United Nations
A/HRC/25/NGO/18

General Assembly

Distr.: General
20 February 2014

English only

Human Rights Council
Twenty-fifth session
Agenda item 3
Promotion and protection of all human rights, civil, political, economic, social and cultural rights, including the right to development

Written statement* submitted by the Society Studies Centre (MADA ssc), a non-governmental organization in special consultative status

The Secretary-General has received the following written statement which is circulated in accordance with Economic and Social Council resolution 1996/31.

[13 February 2014]

* This written statement is issued, unedited, in the language(s) received from the submitting non-governmental organization(s).

Call to enable Sudan benefit from the merits of the Highly Indebted Poor Countries (HIPC) Initiative

During the 20th century, the developing countries witnessed a lot of political, economic and financial changes, being the main cause of the underdevelopment of these countries and their fall into a whirl of foreign pressures. In the midst of the search of these countries for solutions to their situation, the problem of foreign debts arose in front of them. The capitalist countries and the commercial banks were competing in providing poor countries with funds needed to overcome their diverse problems, considering that the development process requires large capitals and advanced technology.

The global debt crisis emerged in 1982 when some countries stopped paying their external debt service and other countries demanded rescheduling of their debts. The severity of the crisis aggravated by the impact of the economic recession and stagnation on the economies of the industrial capitalist countries which found themselves unable to recover the loan amounts lent to the underdeveloped countries.

Since its independence in 1956, Sudan as one of the developing countries, kept to struggle for development but was not able to settle the structural imbalance in its national economy and the excessive reliance on exporting raw materials. Furthermore, the civil war which erupted with the first heralds of independence had resulted in political turmoil and steadily worsened the economic conditions of the country.

The different national governments of Sudan, at the post-independence era, have systematically endeavored to attract loans and aids from external sources. During the seventies of the 20th century, foreign aid flowed in at large amounts but, the country was not able to utilize those amounts according to the set loan conditions due to the weak capacities of the government and the persistent structural deficiency of the national economy. By time, the amounts of debt service together with penalty clause accumulated until they reached to about $38 billion in 2010 equivalent to 94% of the GDP. Debt rate for exports reached 292% compared to 150% in developing countries.

Recipes for addressing foreign debt crisis in the eighties of the 20th century involve many unjust measures for the developing countries as creditors and donors often commit these countries to implement economic policies that rest upon a package of procedures which have negative effects on the society such as devaluation of national currency – resulting in accelerated inflation rates, the number one enemy of the poor, or reduction of public spending, lifting subsidy on basic goods and privatization. The resulting deterioration in the real value of savings forced many individuals to deposit their money abroad (one of the most important causes of the phenomenon of capital flight abroad) for fear of devaluation. All these policies have negative effects which prevent citizens from enjoying their basic rights.

In general terms, the negative impact of foreign debt on the financial and importing capacity of the developing countries had reflected on the investment operations needed for realizing the objectives of accelerated growth, an objective desired by the economies of these countries. This negative impact is demonstrated by the fact that the external debt burden will entail reduction in financial resources that could be directed towards savings and economic expansion. The high rate of debt service also forms a burden on the hard currency volume required for financing investment imports.

The negative impact of external loans service is not limited to the economic aspects only as they also affect the social aspects. The increase in inflation rates and the devaluation of the national currency urge the local capital to migrate abroad and resulting thereby in increased unemployment rates and lay-offs which will in turn cause serious social problems represented in aggravating unemployment in its different kinds, exacerbate poverty, increased imbalances in income distribution and expand the gap between the different classes of the society. By implementing the IMF Fixation and Structural Adjustment Programs (SAPs) a country abandons an important part of it social responsibility. Implementation of Structural Adjustment Programs also slows down the economic growth rates as a result of applying the economic deflation policies prescribed under these programs especially in its early stages. In turn, this will result in reduced domestic demand and increased stagnation which is reflected in reduced labor demand. Furthermore, privatization of public enterprises entails labor reductions that affect the overall employment rate and minimizes creation of new job opportunities due to curbed public spending under the pretext of reducing general budget deficits.

This shall be taken in addition to many other harmful measures accompanying economic reform programs. These measures are considered as a precondition imposed by donors for requesting debt rescheduling or applying for receiving new loans.

Sudan, like many other developing countries, has been suffering from loan service for a long time. Loan service has directly affected the social and economic situation of the country because of the serious problems it ensues including its effects on political and socio-economic development. This is reflected in the failure to provide adequate resources to meet the economic, social and political rights since it exacerbates unemployment even among certificate holders of all fields and deteriorates the purchasing power of the people due to wage freeze and price rising and compels governments to remove subsidies on basic goods in addition to depriving the government, under the SAPs, from its economic role as a main investor due to privatization of public enterprises which were providing considerable amounts to the public treasury.

Although all indicators locates Sudan at the top of the heavily indebted countries and despite that South Sudan has a share in these debts before cessation but Sudan hasn’t yet enjoyed the merits of the HIPC Initiative, a situation that lays further pressure on the limited resources of the country resulting from its endeavors to pay loan services. Sudanese people were thus deprived from enjoying their economic and social rights and the budgets allocated for education, health and poverty alleviation programs were seriously affected.

Based on the above, the (ssc mada) calls upon your esteemed Council to include Sudan into the HIPC Initiative and consider relief of its debts in order to save financial resources that guarantee the right to development and increase spending on education and health providing that this shall be accompanied with a detailed program for good governance and efficient utilization of resources through active participation of all concerned parties including civil society organizations, private sector and local communities in order to allow for full enjoyment of all human rights, particularly the economic, social and cultural rights through setting national budgets that respond to the vital needs for enhancing realization of those rights.