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levels to 2000. Consultant is Denmark's Ramboll & Hannemann; construction work should begin in early 1987.

A firm start-up date has yet to be agreed for the estimated \$285 million, 100-MW Badhera hydroelectric power and irrigation dam. After much debate about the scheme's socioeconomic impact, and whether the cost is justified, it seems to have received broad approval from donors, who now have to establish a detailed implementation programme under the aegis of the World Bank.

Sudan

El-Mahdi faces challenge on two fronts

THE structural decline of the economy showed no sign of being reversed in 1986. Prospects for recovery appear limited until the confidence of Sudan's creditors, particularly the IMF, is restored in the government's ability and willingness to tackle the country's deep-rooted problems.

Sudan's total indebtedness reached around \$10,000 million in 1986, including principal and interest arrears. Largest creditor — owed an estimated \$300 million — is the IMF, which in February, two months before president Nimir was deposed, declared that Sudan was no longer eligible for borrowing.

The civilian government of Prime Minister Sadiq el-Mahdi, which took over from the Transitional Military Council in May, has yet to persuade the IMF it has the political will to carry through reforms that must increase hardship for many sections of the population.

A November visit to Khartoum by an IMF team, to discuss the government's four-year recovery programme, was not expected to result in any early change of attitude by the fund. Nevertheless, restoration of IMF support — through a revised debt repayment schedule, or a fresh standby facility — is essential if access to other sources of international finance is to reopen.

Overall support from Arab funds for project finance and, in recent years, balance of payments support, has been substantial: the Abu Dhabi-based Arab Monetary Fund alone is owed roughly \$100 million. Until Nimir's fall, significant assistance came from the US; however, the current \$158 million programme of economic and military assistance seems sure to be run down.

Large-scale assistance has also been forthcoming from West Europe. The UK's \$140 million contribution to the Power III project, which aims to double generating capacity in the Blue Nile electricity grid, has made Sudan one of the biggest recipients of British aid.

However, a growing inability to meet repayment schedules has caused the UK, the US, West Germany and the Arab states to suspend aid disbursements at various times in the past two years. Even so, Saudi Arabia and Kuwait in early 1986 ratified an agreement enabling them to begin disbursement for the Gezira cotton rehabilitation scheme and various sugar projects.

Sudan's long-term prospects hinge on agricultural development, which not only provides subsistence to most of the population, but is also the source of almost all the country's foreign-exchange earnings.

An ambitious plan for Sudan to become the Arab world's breadbasket, through a \$6,000 million investment by the Kuwait-based Arab Fund for Economic & Social Development, has faded into oblivion. Existing cultivation has also fallen sharply, and the slump in world cotton prices has seriously reduced Sudan's ability to exploit its main source of foreign exchange. Efforts to diversify agricultural output are illustrated by the Kenana project.

Opened in 1981, the project — between the Blue and White Niles, southwest of Gezira — represented the world's largest sugar-producing enterprise. However, huge cost over-runs have meant that the scheme, in which Kuwait, Saudi Arabia and The Arab Investment Company of Riyadh together have a 55.8 per cent stake, has provided little return on an outlay originally projected at \$180 million, but which some estimates put as high as \$800 million-1,000 million. Kenana has been a success in terms of import substitution, slashing to \$11 million an annual sugar import bill of \$100 million; however, it was originally based, for investment purposes, on its export potential.

The country's other potential export earner — oil — has also failed to take off. International companies have been exploring for hydrocarbons for more than 10 years. Further dampening of initial hopes was confirmed by the September decision by the White Nile Petroleum Company (WNPC), in which the government has an equity stake, to cancel all contracts with Italy's Snamprogetti for an oil export pipeline.

WNPC was set up in 1981, with initial plans to operate a \$900 million refinery at Kosti. The government later decided to build an export pipeline from the southwestern

GOVERNMENT OF SUDAN

Supreme Council

Ahmed el-Mirghani (Chairman), Idriss el-Banna, Ali Hassan, Pacifico Lolik, Mohammed el-Hassan Abdullahi Yassin

Cabinet

Prime Minister, Defence Sadiq el-Mahdi

Deputy Prime Minister, Foreign Affairs Zein el-Abdin Sherif el-Hindi

Interior Sidahmed el-Husseini

Attorney General Abdel-Mahmoud Haj Salih

Local Government Joshua Dei Wal

Finance & Economic Planning Beshir Omer Ali

Housing & Public Works Mohammed Tahir Jailani

Industry Mubarak Abdullah el-Fadil el-Mahdi

Agriculture Omer Nour el-Daim

Animal Resources Ismail Abu-Bakr

Commerce Mohammed Yousif Abu-Hareira

Transport & Communications Serafino Wani Swaka

Irrigation Aldo Ajo Deng

Energy & Mining Adam Moussa Madibu

Information & Culture Mohammed Tawfig Ahmed

Health Hussein Suleiman Abu-Salih

Education Bakri Ahmed Adeel

Cabinet Affairs Salah Abdel Salaam el-Khalifa

Labour Walter Kunijwok Gwado Ayoker

Unity & Peace vacant

Unity field to a planned terminal south of Port Sudan.

The abrupt decision to cancel contracts in the project has inevitably damaged relations with the oil interests involved — the US' Chevron Corporation, the Royal Dutch/Shell Group and Al-Khobar's Arab Petroleum Investments Corporation (Apicorp). How to honour debts arising from the defunct pipeline project and oil company investments are the nub of the current recriminations. However, the deteriorating security position in the south has also forced the government's — and the oil companies' — hand.

Work on the 1,400-kilometre pipeline has been effectively suspended since February 1984, when sustained attacks by the Sudanese People's Liberation Army (SPLA) ended oil exploration, as well as work on the Jonglei irrigation canal. Despite the difficult political and economic climate, Chevron has said it intends in 1987 to present to the government a wide-ranging review of Sudan's oil prospects.

The intermittent conflict between the government and the SPLA, a non-Islamic, southern-based grouping headed by John Garang, started in the 1970s and has intensified in the past three years. It is probably as big a threat to the new government's prospects as the country's international debt.

With substantial backing from Ethiopia, the SPLA has wreaked havoc with development work in the south — the principal area of mineral wealth. In the past few months, only a few international relief aircraft have been able to land at Juba, the south's main town. In August, world attention was drawn

to the conflict by the SPLA's shooting down of a Sudan Airways' airliner with the loss of 60 lives.

The drift of refugees to northern areas, from the south, provides a visible reminder to officials of the mounting problems that threaten to overwhelm a country that, despite huge untapped resources, has still to create a foundation for progress 30 years after independence.

Syria

Asad at bay over terror allegations

THE past year has seen a series of setbacks for President Asad. The UK and West Germany have imposed diplomatic and economic sanctions, backed by the EEC and the US, because of alleged Syrian involvement in terrorist acts. Asad has lost his grip on Lebanon, his standing in the Middle East as a whole has been weakened, and Syria's economic difficulties have worsened.

The workings of Syria's intelligence services came under scrutiny after UK and West German courts returned guilty verdicts in cases where Damascus was alleged to have sponsored terrorist acts.

The UK broke off diplomatic relations after Nezar Hindawi was convicted of attempting to plant a bomb on an Israeli airliner at London's Heathrow airport. The prosecution stated that the Syrian embassy had been involved in the plot. West Germany imposed milder sanctions after Hindawi's brother