

Sudan needs swift reforms to revive ailing economy: World Bank

KHARTOUM, Sudan - The World Bank on Sunday urged Sudan to undertake swift structural reforms to revive its ailing economy, which a top Sudanese official insisted had been adversely impacted by US trade sanctions.



Image by 123RF

Rising inflation and the loss of nearly 75% of oil earnings following the north-south split in 2011 have led to a steady decline in the country's economic growth over the past few years. The decline comes on top of an economy already damaged by US trade sanctions imposed since 1997, making international banking transactions cumbersome when it comes to doing business with Sudan.

"It is essential that Sudan undertakes a combination of institutional, macro-economic and sectoral reforms to reach a stable growth path," said a World Bank report released in Khartoum.

"While the authorities have succeeded in reducing inflation and slightly recovering from the negative growth rates of 2011 and 2012, more must be done to ensure a more stable medium-term outlook," said the report's lead author, Michael Geiger.

Sudan's average gross domestic product growth between 1998 and 2008 was above six percent, after which it steadily declined to around three percent in recent years. Previous efforts at economic reform have proven controversial.

An attempt in September 2013 to cut fuel subsidies led to bloody confrontations between anti-austerity protesters and security forces that left dozens dead in Khartoum.

The World Bank report said that removing exchange restrictions to unify official and black-market exchange rates of the Sudanese pound against the US dollar could help revive the east African country's sluggish economy.

The official rate is 6.50 Sudanese pounds to the dollar, but it trades for about 15.50 on the black market.

"Given the ever-changing black market rate... gradual and ongoing devaluation", is a key to help growth, the report said.

It said a stable exchange rate will help in formulating monetary and fiscal policies that support economic stability and competitiveness.

Washington imposed a trade embargo on Sudan in 1997 over Khartoum's alleged backing for radical Islamist groups and over the conflict in the western region of Darfur. In recent months, Sudan has called for the United States to relax the sanctions.

More than 300,000 people have died in Darfur and 2.5 million have been displaced since 2003, according to UN figures. A deadly conflict erupted in 2003 in Darfur - a region the size of France - when ethnic minority groups took up arms against President Omar al-Bashir's Arab-dominated government, accusing it of marginalising the region.

Bashir was indicted by the International Criminal Court in 2009 over war crimes related to the Darfur conflict, which he denies. Geiger suggested that although decisions on whether to lift sanctions were "political and the World Bank had no role in it", easing these measures could certainly help Sudan's economy.

"There is an issue in access to foreign exchange... there is an issue in transferring money to different countries through the formal banking system... all this certainly plays a role" in slowing the economy," Geiger told AFP.

A senior finance ministry official insisted that the dilapidated state of the economy was primarily because of the US measures. "America's unilateral sanctions imposed without any reasons pushed the country into economic problems," Makki Mohamed Abderahim told AFP. "We want the World Bank to join us in removing the sanctions."

Source: [AFP](#).

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