

By Alfred Taban Logune

Sudan is commonly considered among the world's most corrupt countries, yet this is very difficult to prove due a secretive government and years of strict media controls, which have all but eliminated journalists' watchdog ability.

President Lt. Gen. Omar Hassan al-Bashir came to power in June 1989, toppling the democratically elected government of Prime Minister al-Sadiq al-Mahdi. The new government claimed it wanted to rid Sudan of corruption, financial mismanagement, nepotism and the military failures in South Sudan. However, within a short time, it had shut down all independent newspapers, jailed dozens of journalists and writers, dissolved Parliament and trade unions and banned all political parties. Real and perceived opponents of the new Islamic-oriented government were thrown into prison and many of their businesses were taken over by members of the government or their affiliates.

A new paramilitary group known, as the Popular Defence Force (PDF), launched a military offensive to wipe out the rebel Sudan People's Liberation Army (SPLA) in the south of the country. In the 1990s, vast wealth was added to the equation when oil production began in the Unity state in South Sudan. Around the same time, a widespread campaign of torching homes and villages began to displace residents.

There were virtually no independent organizations to question the government. The seeds of corruption and lack of transparency were planted.

Bidding for government contracts, particularly in the oil sector, is still not public, and contracts are awarded to people close to the regime. In one such case, a contractor charged with supplying fish to the PDF in Jebel Aulia, a suburb of Khartoum, enriched himself very quickly. The amounts he charged for his deliveries were rarely questioned, according to a Southern Sudanese lawyer who knows the individual.

People close to the government hurriedly set up companies, many in Malaysia and China, to take advantage of the newfound oil money, as did the ruling National Congress Party. One such company – based in China and owned by the National Congress – reportedly skims a commission of 35 percent for all trade with Sudan. Bilateral trade between Sudan and China has been valued at 249 billion dinars (US\$1.2 billion) a year in recent years, although last year it dropped to around 177 billion dinars (US\$850 million), according to official figures.

But not all of Sudan's corruption is on such a grand scale. In August 2006, James Henry Tadiwe, the minister of rural development and infrastructure in the West Bahr al-Ghazal state in South Sudan was suspended on the grounds that he embezzled 14 million dinars (US\$67,000) allocated for drilling boreholes in the state. SPLA separatists are also engaged in corruption. Military commanders sell off timber and other resources in the south and pocket the profits.

Taxes in Sudan are so high that business owners post fictitious profits to avoid them. Companies pay a 5 percent stamp duty tax, a 10 percent value-added tax

and a business profit tax, as well as 18 percent of employee salaries for social insurance.

Sudan's chaotic liberalization and currency changeover in 1992 led to widespread corruption. The liberalization of the economy, introduced by the government, attracted both local and foreign investment. As a result both struggling and profitable corporations were sold off for virtually nothing. One example is the Grand Hotel in Khartoum, which was sold to a Malaysian firm. Large sums of money went to individuals, while very little entered the Treasury. And when the country's currency was changed from Sudanese pounds to Sudanese dinars during a two-week period, millions of latecomers lost most of their money.

On Jan. 9, 2005, the government in Khartoum and the rebel Sudan Peoples' Liberation Movement signed the Comprehensive Peace Agreement (CPA). According to the agreement, the two parties are expected to share equally the oil proceeds found in South Sudan. The majority of Sudan's oil is in South Sudan, but Khartoum may keep all revenue from oil pumped elsewhere in the country. Early in 2006, the government of South Sudan said it had received about US\$750 million in about a year after the CPA was signed. However the President of South Sudan, Salva Kiir, complained that his government was not sure whether it was getting its fair share of the oil wealth, as called for in the CPA.

Kiir was quoted in the Khartoum Monitor newspaper as saying that the border between north and south has not been stationary and that his government was not sure where the oil was being pumped. Kiir also said in newspaper interviews in July that the petroleum commission charged with monitoring whether the South was receiving its fair share of oil revenue had not been functioning. The disagreement between the National Congress Party and South Sudan's government centered on who would head the Ministry of Energy and Mining. The government of South Sudan fought in September 2005 to choose the minister, but ultimately, Awad al-Jaz, a National Congress member, was appointed to the post.

Much of Sudan's budget is allocated to military spending. Although fighting in South Sudan stopped after the signing of the CPA, fighting has been going on since February 2003 in Darfur in western Sudan. [At press time, conflict in Sudan is increasing.] Military budgets are not disclosed and the government selects defense contractors secretly in the name of national security. Disclosing military secrets is a capital offense. Supplies to the Army and the PDF are channelled through companies and individuals close to the government. The Army is reported to be spending one million dollars a day, according to unofficial sources. There has been little transparency: Information usually comes from individuals in the government who want to see changes towards more openness or those close to, but not part of, the regime.

Although the government has said it does not tolerate corruption, only a few bank employees who have embezzled funds have been arrested and prosecuted. Unofficially, only two senior government officials have been fired on corruption charges, and they have not been prosecuted. One was a state governor, who was accused in the early 1990s of using public funds to furnish his private house. The other was Col. Martin Malwal, a former member of Bashir's 15-man junta that overthrew al-Mahdi's government. In 1994, Malwal was removed for allegedly

taking public funds to buy flats in neighboring Egypt. Malwal was later reinstated to the Council of Ministers.

Instead of reining in corruption, the government has cracked down on the press for writing about it. The Arabic daily Alternative View (al-Rai al-Akhier) was closed down in 2002 when it accused a government official, Mahjoub al-Khalifa, now a presidential advisor, of embezzling millions of dollars meant for providing services in the Khartoum state. In 2003, the privately owned Nation (Al Watan) Arabic daily was shut down and its editor, Sid Ahmed Khalifa, detained when it reported on the corrupt practices surrounding Vice President Ali Osman Mohamed Taha.

The Islamic banking system in Sudan, under which interest charges are forbidden, also enables much corruption. Banks become participants in the businesses they help begin. When the businesses make money, it is shared according to the capital each creditor has invested; when there is a loss, it also is shared. Many banks have lost millions of Sudanese pounds due to unscrupulous clients.

Despite clear provisions in the 2005 CPA and a May 2006 Darfur treaty for press freedoms and open and clean government, wars and once-strict government controls on media have allowed corruption in Sudan to flourish. Although the media restrictions have been relaxed, few reporters have dared to dig deep into cases of government corruption.