



REQUEST FOR EXPRESSIONS OF INTEREST

AFRICAN DEVELOPMENT BANK
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The African Development Bank hereby invites **International Individual Consultants** to indicate their interest in the following assignment: *“Preparation of a study on “Growth Diagnostic: Priorities for Accelerated and Inclusive Growth in Sudan.”*”

I. Background

The African Development Bank’s (Bank Group) Country Economics Department (ECCE) produces several knowledge products, including flagship reports such as the country diagnostic notes, country strategy papers, analytical papers among others. In collaboration with Sudan Country Office (COSD), ECCE is seeking the services of an international consultant to prepare a growth diagnostic study deep dive within the context of updated Country Diagnostic Notes (CDNs) for Sudan. The CDN is designed to inform the preparation of a new Country Strategy Paper (CSP) with the primary objective of identifying the binding constraints to growth and development of a country. Findings from the CDN are used to inform the selection of the priority areas of the CSP.

Sudan was reclassified from a low middle-income to a low-income country in 2020 following the country’s sustained decline in annual real GDP growth (from 2.9% in 2016 to -3.6% in 2020), which reduced the Growth National Income (GNI) per capita from USD 1,310 in 2016 to USD 650 in 2020. Sudan was upgraded to low-middle income country category following discovery of oil in 2000s, but weak economic performance in the aftermath of South Sudan secession in 2011 led to a sharp decline in its GNI per capita. The political instability coupled with other existing and emerging economic vulnerabilities have held back the post-COVID-19 economic recovery and resulted in dire socio-economic implications, including rising poverty levels which reached 66% in 2022.

Sudan’s structural transformation has recently deteriorated from an already low level. The composition of GDP has changed over the past decades, with the share of services (retail and wholesale trade, restaurants, hotels, local transport, warehousing, communications, etc.) sector in dominance. However, the share of agriculture sector reduced, and manufacturing sector remained at an average of 7.7% of GDP during the period. On the demand-side, private consumption, investment, net exports have declined, and government consumption has increased, albeit slightly. The private consumption to GDP share decreased to 84.9% in 2021 from 86.0% in 2000, while the investment share increased to 16.3% from 11.5%, government consumption slightly increased to 6.2% from 5.5%, while net exports have sharply dropped to

-7.9% of GDP from 3.3% over the same period. South Sudan's secession in 2011 reduced Sudan's oil resources by 75% decreasing the share of the oil sector in GDP from 14% in 2010 to an average of 4% since 2012 and increased the average annual trade deficit to USD 4 billion since the secession. However, the spatial structure of output generation has remained unbalanced as the growth poles are still heavily concentrated in urban areas due to limited progress made towards diversifying economic opportunities across the country, which explains the persistent regional inequalities, weak institutional capacity, and weak governance, amongst others.

This deep dive will undertake a systematic diagnostic analysis of Sudan's growth process over the last 30 years to identify the sources of growth, and articulate what needs to be done in the medium term to promote sustainable and inclusive growth and transformation. The study will involve diagnostics of the long-term growth trends, a synthesis of enablers of growth, the binding constraints to growth and emerging challenges.

II. Objective of the Assignment

The main objective of this intervention is to undertake a diagnostic study and facilitate expert discussions on sources and constraints of growth in Sudan for an accelerated, sustainable, and inclusive growth and transformation. The proposed comprehensive, futuristic, and multi-sector study will inform the Government of Sudan, and its development partners as to how development partners could work closely with the Government to help Sudan achieve its development aspirations, in the context of the Bank's High 5's vision for Africa's economic transformation, the Government's development priorities and those of other development partners. Among others, the study will also develop a roadmap to guide the government in implementing the recommendations.

The specific tasks to be undertaken in this assignment include:

- Undertake a systematic diagnostic analysis of Sudan's growth and structural transformation process over the last 30 years, and what needs to be done in the medium term to promote inclusive growth. The assignment will involve a synthesis of key issues in economic growth, inclusivity, and social development as well as the binding constraints to future growth. Specifically, the work will involve synthesis of i) trends in economic growth and structural transformation; ii) Growth decomposition and sources/drivers of growth; iii) private sector growth and emerging issues; etc.
- Examine the relationships between economic growth and trends in poverty and inequality, human capital development, economic and social governance, and labor-market dynamics, including trends in employment and skills mismatch; identify the key drivers and enablers of growth and the binding constraints to inform policy options over the medium-to-long term.
- Propose a new growth model/strategy that Sudan needs to take to absorb new labour market entrants; identify the impact of improving the quality of human capital, innovation and higher value-added production in existing and new tradable sectors and integration into regional and global value chains. Analysis of the structural shifts of economic growth and employment in Sudan, comparing the GDP growth rates and the employment/unemployment over the last two decades. Identify the potential sources of jobs at sector level, and what needs to be done to catalyze job creation in those sectors. The model will help to identify new sources of growth and growth potential; the priority areas for public investment and corresponding policy options with the largest potential for promoting inclusive growth, reducing poverty, income inequality and expanding job creation; how to sustain ongoing reforms to develop a level playing field; and quantify the impact of unlocking the constraints to growth/ economic diversification/ transformation.

- Quantitative assessments and simulation experiments of the proposed growth model will be undertaken to examine the impacts of the proposed growth strategies on Sudan’s capacity to promote inclusion, transformation and absorb new entrants in the labour market and sustainably reduce unemployment.
- Simulations of the proposed growth model and strategies to show how it translate growth into employment generation and poverty reduction, and application of relevant frameworks such as the overlapping generations (OLG) framework to capture the potential interaction of different generations of individuals in the marketplace. The simulations will also help to identify interlinkages of policy options and to recommend their sequencing and prioritization.

III. Scope of Work

The analysis for the proposed study will focus on the drivers/sources of growth in Sudan and identify binding constraints to growth for over the last three decades. The consultant will undertake a deep dive analysis and prepare a report of not more than 40 pages (excluding preliminary pages, references, and annexes) that seeks to investigate the sources of growth in Sudan (supply side and demand side). More specifically, the Consultant will prepare a report on the growth accounting/diagnosis in line with the proposed outline in Section VIII.

The analysis will involve review of available studies as well as other literature and additional data to describe Sudan’s long-term growth trends and transformation; private sector contribution; human capital development; economic and social governance; and employment trends and skills match. The analysis will draw on the national and sectoral development strategies such as the 25-year strategy is broken down to medium-term plans, including the Economic Reform Program (ERP) 2015-2019; the Poverty Reduction Strategy Paper (PRSP) 2021-2023 and other strategy documents to examine the implications of policy measures on inclusive growth and identify areas for reforms. In addition, the consultant will propose a new growth model or strategies and use a variety of data (on growth, employment, and poverty levels, etc.). S/he will also run simulations of the proposed growth model and strategies to show how it translate growth into employment generation and poverty reduction. The consultant will apply relevant frameworks such as the overlapping generations (OLG) framework to capture the potential interaction of different generations of individuals in the marketplace. The simulations will also help to identify interlinkages of policy options and to recommend their sequencing and prioritization.

IV. Deliverables

Activity	Indicative Timeline
Deliverable 1 (D1): Inception report on ‘ <i>Sudan’s Growth Diagnostic</i> ’, including a proposed detailed outline of the study.	5 th April 2023
Deliverable 2 (D2): First draft of the entire report on ‘ <i>Sudan’s Growth Diagnostic</i> ’	30 th April 2023
Deliverable 3 (D3): Revised draft of the report (<i>accommodating comments from the task team and peer reviewers</i>) and power point presentation of the report.	20 th May 2023
Deliverable 4 (D4): Presentation of revised draft of report to <i>the Bank’s economists, Sudanese government officials and other stakeholders</i>	30 th May 2023
Deliverable 5 (D5): Final draft of the report (<i>accommodating comments from the task team, ECCE reviewers, country team and other stakeholders</i>).	10 th June 2023

Level of Effort

It is expected that the successful consultant will commit an effort equivalent to 30 person days for the entire exercise during the period March - June 30, 2023. The work will be carried out virtually.

Submission of a revised report following each review stage will need to be accompanied by a matrix of comments indicating the actions taken to address the comments. The consultant will undertake timely revisions of the report as and when comments are received from the core team, peer reviewers, country team, ECCE reviewers, and other stakeholders.

V. Desired Qualifications and Experience

The successful individual consultant should be able to demonstrate the following academic qualifications and professional experience, at a minimum:

a) Academic qualification

- At least a master's degree or its equivalent in a relevant field including Economics, Public Finance, Public Policy or related disciplines, and any other relevant field, with expertise in macroeconomic modelling, macroeconomic policy analysis, inflation and exchange rate analyses, and macroeconomic policy reforms.
- PhD is an added advantage.

b) Experience

- At least 10 years of relevant professional and practical quantitative and qualitative research experience and report writing on policymaking in the industrial sector and on international trade issues.
- At least 3 years of experience working for an international organization. Experience with the African Development Bank will be an added advantage.
- Specific experience in relevant areas that include macroeconomics, monetary policy, inflation, exchange rate analyses.
- Experience of working with public sector, particularly in macroeconomic management and policy analysis, including in Sudan.
- Experience with preparing policy analysis and policy briefs, economic research and macroeconomic modelling.
- Excellent report-writing skills.
- Ability to think critically and to analyze complex issues.
- Ability to undertake rigorous statistical analyses, and competency in use of standard software (Word, Excel, Access, PowerPoint, and web tools).
- Proven capacity to work in a team or independently, and to deliver outputs in a timely manner.
- Experience working in a multi-cultural environment, personal sensitivity and commitment to Bank Group values and ethics; and
- English and French are the main languages of the Bank. For this assignment, English is required.

VI. Reporting Requirements

The successful consultant will work under the overall guidance of the Director for the Country Economics Department and direct supervision of the Lead Economist covering the Regional Department for East Africa. The Consultant will also work closely with the Country Economists covering Sudan and with other staff of the African Development Bank. To the extent needed, the Consultant may be in contact with other stakeholders working in the same or related areas, using interactive video or audio conferences. No travel is expected.

VII. Remuneration

A lump sum remuneration will be offered to the successful consultant for this assignment, to be paid in three equal installments at the submission of an acceptable inception report (Delivery 1), at the submission of the first draft report (Delivery 2) and when work is completed, that is, successful delivery of deliverables D3, D4, and D5 as described in section IV.

VIII. Proposed Outline

Section 1. Introduction

Background information and description of the main features of Sudan's growth trajectory over the last 30 years; description of the recent growth model, its strengths and achievements in terms of economic and social outcomes; summary of the drawbacks of the model and emerging challenges, including impact of shocks such as the COVID-19 pandemic, political instability, Russian's invasion of Ukraine, etc. Need for a new growth model.

Section 2. Synthesis of Sudan's growth patterns and main contributors

Supply side and productivity analysis; private sector engagement; human capital development, including the status and quality of education, health care and social protection, trends in economic and social governance; and employment trends and skills match. The section will also examine the relationships and crosslinks between economic growth and trends in poverty and inequality, human capital development, socio-economic governance and labour-market dynamics; identify the key drivers and enablers of that growth and the binding constraints in order to inform policy options over the medium- to long-term.

Section 3: Diagnostic of current growth model: features, achievements, and challenges

Describe the main features of Sudan's recent growth model; achievements in terms of economic and social outcomes [trends in economic growth and level of structural transformation, poverty & inequality, human capital]; and the emerging challenges in recent years. A key question to be answered is whether Sudan has fallen into a slow economic/ structural transformation trap, which has contributed to a low-income trap? The role of financial sector, trade, public sector, business environment, etc. The discussion here will also be drawn on the national development priorities underscored in the 25-year strategy is broken down to medium-term plans, including the Economic Reform Program (ERP) 2015-2019; the Poverty Reduction Strategy Paper (PRSP) 2021-2023 and other strategy documents to which the growth model is underpinned by key policy measures. Analysis of the structural shifts of economic growth and employment in Sudan, comparing the GDP growth rates and the employment/unemployment over the last two decades. Identification of the potential sources of jobs at sector level, and what needs to be done to catalyse job creation.

Section 4. A new growth model for accelerated structural transformation.

Based on the analysis above, propose and calibrate a new growth model or strategies that Sudan needs to take to absorb new labor market entrants and prevent/reduce unemployment (Discuss the pillars and policies of the new growth model). The new growth model/ strategies could focus on how to increase the quality of human capital, innovation and value-added production in new and existing tradable sectors, and greater integration into the global value chains. Identify new sources of growth by doing a good growth accounting - sectors of growth potential; and quantify the impact of unlocking key constraints to promote economic growth, diversification and transformation. This will involve applying relevant frameworks such as the overlapping generations (OLG) framework to assess of the impacts of the proposed growth strategies on the capacity to promote inclusion, absorbing labour market entrants and distortions; and examining implications for the productive and social sectors; imitation and innovation; quality of public investments; foreign direct investment; and innovation. Undertake simulations of the proposed growth model, showing and discussing the potential impacts of various policies.

Section 5: Conclusion and recommendations

Main conclusions focusing the on the binding constraints and how to address them; key policy recommendations and investment requirements over the medium- to the long-term to sustain high and inclusive growth and job creation; areas in which development partners, in general, and the Africa Development Bank, in particular, should focus over the medium-term in order to support Sudan's drive for sustainable and inclusive growth.

IX. Submission of Expression of Interest

Expressions of interest accompanied by an updated Curriculum Vitae (CV) must be received only by email to the addresses provided below **no later than 22nd March 2023, at 5:00 p.m. (Khartoum time) and specifically mentioning: “*International Consultant for the Sources of Growth in Sudan*”.**

For the attention of: Ms. Fatma Fawzi – Email: f.abdulrahim@afdb.org

With copy to: Dr. Duncan O. Ouma – Email: d.ouma@afdb.org; and Mr. Yousif Eltahir – Email: y.eltahir@afdb.org.

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