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IMPACTS OF SUDAN'S FOREIGN DEBT ON THE ECONOMIC PERFORMANCE

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The paper analyzes one of the main economic problems that are facing Sudan which is foreign debts. Development depends on many economic variables and impacts in the domestic and global levels. The problem of the paper is represented in that while the foreign loans constituted a source of development in Sudan, but they nonetheless created a real crisis that threatened the economic and political stability; therefore it was necessary to answer the questions: It is important to know, to what extent did the foreign debts contribute to the financing of development in Sudan? What are the most important reasons that led to the worsening of the crisis and non-sustainability of Sudan foreign debts?) The importance of the paper emanates from acknowledging that while the foreign debt has an important impact on the development in Sudan, but it may turn into a crisis if not utilized optimally, so the paper is trying to study the foreign debt crisis in Sudan to understand it and make proposals to address it. The paper assumes that there is a continuous increase in Sudan foreign indebtedness, and that the inefficient exploitation of the foreign loans led to the non-sustainability of the foreign debt. However the political factor further exacerbated the crisis of Sudan foreign indebtedness. The researcher used the secondary sources of information and data to benefit as far as possible from the economic literature, books, references, researches, brochures, publications and reports relevant to the research subject. The researcher used the historical and descriptive analytical approaches in an attempt to reach logical results to contribute to the development of proposed solutions to address the foreign debt crisis in Sudan. The researcher found that the foreign debt of Sudan continues to increase with high sustainability indicators meaning that the country is going through a sharp foreign debt crisis rendering it difficult for it to meet its obligations and obtain new loans on concessional terms.

Keywords: Sudan, Macroeconomics, Debts, Economic Performance

INTRODUCTION

Analyses of the economies of the developing countries and analyzing their developmental capabilities constitute a challenge for any researcher, as these countries share a key characteristic reflecting on their macro-economic

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balances, in which the foreign financing, loans or external debts forms a key source of development in them with its both economic and social dimensions, and resulted in the entry of most developing countries during the 1980s in deep debt crisis that widened the gap between them and the developed countries. The policies of adaptation or reforms and structural adaptation programs imposed by the International Monetary Fund (IMF) created intractable economic and social crises in many developing countries, which applied them while suffering from a high volume of external indebtedness. The IMF applied the capitalist free-trade type of economy in Latin American countries (Argentina, Brazil and Chile), however the indebtedness of these countries increased by 3869% between 1960 and 1983. The reforms implemented by Argentine under the (IMF) pressure led to foreign companies' takeover of most of Argentine banks, besides it also led to higher taxes, unemployment rates of 30% and the economic recession, which ended in an economic collapse in 2000. So Argentine suffered from the second-largest external indebtedness in the Third World. The fall of the dictatorship in Nigeria and the ascendance of a civilian government to power in 1999 infuriated the United States of America and the other monopolistic countries in the Paris Club so the policy of privatization was imposed on the Nigerian economy. Thus privatization included important sectors, such as the electricity, telecommunications, oil refineries, iron molds and laboratories, paper industry, the company cement and the sugar factory and otherwise industries. In 2000 the International Monetary Fund (IMF) and the World Bank (WB) refused to exempt the external debts of 20 countries (including Sudan) despite meeting the conditions of the exemption approved by the Group of Seven (G7). Thus, it confirmed its intention to keep them under the mercy of the monopolistic countries, and opening the borders of indebted countries before the foreign capital and the adoption of the capitalist market mechanism to end the role of the public sector and dismantle it. This paper is an attempt to study the reality of the external indebtedness of Sudan as one of the important problems facing the Sudanese economy, whereas the foreign indebtedness of Sudan has been on a steady rise which necessitates focusing light on it and try to fathom its depths to develop effective solutions so the Sudanese economy can revive.

THE CONCEPT OF FOREIGN DEBTS AND LOANS

The external financing means the process of external capital transition from one country to another. Strake defined it as: "Any immigration of economic resources outside the boundaries of the country owning the economic resources and includes loans, aid and Foreign Direct Investment (FDI)" (Strake, 1966, p. 13. The foreign loans mean "The money lent by the multiple foreign lending sources to states based on a set of prevalent financial and commercial rules and principles and according to the market conditions with a pledge to repay it, and pay interest on it in accordance with agreed on terms "(Ajamiyah, 1983). The external loan is defined as" the amount of money a state obtains from a foreign government or from a natural or body corporate person residing abroad "(Hussein and Hassan, 1989). The foreign loans are defined as" grants given to the recipient state and retrieved based on the rules of financial and business fundamentals prevailing according to market conditions with a pledge to pay interest and the fulfillment of certain specific conditions, including the repayment period and compound interests" (Zaki, 1978) which is considered an external debt to the recipient state. Some international organizations: "The International Monetary Fund (IMF), the World Bank (WB), the Organization for Economic Cooperation and Development (OECD) and the Bank for International Settlements (BIS)" agreed in 1984 to formulate a definition of external debt as" the total external debt in a particular date is equal to the amount of current contractual obligations that lead to repayments by a country residents to non-residents, and includes the inevitability of original debt repayment accompanied by benefits or not, or paying the interest, with or without the payment of the original amount of the debt" (Powel, 1988). This definition was called the central definition because it defines the basic components of the external debt. But this definition however comprises some applied problems, such as: The difficulty of determining the identity and the establishment of the creditor and the debtor, and the exclusion of many sources such as the rights of special drawing at the International Monetary Fund (IMF) which is, in principle, within the definition of the debtor, besides other difficulties appear in the case of debt rescheduling. Some researchers define the external as "those amounts of money borrowed by the national economy of a state with duration of more than a year and are due to the lenders through payment in foreign currencies or export of goods and services to them" (Nasr, 1995). The World Bank defines the external debt as "the debt, with an original or specified maturity period of more than one year, which is due to non-resident individuals or organizations and is repaid in foreign currency or goods and services" (the International Monetary Fund, 1991). The difficulty lies in finding a common and accurate definition of external debt agreed upon by all the different concerned parties.

EXTERNAL LOANS CLASSIFICATIONS

Foreign loans are classified per the terms of granting to Commercial Loans with terms defined according to the international capital markets, and Soft Loans given with concessional terms including the grant element (Al Basha, 2004). The latter may include the length of the repayment of the loan with a grace period for repayment and the possibility to repay it in entirety or partially at a low or no rate of interest. The distinction between the public and private loans as the public loans are obtained by a state from outside its borders on commercial bases from governmental lending or affiliate entities or from international or regional lending institutions. The private loans obtained by the borrowing states from foreign individuals or foreign private institutions. In terms of the length of the repayment period, the World Bank (WB) categorized the foreign loans to long-term external loans with repayment period extending to more than one year and shortterm external loans with repayment period extending up to one year or less, which are unlike the first are characterized by high costs and few concessions (Al-Ogla, 2013). Based on their source, the external debts are divided into "official, private, and commercial". The official debts are given by governments and international and regional financial institutions and characterized as soft loans of long loan repayment period, a grace period and low rate of interest. While the commercial or private debts are provided by commercial banks and are characterized by loan short term and short grace period and a high interest rate. Loans are optional and concluded after the approval of the legislature in the loan requesting state and then submitting the application to the lending entity, as the state has full freedom to apply for a loan or not, and that the lender has the freedom to grant or deny the loan. Loans are usually paid in cash in any process and it arrives to the treasury in the form of cash. The borrowing state undertakes to repay the loan to the lender with due interests based on the terms of the agreement, that's why the loan is called a deferred tax. The foreign loan, whether vide a bilateral agreement between two states or from an international or regional organization or institution is granted in one the following methods (Zaki, 1978):

- In the form of a certain amount of money for financing an operation without conditions, and the loan will be at the disposal of the recipient state to meet the development requirements, such as the machinery and technology and so forth.
- In the form of machineries and technologies available in the markets of the lending countries to meet the requirements of development in the borrowing countries with the possibility to purchase them from other states, if they are not available in the lending countries' markets.
- Loans directed to the implementation of specific projects, whereas the lending countries give the borrowing states machinery, equipment and experts for the implementation of the project, provided the experts train the national experts in the recipient country.

FOREIGN LOANS AND RELATIONSHIPS WITH ECONOMIC DEVELOPMENT

Adam Smith says in his book *The Wealth of Nations* in 1776, i.e., before 238 years from now," that the continents of Africa, Asia, and Latin America are classified within the developing world "(Todaro, 2009), and still the countries of these continents are classified within the developing world. However the economic reform attempts, and development plans and strategies added nothing but an integration into the capitalist economy and more dependence on the global market (Khoury and Suleiman, 1995), and the reliance of their economies on the production and export of primary products and raw materials, while the external debt, its requirements and exhaustive burdens devour most of the exports proceeds in foreign currency (net negative international flow). The period post World War II witnessed shifts in the international trade and economic relations towards the absolute control of the global capital under the so-called the liberal globalization phase and the beginning of the formation of the effective parties intervening in the field of external debt besides the rise of the developing countries' external debt during the period (1980 to 1990) from 709 billion to 2441 billion dollars (Salama, 1991) before reaching 3024 billion dollars in 2003. These debts represent more than 200% of the Gross Domestic Product (GDP) of the developing countries which makes them dependent on foreign trade with developed countries (Todaro, 2009), and this fact reflects the extent of external dependence of many developing countries, thus the development efforts' (success or failure) depends on the degree of external dependence (Todaro, 2009).

The economic development projects in any society need funding from local or foreign savings, so if the local resources are not sufficient to cover those capital expenses and needs for development, thence countries resort, optionally

Table 1: Governmental and Private Debts in Developing Countries - Millar Dollars

Year	1980	1990	1995	2000	2003
Governmental or Guaranteed by the Government Debts	325	898	1117	1149	1246
Government Debts	147	501	678	652	716
Private Debts	177	397	439	497	630
Private Government Guaranteed Debts	60	56	207	452	432
Total	709	1852	2441	2750	3024

Source: The German Center for Political Development, 2007

or compulsorily, to complete them by external resources. The foreign loans and considered one of the public sources of revenues, and despite the differences around them, the importance of the foreign debts have increased for they help complete the shortfalls in local resources to achieve the national development with its economic and social dimensions, as an economic variable with effects reflecting on the internal and external balances of macroeconomic (Classics believe the developing countries are suffering from the savings gap due to too low per capita incomes rates, limited capital resources and public poverty, and thus the domestic savings in those states are below the level of investment, besides they also suffer from the presence of foreign currencies gap due to inability of the foreign currencies obtained through exports to cover the imports so the positive impact of foreign loans is in providing additional financial resources to fill these two big gaps and thus help drive the economic and national income growth. Nurkse said that the developing countries are caught in a vicious circle called the absolute cycle of poverty, and that they can through external financing overcome the meager local resources and overcome the vicious cycle of poverty through the achievement of the desired rates of growth due to the increasing volume of investment spending on the development programs on the one hand and the qualitative rise of the per capita income on the other hand. The innovators believe that the foreign loans impact on the economic growth and the national income rate is poor if not negative because of the low domestic savings rates and the increase of the ratio of capital to the capital-output ratio, and most foreign loans are used to increase consumption and not to increase savings and production (Al-Basha, 1914). Here appears the importance of covering the bulk of funding by the local resources for economic development and infrastructure projects, so the foreign loans shall have a secondary role to overcome the accumulation of the problems of debt burdens and its service, and avoid resorting to monetary issuance to repay the loan, which lead to inflation and misdistribution of the national income, whilst the state authority is lesser in the case of external borrowing than in the cases of domestic borrowing, for it cannot force another country to give it a loan save in exceptional cases such as occupation, besides the authority of the state in the mitigation of these loans is limited as resorting to inflation, for example, does not help to alleviate the burden of this debt and its consumption. The borrowing state is affected by the economic events that take place in the lending states and the fluctuations in the exchange rate so it benefits from the deterioration in the currency of lending the state at the performance of the rates of interests and repaying the origin of the debt. That is contrary to the case when the rate of exchange of the lending state rises at the debt payment, as well as it benefits from the rising of exchange rate of the currency of the lending state at debts agreements as the foreign debts often include (Mohamed, 2012). It is also to avoid these fluctuations, a condition for fulfillment based on a specific rate of exchange of a foreign currency characterized by stability or on the basis of fulfillment by commodities. The foreign loans contribute to the increase of domestic production, if properly used, but they include a burden at payment of interests, therefore be to see how much is the benefit of the loans to compare the output used in the investment and what will be paid in debt service, if the first is more than the second the debt benefit is validated.

Keynes solicited the need to intervene in the economic life. He believes that foreign loans has a positive role in increasing production, raising the level of income, reducing unemployment and achieving the universal distribution of income by directing the public funds towards expenses of higher priority. Others justify recourse to external loans to the weak domestic savings and its shortfall to meet the needs of development, or the borrowers need for capital or foreign currency to cover the deficit in their accounts balance or to support their currency and protect it from deterioration (Hassan and Hussain, 1989). Or to promote the local resources with external resources to finance the growing needs of the productive imports "productive commodities" and indispensable basic goods "necessary consumer commodities " to achieve the desired high growth rates (Mohamed, 2013). Moreover, the increasing call by the international and local community for the need to raise the rates of economic growth and development and reduce the gap with the developed countries by developing and implementing ambitious plans and strategies for the development of their economies. The development strategy adopted by the various developing countries need sufficient funds for implementation, and as far as the strategy is based on greater ambitions in the field of investment and capital accumulation, the more the need to find larger sources of funding and so on. (Karam, 1993), besides it is impossible to separate the finance from the development strategy to be financed. The manufacturing industrial strategy built-up on imports substitution requires funding sources larger than a strategy based on creating a balanced development between the light industrial sector and the agricultural sector, requires more funding from the import substitution strategy (Karam, 1993).

In spite of the importance of the foreign capital, especially to the underdeveloped countries, but there is a unanimous agreement that a stable and strong development cannot rely mainly on the flow of the foreign capital only, for the development must be based on generated resources of the national economy itself, so the foreign capital should only be a complement to the local resources and not a substitute for them, because foreign funding cannot continue endlessly for some unforeseeable circumstances may arise and lead to its decrease or disruption altogether such as the eruption of a war or corruption. Thus the national savings must, in this case, be able to replace the external financing, which could be linked to what is known as "the economic dependence" in which a country's economy is linked to the growth and expansion of another economy (Mohamed, 2014).

SUDAN EXTERNAL INDEBTEDNESS

Sudan entry in the world of foreign loans in its modern sense to the year 1958 when it got its first loan from the World Bank (WB) amounting to $36 mn payable in twenty years, including a three-year grace period and a rate of interest of 5.5% which is the equivalent of (13.6) million Sudanese pounds to be spent on the development of the Sudan Railways. The second was a Yugoslavian loan for the construction of ships in 1959 amounting to 5.5 million Sterling pounds.

During the 1960s, the attempts of planning began in Sudan, however the borrowing continued from international, regional and bilateral sources to provide the foreign component to finance the ten-year plan projects. During the 1960s decade, Sudan obtained thirty-three loans from foreign parties, including (7) loans amounting to 52 million pounds from international institutions: "The World Bank and the International Development Association (IDA)," representing 36.9% of the total loans amounts, and 26 loans of 89.03 million pounds in loans through bilateral cooperation (in addition to the Kuwaiti Fund) representing 63.1% of the total loan amounts. The financial institutions loans are usually bigger than the loans of the states. Sudan got through the 1970s 105 loans and 20 grants. Nine of these grants came from the Common European Market whereas the total of what the European Market allocated for Sudan from Lome Agreement, March 1975 - February 1980 amounted to 186.7 million accounting units "equivalent to about 224 million US dollars." The remaining grants were provided by Britain, Germany, the Netherlands, Japan and Canada. Sudan loans mainly came from the World Bank and its "International Development Association and the International Fund for Agricultural Development" which gave 21.9%, the European Investment Bank of the Common European Market which gave one soft loan of 10.5 million accounting units*. The latest funding institution to participate in the provision of loans to Sudan during this period, was the Islamic Bank which provided two loans to Sudan without interest rate in 1977 reaching 7.5 million Islamic dinars or the equivalent of 3.13 million pounds followed in this regard by the OPEC Fund which gave two loans in the years 1977 and 1978 in the amount of 5.5 million Sudanese pounds as well as the International Fund for Agricultural Development, as the newest of these institutions at all, which provided a loan of 6 million pounds in 1979. The International Development Association of the World Bank gave Sudan during the 1970s 20 loan equaling 16% of the grants and loans totaling 125 loans and grants. The loans of the International Development Association were the easiest in terms of the interest rates and repayment periods (which were mostly fifty years), which reflected how important was the contribution of the International Development Association to the finance of the development projects in Sudan. In the area of bilateral cooperation, West Germany came to the forefront of countries during the 1970s, which started giving annual grants instead of loans since 1978, besides it also exempted its debts on Sudan, followed by Britain and the Netherlands as lenders and granters in the last years then came the United States of America,

* The European unit of accounting equals to $1.2 now changed to $1.4 based on the dollar rate of exchange.

which started to give big aid in recent years. All in all, the total of loans and grants Sudan got during the 1970s exceeded what it got during the 1960s by ninety two loans and grants, by an increase of 278.8% over the 1960s decade, whilst the total amounts during the 1970s reached 847.5 million pounds versus 141 million pounds in the 1960s, with an increase of 501%, whereas Czechoslovakia was the only socialist state that provided loans to Sudan during the nineteensixties, whilst the People Republic of Chine provided, in the 1970s two loans, besides Romania, Hungary and the Democratic Republic of Korea provided one loan, each." The loans of the socialist countries to Sudan during the 1970s reached 67.66 million Sudanese pounds, with the contribution of China and Romania amounting to 28.2 and 25 million Sudanese pounds, respectively as the largest contributions of the socialist countries, with the best conditions and interest rates of 2.5% - 3.5% and a repayment period of 8-15 years, however the Korean loan 1.3 million Sudanese pounds loan was without interest rate.

From the above-mentioned, it is clear that Sudan loans during the period 1958- 1980 amounted to the equivalent of 124.3 million Sudanese pounds, whereas most of the foreign aid was on the basis of bilateral cooperation, in which the Western European countries as a group occupied the first position with about 412 million Sudanese pounds equal to one-third of what Sudan got during the period 1958-1980 as these countries provided 50 loans and grants out of the total of 172 loans and grants obtained by Sudan during the said period. Here we note that all the grants given to Sudan on the basis of bilateral cooperation were from West European countries, mostly from Britain, Germany and the Netherlands. The International Development Association came in the second place in terms of the number and size of loans by extending 25 loans of $552 or the equivalent of 222 million Sudanese pounds during the above-mentioned period. The International Development Association loans were the easiest loans provided to Sudan, at all. The third ranks is occupied by the Arab states loans "the Arab funds and the Arab governments" which were entirely from Kuwait, Abu Dhabi and their three funds to Sudan of funding, except for the amount of 7.8 million pounds which came from Egypt during the second half of the nineteen-sixties, whilst, the socialist countries provided 13 loans amounting to 97.96 million pounds, but the People Republic of Chine alone provided 28.2 million pounds and China and Romania gave in three loans only 53.2 million pounds, which means that these two provided 54.3% of what was given by the socialist countries combined. No doubt that the amount of money obtained by Sudan through loans and grants during the period 1958 -1980 was a huge sum of money. The actual exploitation of the sums of money provided to the Sudan in the form of loans and grants over twenty years from 1958 to 1978, was an annual average of 23.2 million pounds. Since the loans granted in a given year were not taken advantage of entirely in the same year, but the exploitation was linked to the needs of the country and the available withdrawal facilities based on the delivery of the projects benefiting from those loans, thence the annual average reflects the general trend and the extent of the actual utilization of the foreign loans and the extent of their compliance with the actual needs of the development plans and their needs of the foreign component (Todaro, 2009). By the year 1982 Sudan foreign debts were estimated at $7.2 billion, rose to $7.6 billion in 1984, then to $9.8 billion in 1986 before they reached $12.1, $12.9 billion by the end of the years 1988, 1989, respectively.

The Gulf War in 1991 revealed the political aspect of debts. Sudan foreign loans from the Paris Club countries and of international institutions diminished countries, besides the delay in the payment of the debts and their high interests reduced the chances of Sudan to get new loans on concessional terms and deprived it of the gains of the economic improvement in the nineteennineties and led to the exacerbation the debts crisis and the country was forced to accept the reform and structural stability programs prescribed by the international financial institutions as a prerequisite for loans. The overlapping of the political agenda played a major role in exacerbating the debts crisis in Sudan. But some international and regional financial institutions and countries like China and Arab countries continued to finance part of the development projects needs of foreign currencies, So Sudan received the amount of $550.2 million from 18 sources during the period 1990 - 1996.

The aforementioned highlights the following facts:

1) About 75% of the loans and grants given to Sudan came in the first three years of the period and about 25% only came in the last four years.
2) The volume of loans and grants that came to Sudan in the first year of the period 1990-1996 amounted to $158.4 million while what came during the last year of the period 1996 did not exceed (36.1) million dollars this period 1996 did not exceed $36.1 million and what came in the preceding year 1995, was only $1.5 million which means that the loans and grants that come to Sudan have begun to shrink remarkably since the year 1993 until the end of the period.
3) The loans and grants given to Sudan in the two years of 1995 and 1996 did not exceed $37.6 million, which were from only the OPEC and China, whereas what Sudan got in these two years was 23.7% of what it got in the year 1990.

THE CAUSES OF THE ACCUMULATION OF SUDAN FOREIGN DEBTS

The developing countries lack of the element of development, "especially the capital" led to the

Table 2: Sudan Foreign Indebtedness(1982-1989) in Million Dollars

Year	1982	1984	1986	1988	1989
Loans	7208	7594	9834	12136	12855

Source: The World Bank, United Nation For Development Program

Table 3: Sudan Foreign Indebtedness(1990-1996) in Million Dollars

Year	1990	1991	1992	1993	1994	1995	1996
Loans	158.4	109.4	142.7	43.4	1.5	36.1	550.2

Source: The Ministry of Finance and National Economy, economic supply and financial, internal publications by the international cooperation and external debt units, 1996, pp205-206.

increase of the economic dependency to their colonizers and to the world capitalist, which led to the dominion of the unilateral mining or agricultural economy and the weak socio-economic structures and infrastructures. It is so important to mention that the European colonial powers policies had a long-term effect on the institutional, economic and political structures of their previous colonies through the upholding of the three elements and ideas of the private property, the personal taxation system and the requirements of tax payment in cash, more than any other type, whereas these ideas were formed as necrosis in the independence of these communities and people to force them to submit to the new forms of political exploitation and neo-colonialism (Todaro, 2009). This situation did not help in attracting foreign investments, so with the low savings rates and the local capitalist accumulation "the private sector" the external indebtedness originated because the process of financing necessary development projects in the developing countries need huge financial resources of foreign currency to import the production inputs and technology for the industry and agriculture alike and the need for the expertise and skill to deal low productivity of the exportation goods and the low prices of their primary products in the world markets versus the higher prices of imports.

Sudan resorted to the external borrowing with the intention to achieve rapid rates of economic growth through the channel of savings and investment and narrowing the "savings gap", provided the debt will be repaid in the future in the form of premiums with interests while maintaining the debt in scalable limits to serve and avoid the occurrence of a debt crisis. Amid the prevalent optimism and ambitious development projects the external borrowing was expanded in the hope of repayment, but the poor planning, the changing economic policies and the ruling regimes philosophies from socialism to liberalism and back to socialism led to the failure of a lot of projects to achieve the desired returns, besides the mismanagement of the foreign debt did not draw a limit to the growth of debt and did not think of allocating a portion of the future growth to finance the current debt service to avoid the risks of Sudan entry in a debts crisis, but the snapping up on loans and the endemic corruption led to the increase of foreign debt size and the deterioration of contracting terms of the different contracts. "The benefits gained from the market economies and friendly policies to the market and its mechanisms are heavily dependent on the availability and existence of legal, cultural and institutional requirements, most of which are taken for granted in the industrialized societies" (Umm Badda, 1991), in addition to that the government units used to contract on the conditions they see appropriate without the knowledge of any central quarter that is regulating the borrowing of money, so there were individualist unregulated contracts " not to mention the lack of clear practical law to determine the optimal size of debt" (Todaro, 2009). So the projects and factories were poorly planned, improperly implemented and mismanaged took too long to complete such as Rebek-Al-Jabalin Road, which was implemented by an Iranian grant and lasted for 10 years while some unfinished and some have not yet worked although their construction and installation completed and others stopped working due to lack of sufficient water or electricity, like "Abu Na'ama Kanaf Project, Aroma Cartons Factory, and Babanusa Dairy Factory, and North Al Gezira Dairy Project which combined the delay in implementation and the failure to operate" and others' equipment and machines are still scattered here and there, such as Melut Sugar Factory, and some were buried by sand after the start of their installation like Qaddo Textile Factory. The impact of the attempts to pay attention to the industry that requires huge capital concentration by nature at the expense of agriculture led to the increased need of food imports and the agriculture was neglected as an important pillar of the economies of those countries, which led to the resort to external borrowing to finance these industries (Khan, 2004). A big part of the debts cash was devoted to support the balance of payments with a low rate of return of the foreign loans investment, before the turn of the investment itself in the late 1970s from the industrial and agricultural projects to rehabilitating the existing projects after the abandonment of the revised six-year plan and Sudan World Food Basket Strategy. Sudan suffered throughout the two decades of the seventies and eighties of the last century from the economic performance deterioration and the poor economic growth rates as a result of the structural defect and the stagnation in the production structures and the reliance on the export of a few primary products and raw materials therefore we find the pressure of export in light of shrinking soft loans, hence Sudan was compelled to borrow under non-concessional terms which led to the aggravation of its debt crisis (Abdel Rahman, 2006). The World Bank estimated in 1980 that Sudan borrowed during the two decades of the 1970s and 80s large sums of money and that 70% on them were under non-concessional terms, and that the punitive fees on the arrears reached 24% on average of the value of the contractual interest rates, which dragged it to the "trap of indebtedness", which led to seeking the help of the International Monetary Fund (IMF) and the London house of expertise Peat Marwick, Mitchell & Co. to enumerate those debts fund in a process that lasted for five years. The end result was that the administrative, financial and political corruption in the state and its institutions in most of the developing countries has weaken the creditworthiness of the state, so the accumulation of foreign debts continued due to the punitive interest and the withdrawal from the loans from countries through the bilateral cooperation and the regional institutions. The contractual and punitive interests combined reached about 24.8 billion dollars which is equivalent to more than half the size of the indebtedness of Sudan, while the debt origin was (17.2) billion dollars in 2012. The high interest rates "the contractual benefits" owed to the foreign loans constituted a significant burden on Sudan. The interest rates differ with sources as the interest rates on official bilateral loans which are held with the developed countries are often lower compared to the interest rates on ordinary loans held with the international and regional financial institutions and short-term loans from commercial banks. These financial obligations (the debts) are expected to increase based on their agreements which define certain punitive clauses in case of non-payment at maturity. We can cite the reasons for the accumulation of Sudan foreign debts, which are either local or external causes, administrative or political reasons, as follows:

1) The unavailability of the productive capital represented in equipment and machineries used in the production processes because of the gap of the local resources between the domestic savings and the size of its investment, and the gap of the foreign trade or the gap of currency represented in the chronic

trade imbalance, and the widening ongoing local revenues deficit to cover the general expenses of the state.

2) The increasing burden of the debts service rate which exceeded the annual rate of flow of new loans, which means the reverse transfer of resources from the indebted states to the creditor nations, increasingly, making many developing countries to conclude agreements for new loans to pay off their old debts so the borrowing has become for the development of debts. The foreign borrowing was costly for Sudan for the accumulation of the foreign debts and their service. The experience of Sudan indicate that with the difference of the structure of imports and the notably high interest rates an inflation occurred due to the debt service payments "the burden of the external debts service", and with the volatility and the weak proceeds of exports the debt servicing difficulties increased. The debt service is "the premium of amortization of the debt (the liquidation of the original debt) and an accumulated interest "which is a fixed contractual claim on the real national income and the savings, and with the growing size of the debt amid high interest rates, the debt service payments also increase, and must be paid in foreign currency "to be provided only through the proceeds of exports and the reduction of imports or the external borrowing" (Todaro, 2009).

3) The delay in the implementation period of the projects funded by external debt due to mismanagement and the poor executive capacity of the competent government organs to carry out the requirements of the agreements implementation and the procedures for contracting and procurement and the procedures for timely withdrawal, and the state failure to provide the local component of the projects or its non-commitment to repay the previous loan installments, leading to the disruption of withdrawal from the loans in case of the borrowing state's inability to fulfill its payment of previous loan installments so the delay in procedures of withdrawal from loans leads to the delay in the implementation of the projects which increases the cost of the project, which in turn leads to a further delay in search for required additional funding. "The period from the date of the signing of about 33 loan agreements between Sudan and the African Development Bank Group extended to twenty months in average until the effective date of the agreement. A report issued by the African Development Bank pointed out that the average completion period of the implementation of the projects funded by the African Development Bank in Sudan reached, in average, 8 years, compared with the period of (3-4) years estimated in the feasibility studies (the African Development Bank 2004), besides a study of a sample of 27 agreements signed with the World Bank, the Kuwaiti Fund, the Saudi Fund, the African Development Bank, the Arab Fund and Abu Dhabi Fund revealed that the period between the date of the signing of the agreements for those loans and the date of the beginning of the first withdrawal from the loans extended, on average, for a year and a half (18) month (Al-Zubair, 2009).

4) The reduction of the loans and grants that come to Sudan because of the economic embargo and the weak creditworthiness for the accumulation of punitive interests and the withdrawal from the loans given by the

countries on bilateral cooperation arrangements and the regional institutions as a result of the delay in repayment, while the country's proceeds from exports did not meet but a fraction of the value of it imports for the country is exporting its products in the form of primary raw materials, with their global prices plummeting, in light of the deteriorating terms of trade exchange, in favor of the developed countries.

5) The stumbling of negotiations between Sudan and the International Monetary Fund (IMF) and linking the agreement to the economic policies to be followed along with the difficulty of their implementation for their long-term political and social impacts,

6) The poor role of the private sector in the establishment and implementation of the development projects funded with the foreign loans led to the resort to foreign companies and thus increasing the cost of implementation. Except for some establishments such as the Public Roads and Bridges Corporation and the Public Corporation for Irrigation Works and Drilling, the national investors did not implement any projects funded by the loans up to the end of the last century, despite the fact that the terms of the tenders financed from foreign loans give a preferential privilege to the national contractors amounting up to 15% sometimes (Al-Zubair, 2009).

7) The poor accommodative capacity and the administrative instability as a logical consequence of the political instability, throughout the post independence half century, "as 13 ministers successively assumed the ministry responsible for development during the 16-year May reign (1969-1985)" besides the change of the administrative bodies responsible for development, "the Ministry of Planning, the Commission for Planning, the Council of Planning, the Planning Under-secretariat or Department within the Ministry of Finance and Economic Planning and the Ministry of Planning and Investment".

8) The failure of resource management and economic planning and the technical and economic feasibility studies led to "the delay in implementation, no implementation or failure of the establishment of external debt funded projects to contribute to the service of debt payment.

9) The instability of financial and monetary policies led to unclear policy of foreign borrowing and the multiple windows of dealing with the external debt and no binding by the sound fundamentals to assess the conditions of the external borrowing.

10) The widening gap between the domestic savings rate and the local surpluses and the required rate of investment.

11) The general budget deficit due to the growing government spending on the public projects, health and education, wars and internal conflicts and natural disasters compared with the available revenues and these factors led to the depletion of resources and impeding the processes of development and the deterioration of the economic situations.

12) The depletion of the cash reserves, constituting the safety valve to face the unwanted difficult economic situations such as resorting to insolvent foreign borrowing or the devaluation of the national currency or the pressure on

imports on the considerations that the bulk of these reserves represent in the dollar and gold.

13)The deficit in the balance of payments and the trade balance as a result of the increase in imports and the prevalent pattern of consumption and the high inflation rates affected the value of the national currency and caused an economic recession that disrupted the economic development process and weakened the ability to repay the burdens of its foreign debts.

14)The production areas were affected by displacement and migration due to wars, drought and desertification leading to the depletion of resources and impeding the economic and social development processes.

THE PRESENT POSITION OF SUDAN FOREIGN INDEBTEDNESS

The Sudanese economy witnessed a continuous accumulation of foreign loans during the period of the study, whereas during the period 2000-2013 the foreign loans increased from $20.5 billion to $43 billion with an increase of $22.5 billion at an annual compound growth rate of 109.4% and an annual average of foreign loans flow of $1.6 billion dollars at a percentage of 7.8% of the annual average of the Gross Domestic Product (GDP) for the same period.

The table above shows that Sudan's foreign debt ratings are as follows:

Table 4: Sudan Foreign Indebtedness (2000-2012) in Million Dollars

Year	Original Debt	Percentage from Total %	Contractual Interest	Percentage from Total %	Punitive Interest	Percentage from Total %	Total Foreign Debts
2000	10704	%52	4545	%22	5282	%25	20531
2001	10713	%51	4338	%20	5747	%26	20798
2002	11994	%50	4764	%20	6850	%29	23608
2003	12353	%48	5611	%21	7746	%30	25710
2004	12483	%46	5579	%20	8561	%32	26623
2005	12644	%46	5629	%20	8893	%32	27166
2006	12825	%45	4106	%14	11526	%40	28457
2007	13888	%43	4454	%13	13531	%42	31873
2008	14482	%43	4424	%13	14636	%43	33542
2009	15407	%43	3821	%10	16459	%46	35687
2010	15788	%41	3862	%10	18155	%48	37805
2011	16300	%40	4034	%10	19466	%48	39800
2012	17198	%40	4314	%10	20535	%48	42047

Source: The Ministry of Finance and National Economy, economic supply and financial, external debt units, for multiple years

Table 5: Sudan's Foreign Debt Ratings (2000-2012) in Milliard Dollars

Year	Financial Institutions	Percentage from Total %	Countries other than those of the Paris Club	Percentage from Total %	The Paris Club Countries	Percentage from Total %	Commercial Banks	Percentage from Total %	The Suppliers Facilities	Percentage from Total %	Total Foreign Debts
2000	4.2	%20	7	%34	6.1	%29	2.6	%12	0.68	%3	20.5
2001	3.9	%18	7.5	%36	6.1	%29	2.5	%12	0.80	%3	20.7
2002	4.2	%17	8.6	%36	7	%29	2.9	%12	0.85	%3	23.6
2003	4.3	%16	8.6	%33	8.5	%33	3.4	%13	0.85	%3	25.7
2004	4.5	%16	9	%33	8.7	%32	3.5	%13	0.85	%3	26.6
2005	4.5	%16	9.6	%35	8.8	%32	3.5	%12	0.85	%3	27.1
2006	4.7	%16	10.1	%35	9	%31	3.7	%12	0.85	%2	28.4
2007	5.1	%16	11.6	%36	10.3	%32	3.9	%12	0.9	%2	31.8
2008	5.2	%15	12.2	%36	10.5	%31	4.2	%12	1.4	%4	33.5
2009	5.2	%14	12.3	%37	11	%30	4.4	%12	1.7	%4	35.6
2010	5.3	%14	13.8	%36	12.3	%32	4.6	%12	1.8	%4	37.8
2011	5.5	%13	14.8	%37	12.9	%32	5	%12	1.6	%4	39.8
2012	6	%14.2	15.6	%37	13.3	%32	5.5	%13	1.6	3.8	42

Source: The Ministry of Finance and National Economy, economic supply and financial, internal publications by the international cooperation and external debt units, for multiple years. And The Central Bank of Sudan (CBOS), reports for multiple years.

- Regular loans owed to creditor financial institutions "the African Development Fund, the African Development Bank, the Arab Fund for Economic and Social Development, the Arab Monetary Fund, the European Investment Bank, the International Organization for Development, the International Fund for Agricultural Development, the International Monetary Fund, the Islamic Development Bank and OPEC" reached until 2012, about $6 billion, representing 14.2% of the total foreign debts obligations of Sudan and at an interest rate of 5%. The International Monetary Fund (IMF) debts constitute the greater part of these commitments, whereas they represented until 2012, about $2.16 billion representing around 36% of Sudan total obligations to the international institutions, whereas several factors combined, including the IMF procrastination in the application of the tough conditions associated with its loans and Sudan inability to repay rose the size of the IMF debt, which increased by the increasing accumulation of arrears rate, while the obligations to the International Development Association and the World Bank (WB) reached until the end of 2011 $1.96 billion representing about 32.7% of Sudan's total commitments to the international institutions, which have been ironically set up to provide assistance to the developing countries and to extend loans with easy rate of interest rate compared with the current price of the commercial interest. These debts were concessional and long-term with the exception of those owed to the International Monetary Fund and the Arab Monetary Fund, which should be addressed through the decisions and requirements of the Multilateral Debt Relief Initiative (MDRI) which provide for dropping 100% of the future dues of the countries of the group at reaching the end point.

- Commitments to countries other than those of the Paris Club, which are debts owed to non-Paris Club countries; "the Arab States group, the countries of the previous socialist camp and some Asian countries" and the other some are governmental and commercial debts under the guarantee of foreign guarantor institutions, which represent a high proportion of Sudan total commitments, whereas they amounted to \$15.6 billion up to the end of the year 2012, representing (37%) with interest rate representing (17%) of the total commitments. Non-Paris Club countries are the Kingdom of Saudi Arabia, the most financiers whereas its financial dues i.e. Sudan total obligations reached about \$1.472 million dollars, followed by Libya directly. The nature of the debts of this group is that they are soft loans of long-term, and can be subject to exemption and rescheduling under the same terms of the Paris Club, but it is non-exchangeable in the debts secondary market, but they are nevertheless negotiable with the creditor countries separately to reach bilateral agreements.
- The obligations to the Paris Club countries, which include the countries of the Common European Market in addition to the United States, Canada and Japan. The Paris Club agreements cover the debts of the governments of the member states on Sudan or the debts collateralized by the guarantor institutions in those countries. The debts of this group amounted to \$13.3 billion representing 32% of Sudan total commitments until the year 2012, and the amounts required after the maturity represent about 23%. The Paris Club countries debts were guaranteed by export guarantor institutions, and the processing of their debts is subject to the terms of the Paris Club, equally to all the group countries, which are non-exchangeable in the debts secondary market but they can be considered for processing after the agreement of the designated states with the International Monetary Fund (IMF) on an economic program, although the implementation of the adaptation policies and the procedures established by the IMF in some countries indebted countries added to the complication of matters with regard to the living conditions of the population such as the rising prices, the increasing unemployment and the rising prices of the social services.
- The debts of the global commercial banks are short-term concessions due to the global commercial banks and specialized institutions resulting from importing essential consumer commodities and intermediary goods to run the productive potentials of Sudan or to finance the seasonal and temporary deficit in the foreign currency. The total of their entitlements reached until the end of 2012 about \$5.5 billion dollars, representing 13% of Sudan total obligations. The short-term debts of the global

commercial banks are used to import strategic commodities such as oil and wheat flour in addition to cash loans. They are subject to the agreement of refinancing issued by the commercial banks. These debts are purchasable and exchangeable and tradable in the secondary market of debts, and can accept the principle of the exemption of the total of debt and its local component, besides it also accept the principle of the partial exemption of the debt or trading the remaining portion with investment projects.

- The suppliers facilities are short-term loans provided by “companies and large exporters” for the supply of goods and services to the borrowing country provided they are guaranteed by the governments. They are for suppliers toward others clients that may be state-owned banks such as the Central Bank of Sudan (CBOS) or private institutions, while the suppliers may be from the OPEC countries, in an attempt to meet the need for petroleum or the countries of the Paris Club or other countries. Their total entitlements reached until the end of 2012, about $1.6 billion representing 3.8% of Sudan total commitments.

ANALYSIS OF SUDAN FOREIGN DEBTS SUSTAINABILITY INDICATORS AND THE POSSIBILITY OF PROCESSING

The worldwide development finance report issued by the World Bank (WB), classifies the weight of the countries indebtedness based on two main indicators. The first is the ratio of the present value of the total debt service (original and interests) to the exports, which includes goods, services and the migrants remittances as the value of exports reflects the country’s ability to provide foreign currency to serve its debt and is called “the indicator of dependence on loans i.e. the indicator of dependency” as its rise indicates that the debt has become larger than the foreign exchange resources of the country, and that there is a difficulty in fulfilling its financial obligations to the creditors. The second indicator is the ratio of the present value of the total debt service to the gross domestic product (GDP), and is used to measure the ability of the national economy to generate income and the extent of its ability to bear the burdens of the indebtedness and is called “the indicator of mortgaging the local resources to the debt service”. A country is considered highly indebted if the two indicators reached what is known as the critical value when the indicator of the debts service to the exports exceeds 220% or the debt service indicator to GDP rate exceeds 80%. For the volume of indebtedness to reflect the level of development reached by any state, the debt indicators are linked with the per capita share of the national income according to the standards approved by the World Bank (WB).

Technically speaking, Sudan debt is considered unsustainable based on the international nonsustainability indicators to measure the extent of sustainability of the external debt for low income countries, “the current proportion of the debt value to the GDP ratio is 30%, and the current value of the debt to the total exports is 100%, and the percentage of the current value of debt to general revenues is 200%. Thus above table shows high indicators of the external debt sustainability which means that

Table 6: Sudan Foreign Debt, Exports and GDP (1999-2013) in Million Dollars

Year	Total Foreign Loans	Total Exports	Total Gross Domestic Product
1999	20546	780.1	10514.4
2000	20521	1806.7	12917.7
2001	20798	1698.7	15537.5
2002	23608	1949.1	18306.7
2003	25710	2542.2	22082.8
2004	26784	3777.8	28203.8
2005	27005	4824.3	39469.1
2006	28457	5656.6	48970.2
2007	31873	8879.2	54519.9
2008	33542	11570.5	54923.6
2009	35687	8257.1	59302
2010	37805	11404.3	60593.9
2011	39800	9598.6	52239.9
2012	42400	4066.5	51201.7
2013	43001	7086.2	51240

Source: Ministry of Finance and National Economy, economic supply and financial, internal publications by the international cooperation and external debt units, for multiple years. The Central Bank of Sudan (CBOS), reports for multiple years

Sudan is going through a sharp crisis of external debt rendering it difficult to obtain new loans on concessional terms. By the year 1988, the total of Sudan's debt became $12.1 billion as the current value of the debt ratio to GDP equals 141% or the equivalent of $512 on every neck in Sudan. By the years 2012 and 2013 Sudan debt total became $42.43 billion so the net value of the external debt rate to the GDP equals 82.8%; 83.9% respectively, compared with the global ceiling estimated at 30%. or the equivalent of $1115.8, $1102.5 dollars on the neck of every individual in Sudan. In comparison with the global ceilings for the debts sustainability, Sudan debt is still outside the scope of sustainability as the net value rate of the current debt to exports reached in 2012, 1042.7%, 606.8% compared with the global ceiling estimated at 100%. Economists states that if the state's ability to import depends to a large extent on the availability of foreign currency, which is the proceeds of the foreseeable and unforeseeable exports, and if the debt service eats up an increasing proportion of these proceeds, this means steadily restricting the ability of the developing countries to import the materials needed for their developmental projects, which means the state once again resort to borrowing so the vicious cycle goes on, and so forth despite the increasing dependence of the developing countries on the external funding which is known as the indicator of reliance on loans or the indicator of dependency and so the indicator of

Table 7: The Most Important Indicators of External Debt Sustainability

Year	Ratio of Present Value of Total Debts to Total Exports	Ratio of Present Value of Total Debts to Total GDP
1982	957.2	95.4
1988	2342.9	140.9
1999	2633.8	195.4
2000	1135.8	158.9
2001	1224.3	133.9
2002	1211.2	129
2003	1011.3	116.4
2004	709	95
2005	559.8	68.4
2006	503.1	58.1
2007	359	58.5
2008	289.9	61.1
2009	432.2	60.2
2010	331.5	62.4
2011	414.6	87.2
2012	1042.7	82.8
2013	606.8	83.9
Criteria Indicator	100	30

Source: Ministry of Finance and National Economy, economic supply and financial, internal publications by the international cooperation and external debt units, for multiple years. The Central Bank of Sudan (CBOS), reports for multiple years

the net present value of debt to the total government revenues rate reaches 449% compared with the estimated global ceiling of 200%. All these ratios are considered high and cannot be maintained in the medium and long terms, noting that the extent of the needs of the country of foreign currency, and thus the Sudanese foreign debts account for a large proportion of the Sudanese total national income, as the state is committed to pay premiums amounting to 30% of the export revenues. The foreign indebtedness crisis deepens the development impasse in this country (Mattar, 2005). The debts circle does not stop, but that debts even lead to new debts, while the debt service ratio is accumulating to eat up the proportion needed for development, with the diminishing chances of achieving development and progress.

CONCLUSION

The goal of debt management is to keep its size in serviceable ranges and avoid a debt crisis, in this case, Sudan repayment of its debts measured by the performance of its economy seems impossible, so the crisis management seems more logical through the rescheduling of debts on reasonable terms like linking between the debt service and the exports or imports, and the return of flight capital, the debt cancellation by the debtor (creditor), the exchange of debts with assets, trading the debt with equities and shares, swapping the debt by nature" but most of them do not constitute real potentials for Sudan, with the remaining of the most common practices in the international arena, which are the agreements for re-scheduling the debts which defer the terms of payment of indebtedness if such was the cause of the crisis, but if the reasons are long-term internal reasons, the economic reform is more effective than rescheduling. The rescheduling is usually applied with economic and social reform programs, to stimulate the economic growth and recovery (demand management and restructuring programs). The demand management assumes that the reason for the problems of indebtedness and the balance of payments is total short-term demand mismanagement, whilst the restructuring aims to eliminate the structural distortions causing the inflation and hampering the medium and long-term economic growth.

Sudan resorted to the Paris Club group in 1979/1980 to reschedule the Paris Club debts in which the arrears of the original debts and interests were rescheduled. Sudan signed four agreements in the years 1979, 1980, 1981, 1982 and 1983 with periods of repayment between 6 to 7 years, a grace period extending to three years and a commercial rate of interest between 8-9%.

Sudan failed to repay in accordance with the programs of those agreements, due to the short time period for repayment and the higher rates of interest, besides the scheduling included part of the debt with no exemptions for debt. Sudan could not benefit from the some initiatives such as Napoli Club initiative, which provided for the exemption of 67% of the debt and a repayment period extending up to 40 years. The indebtedness to the countries of the Paris Club amounted to $7,066 million dollars with the punitive interests on delay representing $3.3 billion of it. Sudan also signed a refinancing agreement with the commercial banks in 1981 to process Sudan debts to the commercial banks through these agreements which covered the debt original until 31/12/1979, the capitalized and current interests until April 1982. The amount of money rescheduled then reached $554 million to be paid in seven years with a grace period of 3 years.

That agreement was amended several times, but Sudan did not pay off after the amendment due to the mismatching of the agreement with the economic conditions Sudan was experiencing in terms of the short period of time. Sudan last agreements for rescheduling was in 1984 with the group of the Paris Club and in 1985 with the commercial banks, whereas $920 million were rescheduled with the main argument for rescheduling was to enable the indebted countries to overcome the problem of liquidity and to regain ability to service the debts in the medium and long terms, but for Sudan and many developing countries, the bilateral debt rescheduling agreements are very few "or of no use" because the debt service problems have become problems of ability to meet the debt solvency more than liquidity problems and look like tranquilizers which are expensive in the medium and long terms (Umm Badda, 1991). The best option is to work hard to benefit from the

Heavily Indebted Poor Countries Initiative (HIPCs) as the only initiative put forward now by the international community to take advantage of the facilities granted, and the privilege of its comprehensiveness to address the debts of the international financial institutions, the countries of the Paris Club and the London Club and the debt of the bilateral cooperation countries. Sudan is eligible to take advantage of the HIPC Initiative as it was committed to the agreement with the International Monetary Fund and implemented a medium-term economic program and achieved good performance since 1997, which was praised the IMF's Board of Governors meeting of 2010. The program included fixed payment premiums to quench the interests on the IMF's debts on Sudan that arise annually so the debt size will not exceed the level of program starting year, i.e., the current debt continues. As for the term of preparing a strategy paper for poverty alleviation, Sudan completed its preparation and submitted it to the Board of the International Monetary Fund and the World Bank for final approval, besides Sudan foreign indebtedness was in compliance by 92% under the supervision of the International Monetary Fund and this ratio qualifies it to benefit from the HIPC Initiative, in addition to the preparation of the strategy for the arrears treatment and debt exemption in collaboration with the African Development Bank to guide the joint move towards the international community.

It was expected, after the signing of the Comprehensive Peace Agreement (CPA) in 2005 and Abuja Agreement in 2006 that Sudan will benefit from the initiative after it satisfied those conditions but such did not happen. The African Union High Implementation Panel (AUHIP) on Sudan adopts the joint cooperation agreement between Sudan and South Sudan with regard to the external debts amounting to $43 billion by the end of the year 2013, as the agreement provides for the zero option requiring Sudan to bear all the foreign debts with the devolution of all the foreign assets to it, provided that the two countries work for the debt exemption within two years through the HIPC Initiative. The two years period ended on 27 September 2014 so the two countries should either extend the period of the two years, or return to the option of the distribution of the burden of the external debt and assets between the two countries in exchange for the commitment of the international community to exempt the debt. The future of Sudan political economy seems unpredictable with any degree of confidence, for such depends on the policy of the United States, which is considered as a key determinant for the future of the economy and wealth in most developing countries for more than a century now, so the improvement in the relations with the United States will support the Sudanese economy, besides, the development of a strategy and policy for external borrowing is needed to show the obstacles and problems encountered in the external borrowing and put the proper solutions for them (the Central Bank of Sudan, 2004) for the policy of the external borrowing requires the processing of the previous and current debts, thus it is inevitable to develop proposals and plans for external borrowing policy to show the standards of foreign borrowing, the impact of the external debt on the macroeconomic policies and the activation of the external debt management.

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