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Liberalisation Policies and the Economic Performance under Drought Conditions: the Case of Sudan

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Abstract

This paper assesses and quantifies the impact of the economic liberalisation measures adopted by the Sudan in its agriculture sector, and their performance under drought conditions and price uncertainty. Agriculture is the main sector of Sudan's economy. Sudan is among one of the least developed countries (LDCs) of the world. The country is characterised by its small-open economy, and the economic performance is pledged to the weather conditions especially rainfall. Based on these facts, Sudan plans to put a path for the sustainable development by adopting the structural adjustments programs (SAPs) to its economy. The study develops a multi-market model for Sudan. The model embodies important characteristics of agriculture in Sudan like substitution effects and the dependency of the agricultural supply on rainfall. Stochastic variables in the model are prices, supply and the rainfall. The model is extended to incorporate food security aspects, which are directly affected by the agriculture performance. The model simulations revealed that, the direct impact of the SAPs would overall lead to considerable gains in Sudan's agricultural supply and the country's food security. However, when weather conditions are not favourable; represented by low levels of rainfalls, the positive results are overturned. The study concludes that, Sudan should adjust its domestic policy towards free market policy in order to eliminate economic distortions and benefit from the efficient use of resources. To avoid food shortages and food price fluctuations the country should keep strategic stock of cereals (Sorghum, millet, wheat and rice) amount to one third of its current consumption.

Keywords: Multi-market , Structural Adjustments, sudan