



الْيُوبِيُّولَ الْأَذْهَبِيُّ

GOLDEN JUBILEE

50TH ANNUAL REPORT

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The Honorable,
Minister of the Presidency of the Republic,

Assalamu Alaikum Warahamatollahi Wabarakatuho

Pursuant to the provisions of Article (59) of the Central Bank of Sudan for the year 2002, I'm please to present to you a copy of the Balance Sheet of the Bank ended December 31, 2010 which was approved by the Board of Directors under the provision of Article 8(1) of the Bank Act and adopted by the Auditor General, in addition to the Annual Report on the operations of the Bank in the year 2010.

**Dr. Mohamed Kheir EL-Zubair,
Governor and Chairman
of the Board of Directors of the
Central Bank of Sudan**

BOARD OF DIRECTORS OF THE CENTRAL BANK OF SUDAN

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Mr. Hazim Abd-Elgadir Ahmed
Secretary of the Board of Directors

**IN THE NAME OF ALLAH,
THE MOST GRACIOUS, THE MOST MERCIFUL**

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INTRODUCTION

The Central Bank of Sudan has the pleasure to present its report for the year 2010. This Report is the 50th in its series of Annual Reports which the Bank used to issue since its inception and a continuation of the approach which was established by previous reports. The Report consist of two parts: the first part deals, in its various chapters, with the Banks' policies and performance in the monetary and banking areas (foreign exchange ,currency management and money supply) , micro and small finance and to which the Bank devoted special focus in recent years, as well as the role of the banks and the other financial institutions .This part also includes the audited banks accounts for the year (2010)which was approved by the Bank's Board of Directors Pursuant to the Provisions of Article 8(1) of the Central Bank of Sudan Act for the year 2002 which was submitted to the Presidency of the Republic in accordance with the provisions of Article (59)of the Bank's Act.

The second part of the Report reviews performance of the real sector in the light of the data pertaining to the Gross Domestic Product (GDP) and the various productive sectors. It also presents the financial position of the Government as reflected by data on the public revenues, current and development expenditure and sources of financing the budget deficit.

The report also covers performance of balance of payments and its deferent components, such as exports, imports, invisible transactions, movements in the financial and capital account, foreign trade trends and the grants and loans obtained by the Sudan.

Regarding the data and information, the report relied on prime sources such as the Ministry of Finance and National Economy, Ministry of Agriculture, Central Bureau of Statistics, Customs Authority and the relevant departments in the bank .The tables and figures in the Report present the data for the year (2010) compared with the previous year, with the aim of providing the reader with the opportunity of comprehending the trends reflected by these data.

On the other hand ,the Report ends with statistics part covering longer time period .In presenting this Repot ,the Central Bank of Sudan hopes that its contents together with Reports of other entities to contribute to introduce the condition of the Sudanese economy and its future horizons.

CHAPTER ONE

MAJOR INTERNATIONAL ECONOMIC DEVELOPMENTS DURING 2010



CHAPTER ONE

MAJOR INTERNATIONAL ECONOMIC DEVELOPMENTS DURING 2010

The world economy, during 2010, started to recover from the consequences of the Global Financial Crisis, as it recorded a growth rate of 4.8% against a negative growth rate of 0.6% in 2009. The sound growth in the world economy was attributable to the effectiveness of some rescue plans which were adopted by the countries, particularly the industrial countries, to exit from the crisis. The following is a review of some economic indicators in the industrial and the developing countries:-

1) Growth, Inflation and Unemployment Rates and Position of the Current Account for the Industrial Countries:

The growth rate of the industrial countries, as a whole, improved from a negative growth of 3.2% in 2009 to 2.7% in 2010, along with a slight increase in the unemployment rate from 8.0% to 8.3% and in the inflation rate from 0.1% to 1.4%, whereas the current account deficit as a percentage of the Gross Domestic Product (GDP) remained unchanged at a negative rate of 0.3%. Table (1-1) and Figure (1-1) show the details of these indicators.

Table (1-1)
Growth, Inflation, Unemployment Rates and
Current Account Position in the Major Industrial Countries
for the years 2009 and 2010

Indicators	Growth Rate %		Inflation Rate %		Unemployment Rate %		Current A/C. (Billions US\$)	
	Country	2009*	2010**	2009*	2010**	2009*	2010**	2009*
Major Industrial Countries		(3.2)	2.7	0.1	1.4	8.0	8.3	(0.3)
U.S.A.		(2.6)	2.6	(0.3)	1.4	9.3	9.7	(2.7)
Japan		(5.2)	2.8	(1.4)	(1.0)	5.1	5.1	2.8
Germany		(4.7)	3.3	0.2	1.3	7.5	7.1	4.9
France		(2.5)	1.6	0.1	1.6	9.4	9.8	(1.9)
Italy		(5.0)	1.0	0.8	1.6	7.8	8.7	(3.2)
United Kingdom		(4.9)	1.7	2.1	3.1	7.5	7.9	(1.1)
Canada		(2.5)	3.1	0.3	1.8	8.3	8.0	(2.8)
Other Industrial Countries Group		(1.2)	5.4	1.5	2.4	5.0	4.8	5.0

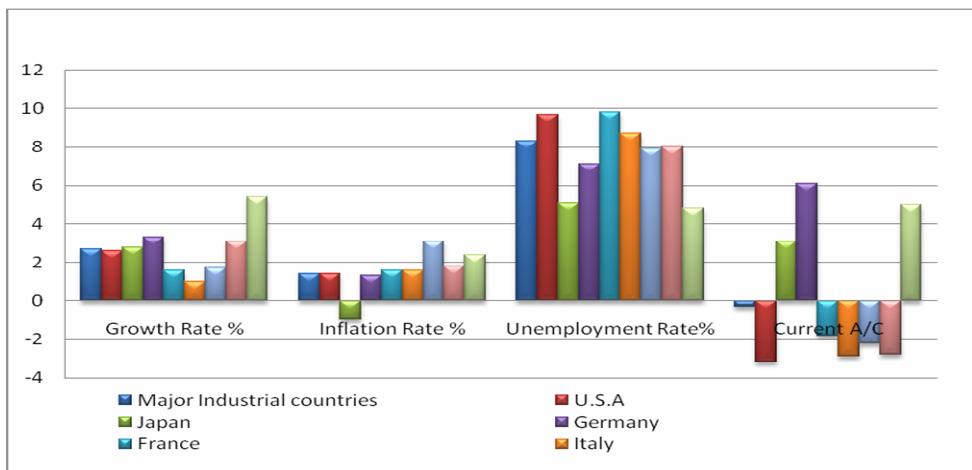
Source: World Economic Outlook – October 2010

* Actual.

** Estimates.

() Indicates minus.

Figure No (1-1)
Growth, Inflation, Unemployment Rates and
Position of C/A of Industrial Countries during 2010



2) Growth and Inflation Rates and the Current Account Position in the Developing Countries:

The developing countries as a whole, with their various classifications (Africa, Asia, Middle East, countries of Latin America and other countries) witnessed improvement in economic growth rates in 2010 compared to 2009. Similarly, the current account position as a percentage of GDP, improved in each of Africa, Middle East countries and the group of other developing countries while it deteriorated in countries of Asia and Latin America. However, the inflation rate witnessed an increase in most of the groups of developing countries (with the exception of African countries). Table (1-2) and Figure (1-2) show the details of these indicators:-

Table (1-2)
Growth Rates, Inflation Rates and Current Account
Position in the Developing Countries
for the years 2009 and 2010

Indicators	Growth Rate %		Inflation Rate %		Current A/C. as a percentage of GDP	
	2009*	2010**	2009*	2010**	2009*	2010**
Country	2009*	2010**	2009*	2010**	2009*	2010**
Africa	2.6	5.0	10.4	7.5	(1.7)	(1.1)
Asia	6.9	9.4	3.1	6.1	4.1	3.0
Middle East	2.0	4.1	6.7	6.8	2.6	4.4
Latin American Countries	(1.7)	5.7	6.0	6.1	(0.6)	(1.2)
Others	(6.5)	4.3	11.2	7.0	2.6	3.8

Source: World Economic Outlook October, 2010..

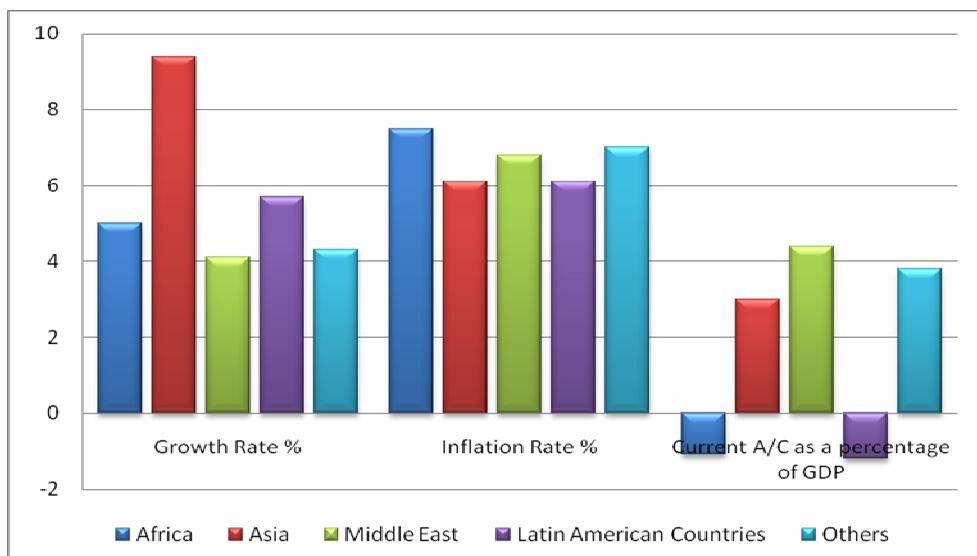
* Actual.

** Estimates

() Indicates minus.

Figure (1-2)

**Growth, Inflation Rates and the Current Account Position
in the Developing Countries for the Year 2010**



3) The External Debt of The Developing Countries:

The external debt/GDP ratio and debt service/GDP ratio of The developing countries had decreased. That was attributable to the rise of GDP as a result of the noticeable improvement that occurred in most economies of these countries in 2010, following the Global Financial Crisis and to the benefit reaped by several developing countries from the international initiatives introduced about the treatment of the developing countries' debts in the context of the Heavily Indebted Poor Countries' (HIPC) initiative which has been sponsored by the International Monetary Fund. Table (1-3) reflects the details of the cited indicators.

Table (1-3)
**External Debt and Debt Service as a Percentage
of GDP of the Developing Countries**

(USD Billions)

Indicator	Year	2009*	2010**
Debt as percentage of GDP (%)		27.3	24.7
Debt service as percentage of GDP (%)		9.5	8.2

Source: IMF, World Economic Outlook, October, 2010.

* Actual.

** Estimates.

Major Regional and International Meetings and Economic Conferences During the year 2010:

1) The Annual Joint Meetings of the Arab Financial Institutions:

These meetings were held during the period (7-8th April, 2010) in Khartoum, Sudan, with the presence of Finance Ministers of the Arab countries or their representatives as well as Members of the boards of directors of the Arab Financial Institutions which included (Arab Fund for Economic and Social Development, Arab Authority for Investment Guarantee, Arab Bank for Economic Development in Africa, Arab Authority for Agricultural Investment and Development and the Arab Monetary Fund).

The meetings noted the performance of these institutions in general through their submitted annual reports. The meetings also approved the annual budgets and the final audited accounts and hence issued decisions and guidelines which aim at improving the performance of these institutions. The key decisions can be summarized in the following:-

- i) Appointment of Mr. Abdel Latif Yousif Al-Hamad as General Manager and Chairperson of the Board of Directors of the Arab Fund for Economic and Social Development for a term of five years starting on 15/9/2010.
- ii) Approval of a deduction of 10% from the net profits for 2009 and its allocation in favour of the Palestinian People, provided that this amount shall be deposited in a special account for Palestine with the Arab Fund for Economic and Social Development.
- iii) Approval of an allocation of USD 50 million in support of the Palestinian People.
- iv) Election of the Governor of Palestine as Chairperson of the Board of Governors of the Arab Fund for Economic and Social Development for its thirty ninth session and election of the Governor of Djibouti as Vice-Chairperson.
- v) Election of the Governor of the Great Socialist Peoples Libyan Arab Jamahiriya as Chairperson of the Board of Governors of the

Arab Monetary Fund in its thirty third annual session and the Governor of the Kingdom of Morocco as Vice-Chairperson.

2) The Annual Meetings of the African Development Bank Group:

These meetings were held during the period (27-28th May, 2010) in Abidjan, Cote d'Ivoire, with the participation of delegations of most Member States. The meetings adopted a number of decisions, most important among which were:-

- i) The Governors called for the acceleration of reinforcement of regional integration, particularly in the areas of agriculture and energy.
- ii) The Governors urged the Bank's Management to formulate a strategy to assist in achieving economic reform in Zimbabwe.
- iii) The Governors praised the financial results for 2009, particularly that these achievements were realized under the Global Financial Crisis.
- iv) Work towards the financing of development projects which contribute to economic and social stability and development of micro finance.

3) The Thirty Fifth Annual Meeting of the Islamic Development Bank Group:

The Thirty Fifth Annual Meeting of the Islamic Development Bank Group was held during the period (23-24th June, 2010) in Baku, Azerbaijan, with the presence of delegations of all the Member

States, except the Republic of Iraq, and representatives of some banks, national finance institutions in the Member States and representatives of international and regional finance organizations and institutions which collaborate with the Bank.

The activities included: Meeting of the Supreme Council for Al-Aghssa and Al-Qodus Fund, Annual Seventeenth Meeting of the Board of Governors of the Islamic Institution for Investment Insurance and Export Credit, Tenth Meeting of the General Assembly of the Islamic International Institution for Trade Financing, and, the Closing Session of the Annual Meeting of the Islamic Development Bank Group. The meeting came out with a number of decisions, key among which were the following:-

- i) Approval of the audited final accounts of the Bank and for each of: Waqf Fund, Investment in Waqf Property Fund, International Organization for Waqf, and the audited final accounts of the Islamic Development Bank Fund for Investment Shares, for the financial year 2009.
- ii) Re-Election of H.E. Dr. Ahmed Mohamed Ali, as President of the Bank for a term of five years, starting from the current year.
- iii) Increasing the number of the Bank's Executive Directors from 16 (sixteen) to 18 (eighteen).
- iv) Allocation of an amount equivalent to about 5% of the expected net income for 1431H, provided that the appropriated amount

- shall not be less than USD 5 million for funding the Technical Assistance Grants for 1432H, and an allocation of 2% of the expected net income for 1431H, provided that the appropriated amount shall not be less than USD 2 million for the Education Grants Programme for the talented, in form of grants, in 1432H.
- v) Election of a committee from the following Member States to prepare for meetings of the forthcoming session:-
- Governor for the Republic of Yemen Chairperson
- Governor for the Republic of Guinea-Bissau ...Vice-Chairperson
- Governor for the State of PalestineVice-Chairperson
- Governors from:
- (Azerbaijan, Sultanate of Oman, Guinea, Sudan) Members
- vi) The Annual Thirty Sixth Meeting will be held next year in the Republic of Yemen, provided that the date and venue for holding the meeting will be decided in consultation with the Yemeni Authorities.

4) The Seventeenth Meeting of the General Assembly of Shareholders of the African Export-Import Bank:

The Seventeenth Meeting of the General Assembly of Shareholders of the African Export-Import Bank and the Sixteenth Meeting of the Bank's Advisory Group on Trade Financing and Export Development in the African Continent, were held during the period (19-25th July, 2010) in Yaoundé, Cameroon with the presence of most

Shareholders. The Meeting concluded with the adoption of a number of key decisions, notably:-

- i) Constitution of the Executive Bureau for the current session as follows:-
 - Cameroon Chairperson
 - Angola or Mozambique Vice-Chairperson
 - Botswana Rapporteur
- ii) Adoption of the Annual Report and the audited Balance Sheet as in December, 2009.
- iii) Re-appointment of Mr. Jay Louis Ikra as President of the Bank for a new term of five years starting in 2010.
- iv) Holding of the forthcoming General Assembly in Mozambique or Angola after studying their requests for holding this meeting.

5) The Fourteenth Summit of the COMESA:

The Fourteenth Summit of the COMESA Heads of State and Government was convened during the period (18th August – 1st September, 2010) in Mbabane, Swaziland, at three levels (Experts, Ministerial Council, and Heads of States and Governments) under the theme :-

(Utilization of Science and Technology for Development)

Delegations from all Member States, with the exception of Madagascar, participated in the Summit activities as well as a number of regional and international organizations representatives.

The Summit communique embraced a number of key decisions, among which were:-

- i) Adoption of the Report of the Foreign Ministers of COMESA States.
- ii) Adoption of the Report on the status of arrangements for the Tripartite Summit between COMESA, Southern African Development Community (SADC) and East African Community (EAC).
- iii) Adoption of the Recommendations' Report of the Sixth Investment Forum.
- iv) Urging Member States which have not yet acceded to the Free Trade Area to expedite their accession, especially that some of the region's States have attained the Customs Union stage.
- v) Endorsement of the COMESA Plan in the area of intellectual property rights.
- vi) Amendment of Article (185) of the COMESA Statutes in order to introduce the Arabic language as the fourth official language of the Organization.
- vii) Organizing the activities of the forthcoming Summit in the Republic of Malawi, in September, 2011.

6) The Thirty Fourth Annual Meeting of the Association of African Central Banks:

This Meeting was convened during the period (19-20th August, 2010) in Dakar, Senegal with the participation of representatives of 39 Central Banks of Member States, along with representatives of some regional and international organizations. The Meeting concluded with a number of key decisions, notably the following:-

- i) Election of the Executive Bureau for 2011, chaired by the Governor of the Central Bank of Western African States and membership of each of the Governors of the Reserve Bank of Malawi, Central Bank of Nigeria, Central Bank of Uganda and the Central Bank of Libya.
- ii) Selection of the venue and date for holding the Thirty Fifth Meeting of the Assembly of Governors of African Central Banks in Malawi, in August, 2011.
- iii) Adoption of the recommendations and report of the Thirty Third Meeting of the Assembly of the Association African Central Banks which was held in August, 2009 in Kinshasa, Congo D.R..
- iv) Adoption of the Provisional Report on the implementation of the African Monetary Cooperation Programme.
- v) Adoption of the Report of the External Auditor on the Budget of the Assembly of the Association of African Central Banks for 2011.

7) The Joint Annual Meeting of the International Monetary Fund and the World Bank:

This Meeting was held during the period (8-9th October, 2010) in Washington – United States of America. The Meeting discussed several issues and came out with some recommendations, notably the following:-

- i) The importance of maintaining international economic stability.
- ii) Need for countries to exert efforts to stimulate their economies and adopt structural reforms for enhancing economic performance.
- iii) Giving due care to infrastructure as a basis for development.
- iv) Emphasis on the support of the International Monetary Fund and the World Bank to Africa in the area of development.
- v) Granting Africa and the developing countries larger voting rights.
- vi) Urging Member States to adapt their situations vis-à-vis the international financial institutions.
- vii) Reinforcing climate stability and giving due care to the environment.
- viii) Boosting investment in education and paying attention to capacity building.

A Round Table on Sudan's external debts was also held on the margins of this Meeting. Among its most important recommendations was the adoption of an American proposal on the

composition of a technical committee from the International Monetary Fund and the World Bank with the participation of Britain to consider Sudan's debts problem.

8) The Fifteenth Annual Meeting of the Monetary and Financial Cooperation Committees and the Committee of Governors of Central Banks of the COMESA Countries (31st October – 4th November, 2010, Khartoum):

This Meeting was held during the period (31st October – 4th November, 2010) in Khartoum – Sudan at the level of Experts and Governors, with the participation of delegations from 15 Member States as well as representatives of some of the regional financial institutions. The Meeting came out with a number of key decisions, among which were the following:-

- i) Election of the new Executive Bureau, in the following manner:-

Sudan Chairperson
Mauritius 1st Vice-Chairperson
Swaziland 2nd Vice-Chairperson
Rwanda 1st Rapporteur
Egypt 2nd Rapporteur

- ii) Approval of the Road Map pertaining to the establishment of COMESA Monetary Institute to become practically operational.
iii) Urge the Central Banks that had not yet signed the various agreements pertaining to REPSS and its operations to expedite

their signatures, and also urged the banks to prefund their USD and Euro accounts at the settlement Bank (Bank of Mauritius)

- iv) Urging Member States to adhere to the macroeconomic indicators cited in the Monetary Harmonization Program of the COMESA.
- v) Adoption of the Work Plan proposed by the Sub-committee on Monetary and Exchange Rate Policies.
- vi) Urging Member States to set up autonomous units to monitor implementation of the assessment Framework for Financial Sector stability.
- vii) Urging Member States to select the appropriate legal framework for setting up autonomous units to implement the Legal Framework for Financial Sector stability.
- viii) Adoption of the Plan proposed by the Development and Financial sector stability Sub -committee.

9) Meetings of the COMESA Inter-Governmental Organs and the Council of Ministers:

These Meetings were held during the period (30th November – 6th December, 2010) at the COMESA Secretariat in Lusaka – Zambia, at the level of Experts and Ministers, with the participation of 17 delegations from Member States as well as representatives of a number of regional and international institutions. Hereunder is a summary for some recommendations of the meetings:-

- i) Directing the Secretariat to review the formula for annual contributions which are paid by Member States.
- ii) Submission of the reports on the review of the new formula – as noted in the above recommendations – to a sub-committee from Member States composed of experts from the Central Banks, Ministries of Finance and Trade and Statistics Organs.
- iii) Application of the agreed formula after its review and adjustment by the above mentioned committees, effective from the 2012 budget.
- iv) Adopting the formula used in calculating contributions in the year 2010 for calculating the contributions of 2011 to the budget of the Secretariat and the COMESA institutions subject to this formula.
- v) Adoption of the scientific and technological approach in the entire range of activities and programmes of COMESA.
- vi) Approval of the Work Programme of COMESA Secretariat for 2011.
- vii) Approval of the Report on implementation of COMESA programmes along with persuading countries which have not submitted their reports to expedite the process of submission.



CHAPTER TWO

CENTRAL BANK OF SUDAN

POLICIES FOR 2010



CHAPTER TWO

CENTRAL BANK OF SUDAN POLICIES FOR 2010

The Central Bank of Sudan policies for the year 2010 were issued in accordance with its Five Years Strategic Plan (2007-2011), in coordination with fiscal policy. The policies aimed at maintaining monetary and financial stability along with ensuring strength and soundness of the banking system under the dual banking system.

The 2010 policies comprise five pillars, viz., monetary and financing policy; exchange rate and foreign exchange policies; banking, supervisory and development of payment systems policies; currency management policy; and, micro, small and banking financing with a social dimension policies. The following is a review of objectives and performance of these policies:-

FIRST: Monetary and Financing Policy:

The monetary and financing policy for the year, 2010 aimed at achieving the macro economy objectives, represented in achieving a growth rate of 6% in the Gross Domestic Product (GDP), maintaining an inflation rate within limits of 9%, on average, by targeting a nominal growth rate of 23.5% in money supply and work toward maintaining stability and flexibility of the exchange rate.

For achieving these objectives, the Central Bank of Sudan strived to manage and regulate liquidity to meet the needs of economic activity, contain inflationary pressures and recession, maintain economic stability by concentrating on the indirect instruments which focused on open market operations as well as on direct financing to the banks through placement of investment funds and provision of liquidity to the private sector. As result of the external economic development factors, represented in the high prices of imported goods, and the internal factors represented in the uncertainty and the expectations of the referendum process the central bank of Sudan reconsider the liquidity injection policy to manage liquidity and changing the legal reserve ratios from 8% to 11% in the second half of 2010. Despite these measures, the average rate of inflation increased to 13%, the rate of the GDP achieved at 5.2% and the money supply growth rate rose to 25.4% by the end of 2010.

1) Monetary Policy Instruments:

a) Direct Instruments:

i) Legal Reserve Requirement:

The policy obliged the banks to maintain cash balances with the Central Bank of Sudan in the form of a legal reserve requirement of not less than 8% of total deposits for each of the local and foreign currencies

(except investment and similar deposits). As to the conventional banks, the percentage may be sub-divided into 6% in cash and 2% in the form of certificates of deposit. Also, the legal reserve requirement was adjusted in the second half of 2010 to 11% in order to limit the increase in money supply.

ii) Internal Liquidity:

The determination of the internal liquidity ratio was left to the banks to decide upon, along with taking into consideration the rate of 10% as an indicator. Banks may also hold liquid assets in the form of Central Bank Ijarah Certificates (Shihab), Government Musharaka Certificates (Shahama), other government Sukuk, non-government Sukuk, except the securities traded in Khartoum Stock Exchange market, by a percentage not exceeding 25% of the outstanding finance portfolio. However, in the conventional system, banks may also maintain 10%, as an indicator, of total current and similar deposits in the form of internal cash liquidity, hold Shihab and Shahama Certificates, accept bonds issued by the Government of Southern Sudan, provided that these shall not be discounted or re-discounted by the Bank of Southern Sudan (CBOS Branch), other

government Sukuk and Sukuk of non-government institutions traded in Khartoum Stock Exchange market (KSE), by a percentage not exceeding (10%) from the outstanding finance portfolio in order to contribute in financing development of the South.

iii) Murabaha Profit Margins and Musharaka Rates:

The Murabaha margins were fixed at 9% (as an indicator) per annum, with the exception of Murabaha operations in micro finance. However, each bank was free to determine its Musharaka rates and management margins during 2010. The rate of the weighted average actual margins of the Murabahat in the banks reached 9.7% while the average actual Musharaka rates reached 33.7% during the year 2010. However, in the conventional system, the cost of finance (i.e. interest rate) was determined at 9% (as an indicator) per annum for local and foreign currency.

iv) Inter-Banks Market:

The policy had encouraged the operating Islamic and conventional banks to constitute portfolios for financing the various economic activities, particularly the productive sectors; maintain deposits; extend finance in local and foreign currency; sell and purchase financial

papers among themselves; sell and purchase deposit certificates, Sukuk, government bonds and Treasury bills; and dealing in foreign exchange and, discount financial papers among conventional banks. The Bank of Southern Sudan (CBOS Branch) assisted in facilitating transactions along with allowing the issuance of certificates of deposit and their trading in Southern Sudan in accordance with guidelines of the Central Bank of Sudan.

v) Financing of Banks from the Central Bank of Sudan:

The Central Bank of Sudan continued to perform its role as the Lender of Last Resort to the banks during the year 2010, through the available finance windows in the policy. Thus, financing to the banks was extended via the placement of investment deposits in some banks and the purchase of government financial papers from some others in a bid to deal with their liquidity shortage during the year 2010. As to the conventional banks, financial support was restricted to the conventional banks which encountered temporary liquidity difficulties, through purchase of financial papers, including certificates of deposit, overnight loans for

covering the debtor clearing account only, discounting of bankable commercial papers issued by the private sector as well as direct finance to redress the seasonal financing gaps through the investment financing window.

b) Direct Instruments:

The focus of open market operations was on Government Sukuk, represented in sale and purchase of Government Musharaka Certificates (GMCs – Shahama), Government Investment Certificates (GICs – Sarah), Central Bank Ijarah Certificates (CICs – Shihab) and Ijarah Certificates of Khartoum Oil Refinery Assets (Shama), for the purpose of managing liquidity in the economy.

2) Other Measures and Regulations:

The measures and regulations set by the Central Bank of Sudan policies for the year 2010, pertinent to finance to the private sector and represented in directives, rules and regulations for extension of banking finance and in the general banking regulations, regarding charges on banking services and the sound application of Islamic dealing modes in investment, through enabling the banks to focus on the feasibility of the project, position of the client as well as to focus on mortgages and

guarantees, had assisted in increasing the volume of finance from SDG 21,340.6 in 2009 to SDG 26,387.1 in 2010, by 23.6% .

SECOND: Foreign Exchange Policies:

The foreign exchange policies for the year 2010, focused basically on regulating and developing the foreign exchange market for the purpose of achieving the following :-

- a) A stable and flexible exchange rate.
- b) Building reserves of foreign exchange.
- c) Managing the reserves in a manner that assists stability of the foreign exchange market.
- d) Activating the inter-banks market.

For achieving these objectives, several arrangements, and amendments were introduced to the measures and regulations organizing the foreign exchange operations, which included the following :-

- Removal of restrictions on procedures for opening free current accounts. Opening of free foreign exchange accounts was allowed on condition that the minimum for opening a foreign exchange account shall be an amount of 5,000 Euros (five thousand Euros only) or its equivalent in other free foreign currencies provided that the account holder shall have steady cash flows in foreign exchange.

- Abolishment of all uses of free current accounts in foreign exchange and their replacement by specific uses instead of using them for all purposes.
- Non-permission for re-transfer of the amounts remitted from abroad to the savings and investment accounts pertaining to individuals and foreigners except after the elapse of one year, at least, from the date of depositing.
- Cancellation of all regulations on replenishment and uses of the special accounts and replacing them with new regulations.
- Obligating the banks to purchase the amounts sold from the special foreign exchange accounts in favour of the Central Bank at the rate of the commercial bank executing the operation.
- Obligating the banks to obtain the prior approval of the Central Bank of Sudan regarding conversion of accounts of foreign investors from special accounts to free current accounts.
- Issuance of new regulations for using the sum of amounts credited to the account of local contractors.
- Issuance of new regulations for use of non-oil exports proceeds according to the following :-
 - Export proceeds resulting from financing the operation by the bank shall be sold only to the financing bank.
 - Export proceeds generated from other sources of finance shall be sold to the bank executing the operation or to

other banks or be used by the exporter himself for importation.

- Withdrawal for the purpose of travel, based on the supporting documents.
- It's not allowed to sale the export proceeds to other importers.
- Allowing the banks to use all payment methods for executing import operations for priority, basic commodities (wheat, medicines, medical instruments and equipment, industrial and agricultural production inputs, machinery and capital equipment) and importation for investment purposes. As for the other commodities, their importation shall be effected through sight documentary letters of credit and cash against documents.
- Prohibition of issuance of letters of guarantee for the purpose of importation, with the exception of marine letters of credit for goods imported to the Sudan.
- Banning the sale of foreign exchange or execution of any transfers to abroad in favour of residents (companies, individuals ... etc) for the purpose of making investments abroad.
- That all of the internal transactions should be carried out in local currency, except those in connection with rents,

insurance installments to foreign entities and claims of airline companies and local contractors paid from foreign entities.

- That the sale for the purpose of travel for each of the Hashemite Kingdom of Jordan, Syria Arab Republic and Egypt Arab Republic, shall be within the limits of an amount not exceeding USD 1,000 (only one thousand American dollars) or its equivalent in other foreign currencies.
- Application of the export incentive percentage to the resources and uses of foreign exchange with the aim of attracting more resources to the organized market and narrowing the gap between rates of the organized market and the non organized market.

THIRD: Banking and Supervisory Policies and the Development of the Payment Systems:

The Central Bank of Sudan continued, during the year 2010, in implementing banking and supervisory policies to complete restructuring the banking system and financial institutions, so as to achieve banking soundness and establish a strong banking system capable of rendering its services with the required efficiency, given the background of the Bank's policies for 2010. Consequently, the following were achieved:-

- A number of banks succeeded in meeting the minimum capital adequacy requirement of SDG 80 million for 2010, except one bank.
- Developing the existing bank group alliances up to the stage of full merger.
- Activating the role of internal supervision through monitoring the extent of banks' compliance with regulations on the constitution of boards of directors and their sub-committees and quarterly monitoring of boards of directors with regard to their adherence to make directives and remarks to the executive managements.
- Non-performing loans came down to 14% of the total finance portfolio compared to 15%.
- Continuation in applying the standards of supervision of the Islamic Financial Services Board, the new standard for capital adequacy (Basel II) and the international standards for risk management. During 2010, studies and a draft on guidelines were submitted and were proposed to be circulated to the banks so as to commence applying internal risk classification methods.
- Banks have been required to apply the international measures and standards in the area of combating money laundering and financing of terrorism.

- Alliances between banks have been formed as the banks were distributed into five groups on the basis of a number of standards, including similarity in the nature of activity, shareholders and other standards.
- Banks have been encouraged to expand their services base through continuous geographical banking spread.
- Commencement of the implementation of launching the Real Time Gross Settlement (RTGS) system and generalizing the Electronic Clearing System to embrace all the States, except the Southern States which entered the service during the year 2010 after the network linkage of these States was completed. Also, the Automated Teller Machines (ATMs) expanded by 15%, while the number of Points of Sale, operating in accordance with the regulatory rules, reached 1400 Points.

FOURTH: Currency Issuance and Management Policies:

The currency issuance and management policy for the year 2010, continued in catering for the needs of the economy in terms of coins and notes; applying the clean currency policy to ensure improvement of the quality of notes in circulation; determining the optimum hierarchical structure of denominations and maintaining it upon issuance; replacing the one pound note denomination by a coin denomination gradually; issuing a regulation for the Sudanese currency; and, working toward issuance of a Currency Act. For

achieving these objectives: requests of the Central Treasury were met by issuing adequate quantities of coins and notes along with retaining an inventory to meet any actual or contingent demand. For ensuring the soundness of currency, the small denominations were printed on currency paper of high quality and type. The currency specifications and mechanisms for sorting and classifications were determined in addition to the display of the item, relating to the clean currency policy in the display screens of the Central Bank of Sudan and in those at the headquarters of banks, and the purchase of automatic destruction machines and the introduction of new legal articles in the Sudanese Currency Regulation to deter tampering and acting fraudulently with the currency. This was publicized throughout the different media along with participations by fairs in the States to acquaint the public with the security marks of the genuine currency and the printing of banner texts, urging the maintenance and the civilized treatment of the currency and the replacement of the one pound note with a coin denomination.

FIFTH: Banking Finance Policies with a Social Dimension:

The policy objectives of the year 2010 included the direction of additional resources for achieving economic and social development and activating the role of the banking system in micro and small financing and banking finance with a social dimension, through the

allocation of 12% of the banks' financing portfolio to this type of finance. This percentage was divided equally between micro and mini finance (6%) and small finance and finance of a social dimension (6%).

The position of implementation was as follows:

- Constitution of the Amaan portfolio with an amount of SDG 200 million, as a first stage, of which SDG 50 million was a contribution by the Zakat Chamber and SDG 150 million by the banking system, against the allocated percentage for micro finance of (12%), in accordance with policy guidelines of the Central Bank of Sudan.
- Coordination with the Ministries (Care and Social Security, Direction and Guidance) and the High Committee for Agricultural Revival, in addition to partnership projects with the United Nations Development Programme, for developing electronic banking policies through the mobile telephone and the Islamic Development Bank support of USD 15 million to the Micro Finance Sector in Sudan.
- Developing the strategic vision of the Savings and Social Development Bank for achieving the objectives for which it was initially established as well as enhancing its operational and financial capacities to enable it to mobilize resources.

- A micro finance unit was set up in the Bank of Khartoum to manage the Amaan portfolio. The bank also finalized studies and legal procedures pertaining to the establishment of a subsidiary company to specialize in micro finance and accept deposits from micro finance clients.
- The Micro Finance Unit continued promoting micro finance policies and implementing Shaikan Insurance Policy for insuring micro finance operations as non-conventional collateral. The total volume of insured operations amounted to SDG 52 million as at 30th September, 2010, that is 41% of the outstanding finance portfolio.
- Eight micro finance institutions were registered during 2010, namely (Social Development Institution, Kassala State; Small Handicraft Society (Bassit), Red Sea State; Gezira Institution for Micro Finance, Gezira State; Baraa Institution for Micro Finance, Southern Kordofan State; Youth Institution for Micro Finance, Khartoum State; and Idmag Institution, Pensioners Institution and Social Development Institution, Khartoum State). In addition, technical support was extended for institutional development along with financing through the Micro Finance Unit and the Sudanese Company for Development of Micro Finance. Also there was a number of institutions under

registration which will work toward expanding micro finance services at the State level.

- The regulatory and supervisory framework for micro finance institutions was developed by the introduction of a By-Law on Regulation and Supervision of Work of Micro Finance Institutions for 2010. This By-Law deals with the legal aspects of the stages of establishing micro finance institutions and regulations on organization of their business areas as well as cancellation the licensing and registration of the micro finance institutions. the second part on regulatory and supervisory guidelines, contains prudential and non-prudential supervision, guided in this by indicators of the Consultative Group for Assisting the Poor, applicable international standards relating to the standards of disclosure to the public and to the supervisory authorities, policies for constituting financial provisions, and early warning indicators for risk management.
- A committee was set up for developing Islamic micro finance products in the area of services via examining the current practice of banks and Sudanese micro finance institutions in extending micro finance to the services sector. The Committee developed and submitted proposals on Islamic micro finance service products applicable in the educational, health and social

areas. These proposals will be discussed with the Higher Sharia Supervisory Board.

- The volume of funds allocated to micro finance through the partnership programme increased from SDG 152,500 thousand on 31st December, 2009 to SDG 244,551 thousand on 31st December, 2010, by 60%.
- The number of beneficiaries increased from 31,000 to 80,583 beneficiaries for the same above period, by 136%.
- The portfolio capital of the Family Bank for micro finance amounted to SDG 15,400 thousand in 2010, through contribution from the Central bank of Sudan of 10% (SDG 1,400 thousand) and from 14 banks. The Central bank also provided financing to the Family Bank through the Mudaraba mode, by SDG 35 million during 2010. The outstanding volume of finance at the Family Bank in December, 2010 stood at SDG 137,367 thousand with beneficiaries of about 30,941 persons.
- Training and capacity building courses for employees of banks and micro finance institutions were implemented internally and abroad in addition to organizing a number of training courses on micro finance policies for 625 beneficiary in each of Dongla, Kassala, Kadogli, Atbara, Sinnar, Niyalla, Kosti, Port-Sudan and Khartoum as well as training of a number of trainers.

- A number of workshops, forums besides other participations were organized for the exchange of experiences and raising of awareness. Of these we note :-
 - Deliberative Forum for Activating Micro Finance in the States.
 - Role of community intermediaries.
 - Micro Finance Products and Modes.
 - Micro Finance Policies.
 - Sanabil Conference (Syrian Arab Republic).
 - In addition to holding media interview (press, finance competition).

CHAPTER THREE

MONEY SUPPLY



CHAPTER THREE

MONEY SUPPLY

Money Supply (M2), broadly defined, comprises currency with the public, demand deposits, quasi-money (margins on documentary letters of credit, and letters of guarantee, time deposits and investment deposits).

Table (3-1) shows money supply and the factors affecting it for the two years, 2009 and 2010, while Figure (3-1) illustrates the components of money supply for 2009 and 2010.

Table (3-1)

**Money Supply and the Factors
Affecting It for the years 2009 and 2010**

Particulars	Years		Changes During 2010	
	2009*	2010**	Change	%
A) Money Supply (M_2)	28,314.5	35,497.9	7,183.4	25.4
Means of Current Payments	16,106.3	19,908.3	3,802.0	23.6
- Currency with the Public	8,066.2	10,068.0	2,001.8	24.8
- Demand Deposits	8,040.1	9,840.3	1,800.2	22.4
Quasi-Money	12,208.2	15,589.6	3,381.4	27.7
B) Factors Affecting Money Supply				
Net Foreign Assets	(4,552.4)	(4,026.0)	526.4	11.6
Revaluation	8,529.2	9,439.5	910.3	10.7
Net Domestic Assets	24,337.7	30,084.4	5,746.7	23.6
1- Claims on the Public Sector	8,912.1	12,976.8	4,064.7	45.6
1-1- Federal Government	6,631.6	10,167.1	3,535.5	53.3
1-2- Public Enterprises	2,280.5	2,809.7	529.2	23.2
2- Claims on the Private Sector	16,216.3	18,722.3	2,506.0	15.5
3- Other items net	(790.7)	(1,614.7)	(824.0)	(104.2)
T O T A L (A = B)	28,314.5	35,497.9	7,183.4	25.4
C) Indicators of Money Supply: Currency with the Public/Money Supply (%) Demand Deposits/Money Supply (%) Quasi Money/Money Supply (%)	28.5 28.4 43.1	28.4 27.7 43.9	- - -	- - -

Source: Central Bank of Sudan.

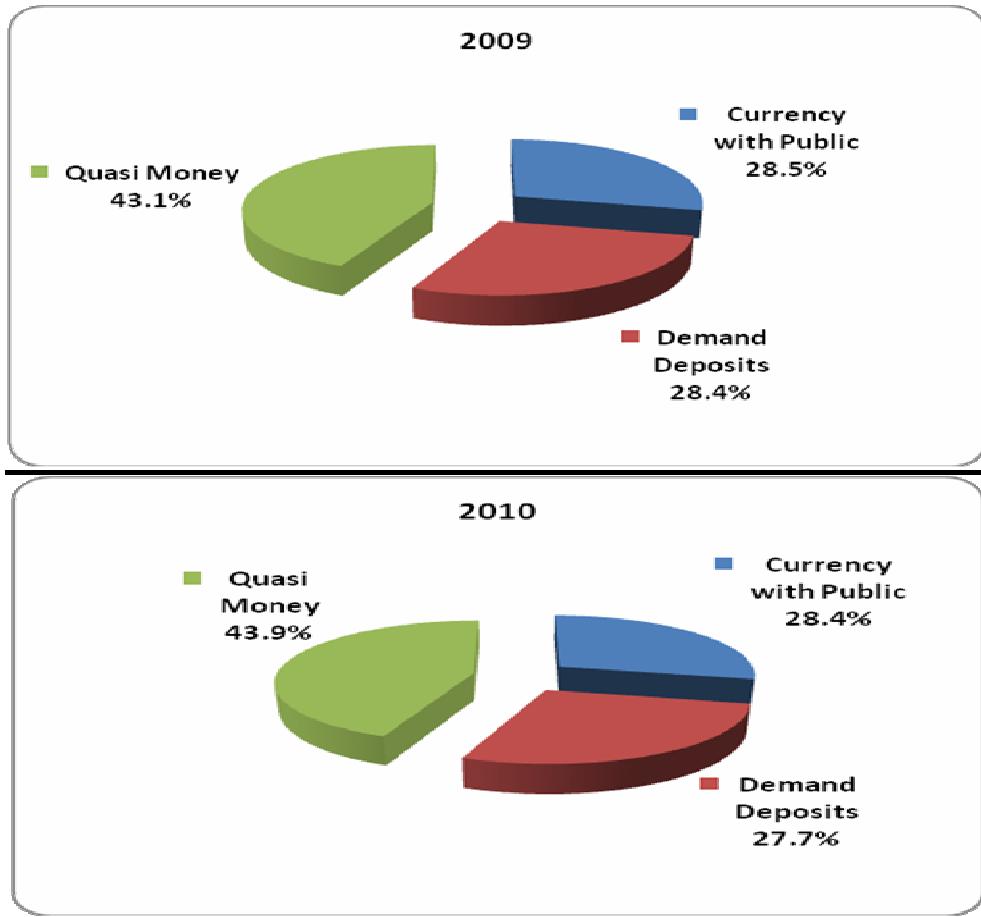
* Actual figures.

** Preliminary figures.

Money Supply (M_2):

Money supply increased by an amount of SDG 7,183.4 million from SDG 28,314.5 million in 2009 to SDG 35,497.9 million by the end of 2010, by a rate of growth of 25.4% compared to a rate of growth of 23.5% for 2009. The increase in the current payment instruments in the year amounted to SDG 3,802.0 million and SDG 3,381.4 million in quasi money. The increase in the current payment instruments was attributable to the increase in the currency with the public by an amount of SDG 2,001.8 million and in demand deposits by SDG 1,800.2 million.

Figure (3-1)
Percentages of the Components of Money Supply
for 2009 and 2010



Factors Affecting Money Supply:

The factors with an expansionary impact on money supply were represented in the increase of net domestic assets by an amount of SDG 5,746.7 million, by a rate of 23.6% and improvement of net foreign assets item (assets of the banking system in foreign currency less its liabilities) by an amount of 526.4 million, by 11.6%; and also in the revaluation item (changes in net assets and liabilities in foreign

currency resulting from variations in the exchange rate upon valuation in local currency) by an amount of SDG 910.3 million, by a rate of 10.7%. The other items net had a contractionary impact of SDG 824.0 million.

Monetary Base (Reserve Money):

The monetary base consists of currency in circulation outside the Central Bank of Sudan (currency with the public and currency with commercial banks), commercial banks' reserves and demand deposits with the Central Bank of Sudan.

Table (3-2) shows the monetary base and the corresponding assets during the two years, 2009 and 2010, as these increased from SDG 13,789.2 million in 2009 to SDG 16,164.3 million in 2010, by 17.2% figure (3-2) shows components of monetary base as a percentage of total reserve money by the end of December, 2010.

Table (3-2)
Monetary Base and Corresponding Assets
in 2009 and 2010

(SDG millions)

P a r t i c u l a r s	Y e a r s		Change during 2010	
	2009*	2010**	Change	%
A) Assets:				
1- Net Foreign Assets	(5,721.1)	(6,268.3)	(547.2)	9.6
2- Revaluation	8,493.4	9,426.5	933.1	11.0
3 – Net Domestic Asset	11,016.9	13,006.1	1,989.2	18.1
3-1- Net Claims on Government	3,708.7	6,187.5	2,478.8	66.8
3-1-1- Claims on Government	4,781.2	6,778.8	1,997.6	41.8
3-1-2- Government Deposits	1,072.5	591.3	(481.2)	(44.9)
3-2- Claims on Public Enterprises	333.3	346.2	12.9	3.9
3-3- Claims on Commercial Banks	1,779.1	1,997.0	217.9	12.2
3-4- Instruments of Liquidity Management (Shihab)***	19.0	63.5	44.5	234.2
3-5- Other Items Net	5,176.8	4,411.9	(764.9)	(14.8)
Total Assets (1+2+3)=Liabilities	13,789.2	16,164.3	2,375.1	17.2
B) Liabilities:				
Reserve Money	13,789.2	16,164.3	2,375.1	17.2
1- Currency in Circulation Central Bank of Sudan	8,832.4	10,897.3	2,064.9	23.4
1-1- With the Public	8,066.2	10,068.0	2,001.8	24.8
1-2- With Commercial Banks	766.2	829.3	63.1	8.2
2- Banks' Reserves with the Central Bank of Sudan	4,620.3	4,618.7	(1.6)	0.03
3- Current Deposits with the Central Bank of Sudan ****	336.5	648.3	311.8	92.6

Source: Central Bank of Sudan

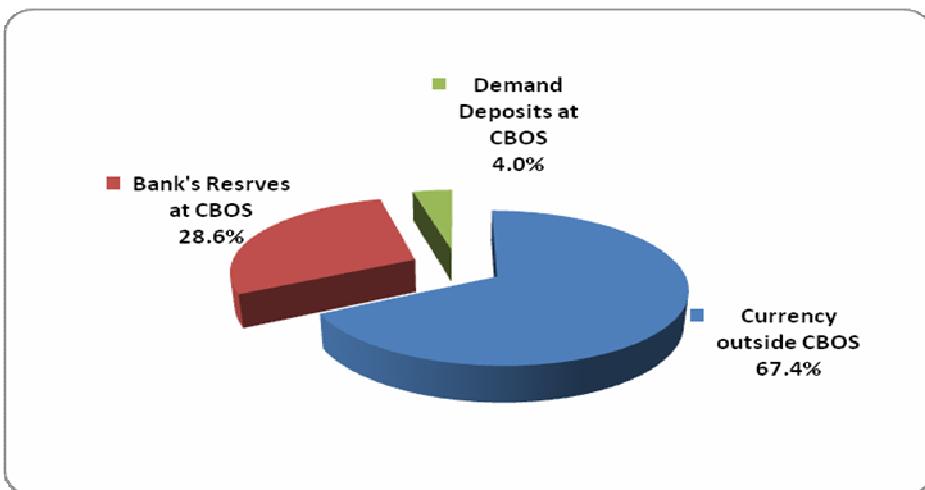
* Revised figures

** Preliminary figure.

*** Central Bank of Sudan, Ijarah Certificates.

**** Deposits of State and Local Government and Public Enterprises.

Figure (3-2)
**Components of the Monetary Base
by the end of December 2010**



Assets:

The assets corresponding to the monetary base increased from SDG 13,789.2 million in 2009 to SDG 16,164.3 million in 2010. The main reason for this increase was attributable to the increase in net domestic assets from SDG 11,016.9 million in 2009 to SDG 13,006.1 million in 2010, by 18.1% and the increase of the revaluation item from SDG 8,493.4 million in 2009 to SDG 9,426.5 million in 2010, by 11%. Correspondingly, the net foreign assets position declined from a negative of SDG 5,721.1 million in 2009 to a negative of SDG 6,268 million in 2010, by 9.6%.

The increase in net domestic assets was a result of the increase in gross claims on the Government from SDG 4,781.2 million, in 2009 to SDG 6,778.8 million, by 41.8% and the decline in its deposits with the Central Bank from SDG 1,072.5 million in 2009 to SDG 591.3 million in 2010, by 44.9% in addition to the increase in claims on commercial banks by 12.2%, along with a decline in other items net by 14.8%.

Liabilities:

The monetary base increased by an amount of SDG 2,375.1 million, in 2010 as a result of the increase in each of the currency in circulation outside the Central Bank of Sudan (it includes currency with the public and currency with commercial banks) by an amount of SDG 2,064.9, and deposits held by the Central bank of Sudan by an amount of SDG 311.8 million, along with a slight decline in the bank's reserves with the Central Bank of Sudan by an amount of SDG 1.6 million. The currency in circulation with the public are considered among the main reasons for the increase of the liabilities side (reserve money), as they increased from SDG 8,066.2 million in 2009 to SDG 10,068 million in 2010, by 24.8%.

Money Multiplier and Velocity of Circulation:

The money multiplier¹ increased from 2.053 in 2009 to 2.196 in 2010. Moreover, the velocity of circulation² decreased from 4.791 in 2009

¹ Money Multiplier=Broad Money/Reserve Money

to 4.648 in 2010. This decline resulted from the increase in the Gross Domestic Product (GDP) estimates from SDG 135,659.0 million in 2009 to SDG 164,978.7 million in 2010.

Table (3-3) and figure (3-3) shows the money multiplier and velocity of circulation during the period 2005 - 2010.

Table (3-3)
Money Multiplier and Velocity of Circulation
during the period 2005 – 2010

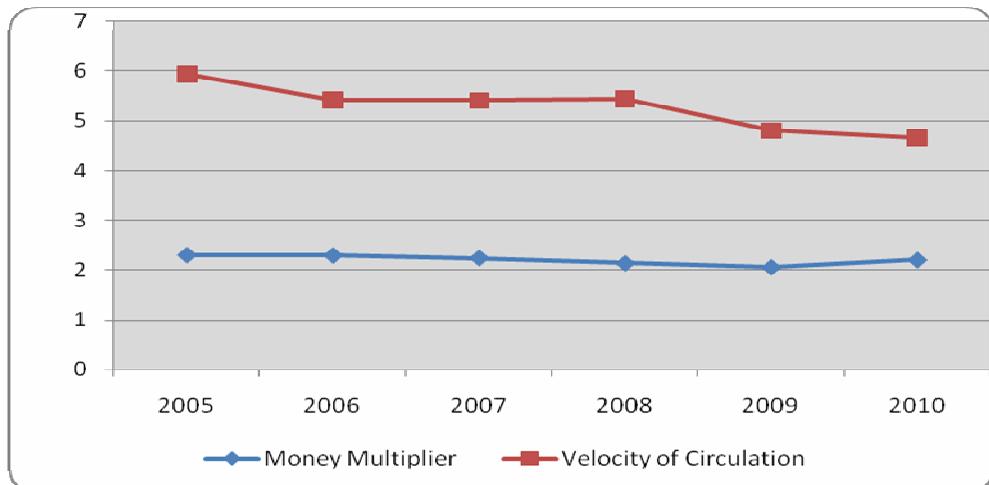
Particulars Year	2005	2006	2007	2008	2009	2010*
Money multiplier	2.294	2.287	2.237	2.130	2.053	2.196
Velocity of Circulation	5.937	5.406	5.403	5.434	4.791	4.569

Source: Central Bank of Sudan.

* Preliminary data.

² Velocity of Circulation=GDP at current prices/Broad Money

Figure (3-3)
**Money Multiplier and Velocity of Circulation
during the period 2005 – 2010**



CHAPTER FOUR

BANKS AND FINANCIAL INSTITUTIONS



CHAPTER FOUR

BANKS AND FINANCIAL INSTITUTIONS

This Chapter reviews the performance of the banking system (Central Bank of Sudan and the operating banks) and the other Financial Institutions which include the Exchange Companies, Sudan Financial Services Co. Ltd., Banks Deposits Security Fund, Khartoum Stock Exchange, Insurance Market and the National Agency for Insurance and Finance of Exports.

FIRST: Banking System:

1) The Central Bank of Sudan:

The functions of the Central Bank of Sudan according to Article (6) of its Act for the year 2002, amended in the year 2006, are summarized in: ensuring the stability of prices, maintaining the stability of the exchange rate and efficiency of the banking system, issuing the currency in different denominations and organizing and monitoring it, formulating and implementing monetary policy, organizing, supervising, and controlling of and working towards upgrading, developing and enhancing banking business efficiency in a manner that contributes to the attainment of balanced economic and social development, as

well as functioning as the government banker, advisor and agent in the monetary and financial affairs.

The number of branches of the Central Bank of Sudan remained unchanged at (14 Branches) in the year 2009 spread in the Capital and the States.

The Central Bank of Sudan Balance Sheet:

Table (4-1) shows the balance sheet of the Central Bank of Sudan for 2009 and 2010.

Table (4-1)
Central Bank of Sudan Balance Sheet for 2009 and 2010
 (SDG Millions)

Particulars	31/12/2009	31/12/2010	Change	%
Assets:				
Bank Notes and Banks Balances	3,106.7	3,885.5	778.8	25.1
Foreign Securities *	105.9	148.0	42.1	39.7
Other Foreign Assets	3.5	3.9	0.4	11.4
Loans and Advances to Banks	737.1	612.7	(124.4)	(16.9)
Temporary Advances to Government under Article (48-1)	2,876.9	3,886.3	1,009.4	35.1
Long Term Loans to Government	1,326.0	1,326.0	-	-
Loans and Advances to Public Enterprises	5.3	13.5	8.2	154.7
Contributions in Local Banks Capital	1,042.0	1,384.3	342.3	32.8
Other Contributions **	236.8	276.9	40.1	16.9
Other Accounts	13,832.6	14,554.9	722.3	5.2
Total Assets	23,272.8	26,092.0	2,819.2	12.1
Liabilities:				
Notes and Coins in Circulation:	8,832.4	10,897.2	2,064.8	23.4
Sight Liabilities:	7,292.3	6,839.7	(452.6)	(6.2)
Federal Government	1,072.5	591.3	(481.2)	(44.9)
State and Local Governments	121.3	170.1	48.8	40.2
Public Enterprises	215.3	478.2	262.9	122.1
Local Banks	5,883.2	5,600.1	(283.1)	(4.8)
Foreign Correspondents	395.4	945.8	550.4	139.2
Time Liabilities	2,414.1	2,849.4	435.3	18.0
Payment Agreements	62.3	57.3	(5.0)	(8.0)
Capital and Reserves	253.3	291.3	38.0	15.0
Other Accounts	4,023.0	4,211.3	188.3	4.7
Total Liabilities	23,272.8	26,092.0	2,819.2	12.1

Source: Central Bank of Sudan.

* Contributions in foreign banks.

** Contributions in local enterprises.

Table (4-1) shows that assets (liabilities) of the Central Bank of Sudan increased from SDG 23,272.8 million in 2009 to SDG 26,092.0 million in 2010 by 12.1%.

On the assets, the loans and advances to public enterprises increased from SDG 5.3 million in 2009 to SDG 13.5 million in 2010 by 154.7%, the foreign securities increased from SDG 105.9 million in 2009 to SDG 148.0 million in 2010 by 39.7%, the temporary advances to government increased from SDG 2,876.9 million in 2009 to SDG 3,886.3 million in 2010 by 35.1 % and the contribution in the capital of local banks increased from SDG 1,042.0million in 2009 to SDG 1,384.3 million in 2010 by 32.8% , while the loans and advances to banks decreased from SDG 737.1 million in 2009 to SDG 612.7 million in 2010 by 16.9%.

On the liabilities side, the accounts of foreign correspondents increased from SDG 395.4 million in 2009 to SDG 945.8 million in 2010 by139.2%, the deposits of public enterprises increased from SDG 215.3 million in 2009 to SDG 478.2 million in 2010 by 122.1% and the deposits of state and local governments increased from SDG 121.3 million in 2009 to SDG 170.1 million in 2010 by 40.2%, while the Federal Government deposits decreased from SDG 1,072.5 million in 2009 to SDG 591.3 million in 2010 by 44.9% .

2) Banks Operating in Sudan:

The number of banks operating in Sudan totaled (39) in 2010 with their branches spreading throughout the different States of Sudan, compared with (38) in 2009, as El-jebal Bank for Trade and Development joined the banking system in Southern Sudan. (Appendix (9) illustrates the distribution of bank branches in the different States).

2-1 The Consolidated Balance Sheet of Banks:*

Table (4-2)

The Consolidated Balance Sheet of Banks for 2009 and 2010
(SDG Millions)

Particulars	31/12/2009	31/12/2010	Change	%
Assets:				
Local Currency	766.2	829.3	63.1	8.2
Balances with Central Bank of Sudan	4,983.6	5,001.4	17.8	0.4
Other Banks	1,120.1	1,446.0	325.9	29.1
Foreign Correspondents	2,221.2	3,494.1	1,272.9	57.3
Total Advances	18,163.5	21,185.7	3,022.2	16.6
Other Accounts	9,412.3	11,151.2	1,738.9	18.5
Total Assets	36,666.9	43,107.7	6,440.8	17.6
Liabilities:				
Deposits:	20,848.0	25,874.4	5,026.4	24.1
Public	18,526.9	23,069.2	4,542.3	24.5
Government	986.6	1,339.5	352.9	35.8
Public Enterprises	1,334.5	1,465.7	131.2	9.8
Banks:	3,534.2	3,038.2	(496.0)	(14.0)
Central Bank of Sudan	1,657.3	891	(766.3)	(46.2)
Other Banks	824.3	895.4	71.1	8.6
Foreign correspondents	1,052.6	1,251.8	199.2	18.9
Capital and Reserves	6,678.0	7,477.9	799.9	12.0
Other Accounts	5,606.7	6,717.2	1,110.5	19.8
Total Liabilities	36,666.9	43,107.7	6,440.8	17.6

Source: Central Bank of Sudan.

* Includes the conventional balance sheets of banks in Southern Sudan

Table (4-2) illustrates the consolidated balance sheet of the operating banks by the end of 2010 compared with 2009.

Total assets (liabilities) of the operating banks rose from SDG 36,666.9 million by the end of 2009 to SDG 43,107.7 million by the end of 2010, by 17.6%.

On the assets side, balances of the foreign correspondents rose from SDG 2,221.2 million, in 2009, to SDG 3,494.1 million in 2010, by 57.3%, the other balances of banks rose from SDG 1,120.1 million in 2009 to SDG 1,446.0 million in 2010, by 29.1 %, total extended finance from banks from SDG 18,163.5 million in 2009 to SDG 21,185.7 million in 2010, by 16.6%, and the other accounts from SDG 9,412.3 million in 2009 to SDG 11,151.2 million in 2010 by 18.5%.

On the liabilities side, total deposits with the operating banks increased from SDG 20,848.0 million in 2009 to SDG 25,874.4 million in 2010 by 24.1%. Deposits of the public rose from SDG 18,526.9 million in 2009 to SDG 23,069.2 million in 2010 by 24.5% and government deposit rose from SDG 986.6 million in 2009 to SDG 1,339.5 million in 2010 by 35.8%. Also, balances of the other accounts increased from SDG 5,606.7 million in 2009 to SDG 6,717.2 million in 2010, by 19.8%, whereas banks' deposits declined from SDG 3,534.2 million in 2009 to SDG 3,038.2 million in 2010, by 14.0%, as deposits of the Central Bank of Sudan decreased from SDG 1,657.3 million in 2009 to SDG 891.0 million in 2010, by 46.2%.

Deposits in Local Currency:

Total local currency deposits in the operating banks rose from SDG 17,296.8 million in 2009 to SDG 20,785.2 million in 2010, by 20.2%, as Table (4-3 A) illustrates. The Federal and State Governments deposits constituted 5.3% of total deposits, the public enterprises deposits contributed by 6.4% and the Private Sector deposits formed 88.3% of the total deposits

Table (4-3 A)

Deposits in Local Currency in 2009 and 2010

(SDG Millions)

Years Depositors	December, 2009		December, 2010		Change %	
	Demand Deposits	Savings, Investment and Others	Demand Deposits	Savings, Investment and Others	Demand Deposits	Savings, Investment and Others
Federal and State Govts.	504.3	291.9	697.9	404.4	38.4	38.5
Public Enterprises	499.2	713.0	584.7	754.3	17.1	5.8
Private Sector *	7,131.2	8,157.2	8,446.5	9,897.4	18.4	21.3
Total	8,134.7	9,162.1	9,729.1	11,056.1	19.6	20.7
Grand Total	17,296.8		20,785.2		20.2	

Source: Central Bank of Sudan.

* (Revised data including Deposits of the Public, Companies and Financial Institutions).

Deposits in Foreign Currency:

Total foreign currency deposits with the operating banks rose from SDG 3,551.2 million in 2009 to SDG 5,089.2 million in 2010 by 43.3% as illustrated in table (4-3 B). The Federal and State Governments deposits constituted 4.7% of total deposits, public enterprises deposits formed 2.5% and the private sector deposits stood at 92.8%, of total deposits in foreign currency.

Table (4-3 B)
Deposits in Foreign Currency in 2009 and 2010

(SDG Millions)

Years	December 2009		December 2010		Change %	
	Depositors	Demand Deposits	Savings, Investment and Others	Demand Deposits	Savings, Investment and Others	Demand Deposits
Federal and State Govt.	133.4	57.1	125.7	111.5	(5.8)	95.3
Public Enterprises.	65.0	57.2	60.2	66.6	(7.4)	16.4
Private Sector *	1,386.6	1,851.9	1,601.4	3,123.8	15.5	68.7
Total	1,585.0	1,966.2	1,787.3	3,301.9	12.8	67.9
Grand Total	3,551.2		5,089.2		43.3	

Source: Central Bank of Sudan.

* Including Deposits of the Public, Companies and Financial Institutions.

Indicators of the Consolidated Balance Sheet of Banks:

Table (4-4) shows the indicators of the consolidated balance sheet of the banks for 2009 and 2010.

The percentage of total deposits to total liabilities increased from 56.9% in 2009 to 60.0% in 2010, while the percentage of each of total banking finance to total deposits, and liquid assets to total deposit decreased from 27.6% in 2009 to 22.5% in 2010 and capital and reserves to total liabilities decreased from 18.2% in 2009 to 17.3% in 2010.

Table (4-4)
Banks Balance Sheet Indicators in 2009 and 2010

Particulars	2009	2010
1- Total Deposits to Total Liabilities	56.9	60.0
2- Capital and Reserves to Total Liabilities	18.2	17.3
3- Total Finance to Total Assets	49.5	49.1
4- Total Finance to Total Deposits	87.1	81.9
5- Total Liquid Assets to Total Deposits	27.6	22.5

Source: Central Bank of Sudan.

2-2 Commercial Banks Finance:

Stock of Banking Finance:

Banking finance is represented in finance extended by the operating banks to the private sector, public enterprises and the State and Local Governments in addition to the capital contributions in local and foreign currencies.

Table (4-5 A) and (4-5 B) show the rise in the total stock of banking finance in local and foreign currency from SDG 18,163.5 million in 2009 to SDG 21,185.7 million in 2010, by 16.6%, as the stock of banking finance in local currency increased from SDG 14,984.7 million in 2009, to SDG 17,591.4 million in 2010, by 17.4%. The stock of banking finance in foreign currency also increased from SDG 3,178.8 million in 2009 to SDG 3,594.4 million in 2010, by 13.1%.

Table (4-5 A)
Stock of Bank Finance by Sector in
Local Currency in 2009 and 2010

Sector	2009	%	2010	%	% Change
Agriculture	1,941.6	13.0	2,614.9	14.9	34.7
Industry	1,207.2	8.1	1,583.1	9.0	31.2
Exports	365.9	2.5	464.3	2.6	26.9
Transport and Storage	1,070.8	7.1	930.2	5.3	(13.1)
Local Trade	2,672.2	17.8	2,820.1	16.0	5.5
Imports	1,649.2	11.0	1,100.1	6.3	(33.3)
Construction	1,235.6	8.2	1,588.1	9.0	28.5
Mining	51.4	0.3	40.3	0.2	(21.7)
Others *	4,790.8	32.0	6,450.3	36.7	34.6
Total of Finance**	14,984.7	100.0	17,591.4	100.0	17.4

Source: Central Bank of Sudan.

* Include capital contributions

** Does not include finance to the Central Government.

Table (4-5 A) illustrates that there is a rise in the stock of financing granted in local currency in the Sector others from SDG 4,790.8 million by the end of 2009 to SDG 6,450.3 million by the end of 2010 by 34.6%, the agricultural sector rose from SDG 1,941.6 million by the end of 2009 to SDG 2,614.9 million by the end of the 2010, by 34.7% and the industrial sector from SDG 1,207.2 million by the end of 2009 to SDG 1,583.1 million by the end of 2010, by 31.2%.

However, the stock of finance granted in local currency to the importation sector declined from SDG 1,649.2 million by the end of 2009 to SDG 1,100.1 million by the end of 2010, by 33.3% and the mining sector from SDG 51.4 million by the end of 2009 to SDG 40.3 million by the end of 2010, by 21.7% and the transport and storage sector from SDG 1,070.8 million in 2009 to SDG 930.2 million by the end of 2010 by 13.1%.

Table (4-5 B)
Stock of Bank Finance by Sector
in Foreign Currency in 2009 and 2010

Sector	2009	%	2010	%	% Change
Agriculture	15.4	0.5	23.3	0.6	51.3
Industry	503.6	15.8	600.5	16.7	19.2
Exports	72.5	2.3	70.5	2.0	(2.7)
transport and Storage	65.3	2.1	35.3	1.0	(45.9)
Local Trade	213.4	6.7	204.8	5.7	(4.0)
Imports	1,471.0	46.3	1,307.2	36.4	(11.1)
Construction	2.7	0.1	142.8	3.9	5,188.9
Mining	312.0	9.8	294.3	8.2	(5.7)
Others*	522.8	16.4	915.7	25.5	75.2
Total of Finance**	3,178.7	100.0	3,594.4	100.0	13.1

Source: Central Bank of Sudan.

*Other include capital contributions

** Does not include financing of the Central Government.

The stock of financing granted by the operating banks according to economic activities in foreign currency increased from SDG 3,178.7 by the end of 2009 to SDG 3,594.4 million by the end of 2010, by 13.1%.

It's clear from Table (4-5 B) that there was a rise in the stock of financing granted to the construction sector from SDG 2.7 million by the end of 2009 to SDG 142.8 million by the end of 2010, by 5,188.9%, and the sector others from SDG 522.8 million by the end of

2009 to SDG 915.7 million by the end of 2010, by 75.2% and the agricultural sector from SDG 15.4 million by the end of 2009 to SDG 23.3 million by the end of 2010, by 51.3%.

However, the stock of financing granted in foreign currency to the transport and storage sector decreased from SDG 65.3 million by the end of 2009 to SDG 35.3 million by the end of 2010, by 45.9%, and the mining sector from SDG 312.0 million by the end of 2009 to SDG 294.3 million by the end of 2010, by 5.7% and the export sector from SDG 72.5 million by the end of 2009 to 70.5 million by the end of 2010 by 2.7%.

Flow of Banking Finance by Mode of Finance:

The flow of finance extended by the operating banks by the different modes rose from SDG 14,737.6 million in 2009 to SDG 20,992.8 million in 2010 by 42.4%.

Table (4 -6 A)
Flow of Bank Finance by Mode of Finance
in Local Currency in 2009 and 2010

(SDG Millions)

Mode of Finance	2009	%	2010	%	Change %
Murabaha	8,186.3	55.5	11,474.1	54.7	40.2
Musharaka	1,641.4	11.1	1,981.9	9.4	20.7
Mudaraba	956.0	6.5	1,480.0	7.1	54.8
Salam	349.6	2.4	257.6	1.2	(26.3)
Mogawala	1,005.6	6.8	2,295.5	10.9	128.3
Ijarah	24.9	0.2	52.2	0.3	109.6
<u>Others*</u>	2,573.8	17.5	3,451.5	16.4	34.1
Total Finance	14,737.6	100.0	20,992.8	100.0	42.4

Source: Central Bank of Sudan.

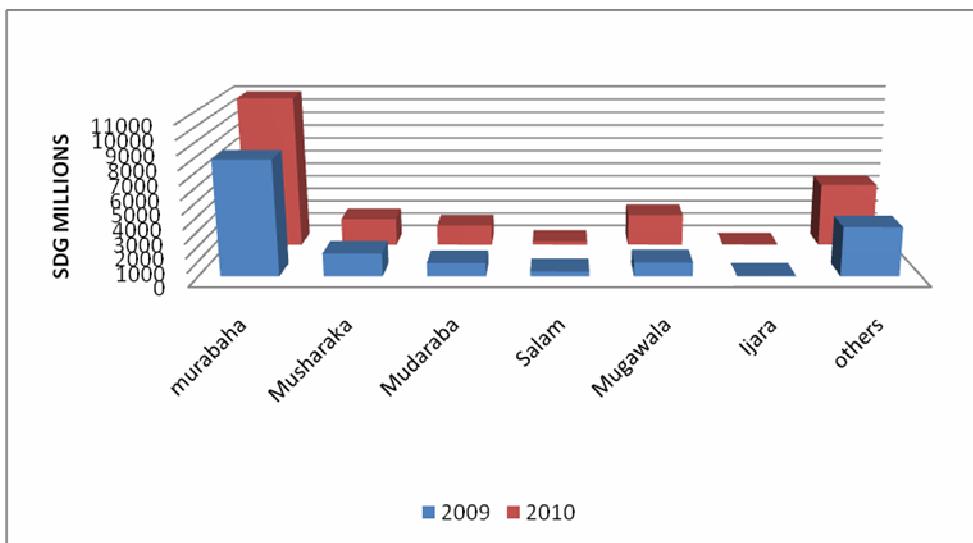
* Does not include the financing of the Central Government.

Table (4-6 A) illustrates that The flow of finance by Murabaha mode rose from SDG 8,186.3 million in 2009 to SDG11,474.1 million in 2010, by 40.2%, by Mudaraba mode from SDG 956.0 million in 2009 to SDG1,480.0 million in 2010 by 54.8%, by Musharka from SDG 1,641.4 million in 2009 to SDG 1,981.9 million in 2010, by 20.7%, by Mogawala from SDG 1,005.6 million in 2009 to SDG 2,295.5 million in 2010 by 128.3%, by Ijarah from SDG 24.9 million in 2009 to SDG 52.2 million in 2010 by 109.6%, and by the other modes from SDG 2,573.8

million in 2009 to SDG 3,451.5 million in 2010 by 34.1%, while the finance by Salam mode declined from SDG 349.6 million in 2009 to SDG 257.6 million in 2010 by 26.3%.

Figure (4-1)

**Flow of Banking Finance by Modes of Finance
in 2009 and 2010**



Flow of Banking Finance by Economic Activities:

Table (4-6 B) and Figure (4-2) show the flow of finance extended by operating banks by economic activities during the two years (2009-2010). In terms of finance flow, the real estate activity ranked first as it rose from SDG 524.1 million in 2009 to SDG 2,052.3 million in 2010, by 291.6%, followed by energy and mining activity which rose from SDG 26.3 million in 2009 to SDG 76.7 million in 2010, by 191.6%, then industry activity finance from SDG 1,556.5 million in 2009 to SDG

3,827.0 million in 2010, by 145.9%, while the agricultural activity declined from SDG 1,686.1 million in 2009 to SDG 1,599.8 million in 2010 by (5.1%).

Table (4 -6 B)
The Flow of Banking Finance by Economic Activities
in Local Currency in 2009 and 2010
(SDG Millions)

Sector	2009		2010		% Change
	Flow of Finance	%	Flow of Finance	%	
Agriculture	1,686.1	11.4	1,599.8	7.6	(5.1)
Industry	1,556.5	10.6	3,827.0	18.2	145.9
Exports	370.0	2.5	479.2	2.3	29.5
Imports	2,191.8	14.9	2,317.4	11.0	5.7
Transport and Storage	999.4	6.8	1,011.4	4.8	1.2
Social Development *	469.5	3.2	616.2	2.9	31.3
Local Trade	2,320.9	15.7	2,872.8	13.7	23.8
Real Estate	26.3	0.2	76.7	0.4	191.6
Energy and Mining	524.1	3.6	2,052.3	9.8	291.6
Others**	4,593.0	31.2	6,140.0	29.3	33.7
Total	14,737.6	100.0	20,992.8	100.0	42.4

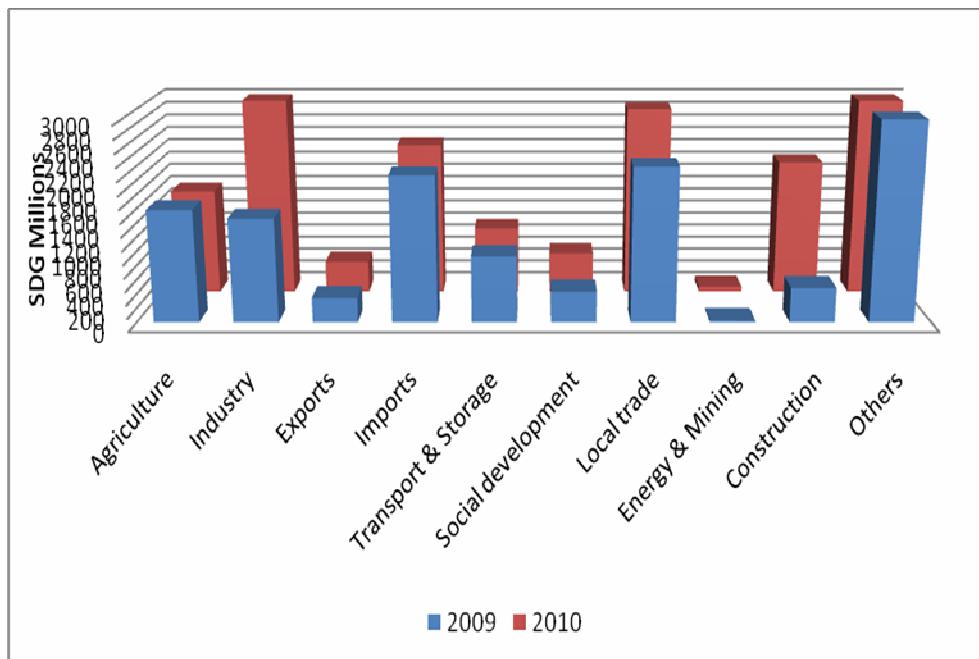
Source: Central Bank of Sudan.

* Include Small Producers, Professionals and Craftsmen.

** Does not include financing of the Central Government.

Figure (4-2)

**The Flow of Banking Finance According to Activity,
in Local Currency in 2009 and 2010**



As for the banking activities in Southern Sudan during 2010, the number of bank branches operating by the dual system (Islamic and Conventional) reached (34) branches as shown in Table (4-7).

Table (4-7)
Banks Operating in Southern Sudan

Bank Name	No. of Branches
Agricultural Bank of Sudan	4
Ivory Bank	7
Nile Commercial Bank	12
Kenya Commercial Bank	5
Buffalo Bank	3
Commercial Bank of Ethiopia	1
El-Jebal Bank for Trade and Development	1
Equity Bank	1

Source: Central Bank of Sudan (South Branch)

Table (4-7) indicates the number of banks operating in Southern Sudan, reckoning that all the banks operating in the Southern Sudan are conventional except the Sudanese Agricultural Bank which operates by the two systems (Islamic and conventional). The number of conventional banks' branches totaled (30) branch, represented in (7) banks, namely, Nile Commercial Bank, Kenya Commercial Bank, Ivory Bank, Equity Bank, Buffalo Bank, Commercial Bank of Ethiopia and El-Jebal Bank for Trade and Development which joined the system of banks during 2010.

SECOND: Financial Institutions:

1) Foreign Exchange Companies:

These are private companies specialized in exchange business and are considered as part of the non-bank financial institutions because they provide a part of the banking services. Their number declined from (20) companies in 2009 to (19) during 2010.

Table (4-8) shows total purchases and sales of the exchange companies on a monthly basis during 2010. Their total resources (purchases) of foreign exchange dropped from USD 1.2 billion in 2009 to USD 0.3 billion in 2010 by (75.0%), and their total uses (sales) also dropped from USD 1.2 billion in 2009 to USD 0.6 billion in 2010 by (49.2%).

Table (4-8)
Total Purchases and Sales of Exchange Companies
January – December 2010

(USD millions)

Month	Purchases	Sales
January	35.48	68.05
February	33.24	65.71
March	31.28	66.05
April	35.38	80.71
May	18.68	50.16
June	22.89	49.91
July	24.57	52.96
August	19.29	40.40
September	19.53	41.81
October	20.17	30.60
November	20.15	19.86
December	20.41	50.83
Total	298.07	617.05

Source: Central Bank of Sudan.

As for the Exchange Companies operating in Southern Sudan they only deal in selling and buying of foreign exchange and their number reached (48) in 2010.

2) Sudan Financial Services Company (SFS):

The Company continued, during 2010, in organizing the auctions relevant to the selling and buying of the Government Musharaka Certificates (GMCs), Government Investment Certificates (GICs) and the Central Bank of Sudan Ijarah Certificates (Shihab) and the Refinery of Khartoum Ijarah Certificates (Shama).

Government Musharaka Certificates (GMCs):

The stock of Government Musharaka Certificates (GMCs) rose from 14,864.3 thousand certificates, valued at SDG 7,432.1 million by the end of 2009, to 18,904.6 thousand certificates, valued at SDG 9,452.3 million at the end of 2010 by an increase rate of 27.2%.

It appears from Table (4-9) that the banks' share of Government Musharaka Certificates (GMCs) was the highest, by 42.4% while the share of the Central Bank of Sudan was the lowest, by 8.4%.

Table (4-9)
Position of Government Musharaka Certificates
(GMCs / Shahama) by the end of 2010

Entity	Number of Certificates Sold	Value In SDG Millions	% of Total value
Central Bank of Sudan	1,587,341	793.7	8.4
Banks	8,018,756	4,009.4	42.4
Companies and Funds	5,385,724	2,692.8	28.5
Public	3,912,818	1,956.4	20.7
Total	18,904,639	9,452.3	100.00

Source: Sudan Financial Services Company

Return on Government Musharaka Certificates (GMCs / Shahama):

It appears from Table (4-10) that the average return on Government Musharaka Certificates (GMCs) for one year reached 14.5%.

Table (4-10)
The Return of Government Musharaka Certificates (GMCs / Shahama) during 2010

Date of Issue	Period	Rate of Return (%)
01/01/2009	Year	16.1
01/04/2009	Year	13.9
01/07/2009	Year	13.3
01/10/2009	Year	14.7

Source: Sudan Financial Services Company.

Government Investment Certificates (GICs/Sarah):

The stock of Government Investment Certificates (GICs) decreased from 20,224.0 thousand certificates valued at SDG 2,022.4 million by the end of 2009 to 18,264.0 thousand certificates, valued at SDG 1,826.3 million at the end of 2010, by a decrease rate of (9.7%).

It is clear from table (4-11) that the companies and funds share of Government Certificates (GICs) acquired the highest share, at 51.3% while the share of the public constituted the lowest share, at 5.4%.

Table (4-11)
Position of Government Investment Certificates (GICs / Sarah) by the end of 2010

Entity	Number of Certificates Sold	Value in SDG millions	% of total value
Central Bank of Sudan	1,000,000	100.0	5.5
Banks	6,914,062	691.4	37.8
Companies and Funds	9,370,233	937.0	51.3
Public	979,722	97.9	5.4
Total	18,264,017	1,826.3	100.00

Source: Sudan Financial Services Company.

Return on Government Investment Certificates (GICs):

Table (4-12) shows that the average of return on Government Investment Certificates (GICs) reached 16% for a period of three years.

Table (4-12)

The Rate of Return on Government Investment Certificates (GICs) during 2010

Issue No.	Date of Issue	Maturity	Average return for the year(%)
15	10/05/2010	3 Years	16

Source: Sudan Financial Services Company.

Refinery of Khartoum Ijara Certificate (Shama)

It's a medium-term investment fund has been established to mobilize investors resources through the legal agency contract employed to buy Khartoum Refinery assets and lease it to the Ministry of Finance as an operating lease to achieve sufficient returns. It has been introduced during the year 2010 and it achieve an annual revenue between (12 – 14%)

Table (4-13)
**Refinery of Khartoum Ijarah Certificates (Shama)
by the end of 2010**

Particulars	Number of Certificates	Value in SDG millions	% of total Value
Central Bank of Sudan and Banks	1,140,000	570.0	40.1
Banks	1,431,525	715.8	50.3
Companies and Funds	241,581	120.8	8.5
Public	31,239	15.6	1.1
Total	2,844,345	1,422.2	100.0

Source: Sudan Financial Services Company.

The Central Bank of Sudan Ijarah Certificates (Shihab):

Table (4-14) below shows the position of the Central Bank of Sudan Ijarah Certificates (Shihab).

Table (4-14)
**Position of Central Bank of Sudan Ijarah
Certificates (Shihab) by the end of 2010**

Particulars	Number of Certificates	Value in SDG millions
Stock of Certificates held with the Central Bank of Sudan at beginning of year	19,000	19.0
Certificates Purchased	172,300	172.3
Certificates Sold	127,800	127.8
Stock of Certificates with Central Bank of Sudan at end of the year	63,500	63.5
Net Balance of Certificates with Banks	180,371	180.4

Source: Sudan Financial Services Company.

3) Tarweej Company for Financial Investment:

The company was established in August, 2001, as a public joint company between the Central Bank of Sudan (60%) and Sudan Financial Services Company (40%).

Objectives of the Company:

- 1) To execute immediate adjustments to all transactions for the purchase and sale of securities for clients.
- 2) To work as an arm of the Central Bank in the secondary market to contribute in achieving the monetary policy objectives through open market operations.
- 3) To promote and market all securities and products of the Sudan Financial Services Company in the primary and secondary markets.
- 4) To buy and sell securities in favour of the company's portfolio and manage the portfolios of others.
- 5) To present studies and consultations and best investment options in different market conditions.

The Company's Activity for the years 2009 and 2010:

The company, through continuous effort in developing its capacity and distinguishing itself in investment activity raised its paid up capital to SDG 20 million to be the largest private company in terms of paid-up in the Khartoum Stock Exchange market, so that it can

compete more in various activities of the market and specially participation in the management of investment funds and management of others' portfolios.

Through this effort, the company participated in the establishment and management of one of the largest listed funds in the Khartoum Stock Exchange in cooperation with the Global Financial Investment House Company – Sudan, which is the largest agency company in the market in terms of capital and diversity of activity.

The company also introduced the idea of creating a portfolio of securities to absorb the funds of savers to maximize the yield for the two parties in addition to promoting the concept of saving and investment in securities.

The capital of the portfolios managed by the Company during the year 2010 amounted to 70% of the company's paid-up capital.

Table (4-15) shows the activity of the company for the year 2009 and 2010.

Table (4- 15)
Activity of Tarweej Company
for the years 2009 and 2010

Market	2009	2010	% Change
Secondary market	129.6	182.1	40.5
Primary market	53.6	172.9	222.6
Total	183.2	355.0	93.8

Source: Tarweej Financial Service Company.

During this year, the Company has the largest share in marketing of Ijara Certificates of Khartoum Oil Refinery (Shama) by marketing 10% of the total offering.

The Company during 2010 studied and developed the idea of establishing a portfolio for pooling securities to meet the demands of a significant segment of investors in securities in terms of the revenues and ease of participation and withdrawal from the portfolio in addition to the short profit distribution periods.

4) Bank Deposits Security Fund:

Table (4-16) shows the rose of the volume of contributions in the Fund resources from SDG 46.4 million in 2009 to SDG 57.8 million in 2010, by 24.6%. Also, the contribution of the holders of the investment deposits rose from 26.1% in 2009 to 27.0% in 2010 out of the total contributions.

Table (4-16)
The Contributions in the Resources of the
Bank Deposits Security Fund (2009 – 2010)

(SDG Millions)

Contributors	2009	% To total contribution	2010*	% To total contribution	Change %
Banks	28.59	61.62	35.24	60.93	23.26
Ministry of Finance	2.86	6.16	3.52	6.09	23.08
Central Bank of Sudan	2.86	6.16	3.52	6.09	23.08
The Contribution of holders of investment deposits	12.09	26.06	15.55	26.89	28.62
Total	46.40	100.0	57.83	100.0	24.63

Source: Bank Deposits Security Fund.

5) Khartoum Stock Exchange:

Table (4-17) shows the volume of trading in Khartoum Stock Exchange in 2009 and 2010.

Table (4-17)
Volume of Trading in Khartoum Stock Exchange
in 2009 and 2010

SECTOR	2 0 0 9		2 0 1 0		No.* of Listed Co's (%)	(%)		
	No. of Shares Traded (in thousand)	Volume of Trading (SDG millions)	Executed Contracts	No. of Listed Co's				
Banks	85,025.22	81.46	695	16	3,627	144,345.97		
Insurance	168.89	0.14	18	5	0.006	133.89		
Commerce	1,479.97	15.12	28	3	0.672	213.50		
Industry	39,363.43	25.40	51	2	1.131	2,885.56		
Agriculture**	-	-	-	-	7.05	0.01		
Telecom.	36,582.99	122.52	974	3	5.454	12,495.52		
Services	2,003.36	0.87	29	4	0.039	1,367.23		
Funds	*4,228.9	164.77	385	26	7.334	*1,791.1		
Certificates	*13,417.7	1,836.25	5,865	22	81.736	*4,056.9		
Others	88.98	0.02	24	3	0.001	5,099.79		
Total	**164,712.84	2,246.55	8,069	84	100.000	166,548.51		
						2,422.32		
						8,266		
						98		
						100.000		

Source: Khartoum Stock Exchange.

*Represents the number of traded Sukuk.

**The total does not include the Sukuk of investment funds and certificates.

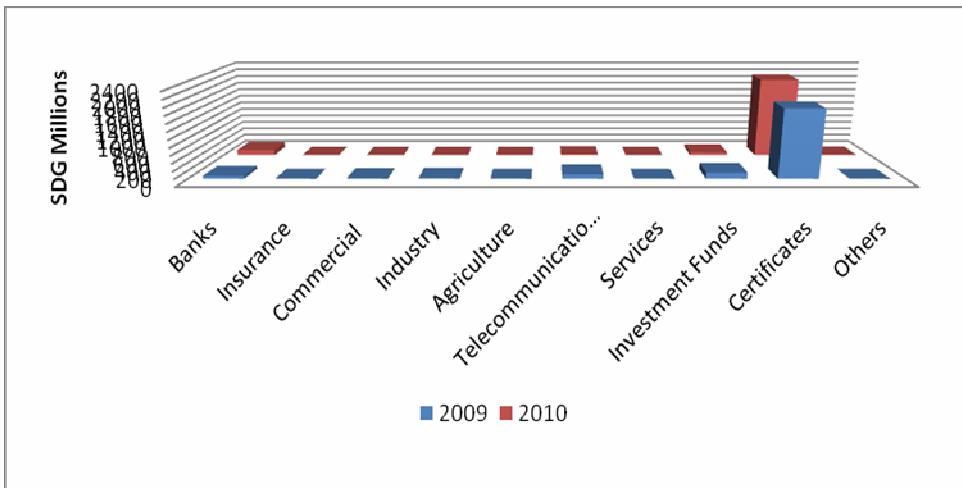
Table (4-17) shows that the volume of trading in the Stock Exchange rose from SDG 2,246.6 million in 2009 to SDG 2,422.3 million in 2010, by 7.8%, and is regarded a highest record volume of trading since the secondary market was established in 1995. The number of traded shares also rose from 164.7 million shares in 2009 to 166.5 million shares in 2010, by 1.1%, while the number of traded Sukuk dropped from 7.6 million Suk in 2009 to 5.8 million Suk by the end of 2010, by 23.5%, due to the drop of trading in Sukuk of the investment funds.

The number of companies whose shares were traded in the market reached 98 companies compared with 84 companies in 2009 of which (13) were for the banks sector, (4) for the insurance sector, (2) for each of the commercial sector, industrial sector and communications sector, (1) for the agricultural sector, (5) for the services sector and (4) for the other sectors.

The number of agency companies operating in the market totaled 41 companies by the end of 2010 compared with 38 companies by the end of 2009, while the number of funds remained unchanged at (25) investment funds (the existing funds) and the number of certificates at (40) Government Musharaka Certificates (Shahama) as in 2009.

Figure (4-3)

**The Volume of Trading in Khartoum Stock Exchange
in 2009 and 2010**



6) Insurance Companies:

The number of companies operating in the field of insurance and reinsurance remained the same as in 2009 at (15 companies), of which fourteen (14) of insurance and one company in the area of reinsurance. The companies render insurance services and invest resources in certificates, and investment deposits in addition to conducting business in the area of real estate.

Table (4-18)
Insurance Companies Operating in the
Area of Insurance and Reinsurance

Name of Company	Type of Insurance Provided
Blue Nile Insurance	General Insurance
Al-Barakah Insurance	" "
Al-Salama Insurance	" "
Sheikan Insurance and Reinsurance	General Insurance plus Takaful insurance
Islamic Insurance	General Insurance plus Takaful insurance
Juba Insurance	General Insurance
United Insurance	General Insurance
Savana Insurance	" "
General Insurance	" "
Nielain Insurance	" "
Middle East Insurance	" "
Red Sea Insurance	" "
National Company for Cooperative Insurance	General Insurance plus Takaful insurance
Nation Reinsurance	Reinsurance
Sudanese Company for Insurance and Reinsurance	General Insurance

Gross and Net Insurance Premium of Insurance Companies:

Total gross insurance premiums are represented by the amounts paid by the insured to the insurance companies, while net insurance premiums are represented by the amounts paid by the insured after deducting the amounts paid by the insurance companies to reinsurance companies as insurance premiums.

Table (4-19) shows the rise of the gross premiums from SDG 606.0 million in 2008 to SDG 663.7 million in 2009, by 9.5%, whereas net premiums, increased from SDG 387.0 million in 2008 to SDG 437.1 million in 2009, by 12.9%.

Table (4-19)

**Gross and Net Insurance Premiums
for 2008 and 2009**

Particulars	2008	2009	(SDG Millions) Rate of Change (%)
Gross Insurance Premiums	606.0	663.7	9.5
Net Insurance Premiums	387.0	437.1	12.9

Source: Insurance Supervision Authority.

Gross and Net Insurance Claims:

Gross insurance claims are represented by the total amounts paid by the insurance companies to the insured against damage, while net insurance claims are represented by the net amounts paid to the insured after deducting the claims of the insurance companies against the reinsurance companies.

Table (4-20) illustrates the decline in the gross insurance claims from SDG 444.0 million in 2008 to SDG 393.0 million in 2009, by 11.5%, while net insurance claims rose from SDG 228.0 million in 2008 to SDG 244 million in 2009, by 7.0%.

Table (4-20)
**Gross and Net Insurance Claims
in 2008 and 2009**

(SDG Millions)

Particulars	2008	2009	Rate of Change (%)
Gross Insurance Claims	444	393	(11.5)
Net Insurance Claims	228 *	244	7.01

Source: Insurance Supervision Authority.

* Revised data.

7) National Agency for Insurance and Finance of Exports:

It is clear from Table (4-21) the rise in the total amounts insured in the export area from USD 70 million in 2009 to USD 79.0 million in 2010 by 12.8%, which led to the boosting the rate of actual performance from 90.0% in 2009 to 121.0% in 2010.

Table (4-21)
**Activity of the National Agency for Insurance and Finance
of Exports in the field of Export Insurance
during 2009 - 2010**

(USD Millions)

Particulars	2009	2010
Total amount of insurance targeted in the plan	78.2	65.0
Total amount insured (actual)	70.6	79.0
Percentage of performance (%)	90	121

Source: National Agency for Insurance and Finance of Exports.

Table (4-22) shows that there was a decline in the volume of executed financing from SDG 12.7 million in 2009 to SDG 4.5 million by the end of 2010 and outstanding financing from SDG 14.6 million in 2009 to SDG 2.5 million in 2010 by 82.9% and the settled financing from SDG 7.9 million in 2009 to SDG 2.0 million in 2010 by 74.7%.

Table (4-22)

**Activity of the National Agency for Insurance and Financing
of Exports in the Domain of Export Financing
during 2009 – 2010**

(SDG Million)

Particulars	2009	2010
Volume of executed finance	12.7	4.5
Volume of settled finance (repayment)	7.9	2.0
Volume of outstanding finance by the end of the year	14.6	2.5

Source: National Agency for Insurance and Finance of Exports.

Major Achievements during 2010:

The Agency had many achievements during the year 2010 among which were:-

- Signing the agreement of reinsurance by proportional quotas with the Islamic Corporation for Insurance of Investment and Export Credit (Jeddah), which provides more opportunities to complete the insurance of export proceeds.

- Signing the agreement on the provision of credit information service in the context of technical support provided by the Islamic Foundation (Jeddah), under which the Agency enjoys access to information for the purpose of confirming the creditability of overseas buyers of Sudanese goods and products and about foreign banks that open documentary credits for exports.
- Re-opening the market of Egypt for exports of meat as efforts of the Agency along with the Ministry of Animal Resource succeeded in concluding an agreement on technical requirements, and the Agency issued documents for exporting of 240 tons.
- The Gum Arabic portfolio (manufacturing), and the Hadi and Adahi portfolio had been implemented in 1431H.
- A number of studies had been developed, important among which was a study on the establishment of a live- stock and meat portfolio, and a study about the optimum use of available water resources.



CHAPTER FIVE

THE CENTRAL BANK OF SUDAN ACCOUNTS

(FOR THE YEAR 2010)



CHAPTER FIVE

THE CENTRAL BANK OF SUDAN ACCOUNTS (for the year 2010)

This Chapter presents the Balance Sheet (Financial Position) of the Central Bank of Sudan and the Profit and Loss Account (The Income Statement) for the year ending 31st December, 2010, which were approved by the Auditor General Chamber.

1) The Balance Sheet:

Table (5-1) shows the Balance Sheet of the Central Bank of Sudan as at 31st December, 2010 which was analyzed previously in Chapter Four of this Report.

Table (5 - 1)
The Central Bank of Sudan
List of Financial Position as at 31/12/2010

(SDG 000's)

Particulars	2009	2010
Assets:		
Total Government indebtedness	10,707,280	12,398,522
Foreign Assets	2,736,803	3,871,020
Short-term investments	1,434,027	2,315,657
Long-term Investments	1,267,871	1,656,358
Other Accounts	6,613,132	5,376,694
Fixed Assets	64,787	92,145
Total Assets	<u>22,823,900</u>	<u>25,710,396</u>
Liabilities:		
Currency in Circulation	8,832,353	10,897,239
Current Accounts	8,695,249	8,442,884
Foreign Liabilities	3,484,663	4,291,030
Other Liabilities	824,523	1,127,515
Provisions and Claims	594,112	485,418
Sub-Total	<u>22,430,900</u>	<u>25,244,086</u>
Capital and Reserves	274,289	295,289
Profits	118,711	170,581
Sub-Total	<u>393,000</u>	<u>466,310</u>
Total Liabilities, Capital and Reserves	<u>22,823,900</u>	<u>25,710,396</u>
Contra Accounts	<u>13,292,368</u>	<u>10,178,383</u>

<u>Mohamed Ali El-Sheikh</u> <u>Assistant Governor</u> <u>Management and Services Wing</u>	Dr. Mohamed Khair EL Zubair Governor and Chairman of the Board of Directors
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2) Profit and Loss Account:

Table (5-2) shows the Profit and Loss Account for the year 2010.

Table (5 - 2)
The Central Bank of Sudan

The Profit and Loss Account for the year ending 31/12/2010

(SDG 000's)

Particulars	2009	2010
Income:		
Foreign Exchange Operations Income	273,358	392,916
Investments Income	253,796	215,380
Other Income	73,239	78,149
Total Income	<u>600,393</u>	<u>686,445</u>
Expenses:		
1- Currency Issuance Expenses	30,075	60,002
2- Administrative Expenses	281,712	344,283
3- Capital Expenses (Depreciation)	6,850	9,412
4- Provisions and Claims	142,096	97,766
Total Expenses and Provisions	<u>460,733</u>	<u>511,463</u>
Total Profit for Distribution	139,660	174,982
Transfer to Reserves	20,949	4,401
<u>NET</u> Profit due to the Government According to Article (18) of the Central Bank of Sudan Act .	118,711	170,581

The following are details of the changes in items of the Profit and Loss Account:-

First: Income:

Income increased from SDG 600.4 million in 2009 to SDG 686.4 million in 2010, by 14.3%, due to the rise in each of the accounts on foreign exchange operations income, by SDG 119.5 million, and in other operations income by SDG 5 million. However the investment income item declined from SDG 253.8 million in 2009 to SDG 215.4 million in 2010 by 15.1%.

Second: Expenses:

The Bank's expenses increased from SDG 460.7 million pounds in 2009 to SDG 511.5 million in 2010, by 11.0%, as a result of the increase in the expenses of currency issuance item by SDG 30 million, the administrative expenses item, by SDG 62.6 million, and the depreciation item by about SDG 2.6 million. Also, the provisions and claims item decreased by 44.3%.

Third: Profits:

Gross profits increased from SDG 139.7 million in 2009 to SDG 175.0 million in 2010, by 25.3%. Profits were distributed through replenishment of the reserve accounts by SDG 4.4 million and transfer amount of SDG 170.6 million to the Government account in accordance with Article (18) of the Central Bank of Sudan Act, (2002).

Auditor's General Report:

We have audited the attached Balance Sheet of the Central Bank of Sudan, which contains the list of Financial Position as at 31/12/2010 and its income and cash flow statements ending on same date and a summary of significant accounting policies and other explanatory notes.

Responsibility of management for financial statements:

Management is responsible for the preparation and fair presentation of the financial statements in conformity with the standards of international financial reports and the accounting standards of the Accounting and Auditing Organization for Islamic Financial Institutions and of an appropriate internal control system in accordance with what is decided by Management for the purpose of preparing financial statements free of substantial distortions either because of fraud or error.

Responsibility of Auditor:

Our responsibility is to express an opinion on these financial statements in the light of our audit. Our audit was conducted in accordance with international audit standards. These standards require that we adhere to the requirements of professional conduct that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of any substantial distortions.

The audit process includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the assessment of the auditor, and include assessment of the risks of fundamental distortions to the financial statements, whether due to fraud or error. In assessing these risks, the auditor takes into account the internal control appropriate for the preparation and fair presentation of financial statements for the Bank to design appropriate audit procedures. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness and proper accounting estimates prepared by management, as well as evaluating the overall financial statements. We believe that the audit evidences we have acquired are sufficient and appropriate to provide a basis for our opinion.

Opinion:

In our opinion, the financial statements present a true and fair financial position of the Bank as at December 31, 2010, and its financial performance and cash flows for the year ended on that date in accordance with the accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions and in accordance with the laws and regulations.

EL-Tahir Abdul Gayoom Ibrahim
Auditor General
of the Republic of Sudan

CHAPTER SIX

GENERAL BUDGET PERFORMANCE



CHAPTER SIX

General Budget performance

The budget for the year 2010, aimed at maintaining the economic and social stability, so as to achieve a GDP growth rate of 6%, continue in controlling the inflation rates within limits of 9%, raise efficiency of performance in the national economy , to face the consequences of the global financial crisis, continue in the social support programs for the weak segments, in addition to support the peace reinforcing projects, continue in impelling the Wealth Sharing Agreement, control government spending and maintaining the level of spending on the development projects in the states according to their priorities by focusing on the infrastructure projects and basic services.

Fiscal Performance for the year 2010:

The actual performance of the budget for the year 2010, showed an increase in public revenue which stood at SDG 20,737.9 million, by a performance rate of 87.5% of the estimates for 2010 and an increase of SDG 692.3 million over the year 2009.

The total current expenditure for the year 2010 amounted to SDG 24,162.1 million, by a decrease of SDG 947.9 million and a

performance rate of 96.2% of the estimates for the year 2010, financed from internal and external sources.

The development expenditure and government investment for the year 2010 reached SDG 3,899.7 million, by an execution rate of 57.2% of the estimate. The overall deficit of the public sector rose from SDG 4,895.5 million in 2009 to SDG 7,586.1 million in 2010. And it was financed from internal and external sources.

Table (6-1) shows the financial performance of the Federal Government for the years 2009 and 2010.

Table (6-1)
The Public Sector Fiscal Performance
(for the years 2009 and 2010)

(SDG Millions)

Items	2009*			2010**		
	Estimated	Actual	% of Perform-	Estimated	Actual	% of Perform-
Total Ordinary Revenue	18,370.5	20,045.6	109.1	23,705.4	20,737.9	87.5
Total Current Expenditure	21,950.3	21,025.9	95.8	25,110.2	24,162.1	96.2
Surplus (+) Deficit (-)	(3,579.8)	(980.3)	27.4	(1,404.8)	(3,424.2)	243.8
Development Expenditure and Govt. Investment	4,960.0	3,569.0	72.0	6,818.2	3,899.7	57.2
Net acquisition of financial assets	(137.7)	346.2	251.4	381.0	262.2	68.8
Total Public Sector Deficit	(8,677.5)	(4,895.5)	57.3	(8,604.0)	(7,586.1)	88.1
Deficit Finance	8,677.5	4,895.5	-	8,604.0	7,586.1	-
External Financing Withdrawals	5,597.8	1,310.8	23.4	7,117.3	1,324.1	18.6
Domestic Financing Repayments	906.3	3,999.0	441.2	1,140.8	2,030.9	178.0
Net External Financing	4,691.5	910.9	19.4	5,976.5	(706.6)	11.8
Domestic Credit (Withdrawals)	6,976.0	10,146.3	145.4	6,847.5	14,954.4	218.4
Domestic Credit Repayments	2,990.0	6,161.7	206.1	4,220.0	6,661.7	157.8
Net Domestic Financing	3,986.0	3,984.6	99.9	2,627.5	8,292.7	315.6
Government Musharaka Certificate	600.0	749.0	124.8	585.5	2,020.0	345.0
Government Investment Sukuk	595.0	95.0	16.0	200.0	1,662.0	831.0
Development Sukuk	1,400.0	1,271.0	90.8	-	-	-
Debt Amortization Bonds	(456.0)	389.3	(85.3)	700.0	372.2	53.2
Guarantees	386.0	72.0	18.6	(353.0)	1,210.2	(342.8)
Standing Orders	(39.0)	0.0	-	(5.0)	(13.3)	2.7
Borrowing From the Bank of Sudan	1,500.0	2,390.0	159.0	1,500.0	315.0	21.0
Arrears	0.0	(981.7)	-	0.0	(1,480.2)	-
Withdrawal from Oil Stabilization Account	-	-	-	-	4,206.8	-

Source: Ministry of Finance and National Economy.

* Amendmed data.

** Estimated data.

Public Revenue:

Table (6-2) and Figure (6-1) illustrate the actual performance of the public revenues during 2010, compared to 2009, in accordance with the government Finance Statistics Manual for the year 2001 issued by the International Monetary Fund.

Table (6-2)
Actual Performance of the Public Revenues
during 2009 and 2010

(SDD Millions)

Particulars	2009*			2010**		
	Estimated	Actual	% of Perform	Estimated	Actual	% of Perform
		% of Total Revenue			% of Total Revenue	
1) Non Tax Revenue	<u>9,418.1</u>	<u>10,592.5</u>	<u>112.5</u>	<u>52.8</u>	<u>12,065.1</u>	<u>9,544.5</u>
- Sales of Petroleum	7,937.8	9,596.2	120.9	47.9	10,523.5	8,620.0
- Income from Ownership	1,104.4	612.1	55.4	3.0	970.0	503.7
- Administrative Charges	295.3	357.0	120.9	1.8	527.1	405.0
- Other Miscellaneous Revenue	80.6	27.2	33.9	0.1	44.5	15.8
2) Grants	<u>847.9</u>	<u>797.3</u>	<u>94.0</u>	<u>4.0</u>	<u>1,969.8</u>	<u>1,184.8</u>
3) Tax Revenue	<u>8,104.5</u>	<u>8,655.8</u>	<u>106.8</u>	<u>43.2</u>	<u>9,670.5</u>	<u>10,008.6</u>
- Taxes on income, business, capital profits and ownership	914.1	930.2	101.8	4.6	1,011.0	1,136.0
- VAT	3,055.1	3,413.8	111.7	17.1	3,638.0	3,839.5
- Taxes on international Trade	2,207.3	2,553.4	115.7	12.7	2,902.9	2,882.3
- Excise Duties	1,622.1	1,545.4	95.3	7.7	1,339.0	1,339.0
- Stamps	242.1	195.9	80.9	1.0	261.0	206.8
- Other Taxes	63.8	17.1	26.8	0.1	518.6	605.0

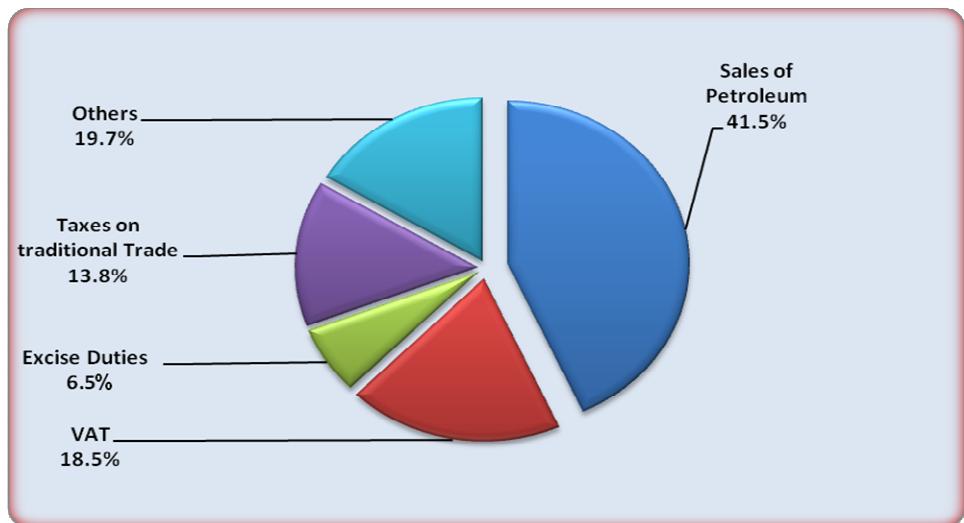
Source: Ministry of Finance and National Economy.

* Amended data.

** Estimated data.

Figure (6-1)

**Actual Performance of Public Revenues
for the year 2010**



The public revenues went up from SDG 20,045.6 million in 2010 to SDG 20,737.9 million in 2010, by 3.5%.

Revenue from Public Corporations, Enterprises and Government Investments:

Table (6-3) shows the actual revenue of public corporations, enterprises and government investment in 2010 compared to 2009.

Table (6-3)
**Public Corporations, Enterprises,
and Government Investments Revenue
in 2010 and 2009**

(SDG Millions)

Year	2009			2010**			
	Items	Estimates	Actual	% of Perform.	Estimates	Actual	% of Perform.
a) Profits of Public Enterprises and Corporations.	676.4	582.2	86.1		770	480.8	62.4
b) Proceeds of Government Investments	428.0	29.9	7.0		200	22.9	11.4
Total	<u>1,104.4</u>	<u>612.1</u>	<u>55.4</u>		<u>970.0</u>	<u>503.7</u>	<u>51.9</u>

Source: Ministry of Finance and National Economy.

** Estimated data.

The actual revenues of the public corporations, enterprises and the return on the government investments declined from SDG 612.1 million in 2009 to SDG 503.7 million in 2010, by 17.7%.

Public Expenditure:

The actual public expenditures amounted to SDG 28,061.8 million in 2010, by an execution rate of 88% of the estimates. This included current expenditures of SDG 24,162.1 million, by an execution rate of 96.2% of the estimates' for 2010. Development expenditures amounted to SDG 3,899.7 million, by an execution rate of 57.2% and a rate of increase of 15.6% over the year 2009.

1) Current Expenditure and Grants:

Table (6-4) and Figure (6-2) illustrate the actual current expenditure performance for the year 2010 compared to 2009.

Table (6-4)
Public Expenditure and Grants for the years 2009 and 2010
(SDD Millions)

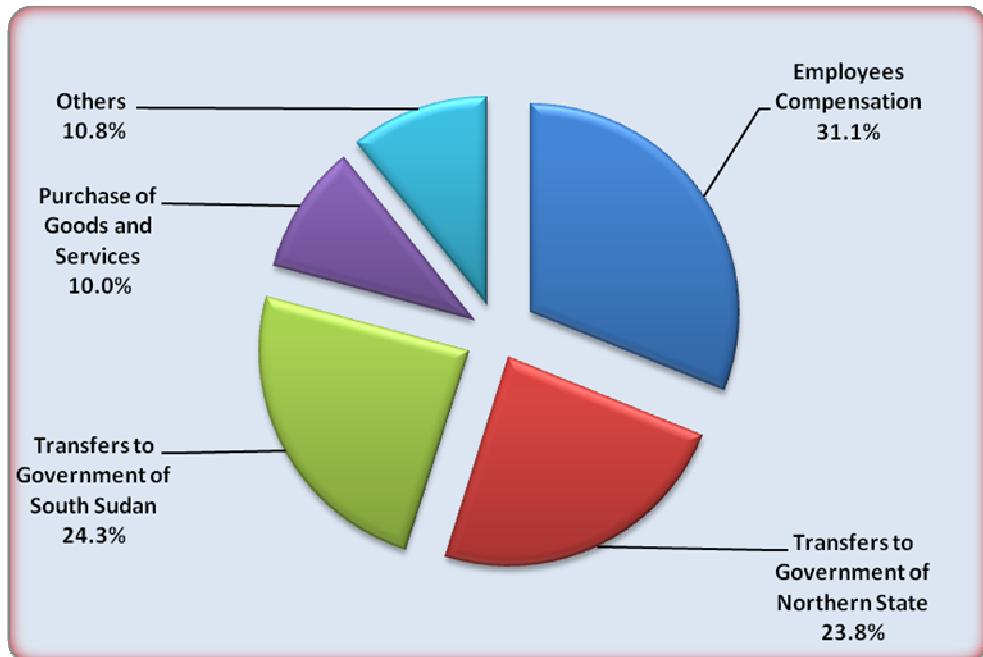
Years	2009*			2010**			
	Items	Budget Estimates	Budget Performance	% of Total Performance	Budget Estimates	Budget Performance	% of Total Performance
Current Expenditure of the Federal Government	<u>12,422.6</u>	<u>11,345.6</u>	<u>54.0</u>		<u>12,986.1</u>	<u>12,505.8</u>	<u>51.8</u>
Employees Compensation	6,847.4	6,548.7	31.2		7,523.1	7,516.0	31.1
Purchase of Goods and Services	2,458.8	2,451.6	11.7		2,205.1	2,416.8	10.0
Cost of finance	1,596.9	1,270.2	6.0		2,026.5	1,668.8	6.9
Subsidies	285.8	324.0	1.5		75.6	90.5	0.4
Social benefits	257.7	201.6	1.0		274.2	262.2	1.1
Other Expenditure	976.0	549.5	2.6		881.6	551.5	2.3
Participations and Transfers	<u>9,527.7</u>	<u>9,680.3</u>	<u>46.0</u>		<u>12,124.1</u>	<u>11,656.3</u>	<u>48.2</u>
Participation in Inter-national Organizations	28.7	31.1	0.2		39.6	26.6	0.1
Transfers to Government of South Sudan	3,227.3	4,357.3	20.7		4,432.8	5,866.8	24.3
Transfers to Government of Northern States	5,822.7	4,777.0	22.7		7,637.6	5,755.8	23.8
Share of Abyei from Oil	82.6	107.2	0.5		8.1	7.1	0.0
Unity Support Fund	366.4	407.7	1.9		6.0	0.0	0.0
Grand Total	21,950.3	21,025.9	100.0		25,110.2	24,162.1	100.0

Source: Ministry of Finance and National Economy.

* Amended data.

** Estimated data.

Figure (6-2)
Current Expenditure and Grants for the year 2010



2) Development Expenditure:

Table (6-5) and Figure (6-3) exhibit the development expenditure for the year 2010 compared to the year 2009.

Table (6-5)
Actual Development Expenditure
for the years 2009 - 2010

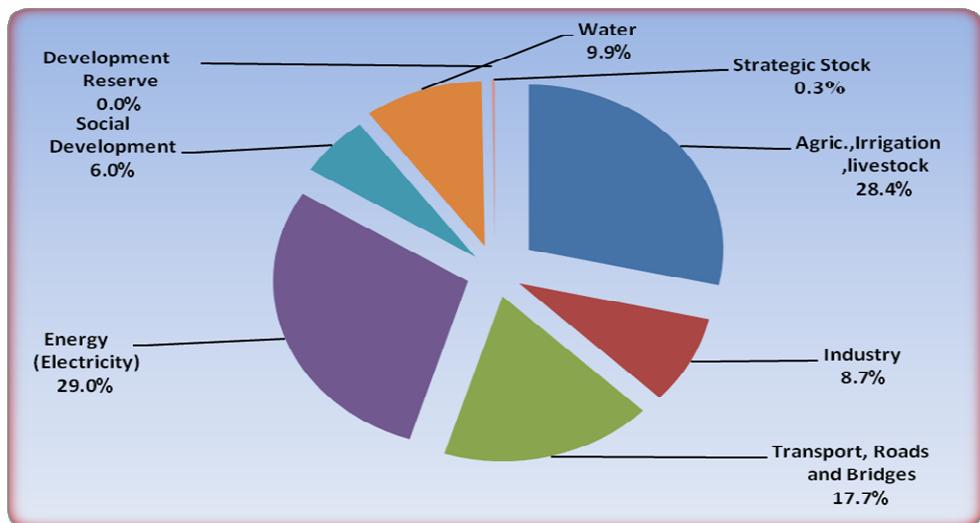
(SDG Millions)

Year	2009				2010**			
Sector	Budget Estimates	% of Estimates	Budget Performance	% of Total Performance	Budget Estimates	% of Estimates	Budget Performance	% of Total Performance
Chapter Three: Development projects and participation in capital ownership:								
Agriculture, Irrigation, Livestock	1,649.2	34.1	850.2	22.0	2,732.7	37.9	1,094.3	26.3
Industry	147.1	3.0	184.0	4.7	363.9	5.0	334.7	8.1
Transport, Roads and Bridges	1,064.7	22.0	567.7	14.5	1,193.7	17.0	679.9	16.3
Energy (Electricity)	1,132.6	23.4	1,492.9	38.1	1,515.2	21.0	1,116.6	26.8
Social Development	504.7	10.4	244.4	6.0	568.9	7.8	230.7	5.6
Water	2.5	0.1	0.2	0.0	2.9	0.0	380.4	9.1
Development Reserve	140.5	2.9	0.0	0.0	50.0	0.7	0.0	0.0
Strategic Stock	180.7	3.7	98.5	2.5	295.0	4.1	10.0	0.2
Total Non-financial assets	<u>4,822.0</u>	<u>99.6</u>	<u>3,437.9</u>	<u>87.8</u>	<u>6,722.3</u>	<u>93.0</u>	<u>3,846.6</u>	<u>92.4</u>
Acquisition of Small Non-Financial	153.0	3.2	131.1	3.4	120.0	1.7	53.1	1.3
Total Non-Financial Assets (National)	4,975.0	102.9	3,569.0	91.2	6,842.3	94.7	3,899.7	93.7
Acquisition of Financial Assets (Participation in capital)	(137.7)	(2.9)	346.2	8.8	381.0	5.3	262.2	6.3
Total Assets	<u>4,837.3</u>	<u>100.0</u>	<u>3,915.2</u>	<u>100.0</u>	<u>7,223.3</u>	<u>100.0</u>	<u>4,161.9</u>	<u>100.0</u>

Source: Ministry of Finance and National Economy.

****** Estimated data.

Figure (6-3)
Development Expenditure
for the year 2011.



Government Borrowing from the Central Bank of Sudan:

Article (48-1) of the Central Bank of Sudan Act (2002) allows temporary financing to the government up to 15% of the total projected public revenues for the fiscal year in which the finance is granted, provided that the finance granted shall be repaid within the six months following the end of the fiscal year in which the finance was extended.

The stock of temporary financing extended to the government by the end of the year 2010 amounted to SDG 3,886.3 million, as the government was granted a temporary finance of SDG 1,500 million during the year 2010, by 6.3% of total estimated public revenues for the year 2010.

Foreign Exchange Budget:

Table (6-6) shows the Foreign Exchange Budget for the year 2010 compared to the year 2009.

Table (6-6)

Foreign Exchange Budget for the years 2009 and 2010

(USD Millions)

Years	2009*			2010**		
	Budget Estimates	Actual Perform.	% of Perform.	Budget Estimates	Actual Perform.	% of Perform.
a) Total Receipts:	<u>18,755.3</u>	<u>14,822.4</u>	<u>79.0</u>	<u>21,115.5</u>	<u>17,790.5</u>	<u>84.5</u>
Exports	13,258.4	8,257.1	62.2	6,854.9	11,404.3	166.4
Invisible Receipts	1,561.8	3,402.6	217.9	3,061.6	3,751.5	122.5
Drawings on Loans	297.4	764.7	257.1	5,248.8	570.8	10.9
Short-term Capital Movements	644.8	581.8	90.2	444.1	(59.8)	13.5
Foreign Investment (Net)	2,992.9	1,816.2	60.7	5,506.1	2,063.7	37.5
b) Total Payments:	<u>13,131.1</u>	<u>14,029.5</u>	<u>106.8</u>	<u>14,662.5</u>	<u>15,232.0</u>	<u>103.9</u>
Imports (FOB)	9,089.3	8,528.0	93.8	10,195.8	8,839.4	86.7
Invisible payments	3,885.0	5,309.1	139.5	3,325.9	6,061.6	182.3
Loans Repayment	156.8	192.4	122.7	1,140.8	331.0	29.0
Foreign Exchange Budget Balance (a - b)	5,624.2	792.9	10.8	6,453.0	2,618.1	34.3

Source: Central Bank of Sudan.

* Amended data

** Estimated data.

The year 2010 foreign exchange budget witnessed a rise in total receipts from USD 14,822.4 million to USD 17,970.5 million, by 16.7%. Similarly, total payments increased from USD 14,029.5 million to USD 15,232.0 million, by 8.6%.

CHAPTER SEVEN

GROSS DOMESTIC PRODUCT



CHAPTER SEVEN

GROSS DOMESTIC PRODUCT

The Gross Domestic Product (GDP) is the sum of all the final goods and services produced in the country within a specified period of time (usually one year). Various methods are used for computing GDP and this report uses the value-added method, which is adding the values of the final products, made of goods and services, at the current prices and excluding the value of intermediate goods and services included in the production process.

The GDP data were reclassified according to the System of the National Accounts Manual which was issued by the IMF in the year 2008. As shown on Table (7-1) and Appendix (11-A) which present the GDP at constant prices (based on the 1981/82 prices) and the current prices (based on the year 2010 prices).

Table (7-1)
Real Gross Domestic Product by Economic Activity

(SDG Millions)

Sector	2009*			2010**		
	Value	Growth Rate	Share %	Value	Growth Rate	Share %
Agriculture, Forests, Animal Resources and Fisheries	8.6	6.7	30.8	9.2	6.7	31.3
Petroleum	٢,٣	٨,٨	٨,٣	2.2	(5.1)	7.5
Mining and quarrying	0.1	9.3	0.2	0.1	9.3	0.2
Processing and Handcraft	3.0	7.9	10.7	3.2	8.0	11.0
Electricity and Water	٠,٧	٩,١	2.4	0.7	9.1	2.5
Building and Construction	0.9	10.2	3.2	1.0	10.2	3.3
Trade, Hotels and Restaurants	2.2	6.7	7.8	2.3	6.7	7.9
Transport and Communications	2.7	7.6	9.6	2.9	7.7	9.8
Finance, Insurance, Real Estate and Other services	3.3	4.4	11.7	3.4	5.5	11.7
Community and other Social Services	0.3	6.0	1.2	0.4	6.0	1.2
Financial intermediation service	(0.4)	6.0	(1.6)	(0.4)	6.0	(1.6)
Government Services	3.8	3.1	13.5	3.8	1.6	13.0
Non-profit private households services	0.2	1.3	0.7	0.2	1.3	0.8
Import Charges	0.4	6.0	1.5	0.4	1.6	1.4
GDP at constant prices	28.0	5.9	100.0	29.4	5.2	100.0
GDP Deflator	4,853.5			5,516.6		
GDP at Current Prices	135,659.0			162,203.9		

Source: Central Bureau of Statistics.

* Actual Figures.

** Preliminary Figures.

GDP growth at constant prices had declined from 5.9 % by the end of 2009 to 5.2% by the end of 2010, as a result of the drop of the growth rate of the oil sector along with the constancy of growth of most sectors.

a) The Agricultural Sector:

Includes the agricultural sector on the sectors of irrigated agriculture, rain -fed agriculture machinery, traditional rain-fed agriculture, forestry, livestock and fisheries.

The percentage of contribution of the agricultural sector in GDP increased from 30.8% by the end of 2009 to 31.3% by the end of 2010, while the growth rate of the agricultural production remained constant within the limits of 6.7%.

b) The Industrial Sector:

The industrial sector includes the following sub-sectors: Oil, mining and quarrying sector, the manufacturing and handcrafts, and the electricity and water sector. The growth rate of the manufacturing and handcrafts sector increased slightly from 7.9% by the end of 2009 to 8% by the end of 2010, while the rate of growth of the mining and quarrying remained at 9.3%, and electricity and water sector at 9.1% by the end of 2010, while the rate of growth of the petroleum sector draped, from 2.8% by the end of 2009 to negative 5.1% by the end of the year 2010.

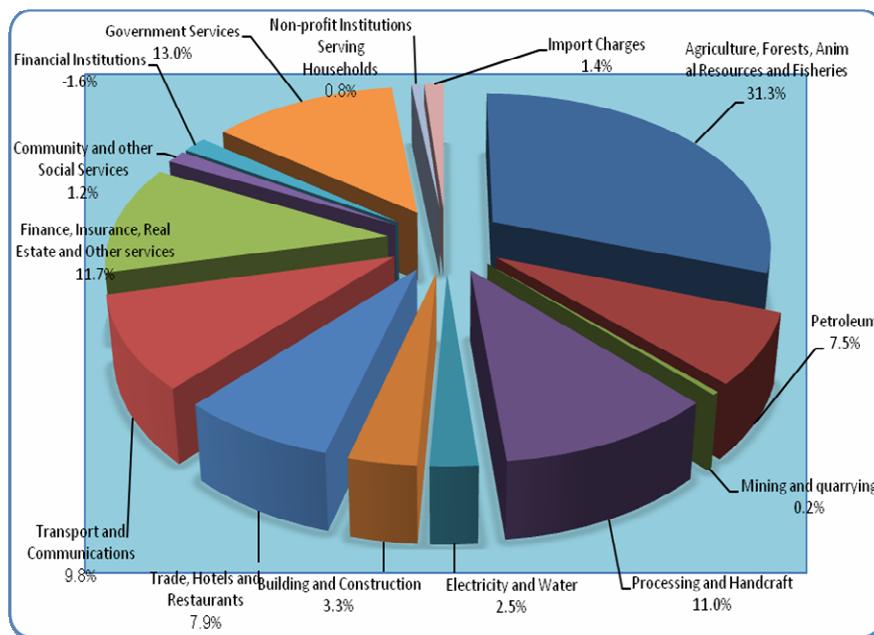
c) The Services Sector:

The services sector includes the following service sub-sectors:

Building and construction sector, the real estate sector, the transport and communications sector, financial intermediation services sector, the special non-profit household sector (establishments that do not seek profit, such as sports clubs, cultural and youth centers, places of worship, etc. ...)

The growth rate of the real estate sector increased from 4.4% by the end of 2009 to 5.5% by the end of 2010, the transport and communications sector from 7.6% by the end of 2009 to 7.7% by the end of 2010, along with the rate of growth of the building and constructions sector remaining constant at 10.2%, the financial intermediation services at 6%, the Non-profit private households at 1.3%, and the trade, hotels and restaurants at 6.7%. And the decrease in the growth of the government services sector from 3.1% by the end of 2009 to 1.6% by the end of 2010.

Figure (7-1)
Percentage Share of the Sectors in Real GDP by the end of 2010



Inflation and consumer price indices:

Inflation is a sustained rise in the general price level; it is calculated from the weighted price index of a group of goods (basket of goods and services) and weighing them (by the percentage of expenditure on the goods to total expenditure).

Inflation affects the value of money over a specific period of time.

The average annual rate of inflation increased from 11.2% in 2009 to 13% in 2010.

Table (7-2) shows average indices of consumer prices and average inflation rate by commodity groups, while Figures (7-2) and (7-3) show inflation rates in rural and urban areas and overall inflation during the years, 2009 and 2010. Also Annex (11-B) shows the inflation rates and indices of consumer price during 2000-2010.

Table (7-2)

**Average Inflation rates and indices of consumer prices
By commodity group during the year 2010**

commodity group	Food and non-alcoholic beverages	Tobacco	Clothing footwear	Housing	Household and equipment	Health	Transport	Communication	Recreation and culture	Education	Hotels and restaurants	Other
Index	153.8	124.2	130.0	140.8	126.1	124.1	110.3	109.7	116.7	156.5	191.2	132.9
Inflation	15.6	8.4	9.9	9.9	8.3	5.1	2.4	3.4	6.6	31.3	19.3	10.3

Source: Central Bureau of Statistics.

It is worth mentioning that in 2007, the Central Bureau of Statistics carried a survey on household spending in which it adhered to the modern international classification. It updated the methods and tools used in calculating the indices and inflation. Some of these amendments were represented in the following:-

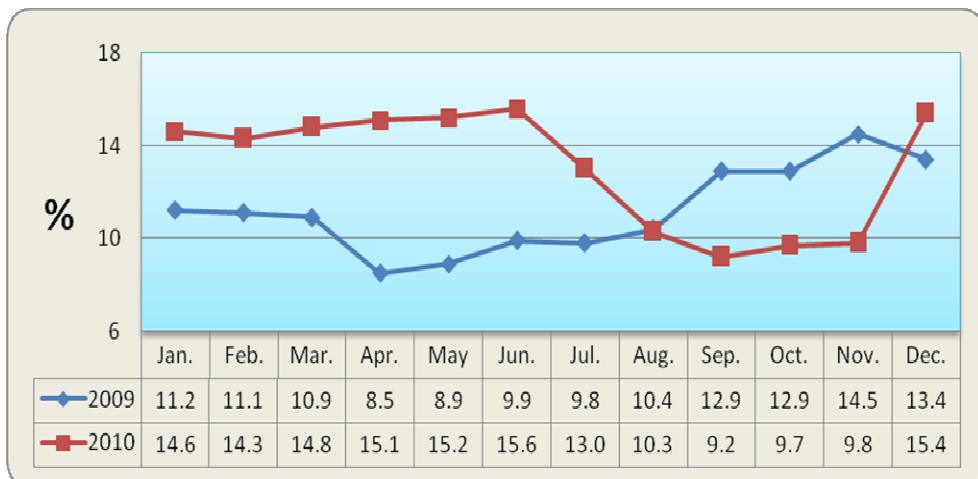
- Replacement of the base year from 1990 to 2007 as a new base year.
- Derive new weights for the household spending after the big change in the consumption pattern compared with the last survey of household spending carried out in the years (1978-1980), in addition to dividing expenditures into five segments at the national and state levels for more accuracy and comprehensiveness.
- Updating of the consumer basket, as it jumped from 173 goods and services to 663, and modifying the groups of goods and services to 12 groups instead of 9, as in the previous survey. Accordingly it was possible to calculate the price index and the inflation rates more accurately.

Figure (7-2)
Monthly Rate of Inflation for Urban and Rural areas
during 2009-2010



Source: Central Bureau of Statistics

Figure (7-3)
Headline Inflation during 2009 – 2010



Source: Central Bureau of Statistics

Gross National Income:

The Gross National Income (GNI) refers to the total value of final goods and services produced in the country during the year in addition to the net receipts of the national factors of production abroad and payments to foreigners.

Table (7-3)

Real Gross National income

(SDG Millions)

Sector	2009*	2010**
(A) GDP at 1981/1982 Prices	28.0	29.4
(B) Net Invisible Receipts and Payments at Constant Prices 1981/82	(0.954)	(0.546)
Gross National Income (A + B)	27.0	28.9
Annual Growth Rate (%)	3.00	6.9

Source: Central Bureau of Statistics and Central Bank of Sudan.

* Actual Figures

** Preliminary Figures

Table (7-3) shows that the growth rate of the Gross National Product (GNP) at constant prices (1981 /82 prices) had risen from 3.0% by the end of 2009 to 6.9% by the end of 2010, despite the decline in the growth rate of GDP at constant prices from 5.9% at the end of 2009 to 5.2% at the end of 2010, and the rise of the average exchange rate of the U.S. dollar against the Sudanese pound from SDG 2.3173 in

2009 to SDG 2.3701 in 2010, that was attributed to the decrease in the deficit in net invisible Transactions from a negative SDG 0.954 million in 2009 to a negative SDG 0.546 million in 2010.

CHAPTER EIGHT

PRODUCTION



CHAPTER EIGHT

PRODUCTION

This Chapter covers the agricultural sector (agrarian, animal and fishery), the industrial sector and the services sector .The structure of production in the Sudan constitute of the agricultural sector with its two components (the agrarian and the animal), the industrial sector, which includes the oil sector, mining, quarrying, manufacturing industries, electricity and water sector and finally the services sector, which includes transport and communications, roads and bridges, construction and telecommunications, and each of the health, education, financial services and other services sectors.

The service sector ranked first of the various sectors of production in terms of its contribution to GDP, as its percentage contribution reached 47.5%, followed by the agricultural sector by 31.3%, then the industrial sector as its percentage contribution reached 21.2% in the year 2010.

Hereinafter is a detailed exposition of production of these sectors:-

FIRST: The Agricultural Sector:

The agricultural sector comprises the agrarian and animal production (animal resources and fisheries) sector, and its contribution to the GDP increased from 30.8% in 2009 to 31.3% in 2010. In what follows are details of the agricultural sector components:-

1. The Agrarian Production:

The agrarian production includes the traditional rain fed and mechanized agriculture, irrigated agriculture, forests and pastures.

Table (8-1) shows the areas cultivated with crops :-

Table No. (8-1)

The Cultivated Areas during 2008/09 and 2009/10 Seasons

(Area in Millions Feddans)

Season	The irrigated agriculture	The mechanized rainfed agriculture	The traditional rainfed agriculture	The total cultivated areas
2008/09*	2.6	12.3	28.3	43.3
2009/10**	2.1	16.3	28.2	46.6

Source: Ministry of Agriculture - Agricultural Statistics.

* Real figures.

** Estimated figures.

An increase is observed in the cultivated areas in the 2009/10 season, due to the expansion in the area of mechanized rain-fed agriculture from 12.3 million feddans in the 2008/09 season to 16.3 million feddans in the 2009/10 season.

Production of the Main Crops during the season 2009/10:

Production of the main crops varied during the season. Details of this are below:-

a) Cotton:

Table (8-2)

Area cultivated of production of Cotton during 2008/09 and 2009/10 Seasons

2008/09*		2009/10**	
Cultivated Areas (000's Feddan)	Production (000's Bale)	Cultivated Areas (000's Feddan)	Production (000's Bale)
224.2	162.2	55.9	54.6

Source: Sudan Cotton Company.

* Real figures

** Estimated figures

Cotton production decreased, as shown in Table (8-2) from 162.2 thousand bales in the 2008/09 season to 54.6 thousand bales in the 2009/10, by 66.3% due to the decrease in the cultivated area from 224.2 thousand feddans in the 2008/09 season to 55.9 thousand feddans, in the 2009/2010 season by 75.1%, due to the shift from growing of cotton to other crops.

b) Gum Arabic:

Table (8-3) shows Gum Arabic production during 2009-2010.

Table (8-3)

Gum Arabic Production for years 2009 and 2010

Crop	2009	2010	(000's Tons) Percentage Change%
Total Gum Arabic Production	27.9	30.2	8.2

Source: Ministry of Agricultural, Urban Development and Forests.

Gum Arabic production increased from 27.9 thousand tons in 2009 to 30.2 thousand tons in 2010, by 8.2%.

c) The Main Food Crops:

The production of some of the main food crops in the 2009/10 season declined from the previous season levels due to the reduction in the cultivated areas in general.

Table (8-4) shows the production of the important food crops.

Table (8-4)
Production of the Main Food Crops for the two seasons,
2008/09 and 2009/10

Cultivated Area in: (000's/Feddan) Production in: (000's/Metric Tons) Productivity in: (Kgs/Feddan)

Crops Season	Sorghum (Dura)		Millet (Dukhun)		Wheat		Productivity		
	Cultivated Area	Production	Cultivated Area	Production	Productivity	Cultivated Area	Production		
2008/09*	20,805	4,192	246	9,303	630	111	993	641	668
2009/10**	24,908	2,630	197	8,554	471	98	564	403	753

Source: Ministry of Agriculture - Agricultural Statistics.

* Real figures

** Estimated figures.

i) Sorghum (Dura):

The production of sorghum declined from 4,192 thousand metric tons in the 2008/09 season to 2,630 thousand metric tons in 2009/10 season, by 37.3%, due to the decrease in the productivity of the feddan from 246 kg./feddan to 197 kg./feddan, in spite of the increase in the cultivated area.

ii) Millet (Dukhun):

The production of millet decreased from 630 thousand metric tons in 2008/09 season to 471 thousand metric tons in the 2009/10 season, by 25.2% due to the decrease in the cultivated area from 9,303 thousand feddans in 2008/09 to 8,554 thousand feddans in 2009/10

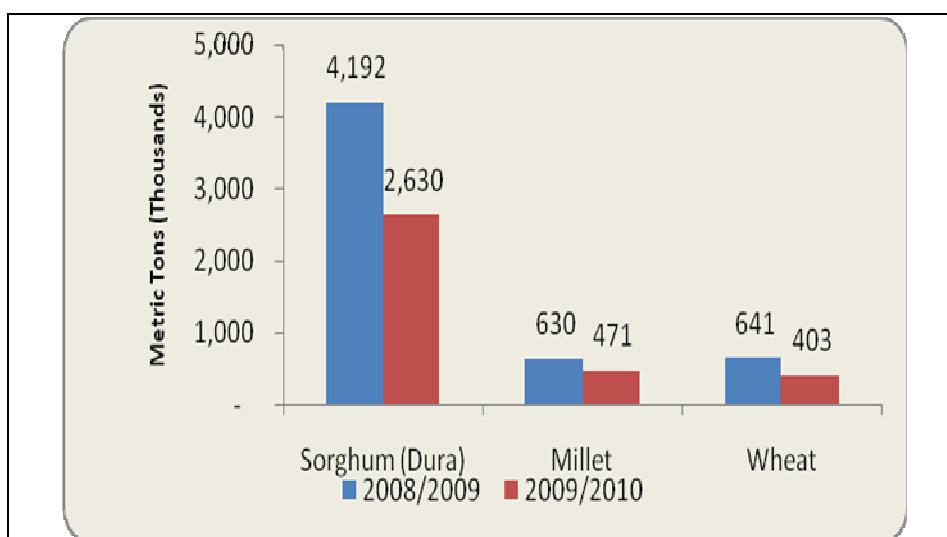
season and also the decrease in the productivity of the feddan from 111 kg./feddan to 98 kg./feddan.

iii) Wheat:

The production of wheat decreased from 641 thousand metric tons in the 2008/09 season to 403 thousand metric tons in the 2009/10 season, by 37.1%, as a result of the decrease in the cultivated area from 993 thousand feddans in 2009 to 564 thousand feddan in 2010, in spite of the increase in the productivity of the feddan from 668 kg./feddan in 2009 to 753 kg./feddan in 2010.

Figure (^-1) illustrates the production of the main food crops.

Figure (8-1)
Production of Main Food Crops
for 2008/09 and 2009/10



d) The Main Oil Seeds:

Table (8-5) shows the production of the main Oil Seeds

Table (8-5)
Production of the Main Oil Seeds
for the two Seasons 2008/09 and 2009/10

Cultivated Area in: (000's/Feddan) Production in: (000's/Metric Tons) Productivity in: (Kgs/Feddan)

Crops Season	Groundnuts			Sesame			Sunflower		
	Cultivated Area	Production	Productivity	Cultivated Area	Production	Productivity	Cultivated Area	Production	Productivity
2008/09*	3,112	942	415	3,973	318	107	785	247	338
2009/10**	3,617	549	200	4,573	248	82	191	46	393

Source: Ministry of Agriculture - Agricultural Statistics.

* Actual figures

** Estimated figures.

i) Groundnuts:

The production of groundnuts decreased from 942 thousand metric tons in 2008/09 season to 549 thousand metric tons in the 2009/10 season by 41.7%. That was attributable to the decrease in the productivity of the feddan from 415 kg./feddan in the 2008/09 season to 200 kg./feddan in the 2009/10 season.

ii) Sesame:

The production of sesame decreased from 318 thousand metric tons in the 2008/09 season to 248 thousand metric tons in the 2009/10 season, by 22.0%, due to the decrease in productivity from 107

kg./feddan to 82 kg./feddan. In spite of the increase in the cultivated area from 3,973 thousand feddans in the 2008/09 season to 4,573 thousand feddans in the 2009/10 season, by 15.1%.

iii) Sunflower:

Sunflower crop production decreased from 247 thousand metric tons in 2008/09 season to 46 thousand metric tons in the 2009/10 season, by 81.4% as a result of the decrease in the cultivated areas from 785 thousand feddans in the 2008/09 season to 191 thousand feddans in the 2009/10 season, by 75.7%.

2. Animal Production:

Sudan is considered one of the most important Arab and African countries in the area of animal resources and its products, which contribute to export and achievement of food security by providing various types of meat and dairy products for domestic consumption.

Table (8-6) shows the estimated animal resources for the two years 2009 and 2010 which showed a small increase in the production of 2010.

Table (8-6)
Animal Resources Estimates by the end of 2009 and 2010
(Thousands Heads)

Type	2009	2010	% Change
Cows	41,563	41,761	0.5
Sheep	51,555	52,079	1.0
Goats	43,270	43,441	0.4
Camels	4,560	4,623	1.4
Total	140,948	141,904	0.7

Source: Ministry of Animal Resources and Fisheries - Information Center

Table (8-7) shows the estimated livestock production for the year 2009 and 2010.

Table (8-7)
Estimated Livestock and fish by the end of year 2009 and 2010

Production	2009	2010	% Change
Meat	1,841	1,860	1.0
Milk	7,406	7,471	0.9
Fish	70	72	2.9
Poultry Meat	28	30	7.1
Eggs	32	35	9.4
Hides and Skins	76.7	77.6	1.2

Source: Ministry of Animal Resources and fisheries – Information Center.

SECOND: The Industrial Sector:

This sector includes petroleum, mining and quarrying, processing industries, and electricity and water. The contribution of the sector to the GDP decreased from 21.6% in 2009 to 21.1 % in 2010. The

following is a review of the most important industrial products.

1) Oil:

The production of crude oil decreased from 173,452.5 thousand barrels in 2009 to 168,801.9 thousand barrels in 2010, by 2.7%. Similarly, the total production of oil by-products decreased from 4,817.4 thousand metric tons in 2009 to 4,673.6 thousand metric tons in 2010, by 3.0%.

Table (8-8) shows the production of petroleum by- products.

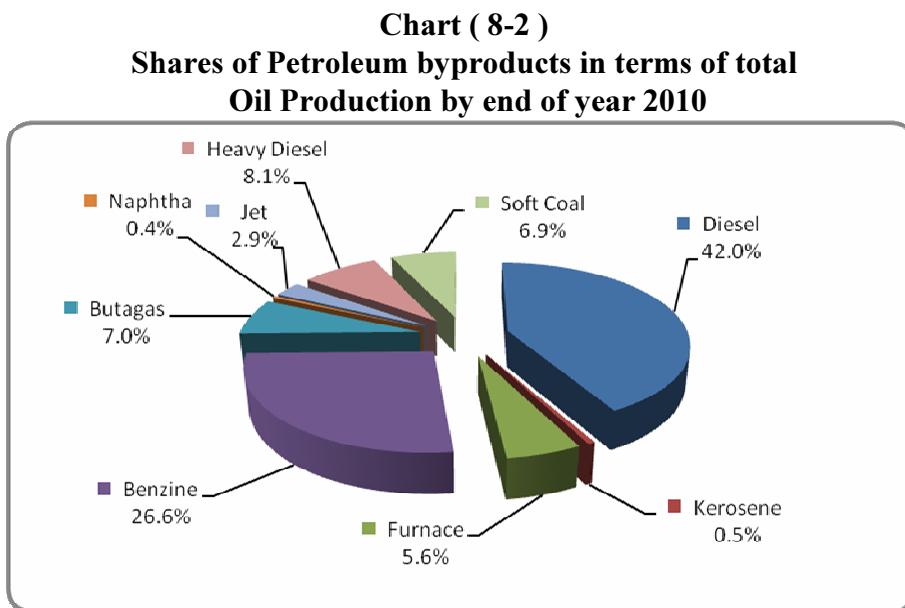
Table (8-8)
Production of Petroleum by-products by end of years 2009 and 2010

(Thousand M.T)

Particulars	2009		2010		Change %
	Petroleum By-products	Production	Percentage contribution of each by-product (%)	Production	Percentage contribution of each by-product
Diesel	2,104.9	43.7	1,963.1	42.0	(6.7)
Kerosene	31.0	0.6	25.4	0.5	(18.1)
Furnace	316.5	6.6	260.0	5.6	(17.9)
Benzine	1,112.3	23.1	1,241.9	26.6	11.7
Butagas	337.5	7.0	327.4	7.0	(3.0)
Naphtha	23.3	0.5	20.2	0.4	(13.3)
Jet	123.7	2.6	133.6	2.9	8.0
Heavy Diesel	457.4	9.5	379.9	8.1	(16.9)
Soft Coal	310.8	6.4	322.0	6.9	3.6
Total	4,817.4	100.0	4,673.5	100.0	(3.0)

Source: Sudanese Petroleum Corporation – Ministry of Petroleum.

Figure (8-2) illustrates oil by-products as percentages of the total oil production.



2) Minerals and Other Products

Table (8-9) illustrates the production of minerals and other products.

Table (8-9)
Production of Minerals and Other
Products by the end of years 2009 and 2010

(Production by ton)

Production	2009	2010
Gold	14.9	34.0
Chrome	14,087.0	56,823.0
Iron	-	1,700.0
Manganese	500.0	378,990.0
Feldspar	-	923.0
Kaolin	66,379.0	32,696.0
Clinker	-	961,694.9
Mica	100.0	10.0
Marble for decoration (M2)	-	16.5
Gypsum	30,000.0	31,000.0
Salt	35,793.0	141,840.0

Source: Geological Research Authority – Ministry of Mining,

The table indicates a rise in gold production by a rate of 128.2% in 2010 compared to 2009. Also the production of chromium increased at a rate which exceeded 300%. Moreover, the production of magnesium increased significantly, as well as that of both gypsum and salt, while the production of each of kaolin and mica had declined. Also to be observed is the production of new minerals during the year 2010, such as iron, feldspar, marble and clinker and the latter is extracted from cement.

The percentage contribution of gold to gross national product of minerals amounted to 70%, and clinker ranked second as its percentage contribution reached 20%, followed by chrome by

percentage contribution 5% and feldspar by percentage contribution reached 3% of GDP. As for the rest of the minerals and other products, the proportion of their contribution was low when compared with their peers.

3) Sugar Industry:

Table (8-10) shows the production of the sugar factories.

Table (8-10)
Production of the Sugar Factories
by the end of years 2009 and 2010

(Thousands Tons)

Factory	Actual Production		Change %
	2009	2010	
Kenana	382.1	344.4	(9.9))
Sudanese Co. for Sugar	<u>356.4</u>	<u>297.5</u>	<u>(16.5)</u>
New Halfa	84.2	57.3	(31.9)
Gunied	87.6	88.2	0.7
Sennar	87.1	76.6	(12.2)
Hajar Assalaya	97.5	75.4	(22.6)
Total	738.5	641.9	(13.1)

Source: The Sudanese Sugar Company and Kenana Sugar Co.

The total sugar production (The Sudanese Sugar Company and Kenana Co.) decreased from 738.5 thousand tons in 2009 to 641.9 thousand tons in 2010, by a negative 13.1% in view of the decrease in the production of Kenana Sugar Factory by 9.9%, and the production of the Sudanese Sugar Company by 16.5%.

4) Cement Industry:

The cement industry developed in the last years this related to many new established factories, of which is Assalam Cement Factory which started its production late in the year 2008. There was a number of cement factories which began their production during 2010.

Table (8-11) shows the actual production of cement.

Table (8-11)
Production of Cement by end of years 2009 and 2010

Factories	Actual Production		(Thousands Tons) % Rate of Change
	2009	2010	
Atbara Cement	200.9	799.1	297.8
Rabak Cement	8.6	175.0	1,934.9
Al-Salam Cement	412.2	412.5	0.1
Barber Cement	-	385.0	-
Aslan Cement	-	214.0	-
EL-Takamul Cement	-	127.0	-
Total	621.7	2,112.6	239.8

Source: The above mentioned Factories – Ministry of Industry.

Cement production increased noticeably from 621.7 thousand tons, in 2009 to 2,112.6 thousand tons, in 2010 by 239.8%, as a result of entry of the production of Barber Factory, Aslan Factory and EL-Takamul Factory which began their production during 2010. This was also accompanied with an increase in the production of Atbara and Rabak factories due to a rise in their productive capacity.

5) The Processing and Handcraft Industries:

These are concentrated mainly in the area of food industries. Their growth rate reached 8.0% and their contribution to GDP stood at 11.8%, in 2010.

6) Electricity and Water:

The rate of contribution of this sector to the GDP increased from 2.4% in 2009 to 2.5% in 2010.

This sector include :-

a) The National Electricity Corporation:

It became part of the Ministry of Electricity and Dams, and undertake electricity production and distribution.

i) Generated Power:

Table (8-12) shows total electricity power generated in Sudan and Figure (8-3) illustrates the percentage contribution of each type from the total generated power.

Table (8-12)

**Electric Power Generated
By end of the years 2009 and 2010**

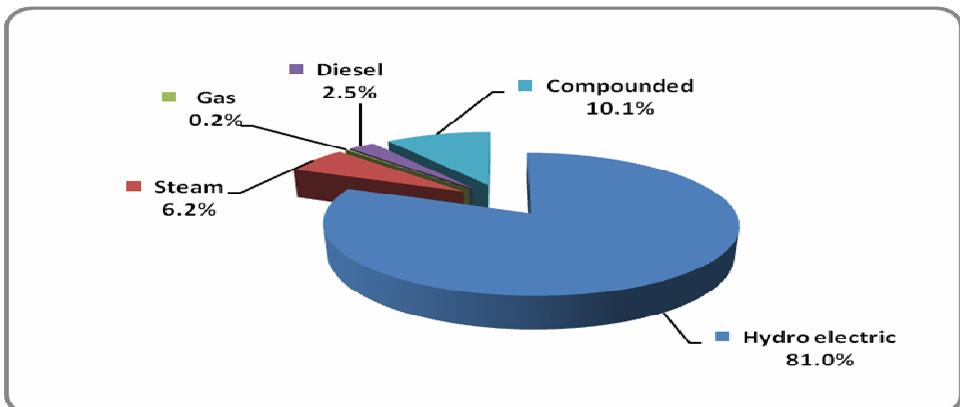
(gega watt/hr)

Power generated	2009	2010	% Change
1) Hydro electric generation	3,235.5	6,199.3	91.6
2) Thermal electric generation:	3,136.5	1,454.0	(53.6)
a) Steam generation	886.8	473.3	(46.6)
b) Gas generation	94.3	14.8	(84.3)
c) Diesel generation	308.9	192.0	(37.8)
d) Compounded Circle	1,846.5	773.9	(58.1)
Total power generation	6,372.0	7,653.3	20.1

Source: ministry of electricity and Dams .

Figure (8-3)

**Percentage contribution of Sources
of Electric Power to Total Power Generated by end of 2010**



The total generated power increased from 6,372.0 gega watt/hr in 2009 to 7,653.3 gega watt/hr, by 20.1%, in 2010 due to the large increase in hydro electric generation which rose from 3,235.5 gega watt/hr in 2009 to 6,199.3 gega watt/hr in 2010, by 91.6% and a percentage contribution of 81.0% of total generated power in 2010. This was attributable to the actual operation of Marawi Dam and to the big shift from thermal electric generation which declined from 3,136.5 gega watt/hr in 2009 to 1,454.0 gega watt/hr in 2010, by a negative 53.6%.

ii) Consumed Electric Power:

The total consumed power increased from 5,044.7 gega watt/hr in 2009 to 6,026.0 gega watt/hr in 2010, by 19.5%.

Table (8-13) shows the consumed power by sectors.

Table (8-13)
Consumed Power per Sector
By end of years 2009 and 2010

(gega watt/hr)

Sector	2009	2010	consumption share (%)	Change%
Residential	2,595.8	3,093.8	51.3	19.2
Industrial	714.3	888.4	14.7	24.4
Agricultural	192.8	978.3	16.3	407.4
Governmental	699.0	841.2	14.0	20.3
Standardized*	842.8	224.3	3.7	(73.4)
Total	5,044.7	6,026.0	100.0	19.5

Source: ministry of electricity and Dams

* Includes Commercial Sector and Load Freight

b) The National Water Corporation:

Table (8-14) shows the total water produced.

Table (8-14)
Water Production by Sectors by the end of years 2009 and 2010

(Thousands Cubic Meters Per Day)

Sector	2009	2010	%Rate of Change
Urban	1,745	1,830	4.9
Rural	1,533	1,650	7.6
Total	3,278	3,480	6.2

Source: ministry of irrigation of water sources.

The overall production of the Water increased from 3,278.0 thousand cubic meters per day in 2009 to 3,480 thousand cubic meters per day in 2010, by 6.2%, as the result of the increment of total production in the urban areas from 1,745 thousand cubic meters per day in 2009 to 1,830 thousand cubic meters per day in 2010 by 4.9% and the total water production in the rural areas from 1,533.0 thousand cubic meters per day in 2009 to 1,650 thousand cubic meters per day in 2010, by 7.6%.

THIRD: The Services Sector:

The services sector has flourished in recent times and its contribution to GDP increased significantly, as the percentage of its contribution reached 47.5% in 2010 compared to 47.6% for the year 2009. This sector includes health, education, transport, communications, roads and bridges, construction, financial services and other services.

1) Health

Health institutions in the Sudan include hospitals, health centers, and basic units (health unites, and primary health units).

Table (8-15) shows the health institutions in Sudan according to the states.

Table (8-15)

**Health Institution in Sudan
By end of years 2008 and 2009**

(Unit)

Years	2008				2009				Basic Units
	States	No. of Hospitals	No. of Beds	No. of Health Centres	Basic Units	No. of Hospitals	No. of Beds	No. of Health Centres	
Khartoum	46	6,649	158	168	46	6,546	158	168	
Northern	56	3,345	280	299	57	3,353	283	302	
Central	123	6,620	434	1,212	126	5,851	464	1,139	
Eastern	47	3,401	184	620	50	3,491	205	516	
Western	81	5,274	266	1,460	86	5,762	303	1,277	
Southern	42	3,100	76	329	42	3,100	76	329	
Total	395	28,389	1,398	4,088	407	28,103	1,489	3,731	

Source: Ministry of Health.

From the Table we note that the number of hospitals and health centers had not changed much in 2009 than it was in 2008, as their number had increased slightly except the basic units whose numbers had fallen by 8.7% than it was in 2008.

2) Education:

The education sector in Sudan includes both the Ministry of Higher Education and the Ministry of Education, which specializes in school and qualifying education. Table (8-16) shows the number of students in government and private schools for each of the primary and secondary stages for the years 2008-2009 and 2009-2010.

Table (8-16)

**Number of Student in Enrolled in Government and Private Schools
During Academic Years 2008-2009 and 2009-2010**

Years	2008-2009		2009-2010	
Particulars	No. of Schools	No. of Students (000's St.)	No. of Schools	No. of Students (000's St.)
Primary Stage				
Governmental	16,717	5,552.2	18,358	6,057.8
Non-Governmental	1,335	248.6	1,619	262.0
Total	18,052	5,800.8	19,977	6,319.8
Secondary Stage				
Governmental	2,461	586.1	2,797	727.5
Technical	175	28.2	163	32.3
Islamic Studies	14	1.5	15	1.4

Source: Ministry of Education.

The ratio of girls to boys for the primary stage reached 46.1% in 2009 and 44.3% in 2010, while the rate for the secondary stage stood at 47.7% for the year 2009 and 46.7% for the year 2010. As for the secondary school certificate, the percentage of success was, in the year 2010, for academic secondary 71.9%, technical secondary 50.7%, occupational 75.7% and civil certificate 86.0%.

Table (8-17) shows the number of students enrolled in Government universities and private universities for the school years 2008-2009 and 2009-2010.

Table (8-17)

**Number of Students Enrolled in Government and Private Universities
During Academic Years 2008-2009 and 2009-2010**

(Unit)

Institution	2007 – 2008		2009 – 2010	
	BSc Students	Diploma Students	BSc Students	Diploma Students
Governmental Universities	363,696	84,391	364,365	89,549
Private Universities	21,301	2,776	24,217	3,126
Total of College	18,005	9,264	22,254	9,337
Grand Total	428,841	111,276	410,836	102,012

Source: Ministry of Higher Education.

Figure about Academic year 2008-2009 not completed

Ratio of females to males for the school year (2007-2008) with regard to national universities and private colleges 43.9% of BSc and 48.4% for the diploma, 49.2% for BSc and 36.1% for the Diploma for the school year (2009-2010).

3) Transport and Communications:

The transport means in the Sudan include: Shipping Line, Airways, Railways, River Transport and Land Transport.

Table (8-18) shows the goods and the number of passengers transported via the above-mentioned means.

Table (8-18)**Transport Means in Sudan during the years 2009 and 2010**

Mode of Transport	2009		2010		% change	
	Goods in thousand tons	Passengers in thousands	Goods in thousand tons	Passengers in thousands	Goods %	Passengers %
Land Transport *	5,736.0	26,150.0	6,199.7	27,006.0	8.1	3.3
River Transport	69.0	5.0	114,087.3	12,922.0	165,243	258,340.0
Sudan Railways	907.2	87.4	1,032.6	47.4	13.8	(45.8)
Sudan Airways	10.2	496.8	8.2	479.4	(19.6)	(3.5)
Sudan Shipping Line	33.0	0.0	21.0	0.0	36.4	-
Total	7,700.4	26,739.2	121,348.8	28,404.8		

Source: The Above-mentioned Authorities.

* (Includes Lorries, Trucks, Minibuses, Buses and other).

a) Land Transport:

The volume of goods transported through land transport rose from 5,736 thousand tons in 2009 to 6,199.7 thousand tons in 2010, by 8.1%, while the number of passengers increased from 26,150 thousand passenger, in 2009 to 27,006 thousand passengers in 2010, by 3.3%.

b) River Transport:

The volume of goods transported by means of river transport increased from 69.0 thousand tons in 2009 to 114,087.3 thousand

tons in 2010, by a rate of increase 165,243.9%, and the number of passengers from 5.0 thousand passengers in 2009 to 12,922.0 thousand passengers in 2010, by 258,340.0%.

c) Sudan Railways:

The volume of goods hauled via Sudan Railways increased from 907.2 thousand tons in 2009 to 1,032.6 thousand tons in 2010, by 13.8%, while the number of passengers declined from 87.4 thousand passengers in 2009 to 47.4 thousand passengers in 2010, by 45.8%, due to the discontinuation of the Khartoum / Halfa El-jahadi train for prolonged periods during the year and the reduction of number of the journeys of El-salam and Nyala trains.

d) Sudan Airways:

The volume of cargo moved by Sudan Airways dropped from 10.2 thousand tons in 2009 to 8.2 thousand tons in 2010, by a decline rate of 19.6%. The number of passengers also decreased from 496.8 thousand passengers in 2009 to 479.4 thousand passengers in 2010, by 3.5%.

e) Sudan Shipping line:

The volume of goods transported by the Sudan Shipping Line decreased from 33 thousand tons in 2009 to 21 thousand tons in 2010, by 36.4%. This decrease was attributable to the cement importation.

4) Roads and Bridges:

A number of roads and bridges, had been constructed over the past years, important of which was (El-Mansheya) bridge which was opened in 2006, linking (El-Jerraif Sharig) and (Burri City), (El-Mack Nemir) bridge, which was opened in 2007 linking Khartoum and Khartoum North with a length of 800 meters, and (Totti suspended bridge) which was opened in 2009 and it links Khartoum and Totti Island with a length of 300 meters.

Recently (El-Alafaya) bridge was opened linking Khartoum and the (Karari) city in Omdurman in December 2010 with a length of 910 m, bringing the number of bridges to 11 in the national capital.

Table (8-19) shows the state of implementation of the Corporation Plan for roads for the year 2010.

Table (8-19)

**Status of Execution of the Corporation Plan
for roads by end of 2010**

Road execution	Length (k/m)			Road Rehabilitation	Length (k/m)		
	Planned	Executed	Rate%		Planned	executed	Rate%
Length of executed roads	155.0	71.6	46.2	Total of achieved rehabilitation during the year	239.4	122.9	51.3

Source: National Corporation for Roads and Bridges.

5) Telecommunication:

The telecommunications services in the Sudan witnessed a substantial development due to competition between the international companies in the Sudanese market, such as the Sudanese Company for Mobile-phone Services (ZAIN), Bashayer Company for Mobile-Phone Services (MTN) Canar Company for Telecommunications (Canartell), Mobile phone Company (Sudani), in addition to the Sudan Company for Telecommunications (Thabit). This has resulted in a strong and increasing competition between these companies in providing the fixed and mobile-phone and Internet Services using in this the latest types of technology.

Table (8-20) and Figures (8-4) show the number of subscribers of telecommunications companies and the range of coverage.

Table (8-20)
Subscribers of Telecommunications
Companies and the Range of Coverage
By end of the years 2009 - 2010

Company	Number of Subscribers		Change %	Covered Areas by End of 2010
	٢٠٠٩	٢٠١٠		
a) Sudan Telecommunication Company (Sudatel)	3,140,794	4,605,911	46.6	1,078
b) Thabit Company for Telecommunications	66,112	237,064	258.6	N.A
c) Sudani Company for Telecommunications	3,074,682	4,368,847	42.1	1,078
d) (MTN) Company for Mobile-phone Services	3,772,556	3,474,879	(7.9)	1,409
e) (ZAIN) Company for Telecommunications	8,492,657	10,249,505	20.7	905
f) Canar Company for Telecommunications	297,251	307,620	3.5	151

Source: National Telecommunication Corporation

following are details of Table (8-20) data :-

a) Sudan Telecommunications Company (Sudatel):

The number of subscribers increased noticeably from 3,140,794 subscribers in 2009 to 4,605,911 subscriber in 2010, by a 46.6%, (258.6% for Fixed Telephone and 42.1% for Mobile-phone Services Sudani).

b) MTN Company for Mobile-phone Services:

The number of subscribers decreased from 3,772,556 subscribers in 2009 to 3,474,879 subscribers in 2010, by 7.9% due to reclassification of clients.

c) Zain Company for Mobile-phone Services:

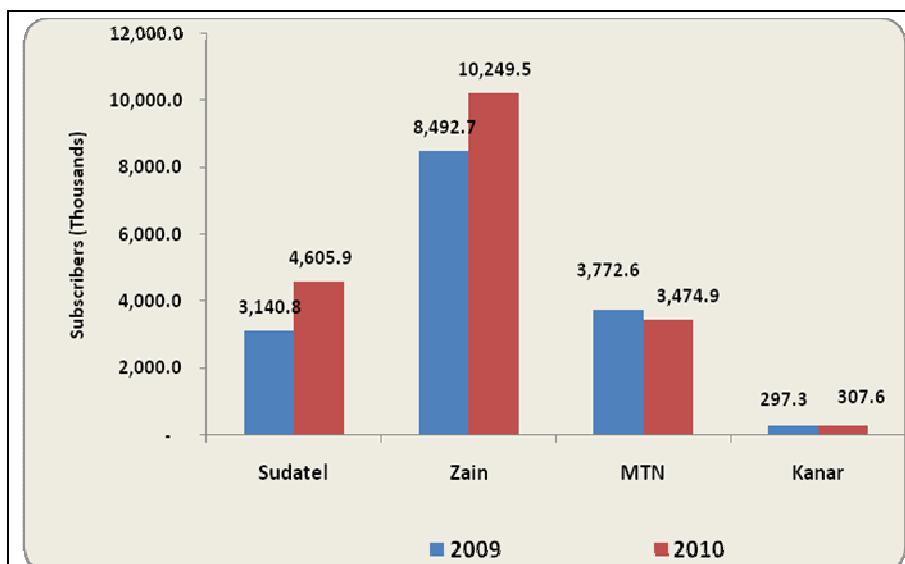
The number of subscribers increased from 8,492,657 subscribers in 2009 to 10,249,505 subscribers in 2010, by 20.7%.

d) Canar Company for Mobile-phone Services:

The number of subscribers increased from 297,251 subscribers in 2009 to 307,620 subscribers in 2010, by 3.5%.

The following figure shows the number of subscribers for the years 2009 and 2010.

Figure (8-4)
Subscribers of Telecommunications Companies
By end of years 2009 of 2010



6) Financial Services

The Financial sector includes all of the banking sector and non-banking financial sector, which includes the insurance companies, exchange companies, Khartoum Stock Exchange and the insurance

and pension funds. Banks constitute the largest part of the financial sector in the Sudan, which contains about 90% of the total assets of the financial sector, and includes 33 banks; of which 2 are government banks, 22 joint banks, 4 foreign banks and 5 specialized banks. There are eight foreign banks operating in southern Sudan. The non-banking financial sector comprises insurance companies, which include 16 companies, important among which are Shiekan insurance and Reinsurance Company, and insurance and pension funds, which include 4 funds, namely, the National Pension Fund, National Social Security Fund, Deposit Insurance Fund and the Industrial Finance Fund. The sector also includes Sudan Financial Services Company, National Leasing Company, Tarweej for Financial Investment, National Agency for Insurance and Finance of Exports and Khartoum Stock Exchange, which includes 55 listed companies. There are also 21 foreign exchange Company and 7 funds placement companies.

7) Hotels and Tourism:

Tourism has flourished in recent years and the number of hotels and lodges increased where it reached 225 by the end of year 2010. This was accompanied by a rise in the number of tourists and their spending compared with previous years.

The following table shows the number of tourists and their spending during the year's 2009 and 2010.

Table (8-21)
**The number of tourists and their
spending during 2009 and 2010**

Particular	Year	2009	2010
The number of Tourists (Units)		420,238	435,161
Tourist spending (USD million)		521.7	616.6

Source: Tourism and wildlife ministry



CHAPTER NINE

BALANCE OF PAYMENTS



CHAPTER NINE

BALANCE OF PAYMENTS

The balance of payments is defined as statistical statement summarizing in a systematic, orderly manner transactions taking place between resident entities in the relevant country and nonresident entities during a specified period of time.

The balance of payments statistics are prepared according to the Fifth Edition of the Balance of Payments Manual issued by the International Monetary Fund in September, 1993. According to this Manual, the balance of payments consists of the current account represented by the trade balance, services, income and transfers account in addition to the capital and financial account.

Table (9-1) and Figure (9-1) present a summary of the balance of payments for 2009 and 2010.

Table (9-1)
Balance of Payments for 2009 and 2010

	(USD Millions)	
	2009*	2010**
A) Current Account (1+2)	(2,177.4)	254.8
1. Trade Balance (FOB)	(270.9)	2,564.9
2. Services, Income and Transfers	(1,906.5)	(2,310.1)
B) Capital and Financial Account	3,116.9	610.2
Deficit or Surplus in Current Account and Capital and Financial Account (A + B)	939.5	865.0
C) Errors and Omissions	(1,441.5)	(919.2)
D) Convertible Currencies Reserves ***	502.0	54.2

Source: Central Bank of Sudan.

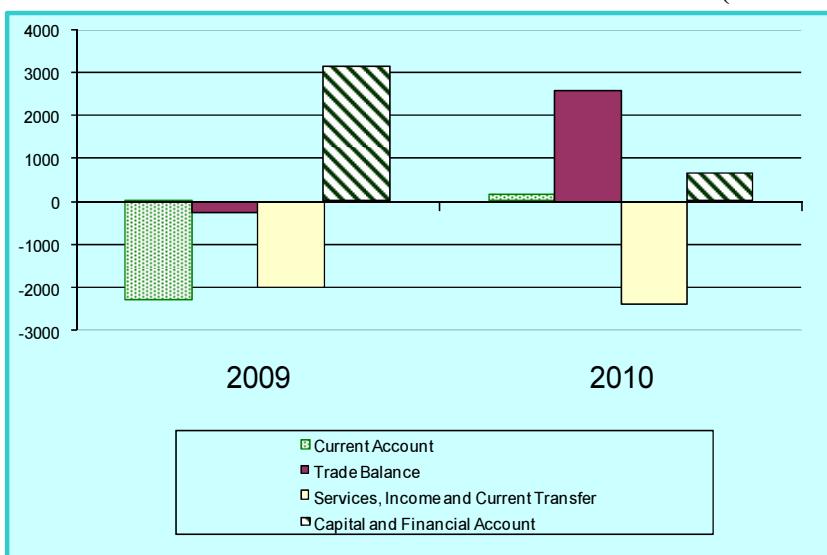
* Amended figures.

** Estimated figures.

*** Plus figures mean decline in foreign assets.

Figure (9-1)
Balance of Payments for 2009 and 2010

(USD Millions)



The deficit in the balance of payments declined from USD 502.0 million in 2009 to USD 54.2 million in 2010. That was due to the considerable switch in the current account from a deficit of USD 2,177.4 million in 2009 to a surplus of USD 254.8 million in 2010 by 111.7% due to change in the trade balance from a deficit of USD 270.9 million in 2009 to a surplus of USD 2,564.9 million in 2010, by 1,046.8% in spite of the high deficit in the services account, income and transfers by 21.1%, and decline of flows in the financial and capital account rate of 80.4%.

Table (9-2) shows the details of the balance of payments for 2009 and 2010, while Appendix (16) shows the balance of payments for the period (2006-2010).

Table (9-2)
Balance of Payments for 2009 and 2010

(USD Millions)

	2009	2010
A) Current Account:		
<u>Visible Transactions:</u>		
1) Exports (FOB):	<u>8,257.1</u>	<u>11,404.3</u>
Petroleum	7,236.8	9,695.2
Gold	403.4	1,018.0
Others	616.9	691.1
2) Imports (FOB):	<u>(8,528.0)</u>	<u>(8,839.4)</u>
Government Imports	(196.8)	(182.2)
Private Sector Imports	(8,331.2)	(8,657.2)
Balance of Trade (1 + 2)	<u>(270.9)</u>	<u>2,564.9</u>
<u>Invisible transactions:</u>		
Services, Income and Transfers Account:		
a) Receipts	3,402.6	3,751.5
b) Payments	(5,309.1)	(6,061.6)
B) Movements in Capital and Financial Account:		
Direct Investment (Net)	<u>3,116.9</u>	<u>610.2</u>
Investment Portfolio (Net)	1,816.2	2,063.7
Other Investments (Net)	19.5	7.0
	1,281.2	(1,460.5)
1) Official Loans:	<u>572.3</u>	<u>239.8</u>
a) Drawings	764.7	570.8
b) Repayments	(192.4)	(331.0)
2) Trade Facilities (Net)*	581.8	(59.8)
3) General Government (Net) *	(177.5)	(1,334.6)
4) Commercial Banks Net Foreign Assets*	416.9	(377.7)
5) Central Bank of Sudan Other Assets (Non-Reserves)	(72.9)	(232.3)
6) Central Bank of Sudan foreign liabilities.	18.4	201.1
7) Other Foreign Assets (Net)*	(63.0)	(21.0)
Deficit or Surplus in Current, Capital and Financial Accounts	939.5	865.0
Errors and Omissions	<u>(1,441.5)</u>	<u>(919.2)</u>
C) Official Reserve Assets of Convertible Currencies *		
	502.0	54.2
D) Overall position	(502.0)	(54.2)

Source: Central Bank of Sudan. 2009 Actual figures, 2010 preliminary figures
(Sign () means increase & plus figures means decline in foreign assets).

The Current Account:

consists of visible and invisible transactions:

FIRST: Visible Transactions:

The visible transactions include both commodity exports and imports (FOB). It's clear from table (2-9) that the position of the trade balance had turned from a deficit of USD 270.9 million in 2009 to a surplus of USD 2,564.9 million in 2010, by 1,046.8%, and this was due to increase in export proceeds from USD 8,257.1 million in 2009 to USD 11,404.3 million in 2010, by 38.1%.

That was due in, the first place, to the increase in the prices of petroleum products. The export proceeds of gold also increased from USD 403.4 million in 2009 to USD 1,018.0 million in 2010, by 152.4%. Also the other export proceeds increased from USD 616.9 million in 2009 to USD 691.1 million, in 2010, by 12% due to the noticeable increase in meat and sesame exports.

However, imports, increased slightly from USD 8,528.0 million in 2009 to USD 8,839.4 million in 2010, by 3.7%.

Petroleum Exports:

It's clear from table (3-9) that the proceeds of crude oil exports increased from USD 7,008.3 million in 2009 to USD 9,406.0 million, in 2010 by 34.2%, while the exported quantities increased from 128,041.6 barrels in 2009 to 130,843.3 barrels in 2010. The rise of

the export proceeds in 2010 was attributed to the rise of the average price of a barrel from 53.22 dollars in 2009 to 72.19 dollars in 2010. The export proceeds of Diesel went up from USD 1.1 million in 2009 to USD 12.6 million in 2010. The export proceeds of Natural Gas rose from USD 4.8 million in 2009 to USD 15.6 million in 2010, by 225%, due to the rise of the exported quantities from 9,463 thousand tons in 2009 to 33,909 thousand tons in 2010, by 258% while the price decreased by 9.3%. It's also observed from table (9-3) that the return of Furnace export declined from USD 49.1 million in 2009 to USD 9.1 million in 2010 by 81.5%, due to the decrease in the exported quantities from 247,000 thousand tons in 2009 to 25,393 thousand tons in 2010 by 89.7%.

Non-Petroleum Exports:

It's clear from table (9-3) that the proceeds of non-petroleum exports increased from USD 1,020.4 million in 2009 to USD 1,709.2 million in 2010, by 67.5%. That was attributed to the noticeable increase in gold and meat exports. The following are details of major exports:-

Gold ranked first in non-petroleum exports as proceeds from its exports increased from USD 403.4 million in 2009 to USD 1,018.0 million in 2010 by 152% due to the increase in the exported quantities from 14,913,843 grams in 2009, to 26,316,777 grams in 2010 and the rise of international prices. Similarly, the proceeds of meat exports went up sharply from USD 9.3 million in 2009 to USD

43.5 million in 2010, by 368% due to increase of the exported quantities from 570 metric tons in 2009 to 5,290 metric tons in 2010. In addition to this Sesame export proceeds rose from USD 143.3 million in 2009 to USD 167.3 million in 2010, by 16.7%. This was attributed to the increase in the exported quantities from 137,659 metric tons in 2009 to 224,137 metric tons, in 2010, in spite of the decrease in average world prices.

Cotton export proceeds declined from USD 42.1 million in 2009 to USD 40.4 million in 2010, by 4.0%, as a result of the decrease in the exported quantities from 35,062 bales in 2009 to 34,095 bales, in 2010.

Export proceeds of Gum Arabic decreased from USD 33.1 million in 2009 to USD 23.8 million in 2010, by 28.1% owing to the considerable decline in the exported quantities from 237,009 metric tons in 2009 to 18,202 metric tons, in 2010.

Table (9-3) shows the proceeds of export commodities for the two years, 2009 and 2010 and Appendix (18-A) shows Sudan's foreign trade as per commodity exports during the period (2006-2010).

Table (9-3)
Commodity Exports for 2009 and 2010
(USD Millions)

Commodity	Unit	Jan. - Dec 2009 *		Jan. - Dec 2010 **	
		Quantity	Value (FOB)	Quantity	Value (FOB)
Crude Oil	Barrel	128,041,627	7,008.3	130,843,303	9,406.0
Benzene	"	311,814	172.9	357,245	248.9
Kerosene	"	200	0.1	-	0.0
Natural Gas	"	9,463	4.8	33,909	15.6
Furnace	"	247,000	49.1	25,393	9.1
Diesel	"	3,000	1.1	56,200	12.6
Other Petroleum Products	Value	-	0.4	-	2.9
Cotton	Bale	30,012	42.1	31,010	40.4
Gum Arabic	M.T.	237,009	33.1	18,202	23.8
Sesame	"	137,659	143.3	224,137	167.3
Groundnuts		-	0.0	227	0.2
Hibiscus	"	8,024	9.2	11,838	7.0
Watermelon seeds	"	21,822	6.6	12,071	2.6
Senna pods	"	3,877	2.0	1,361	1.4
Dura	"	3,240	0.0	432	0.2
Sun flower seeds	"	5,643	2.1	750	0.2
Sugar	"	30,400	18.5	-	0.0
Cake and meal	"	-	0.0	10,000	2.3
Sheep	Head	71,115	146.4	67,339	115.6
Goats	"	564,027	5.4	2,543	5.2
Camels	"	16,206	24.4	20,521	12.6
Other Livestock	"	8,966	3.3	1,271	2.6
Meat	M.T.	570	9.3	5,290	43.5
Fruits and Vegetables	"	3,263	1.5	7,355	2.2
Gold	K.G.	14,913,843	403.4	26,316,777	1018.0
Cooper and Iron(Scrap)	M.T.	16,017	10.9	71,150	16.3
Chrome	"	1,512	0.2	-	0.0
Hides & Skins	Value		16.6	-	14.0
Others	"	-	142.1	-	233.8
Total		-	8,257.1	-	11,404.3

Source: Sudan Customs Authority.

* Amended figures.

** Preliminary figures.

Figure (9 - 2)
Commodity Structure of Oil exports
(2009-2010)

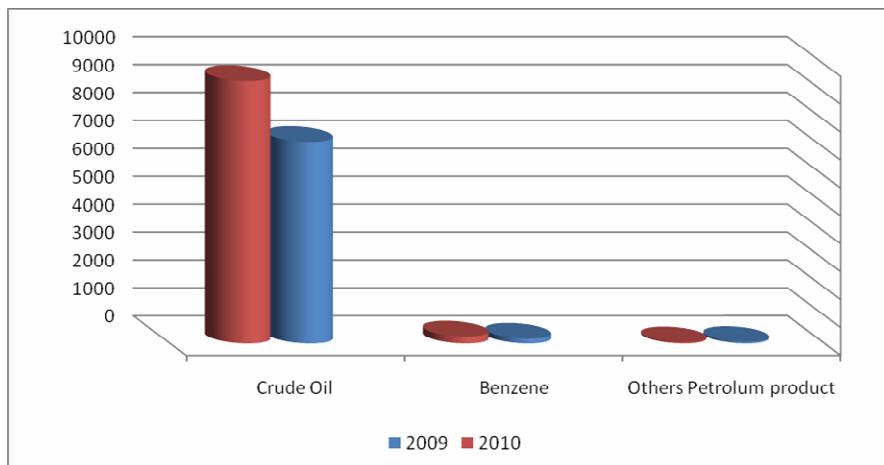
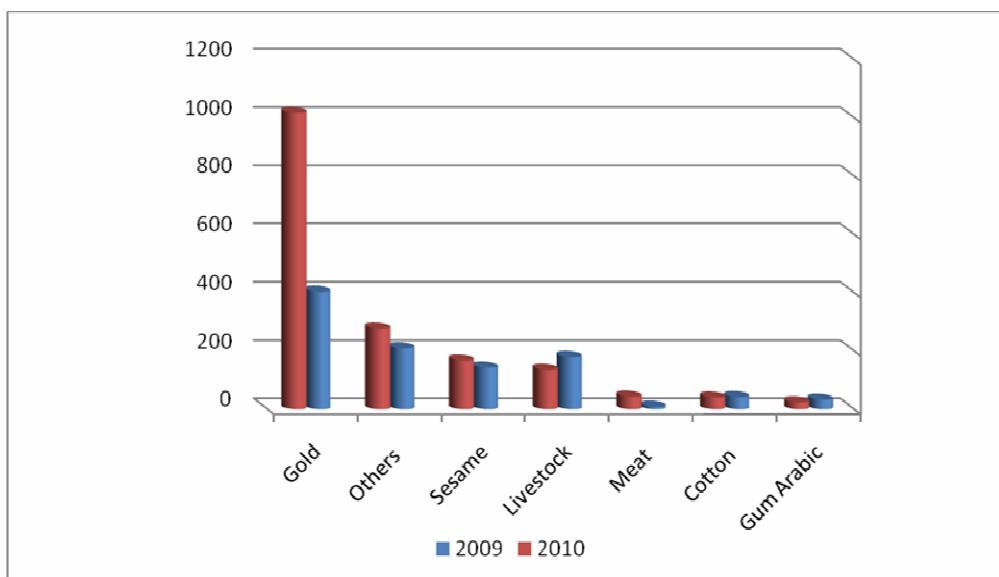


Figure (9 - 3)
Commodity Structure of Non Oil exports
(2009-2010)



b) Imports:

The major imports include machinery and capital equipment, manufactured goods, means of transport, chemicals, food-stuffs, textiles and other materials.

Table (9-4) and figure (9-2) show the imports (CIF*) by commodity for 2009 and 2010.

Table (9-4)
Imports by Commodity for 2009 and 2010
(USD Million)

Commodity	Unit	2009			2010		
		Quantity	Value (CIF*)	% of Total Imports	Quantity	Value (CIF*)	% of Total Imports
Machinery and Equipment	Value	-	2,609.2	26.9	-	2,348.7	23.4
Manufactured goods	"	-	2,491.9	25.7	-	2,037.0	20.3
Foodstuffs:	M.T	-	1,638.0	16.9	-	2,365.8	23.6
Wheat and wheat flower	"	1,608,002	696.0	7.2	2,620,027	976.9	9.7
Dairy products	"	32,345	135.9	1.4	42,329	102.7	1.0
Animal Fats and Edible	"	129,760	133.2	1.4	192,065	152.4	1.5
Tea	"	29,937	125.8	1.3	40,788	75.6	0.8
Sugar	"	203,112	108.9	1.1	1,024,506	502.4	5.0
Vegetable and Vegetable products	"	81,253	60.6	0.6	115,502	62.4	0.6
Fruit and fruit products	"	53,553	41.8	0.4	62,255	36.3	0.4
Coffee	Value	28,359	34.8	0.3	34,331	38.4	0.4
Others		-	301.0	3.1	-	418.7	4.2
Means of transport	Value	-	1,195.5	12.3	-	1,225.4	12.2
Chemicals Products	"	-	859.5	8.9	-	967.6	9.6
Textiles	"	-	341.9	3.5	-	381.9	3.8
Petroleum products	"	-	325.6	3.4	-	427.5	4.3
Raw materials	"	-	159.6	1.6	-	161.5	1.6
Beverages and Tobacco	"	-	69.7	0.7	-	77.5	0.8
Others	"	-	-	-	-	52.0	0.5
Grand Total			9,690.9	100.0		10,044.8	100.0

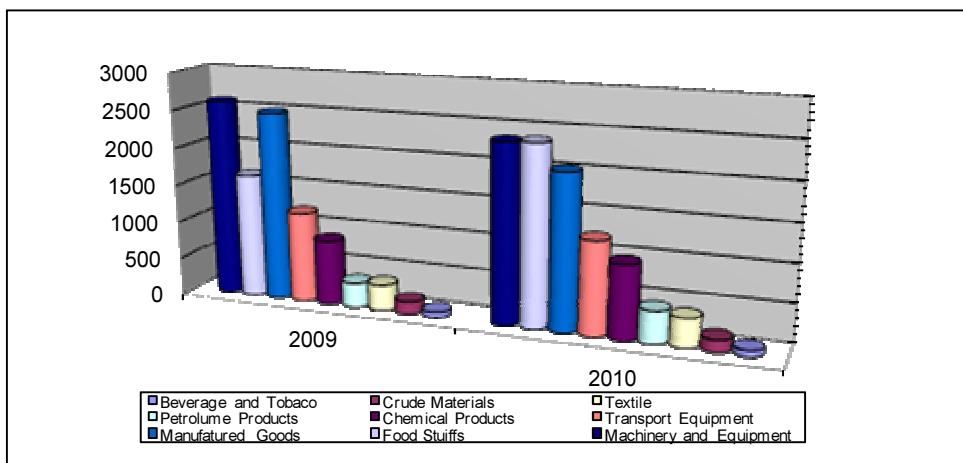
Source: Sudan Customs Authority.

* Includes freight and insurance.

It's clear from table (9-4) the increase of imports value(CIF) from USD 9,690.9 million in 2009 to USD 10,044.8 million in 2010, by 3.7% as the value of imported foodstuffs recorded an increase of 44% (owing to increase in importation of sugar from USD 108.9 million in 2009 to USD 509.4.8 million in 2010, by 361.1% and wheat and wheat flower from USD 696.0 million in 2009 to USD 976.9 million in 2010, by 40.4% and animal fats and edible oils from USD 133.2 million in 2009 to USD 152.4 million in 2010, by 14.5% and other foodstuffs from USD 301.0 million in 2009 to USD 418.7 million in 2010, by 48.3%. Moreover, the value of imports of transport means increased, by 2.5%, chemicals by, 12.6%, textiles, 11.7%, petroleum products, by 31.3% and beverages and tobacco, by 11.1%, whereas imports of machinery and equipment (which represent 23.4% of total imports) decreased, by 10%, and imports of manufactures (which represent 20.3% of total imports) declined, by 18.3%.

Appendix (19-A) shows Sudan's foreign trade (imports according to commodities) during the period (2009-2010).

Figure (9-4)
Imports Structure (2009-2010)



Direction of Sudan's Foreign Trade:

The Asian non-Arab countries remained to be the major market for Sudanese exports as they also represented the main source for Sudanese imports during the period (2009-2010).

1) Direction of Exports:

Table (9-5) shows the direction of Sudanese exports and percentages of these exports to total exports during 2010 compared to 2009.

Table (9-5)
Direction Exports by Value for 2009 and 2010
(USD Millions)

Importers	2009 *		2010 **	
	Value (FOB)	% Total Exports	Value (FOB)	% Total Exports
Asian Countries (None- Arab Countries)	6,969.9	84.4	9,257.9	81.2
China	6,257.3	75.8	8,265.3	72.6
Japan	213.8	2.6	493.7	4.3
Singapore	95.4	1.2	191.1	1.7
India	194.8	2.4	141.4	1.2
Malaysia	40.6	0.5	101.3	0.9
Indonesia	144.4	1.7	43.6	0.4
South Korea	10.4	0.1	2.0	0.0
Other Asian Countries	13.2	0.2	19.5	0.2
Arab Countries: (Excluding COMESA Countries)	588.6	7.1	1,575.3	13.8
United Arab Emirates	261.8	3.2	1,319.8	11.5
Kingdom of Saudi Arabia	198.0	2.4	160.9	1.4
Jordan	15.0	0.2	52.4	0.5
Lebanon	12.3	0.1	15.3	0.1
Syria	17.9	0.2	13.9	0.1
Tunisia	10.0	0.1	10.7	0.1
Iraq	48.8	0.9	0.4	0.0
Yemen	22.8	0.3	0.1	0.0
Other Arab Countries	2.0	0.0	1.8	0.0
COMESA Countries:	152.8	1.9	282.4	2.5
Ethiopia	68.1	0.8	158.4	1.4
Eritrea	22.4	0.3	77.6	0.7
Egypt	54.8	0.7	43.3	0.4
Other COMESA Countries	7.5	0.1	3.1	0.0
European Countries:	<u>76.2</u>	<u>0.9</u>	<u>120.3</u>	<u>1.1</u>
European Union Countries	45.4	0.5	84.0	0.7
United Kingdom	24.4	0.3	32.0	0.3
Other European Countries	6.4	0.1	4.3	0.0
Canada	<u>403.6</u>	<u>4.9</u>	<u>60.0</u>	<u>0.5</u>
The United States of America	<u>8.1</u>	<u>0.1</u>	<u>4.9</u>	<u>0.0</u>
Mexico	<u>3.3</u>	<u>0.0</u>	<u>3.0</u>	<u>0.0</u>
Other countries	<u>54.6</u>	<u>0.7</u>	<u>100.5</u>	<u>0.9</u>
Total	8,257.1	100.00	11,404.3	100.00

Source: Sudan Customs Authority.

* Amended figures.

** Preliminary figures.

Table (9-5) illustrates that the group of Asian, non-Arab countries constituted the largest markets for Sudan's exports (mostly Oil) during 2010, as these exports amounted to USD 9,257.9 million, that is 81.2% of total exports compared to 84.4% in 2009.

The Peoples Republic of China ranked first, as the largest importer of Sudanese exports as they increased from USD 6,257.3 million in 2009 to USD 8,265.3 million in 2010 by 72.5% of total exports, followed by Japan as exports increased from USD 213.8 million in 2009 to USD 493.7 million in 2010 by 4.3% of total exports.

The year 2010 witnessed an increase in the value of exports to the Arab countries (with the exception of COMESA countries) as exports reached USD 1,575.3 million, by 13.8% of total exports compared to 7.1% in the previous year. The United Arab Emirates ranked first as exports destined to it stood at USD 1,319.8 by 11.5% followed by the Kingdom of Saudi Arabia at USD 160.9 million, by 1.4% followed by Jordan at USD 52.4 million, by 0.5% of total exports, while the exports to each of Iraq and Yemen declined to USD 0.4 million and USD 0.1 million respectively

The year 2010, witnessed an increase in the value of exports to the COMESA countries as these exports reached USD 282.4 million, by 2.5% of total exports, compared to USD 152.8 million, by 1.9%, in 2009. Ethiopia came first as the exports destined to it stood at USD 158.4 million, by 1.4% followed by Eritrea at USD 77.6 million by

0.7% of total exports ,while exports to Egypt decreased from 54.8 in 2009 to USD 43.3 million, in 2010 by 21.0%.

However, exports to the European countries rose to USD 120.3 million in 2010, by 1.1% compared to USD 76.2 million in 2009, by 0.9% of total exports. The European Union countries topped the list, by 0.7%, then the United Kingdom, by 0.3%, of total exports.

Exports to Canada declined from USD 403.6 million in 2009 to USD 60.0 million in 2010, by 0.5% of total exports. Also the exports to the United States of America declined from USD 8.1 million in 2009 to USD 4.9 million in 2010.

2) Direction of Imports:

Table (9-6) shows the sources of Sudanese imports and the percentages for the years 2009 and 2010 (imports valued on a CIF basis).

Table (9-6)
Sources of Imports for the years 2009 and 2010
(USD Millions)

Sources of Imports	2009		2010	
	Value (CIF)*	% Total Imports	Value (CIF)*	% Total Imports
1- Asian Countries: (Except Arab Countries):	3,690.8	38.1	3,789.2	37.7
China	1,926.9	19.9	2,082.6	20.7
Japan	449.0	4.6	473.7	4.7
India	624.5	6.4	571.1	4.7
South Korea	202.4	2.1	221.7	2.2
Thailand	101.3	1.0	203.7	2.0
Malaysia	86.9	0.9	74.7	0.7
Indonesia	56.4	0.6	54.8	0.5
Other Asian Countries	243.4	2.5	205.0	2.0
2- European Countries:	1,678.4	17.3	1,583.7	15.8
European Union Countries	1,418.7	14.6	1,162.2	11.6
Germany	0.0	0.0	558.0	5.6
Italy	284	2.9	199.8	2.0
United Kingdom	200	2.1	166.5	1.7
France	118.9	1.2	104.1	1.0
Holland	111.9	1.2	97.2	1.0
Belgium	106.6	1.1	33.0	0.3
Romania	597.3	6.2	3.6	0.0
Other European Countries	259.7	2.7	421.5	4.2
Turkey	250.1	2.6	238.2	2.4
Others	9.6	0.1	183.3	1.8
3- Arab Countries: (Excluding COMESA)				
	1,379.2	14.2	2,098.5	20.9
United Arab Emirates	526.9	5.4	939.9	9.4
Kingdom of Saudi Arabia	564.7	5.8	585.4	5.8
Yemen	31.5	0.3	190.8	1.9
Syria	52.9	0.5	175.8	1.8
Kingdom of Jordan	73.9	0.8	86.4	0.9
Qatar	34	0.4	36.4	0.4
Sultanate of Oman	38.2	0.4	30.6	0.3
Lebanon	25.7	0.3	20.3	0.2
Other Arab Countries	31.4	0.3	32.9	0.3

Sources of Imports	2009		2010	
	Value (CIF)*	% Total Imports	Value (CIF)*	% Total Imports
4- COMESA Countries	650.3	6.7	872.9	8.7
Egypt	460.1	4.7	687.3	6.8
Kenya	66.7	0.7	71.4	0.7
Swaziland	39.9	0.4	22.6	0.2
Ethiopia	32.4	0.3	17.0	0.2
Uganda	32.0	0.3	38.4	0.4
Libya	5.7	0.1	27.5	0.3
Other COMESA Countries	13.5	0.1	8.7	0.1
5- Other African Countries	49.4	0.5	45.2	0.4
6- Western Hemisphere:	327.8	3.4	191.4	1.9
Brazil	86.9	0.9	98.2	1.0
Ecuador	38.3	0.4	65.8	0.7
Argentine	9.6	0.1	25.7	0.3
Others	193	2.0	1.7	0.0
7- Australia	369.9	3.8	358.3	3.6
8- Canada	133.5	1.4	221.5	2.2
9- United State of America	353.6	3.6	190.4	1.9
10- Other Countries	1,058	10.9	693.7	6.9
T o t a l	9,690.9	100	10,044.8	100

Source: Sudan Customs. * Includes freight and insurance.

The group of Asian non-Arab countries represented the major source for Sudan's imports, in 2010, as the latter reached USD 3,789.2 million, by 37.7% of total imports. China Peoples Republic ranked first among these countries, as imports increased from USD 1,926.9 million in 2009 to USD 2,082.6 million in 2010, by 8% followed by Japan from USD 449.0 million in 2009 to USD 473.7 million in 2010, by 5.5% and South Korea from USD 102.4 million in 2009 to USD 221.7 million in

2010 by 9.5%. Imports from Thailand increased from USD 101.3 million in 2009 to USD 203.7 million in 2010 by 101%.

Imports from the group of Arab countries (except COMESA countries) amounted to USD 2,098.5 million in 2010, by 20.9% of total of imports. Imports from the United Arab Emirates ranked first as it increased from USD 526.9 million in 2009 to USD 939.9 million in 2010 by 78.4% followed by the Kingdom of Saudi Arabia from USD 564.7 million in 2009 to USD 585.4 million in 2010 by 3.7% , Yemen from USD 31.5 million in 2009 to USD 190.8 million in 2010 by 505.7%, Syria from USD 52.9 million in 2009 to USD 175.8 million in 2010, by 232.3% and Jordan from USD 73.9 million in 2009 to USD 86.4 million in 2010, by 16% .

On the other side, Sudan's imports from the Group of European Countries ranked third in 2010, as it amounted to USD 1,583.7 million, by 15.8% of total imports. Imports from countries of the European Union ranked first in this Group, by 11.6% of total imports, led by imports from Germany at USD 558.0 million, by 100%, followed by Italy at imports of USD 199.8 million by 2.0% of total of imports, United Kingdom at imports of USD 166.5 million, by 1.7%, France at imports of USD 104.1 million by 1.0% of total imports and Holland at imports of USD 97.2 million by 1.0% of total of imports. Imports from the other European countries reached USD 421.5 million, by 4.2% of total imports.

Imports from the COMESA countries amounted to USD 872.9 million, at 8.7% of total imports. Egypt Arab Republic topped these countries, at imports of USD 460.1 million rising from 2009 to USD 687.3 million in 2010, by 49.4%, followed by Kenya, with imports of USD 66.7 million in 2009 to USD 71.4 million in 2010, by 7%.

Sudan's imports from Australia registered USD 358.3 million by 3.6% of total of imports in 2010, imports from Canada increased to USD 221.5 million, by 2.2 of total imports in 2010, and imports from the United States of America amounted to USD 190.4 million in 2010, by 1.9% of total imports. Imports from other countries reached to USD 693.7 million, by 6.9% of total imports.

SECOND: Invisible Transactions:

Invisible transactions include non-commodity receipts and payments. The deficit rose in the services account, income and transfers from USD 2,018.4 million in 2009 to USD 2,408.1 million in 2010, by 19.3%.

Table (9-7) shows details of the invisible transactions for 2009 and 2020.

Table (9-7)
Invisible Transactions for 2009 and 2010
(USG Millions)

	2009*	2010		2009*	2010
Invisible Receipts	<u>3,402.6</u>	<u>3,751.6</u>	Invisible Payments	<u>5,309.1</u>	<u>6,061.6</u>
Services	<u>392.0</u>	<u>253.7</u>	Services	<u>1,907.1</u>	<u>2,321.3</u>
Travel	298.7	94.3	Travel	868.2	1,116.3
Transport	7.8	4.7	Transport	969.1	1,004.5
Communication Services	0.6	65.3	Communication Services	7.4	15.8
Construction Services	5.8	31.6	Construction Services	0.5	3.5
Insurance	0.2	3.1	Insurance	13.9	6.7
Financial Services	13.1	11.1	Financial Services	4.6	18.3
Computer Services and Information	0.0	0.2	Computer Services And Information	6.6	1.6
License and Privilege Fees	1.5	2.9	License and Privilege Fees	1.3	11.4
Other Business	22.8	9.0	Other Business	9.0	15.6
Personal, Cultural and Recreational	0.8	1.7	Personal, Cultural and Recreational Services	5.0	1.5
Unclassified Government Services	40.7	29.9	Unclassified Government Services	21.6	126.2
Income:	<u>36.7</u>	<u>137.9</u>	Income:	<u>1,440.4</u>	<u>2,511.5</u>
Compensations of Employees.	29.2	128.7	Compensations of Employees.	0.1	0.8
Investment Income:	<u>7.6</u>	<u>9.2</u>	Investment Income:	<u>1,440.4</u>	<u>2,510.7</u>
-Direct Investment	0.0	0.0	-Direct Investment	1,356.0	2,392.9
-Portfolio Investment	0.0	0.0	-Portfolio Investment	4.6	5.2
-Others	7.58	9.15	-Others	79.7	112.6
Current Transfers:	<u>2,973.8</u>	<u>3,360.0</u>	Current Transfers	<u>1,961.5</u>	<u>1,228.8</u>
Government	<u>666.9</u>	<u>1,195.4</u>	Government	<u>9.6</u>	<u>4.4</u>
Grants (Commodity)	230.5	381.8	Grants (Commodity)	0.00	0.00
Grants (Cash)	20.5	423.1	Grants (Cash)	9.6	4.4
Others	415.9	390.5	Others	0.00	0.00
Private Sector	<u>2,306.9</u>	<u>2,164.6</u>	Private Sector	<u>1,951.90</u>	<u>1,224.4</u>
			Deficit (-) or Surplus (+)	<u>(1,906.5)</u>	<u>(2,310.1)</u>

Source: Central Bank of Sudan. * Amended figures.

** Preliminary figures.

Invisible receipts increased from USD 3,402.6 million in 2009 to USD 3,751.6 million in 2010 by 10.3% due to the increase of the income receipts from USD 36.8 million in 2009 to USD 137.9 million in 2010 by 275.1%, as a result of the increase of the employees' compensation from USD 29.2 million in 2009 to USD 128.7 million in 2010 (owing to the increase of salaries of staff of the United Nations) and the increase of the investment returns from USD 7.6 million in 2009 to USD 9.2 million in 2010. Similarly the receipts of current transfers increased from USD 2,973.8 million in 2009 to USD 3,360.0 million in 2010 by 13%, due to the increase in cash grants from USD 20.6 million to USD 423.1 million and the commodity grants from USD 230.5 million in 2009 to USD 381.8 million in 2010.

Regarding service receipts, they declined from USD 392.0 million in 2009 to USD 253.7 million in 2010, by 35%. That was attributed to the decline in travel receipts, by 68% and in other government receipts, by 26.0%.

However, invisible payments increased from USD 5,309.1 million in 2009 to USD 6,061.6 million in 2010, by 14.2% due to increase payments of income from USD 1,440.4 to USD 2,511.5 million in 2010, by 74.4%, due payments of profits foreign companies operating in the oil field . Similarly the service payments increased from USD 1,907.1 million in 2009 to USD 2,321.3 million in 2010 by 21.7%, while current transfers decline from USD 1,961.5 million in 2009 to

USD 1,228.8 million in 2010 by 37.4%, owing to the decline in cash grants from USD 9.6 million in 2009 to USD 4.4 million in 2010, by 54.4%, and private sector transfers from USD 1,951.9 million in 2009 to USD 1,224.4 million in 2010.

The Capital and Financial Account:

a) The Capital Account:

It includes each of: The capital movements and the transfers which lead to a change in the ownership of fixed assets or a dropping by a creditor of a due foreign debt without charge. It also comprises the acquisition of non-productive financial assets or power to dispose of them, such as intellectual property rights, trade mark or goodwill, patent rights and copy rights.

b) The Financial Account:

In this account are recorded the economy's transactions in assets and foreign financial commitments. It also includes foreign direct investments, portfolio investment and other investments that incorporate net trade facilities and loans as well as flows of non-reserve assets and liabilities of the Central Bank of Sudan and commercial banks.

Table (9-8) shows details of the capital and financial account for 2009 and 2010.

Movements in the net capital and financial account declined from USD 3,116.9 million in 2009 to USD 610.2 million in 2010, by 80.4%, due to the increase of the government foreign assets outflow to abroad (deposits of southern government), and the and commercial banks. Similarly the trade facilities declined (short term movements).

Net direct investment increased from USD 1,816.2 million in 2009 to USD 2,063.7 million in 2010, whereas the net portfolio investment decreased from USD 19.5 million in 2009 to USD 7.0 million in 2010.

As to the other net investments, they switched from inflows of USD 1,281.2 million in 2009 to outflows of USD 1,460.5 million in 2010, as a result of the increase of the government deposits abroad (represent the assets of the southern government abroad) in addition to the decline of the trade facilities' inflows (short-term movements) from USD 581.8 million in 2009 to outflow of USD 59.8 million in 2010, the net other foreign assets declined from USD 21.0 million in 2009 to USD 63.0 million in 2010, the net foreign assets of commercial banks turned from USD 416.9 million in 2009 to USD 337.7 million in 2010, while net position of the Monetary Authority foreign assets decline from USD 91.3 million in 2009 to USD 31.2 million in 2010.

Table (9-8)
Capital and Financial Account for 2009 and 2010

(USD Millions)

	2009	2010
Capital and Financial Account (1+2):	<u>3,116.9</u>	<u>610.2</u>
1- Capital Account :-	0.0	0.0
Exemption from Debt	0.0	0.0
Transfers of immigrates	0.0	0.0
Acquisition of Non-Financial Assets	0.0	0.0
2- Financial Account	<u>3,116.9</u>	<u>610.2</u>
 Direct Investment:	<u>1,816.2</u>	<u>2,063.7</u>
In Sudan	2,662.1	2,894.4
Equity Capital (Direct Investment)	(845.9)	(830.7)
Assets	0.0	0.0
Liabilities	(845.9)	(830.7)
Abroad	0.0	0.0
Portfolio Investments:	<u>19.5</u>	<u>7.0</u>
Assets	20.0	(14.3)
Liabilities	(0.5)	21.4
Other Investments	<u>1,281. 2</u>	<u>(1,460.5)</u>
a) Official Loans	<u>572.3</u>	<u>239.8</u>
Flows	764.7	570.8
Repayments	(192.4)	(331.0)
b) Trade Credits and Facilities*	581.8	(59.8)
c) Net Foreign Assets of public sector*	(177.5)	(1,334.6)
d) Monetary Authorities Net Foreign Assets*	(91.3)	(31.2)
e) Commercial Banks Net Foreign Assets *	416.9	(337.7)
f) Other Net Foreign Assets *	(21.0)	(63.0)

Source: Central Bank of Sudan.

2009 amended figures, 2010 preliminary figures

* sign () means an increase in foreign assets & plus figures means decline in foreign assets.

Drawings on Loans:

Total drawings on foreign loans amounted to USD 570.8 million in 2010 compared to USD 764.7 million in 2009, an increase of 25.3%.

Total drawings on loans of the Peoples Republic of China amounted USD 214.5 million, of which 52% were directed for financing Al-Foulla Electricity Project, 24% for the Power Transmission Line, Dongla – Wadi-Halfa, in addition to the Runk/Malakal road, Zallinji/Al-Jinaina road, Al-Nihoud/Um-Kadada road, as well as other projects.

Drawings on loans from the State of India totaled USD 52.0 million and were directed for financing the purchase of railway wagons, Kosti Electricity Project and Power Transmission Line Extension (Singa – Gadarif) and Higher and Technical Education projects.

Total drawings on loans of the Arab Fund for Economic and Social Development amounted to USD 54.9 million, of which 34% was directed for financing the Rossaires Dam Rehabilitation, 30% for the White Nile Sugar Project and 26% for Marawi Dam, in addition to 10% for Al-Gadarif – Al-Galabat Road Projects.

Drawings on loans of the Islamic Development Bank totaled USD 49.2 million, of which 35% was directed for financing the Rossaires Dam Rehabilitation, and a percentage of 23% for financing Khartoum North Thermal Electricity Station Project in addition to financing projects for development of primary schools in the Southern States, health centre's for combating malaria and other projects.

Drawings on loans of the Kuwaiti Fund for Economic Development amounted to USD 9.3 million, of which 75.9% was directed for financing Rossaires Dam Rehabilitation and 26.1% for financing Marawi Dam Project.

Drawings on the Saudi Fund for Development for financing Rossaires Dam Rehabilitation and Marawi Dam amounted to USD 56.5 million. Drawings on Abu Dhabi Fund totaled USD 25.2 million, on loans from Algeria, USD 83.0 million, on loans of the International Fund for Agricultural Development, USD 13.1 million, for financing projects of Southern Kurdofan Development, improvement of living conditions in Al-Gash area, Rural Development of the Butana Region, Southern Kurdofan Development as well as other projects. Drawings on OPEC Fund amounted to USD 3.9 million, this in addition to others countries, at amounted to USD 9.4 million.

Repayment of Foreign Loans:

Repayment of foreign loans increased from USD 329.5 million, in 2010, compared to USD 192.4 million in 2009, by 297.2%.

Repayment of loans to the Peoples Republic of China amounted to USD 180.9 million, to the Arab Fund for Economic and Social Development, USD 27.4 million, to the Arab Monetary Fund, USD 23.9 million, to the State of India, USD 4.3 million, to Abu Dhabi, USD 12.7 million, to the Islamic Development Bank, USD 12.1 million, to the International Monetary Fund, USD 5.8 million, to Oman

Sultanate, USD 10.6 million, to the Saudi Fund for Development, USD 11.1 million, to the International Fund for Agricultural Development, USD 3.0million, to Turkey, USD 6.3 million, to the Organization of Petroleum Exporting Countries (OPEC), USD 1.5 million, and to the Kuwaiti Fund for Development, USD 17.7 million, to State of Malaysia USD 12.2. Sudan's external debt represents less than 0.1% of total exports for 2010.

Appendix (17-A) shows the position of the public sector loans as at 31st December, 2010.

Loans and Cash Grants Contracted During 2010:

Total loans and grants contracted during 2010 amounted to USD 1,027.2 million, comprising loans of USD 959.9 million and grants of USD 67.3 million.

Appendix (17-B) and Appendix (17-C) show the loans, and grants contracted during 2010.

Cash Grants for 2010:

Cash grants during 2010 amounted to USD 353.4 million, of which grants of the Arab Fund for Economic Development stood at USD 40.7 million, of the Donors Fund, at USD 274.8 million, of the Islamic Development Bank, at USD 25.0 million, of the International Fund for Agricultural Development, USD 12.2 million and of the World Bank, at USD 0.6 million.

Commodity Grants Contracted During 2010:

The commodity grants concluded during 2010 amounted to USD 67.3 million, of which USD 27.9 million from the International Fund for Agricultural Development, USD 17.0 million from the Saudi Fund for Development, USD 10.0 million from the Donors Fund, USD 7.0 million from the Kuwaiti Fund for Development, USD 2.9 million from the Government of Finland, USD 2.0 million from Iran, and USD 0.5 million from the Islamic Development Bank.

Sudan External Obligations:

The total external obligations of Sudan amounted to USD 37.4 billion by the end of 2010 compared to USD 34.4 billion, by the end of 2009.

Table (9-9) shows the external obligations of the Sudan for 2009 and 2010.

Table (9-9)

**Position of Sudan External Obligations
By the end of 2009 and 2010**

(USD billions)

Item	2009	2010 *	
	Total Obligations	Principal Amount	Total Obligations
International and Regional Institutions	5.3	3.7	5.2
Non Paris Club countries	13.3	5.9	13.8
Paris Club countries	11.2	2.4	12.1
Commercial Banks	4.5	2.1	4.5
Foreign Suppliers facilities	1.4	1.8	1.8
Total	35.7	15.9	37.4

Source: Central Bank of Sudan (External Debt Unit).

* Preliminary figures.

Sudan's indebtedness to the regional and international organizations amounted to USD 5.2 billion by the end of 2010. Also, Sudan's indebtedness to Member States of the Paris Club stood at USD 12.1 billion, to the foreign commercial banks, at USD 4.5 billion and to the foreign suppliers, at USD 1.8 billion by the end of 2010.

APPENDICES

