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Abstract

This paper challenges to identify the origins behind the weakness of the relationship between the center and regions in Sudan, through examining the major principles of resource governance mainly during federal system and interim period following the signing of the Comprehensive Peace Agreement in 2005. It demonstrates that, within the country, successive constitutions and their relevant laws have empowered the center over resource governance and weakened lower units and thus, they fuel contestation between the center and regions. The main objectives of this paper are to categorize allocation of power over resource between different tiers of government, and to clarify institutional capacity of revenue distributive among regions as well. Content analysis is used to analyze a body of data that contains document, reports, articles and interviews. The paper shows that centralized nature of the government influences tailoring of equitable allocation of power over resource. Wealth sharing' institutions emergent during interim period of peace such as Fiscal, Finance, Allocation and Monitoring Commission were found weak, consequently, were impeded shortly after peace collapsed in 2011, as well as the absence of adequate, fair criteria challenges appropriate allocation of wealth among regions. The paper also finds that presence of authorized devolution system is only the way to secure reasonable distribution of power between the center and regions, adequate distribution of revenue among regions and normalize the relationship between different tiers of government. This work contributes to knowledge as it deepens the understanding and advance current debate on the contesting relationship between the center and regions in Sudan.

Keywords: Resource governance, Wealth, legislations, Institutions, Devolution.

Introduction

This paper enlightens the constitutional and institutional provisions governing the relationship between the central government and regions relating to power function over natural resource (e.g. oil wealth) and distributive capacity of resource revenue in Sudan. The proposal covers periods of federal experience of 1990s and peace interim period of 2005-2011, and thus it narrows focusing on laws and occurrence of institutions during these periods. The statement of problem of this study is that in Sudan, attention is mainly paid to allocation of power over resource among upper and lower levels of government and revenue sources of different tiers of government. However, the role of natural resource in originating political contestation and violence between the centre and peripheries is visible. So far, several policies and decrees which have been carried out by the successive governments towards resource governance in the country have failed to attain proficient governance form of available resource. This have motivated the study the dynamic of resource allocation and violence in Sudan. Thus, in this paper the researcher aims to investigate three main objectives to address the contested relationship between the centre and regions (states) in Sudan, and to accomplish its goal. First off, the paper attempts to inspect to what extend successive legislations empowered the centre over natural resource in unstable Sudan. Second, it elucidates the origins behind maintaining the fragility of the institutions which was responsible of resources and wealth distributions under wealth sharing agreement and interim constitution of 2005. Lastly, it underlines a likely devolution form as an alternative means that may settle contestation condition between central government and regions to secure competent resource governance in the country. The paper therefore, endeavours to develop the understanding relating to the association between natural resource and political turmoil as well as asserting the legislative and structural origins of such issue in present-day Sudan.

Materials and Methods

This paper uses a qualitative research method via an unobtrusive –longitudinal techniques, type of gather and analyze data. The gathered data largely are supplied from both primary and secondary sources these including governmental, non-governmental documents and published reports, books and professional articles... etc. Such data is closely relevant to resource governance issue which largely involves constitutions, laws and institutional concerns. Moreover, a total of 20 individuals were interviewed by the researcher using open-ended form of interview. These interviews conducted to interrogate the informants were related to the natural resource and governance topics for the purpose of verifying gathered data through triangulation process. For data analysis, the researcher used content-direction analysis technique. Thus, in terms of interviews, an interpretive method is used after being contented, refined, coded, triangulated, categorized, and then further data may be familiarized, interpreted in an explanatory way to deepen understanding the contested relationship between the centre and regions over natural resources and its accumulated wealth in Sudan.

Literature Review

Following the end of the cold war and occurrence of multilateral sources of insecurity condition of a country, visibly, there is a growing body of literature focusing on the character of the fragile state and it influences on natural resource governance and political turmoil. However, the

majority of active civil wars in developing countries, as in Afghanistan, Sudan and Yemen, have reflected state fragility, poverty and slow economic growth (OECD, 2013). At this point Grono (2010) presents that the “failed state notion refers to states that are, for example, weak, failed or at threat”. This rather common description does not present a characteristic of the failed state. Accordingly, Anderson (2008) and Diamond (2006) offer a far more likeable definition that: the failed states are characterized as weak states failing on their achievement of basic state functions, such as responding to citizens' need, controlling corruption and providing security, besides they are prone to risk of civil wars and political instability. Moreover, Call (2010) provides that failed state is a country which suffers of capacity, legitimacy, security gaps and territorial variation. These definitions, considerably, establish that failed state is functionally failing and often vulnerable to conflicts and instability which in turn threaten the national security of a state.

In fact, the relationship between governance, efficiency or fragility and natural resource management becomes critical as it determines ubiquity or lack of violent conflict over natural resources in countries with sizable resource (Besada, 2013). Thus, far relationship between fragility and resource, wealth governance, development and conflict is well considered in recent literature on fragile state and poor governance in one society. Reference can be made, for example, to the work of Schouten (2012); OECD (2011) and OECD (2008) that failed state is characterized by limited capacity to perform development and secure basic needs to its citizen. In addition, Carment and Samy (2010) state that dysfunction of a state on providing basic needs to the people, efficient manage of resource and equal distribution of resource revenue as well as founding of environmental protection policy, all of these characterize the element features of fragile state which is prone to civil conflict.

Alternatively, regarding direct impact of state fragility on resource governance, development and conflict causation issues, Bates (2008) adds that fragile state is a state which is formed of weak governance system and institutions, wand failed to govern its available resources and distribution of generated wealth. Thus, it experiences long civil wars, and countries like Serra Leone, Liberia, Sudan, and Indonesia are well examples. Moreover, Silve (2012) States that failed state is a country which witnessing political competition over resource revenue, however, failed to develop property right institutions, resource management capacity and sharing of revenues generated of proceeded resource because of political competition among individuals groups in mineral –rich countries. In Interesting way Collier and Venables (2010, 8) argue that weak governance occurs when a discovered mineral resource has a negative impact on governance and institutions performance, due to sever political corruption in mineral sector, lack of accountability and rule of law. In the same way Ushie (2013, 2) low revenue transparency, weak regulatory institutions, public corruption, resources driven conflict and political crises are all linked to poor extractive sector governance”. While the presence of competent institutions and decentralized mineral resource governance will lead to economic growth, and will generate wealth mitigate conflict and political stability. This exemplifies the effective management of diamond sector in Botswana, Africa (Besada, 2013). Some make a link between fragility, misuse of resource and instability that poor resource governance and gain sustainability, security in fragile states stem from misuse of mineral revenue, however, in different countries mineral revenue are used in order to empower illegal government, illegal armed activities same to cases of Southern Rhodesia, DR of Congo (Lorraine and Rickard-Martin 2013). On other hand some scholars make a link between institutional capacity, wealth sharing and stability in transitional

and state building process such as work of Binningsbø and Rustad (2012) and Derouen et al. (2010) that founding of qualified institutions will strength state capacity and secure equitable sharing of wealth among the citizens in post-conflict societies. In the same line, Rustad *et al.* (2012) support that “institutions, mainly those that are related to natural resources should be adequately established and experienced in order to attain improvement in the resource sector.”

Background

Sudan is a vast and diverse country in terms of land and people, and is located in the north-east part of the Africa. It has a territory of nearly 1.881.000 km², making it the third African largest country behind Algeria and Democratic republic of Congo. Before South Sudan’s secession on 9 July 2011 Sudan was the Africa’s largest country with a territory estimated one million mile square (Abdalla *et al.* 2012, 325). Its 30898 million people are divided over 50 ethnic groups including hundreds of sub - tribes; each of them have its own tongue, although, Arabic is a formal-common spoken (Central Bureau of Statistics, 2008). It gained its independence in 1956 from Britain (Holt & Daly, 1961). Owing to its independence, Sudan has experienced different type of governance and ruling system ranging between unitary, regional and federal systems. Moreover, civil, military, and one party regime all of these have been experienced too. However, totalitarian regime is dominated through its independent age; the late one has lived more than two decades.¹ At present day, Sudan is a sovereign federal state that has been ruled by presidential system since 1994 (National assembly, 1998). Administratively, a regional division reflects ethnic and cultural variety of the country. Earlier than the secession of south Sudan, the country contained nine regions, northern Sudan consisted of six regions and southern Sudan consisted of three regions. Khartoum is the national capital in the north and always refers to the centre of power. Lately these nine regions are divided into 26 states sixteen in north and ten in south (government of Sudan, 1995).

The country embodies plenty of natural resources, besides a vast agricultural postural land. Sudan is rich in mineral resources including gold, uranium, iron copper and oil (Ministry of economic and finance, 2000). Even though Sudan resources are abundant, resource management and development process in the country always reveal unfulfilled secured and advantage to its people, in terms of alleviating poverty and regional equality. Moreover, they have led to augment poverty and slow the country’ economic growth, which stands as the main reason for figuring Sudan among the 33 least developed countries in Africa (UNCTAD, 2012). Sudan also experienced a history of civil war that was launched even before independence in south part in 1955 and continues up to date (Elbattahani and Elbadawi, 201). So far the conflict has split into west and east Sudan and has continued up to date. Thus , elements of weak state, centralized nature of the regime, ethnic diversity and historical grievance as well regional disparities are among the most reasons for the great state of instability in the country at large (Komey 2010).

In recent history the role of natural resource has become visible as source of political challenge between the centre and regions, as issue of equitable allocation of power over resource

¹ During the short- lived period as an independent state, Sudan had witnessed an incessant political change that included three eras of military coups (1958-1964; 1969- 1985 and 1989- up to date) which led to an enshrined authoritarianism in the country, currently the dominant one party system of National Congress Party NCP is developed out of military coup since 1989 and continue.

and revenue grows critical to regions. However, since the past control on resource in Sudan remains a sole right to centre without sharing other level of government, this for so long has been enforced by several laws and constitutions (e.g. constitutions of 1973 and 1985)², all of them have validated centre authority over resource sector without any exception. Despite the foundation of self governance system of 1970s and regional governance of 1980s resource governance continue central affair, regional and provinces governments barred of power over valuable resource such as mineral, land resources, authority to collect revenues from these resources as well (Ministry of Justice,1980). Therefore, lower governments grew weak and powerless to perform their responsibilities regarding services delivery and local development at grass- levels. A matter that can fuel tension and increase demands via regions of re-allocation of power and wealth between the centre and regions consists in the following waves of violence in the country. In attempt to settle civil conflict in Sudan, a historic Comprehensive Peace Agreement of 2005 was signed between the central government and Southern armed movement, as well as the central government success to reach peace agreements with a fraction of Darfur' rebel and eastern Sudan movement in 2006. The peace partners agreed about federal system, equitable allocation of resource, wealth and balanced development in all Sudan. However, peace was fragile and shortly collapsed, moreover, the country is divided into two parts north and south and violence is ubiquitous in different parts of the country, and thus rivalry over resource and their wealth has continued without lasting solution. The present paper intends to provide a fact relating to constitutions and institutions nature that made difference between the centre and regions in Sudan during federal system and post-peace period.

The principles of Resource Governance during Sudan' federal system and Interim period of 2005 Power over Resource, Revenue in Federal laws

By the beginning of 1990s and rising of Military regime for Salvation (Al'ngaz), federalism was opted as a suitable form to govern a large and diverse Sudan. Aspiration of naissance such as governance system was declared in order to attain regional equity and development and to enhance peace in unstable Sudan, through the presence of equitable allocation of power and wealth between the centre and regions (states). Whereas, natural resource remains a source of wealth and one of key factors that onset civil violence and political tension among Sudanese. It occupies a consider position in laws and legislations occurrence emergence of federal system. Moreover, commence of oil production by late of 1990s was an enormously important resource wealth among the centre and regions. In fact, emergent regulations were numerous and sequenced to strength new born federal system and repeal the Sudanese experiences of ruling, administration and manage distribution of resource and their accumulated wealth. These laws includes for the example (Constitutional decree No 12 of 1995, Reviewing division of power to the levels of government: federal, state and locality level; Constitutional decree No 13 of 1995, Organization of federal institutions and Local government act 1998).

At the case in point, it is noted that during the early age of federalism in Sudan, the fourth constitutional degrees of 1991, local government act of 1998 and constitution of 1998 considered the legal provision on resource management and revenue distribution between the different tiers

² Article (37) of the constitution of 1973 stipulated that all wealth and underground metal resources are owned, governed by the state.

of government. However, regarding power on natural resource and under provision of the fourth constitutional degree of 1991 "Establishment of Federal System", the new federal form has secured central authority on natural resource the mineral, oil resource in particular, for example section (3) of Fourth Decree of 1991, Distribution the power between the states and federal institutions, asserted that federal government has only a right on natural resource management, planning and development" (Government of Sudan, 1991). In the same way, the constitution also, has given the federal government the right to exercising the powers relating to "management of land, natural resources and the mineral resources the land contained under it (National assembly, 1998).

Regarding revenue distribution between upper and lower levels of government, the law determined the states' revenue from the taxes and local fees with a percentage to be decided by the federal government from the profits of any of the federal commercial, industrial, agricultural and mining projects" (Government of Sudan, 1991). Moreover, the constitution of 1998 provided the federal authority an upper hand to dominate financial credit sources from the profits of national projects with a certain percentage to be allocated to the states (National assembly, 1998). Both constitutional decree of 1991 and constitution of 1998 specified that: the financial resources of the states were comprised of the profits of the projects in the state which were approved by the federal government and were in line with the national plan. Following, the constitution has also limited the authority of the state without permission from the federal government in exercising any powers relating to: "national projects and public companies, as well as to federal land whether for ownership or use" (National assembly, 1998).

In line with the federalism local government system imposed in 1998, however, a Fund for localities development was established, by virtue of a state law to which the budgets of both states and localities contributed, and it was managed by a board of trustees under the supervision of the chamber of federal rule (Local government act, 1998). The law also stated that in the distribution of the revenue of the fund, a consideration should be given to the equivalence between the localities and justice in providing services. Besides, equivalent development opportunities were observed in accordance with fair criterion to be stipulated by the state's law (Local government act, 1998). It should be noted here that the laws, such as the fourth constitutional decree 1991, the constitution of 1998 and the local government law of 1998, have given the states a right to a certain percentage that has not been well defined ranging between (10-15%), with the central government being left to define them from the profits of the federal projects in the concerned state. Moreover, the law is not clear with regards to oil projects in the state, which is entitled to a percentage of it. The industrial investment referred to does not include investment in the field of oil, especially that there are some separate laws for oil and mining investments.

In consequence, regarding oil management, and since completion of production process at the end of the 1990s, it has been handled in accordance with the oil wealth Act 1998, same like abolished laws of petroleum act 1972 and petroleum corporation Act 1976, as well as the emergent act of 1998 which stipulated the national government with power over oil wealth managed via the Sudanese Petroleum Corporation (Ministry of Justice, 1998). Moreover, a body carrying the name the oil council has to be established to handle petroleum and all oil processes. Besides setting the policies and directives pertaining to oil and supervision over the corporation,

the council is headed by the president of the Republic.³ Thus, the law has confined all power over oil on the corporation and its board underscored the role and full authorization of the Sudanese Petroleum Corporation in controlling the Sudanese oil sector without any powers being delegated to any other body, even in the production areas (Ministry of Justice, 1998), the thing which absolutely embodies the influence of the federal corporation without any accountable or participation of government institutions in the states. Following and for an inclusive understanding of the allocation of power and function over revenue, constitutional responsibilities and actual provision of wealth-revenue by different tiers of government were displayed before the signing of peace in 2005. Table (1) displays this provision as follows:

Table 1: Legislation Responsibilities and Actual Provision of Revenue by different Tiers of Government

legislation responsibilities	Resource-revenue	Actual allocation of function	Revenues	
			Federal	State/ local
Federal/ state	Legislation	Federal		Federal
Federal	Territories	Federal	Profits from	grants-
Federal	Natural resource	Federal	national	loyalties -
Federal	and mineral	Federal	projects-	State taxes
Federal	wealth	Federal	production	and duties-
Federal	Oil wealth	Federal	fees-	10% of Profits
Federal	Tax	Federal	Oil and	from national
Federal	Income tax	Federal	other	projects,
Federal/state	Land	Federal	Mineral	allocated to
Federal	Custom	Federal	revenue.	the state
Federal /state	Agriculture and	Federal/		involved.
	forests	state		

Source: Constitution (1998) and Constitution Degree (1991).

Accordingly, claiming the division of power and resource revenue based on the weight of functions distributed between the federal and states/local governments, however, this doesn't tell the real fact in Sudan's federal experience, because much of fiscal power is assigned to the federal government, as described in the table above. So far, there is no indication for real revenue allocation in term of preference of the state and local power which the division provided. In addition, all arrangements relating to resource management show that in mining, major source of revenue were to be under the control of the central government, "nevertheless, the state would be given control over economic project, development in their jurisdiction in accordance with national planning" (National Assembly, 1998). One more, important thing is the little power developed to the states (regions) which were highly limited by federal power vested in the centre due to lack of clarity of the constitution and local governance laws regarding exact weight and limitation of power allocated to national and states governments, particularly on issues of land,

³ The council's membership is composed of; "the president of the Republic, Energy Minister, Justice Minister, Finance Minister, the Minister of investment and six members of those with expertise, competence and concern to oil affairs to be appointed by the president of the Republic (Petroleum Act of 1998).

mineral wealth and states share from motional projects implemented in a state. Such contradiction has led to weaken the role of states on resource management and advantage of their wealth, moreover, it maintains the centre control over resource and their wealth by empowering the role of executive branches instead of legislative ones or by performing the number of additional laws supporting the centre control of a resource (Adam El-Zain, Institute of Local Governance and Administration, August 6, 2012). As a result, Federalism in 1991 did nothing to alter this fact as the central government maintained power over resource management for federal government, abolished the states's power and judiciaries, and starved states administration of funds in thinly veiled attempting to fragment the lower tiers of government (Yaheya Mohamed, Darfur People's Corporation for Development, July15, 2012). However, the states governments grow weak to address their responsibility in terms of service delivery and development and highly become dependent on central aid, and thus lose their independence (Mukhtar Al-'asm, National Election Commission, December 7, 2011).

Generally, it can be said that, the imposed system of federal government has failed to undertake the issue within a democratic framework; as it has unilaterally adopted a single centralized mechanism to handle the causes of dispute over wealth between regions, particularly with regards to distribution and management of oil wealth. Hence, it has adopted the same earlier system followed by past regimes by marginalizing the role of the states and their non-involvement in the economic decision and tangible sharing of oil revenue.

Revenue Channelling and Institutions during Interim Period

With the signing of the Comprehensive Peace Agreement (CAP) and identical agreements during 2005-2006 between the central government and regional armed movements of south, west and east Sudan, a visible change has occurred regarding distribution of wealth between the centre and regional governments, and mainly issue of wealth sharing between intra-regions which for so long has been considered a key source to prevailing violence and political contestation between the centre and regions. Number of institutions were emergent under provision of agreements and interim constitution of 2005. Such provision was designed to set a relative balance between the centre and affected regions for instance South, Darfur and East.

In view of that, the Wealth Sharing Agreement (WSA) signed between the central government and southern rebel stipulated 50-50% share on oil revenue between the national government and regional government of south Sudan, a body which was in fact found due to power sharing protocol.⁴ Moreover, the WSA stipulated the establishment of National Petroleum Commission (NPC), whose membership is shared by half between Sudan government and the government of Southern Sudan, for the administration of oil industry in Sudan (Wealth sharing Agreement, 2004). The agreement has also given a priority to the establishment of the National Fund for Development & Reconstruction (NFDR), and the Southern Sudan Development & Reconstruction Fund (SNFDR), without commitments on the part of Sudan government (Wealth Sharing Agreement, 2004).

⁴ The power sharing protocol was one of six protocols compromised the Comprehensive Peace Agreement CPA of 2005, it signed between the Government of Sudan (GoS) and the Sudan People's Liberation Movement (SPLM) on power sharing signed on Wednesday May 26, 2004 in Naivasha, Kenya.

Reference to Darfur, East Sudan Agreements 2006 and since oil has never been a primary element in the political conflict in two regions; both agreements included no arrangements relating to oil revenues sharing. The Darfur peace Agreement (DPA) tried to create a suitable mechanism for wealth sharing between the central government and the region of Darfur. This mechanism is represented in the establishment of the Darfur Reconstruction & Development Fund- with a contribution by national unity government, the Joint Evaluation Commission, the Financial Revenue Allocation & Control Commission, Land Commission, and the commission for the compensations of the displaced and the war affected people (DPA, 2006). With regards to Eastern Sudan Peace Agreement (ESPA) as well as the establishment of Eastern Sudan Construction & Development Fund, a priority was given for allocating part of the national revenues for the region (ESPA, 2006).

Essentially, once peace was signed and issued of the interim constitution of 2005, federal system was strengthened with governance system division into four levels, national government, and government of the southern Sudan, state governments and local governance (Interim Constitution, 2005). In term of revenue allocation between the centre and regions, article (24) of the constitution stipulated distribution of revenue, only among the national government, government of southern Sudan and states' government (Interim Constitution, 2005). And according to the Resource and Revenue Allocation Act (2009) vertical fiscal allocation between these three tiers of governance is displayed as follows: "National government (centre) 53.92% , 2. Government of southern Sudan 19.42% , 3. State 23.97%".

Drawing on this, vertical allocation of revenue is only stipulated to three levels of governance, and it impulsively overlooks the fourth level local governance which considers the cornerstone of federal governance. Moreover, such amount share allocated to the states defined by the interim constitutions 2005 is always arguable by regions since it is unequal to the responsibilities assigned to the states relating to delivery of public service, local development and urgent needs at local level (Suleiman, 2012 and El-zain, 2011). The worse is that this inadequate allocation results in the concentration of revenue at the states' headquarter, thus, it has weakened the role of localities in performing their responsibilities to people (Fiscal Financial Allocation and Monitoring Commission, 2007).

Alternatively, to ensure payment to states and wealth sharing principles between the centre and lower levels during the interim period 2005-2011, two constituted institutions were understood to handle this task, the National Support Fund for States (NSFS) and Fiscal Financial Allocation and Monitoring Commission (FFAMC). The NSFS was established in 1995 occurrence implementation of federal system in Sudan (Kacool 2008), the NSFS continued existing as inter-governmental transfer means up to the interim period followed signing of peace in 2005. The idea came to reach principles of social justice and equity among the states, evaluate, classify resources and development level and efficiency of the states as well as create balanced finance between them. It joined member from both federal and states governments, the fiscal sources of NSFS consist of: (i) federal grant –in-aid to support poor states, (ii) rich state's support, nearly 15% of state returns from taxes to NSFS and (iii) loans and borrowing (El-Badawai and Suleiman 2010, 118)

Regards strategic aims, the fund endeavoured to achieve some goals these included among other:

- Addressing issue of distribution of wealth within federal governance framework.

- Designs policies and necessitate measurements of wealth distribution among states.
- Attract support to poor states from other state which are rich or have enough resources.
- To initiate spirit of twin-ship between states to help and support each other, and thus strength national integration.
- Develop resources for the NSFS via investment projects (Kacuol 2008, 193).

To put these aims in practise, the NSFS categorized the states into two groups; first those receive support like White Nile, Blue Nile and South Kordofan states. Second non- supported, rich states these including Khartoum, Gezira and Red sea states. Moreover, The Fund established set of indicators and weights which were adopted as principles of equitable criteria of transfers to the States. Table (2) below defines these indicators and weights appended to each indicator:

Table 2: Indicators and Weight Revenue Transfer to States

Indicators	Weights
Financial performance	10
Population size	15
Natural resource	10
Human resource	15
Infrastructure	10
Education	10
Health	10
Security	15
Per capita income	5
Total	100

Source: (Sate Support Fund 2005 cited by Suleiman 2008, 5).

Accordingly, these indicators and weight stipulated the share of each state of total federal funding, as displayed in table (3) below:

Table3: State share of Federal Funding in 2006-selective States

State	Share of federal fund	Allotment in 2006	Percentage of total % 2006
Khartoum	4.7	45324	19.92 %
Al-Gazira	5.8	43428	19.09 %
River Nile	6	14808	6.51 %
Northern	6.6	10008	4.40 %
Gedarif	6.3	10944	4.81 %
Sinnar	6.3	9432	4.15 %
South Kordofan	7.1	10752	4.73
Total	100	227532	100

Source: adapted from State Support Fund report (2006).

Apparently, despite the declared principles of the Fund in place balance between states, practical obstacles occurred, these stemmed from the given statistics above. Accordingly, an overview of table (2) reveals that some of adopted indicators to transfer revenue to states are not practical, not equitable, and too difficult to be reported due to lack of accurate statistics in Sudan. Hence, it's difficult and complicated to identify the percentage of total natural resource in the country, "as it's irrational to determine human resource, infrastructure and security

inductors, moreover, it appear that these indicators could be only appropriate for verify the horizontal distribution of the central subsidies, not other allocation process such as development, value added and compensate” (Suleiman 2008). However, table (3) demonstrates that the National Support Fund for States failed to apply the mentioned indicators as well as direct revenue transfer to lower levels in an improved way. For example the percentage share of Sinnar state is 4.15% of total federal funding in fiscal year 2006 in Table (3) while its percentage approved by the Fund is 6.3 of share from federal funding. This means that the actual share of state is 1433 millions not 9432 millions, besides it also characterizes the case of Gedarif state. Another example of the failure and inadequacy of the distribution indicators was demonstrated in the case of Nile state, which received 6.51% of total federal funding in the fiscal year of 2006 and become third after Khartoum (19.92%) and Al-Gazira (19.09%) while the state was ranked eleventh among Sudan’ states, beyond south Kordofan, Sinnar and Gedarif states in terms of population (Fiscal Financial, Allocation and Monitoring Commission, 2006). These data have corroborated that, lack of transparency; violation of the Fund criteria, aims led to inadequacy, disturbance in recompense and thus, continues grievance and aggravation of the states (El-Badawai and Suleiman, 2010).

Thus, the States support fund scheme for so long has faced challenges to achieve its task, besides impractical indicators that manage distribution of revenue, funding to states, and the State support fund was established with limited resource. Also there is a problem with respect to the institutions and channelling of revenue to state and local governments (Suleiman, 2012). In addition to above examples, a view on revenue transfers from the central government to the regions in fiscal years1994- 2008 indicated that despite the increase of transfer amount to states following export of oil, the National Support Fund for States NSFS failed on applying it principles. It is also noted that, the total federal transfer to the northern states did not exceed 24%, and their share from total federal expenditure did not exceed 23% and 6.6% of Growth Domestic Production (GDP) (Fiscal Financial, Allocation and Monitoring Commission Report, 2007). This explains augmented poverty and inefficiency at states level and their continuing reliance to federal support.

Table 4: Federal Transformation to the Northern States (1994-2008)

24	23	20.9	16.3	12.1	12.6	13.4	14	5.3	4.8	3.9	3.7	3.5	3.4	2.8
2008	2007	2006	2005	2004	2003	2200	2001	2000	1999	1998	1997	1996	1995	1994
Federal transformation to the northern state														

Source: Fiscal Financial, Allocation and Monitoring Commission (2006).

Likewise, during the interim period of (2005-2011) in attempt to resolve the problem of channelling resource revenue to the states, a commission named Fiscal, Financial, Allocating and

Monitoring (FFAMC) was established under constitutional decrees No 35 of 2006, the committee was formed as a result of the signing of comprehensive peace agreement and principles of interim constitution of 2005 (UNICONS, 2007). It had combined members of the national, South Sudan and states' governments, also included as members were individuals affiliated to public, private institutions, university academicians as experts from various disciplines such as economy, federalism and law in order to initiate applicable studies and research. Particularly concerning the proposed ways, indicators and weights on vertical and horizontal allocation of revenues in collaboration with ministry of economy and finance (Abbas et al. 2010). The commission was formed to address the issue of vertical and horizontal division of revenue between the three tiers of government comprising national, states and local governments (Fiscal Final, Allocating and Monitoring Act, 2006). Furthermore, according to the interim constitution (2005) the commission was also established to responsible for:

1. Monitoring and ensuring that equalization granted from the national fund is promptly transferred to respective levels of government.
2. Guaranteeing appropriate utilization and sharing of financial resources.
3. Ensuring that revenues allocated to conflict affected areas are transferred in accordance with agreed formula.

Based on these tasks, the expert's team presented a reasonable and practical vertical and horizontal report on allocation of public revenues among the different tiers of government which was implemented in the 2007 central budget. The team's suggestion on vertical distribution was based on the duties and responsibilities entrusted to each tier of government. Accordingly, the federal government was entitled to 55.2 % of total revenues while the States and the government of Southern Sudan had 44.8% (Suleiman 2008, 16). The horizontal distribution of revenues among the States was based on the following four major weighted criteria:

- Population size 40%.
- The lowest level of government 40%.
- Social Development 15%.
- States abilities to collect revenues 5%. (Presidential Decree No.34 of 2005, cited by Suleiman 2012, 128).

These indicators were also applied in 2007 budget, unlike in the past, where FFAMC as an independent body undertook the task of allocating national wealth to the different tiers of government according to such in adequate criteria. In addition, the practice of these criteria led to efficient and satisfactory transfer of fund to states which increased by 16.7 times in 2007 than in 2006 (Suleiman 2008). However, despite this achievement, the commission was not favoured by those who believe in centralized distribution of revenue and control of national wealth at federal level. Thus the commission impeded and re-organized to correspond with their demand and wishes (Suleiman 2012, 129).

However, it is worth mentioning that neither the National Support Fund for States nor the Fiscal Finance, Allocation and Monitoring Commission were successful in running to their responsibilities relating to allocation and transferring the national fund to states and local governments during the post-war period. As a result they were been challenged by poor institutions, limited resources, limited power and absolute centralized power over wealth

distribution (El-Badawai and Suleiman, 2010, 125-127). Also legislative and functional conflict between these institutions and federal government for being responsible in weakening the role which were supposed to be carried out by these two institutions (Ismaa'el Musa, Former General Sectary of NSSF, June 23, 2012). This was also in addition to inadequate and reasonable criteria adopted for allocating revenue between different tiers of government and regions.

So far, in Sudan, despite the signing of peace agreements between the government and regional movements in 2005-2006 and the emergence of relative institutions such as the NSFS and FFAMC as channels responsible of distribution of revenue between the centre and regions, optimal allocation of revenue have not been achieved. As a result, the government have failed in addressing wealth sharing issue through presentation of workable formula and institutions of distributing public revenues. However, "the power of resources and their revenue, from oil in particular, continues to be a central government affair without the involvement of other levels of government, this had led to increases in vertical and horizontal inequality between the centre and the regions" (Salih, 2012). The states, have therefore, become dependent on central subsidy to perform their responsibilities due to lack of self-finance, a matter which may led to risk losing their autonomy (El-zain 2011). The entire result of this is increase poor capacity of government institutions in local levels leading to their inability to respond to people needs. The combination of this and other historical, political, cultural and regional factors have led to recurrence violence in different parts of Sudan (e.g. Darfur, South Kordofan and Blue Nile) as well support for the secession of Southern region in 2011.

Therefore, in order to achieve lasting peace and bring political stability in the country, the presence of an agreed formula of wealth distribution is a prerequisite considering the increasing regional demand for fair allocation of resource revenue. In this regards far political reform in terms of introducing multi- level governance, institutions and legislations reform are critical condition for addressing such continuous issue. Since it has become clear that centralized management of wealth and deficient institutions lead to poor allocation of national wealth among regions.

The Devolution option, Institution Reform and Resource Governance Issue

One way to address ongoing contestation over resource and wealth between the centre and regions in Sudan is through the presence of authorized devolution system. "In the country and since independence in 1956, multi-levels governance which is a form of devolution has always grown as primary demand via regions to lessen dominance of centre over wealth and power" (Safwat Fanos, institute of local governance and administration, November 18, 2011) .This entails founding of good governance, institutions and legislation reform as resource governance remains a part of political reform at large. In definition, the United Nations (1962) defines devolution as a legal conferment of powers on formally constituted local and regional authorities to discharge specified or residual functions. In details one defines devolution as "transfer of planning, decision- making, or administrative authority from the central government to field organization, local administrative units, semi- autonomous and parastatal organizations, local governments or non-governmental organizations" (Cheema and Rondinelli, 1983). Such transfer of power created independent lower units linked to upper level through cooperation, mutual support and reciprocity (Mwenda, 2010). In environmental and resource matter Fisher (2012) defines that "devolution refers to transfer of power and functions to proficient sub-national units to be

directly involved in making decision and objects regarding natural resource sector". Deliberately, devolution is characterized as comprehensive prospect of decentralization and most effectual form of governance equivalents regional, political and administrative disarray over resource in Sudan. This involves governance, institutions and legislation reform as follows:

Good Governance and Institutions Reform

To place devolution and develop resource governance in Sudan, essentially, good governance can be recognized as the start point towards necessary political reform which in turn increases participation, governance efficiency and secures incorporated management of the resource as possible. According to (Abul –El Rahim Bilal, Friedrich-Ebert Foundation, September 2th, 2012) "the transformation from totalitarian central system to democratic institutionalized governance is considered as a foundation in the way of a cooperative management of the natural resource and wealth distribution in the country." Elements of participation, transparency, accountability and responsiveness that characterize good governance are important to enhance governance capacity and develop resource sector, since the rule of law and provision of power sharing between national and lower orders will be primary secured. In addition the United Nations Development Program (2013) reported that "besides capacity building, good governance can secure fairness on distribution of available resources, due to public participation on policy, decision-making".

It is worth reminding that empowerment of good governance as it likely means to secure successful implementation of a devolution system in Sudan is always challenged by poor institutions which weaken capacity of government (Awad, University of Khartoum, 2012). Hence, institutions reform is considered a key factor to develop devolution and create incorporated governance of natural resource, and such process may support mitigate contested relationship over resource between the centre and regions. At this point, the United Nations Environmental Program (2013) reported that, decentralized resource management in Sudan stands on presence of consistent institutions that require reform of local institutions as the start point on the way of institutions re-building. Such institutional reform has a priority to develop capacity of the local institutions. Moreover, building institutional capacity at the local level entails consistent support from the national government, and constitutional safeguard against the influence of the centre to empower their functions and successful implementation of the devolution system (Salih, NGOs member, 2012). Therefore, supporting local autonomy, institutional reform and re-building local governmental and social institutions will enable an establishment of effective governance of resource and mitigate conflict over it at a local level (Siddig *et al.* 2007). There also occurs development of traditional institutions in order to support sustainability of managed use of natural resource at local conflict and mitigate rivalry over it as well (Babiker, 2008) in an effective way, transfer of functions and financial capacity to lower levels to fulfil decentralization goals regarding the reduction of the vertical gap between the regions and mitigate escalated contestation over resource and their wealth between the centre and regions in the country recent history (UNDP, 2009).

In short, institutional reform is a cornerstone of successful implementation of decentralized governance in Sudan. Presence of legal consistence and participated institutions as well as capacity to generate revenue and self-reliance is an optimal way to integrated management of resource and distribution of their wealth in Sudan.

Legislation Reform and Allocation of Power and Resource Management

Occurring reform laws and regulations that govern natural resource and distribution of wealth in present day Sudan are key issues to the national government as well as the constituent units, not only of provisions for determining an allocation of power between the different tiers of government but also of the empowerment of regions over natural resource and decrease absolute power of the centre over it. However, all earlier constitutions, decrees including federal constitution of 1998 and interim constitution of 2005 have stipulated the centre a great power over resource. And thus, they weaken the role of states on resource management and advantage of their wealth, mineral wealth in particular, this historically fragile resource governance, institutions capacity and origin contestation between different tiers of government either during unitary or late federal one. To address this issue, a major reform of these legislations is considered as a priority for successful devolution by defining in accurately how power and responsibilities over resource should be allocated to each of government's level. According to Atim Garang (Deputy Speaker of the Sudan's National assembly, November 8, 2010) an affective legislation reform that secures integrated management of natural resource in Sudan, relies on stipulating a degree of autonomy to local constituent units to organize and operate their institutions and responsibilities, out of the power of the centre. Even though, this autonomy also should not be absolute, the arrangement of adequate decentralization in Sudan for resource management, distribution of wealth and reduction of regional disparity relies on a balance between self-rule and shared rule between the centre and states (Saunders, 2010). Furthermore, the reform should pay attention to confiscate contradiction on allocated responsibilities between levels of governance in future Sudan's devolution. The legalization then, should address in a clear way the responsibilities of national government and lower units as well as the joint function between them (Musa, Former General Secretary of NSS F, 2012). The law also should be planned to provide a design of intergovernmental structure and processes to facilitate devolution governance in the manner that safeguards the democratic accountability upon which the legitimacy and effectiveness of institutions ultimately depend (Al'asm, a professor Public Administration, University of Khartoum, 2012).

For efficiency, the fiscal relationship between the national and lower levels of governance provisions should be made to the establishment of effective legislations to ensure fiscal laws enforcement and in turn adherence to fiscal discipline of the decentralization and wealth sharing criteria (The African Development Fund, 2006). Centrality of legislation reform comes from securing transfer of responsibilities and financial power to lower levels and defining in a clear way the amount share of states for the national wealth according to equitable criteria (Badawi 2008, 15). Owing to the lack of specific constitutional provisions of devolution of power between governance tiers, this will lead to a weak institution's efficiency and threaten the local autonomy.

Finding and Policy Recommendation

The broad aim of this article is to understand the constitutional and institutional provisions that for so long have caused the contestation over natural resource between the centre and regions in Sudan. The paper focuses on the major laws and institutions to govern natural resource and distribution of wealth in federal experience and interim period (2005-2011) following the signing of peace in 2005. It therefore, demonstrates how emergent laws and intuitions fragile the relationship between different level of government, in addition, they fuel political contestation

in the country. Employment of content analysis technique to analyze different source of data that tells document, reports, articles and interviews, and the paper reaches some key finding as provided below:

First: Due to centralized nature of Sudanese state, all laws and regulations often tend to support the centre authority over natural resource and take advantage of its revenue and at the same time neglect the regions playing central role in resource governance process when allocating power and functions even during federal system of 1990s. The result weakens lower levels incompetent to perform assumed roles regarding development and secure social services to local communities.

Second: National and regional bodies that emerged during the establishment of federal system and signing of peace agreement were deteriorated by the power vested to centre.

Third: Peace was fragile and lived for short - term (2005-2011), therefore generated temporal institutions such as Fiscal Finance, Allocation and Mentoring Commission which were impeded shortly after the collapse of peace in 2001.

Fourth: Lack of practical, adequate criteria in allocation of revenue, shared among states from the national fund; however, within the country the wealth was not always allocated according to national comprehensive framework and useful principles which reflect the regions requirements, regional inequality and deficiency of services.

Fifth: Institutions and policies that were responsible of wealth distribution occurred the signing of peace agreement between the centre and regional armed groups, for instance south west and east Sudan, were found inconsistency and weak and thus, failed to bring lasting solution of the wealth sharing issue.

Sixth: To address issue of power over resource and presence of adequate formula to allocate revenue between the centre and regions (states), establishment of devolution system is required to settle contestation between different levels of government. Such devolution system will be developed through the foundation of multi-levels governance, institutions, legislations reform and strong, good governance.

Recommended Policy

In this paper, policy implications of resource governance and normal relationship between the centre and regions purposely anticipated a framework ranging out of a number of institutions and legislations process to govern natural resource and distribute their generated wealth effectively in the future. Accordingly, these recommended policies are presented as follows:

1. Building up of resource governance should be originated from a border policy reform initiated by new authorized democratic regime to change political and socio-economic structure of the country to realize equity in power, wealth development and political order.
2. In essence, the decentralization system provides an appropriate formula for achieving balanced participation, local autonomy, power of resource and equitable allocation of wealth. And thus, it reduces gaps between the regions and tiers of government, practically this will be fulfilled through:
 - ✓ The present position of division of power in relating to natural resource should be enhanced.

- ✓ The presence of integrated management of resource between a region and centre on high contested resource such as oil, gold and copper must be arranged.
 - ✓ The present centre-state fiscal relationship must tend to empower a state' ability to utilize local resource for purpose of development at state level.
 - ✓ The presence of national constitutional institutions to distribute wealth between regions based on consent equitable criteria.
 - ✓ The present national strategy of development, regional disparities and needs of the affected areas should be considered.
3. Reform on system of legislation and constitution is essential to be updated with the proposed devolution system. Moreover, this reflects the allocation of power between different tiers of government and safeguards the maintenance of good balance in devolution system by limiting each level of government to its jurisdiction domain and preventing contradiction. This will develop governance efficiency in terms of resource management and service delivery.
 4. Moreover, laws and institutions should be reformed to equally develop, protect and regulate the use of resource and advance of them both at national and local levels. A priority then, may be given to the presence of national deliberate strategy that intends to increase local, foreign investments, to develop unexploited mineral, agricultural and forest resources in the country, and to generate considerable wealth that supports speed balanced growth and alleviates poverty if equally distributed.

Conclusion

This paper recommended devolution provisions as the adequate governing system likely to normalize the contested relationship between the centre and regions over natural resource in Sudan; through political, legislation and administration reform occurrence. Issue of centralized power over natural resource, wealth and vertical gap between the upper and lower levels of governance historically is being seen as main sources of uneven distribution of national wealth and contestation between the centre and regions in the country. Therefore, to secure constituent units from the influence of the centre and to balance power between the centre and regions on resource issue, a political reform drawing on decartelized transformation and establishment of the good governance is essential to reach decentralized resource management. However, provisions of constitutional and institutional reform remain key factors to empower distribution of power and wealth between the centre and regions following establishment of a devolution governance system. In addition, devolution and good governance incorporates resource management as prerequisites for putting an end to major root- cause of civil political conflict in current Sudan through peaceful means.

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