

Civil society voices on Sudan's economic reforms Paris Conference, 17 May 2021



This briefing was prepared in advance of the Paris Conference of 17 May 2021 and shared with Sudanese civil society, donors, international actors and the Friends of Sudan.

Summary

Two years on from Sudan's revolution, the transitional government has undertaken many economic reforms to get Sudan's economy back on track. With debt of 60-70 billion US dollars inherited from the corrupt, violent and authoritarian al-Bashir regime, the need to reintegrate back to into the international financial system has been at the top of the agenda of the transitional government, foreign governments and international financial institutions. However, economic reforms, including the hurried removal of subsidies for fuel and other goods, and the absence of comprehensive and adequate measures to deal with these impacts, have come at the expense of communities, workers, women and youth as they grapple with the knock-on effects, including soaring food, energy and transport prices.

This has come at a time of other crises including flooding, locust swarms, and the COVID-19 pandemic, which has had global economic impacts. As the Friends of Sudan and the transitional government gear up for the much-awaited Paris Conference on 17 May 2021, they must not forget the lessons learnt from the past. COVID-19 has exposed to the world the false myths of top-down growth and neoliberal policies, and the devastating impact of underinvestment in health and education. The transitional government have been given a mandate by the Sudanese people

to take Sudan on a path of peace, development and prosperity after decades of violence, corruption and the prioritisation of foreign investment and private companies.

Despite little civil society consultation on economic reforms by both the transitional government and the organisers of the conference, our partner the Public Budget Monitoring Forum convened civil society, government officials and a representative of Economic Committee of the Forces of Freedom and Change (FFC) to discuss, deliberate and recommend ways forward for Sudan's economy. Key recommendations include:

- the transitional government must take all appropriate steps to communicate the objectives, proceedings and outcomes of the Paris Conference to the Sudanese people and civil society through accessible mediums,
- the Friends of Sudan must not prioritise debt repayments and the interests of private companies above the wellbeing of the Sudanese people,
- further economic reform in the areas of tax, labour, accountability and transparency must complement existing programmes to curb corruption, tackle illicit flows of commodities, goods and money, promote the local private sector and ensure worker's rights are protected and promoted,
- all investment must be undertaken with free, informed consent, and with the consultation and participation of communities and groups affected by investments, complemented with robust conflict-, environment- and gender-sensitive human rights assessments.

Background

The December revolution in 2019, which took down the al-Bashir regime, came with many hopes for the Sudanese people to build a new peaceful and prosperous Sudan. The transitional government is tasked with three priority issues that are critical for the democratic transition: peace, economic reform, and institutional reform. As Sudan has inherited a heavy debt burden with a value of 60-70 billion US dollars (actual numbers are estimated to be much higher) in 2019, due to the previous regime's policies, corruption, and affiliation with transnational armed groups, the transitional government has had to quickly enact policies and measures to achieve economic stability. These have been made following the removal of Sudan by the United States from the State Sponsors of Terrorism list, which has the potential to mark the beginning of Sudan's economic recovery.

In the two years since the transition began, the country has been challenged both by the COVID-19 pandemic and by environmental crises. On top of this, the diverse economic reform measures taken by the transitional government, such as the removal of fuel subsidies and the devaluing of the Sudanese pound, have resulted in high inflation rates (over 300% in March 2021), increasing the cost of basic commodities. This situation continues to present challenges to economic stability and adds to the burden already felt by the Sudanese people. In response, the government has applied some mitigation measures, such as the Family Support Programme (FSP) – also known as *Thamarat*, meaning 'fruits' – which provides cash transfers to poor Sudanese families trying to stay afloat during the economic crisis. Another programme alleviates the high cost of commodities by providing consumer goods directly through cooperative societies. Yet many have not seen the rewards of *Thamarat* due to delays in rolling this scheme out, and the amount – approximately USD 5 per person per month – [does not mitigate the rising cost of transport and food prices](#). Internally displaced persons (IDPs) and those living in the peripheries are unlikely to benefit from the scheme, as the FSP is administered through the civil registration system, which many of these individuals are not registered on.

On 17 May 2021, a Friends of Sudan Conference will be hosted by the government of France to promote investment, debt relief and the full reintegration of Sudan into international financial systems. The conference's main events are a business forum to connect Sudanese and French business persons, a presidential summit for Sudan, France and other creditor countries, and a third event focused on financing for Africa. In addition, a side event will showcase voices and success stories of the revolution told mainly by youth civil society members. Despite announcements by the French government of a civil society section in the main Paris Conference, these have not been realised.

In preparation for the Paris Conference, the Sudanese government has undertaken a series of legislative reforms on economic policies in a number of areas. These reforms include laws relating to investment, the banking system, public-private partnerships and a boycott of Israel. These reforms were carried out with no consultation with, or participation from, the Sudanese public or Sudanese civil society.

Consultation with civil society

In ensuring civil society voices are heard on economic policy issues, Saferworld and the Public Budget Monitoring Forum held a consultation workshop in Khartoum on 2-3 May 2021 with civil society on economic reform policies in Sudan being undertaken by the transitional government. In particular the workshop looked at the national investment policy, which has been highlighted by the government as a key policy, with a special focus on the Paris Conference. The workshop targeted civil society organisations (CSOs), political activists and representatives from media. It was also attended by the Minister of Investment and International Cooperation, the Prime Minister's consultant for international partnership and the economic committee representative of the FFC.

The workshop aimed to provide an open space for dialogue between government, political institutions and civil society to discuss, deliberate and reflect on issues around economic reform in Sudan. It is important to highlight that there were significant differences in government and civil society views regarding economic reform in Sudan and the paths to achieve economic stability. This was evidenced by the strong debates between the two parties over the two days, where civil society and media representatives were critical of the government's approach and the current economic situation.

This briefing highlights the participants' views and concerns about the current impact of Sudan's economic reform policies and recommendations going forward. This briefing does not necessarily reflect the views of Saferworld.

Lack of clear economic vision and reform policy

One of the main concerns highlighted by participants is the current economic reform model that the government is pursuing. A number of participants emphasised the absence of a clear economic vision. Government representatives mentioned that the current vision is based on promoting investments in Sudan. It is utilising Sudan's comparative advantage and core competencies, assuring that there is a reform vision that focuses on four pillars: processing the exchange rate, fixing the budget, reducing spending and reforming fiscal policies. Civil society participants

and the representative of the FFC mentioned that this was not the proposal of the Economic Committee within the FFC to the government, and this was not what was agreed in the economic conference of September 2020.

The FFC representative explained that the FFC's economic proposals called for greater investment in internal resources and capacity, self-mobilisation, and adopting a 'one-economy' and 'one-treasury' system for all civilian and military components which should fall under the administration of the Central Bank. "We rejected the free-market policy and we have proposed a series of action strategies to improve the situation," said the FFC representative. The Economic Committee of the FFC has also called for higher budgetary allocations in health, education and agriculture, and questioned the high levels of spending on defence and security – [the 2021/22 budget approved by the Council of Ministers in January this year allocated SDG 89.82 billion, a 173% increase on 2020/21.](#)

The FFC representative further explained the government could use revenues raised through the Mineral Resources and Mining Development Act, 2007, the Zakat Fund (the Islamic taxation system) and the social security system, to invest in building Sudan's economy. In addition, the FFC proposals recommended the introduction of a corporate taxation law. The law would impose taxes on the private sector and other corporates, especially telecom companies, on their revenue as whole. The FFC representative explained that the low cost of operation and high return of investment in some of these sectors meant that company profits were large and not apparent from sales figures alone. He explained that what has been implemented by the transitional government is a reduction in the overall tax burden on the private sector; instead, value-added tax (VAT) is being levied so that the government receives a daily influx of liquidity for servicing its debts to World Bank and the International Monetary Fund. The FFC proposals also included a national public joint stock company and public stock exchange to reduce smuggling and to encourage local producers to return cash to the banking system. Many of these proposals have not been taken forward by the transitional government.

Absence of transparency and inclusion in decision making

Civil society participants raised a clear concern that the current reform programme is ready-made and imposed by external bodies, and that Sudan has limited decision-making power over it. They argued that the impact of the adopted programme has been tough on the Sudanese people and is not meeting the values of the revolution.

Participants strongly stated that decision-making processes on economic reforms have not been participatory nor transparent. "One of the substrates

of the economic reform is institutionalised decision-making. However, the decision on the partnership with the World Bank was made even outside the ministerial council," noted the representative of the FFC. Civil society members mentioned that there are a number of law reforms that were approved in a rushed manner without proper consultation with civil society or an assessment of the impact on people.

With respect to the Paris Conference, civil society participants pointed to the lack of information about the event. Even media representatives and journalists had little access to information about the conference preparations and objectives. Civil society described feeling marginalised by the French government by being placed in a side-event focusing on the revolution experience, rather than ensuring civil society perspectives are included in what is not only one of the most urgent and pressing issues of the hour in Sudan, but is the main topic of the conference – economic reform. Participants emphasised that civil society participation in the conference cannot only mean attendance, but rather consultation and involvement in important decision-making moments in order to convey the concerns of communities and people who will be the first to be affected by investment projects and economic policies.

Implications of the current economic reforms

In groups, participants discussed the current and expected effects of the proposed and future economic reform policies, including the open investment policy. Considering the absence of a comprehensive national economic plan centred on the Sudanese people, they also discussed what the economic and investment priorities should be, from the perspective of Sudanese civil society and people. The discussions are summarised below.

Impact of tough economic reform policies on people

- Lack or high cost of basic needs such as bread, cooking gas, fuel, house prices, rent and health services has resulted in an increase in the number of disadvantaged and vulnerable groups and communities.
- Minimal understanding of the recent government economic policies and practices have led to unrest, disappointment and decreased levels of trust in the transitional government.
- The lifting of subsidies on basic commodities has resulted in deepening poverty levels among large numbers of communities, especially in rural areas and among those who have limited income.
- The negative impact of lifting fuel subsidies has resulted in widespread impacts amongst people from all walks of life, as well as businesses and industry. For example, students who travel daily from their homes to access educational institutions

have been impacted by the lack of transportation and/or the increase in the transportation prices, which has prevented many students from continuing their education, adding to the already high rates of young people dropping out of school. Similarly, the cost of transport versus wages has hampered people's ability to go to work. This particularly affects daily wage labourers and their families who already live hand to mouth. Industry production and business productivity are likely to be hit. Some have already been forced to close down due to high costs of inputs associated with increasing fuel prices.

- With increasing prices, direct cash transfer programmes will not have an effective and sustainable impact in their current form – the actual amount is insufficient to meet people's daily needs. Those living in the peripheries, including IDPs, are likely to be left out, and there is a lack of confidence in the government's ability to manage the transfers efficiently.

Implications of foreign investment on peace, security and community resilience

Participants acknowledged that there is no economic growth without investment. However, opening up to foreign investment must be done cautiously. Past conflicts in Sudan began in the 1970s with the introduction of foreign investment, which increased mechanised agriculture at the cost of rain-fed agriculture and subsistence farming, putting large swathes of land in the hands of foreign countries and companies, resulting in conflict with local communities.

- Ensure local community rights are respected and the benefits to them are assessed when planning any investment intervention, as well as considering the capacity and capability of community members to effectively participate in the economic activities.
- External investors should undertake adequate conflict- and gender-sensitive assessments, and consider the interrelating conflict drivers at play, putting in place strategies and mechanisms that ensure their investments work towards sustaining peace.
- External investment must be in areas which correlate with the local private sector, entrepreneurial interests and skills of young people, so that investment supports growth of the local economy, brings in new technologies, builds skills and creates employment.
- Peace and stability are prerequisites for sustained investment interventions that benefit and contribute to the prosperity of communities.

Impact of external investments on the local private sector including small- and medium-businesses and enterprises, and vulnerable groups, including women

- The absence of a short-, medium- and long-term national economic plan, which includes areas such as foreign investment, is unlikely to yield positive equitable results at the community level and has potential to derail the peace process.
- In previous decades, young people and women were the most exploited groups by foreign or intermediary companies. Investment must be accompanied with robust labour laws and standards to protect all employees, and in particular vulnerable groups, including women, youth and migrant workers.
- External investment could stifle the national and local private sectors, including small- to medium-sized producers and enterprises, in the long term. External investment measures must be thought through in the short, medium and long terms and mechanisms must be in place to support and help the local private sector grow and thrive.

Recommendations

To State and National Transitional Government

Paris Conference

- **Support a media platform to broadcast all conference proceedings to the Sudanese public** and to ensure continuous access to trusted information for civil society and concerned entities. This includes information on the selection process of the conference attendees, conference agenda, process and outcome. This should become a precedent for any such future conferences.
- **Communicate the conference outcomes and proposed investments**, including those agreed, widely to the public to ensure active citizen engagement, public scrutiny and to build trust in the transitional government.
- **Convene a wide spectrum of groups and civil society to deliberate and input on the economic reforms agreed at the Paris Conference.**

Economic reforms

- **Develop and communicate a short-, medium- and long-term economic vision** based on national needs and capacity, and the role of the government in responding to and overcoming economic challenges such as poverty, unemployment, marginalisation, and other challenges and risks.
- **Enhance accountability and transparency measures** through enacting laws and regulatory measures to curb corruption and ensure fair opportunities for national, local and international investors.

- **Ensure adequate regulation and control over the market** and monitor prices, especially of basic commodities and services.
- **Lead a tax reform programme** to establish a fair tax system in Sudan based on principle of equity and fairness.
- **Revise existing social protection programmes and introduce additional plans**, including monitoring systems to ensure measures benefit the most vulnerable.

Investment

- **Invest in issues and sectors which will support long-term economic growth**, including gender equality and girls' education, youth skills and entrepreneurial development, and other such areas.
- **Adapt necessary policies, laws and regulations to govern external investment to protect the community, national and local investors, and small- and medium-sized entrepreneurs.**
- Support the economic ecosystem to encourage national and international business and **drive investment efforts in infrastructural development, especially in the sectors of transportation, electricity and energy, and digital telecommunications**, in a conflict-, environment- and gender-sensitive manner which centres people and communities.
- **Ensure all investments projects are undertaken with the free, informed consent of communities, groups and individuals affected.** . Participatory human rights-based assessments must be undertaken to ensure that diverse community preferences, values, identities and cultures are not harmed at any point during investment interventions.
- **Enact laws and regulatory measures, including monitoring and redress mechanisms, to ensure the protection and promotion of the rights of workers.**

Political actions

- **Take a lead role in addressing the political divisions within the different components of the FFC.**
- **Take a series of actions, including in the legal and political spheres, to combat the shadow economy run by members of al-Bashir's party**, including state/government appropriation of companies, assets and bank accounts where there is evidence of gross human rights violations, diplomatic engagement with foreign governments linked to the former regime and with continued vested interests.

To Friends of Sudan

- **Ensure that agreements made at the Paris Conference take into account the views of Sudanese people and civil society.**

- **Ensure that agreements made at the Paris Conference do not prioritise debt repayments or place the interests of private sector companies** that are members of the Friends of Sudan above the Sudanese people.

To Civil Society and Media

- **Increase activities to improve the capacity of local communities** by developing entrepreneurial programmes and enhancing people's access to business and labour opportunities.
- **Mobilise the public to advocate for Sudan's debt to be recognised as odious debt and therefore eliminated.**
- **Raise awareness among local communities, through accessible mediums, of issues around civic engagement, including economic issues.**
- **Distribute and broadcast information in context-appropriate mediums and channels and in multiple languages and dialects on the proceedings and outcomes of the Paris Conference** to diverse communities and groups across Sudan.
- **Advocate for regular and timely civil society consultation and participation in decision-making processes of the economic reform agenda.**
- **Connect with civil society in donor countries**, including France, UK and EU member states, to collaborate on monitoring of mutual-investment projects.

To Donors and INGOs

- **Support Sudan's economy through diverse programmes and interventions, including investment in production, skills, and other key areas.**
- **Advocate for civil society participation and inclusive decision-making in economic reforms.**
- **Continue to provide critical support to social protection programmes**, such as *Thamarat* (the FSP) and *Selati*, and work with the transitional government to regularly monitor and evaluate the effectiveness of these.
- **Support initiatives which provide space for multi-stakeholder dialogues on economic reform** between citizens, diverse communities, civil society, universities, experts, economists and decision-makers.
- **Support initiatives which build Sudanese CSO and media capacity** to effectively monitor and act as a watchdog to Sudan's relationship with international financial institutions.
- **Support civil society and development entities to conduct constructive research to measure and assess the impact of government decisions and practices on the country's economy and consequently people's lives.**

About Saferworld

Saferworld is an independent international organisation working to prevent violent conflict and build safer lives. We work with people affected by conflict to improve their safety and sense of security, and conduct wider research and analysis. We use this evidence and learning to improve local, national and international policies and practices that can help build lasting peace. Our priority is people – we believe in a world where everyone can lead peaceful, fulfilling lives, free from fear and insecurity. We are a not-for-profit organisation working in 12 countries and territories across Africa, Asia and the Middle East.

Saferworld has been working on conflict and security issues related to Sudan since 2008. Saferworld, through partners, implements programmes in Khartoum, Darfur (North, Central and South Darfur), Eastern Sudan (Red Sea, Kassala and Gederif), South Kordofan, and Blue Nile States. The programmes support communities and civil society organisations by building their understanding of gender and conflict sensitivity. We help provide space and opportunities for civil society to come together to engage in meaningful dialogues for peace and democracy. Our work also increases understanding within the regional and international policy community of the complex challenges faced by Sudanese citizens to help ensure their projects and approaches to Sudan encourage peace rather than exacerbate conflict.

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