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# The 2022 Global Philanthropy Environment Index Sudan

**Expert:** Anonymous

**Institutional Affiliation:**

Edited by the Indiana University Lilly Family School of Philanthropy

## QUICK FACTS

**Legal forms of philanthropic organizations included in the law:** Association, Company Limited by Guarantee, Cooperative, Corporation, Endowment, Society, Cultural Group

**Five main social issues addressed by these organizations:** Arts and Culture, Basic Needs, Housing and Economic Development, Religion, Water and Sanitation

**Average time established by law to register a philanthropic organization:** 0-30 days

**Average cost for registering a philanthropic organization:** USD 3.50

**Government levels primarily regulating the incorporation of philanthropic organizations:** Humanitarian Aid Commission

Humanitarian Aid Commission (HAC) is the official institution responsible for registering, incorporating, and dissolving philanthropic organizations (POs). It is under the supervision of the Ministry of Social Development.

### Philanthropic Environment Scores:

Year	Ease of Operating a PO	Tax Incentives	Cross-Border Philanthropic Flows	Political Environment	Economic Environment	Socio-Cultural Environment	Overall Score
2022 GPEI	2.67	2.25	2.50	2.00	1.50	4.00	2.49

**Source:** Indiana University Lilly Family School of Philanthropy, 2022 *Global Philanthropy Environment Index*

## Key Findings

### I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

*The three indicator questions in this section pertain to the laws and regulations governing philanthropic organizations (POs). The scoring questions for this category cover three aspects of regulations: (A) formation and registration; (B) operations; and (C) dissolution.*

Question One: To what extent can individuals form and incorporate the organizations defined?

<b>Score: 3.5</b>
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Philanthropy activity in Sudan is organized by the Law of Organizing Voluntary Action (LOVA), which was issued in 2006; there was an amendment in 2013, and finally the last amendment was issued in February 2021. Owing to this law, any group of persons wanting to practice a form of philanthropy has to be registered. Although this law regulates all the voluntary forms in the country, there are many types of PO that do not fit, such as trusts and endowments, which require a different registration process that might lead to some complications. However, the regulations for the registration process are clear and easy. Also, the period for any charity to be registered is reasonable, within 30 days for local POs and within 90 days for international POs (Article 10/2-2006 & 2021). However, in some cases, it takes more time than usual because the security services check the background of the founders, which slows down the process of registration. This background check process is not official and there is no governmental institution that mentions it in any sort of laws. Moreover, according to the law (Article 9/1-2006), the minimum number of people required to establish a PO is 30, which complicates the process. As of February 2021, there is no minimum number of people required, thanks to a new amendment. Both the previous and the new amendment prohibit any group of volunteers from executing a philanthropic activity without a registration. Despite the aforementioned obstacles, the registration process in most cases is fast, easy, and cheap, and there are no government restrictions over the goals or the purpose of the POs, as long as they are apolitical.

Question Two: To what extent are POs free to operate without excessive government interference?

<b>Score: 3.5</b>
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POs in Sudan have the freedom to decide which structure fits their purpose; however, the LOVA states that for any group that wants to be registered, they should have a kind of structure (Article 9-1/b-2006. Article 5-2021), with no specifications on the form of the structure, which reflects the flexibility with this requirement. There were no restrictions on the sort of activity that any PO focuses on, as long as this activity seeks to fulfil a humanitarian goal. LOVA mentions a wide range of humanitarian goals without any limitations (Article 6-2006). Moreover, LOVA mentions that one of the regulated principles of voluntary work in Sudan is that all voluntary entities should implement their projects without any gender, race, religion or political discrimination (Article 5/a). However, the new amendments are narrowing the purposes of new areas where the organization would like to act, as long as this activity has not been mentioned in the internal regulation of the organization and the organization could not act in a such a field without the acceptance of the HAC commissioner (Article 11-4-2021). On the other hand, LOVA permits all kinds of incorporation and partnerships among the

different types of POs (Article 15-2), which includes the different kinds of activities and events (Article 16-2006). Nevertheless, there are certain restrictions relating to grants from foreign POs (even if the granter is inside Sudan, if he/she is not Sudanese). Cooperation to perform mutual projects has to go through the minister of social development. It is a bit easier with new amendments, where the acceptance is assigned by the HAC commissioner. The reporting requirements from POs could be handled with minimal resources. Every PO has to deliver a half-year and an annual report regarding their projects, in addition to a copy of an official annual budget (Article 27-2006).

Question Three: To what extent is there government discretion in shutting down POs?

<b>Score: 1.0</b>
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The laws that regulate the dissolution of POs are clear and uncomplicated, and give POs the freedom of voluntary dissolution (Article 14/1-E-2006). However, the liquidation process is a little complicated, because all the money has to be transferred to another PO that has the same purpose or another project seeking the same goal as the PO that intends to dissolve.

Involuntary dissolution by the government is a bit complicated. While the laws are clear concerning the dissolution causes, the government can deregister POs according to some general and vague parts in the laws (Article 14/1-B-2006). These concerns have been raised in the last two years, especially after the revolution in April 2019, by several POs claiming the government cancelled their registration after some of those POs' leaders were opposing the government, while the government claimed that these POs violated the laws in several ways. Those POs carried out the appeal process according to the laws, but they could not reregister their POs. What is noteworthy is the political influence on philanthropy has grown and become significant in Sudan, which hinders POs from practicing their activities. Furthermore, the appeals process, owing to LOVA (Article 14/2 and 3), does not take place before a court but with the commissioner of the HAC—the same person who is responsible for the registration process. If the appeal is rejected, the PO could raise the appeal to the minister of social development (Article 14/3-2006). These regulations were applied until February 2021, and the same with the new amendments covering the regulations, but the process of the appeal is usually much longer (Article 11/1,2 and 3-2021). The absence of the appeal before the court diminishes the opportunity of the POs to have a transparent process of appeal or to object to such interference of the government.

## II. Domestic Tax and Fiscal Issues

*The two questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically.*

Question Four: To what extent is the tax system favorable to making charitable donations?

<b>Score: 2.5</b>
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The tax deductions for giving by individuals and corporations are generally not very high. There is a low ceiling, a maximum of 10 percent from the net profit of cash contributions. In-kind contributions are exempt from any tax, provided the contributions do not exceed 50 percent of the

total amount of the capital in case of corporations. However, these exemptions have to go through a long, unclear and difficult process.

Question Five: To what extent is the tax system favorable to POs in receiving charitable donations?

<b>Score: 2.0</b>
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The POs' state in terms of tax exemptions is slightly better than the states of individuals and corporations. POs enjoy several kinds of tax exemptions, which include any profits gained from selling their assets, or the income of commercial activity. Also, imported equipment is exempt from any taxes and customs fees. These exemptions, however, are on condition of the recommendation of the Ministry of Social Development and the Ministry of Finance, which is not an easy or short process. This case has not changed with the new amendments on regulations.

### III. Cross-Border Philanthropic Flows

*The two questions in this section concern laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertains to the donor and receiving entities.*

Question Six: To what extent is the legal regulatory environment favorable to sending cross-border donations?

<b>Score: 3.0</b>
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Cross-border charitable donations are a bit problematic in Sudan due to various factors. Sudan is not a developed country, so it faces varied financial problems that influence all the country in general, and philanthropy in particular. This factor plays a major role in comprehending for POs operating in Sudan: Sudanese POs are more likely donation receivers than being granters, because of the critical economic situation the country suffers. Regulations on grants focus extensively on the grants received. Nevertheless, there are some POs that send a different kind of donations to neighboring countries, with few governmental constraints. These cross-border donations, however, were confronting another issue until recently, which were the sanctions Sudan was been subjected to, that minimized legal money transactions from/to Sudan. These sanctions restricted not only local POs from sending any donations but also from receiving such grants (Sperber, 2014). Now, since the cancellation of the sanctions in December 2020, it is expected that situation will improve.

Question Seven: To what extent is the legal regulatory environment favorable to receiving cross-border donations?

<b>Score: 2.0</b>
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Due to the sanctions, Sudan's international situation has had a big impact on the issue of receiving grants, as well. While POs face many obstacles in receiving cross-border grants, they are compelled to receive different types of assistance in illegal and indirect ways. LOVA bans any kind of grants from outside the country without the approval of the Minister of Social Development (Article 7/2-2006) and the approval of the commissioner according to the new amendments (16/1,2 and 3-2021),

which tighten the legal channels more and more on local POs. In the case of receiving cross-border donations.

#### IV. Political Environment

*The four indicator questions in the next three sections concern the political context, economic conditions, and socio-cultural characteristics that influence the environment for philanthropy.*

Question Eight: To what extent is the political environment favorable for philanthropy?

<b>Score: 2.0</b>
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Since the 2019 revolution in Sudan, the new government has faced several challenges in different sectors, especially in the philanthropic field, which is considered a fundamental pillar in Sudan as the country faces several widespread humanitarian issues. After the Sudanese revolution, the military and civilian sides advocated for different ways for ruling the country. In September 2019, an agreement of a 39-month power-sharing was reached between military and civilian representatives in Sudan (RAMANI, 2021). Working in such a political pluralist environment is quite complicated. Recently, another conflict arose between HAC and the Ministry of Social Development over the interference of the ministry concerning the operations of HAC, and termination of the contract of some employees, deepening the problem in the face of local POs under the pretext of their connection with the old regime.

This quick glance at the political situation might reflect to what extent the current government engages with the local POs regarding enacting plans and policies. The situation is still foggy, however: when the crisis of floods took place last year, the government was quite open with any kind of policies and action plans to remedy the situation, and the government showed wide flexibility with international POs (OCHA, 2021). Two situations might elaborate the government's approach to engage local POs: the first one is the peace issue with armed movements, and the second is the COVID-19 crisis. The government was open to engaging with POs in policies in the latter problem, but it was not the same with the former.

The clearest issue showing how far the government neglected POs were the policies concerning the new amendments of the voluntary regulations that were issued by the Minister of Social Development. There were no discussions with civil society, leading to opposition by the confederation of Sudanese civil society organizations, which led to the freezing of applying the new amendments to LOVA, until there is a consensus of the amendments.

Question Nine: To what extent are public policies and practices favorable for philanthropy?

<b>Score: 2.0</b>
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Although there are tensions between the philanthropic sector and the government in Sudan, the government is trying to pave the way for POs to carry out their missions successfully. Besides the closure of several POs, the POs had access to implement their projects in several areas. For instance, some local POs played a major role alongside the government to solve Kassala's local conflicts between tribes (Abu-Idris, 2020). Nevertheless, the tension between the players in the

political arena in Sudan does not allow us to identify the government and philanthropy being on the same side. The Sovereign Council headed by the military generals sometimes acts totally differently from the prime minister's side and openly criticizes the civilian leadership. The lack of collaboration and teamwork in the government is displaying the lack of coordination on one hand, and on the other hand, the conflicts of interest between those players are handicapping the POs from covering areas of need.

## V. Economic Environment

Question Ten: To what extent is the economic context favorable for philanthropy?

<b>Score: 1.5</b>
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The economic dilemma in Sudan overshadows other political and peace problems. In May 2020, the inflation rate reached 114 percent, and the GDP declined by eight percent by the end of 2020, which almost tripled the prices of goods (Alfeel, 2020). It was expected that the removal of Sudan from the State Sponsors of Terrorism List in late October 2020 would improve the economic situation; however, the economic crisis still continues and it is too early to determine whether the latest economic actions will work, especially the unification of the exchange rate that the government has undertaken as part of its staff-monitored program with the International Monetary Fund (IMF), which was expected to stabilize the exchange rate and fill the hole caused by the parallel market. On the other hand, the permeation of military forces in the economy minimizes the chances before the government to make an effective breakthrough in this regard (Alfeel, 2020). Local POs carry out their projects in this crucial economic environment, yet the economic situation is not only limiting donations: the access to several areas where POs implement their activities is also limited (OCHA, 2021). As an example, because of the increase in fuel prices, several POs could not reach crisis areas. Others in favor of continuing their work had to downsize in order to reduce administrative costs. At the same time, the government is busy handling the economic crisis in the country and offered no assistance concerning POs, not to mention offering no support for the development of the philanthropic sector.

## VI. Socio-Cultural Environment

Question Eleven: To what extent are socio-cultural values and practices favorable for philanthropy?

<b>Score: 4.0</b>
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Despite the absence of organized programs in schools to raise awareness of philanthropic action and the absence of organizations interested in voluntary action development, the Sudanese people are strongly connected with philanthropic action in almost every regard. Established religious values strongly relate to charity. In each neighborhood in Khartoum, there are philanthropic actions based on the needs of neighbors, and people help each other as much as possible. These actions are not organized and vary neighborhood by neighborhood. Also, in every school and different universities, there are voluntary groups that have a lot of activities, especially cultural ones. The continuing economic crisis from independence through recent days is one of the major roles that strengthen the bonds to philanthropic action in Sudan, as well (al-Haj, 2018).



The trust between the people and POs could be realized through the reliability that the POs have among Sudanese citizens. The 2020 Multi-Sector Needs Assessment (MSNA) shows that more than 50 percent of households trusted the information provided by NGOs (that includes the UN, and local NGOs, among others), while only 15 percent of households trusted the information provided by the government (MSNA 2020) (OCHA, 2021). The voluntary groups that carry out different philanthropic activities are led equally by males and females, with no major differences or restrictions, generally. There are several events led by girls and women; for instance, Ahfad University is considered one of the main universities that advocates and supports women volunteers. However, the absence of think tanks and research centers advocating for the field of philanthropy is still one of the main weak points that hinder the development of POs, especially due to the lack of governmental support in the field.

### VII. Future of Philanthropy

*These questions are used to provide a general picture of the future of philanthropy in this country as well as recommendations to improve the philanthropic environment.*

#### Current state of the philanthropic sector

The instability and the disputes between the government and the social actors on one side, and the conflicts between the civilian and the military forces on the other, are both factors controlling the Sudanese scene. This environment, with increasing economic challenges, is forming huge obstacles for POs in Sudan to achieve their goals effectively. One of the most important groups (the Confederation of Sudanese Civil Society Organizations) is trying to lead a pact to defend the autonomy of POs in the face of the new amendments of LOVA.

Three major recent events affecting the philanthropic landscape between January 2018 and December 2020

1. The revolution in April 2019;
2. The COVID-19 pandemic in 2020; and
3. The floods crisis in 2020.

Instability and lack of vision have remained major obstacles in Sudan for the last two years. The political scene is disputed between military forces and civilians. The economic situation has experienced a high inflation rate for the last 10 years, not to mention a lack of basic goods. In addition to the natural crises (for instance the flood of 2020) and the COVID-19 pandemic, the country is still suffering from a lack of basic medications, such as medicines for diabetes, which was worsened after the pandemic. Those problems had, and still have, a massive impact on the philanthropy spheres in the country. These challenges, however, did not stop POs from working, which has shown great flexibility and adaption with such circumstances.

#### Future development trends in the philanthropic landscape

The main breakthrough that could occur in coming years would be in the field of regulations, and POs' engagement with the government. Hence, civil society should seek its independence to allow it to develop structures and invent new forms of voluntary groups. Looking away from this concern would slow the improvement of POs in other aspects related to their different goals. The country

expert has doubts that the philanthropic sector in Sudan is qualified to keep up with new trends, especially in the next three years, which will be full of challenges at both governmental and social levels.

Three key recommendations to improve the environment for philanthropy

- Independence: the political systems are subjected to dramatic changes, particularly in a country suffering on different levels from economic and political challenges. The main goal and role of the third sector in any society is to fill a gap when the government cannot provide, and to express society's solidarity. That will not happen if the philanthropic sector is bounded by the politics of the state. Without real independence of the third sector from governmental control, the third sector will not be able to address societal needs. Therefore, the separation between political issues and humanitarian actions is sensitive and crucial, with necessary collaboration and coordination between the philanthropic sector and the government.
- Legal reformation: regulations on voluntary actions have to be enhanced in several regards. Recent laws offer many advantages, but other modifications between the ministry and the HAC, for instance, could provide the chance for POs to be represented formally in crafting the regulations, policies and plans concerning the philanthropic field.
- Improving POs' infrastructure: integrating modern tools such as knowledge management and data science could enhance project performance, decrease costs, and meet the actual needs of stakeholders.

### VIII. Philanthropic Response to COVID-19

*These questions are used to provide a general picture of the philanthropic response to the COVID-19 pandemic in this country and recommendations for improving cross-sectoral collaboration.*

Areas where the nonprofit sector and philanthropy are playing a role in responding to COVID-19

POs have played two major roles during the COVID-19 pandemic. First, they offered spaces to isolate infected persons, as hospitals lacked such places, especially with the deterioration of the health system. Second, POs have provided the poor with basic needs of food and medications.

Innovation and new trends in the nonprofit sector and philanthropy related to COVID-19 responses

The major innovation during COVID-19 was the coordination between some POs and pharmacy students to produce and provide sanitizers for a low price, after the exploitation by some pharmacies of raising the prices of the sanitizers.

Impact of COVID-19 on the philanthropic environment

COVID-19 has worsened the economic situation, which was already degrading dramatically. Because of the lockdown measurements, several families lost their ability to cover their basic needs, which increased the number of families that POs must support. Also, the rate of donations declined overwhelmingly, which led in some cases to the termination of the work of many POs' employees. These two factors were considered the worst impacts of COVID-19 on POs.



Anticipated impact of COVID-19 on the philanthropic environment in 2021

Increasing numbers of families in need with the continuous degradation of the economic situation, which will limit the ability of POs to implement their planned projects.

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