

ADFD & Sudan



Economic Overview

Sudanese economy absorbs the effects of the separation of the south Gradually to return to the path of sustainable growth A comprehensive program undertaken to reorient the economy towards sectors with strongest growth prospects

Area

1,882,200 km²

Population (Estimate 2012)

37.19 million

GDP per capita (Estimate 2012)

\$ 1,580

The most important sectors of the Gross Domestic Product (GDP)

Services 48.4%

Industry 21.2%

Agriculture 30.4%

Sudan has a tremendous amount of wealth and diversity of resources, which made it vulnerable to the ambitions of several countries that sought to colonize it throughout its history. Since its independence, the country's economy has passed through several stages, which shifted it from capitalism to socialism before returning to capitalism again.

The country's economy has seen quantum leaps over the past decade, with huge spikes in the GDP several times, thanks to the flow of oil export revenues. The World Bank estimates the value of the oil extracted between 1999 and 2011 at about \$83 billion (252 billion Sudanese pounds). However, the separation of the south of Sudan in 2011 through a referendum led to the loss of about three-quarters of the undivided country's oil production and a sharp decline in oil revenue, which resulted in a negative GDP growth in 2012.

The Sudanese government quickly implemented plans and effective strategies to reduce the impact of this loss and to bring back the local economy to the path of sustainable growth. It implemented corrective programs to eliminate imbalances in the budget and exchange rates; worked to strengthen the comparative advantages of the vital sectors in the country; and reoriented the local economy towards sectors with the strongest growth prospects, in particular the sectors of agriculture, industry and tourism, in order to aid job creation.

The government's fiscal policy revision includes reducing public investments in infrastructure projects and those with significant development effects.

Now it plans to stimulate the private sector to play a greater role in the development process. Its strategy is to attract both domestic and international private investors, which will speed up growth in the main sectors and boost employment.

Increased gold exports may also play a major role in the shift towards an economic structure characterized by diversity, compensating part of the oil revenue loss. The oil sector is expected to account for less than 7% of the GDP in 2013. The agreement between the Republic of Sudan and the Republic of South Sudan on the sharing of oil revenues (through a transfer fee for oil passing through the Sudanese territory) would provide a vital source of government income.

Agriculture: Agricultural activity is one of the most prominent elements of the Sudanese economy. Farming (along with livestock) provides livelihood to nearly 80% of the population.

Sudan is one of the three largest countries in the African continent in terms of area, and is characterized by an abundance of water and arable land, which covers nearly a third of the total area. This makes it a unique "food basket". The existence of the Nile water, heavy rains and rich groundwater stocks, as well as the diversity of climatic conditions across the country contribute to the rich harvest of crops.

While agriculture already accounts for about one-third of the GDP, there is a huge scope for further development of private production, as 80% of the arable land has not yet been utilized.

Economic Overview continued

Increasing agricultural production would create more jobs and earn foreign currency from exports, directing the resources currently used for food imports (Sudan imports approximately 35% of its grain requirement) to other areas, supporting the march of economic growth. The government also hopes that this strategy would revitalize the indigenous food industry.

The major agricultural crops in Sudan include corn, cotton and sesame (it is the third largest producer of sesame in the world after India and China).

Livestock: Sudan is considered one of the richest Arab and African countries in terms of its animal wealth, which includes nearly 104 million heads of cattle (30 million cows, 67 million sheep, 3 million camels and nearly 4 million horses).

This provides food security in the area of meat and fulfils more than 60% of the country's dairy needs. Besides, livestock is essential for transport operations, especially for the transfer of agricultural products in rural areas.

The livestock sector provides a decent living for a significant proportion of the population of Sudan, directly or indirectly.

Industry: Despite its as yet limited share of the GDP and exports, industry has become one of the most prominent sectors within the government's economic restructuring program going beyond oil.

As of now, industrial activity in Sudan is concentrated on manufacturing based on agricultural production (textiles, sugar, edible oils and other food-related industries), as well as cement and traditional industries and handicrafts.

The most prominent modern manufacturing industries in Sudan include the extraction of ethanol by the Kenana Sugar Factory in the White Nile region and the manufacture and assembly of vehicles and steel industries, plus some light industries.

Mining: The mining sector is one in which Sudan is expected to achieve remarkable progress. Studies and research indicate the existence of many kinds of minerals within the Sudanese territory, most notably gold and uranium.

Gold mining first began on a large scale in the 1990s in eastern Sudan by the French company Eriab, followed by the spread of nationalized mining activity in different regions, amid expectations that gold export earnings would reach \$1 billion, supporting foreign currency reserves.

Preliminary studies suggest that uranium exists in economically viable quantities in the vast territory of Darfur.

Economic services sector:

The services sector, which includes transport, communications and banking, has witnessed significant developments in the past two decades. The transport sector has witnessed a remarkable boom, thanks to investment in roads and railway networks, the modernization of some airports, and allowing private companies to operate in domestic aviation. Large investments helped the foreign and domestic private sector to make a quantum leap in the telecommunications sector, and the banking sector, in turn, benefited from these growth levels.

Activity of ADFD and it's Role in Sudan

Total loans and grants

AED 1.721 billion

Total number of projects

13

Sectors

Agriculture and industry

ADFD loans

AED 1.72 billion

Number of loan projects

11

Government grants

AED 656 thousand

Number of grant projects

2

The Abu Dhabi Fund for Development (ADFD) activities began in the Republic of Sudan in 1976. Since then, Sudan has remained in the forefront of countries benefiting from ADFD loans and grants, in the context of its vital role in supporting economic and social progress in the Arab countries in particular and developing countries in general.

The total amount of loans and grants to Sudan, provided and managed by the Fund, amounts to AED 1.721 billion, earmarked to finance 13 projects in the primary sectors, including industry, transport, communications, energy, water and irrigation.

Vital support to economic development:

Since the beginning of its activity in Sudan, ADFD has been keen on supporting the government efforts to improve infrastructure, making it the mainstay of economic and social development.

In addition to supporting the Sudanese balance of payments, soft loans provided by the Fund to Sudan focused on high-impact projects, which would benefit multiple sectors. Among these are dam projects for increased power generation and better water supply for irrigation; the project of the new Khartoum airport and the railway network, a model for real development contribution supported by ADFD loans. This is in line with its goal to aid a real development transformation in sisterly and friendly countries, and help efforts to improve the population's standard of living.

The transportation sector: The movement of goods and people across Sudan was greatly helped by railway network and airport development and maintenance projects, funded by ADFD in 1977 and 1980. The Khartoum International Airport was developed with ADFD funds. These advances made in transportation had a positive impact on various economic sectors in the country.

Support for the power sector: Power generation has been one of the most prominent sectors to draw the attention of ADFD. The Merowe Dam and Al Jelly Station projects were instrumental in strengthening power supply to both industries and the general population, meeting the growing demand that came with the economic upswing. The ADFD financing for the two above-mentioned projects at the beginning of the 21st century came with perfect timing, as the Sudanese economy was then on the cusp of a new phase of growth and development. This also applies to the project of lifting up the Al Rosais Dam. Together, these dam projects supported by ADFD have provided irrigation water to millions of hectares of arable land.

Agro-industry: The agro-industry sector has a particular importance in all agriculture-based economies, such as Sudan, due to its role in the consumption of raw materials for manufacturing value-added products. The export of these products earns foreign exchange for the country and stimulates investment in the industries that depend on these products.

ADFD's keenness to support agro-industry in Sudan is reflected in its funding of the projects of White Nile sugar and cotton yarn in Haj Abdullah City, which now count among the pre-eminent industrial projects in the country.

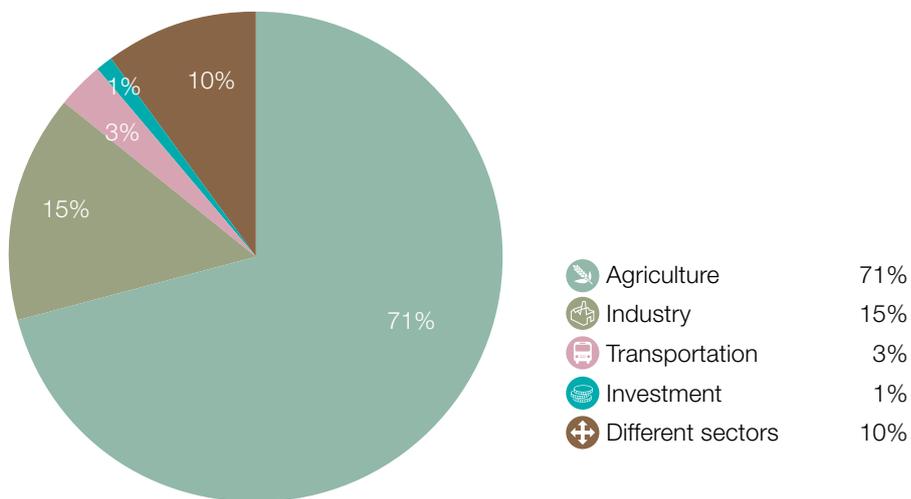
The fund also financed dam projects, which offer significant support to the agriculture sector on which a large segment of the population depends for their livelihood. The project of upgrading Al Rosaries Dam and the Merowe Dam projects played an important role in boosting the agriculture sector in the country through providing huge amounts of water for irrigating millions of hectares of arable land.

Activity of ADFD and it's Role in Sudan continued

Sector distribution of ADFD developmental projects in Sudan

Value in AED Million

Sector	Number of projects	Value	Percentage
 Agriculture, water and power	7	1.208	71%
 Industry	2	273	15%
 Transportation	2	57	3%
 Investment	1	1	1%
 Different sectors	1	182	10%
Total	13	1.721	100%



Projects Covered by ADFD Loans

The development loan provided by the Abu Dhabi Fund for Development to the Republic of Sudan focused on financing projects with a direct impact on economic and social progress.

The main beneficiaries were projects in electricity, irrigation, agro-industry, transport and communications. The Fund also supported the state budget and financed vital imports, ranging from drugs to pesticides. The following is a brief review of these projects:

Cotton yarn in Haj Abdullah City

Sector

Industry



Loan Value

AED 89 million

This project aimed to maximize the economic benefits of the cotton crop, which is the most important agricultural produce in the country, and its export is also among the top sources of hard currency income.

In 1976, ADFD had funded the establishment of the cotton yarn factory in Haj Abdullah City, about three hours from the capital Khartoum, through a soft loan of AED 89 million.

This plant has an annual production capacity of 7,700 tones of thick yarn and 2,650 tones of thin yarn. The project cost covered combed spinning equipment, electrical and mechanical equipment and civil works.

The project represented a qualitative addition to the Sudanese textile industry, one of the most dynamic sectors supporting the overall economy, because of its large contribution to the GDP and its role in tipping the balance of trade in favor of Sudan.

Developing railways in the capital of Khartoum

Sector

Transportation



Loan Value

AED 36 million

The project of developing 500km of railway tracks in and from the capital city of Khartoum was in addition to the maintenance of previous lines and the provision of a number of locomotives and wagons, workshops, places of training, technical assistance, increasing lighting devices, communications, increasing manoeuvre stations and strengthening rail bridges.

This project, to which ADFD contributed a soft loan of AED 36 million in 1977,

played a pivotal role in enhancing the efficiency of transportation and facilitating the movement of goods and people to and from the capital and between other cities in the country. Expansion of the railways was within the framework of a comprehensive government plan to upgrade all infrastructures, taking into account the population increase in Khartoum and the growing economic activities around the country.

Gas turbines project for Al Jelly Station

Sector

Power



Loan Value

AED 51 million

For any developing country, the lack of power supply represents a major challenge, especially in capitals and major cities, due to the concentration of economic activities in them and their high population density due to the movement of workers from the countryside to the cities.

The gas turbines project for Al Jelly Station aimed at boosting electricity supply by enhancing the capacity of this plant, located in the city of Al Jelly on the outskirts of Khartoum, and linking it to the national grid.

This project included the purchase of three gas turbines with full accessories, transporting and testing them, and the necessary civil works.

Projects Covered by ADFD Loans continued

Merowe Dam

Sector

Power, Agriculture
and irrigation



Loan Value

AED 734.6 million

The Merowe Dam Project is one of the most important multi-purpose hydroelectric projects in Sudan. It has played a vital role in bridging the growing deficit in power supply by exploiting the river Nile. ADFD in 2002 provided a loan to Sudan worth AED 367.3 million to finance the construction of the dam, located in Merowe, about 350km north of Khartoum. This loan was followed by two additional loans of AED 183.6 million each, the first in 2003, the second in 2008.

The project included the construction of a dam about 9km long and 60 meters high, with the associated facilities, as well as the establishment of a power plant with a capacity of 1,250 MW and transmission lines to connect the power plant to the national grid.

Lifting Up Al Rosais Dam

Sector

Agriculture and
irrigation



Loan Value

AED 92 million

Electricity projects in Sudan have been of special interest to ADFD, given their importance in commercial and industrial activities and services, and as one of the pillars of social welfare.

The Al Rosais project, funded by ADFD with a loan of AED 92 million aimed to exploit the Nile water to generate additional power of approximately 565 MW and provide irrigation water to about 1.4 million hectares of agricultural land near the dam area. This was done by raising the height of dam, which was built in 1966.

The project included civil works and all the complementary works to lift up the concrete dam, and also included the excavation and backfill on the riverbanks for about 10 meters and increasing its length by about 25km, in addition to the hydrodynamic, electrical and technical works of the entire project.

White Nile Sugar

Sector

Industry



Loan Value

AED 184 million

The project aimed to produce 465 thousand tons of sugar to close the gap between the demand for this commodity in Sudan and its local manufacturing capacity. It also supported rural development in the White Nile region. Thanks to this project, the sugar industry can create 60 million liters of the bio-fuel ethanol annually and contribute to 33 MW of power production in the country.

The project included the preparation of 165 thousand acres of land for agriculture with a network of irrigation canals; installation of water pumps on the White Nile; the building of a sugar factory with all its components; installation of boiler turbines to generate steam by burning the remnants of sugar cane; installation of steam turbines to use the steam produced by the boilers to generate electricity; and the building of a plant for the production of ethanol from molasses, the material remaining from sugar cane juice.

Projects Covered by ADFD Loans continued

Supporting Balance of Payment

Sector

Balance of Payment



Loan Value

AED 182 million

The support provided by ADFD to Sudan extended to cover the balance of payment to bring down government debt, and the financing of imports

ranging from pesticides for agricultural projects to medicines for hospitals and the Sudanese Ministry of Health.

Upper Atbara and Setit Dam Project

Sector

Agriculture & Water



Loan Value

AED 330.5 million

Agriculture and livestock are among the major sources of livelihood in Sudan, the third largest country in Africa and one of the most abundant places in the world in terms of water and agricultural land availability. However, despite the fact that nearly one-third of Sudan comprises fertile land, the country faces multiple challenges in irrigation and cultivation that cripple its efforts in achieving food and energy security.

development of the eastern region of Sudan through increasing agricultural production and hydroelectric power generation.

Involving the construction of two interconnected dams in Rumela and Burdana with a total storage capacity of about 2.7 billion cubic metres of water, the project also includes the installation of a hydropower station at Upper Atbara Dam with a total installed capacity of 320 MW, as well as a reservoir at the confluence Upper Atbara and Setit rivers, a canal connecting the two dams, two spillways for surplus water, and a 220 KV, 28 km high voltage electricity transmission line that connects the power station to the national grid.

To help Sudan overcome these challenges, Abu Dhabi Fund for Development (ADFD) has extended a concessionary loan to the Sudanese Government for the development of Upper Atbara and Setit Dam Project. The project aims to utilize the water from Upper Atbara and Setit rivers towards the

Khartoum International Airport

Sector

Transportation



Loan Value

AED 21 million

The establishment of an international airport in Khartoum fired up various sectors, given the importance of civil aviation in the stimulation of economic growth and social development.

Aviation Organization, to be able to meet the requirements of the global, regional and local air transportation.

The new international airport effectively linked Sudan with the outside world and the region, as well as easing the movement of people within the country and strengthening air cargo operations.

The new airport was of utmost importance, as the 65-year-old airport in the country had become incapable of supporting the increased passenger and cargo traffic.

The project included the establishment of a 3.7km long main runway and its affiliates, as well as operations buildings (passenger, cargo, services and accessories), in addition to maintenance, fire, rescue, administration devices and equipment.

ADFD in 1980 gave Sudan a loan worth AED 21 million to finance the construction of Khartoum International Airport, which was designed as a world class airport, in accordance with the ranking A of the International Civil

Managing Government Grants

In addition to the soft loans provided by ADFD to Sudan over the past decades, the Government of UAE under the wise guidance of its leadership has provided two grants for projects that have contributed to economic and social development, giving people a better life.

ADFD took charge of the management of grants from the Government of UAE to ensure their effective utilization. The grants include the following:

Water Project in Darfur Province

Sector

Water



Loan Value

AED 441 thousand

Sudan's Darfur region regularly suffers severe drought because of the harsh climatic conditions, aggravated by armed conflicts. ADFD has provided a grant for a project aimed at helping people deal with this water scarcity and ensuring environment conservation.

The project covered the drilling and installation of 75 hand pumps, the maintenance of these pumps, the establishment of 10 centers to provide spare parts for the pumps, and training courses for pump maintenance, as well as the building of 150,000 latrines.

Studying the assessment of Emirates and Sudan Company

Sector

Investment



Loan Value

AED 215 thousand

The project aims to conduct a study to assess the Emirates and Sudan Investment Company Limited.

About the Abu Dhabi Fund for Development

Abu Dhabi Fund for Development (ADFD) was established back in July 15, 1971, as an independent subsidiary of Abu Dhabi Government, responsible for managing foreign aid. Over the years, it has established its position among the top development aid organizations worldwide.

Since its establishment, ADFD has played an important role in advancing economic development in beneficiary countries by providing concessionary loans that enable these countries to surmount challenges, address economic problems, and improve the living standards of their people.

Over the years, the scope of the Fund's activities has expanded to also shoulder the responsibility of managing the grants provided by the UAE government to finance projects aimed at achieving economic and social growth in developing countries.

The Fund has managed a quantum leap in its financial performance through investments and direct long-term contributions in active companies in strategic sectors of the developing countries, along with investing in a variety of financial instruments.