



# Sudan Development Update

Biannual report for the period January-June 2018



## The key features of the 2018 budget characterized by:

- An increase in the US dollar exchange rate applicable to customs by 160 percent.
- Banning the importation of 19 commodities, lifting the subsidies for wheat and doubling the cost of electricity for businesses.
- Increasing the indicative rate of the US Dollar again on February 5, from SDG 18 to SDG 30 which is changing on daily basis.
- Squeezing the liquidity.
- The Fiscal deficit as a percentage of GDP is expected to widen from 1.4 in 2017 to 2.4 in 2018.

# 160%

Increase in the US dollar exchange rate applicable to customs



Fiscal deficit in 2017

## 1.4%



Fiscal deficit in 2018

## 2.4%

# 60.9%



Inflation rate \* As for May 2018



## SDG 32.1 B

Total revenues  
1st quarter of 2018



## 63.3 Tons

Gold production  
1st half of 2018



## US\$934.5 M

Trade Balance Deficit  
1st Quarter of 2018



## Fiscal risks

- Domestic risk includes fuel supply shortage which could result in poor harvest season.
- External risk includes the low competitiveness of export commodities in the international markets.



## Update on Inflation rate

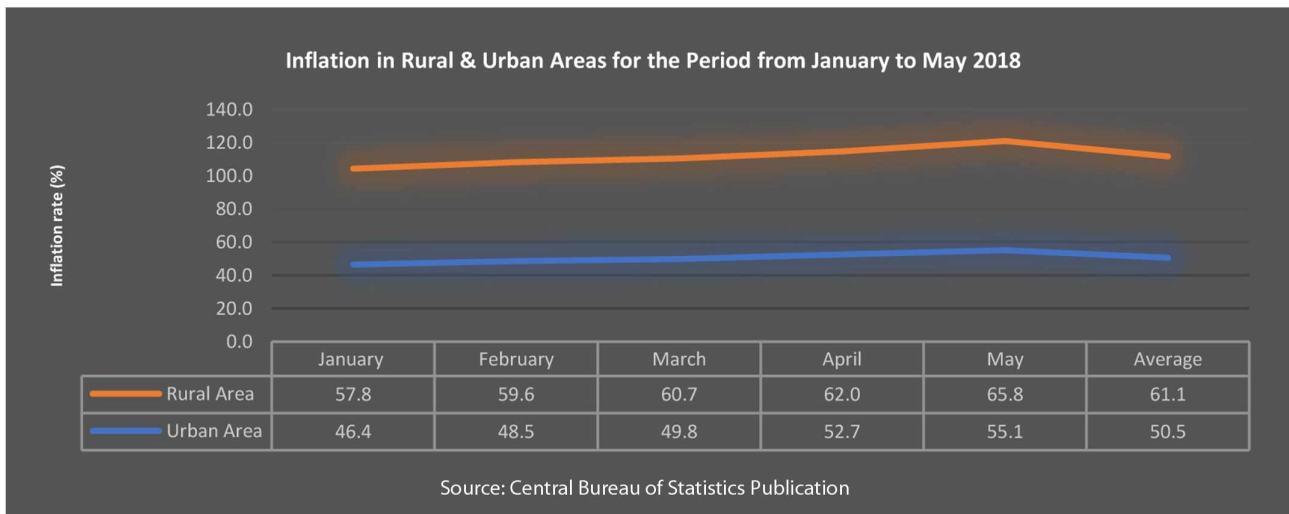
- The inflation rate has witnessed an upward trend from 52.37 percent in January 2018 to 60.93 percent in May 2018. (Source: CBS).
- Food and beverages group were the main source of inflation in the 1st half of 2018.
- Food price inflation has been compounded by imported inflation as many food items are imported.
- Lower inflation should contribute to macroeconomic stability and put less upward pressure on the real exchange rate, which is an essential element for improving Sudanese exports competitiveness.

Source: Central Bureau of Statistics Publication





**Rural inflation is much higher than urban for the period from January to May 2018. This could exasperate the poverty level in rural areas.**

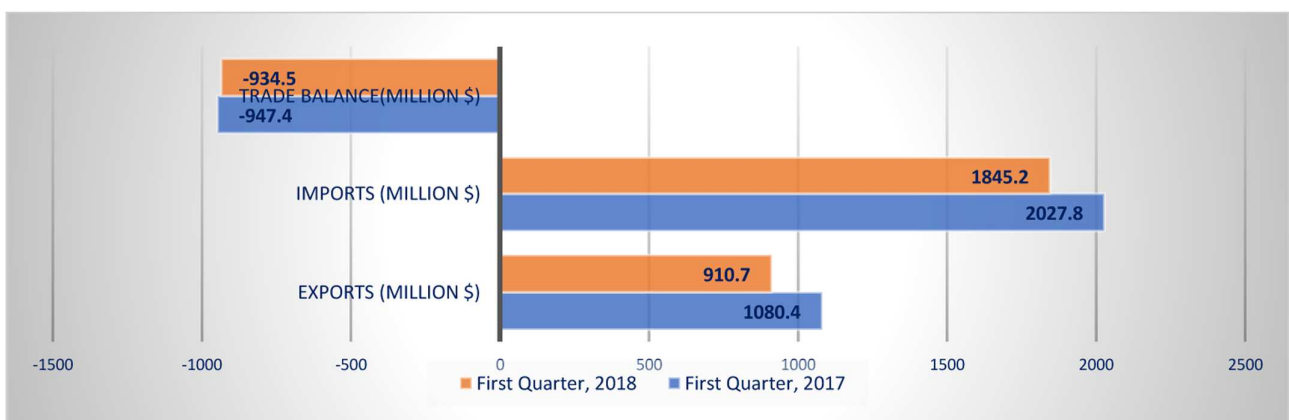


**Fiscal performance for the 1st quarter of 2018:** Total revenues amounted to SDG 32.1 billion whereas the total expenditures reached SDG 37.7 billion, thus, the deficit reached SDG 5.6 billion (Source: MoFEP). The government should design and implement policies that could diversify the economy, increase the revenues and decrease public expenditure to increase economic growth and reduce poverty.

**Gold Production in the 1st half of 2018:** Gold production has reached 63.3 tons during the first half of 2018 and has contributed by 6 percent to the Gross Domestic Product (GDP). Gold revenue in the first half of the year has reached SDG 1.5 billion approximately. Gold smuggling represents a big challenge to the Government of Sudan. (Source: Media Monitoring Report of Thursday, July 12, 2018 (UNDP))

**Trade Balance for the 1st Quarter of 2018:** The trade balance deficit (Exports-Imports) narrowed slightly to US\$934.5 million compared to US\$ 947.4 million for the same period of 2017. (reduced by 1.4 percent)

- The Trade deficit could put upward pressure on inflation and the exchange rate. (Source: MoFEP)



## Update on fuel and cooking gas supply

The Khartoum refinery has been operating at its maximum capacity, producing 90,000 barrels of fuel and 1,000 tonnes of cooking gas a day. On the other side, the technical teams have started work to restore oil production in the fields of the State of South Sudan. The start of the re-production is expected by the end of September. (<https://alsudanalyoum.com/sudan-news/economy>)



## Socioeconomic and human development status

- The poverty rate in Sudan stood at 36.1 percent ranging between 12.2 percent in Northern state and 50.4 percent in East Darfur state.
- One in four Sudanese falls below the extreme poverty line (25 %) with unemployment standing as a major cause of poverty in Sudan.
- Food was the main category of expenditure and accounted for 60 % of total consumption, with significant differences between urban and rural areas (respectively 53 % and 64 %).
- Kordofan States, Darfur States, Red Sea state and White Nile State are the poorest regions which are likely to be more affected by the current economic tricky situation. (Source: Sudan Household Budget and Poverty Survey 2014).
- According to the Federal Ministry of Health, the neonatal mortality in Sudan increased by 40 percent in 2018. (Source: Alwatan Magazine, issue No:5334, 14 July 2018).
- The hard-economic situation resulted in an increase in child marriage in the country, which reached 37% of total marriages cases during the first half of 2018. (Source: Alwatan Magazine, issue No:5334, 14 July 2018).
- According to the Ministry of Health, Khartoum Sate, the overall malnutrition rate in Sudan reached 16.3% in 2018. (Source: Alwatan Magazine, issue No:5334, 14 July 2018).



## Update on Medicines Supply

- Currently, there is a scarcity of several medicinal products in the country. More than 200 types of medicines have become completely unavailable. (Media Monitoring Report of Wednesday, July 11, 2018).
- This could result in further increases in medicine prices in the country and the poor are the more vulnerable.



## Update on the PRSP Preparation Process

- A set of thematic and background papers to address the sectoral policies and its priority and development strategies for the targeted sectors have been prepared and validated through consultative workshops.
- The full PRSP is expected to be launched by the end of this year.



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