New Viable Investments Flow In

Sudan is a vast country where lucrative business opportunities are growing by the day. With new investment laws in place, the scope is tremendous. Read on to find out more.

Modern, dynamic and vibrant are not the words usually associated with Sudan yet this is the reality in a country of entrepreneurs taking the initiative to create global investment opportunities, despite inner strife and regional conflict.

As it prays for US sanctions to be lifted—President Obama has been negotiating with Sudan officials through a special envoy since 2013—this determined country, having lost a great deal of its oil industry with the cessation of South Sudan, is moving forward with reforms and initiatives to diversify the economy. Reforms have already led to massive investment surges in the raft of opportunities on the table.

While there are lucrative openings growing in infrastructure, mining, agriculture, tourism and renewable energies, the Sudanese government is also investing in its people; more children are entering primary education than ever before, and GDP per capita has grown from $350 in 2000 to almost $2,000 today.

Khartoum, the country’s affluent capital, is a shining jewel of a city, with coffee shops, office blocks and resplendent shopping malls bustling against a backdrop of historic monuments and the confluence of the White Nile.

Sudan has also recently been named by the World Bank as one of the easiest places to start a business in Africa. As Minister of Foreign Affairs Prof. Ibrahim A. Ghandour explains: “I would love people to come and see this with their own eyes. The business environment in Sudan is very friendly, and is not only supported by laws and the commitment of the authorities, but by the Sudanese business personalities themselves.”

“At the Ministry of Investment, Dr. Mudathir Abdulghani A. Hassan adds: “The government is privatizing some public entities, plants and production projects to give private partners a chance to participate in successful PPPs. If you come to Sudan to work in an export-oriented production business, you will generate twice the profit, thanks to a wide profit margin when exporting and the difference in currency. We are inviting people from all over the world to come here, use our resources, transform our raw materials, and access local, regional and international markets. We are ready and fully adapted to meet investors’ needs.”

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Sudatel: The Pride of Sudan

An exclusive interview with Eng. Tarig Hamza Zain Elabdin, the visionary President and CEO of Sudatel Telecom Group (STG), now one of the most admired telcos in Africa.

Since its foundation on 13th September 1993, STG has grown steadily from a local operator to a major regional player after a highly successful privatization. As the bridge for the telecommunications movement between the Arab world, Africa and beyond, the company is investing $267 million over the next three years to achieve an even greater global reach. Eng. Tarig Hamza (TH) sat down with World Focus (WF) to discuss Sudatel’s evolution and future objectives.

TH: The global telecoms sector has witnessed a tremendous revolution in the last 15-20 years. A poor family living in a rural area with little connectivity would still have a small phone, giving them access to communication and additional services such as health care or education. In Sudan and Africa, the telecoms sector is arguably even more crucial as we simply don’t have the banking infrastructure of the west. Telecommunications allow our citizens to access basic financial services via their mobile, and they also play a pivotal role in education. E-learning is now being welcomed by the Sudanese government, and it is also looking seriously into e-government. It is now time to put pressure on all the ministries to adopt this process as it will only bring benefits to the overall system. For instance, it will help to eradicate corruption.

Sudan is now connected to Saudi Arabia through two enormous submarine cables from Cape Town in South Africa, and to the west coast of Africa through the Africa Connecting Europe (ACE) submarine cable. There is also a cable from Cape Town that goes all the way to the east of Africa through Port of Sudan, thereby linking us to Chad, Egypt and South Sudan. Telecommunications have made an enormous impact on the quality of life of the Sudanese people and is vital for the ongoing development of the country.

WF: How do you see Sudan's telecoms sector in comparison to other SAMENA members?

TH: In terms of infrastructure, I’d say we are more or less on the same level as the other members. In technology, however, we are much more competitive. Sudan is now deploying 4G which truly shows how advanced we are. Business-wise, we need to have diversity, so I am trying to bring Ericsson, Motorola and some US companies on board, but due to the US sanctions, it is a complex story.

WF: Sudatel celebrated an impressive financial performance in 2015 and the core areas of services currently offered and the benefits Sudatel's data center will add to its portfolio. Where do you go from here?

TH: Our data center is certainly a competitive advantage as it is only the second one after South Africa in the region. We are now in an excellent position to compete with Africa’s main telecoms players. I took over as President and CEO in May 2014 and we presented profits of up to $52 million in 2015. We intend to generate between $120-150 million in profits by 2020. This year, we are focusing on the liabilities, especially on the suppliers, so we can maintain a healthy and long-term relationship with them. Since 2014, we have paid 94% of all our liabilities.

Our strategy now is to carry out heavy investment. This year, we intend to invest $174 million in total—we have already invested $100 million. I call it the “Smart Investment”, which is basically focusing on those areas which can give us appealing net profits with less cost. I want to maximize our bottom line and the dividend for the shareholders.

WF: How is the transition to Sudatel as an ICT platform going?

TH: It took us almost nine months to prepare the strategy for our board of directors and we invited international firms to help. The board meeting was held in Dubai and attended by the Sudanese State Minister of Finance, Chairman of the Board as well as many investors from outside Sudan. The main pillars to focus on are developing our human capital, maximizing our Key Performance Indicators and transforming our technology to become a world-class ICT platform. Each week we carry out comparisons in order to see where we stand in relation to the objectives we have set. Sudan will play a pivotal role in the development of world affairs in the coming years. It is an exciting time.

WF: What can you tell us about your CSR activities?

TH: Our social activities started in 1998 to execute sustainable development projects for the benefit of the needy population across all our operations in Sudan and West Africa. Over the last years, our CSR activities have been concentrated in many areas; in the health sector, we have contributed to the construction of, and provided equipment for, many hospitals and clinics. We funded more than 500 water projects out of which 150 projects are in the western regions of Sudan. Civil war has affected the population in Darfur and such projects contributed positively on the stability of the population. With regards to the education sector, STG has funded the construction and rehabilitation of many schools and the equipment of many college laboratories. More than 200,000 students across the country are benefiting from the desks and seats donated by STG. Since 1998, STG has spent more than $40 million on CSR activities to ensure a better life for the population. Unfortunately, the US sanctions hindered our activities so we are not able to offer better social services for our communities.

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Keeping Sudan Moving Ahead

For an impoverished country—the third-largest in Africa—getting around is a challenge. Luckily, the will for development is there and the gates are wide open for joint ventures.

For any country on the verge of a new growth plan, the need for good transport links and reliable infrastructure to better assist increased business demands and the transit of goods and people cannot be under-estimated.

For centuries, Sudan’s main business advantage was its natural inland waterway system—it has easy access to the Nile River and its tributaries and was the final destination for Silk Road merchants. It is also home to one of the most important deep-water ports in the region, the Port of Sudan on the Red Sea, with other smaller ports also in operation.

These factors make Sudan a natural logistical hub; however for the country to fully develop, there is a lot of work ahead. Minister of Transport, Roads and Bridges Eng. Makkawi Mohamed Awad outlines how he is rising to the challenge:

“We are creating free zone areas for foreign investors, similar to those in Dubai and Jeddah, and invite interested parties to come and discover the opportunities within the free zone sector here in Sudan. We want to benefit from international partnerships, including those with the US. Our infrastructure has been heavily affected by the sanctions: they are the main bottleneck for the country’s development.”

The train is arguably the safest mode of transport in Sudan today. The country currently has 4,578 kilometers of narrow-gauge, single-track railroads that serve the northern and central parts. The main line runs from Wadi Halfa on the Egyptian border to Khartoum and southwest to Al-Ubayyid via Sammar and Kusti, with extensions to Nyala in Southern Darfur and Wau in Bahr al Ghazal. Other lines connect Atbarah and Sammar with Port Sudan, and Sammar with Ad Damazin. A 1,400-kilometer line serves the al Gezira cotton-growing region.

Sudan Railways, operated by the government-owned Sudan Railways Corporation (SRC), is the main linkage to most of the country’s production and consumption centers, but as Eng. Mohamed Taha Ahmed explains, “Sudanese railroads are very old and need to be rehabilitated in order to improve the connectivity throughout the whole country.”

Paving the way for foreign investment

With mega-road projects leading to national and regional growth under way, Sudan’s highway authority—a driving force in the fast developing country—invites interested partners to jump on board.

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“The US sanctions have had a major impact on the volume of freight transport in Sudan; it has reduced from 2 million tons per year to less than 1 million. We are doing our best to maintain the lines and rehabilitate the locomotives without US products, and are importing from other countries, particularly China.

“Our priority now is to find adequate financing for our 2029 strategic vision, when we expect to be transporting more than 20 million tonnes per year in freight. By then, we also hope to have standardized all of our lines and be connected to all four of our neighbors.”

With the cost of this project estimated at $16 billion, the railway chief is naturally looking for partners.

Connecting People
When the railroads became neglected, Sudan’s highway network started to emerge. In 1990, there were only between 20,000 and 25,000 kilometers of highway—an extremely sparse network for the size of the country—and only 3,000 kilometers of this were sufficient and strong enough to take the strain of heavy traffic and wet weather. Links were forged from Khartoum to Port of Sudan, and even Kenya, and smaller private companies, chiefly owner-operated trucks, ran the gauntlet to build most of the road transport needed, followed by more private investment. Since 2005, thousands of kilometers of tarmacked roads have been built and a new program is underway.

Eng. Gaffar Hassan is the General Manager of the National Highway Authority (NHA). As he says: “Sudan’s roads are the backbone of the transport network and at the heart of many of the infrastructure projects. Roads guarantee industrialization, with the natural consequence of generating more jobs and higher GDP. The growth potential of the roads sector is tremendous in Sudan, with a fast-growing economy and an increasing need for world-class infrastructure paramount.

As the country is the “gateway into Africa” especially in terms of its access to the four neighboring landlocked countries, a revitalized roads sector is paramount.

For this reason, the NHA is seeking more finance and technology, especially funds for investment in transport networks and services. It hopes foreign partners will participate and cooperate in mutually viable projects.

The government provides various incentives for private and foreign sector investment in the roads sector. 100% of foreign direct investment (FDI) is allowed for support services to land transport such as operation of highways and bridges; services incidental to transport, such as cargo handling is incidental to land transport; construction and maintenance of roads, bridges; and construction and maintenance of roads and highways offered on build-operate-transfer (BOT). NHA is also open to co-construction, upgrades and improvement in regards to financing (loans) and highway-widening projects that qualify for tax breaks.

Most foreign investors in the Sudanese roads sector can form consortiums with local companies and/or the NHA to participate in the development of road projects in the country.

Ports and Shipping
As the only port authority in Sudan, Sea Ports Corporation handles all Sudanese exports and imports. It provides all the facilities to manage ports operations and ensure all the port handling and storage business is well handled in the port.

Sea Ports Corp. also provides marine services for port operations as well as crude oil terminals and oil drilling platforms requirements. It handles all main operations for all the Sudanese ports for its clients, which tend to be shipping liners, imports and export companies, ship owners and agencies. The prospects for improving this sector are good and attainable, but it is crucial the whole system of operations, management, manpower and training aspects are modernized.

Over the years, the Port-Sudan harbor has acquired great economic importance as it is the only port through which Sudan’s oil products were exported before South Sudan was formed, and it

Sudan Railways Corporation: Connecting Sudan and beyond
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is still exporting South Sudan’s oil today.

Jalal Eldin M. A. Shelia, General Manager says: “Sea Ports Corp. encourages exports in this area, especially iron, minerals and agriculture products. Because of their locations, our ports benefit from easy access to roads and railways between western and eastern worldwide markets, as well as inland and transit countries. They also provide links to the Northern and Western African countries. The ports export livestock, liquefied petroleum gas, and bitumen.

“Sea Ports Corp. seeks to make Port Sudan a major global shipping and transshipment hub. A look at the country’s development shows that expanding transshipment activity is now an important growth strategy. We are emphasizing the development of our transshipment business, as this will form the basis for port expansion and infrastructure upgrades.

“The company seeks to attract new transshipment cargoes in Oceania, Africa, Europe, and South America where they experience a strong growth potential of logistics. Sudan’s strategic geographical location in North East Africa means it can serve as a bridge between the Arab and African regions. We are therefore repositioning ourselves as a transshipment hub for the region. Sea Ports Corp. sees its goals of diversifying the economy, bringing in more commerce, and having a better gateway for exports.”

An Ever-Growing Sector.
Infrastructural upgrades will do much to help the agricultural sector, the backbone of the Sudanese economy. It represents 40% of the GDP and employs around 80% of the population—a large part of which are subsistence farmers—and plays a major role in securing food security for the East African region.

Resources are not the problem—the country is the world’s number one producer of Arabic gum and a key manufacturer of sugar and animal feed. It also has livestock, and a vast array of crops, such as sorghum, cereal grains, vegetables and fruit, including lemons, mangoes, grapefruit and oranges. The challenge is that of the 57% of land suitable for cultivation, only 8.5% is being used. There are excellent incentives available and a good climate for sustained investment: a fact noted by the UN Food and Agriculture Organization in a recent report. What’s needed is capital, good management capabilities and sound technologies.

As Agriculture Minister Ibrahim El-Dukheri says: “Our dream is to convert Sudanese natural resources into commodities that would help address global food security. Sudan is ready to share its potential and resources.”

One of the local players offering partnership options is the Hashim Hago Group (HHG). Acting General Manager takes up the story:

“We work in many different fields such as construction and agriculture which is the historical activity of the company. We also work in the fields of export and import, exporting Sudanese crops like sesame and nuts. Importing mainly agriculture machines, we have been the only dealer of the US company CASE international. We used to buy a lot of machinery from them however due to the US sanctions, this has stopped.

“Hashim Hago Group also operates in the field of construction and roads, conducting many projects with the National Highway Authority in order to rehabilitate the national road network. We are more than ready to work hand in hand with foreign investors. We have many potential projects that need partnerships or direct finance.”

HHG is most interested in finding financing for projects in edible oils processing, plastics, mining, and agricultural services. It wants to develop these projects and enable mechanisms that can trigger a self-reinforcing virtuous cycle. In order to make this vision a reality, the company needs access to financing and in exchange we will provide the equipment and expertise.

“Our dream is to convert Sudanese natural resources into commodities that will help address global food security.”

Minister of Agriculture and Forests, Prof. Ibrahim El-Dukheri
A treasure trove of minerals

Sudan is a hugely untapped nation when it comes to its gold and other gems, but it needs technology and capital to mine the potential. Read on for where the opportunities lay.

The mineral extraction sector is another economic pillar the government is building on. There are plenty of resources—particularly gold—but, because of the large surface area of Sudan and a very diverse geology, the potential has never been fully explored.

Six years ago, the government set up the Ministry of Minerals, marking an important turning point in the sector’s fortunes.

“The mining sector’s contribution to GDP has increased to more than 8%,“ says Minister of Minerals, Dr. Ahmed M. M. Alsadig Al-karory. “A million jobs have been created, and the sector has helped to accelerate rural development because the gold reserves are located in remote areas. Minerals are widespread in each of the Sudanese states. There is gold in 12 of them and other minerals, such as iron, chrome, copper, silver, zinc, lead, aluminium, cobalt, and nickel across the country. We are currently dealing with a number of companies, both local and foreign to enter the mineral fields.

“Minerals are widespread in each of the Sudanese states. There is gold in 12 of them, and others, such as iron, copper, silver and zinc across the country.”

Minister of Minerals, Dr. Ahmed M. M. Alsadig Al-karory

“There are 403 companies working in this field in Sudan; 52 of which are foreign.”

Challenges exist, however, one of which is the lack of added value: “We still export these minerals as raw materials, iron is exported as a raw material, for example, and we import manufactured iron. Chrome is also exported raw,” the Minister explains.

But the solutions are there, with technology and further investment providing the key.

“Our plan this year is to produce 70 tons of gold both from traditional mining and using high technology. This is an indicator that we have so much potential and this is spreading throughout the 16 states of Sudan,” says the Minister of Minerals.

“We are also amending the Mineral Wealth and Mining Development Act to accommodate new development and encourage more investment in the fields of transfer of technology scientific research and institutional capacity building.”

Taking Mining To A New Level

Nasr Eldin Ellussein, General Manager of the Ariab Mining Company (AMC)—Sudan and East Africa’s mining leader—shares his views on the situation.

“I believe Sudan is on the road to becoming one of the most attractive mining sectors in the world,” he says. “The Sudanese mining sector is relatively young with fast growth in the opportunities and the production outcome. It hasn’t yet properly tapped into the full potential of other minerals and is still focusing on gold, although possibilities in other minerals, such as gemstones, are limitless.

“With the current recession in the global mining markets due to the heavy extraction that has taken place over the years, Sudan is still a virgin area with a high concentration of mineral deposits. As a company, our intention is to shift into other minerals apart from gold in the near future due to the large amounts of zinc and copper we have discovered. We are developing the world’s second-largest “super pit” after Australia and expect this to increase our productivity five-fold.”

The US embargo remains the biggest challenge for the sector as a whole.

“It is hindering us from importing the technology needed not only from the US, but also other countries that don’t want to deal with Sudan because of the sanctions,” Eldin says. “Despite
adversity, however, we see the positive side of things and have been encouraged to be more creative.”

Born from a highly successful collaboration between Sudanese government and Cominor, a Canadian French company, in 1991, the Ariab Mining has developed excellent skills and competences. These are not only being implemented in Sudan, but other countries that former employees have gone on to work in.

More recently, the shareholding was restructured to 95% for the Sudan government and 5% for the Industrial Development Bank.

“Our main mission is to deliver production at optimal cost; this makes us one of the companies with lowest operational costs in the region,” the Ariab chief says. “We want to lead the mining industry in Sudan and Africa, by setting a benchmark in operational excellence, enhancing the efficiency and level of extraction, adopting latest technologies, responsibly managing the HSSE and environmental issues, attracting and retaining diversified talent and contributing to the development of local communities.”

Sudamin Assists Investors

Established in 2012, Sudamin is a vital force in the mining sector, providing ancillary services in all areas to most of the mining companies in Sudan so help them reach their targets successfully.

Its field of expertise includes: logistics, camping sites, civil works, catering, moving the earth, water supplies (which involves making long pipelines and pumping stations, drilling wells and linking them to company facilities, and providing tankers), maintenance services, and providing limousines and transport.

“We want to lead the mining industry in Sudan and Africa by setting a benchmark in operational excellence and enhancing efficiency.”

Nasr Eldin Elhussein, General Manager, Ariab Mining Co.

“We also distribute the chemicals the companies need for processing minerals and are also active in extracting gold from the tailing,” Kamal Hassan Alhaj Rahma, General Manager, Sudamin explains. “This tailing contains about 30% gold, while the rest is waste. We remove the mercury from this waste, as it is harmful.”

Working directly under the Ministry of Mining, Sudamin has been extremely proactive in its mission. “After the separation of South Sudan and Sudan, Sudan lost a lot of money from petroleum revenues. It does, however, have good mining resources and gold production has hit almost 100 tons per year.

Some 80% of this production comes from artisan mining—people working with their bare hands, rather than machinery.

“More than 100 companies are here to invest into the gold sector, and many of them are in the state of exploration, while 15 of the 100 companies are in the actual state of production.”

Sudamin has made various joint ventures with many international companies and is keen to make more in the next five years, especially in the field of creative laboratories, the GM says: “We have the know-how and the financial capital, but we need foreign technology. We can assist any investor who is eager to invest in Sudan. Creative laboratories are crucial for the development of Sudamin as analyzing samples takes far too long at the moment.

We have to take our samples to international laboratories. “For that reason we plan to attract big companies who are specialized in the field of laboratories. Future investments would be very profitable for these companies as the return rate is high. Also further investment in the field of drilling is needed, and especially foreign machinery is something we try to attract. Right now is a good time for these potential companies to invest.”
The Sweet Smell of Success

Kenana Sugar Company is broadening its global reach thanks to a pioneering business model, a full range of sugar by-products, new ventures and a happy, healthy workforce.

One of the largest and most diversified sugar producers in the world, Sudan’s Kenana Sugar Company, is enjoying its journey to becoming a leading global agro-industrial conglomerate. On an estate that spans 100,000 acres of irrigated land between the White Nile and the Blue Nile, the company produces a range of value-added goods that include ethanol, animal feed, milk and dairy products, poultry, meat, wood products and certified seeds, as well as sugar.

The first seeds of this success story were sown in 1975, when the governments of Sudan, the Kingdom of Saudi Arabia and Kuwait joined forces to create a company that would provide food security for the Arab world. In just over 40 years, kenana’s worth grew to more than $5 billion and some 5,000 employees keep the huge operation from toppling over as business orders continue to pour in.

Managing director Abdel Sayed Taha explains the company’s business model and activities in more detail:

“We use a diversification strategy within which we have adopted business units that work for themselves,” he says. “Each of these has a general manager responsible for profit and loss, and who ensures the unit makes a positive contribution to the company, within the realm of added value. This set-up, which we call an integration model, has been designed around the cane itself and the idea that it doesn’t just produce sugar but ethanol and animal feed, and by that token, the capacity to produce red meat.

“The model we use was praised by the African, Caribbean and Pacific (ACP) Group of States summit in 2012 in Fiji, when Kenana was invited to provide a model that sugar industries in the least developed countries in that region could adapt. The idea was that they too could diversify and overcome the hazards involved in the commodities markets.”

Sudan’s strategic location on fertile scrubland between the Niles has helped the sugar industry take off. Not only does the country boast the highest yield of sugar cane per acre in the world, it is also one of the most cost-efficient producers. The sugar cane itself is revered for its superb quality and enormous versatility. Added to all this, being situated on the Red Sea means Kenana can easily serve export markets, including the US, Asia, Europe and the Middle East.

The ultimate sugar company sees itself as a three-way partnership of Sudanese natural resources, Arab-world financing, and Western technology. It is, of course, ripe for expansion.

“We have identified 17 projects through which we can boost the business,” Sayed Taha says. “This will increase our economic competitiveness, our environmental sustainability and the market potential within the next five to 10 years.”

The MD and his team are actively seeking “the best partners” to help bring the projects to fruition. Kenana is looking to invest $94 million to have its own terminal and dry bulk facility in Port Sudan that will bring the loading time for a vessel going to Europe, for example, down from seven days to one. Factory modernizations are another major focus, with an investment of $165 million needed to get sugar and ethanol production figures up, and there are also plans to open a meat-processing factory.


Meanwhile, Kenana Sugar Company is proud to have been practicing the art of corporate social responsibility before the terminology became fashionable. The vision of its founders was to develop the plantation areas and set up a responsible business in a way that people could work in a safe and comfortable atmosphere with clear rights and duties. Before the initial project was launched, the founders built a complete township for the workers and their families. Following safety regulations and rules is common culture in Kenana as it gets passed through the generations.

Interestingly, as the project grows, services have expanded simultaneously providing all the amenities needed for a healthy, modern society completely free. Within the sugar industry area, there are now 48 primary schools (entrance is 95% compared with 63% in the rest of Sudan), five high schools, 23 nursery schools, a hospital, two pharmacies, eight health centers, 12 social clubs, a training center and a sports center. There are also 22 mosques and two community mosques. Most impressive is how the sugar industry area compares with the rest of the country in terms of infant mortality rates (10 in every 1,000 compared to 104 in every 1,000) and maternal death during childbirth (14 in every 1,000 compared to 60 in every 1,000). Kenana is clearly a beacon for companies to emulate all over the world.

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Kenana Sugar Company:
A leading integrated sugar business achieving sustainable food security in the Arab world and beyond.

A beacon for diversified sugar industries around the globe, KSC has developed a unique and highly effective business model, using sugar byproducts to add value to the economy and create thousands of jobs. Over 40 years, we have expanded our core sugar industry to include: animal feed, dairy products, poultry, meat, wood products, certified seeds, and ethanol, as well as other engineering goods and services. We are also a pioneer in CSR, offering basic infrastructure and services to the Kenana community, including education, electricity, treated water, roads, transport and healthcare, free of charge.