

UNCLASSIFIED

PD-ACC-964

**AGENCY FOR
INTERNATIONAL
DEVELOPMENT**



**FIELD BUDGET SUBMISSION
FY 1975**

SUDAN

**DEPARTMENT
OF
STATE**

AUGUST 1973



UNCLASSIFIED

BEST AVAILABLE

SUDAN ASSISTANCE STRATEGY

The AID assistance strategy in the Sudan is designed not only to relate most effectively to that nation's development under current circumstances but to do so within the modest limits of AID's current program capacities and to take full advantage of the flexibility of program choice available at the beginning of a new program.

The Sudanese situation may be briefly described hopefully as one of convalescence. Convalescence from a period of economic and political instability when ill-chosen policies discouraged private investment, bloated the recurrent budget, broke political and economic relations in the West, sold Sudanese exports disadvantageously, and created severe balance of payments problems. The consequences are summed up in a net decline in real per capita income during the five-year period of broken U.S. relations and terminated AID assistance ending in 1971. Convalescence too from a long-term debilitating civil war between the Arab north and the Black south which has been hemorrhaging the country in both political and economic terms. This hemorrhage has now been staunched in a courageous accord between the national government and the rebels and the healing process begun.

The role of AID in assisting the Sudan is one of providing substantial and meaningful response to the Sudanese as a participant in the international consultative group headed by the IBRD while maintaining a relatively low profile for the U.S. and staying within current Agency funding constraints. The agreed funding parameters from FY 1973 AID appropriations under these circumstances were set at \$8 to \$16 millions. (Williams to Adams memo, 10/10/72). While AID strategy is under continuing review with State, we are continuing to plan within this range.

This decision was based in large measure on the recommendations of a team study last year led by the Office Director AFR/DP with State as well as AID participation. This team examined the possible areas of assistance and recommended concentration in assistance to ease balance of payments problems and concentration on the agriculture and transportation sectors. These recommendations appear to remain valid in the light of the recent CG meeting in Paris and information now available. Updated recommendations from the post are expected after the Ambassador who is arriving next month and the AAO who arrived in June have had time for their own assessments.

Our assistance on B/P is in context with the actions of other donors and the success of the Sudanese in pursuing a course of action arrived at in consultation with the IMF. Ten million dollars participation in the form of a program loan and \$3.0 million PL 480 Title I wheat seems a relatively restrained response in relation to the overall need of the country.

The total B/P assistance available to the Sudanese must be seen as adequate to make constructive action possible. Whether they are prepared to exercise the budgetary constraints which would merit this assistance remains to be seen. Movement in that direction is recognized as difficult in view of the costs of reconciliation with the South, but is none the less essential.

Sudan Assistance Strategy

We have chosen to concentrate project assistance in the agriculture sector to achieve higher levels of productivity for both domestic consumption and export and achieve greater diversification of agriculture. A proposal in rural development in response to the Administrator's request for new initiatives is closely allied with this concentration and is in keeping with our interests in employment generation and distributive effect.

Plans for a small AID staff with three technical assistance projects are consistent with the interests of managerial efficiency and low profile.

Sudan
Country or Subregion

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTION</u>	1
<u>Table I</u> - Summary of Commitments by Appropriation Category	2
<u>Table II</u> - Summary of Commitments by Worldwide Areas of Emphasis and Other Activities	3
<u>Table IV</u> - Summary of Commitments by Area of Concentration	
Agriculture	1
Program Assistance	24
<u>Table IVa</u> - Summary of Commitments for Activities Outside Areas of Concentration	28

Introduction

After a more than five year break in diplomatic relations and the consequent absence of an AID program and AID staff in the country, the Sudan and the U.S. resumed diplomatic relations on July 25, 1972. No conditions were attached to resumption from either side.

Following a request for economic assistance from GOS, an eight-day visit was made by an AID Team at the beginning of September 1972 to discuss Sudan's development problems and priorities. The Team Report, based upon discussions with Sudanese and other national and international officials, indicated that balance of payments assistance - program grant or loan - was the GOS principal requirement and that the agriculture and transportation sectors were foremost among Sudan's development investment priorities.

Based on U.S. policy guidelines which urged a prompt response from AID to initiate a program which would have visible and fairly rapid impact, AID joined with the IBRD-IDA and the Kuwait Fund for Arab Economic Development to provide development loan funding for the Rahad Irrigation Project, the examination and justification of the project having previously been carried to completion by IBRD. The AID loan agreement for \$11.0 million was signed 2/26/73. A Title I wheat sale of \$2.3 million providing some balance of payments assistance was signed on 3/18/73.

Staffing the AID Affairs Office as a section of the American Embassy in Khartoum and the consequent problems of start up of a new bilateral program has resulted in a situation where the AID Affairs Officer and a single secretary arrived in Khartoum during the last week of June 1973. A Program Officer has not yet been found to fill the authorized vacancy. Professional engineering services in support of the initial implementation steps of the Rahad loan have been furnished from REDSO/EA.

For FY 1974, a \$10.0 million program loan is now being proposed. The supporting program loan paper, to be completed during the second quarter, will be geared to the IMF standby requirements. Additionally, information developed in direct conversation with Sudanese planners should necessarily provide the specific undertakings which will insure that the program loan imports and local currencies derived therefrom will be directed to agreed areas of development. On technical assistance side, a technician team is to be assembled to delineate and structure the two FY 1974 technical assistance projects in agriculture. These two investigations with their resulting observations and recommendations are scheduled to be initiated during September or October 1973. The proposed program for FY 1975 would initiate a new technical assistance project in rural development in addition to continuing the FY 1974 programmed assistance.

Sudan
(Country or Subregion)

TABLE I

Summary of Commitments by Appropriation Category
(Loan Authorizations/Obligations/PL 48C Shipments/HIG Authorizations)
(\$ thousands)

	<u>FY 1973</u> <u>Actual</u>	<u>FY 1974</u> <u>Estimate</u>	<u>FY 1975</u> <u>Request</u>
1. Development Loans	11,000	10,000	10,000
- Project Loans	(11,000)	(-)	(-)
- Sector Loans	(-)	(-)	(-)
- Program Loans	(-)	(10,000)	(10,000)
2. Technical Assistance*		400	750
3. Population	-	-	-
4. International Narcotics Control	-	-	-
Subtotal	11,000	10,400	10,750
5. PL 480 Title I Shipments	1,100	4,400	3,200
6. PL 480 Title II Shipments	2,000	2,500	750
7. Housing Investment Guaranties	-	-	-
Total Commitments	14,100	17,300	14,700
A.I.D. Contingency Funds	<u>2,500</u>		
	16,600		

* Includes technical support.

Sudan
(Country or Subregion)

TABLE II

Summary of Commitments by Worldwide Areas of Emphasis and Other Activities
(\$ thousands)

	<u>FY 1973</u> <u>Actual</u>	<u>FY 1974</u> <u>Estimate</u>	<u>FY 1975</u> <u>Request</u>
A. <u>Food Production and Nutrition</u>	<u>13,000</u>	<u>2,850</u>	<u>1,425</u>
Grants - Subtotal	-	350	675
Agricultural Exp. and Training (650-11-110-101)	(-)	(150)	(250)
Agricultural Div. and Research (650-11-110-102)	(-)	(200)	(240)
Bal. Farm. and Vil. Dev. (To be determined)	(-)	(-)	(185)
<u>Loans</u>			
Rahad Irrigation	11,000	-	-
PL 480 Title II Shipments	2,000	2,500	750
B. <u>Program Assistance</u>	<u>1,100</u>	<u>14,400</u>	<u>13,200</u>
<u>Loans</u>			
Program Loan	-	10,000	10,000
PL 480 Title I Shipments	1,100	4,400	3,200
C. <u>Technical Support (Grants)</u>	<u>-</u>	<u>50</u>	<u>75</u>
<u>Total Commitments</u>			
Grants	-	400	750
Loans	11,000	10,000	10,000
PL 480 Title I Shipments	1,100	4,400	3,200
PL 480 Title II Shipments	2,000	2,500	750
AID Contingency Funds	2,500	-	-

TABLE IV

SUMMARY OF COMMITMENTS BY AREA OF CONCENTRATION
(\$ Thousands)

SUDAN

Country or Region

Area of Concentration: Agriculture

		FY 1973 <u>Actual</u>	FY 1974 <u>Estimate</u>	FY 1975 <u>Request</u>
<u>Loans</u>	TOTAL	<u>11,000</u>	<u>-</u>	<u>-</u>
Rahad Irrigation		11,000	-	-
<u>Grants</u>	TOTAL	<u>-</u>	<u>350</u>	<u>350</u>
Agricultural Exp. and and Training (650-11-110-101)		-	150	250
Agricultural Div. and Research (650-11-110-102)		-	200	240
Bal. Farm and Village Dev. (To be determined)		-	-	185
PL 480 Title II Shipments		<u>2,000</u>	<u>2,500</u>	<u>750</u>
TOTAL COMMITMENTS		13,000	2,850	1,425

Sector assessment not yet undertaken.

Table Vb

PASA/CONTRACT BACK-UP BUDGET TABLE
(\$ thousands)

Project Number 650-11-110-101

PASA/Contract Name To be determined

Contract No. From (mo/yr) To (mo/yr)	FY 1972	FY 1973	FY 1974	FY 1975
			1/74	1/75
			12/74	12/75

Budget & Expenditures	Personnel				Partici- pants		Commod- ities	Other Costs	Total
	U.S.		Local/FCN		\$	MM	\$	\$	\$
	\$	MM	\$	MM					
FY 1973 Obligations									
FY 1973 Expenditures									
6/30/73 Unliquidated									
FY 1974 Obligations	60	24						45	105
FY 1974 Expenditures	30	12						20	50
6/30/74 Unliquidated	30	12						25	75
FY 1975 Obligations	90	36						60	150
FY 1975 Expenditures	90	36						65	155

Project Number 650-11-110-101

U.S. DIRECT HIRE PERSONNEL TABLE

	Actual FY 1973			Estimated FY 1974			Projected FY 1975		
	On-board 6/30 73	MMS	Ex-pendi- tures (\$000)	On-board 6/30 74	MMS	Ex-pendi- tures (\$000)	On-board 6/30 75	MMS	Ex-pendi- tures (\$000)
U.S. Direct Hire Consultants	-	-	-	-	2	10	-	3	15

TABLE VI

Project Number 650-11-110-101

PROJECT / CONTRACT U.S. PERSONNEL TABLE
(\$ thousands)

U.S. Technicians	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMS	\$000	No.	MMS	\$000
PASA: long-term	-	-	-	-	-	-
PASA: short-term	-	-	-	-	-	-
Contract: long-term	2	24	60	3	36	90
Contract: short-term	-	-	-	-	-	-

U.S. Personnel (PASA/Contract, implementing agent, and position title)	Actual FY 1973			Estimated FY 1974			Projected FY 1975			Projected FY 1976		
	On- board 6/30 73	MMS	Ex- pendi- tures (\$000)	On- board 6/30 74	MMS	Ex- pendi- tures (\$000)	On- board 6/30 75	MMS	Ex- pendi- tures (\$000)	On- board 6/30 76	MMS	Ex- pendi- tures (\$000)
Salaries and Benefits	-	-	-	2	12	30	3	36	40	3	36	95
Agricultural Training Specialist	-	-	-	1	6	15	1	12	30	1	12	32
Agronomist	-	-	-	1	6	15	1	12	30	1	12	32
Research Consultant	-	-	-	-	-	-	1	12	30	1	12	31
Home Office Overhead	-	-	-	-	-	10	-	-	33	-	-	35
Travel, Transportation, and Other Costs	-	-	-	-	-	10	-	-	32	-	-	35
												(for contract personnel only)

TABLE VIII

COMMODITY AND OTHER COST BUDGET
(\$ thousands)

Project Title Agricultural Experimentation and Training Project Number 650-11-110-101

Commodity Budget (Type and amount)

FY 1974 Obligations		<u>20</u>
Laboratory Equipment	5	
Laboratory Supplies	2	
Technical Materials and Books	1	
Training Aids	2	
Field Equipment and Supplies	7	
Seed, Fertilizer and Pest Control Materials	3	

FY 1975 Obligations		<u>55</u>
Laboratory Equipment	7	
Laboratory Supplies	3	
Training Aids	5	
Seed, Fertilizer and Pest Control Material	15	
Land Leveling and Tilling Equipment	25	

Other Cost Budget (Type and amount)

FY 1974 Obligations		<u>45</u>
Overhead	26	
Travel and Transportation	12	
Housing and Utilities	6	
Misc. Office Supplies and Materials	1	

FY 1975 Obligations		<u>60</u>
Overhead	37	
Travel and Transportation	10	
Housing and Utilities	10	
Misc. Office Supplies and Materials	3	

TABLE V

PROJECT BUDGET TABLE
(\$ thousands)

Project Title Agricultural Diversi-
fication and Research

Project Number 650-11-110-102

Appropriation DG

Area of Concentration (if appropriate) _____

Financing Dates (FY)

	Begin	End
Obligations	FY-1974	FY-1980
Expenditures	FY-1974	FY-1981

Project Budget & Expenditures	Personnel				Partici- pants		Commod- ities	Other Costs	Total
	U.S.		Local/TCH						
	\$	MM \$	\$	MM \$					
FY 1973 Oblig.-Total	--		--		--		--	--	--
Direct									
PASA									
Contract									
FY 1973 Expend.-Total	--		--		--		--	--	--
Direct									
PASA									
Contract									
6/30/73 Unliq.-Total	--		--		--		--	--	--
Direct									
PASA									
Contract									
FY 1974 Oblig- Total	100	36	--	-	40	60	25	35	200
Direct	--	--	--	-	40	60	25	--	65
PASA	75	30	--	-	--	--	--	30	105
Contract	25	6	--	-	--	--	--	5	30
FY 1974 Expend-Total	100	36	--	-	--	--	15	35	150
Direct	--	--	--	-	--	--	15	--	15
PASA	75	30	--	-	--	--	--	30	105
Contract	25	6	--	-	--	--	--	5	30
6/30/74 Unliq.-Total	--	--	--	-	40	60	10	--	50
Direct	--	--	--	-	40	60	10	--	50
PASA	--	--	--	-	--	--	--	--	--
Contract	--	--	--	-	--	--	--	--	--
FY 1975 Oblig.-Total	160	48	--	-	40	60	15	45	240
Direct	--	--	--	-	40	60	15	--	55
PASA	90	36	--	-	--	--	--	35	125
Contract	50	12	--	-	--	--	--	10	60
FY 1975 Expend-Total	160	48	--	-	40	60	20	45	245
Direct	--	--	--	-	40	60	20	--	60
PASA	90	36	--	-	--	--	--	35	125
Contract	50	12	--	-	--	--	--	10	60

Table Vb

PASA/CONTRACT BACK-UP BUDGET TABLE
(\$ thousands)

Project Number 650-11-110-102PASA/Contract Name psc/to be determined

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.	-	-	-	-
From (mo/yr)	-	-	11-73	11-74
To (mo/yr)	-	-	5-74	5-75

Budget & Expenditures	Personnel				Partici- pants		Commod- ities	Other Costs	Total
	U.S.		Local/FCM		\$	MM	\$	\$	\$
	\$	MM	\$	MM					
FY 1973 Obligations	-	-	-	-	-	-	-	-	-
FY 1973 Expenditures	-	-	-	-	-	-	-	-	-
6/30/73 Unliquidated	-	-	-	-	-	-	-	-	-
FY 1974 Obligations	25	6	-	-	-	-	-	5	30
FY 1974 Expenditures	25	6	-	-	-	-	-	5	30
6/30/74 Unliquidated	-	-	-	-	-	-	-	-	-
FY 1975 Obligations	50	12	-	-	-	-	-	10	60
FY 1975 Expenditures	50	12	-	-	-	-	-	10	60

Table Vb

PASA/CONTRACT BACK-UP BUDGET TABLE
(\$ thousands)

Project Number 650-11-110-102PASA/Contract Name USDA to be negotiated

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.	-	-	-	-
From (mo/yr)	-	-	9/73	7/74
To (mo/yr)	-	-	6/74	6/75

Budget & Expenditures	Personnel				Partici- pants		Commod- ities	Other Costs	Total
	U.S.		Local/FCM		\$	MM	\$	\$	\$
	\$	MM	\$	MM					
FY 1973 Obligations	-	-	-	-	-	-	-	-	-
FY 1973 Expenditures	-	-	-	-	-	-	-	-	-
6/30/73 Unliquidated	-	-	-	-	-	-	-	-	-
FY 1974 Obligations	75	30	-	-	-	-	-	30	105
FY 1974 Expenditures	75	30	-	-	-	-	-	30	105
6/30/74 Unliquidated	-	-	-	-	-	-	-	-	-
FY 1975 Obligations	90	36	-	-	-	-	-	35	125
FY 1975 Expenditures	90	36	-	-	-	-	-	35	125

TABLE VI

Project Number 650-11-110-102

PROJECT ~~PASA~~/CONTRACT U.S. PERSONNEL TABLE
(\$ thousands) PSC to be determined

	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMs	\$000	No.	MMs	\$000
U.S. Technicians						
PASA: long-term	-	-	-	-	-	-
PASA: short-term	-	-	-	-	-	-
Contract: long-term	-	-	-	-	-	-
Contract: short-term	1	6	25	2	12	50

	Actual FY 1973			Estimated FY 1974			Projected FY 1975			Projected FY 1976	
	On-board 6/30	MMs	Expenditures (\$000)	On-board 6/30	MMs	Expenditures (\$000)	On-board 6/30	MMs	Expenditures (\$000)	On-board 6/30	Expenditures (\$000)
U.S. Personnel (PASA/Contract, implementing agent, and position title)	73			74			75			76	
Salaries and Benefits	-	-	-	-	6	25	-	12	50	-	12
Research agronomist	-	-	-	-	6	25	-	6	25	-	6
Production Ageonomist	-	-	-	-	-	-	-	6	25	-	6
Travel, Transportation and Other Costs	-	-	-	-	-	5	-	-	10	-	-
	-	-	-	-	-	5	-	-	10	-	-
											(for contract personnel only)

TABLE VIII

COMMODITY AND OTHER COST BUDGET
(\$ thousands)

Project Title Agricultural Diversification and Research Project Number 650-11-110-102

Commodity Budget (Type and amount)

FY 1974 Obligations	<u>25</u>
Laboratory Equipment and supplies	7
Seeds, fertilizer, fungicides, pesticides, etc.	13
Farm equipment (pumps, tillers, etc.)	5

FY 1975 Obligations	<u>15</u>
Laboratory equipment and supplies	4
Feeds, fertilizer, herbicides	8
Processing equipment	3

Other Cost Budget (Type and amount)

FY 1974 Obligations	<u>35</u>
Overhead	9
Travel and transportation	13
Housing and utilities	13
Office equipment and supplies	0.5

FY 1975 Obligations	<u>40</u>
Overhead	11
Travel and transportation	8
Housing and utilities	20
Office equipment and supplies	1

TABLE V

PROJECT BUDGET TABLE
(\$ thousands)

Project Title Balanced Farming and
Village Development Project
Project Number Proposed for FY 1975
Appropriation DG
Areas of Concentration (if appropriate)

		Financing Dates (FY)	
		<u>Begin</u>	<u>End</u>
Obligations		FY 1975	FY 1980
Expenditures		FY 1975	FY 1981

Project Budget & Expenditures	Personnel				Partici- pants		Commod- ities	Other Costs	Total
	U.S.		Local/TCN						
	\$	MM	\$	MM					
FY 1973 Oblig.-Total									
Direct									
PASA									
Contract									
FY 1973 Expend.-Total									
Direct									
PASA									
Contract									
6/30/73 Unlig.-Total									
Direct									
PASA									
Contract									
FY 1974 Oblig.-Total									
Direct									
PASA									
Contract									
FY 1974 Expend.-Total									
Direct									
PASA									
Contract									
6/30/74 Unlig.-Total									
Direct									
PASA									
Contract									
FY 1975 Oblig.-Total	60	22	-	-	17	20	50	58	185
Direct	-	-	-	-	17	20	50	-	67
PASA									
Contract	60	22	-	-	-	-	-	58	118
FY 1975 Expend.-Total	57	21	-	-	17	20	25	53	152
Direct	-	-	-	-	17	20	25	-	42
PASA									
Contract	57	21	-	-	-	-	-	53	110

Table Vb

PASA/CONTRACT BACK-UP BUDGET TABLE
(\$ thousands)

Project Number Proposed for FY 1975

PASA/Contract Name To be determined

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.	-	-	-	-
From (mo/yr)	-	-	-	8/74
To (mo/yr)	-	-	-	7/75

Budget & Expenditures	Personnel				Partici- pants		Commod- ities	Other Costs	Total
	U.S.		Local/TCN		\$	MM	\$	\$	\$
	\$	MM	\$	MM					
FY 1973 Obligations									
FY 1973 Expenditures									
6/30/73 Unliquidated									
FY 1974 Obligations									
FY 1974 Expenditures									
6/30/74 Unliquidated									
FY 1975 Obligations	60	22	-	-	-	-	-	58	118
FY 1975 Expenditures	57	21	-	-	-	-	-	58	110

TABLE VIII

COMMODITY AND OTHER COST BUDGET
(\$ thousands)

<u>Project Title</u>	<u>Balanced Farming and Village Development</u>	<u>Project Number</u>	<u>Proposed for FY 1975</u>
<u>Commodity Budget (Type and amount)</u>			
FY 1974 Obligations			-
FY 1975 Obligations			<u>50</u>
Training supplies and equipment			10
Agricultural tools and equipment			10
Seed and fertilizer			15
Pest control supplies			5
Vehicles			10
<u>Other Cost Budget (Type and amount)</u>			
FY 1974 Obligations			-
FY 1975 Obligations			<u>58</u>
Overhead			25
Travel and transportation			14
Housing and utilities			10
Educational allowances			9

Balanced Farming and Village Development Project

Project Target and Course of Action: To assist selected GOS agencies in their efforts to improve income and life quality in selected demonstration rural villages in the southern and western regions where traditional methods perpetuate the cycle of poverty. Emphasis will be placed on the production of food and cash crops for income and will be complemented by additional village level health services and a non-formal education program.

Villages will be selected on the basis of their desire to participate and core values will be preserved and motivation assured through involvement of villagers in the planning process. Implementation will draw upon and improve the capabilities of existing Sudanese organizations which will be given focus by local leadership and guidance by AID contract personnel. This mixed approach to development is considered the best means to promote balanced socio-economic growth in the rural areas. Success in the demonstration villages is expected to lead to Sudanese replication in others. Such efforts should contribute toward amelioration of economic stagnation, which appears to have become more endemic with the now concluded civil war and national mismanagement.

Plans are to implement the project over a period of six years (FY 1975 through FY 1980) at a total cost of approximately \$1.5 million.

SUMMARY OF COMMITMENT BY AREA OF CONCENTRATION
(\$ Thousands)

<u>SUDAN</u>			
Country or Region			
Area of Concentration: <u>Program Assistance</u>			
	<u>FY 1973</u> <u>Actual</u>	<u>FY 1974</u> <u>Estimate</u>	<u>FY 1975</u> <u>Request</u>
<u>Loans</u>			
Program loans	<u>-</u>	<u>10,000</u>	<u>10,000</u>
<u>PL 480 Title I Shipments</u>	<u>1,100</u>	<u>4,400</u>	<u>3,200</u>
TOTAL COMMITMENTS	1,100	14,400	13,200

Sector assessment has not yet been undertaken.

Program Loan Assistance

Program lending, as such, is planned for initiation in fiscal 1974 at the \$10.0 million level, although some balance of payments assistance through a \$2.5 million Title I wheat sale was furnished during fiscal 73. For fiscal 1975, we propose to maintain the program loan level at \$10.0 million.

Looking to Sudan's overall economic situation, little growth has been recorded in the last five years. This is primarily due to the depressed level of investment, both public and private. In addition to the low growth rate, the economy has suffered from excessive monetary expansion to cover the public sector deficits. While the government has been able to achieve a high rate of growth of revenue, the rise in recurrent expenditure has absorbed most of it, and development expenditure has decreased. Prices have risen steadily, and the external position has been under pressure owing to the rapid growth of imports and progressive decline in net capital inflow. While there has been some growth in cotton exports, there has been stagnation in the export of gum arabic, sesame, and groundnuts. Sudan's foreign assets were substantially depleted by 1968, and net foreign assets are now negative. During the period 1970/72 there was a net outflow of public capital. In 1970 a new development plan was inaugurated to cover the period 1970-1975. The plan aims at an annual rate of growth of GDP of 7.6 percent with a total investment of Sudan Pounds 427 million. Public sector investment is estimated at Pounds 257 million to be financed about equally by foreign and domestic sources. Development spending increased only marginally in 1972/73 to LSd 30 million, the 1971/72 figure being LSd 29 million, the targets for each twelvemonth periods being LSd 64 million. Difficulty in project implementation is a principal reason for the shortfall.

The IBRD estimates that L63 to 72 million (\$175 to 200 million) of external assistance is required by Sudan for the balance of its development plan. This figure does not include additional aid requirements for the rehabilitation and development of the southern region. At the end of 1971, the external debt amounted to 296.2 million and the ratio of debt service payments had increased from less than 6% in 1967/68 to 19% in 1971/72. The accumulation of short-term debt and the need to reach an agreement on compensation to the previous owners of naturalized enterprises will add to Sudan's need for external capital. Neither of these factors has been included in the calculation of the balance of payments gap for 1972-75 which shows a required inflow of \$431 million. Besides the need of foreign assistance for development projects the bank report notes that the Sudan needs to overcome negative net reserves and the consequent short run liquidity problem. U.S. participation in easing the B/P situation will be taken in the context of consultative group consideration under the leadership of the IBRD and is expected to encourage the participation of other donors.

The Title I Program

A Title I program was authorized in March 1973 to cover 25,000 MT wheat. While Sudan's consumption of wheat has been growing markedly, the authorization had a dominant element of balance of payments assistance. After June 1967 when Sudan broke relations with USG, Sudan had to turn from a heavy reliance on Title I sales program to purchases from other suppliers. Consequently, when the FY 1973 agreement was negotiated, the UMR precluded a return to former Title I levels. The outlook for Sudan is that wheat consumption will grow more rapidly than planned new expanded production can supply.

A year previously, prior to resumption, Sudan had obtained a CCC credit to purchase \$22 million of wheat, which at \$80/ton called for 275,000 MT. At the resumption of relations in July 1972, GOS requested that the unpurchased balance of the CCC credit be converted to a Title I program. This request could not be met. In January 1973 a new line of CCC credit at \$14,000,000 was authorized.

The FY 1974 and FY 1975 proposals for Title I have the same basis as that for the 1973 agreement: balance of payments assistance.

Counterpart Sudan Pounds will be programmed to support the development of expanded agricultural production for import substitution, for improving nutrition and where possible to develop surpluses for export.

TABLE IVa

SUMMARY OF COMMITMENTS FOR ACTIVITIES OUTSIDE
AREAS OF CONCENTRATION
(\$ Thousands)

<u>SUDAN</u>			
<u>Country or Region</u>			
	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Request</u>
<u>Grants</u>			
Technical Support (650-11-999-000)	-	50	75
TOTAL COMMITMENTS	-	50	75

Sector assessment is not appropriate.

TABLE VIII

COMMODITY AND OTHER COST BUDGET
(\$ thousands)

Project Title Technical Support Project Number 650-11-999-000

Commodity Budget (Type and amount)

FY 1974 Obligations	<u>10</u>
Office Equipment and supplies	1
Residential furnishings	4
Vehicle	5

FY 1975 Obligations	<u>3</u>
Office equipment and supplies	1.5
Other supplies	1.5

Other Cost Budget (Type and amount) 30

FY 1974 Obligations	
Education allowance	6
Travel and transportation	12
Residential leases and utilities	10
Office telephone, telegraph, and utilities	2

FY 1975 Obligations	<u>42</u>
Education allowance	8
Travel and Transportation	12
Residential leases and utilities	12
Office telephone, telegraph and utilities	2
Other contractual services	8