sudan, 1998). The program covers 2000 villages, spreads over 86,250 kilometers (about 3.4%) of the area of Sudan and benefits more than one million beneficiaries.

ADS is essentially pilot program designed as a potentially more viable alternative to conventional “top down” development project. The ADS approach places the community in the top priority of project activities. Villagers are the key decision makers of the ADS program. With financial technical assistance provided through ADS, they set their development priorities and participate in all stage of project implementation. This participatory methodology aims at enhancing the self-reliance of ADS communities, thus ensuring the sustainability of ADS investment. It was designed to focus resources on the following three immediate objectives:

- i. The establishment of fully functioning organizational framework and processes of planning and implementing a comprehensive, community based development program to ensure that community effectively participates in all stages of projects activities;
- ii. A measured increase in the wealth and improvement in the quality of life of area's inhabitants through the implementation of community managed sub-projects; and
- iii. The identification through the study and testing of viable development alternatives, which can subsequently be introduced as community managed sub-projects.

In addition these objectives, other key ADS considerations include environmental regeneration, the full involvement of women and the integration of nomadic pastoralists.

In fact, all these issues are seen as inextricably intertwined within the context of ADS.

Moreover, ADS also provides basic social services such as health, education, drinking water, sanitation, etc.

Each ADS project consists of a series of small-scale grass-roots development interventions in agricultural, animal husbandry, management and development of water resources, handicrafts, small-scale industries and other activities identified as priority by each ADS community. The packages of sub-projects make up the development plan for each area. The development plan in each area is a rolling plan revised on an annual basis and is to be linked, and integrated within both state and national planning mechanism.

Over the course of ADS implementation, the community groups/ organizations have acquired legal status and a level of knowledge and skills, which is gradually, enable the community to take over responsibility for planning, management and monitoring of ADS standing activities. Community self-financing of field activities represents one of the guiding principles of ADS community development program. All ADS sub-projects are designed and appraised on the principle that all or at least a significant part of their costs are eventually certain to be recoverable from beneficiaries. Self-financing is an essential prerequisite strong enough to ensure financial growth and protection of community fund against inflation.

Being a participatory learning process, ADS philosophy in solving development constraints is flexible and adapting its approaches according to local circumstances and lessons learned without losing sight of the participatory nature of ADS philosophy.

To ensure continued community financing of development activities and easily accessible rural credit system, ADS uses an indigenous credit fund structure called "Sandug" which is based on traditional community finance system (or village treasury)

formed to find certain community investment or to help members of the community in case of emergency.

4.7.8 The Child Friendly Village Initiative (CFVI)

The CFVI was established in 1993 by the Sudan government in collaboration with UNICEF and represents area-based program of cooperation. The strategic aim of the CVFI is to empower the poor village communities with knowledge, skills and resources to enable them to break the vicious circle of rural poverty. This objective is to be achieved by, inter alia, creating village level community participation; institutional and capacity building; providing access to basic social services, skills development; training; inter-agency arrangements and the active involvement of women and children. The CFVI adopted certain criteria for the selection of village project include: areas, localities, state governments provided by social services such as primary health care, education and that the poor are willing to participate and share costs and where programs for economic development and poverty alleviation started to be implemented by IFAD, ADS and NGOs.

Since its inception, the CFVI has developed an effective and efficient social safety nets in 289 child friendly villages in eight states empowering one million persons, about 5% of them are women and children in of human development. The CFVI poverty alleviation initiative is proved to be successful. The findings of the program evaluation carried out by Turkawi (1998) revealed a noticeable improvement in women and children status, provision of basic social services, and inter-agency arrangements have been realized.

With respect to the empowerment of women and children, women constituted about 40% of the members of various grass-roots committees taking some leading posts with children represented about 40% of the village development committees. In terms of education, school drop out and children enrollment rates experienced a sharp reduction due to high charges, shortage of educational facilities and trained school staffs associated mainly with the deterioration in the economic conditions. In terms of health facilities, the seed drugs provided by UNICEF to children friendly villages is considered by the local communities the most important activity of the program. The hand pumps installed in many children friendly villages and the improved latrines constructed in 50% of these villages are all have positive impact on the general health and sanitation conditions.

4.7.9 The Traditional Social Security System

The poor in Sudan usually recourse to a variety of traditions of indigenous socioeconomic cultures, when they were facing with natural calamities. Such survival strategies, however, help them to cope with their poverty situation and to maintain their livelihood. These social values include nafeer, Sundug, and musaada (Awad, 1998:38). These antipoverty mechanisms constitute what is called "traditional social security in the Sudan". These traditions can be summarized briefly as follows:

- a. Nafeer: this is sometimes referring to as communal work party and it is commonly practice in the subsistence economy of western and southern Sudan and to a lesser extent in the modern agricultural sector of the Sudan. However, nafeer could not be maintained during times of natural crises such as drought and flood because there is no agricultural activities that entail work parties. People become more self-oriented and the instinct of self- interest led to the breakdown of nafeer.

- b. Sandug: Sandug literally means “box”, is a sort of voluntary savings generally prevailing among wage earners, salaraites as well as among those with a permanent income sources. The main objective of the Sandug is to provide a chance of each one of its members to withdraw a large amount of cash on a periodic basis when he is in need. Every member paid a fixed, equal amount at specified intervals and the members take turn in collecting their shares. No profit or interest is added to the members’ share. In a society, which is difficult, to save large sum of money, Sandug is a solution to short term cash needs. Different types of Sandug exist in most villages where a fee is charged for every pound of sugar (which is rationed by the government) sold to meet village emergencies and projects. This self-help fund is known as al- aun- zati and is used to repair the water yard or the flourmill, electricity supply and other social services.
- c. Musaada: this is a mutual help mechanism, which is practicing in all over the country. It is a method of receiving a large amount of money from a member of a given community to cover exceptional costs such as weddings, circumcisions, funeral or travel. During a ceremony, either a dish is put in a permanent place for contributions where a friend of the host collects the money. A list (kashif) is prepared in which every donor is listed with name and amount of cash given.

However, there is a growing consensus among development scholars that the traditional security mechanisms in the Sudan (and may be elsewhere) where broken down for several reasons (e.g. widespread poverty, land displacement, recurrent famine and drought). To maintain such situation the challenge facing those involved in poverty alleviation and human development in Sudan is how to link such social and economic traditions of the poor to the modern security system. The successful experience of Area Development Schemes (ADS) in Sudan in carrying out an innovative rural credit system

to local sociocultural conditions and built on traditions of Sandug in the rural areas obviously confirm this point.

4.7.10 The Zakat Fund

The Zakat Fund, recently renamed the Zakat Chamber, was established mainly to restructure and formalize the way that '*zakat*', as an Islamic principle, is collected and disbursed (Bahkeet, 1997). Zakat is a communal right in an individual ownership (Sahl, 1997). It is a rightful share of the poor in the wealth of the rich, which the latter are obliged to pay (Awad, 1998). Moreover, it is used as a mechanism to maintain social solidarity as well as financial and economic balance among Muslim communities.

The 1990 Zakat Act restructured the collection and disbursement of Zakat on a federal basis and this marked the establishment of an independent Zakat Chamber. The objectives of the chamber were:

- i. In addition to the collection and disbursement of *zakat*, the Chamber intends to formulate a data base about *zakat* ritual and to reinforce the spirit of cooperation among *zakat* payers and recipients;
- ii. The government has to carry out the function of collection and disbursement of *zakat*;
- iii. Recruitment of qualified *zakat* collectors who should have to undertake a training program in technical and lawful skills;
- iv. Establishment of sub-chambers in every state if possible;
- v. Provision of financial and technical assistance in terms of productive family projects and production means to uplift the poor; and
- vi. Provide information and conduct research on the establishment of a data bank.

In addition, the Chamber aims to distribute *zakat* to its entitled avenues using the following proportions of the total sum of *zakat* revenues:

- i. 50% to be distributed as follows: 22.5% for the destitute, 22.5% for the poor, 3% for the debtors and 2% for the wayfarers; and
- ii. The remaining 50% to be distributed to on cause of Allah, to those whose hearts have to be reconciled; those are captives and *zakat* collectors. Recently the chamber introduced some changes in these shares in accordance with the increase in poverty aiming at augmenting the share of the poor and destitute from 50% to 60%.

a. Collection of Zakat Proceeds

The data in (Appendix A-5) illustrate the actual and estimated collection of *zakat* proceeds over the years 1997, 1998 and 1999 from different states in Sudan. In almost all the three years, the actual collection of *zakat* exceeds the target reflecting the improvement in the Zakat Chamber performance. Also, it is obvious from the data that the actual proceeds of *zakat* were much higher in the most prosperous and rich states such as Gadaref, Gazira and Khartoum, compared with the underdeveloped ones. In addition, *zakat* collection tends to improve substantially over the years indicating the willingness of *zakat* payers who own the *nisab*, which represents the minimum, exempted limit of *zakat*.

However, as the data in (Appendix A-5) demonstrate, Gadaref state had the lion's share in the actual *zakat* collection during the years 1997 and 1999, although it ranked sixth and seventh in terms of both HDI and HPI respectively (see Table 4. 5). Nevertheless, its contribution represents 14.7% of the total sum of *zakat* been collected during 1997 and 14.8% during 1999. The actual collection of *zakat* in the state increased from SD 1056.4 million in 1997 to SD 1582 million in 1999. Gezira ranked second, recording 14.6% of the total *zakat* being collected during 1997 but it ranked fifth in terms of the

total sum of *zakat* being collected during 1999. Its contribution to *zakat* decreased from SD 1050.4 million in 1997 to SD 742.1 million in 1999; such a decline may be attributed to crop failure and price fall. In spite of the fact that Khartoum is the least poor state as reflected by HDI and HPI where it ranked first (see Table 4.5), its contribution to *zakat* is relatively low and is ranked sixth.

b. Disbursement of Zakat

The collection and disbursement of *zakat* from payers to its entitled avenues is carried out throughout the year. The disbursement process of *zakat* to its entitled beneficiaries is based entirely upon the function of raising and collection of *zakat* itself. However, such situation entails the restructuring of the Zakat Chamber as an Islamic entity to cater for the eradication of poverty and realizing equity and social solidarity.

The main function of the Zakat Chamber is to distribute *zakat* to its entitled groups stated in the Qur'an in terms of money or productive activities. The philosophy behind providing productive projects is to enhance work habits as encouraged by Islam, which in turn reduces the number of recipients and eventually increases the number of *zakat*'s payers.

With reference to the disbursement of *zakat* to the poor and destitute, the data in (Appendix A-6) show that Gezira state also had the largest share of the total sum of *zakat* being distributed to these groups, amounting to 23% in 1997. Such a share was much higher than its share in the total *zakat* being collected during the same year. But the actual amount of *zakat* being distributed to the poor and destitute decreased sharply from SD 587.8 million in 1997 to SD 116.3 million in 1999. Gadaref state's share in the distribution of *zakat* to the poor and destitute was 12.9% less than its contribution to

zakat collection and it ranked second. But the total sum of *zakat* disbursed to the poor and destitute experienced a significant decline from SD 330.4 million in 1997 to SD 268.8 million in 1999. Khartoum state's share in the distribution of *zakat* in 1997 amounted to 12.3% more than its share in the actual collection of *zakat*, which was 7.9% in the same year. However, the actual amount of *zakat* being distributed to the poor and destitute in the state increased substantially from SD 317.4 million in 1997 to SD 475.5 million.

The data in (Appendix A-6) also show that the total amount of *zakat* distributed by the Zakat Chamber to the poor and destitute in all the states of Sudan increased from SD 2561.1 million in 1997 to SD 2942.3 million in 1999. However, the total share of poor and destitute in *zakat* collection was supposed to be 50% of the total actual collection of *zakat*.

Poverty eradication is the ultimate objective of the Zakat Chamber. The poor and destitute represent only one avenue of the eight categories entitled to *zakat*. The Zakat Chamber was intended to disburse about 50% to 60% of *zakat* collected to the poor. The data in (Appendix A-7) displays that the share of the poor and destitute groups as recipients of *zakat* was often higher compared with the other avenues. But such share was not always stable and still unattainable as the data reflect. Between 1990 and 1997, the share of poor and destitute in the actual sum of *zakat* was below the target. It was found that the actual amount that had been distributed to these group for the years 1991, 1992, 1993, 1994 and 1995 represented only 30%, 25%, 33%, 31% and 37% of the actual sums being collected respectively (Bakheet, 1997).

During 1990 the share of the poor and destitute in the total sum of *zakat* expenditure was 46.2% but dropped to 32.2% in 1991 and even further to about 23.5% in 1992

before it went up and reached 46.6% in 1995. The share of the operating and collection expenses in total *zakat* expenditure in 1997 experienced a substantial increase amounting to 10.8% and 7.3% respectively. Finally, the share of *zakat* collectors experienced an upward shift between 1990 and 1997. It increased significantly from Ls. 20.3 million in 1990 to Ls. 7267.3 million in 1997.

The policy of the Zakat Chamber was to cover the whole country in terms of the collection and distribution of *zakat* revenues. Nevertheless, it is clear from the above analysis that there existed a wide discrepancy among states and the entitled avenues especially with respect to the distribution of *zakat*, which was normally conducted irrespective of the state of poverty in different states. According to the 1996 Migration and Labor Force Survey, the absolute poverty gap in Sudan was 2.8 trillion Sudanese pounds and the total amount of *zakat* that had been collected at that time was Ls. 35 billion which covered only 1% of the absolute poverty gap. The *zakat* as an Islamic ritual can be utilized effectively to redistribute wealth and suppress its accumulation in a few hands (Awad, 1997).

c. Provision of Productive Projects

The Chamber's policy is to support the development of productive projects for poor families in an attempt to transform them from *zakat*'s recipients to *zakat*'s payers. The estimated number of poor families that benefited from the finance of the chamber for productive projects was 8316697 families with a total cost amounting to SD 10673.3 million over the period 1990-1999 as shown in Table 4.13.

Table 4.13 Sudan: Productive Projects for Poor Families for the Period 1990-1999

Y E A R	No. of Families	Total cost of projects (in million SD)
1990	175314	7.2
1991	207839	17.2
1992	443700	47.3
1993	598144	125.1
1994	694147	263.1
1995	790149	580.4
1996	920344	1920
1997	1015720	2230
1998	1520440	2540
1999	1950900	2943
Total	8316697	10673.3

Source: Zakat Chamber, 1999

The productive projects being financed by the Zakat Chamber are of simple technology. This may be attributed to the limited technical know-how of the target groups. These projects, instead of ameliorating the poor situation, they aggravate their poverty. The projects provided were skin water containers, animal drawn carriers, rudimentary plough tools, yard for selling coal, fishing boats, kiosks (canteens), and sewing machines. All these projects are small firms with special characteristics, such as requiring small capital, being easy to monitor and manage.

According to the Zakat Chamber's authority and some of *zakat*'s payers there are some obstacles that hamper the proper functioning of *zakat* as a mechanism of poverty alleviation. These concerned mainly the collection and distribution of *zakat* revenues. While the Zakat Chamber is highly effective in achieving high rates of *zakat* revenues from its main known sources, its distribution policy failed to match the efficiency of collection (Bakheet, 1997).

4.7.11 Commercial and Specialized Banks

Although most commercial and specialized banks are profit- making institutions, some of them are engaged in financing small-scale enterprises that contribute to poverty alleviation. The agricultural, the farmers and the industrial banks, for instance, have earmarked part of their finance to small producers. The Sudanese Islamic Bank was a pioneer in financing IGAs for poor households on a profit and loss sharing basis (*musharaka*). The Islamic Cooperative Bank deals primarily deals primarily with cooperatives, which are of benefits to the poor. Overall, according to Bank of Sudan regulations these banks must allocate 5% of their credit ceiling to finance small producers and IGAs for the poor.

The banks strategies of poverty alleviation are directed towards the attainment of the following objectives:

- i. Increasing family income and improving its standard of living;
- ii. Shifting the economy from subsistence to more productive sectors;
- iii. The availability of commodities at reasonable prices;
- iv. Make use of the household women skills and capabilities in monitoring and managing the proposed investment activities.; and
- v. The development of rural areas and rural woman through her involvement in modern and industrial sectors.

Thus, it became obvious that these strategies and objectives have focused mainly on rural development and rural women that represent 70% of the total number of women in the country while some other women groups including urban women, the professional, the fresh unemployed graduates are generally overlooked. Most of the credit extended by these institutions is geared mainly towards the finance of rural families enterprises

whereas the bulk of urban women are excluded. Only 9.8% of the beneficiaries are benefiting from these banks finance (Mahmoud, 1998). The projects sponsored by the financing institutions suffer from managerial problems particularly marketing problems that helped lowered their profitability and sustainability prospects.

The terms of finance are generally similar always featuring the need for collateral, which is one of the important reasons for the limited access to credit. However, recently the provision of group collateral has helped ease the situation. The percentage of credit extended to this sector of small family businesses is very weak amounting to a figure between 0.09 and 2.7% of the total credit. Repayment is generally weak and the risk of investing in this sector is classified as high. Interest free Islamic forms of credit are widely being employed in this field. The most widely used form is 'Murabaha' to be followed by 'Musharaka'. Murabaha is a simple form of credit that does not require follow up of project activities but the purpose of the project can be changed entirely as a result of this lack of control.

4.8 Concluding Remarks

A review of development planning and poverty eradication efforts in Sudan reveals that poverty still persists and severely effects a large proportion of the population in both rural and urban areas. During the colonial era, the economy was largely marked by an outward strategy directed mainly towards the export of primary commodities such as cotton. As a result, a growth pole approach to development was pursued and the development programs in the form of infrastructures such as railways, telecommunication and construction of dams for the irrigation of agriculture, were concentrated in a few regions and left the rest of the country to lag behind. This policy in turn led to structural heterogeneity and the striking dualism of the economy and

society. However, the ultimate result of such a distorted and dualistic structure was regional and social disparities leading to the ever-widening gaps between the haves and have not. Development programs and policies were set up on an ad-hoc basis and no specific programs were targeted towards the poor. Most of the poor were in the subsistence sector that was highly neglected in the development plans.

During the post-independence period, the inherent structure of the economy was not altered and seemed to perpetuate itself. There were numerous initiatives and interventions implemented by the government, NGOs and UN agencies to alleviate poverty. However, the evidence suggests that these efforts were disjointed and not well - coordinated, leading to wasteful allocation of meager resources. Finally, there are strong indications that poverty has been expanding, while poverty alleviation mechanisms (IGAs, or cash payments by the Zakat Fund) have not kept pace with this enormous problem.