

# COUNTRY PROFILE

Quarterly update

July 2016



United Nations  
Economic Commission for Africa

**SUDAN**

## Introduction

The main objective of this document is to provide an update to the 2015 Sudan Country Profile, with a particular focus on the recently released annual data for 2015.

## Recent developments: Key highlights

- The Sudan's economy grew by 4.91 per cent in 2015, up from 2.68 per cent the previous year, thanks to better macroeconomic policies and strong performances in the agricultural, livestock, forestry and fishery sectors.
- The country continues to face the same challenges, namely carrying out further economic policy reforms, maintaining stability, ending the civil war and achieving sustainable development. Although the situation remains volatile, it is hoped that a national dialogue will take place, putting an end to the civil war and ensuring macroeconomic stability.
- A sound urban development strategy is essential to help the country to tackle demographic changes and the effects of the civil war, as well as get to grips with shrinking disparities between cities and rural areas.

## Economic performance

### Economic growth

The country's gross domestic product (GDP) grew by 4.9 per cent in 2015, against 2.7 per cent in 2014. The main drivers of growth were agriculture, mining, services and foreign direct investment, which grew by 37 per cent. The share of agriculture in the economy has declined from 28.5 per cent of gross value added in 2014 to 27.9 per cent in 2015. The agricultural sector is expected to grow by 8.8 per cent in 2016 thanks to better irrigation and increased production of sorghum and livestock. The Government has allocated 4000 feddans of farmland (one feddan is equivalent to 4,200 m<sup>2</sup>) to four major Saudi companies, which have invested US\$ 300 million. In addition, in 2015 about 85 per cent of small-scale gold miners were given licenses to operate. This should reduce conflicts between large companies and small businesses, help increase gold production to around 100 tonnes in 2016, and create a stable base to address the environmental challenges facing the sector.

### Fiscal policy

In 2015, budgetary revenue fell, while expenditure rose slightly. The decline in revenue, estimated at 3.8 per cent, is attributable to tax evasion

and dwindling grants. Public spending, meanwhile, rose by 0.8 per cent due to higher current expenditure, particularly on wages and salaries. The budget deficit (on a commitment basis, excluding grants) widened further to 1.5 per cent of GDP in 2015, against 1 per cent in 2014. The financial outlook for 2016 looks very different to that of 2015. In 2015, the fiscal balance was -1.4 per cent of GDP, due to higher public spending and stagnating budgetary revenue. Lower revenue is down to tax evasion, underreporting of income by private companies, fraud, crime and a general lack of public-spiritedness, all of which are consequences of the civil war. In an effort to remedy this situation, the Government of Sudan has carried out an audit aimed at identifying the problems and coming up with recommendations. A presidential commission has been created, tasked with monitoring the implementation of the recommendations. One of the recommendations relates to the strengthening of the overall fiscal framework, which should improve budgetary allocation, reduce the deficit and strengthen the role of the public sector in the planning process.

### **Inflation and monetary policy**

Monetary tightening continued in 2015 with a view to controlling inflation and curbing exchange rate depreciation, by reducing purchases of gold and reforming the monetary transmission mechanism. As a result, inflation fell to 16.9 per cent in 2015, down from 36.9 per cent in 2014. The Central Bank of Sudan continues to follow the principle of Islamic finance. However, the interbank market does not have enough Islamic financial instruments and this affects the efficiency of every-day operations on the free market. Moreover, it is expected that the growth rate of the country's money supply will fall by 1.7 per cent from its level of 21 per cent in 2015. In this context, inflation is forecast to reach 13.1 per cent in 2016. Tight monetary policy will have an impact on loanable funds, the availability of which declined by 0.3 points to 9 per cent in 2015.

### **Current account**

The current account deficit increased from 8.4 per cent of GDP in 2014 to 6.8 per cent of GDP in 2015. The country's trade deficit is also growing – it went from US\$ -4.860 billion in 2014 to US\$ -5.199 billion in 2015 – as a result of a 27.3 per cent decrease in exports (9.2 per cent for imports). Exports were hit by lower oil prices and domestic gold purchases by the Central Bank, and are expected to fall further in 2016 and 2017. However, the partial liberalization of the exchange rate by the zero value system has boosted exports of agricultural goods and livestock, particularly cattle, which has helped the country to withstand lower oil and gold revenues. Imports fell faster than exports, due to lower imports of sugar and the ban imposed by the Central Bank on the import of used cars.

## Economic performance

### Macroeconomic performance

	Value	Year
GDP in constant prices (billions of Sudanese pounds)	30.4	2015
GDP in current prices (billions of Sudanese pounds)	578,313.25	2015
Real GDP growth rate (%)	4.9	2015
Inflation rate (%)	16.9	2015
Current account balance (billions of Sudanese pounds)	-35,896.38	2015
Exchange rate (Sudanese pound/ United States dollar)	0.166	2015

Source: Central Bank of Sudan.

### Fiscal policy

(billions of Sudanese pounds)	Value	Year
Total revenue and grants	54,499.7	2015
Tax revenue	41,963.3	2015
Non-tax revenue	10,856.2	2015
Grants	1,680.3	2015
Expenditure and net lending	61,476.1	2015
Recurrent expenditure	54,854.2	2015
Of which: Salaries and wages	18,509.2	2015
Of which: Interest payments	3,586.7	2015
Development expenditure	6,012.4	2015
Overall deficit	-6,976.4	2015
Fiscal balance (cash basis)	354.5	2015

Source: Central Bank of Sudan.

### Monetary policy

(%)	Value	Year
Interest rate	12.8	2015
Reference rate of the Central Bank	9	2015
Interbank rate	9	2015
Interest rate on loans	12	2015
Interest rate on savings (average)	12	2015
Gap	3	2015

Source: Central Bank of Sudan.

### Current account

(millions of United States dollars)	Value	Year
Total imports	8,367.6	2015
Total exports	3,169.0	2015
Trade balance	-5,198.6	2015
Current account	-5,958.8	2015

Source: Central Bank of Sudan.

### Capital and financial accounts

(millions of United States dollars)	Value	Year
Direct investment (active)	1,873	2015
Direct investment (passive)	-136.2	2015
Fixed capital formation (investment)	3,997.6	2015
Portfolio investments	-2.8	2015
Financial account	5,731.5	2015
Capital account	250.3	2015
Reserves (and related elements)	-38.4	2015

Source: Central Bank of Sudan.

## Social developments

### Demography

	Value	Year
Population (millions of inhabitants)	37,240	2015
Children aged 0-14 (%)	47.2	2015
Adults aged 15-59 (%)	42.6	2015
Adults aged 60 and above (%)	15.2	2015
Urban population (%)	29.8	2015
Annual average population growth rate (%)	2.8	2015
Crude mortality rate (per 1,000 inhabitants)	2.9	2015
Crude birth rate (per 1,000 live births)	s.o.	

Source: Central Bank of Sudan.

## Poverty and employment

	Value	Year
Unemployment (%)	18.2	2015
Youth unemployment (%)	23.3	2015
Primary sector employment (%)	79	2015

Source: Central Bank of Sudan.

## Health

	Value	Year
Percentage of children under 5 who are underweight	12.6	2015
Neonatal mortality rate (per 1,000 live births)	32.9	2015
Infant mortality rate (per 1,000 live births)	32.9	2015
Under-five mortality rate (per 1,000 live births)	78.5	2015
Maternal mortality rate (per 100,000 live births)	215.6	2015
HIV prevalence rate among 15-24 year-olds (%)	5.8	2015
Proportion of births assisted by skilled health personnel (%)	77.7	2015

Source: Central Bank of Sudan.

## Education

(%)	Value	Year
Net rate of enrolment in primary education	89	2015
Literacy rate of 15-19 year-olds	80.7	2015

Source: Central Bank of Sudan.

## References

Central Bank of Sudan (2015). *Economic and Financial Statistics Review*. 4th Quarter.

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