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SUDAN'S TEN YEAR PLAN OF ECONOMIC AND SOCIAL DEVELOPMENT

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Sudan's Ten Year Plan of Economic and Social Development
1961-62 1970-71

Introduction:

There have been close ties, political and economic, between Egypt and Sudan. For over half a century (1898-1956) Sudan was under joint Anglo-Egyption control (the Condominium) which ended in 1956 when Sudan became an independent state. The economies of the two countries are vitally dependent on the use of the Nile Waters. The main Nile is formed by the confluence at Khartoum of the White and Blue Niles from whence it flows to Egypt after passing through 950 miles of Sudan. The problem of Nile control has been the storage of water during the period of surplus and its release as timely water during period of shortage so as to be of benefit to both countries. Storage is effected in Aswan in Egypt and in Sennar and le Jebel Aulia reservoirs in Sudan. Construction of further storage reservoirs is being undertaken by both Governments. In Sudan, the principal projects in the Ten Year Plan are the Roseires Dam and the Khashm El Girba Dam. The period of the Plan itself has been governed by the period of completion of the Roseires Project and the development of the land that will be irrigated by it.

Sudan economy:

The area of Sudan is nearly a million sq miles and population about 12 millions. Density is only 11 persons per sq mile. Unlike the other less developed countries, Sudan is more favourably placed; there is no pressure of population on the land. In fact there is considerable potential land, the development of which has been limited mainly by availability of water. Population has been growing at the rate of 2.8% per year; by the end of the Ten Year Plan, the population is expected to be 15.8 millions. Percapita income has been estimated at about £S.30.0 in 1960.

Resources of the country are primarily agricultural. Agriculture contributes 57% of the total gross domestic product and 86% of the economically active population have been dependent on it. The share of agriculture in the gross domestic product has declined from 61% in 1955-56 to 57% in 1960-61. The contribution of industry to the gross domestic product has been only 2% in 1960-61. The economy is heavily dependent on the export of one cash crop, cotton, which accounts for nearly 60% of the total value of exports and nearly 40% of Government revenues. The instability associated with the economy of the primary exporting countries is also to be found in Sudan.

As in the case of some of the other less developed countries, Sudan has a dual economy consisting of a modern part and the traditional part. The criterion for the modern part is the use of modern techniques and modern investment goods while the traditional part employs only simple tools. The modern part accounted for about 47% of the gross domestic product in 1960-61. Percapita income of the modern part is estimated at about £S53.0. The modern part has been the propulsive sector of the economy, growing at an annual rate of 6.5% (between 1955-56 and 1960-61) while the growth rate of the traditional sector has been only about 3%.

Total gross domestic product has been increasing between 1955-56 and 1960-61 at 4.7% annually. Since population has been increasing at 2.8% annually, per capita gross domestic product has been increasing at 2% per year.

Characteristics of the Ten Year Plan.

The Ten Year Plan has been the first comprehensive and integrated plan to be formulated in Sudan. Sudan had two five year development programs 1946-51 and 1951-56. This was followed by the New Schemes Program 1957-61 which was on an annual basis. These were merely public sector programs. They were not based on any assessment of the resources of the country or the effect of the program on the over-all magnitudes like national income, balance of payments, Govt revenues, employment etc. They were merely a collection of projects put together without an underlying theme or defined targets joining them together. The Ten Year Plan on the other hand is based on a caraful assessment of the resources and the impact of the Plan on the over-all magnitudes has been analysed using the programming techniques. The Ten Year Plan comprehends both the public and private sectors and all fields of development.

Main objectives of the Ten Year Plan.

The Ten Year Plan aims at increasing the gross domestic product at factor prices by about 65% from £S 357.2 millions in 1960-61 to £S 584.5 millions in 1970-71. During the Plan period the population is expected to increase by 32%. Thus per capita gross domestic product will increase by abour 25%, from £S 30 to £S 37.

The modern part of economy is expected to grow during the Ten Year Plan by about 95% compared to a growth rate of 38% of the traditional part. Consequently per capita gross domestic product of the modern part will increase from £S 53 in 1960-61 to £S 65 by 1970-71. The strategy of development has been to give a substantial fillip or "big push" to the modern part which is the dynamic element so as to generate the savings for the development of the whole economy. Progress of the entire economy would have been slower if resources had been devoted mainly to the development of the traditional part which is backward in every respect, in economic infrastructure, in agricultural and social services, in the level of education, in social attitudes etc. It is expected that the rapid development of the modern part would not only lead to the drawing off of population into gainful employment in the modern part but also to the spill over of incomes into the traditional part leading to the development of the latter.

The Plan lays great emphasis on diversification of the economy. This is to be brought about by import substitution of such goods as can be produced locally like wheat, rice, sugar, coffee, taxtiles, foot-wear, cement, paper, fertilizers etc. Import substitution is thus largely related to expansion of agricultural production which will either supply consumer goods directly or provide the raw materials for processing into finished goods. As a result of this development, the share of industries including mining and public utilities in the gross domestic product is expected to increase from 9% in 1960-61 to 16% by 1970-71 while the share of agriculture is expected to decrease from 57% in 1960-61 to 51% by 1970-71. This is the structural change in the economy expected to be brought about by the Plan.

Magnitude and pattern of investment.

Total gross investment (including replacement investment) is £S 565.4 millions; of this £S 337.0 millions represent public investment and £S 228.4, private investment. Exclusive of replacement, total expansion investment is £S 472/ millions of which £S 285 millions constitute public investment and £S 187 million, private investment. The percentage share of each sector in total public expansion investment is as follows;

Sector	% share
Agriculture(including forestury and animal husbanbry	32
Industry	14
Transport and Distribution	22
Social services	32
	100

Investment in social services is of the same order of magnitude as investment in agriculture. This is due to the fact that social development is of prime importance in Sudan inview of the enormous leeway that has to be made up in such fields as education, health, housing etc.

Financing of invéstment.

Of the total gross investment of £S 565.4 millions, about £S 220 millions is expected is expected to acqrue from public savings, £S 196 million from private savings (modern part) and £S 150 million from external aid. Public savings are expected to arise from Central Government and from Government corporations with separate budgets such as the Sudan Railways. Savings with Central Government are accounted for by budget surpluses. These surpluses are based on the assumption that the recurrent expenditure will not increase by more than 5% per year. It may also be mentioned that the surpluses are also based on the existing level of taxation. Propbably the Suden Plan is the only one which does not anticipate any increase in the level of taxation during the plan period. Estimated increases in revenue are expected to result from the planned increase in production, exports and imports.

At the begining of the plan, the ratio of savings to private income in the modern part was estimated at 8%. This is assumed to increase to 10% by the end of the plan. Private savings are expected to be stimulated by such measures as raising of interest rates on postal savings and creation of a capital market.

The plan envisages that by 1970-71 there will be a deficit of about £S 150 million in the current account of the labance of payments which will have to be covered by capital inflow from abroad save for a decrease of £S 6 million which represents the drawing down of foreign exchange reserves.

The magnitude of national resources and their utilization during the Ten Year Plan are indicated below:

National Means and their utilization in the Ten Year Period as a whole (£S Millions)

Gross domestic product at market prices	5,122.6
Net inflow of foreign resources	143.5
Foreign exchange resources	6.0
Total Means	5,272.1
Uses:	
Gross fixed investment	565.4
Changes in stocks	13.9
Consumption	
Private "	4,170.5
Public "	522.3
Total uses	5,272.1

It will be seen that gross fixed investment represents about 11% of the gross domestic product at market prices compared to about 9% at the beginning of the Plan.

Basic assumptions in respect of the financing of investment.

The two imponderables are the extent to which recurrent expenditure could be limited to an increase of 5% each year and the propensity to import. It has not been possible to limit recurrent expenditure to a 5% increase in the first year of the plan 1961-62 and it remains to be seen how far the limitation will be adhered to from 1962-63 onwards. As regards the propensity to import, it may well be that with increase in incomes, the demand for imports may increase by more than what is anticipated in the plan which may necessitate measures to discourage the import of consumer goods.

Underlying the whole plan is the basic assumption that the terms of trade would not turn violently against Suden; that the level of cotton prices especially will not full below U.S. cents 30 per pound which is about U.S. cents 10 below the current price.