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Scale Up!

Entrepreneurs' Guide to Investment in Sudan





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Scale Up!

Entrepreneurs' Guide to Investment in Sudan

Foreword

Dear Readers,

In light of the political and economic changes taking place in Sudan, and inline with the efforts of the government to make economic reforms aiming also to address the inefficiencies that hurdle private sector development and jobs creation, we have tried to gather, sort and present all the information related to accessing finance for entrepreneurs in Sudan feeding into startups growth and new jobs creation.

We are happy to present the “Scale Up! Entrepreneurs Guide to Investment in Sudan” as a product of collaborative efforts between four GIZ projects in Sudan.

This document is the Sudan’s version of the series of investment guides that Make-IT Africa has been supporting its development in a number of African countries.

In 2021, the projects “Employment Promotion Darfur for Refugees, IDPs and Host Communities / Youth, Employment, Skills (YES)”, “Employment Initiative Khartoum: Prospects for the future of refugees and the local population”, “Better Migration Management II” and “Cross-border Collaboration Programme in Western Ethiopia and Eastern Sudan” have joined forces to develop this guide in efforts to give access to crucial information to entrepreneurs across the target groups of the four projects. In fact, this guide would ease access to investment-related information for all Sudanese and Non-Sudanese entrepreneurs that reside in Sudan.

This guide tries to answer the questions posed by many entrepreneurs in Sudan; “Who can I turn to - as an entrepreneur - in order to cover my capital requirements and what are the requirements?” It is the first of its own to compile access to investment information for entrepreneurs. Nevertheless, it also provides information that highlights the pain points entrepreneurs face when seeking finance, it is beneficial for stakeholders mandated for policy-making and those providing finance.

We wish to thank Mohamed Yousif Bakr Osman, our consultant for the great efforts he and his team has put together to develop this guide. Special thanks also go to all of organizations and individuals who have contributed information by either taking part in the data collection or collaborating with our consultant.

We hope that this guide will ease access to all types of investment available in the country to many startups and would contribute to business growth, job creation within the communities of refugees, IDPs, migrants and Host Communities, and to the growth of the Sudanese economy.

Employment Promotion Darfur for Refugees, IDPs and Host Communities / Youth, Employment, Skills (YES)

Cross-border Collaboration Programme in Western Ethiopia and Eastern Sudan

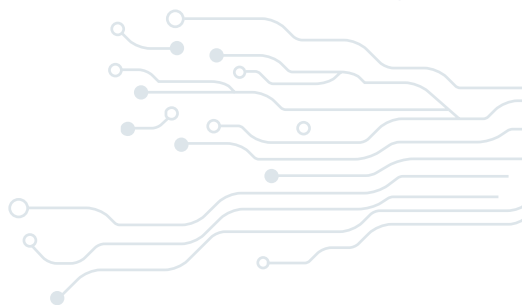
Employment Initiative Khartoum: Prospects for the future of refugees and the local population

Better Migration Management II



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Glossary

Currencies are stated in USD for foreign investments and SDG for local sources of funding.

Accelerator | a programme that takes in relatively early stage start-ups, helps them develop their product, provides mentoring and teaching as well as access to a network of potential investors or partners. At the end of the programme, the accelerators typically put on a pitch day during which companies can pitch their services to investors. Unlike incubators, accelerators usually have a set time-frame from a few weeks to a few months.

Angel Investors | individuals with disposable income who like to invest part of their portfolio in start-ups. They usually help start-ups with money, coaching, and making business introductions.

Business plan | detailed outline of a business, including the problem it is solving, its strategy for growth, revenue projections, marketing strategy, team profiles, and more.

B2B (Business to Business) | businesses that sell products and services to other businesses.

B2C (Business to Consumer) | businesses that sell products and services to consumers.

CAPEX (Capital Expenditure) | the funding needed to invest in or improve assets that a business needs to get off the ground (e.g. computers, stock, machinery).

Capitalization table | also referred to as the cap table, this is a simple breakdown of who owns how many shares in the business, and the corresponding ownership percentage.

Collateral | an asset (e.g. machinery, vehicles) used as security when taking out a loan.

Convertible Note/Debt | short-term debt that may or may not convert to equity in a future financing round. Commonly used to defer the valuation discussion to when an early stage company has historical financials to guide the valuation process.

Crowdfunding | typically refers to raising small amounts from a large group of people.

Debt financing | effectively a synonym for a loan, debt financing means accepting capital with the promise of repaying the principal and interest.

Due diligence | the homework that investors conduct on a business before they invest; this can include reference checks, a deeper dive into the business model and financials, and studying the market in which the business operates.

Equity | ownership stake in a company.

Exit | a way for existing company shareholders to realise their returns. Typically, this is done via an acquisition (trade sale), an initial public offering on the stock exchange, or secondary sale of shares.

FIs | Financial Institutions, most commonly referring to banks.

Non-FIs | Non-Financial Institutions, most commonly referring to financial institutions who do not have a full banking license or are not supervised by a national or international banking regulatory agency.

Grant | type of funding that typically does not obligate the recipient to repay the funds. Usually, the money can only be used in a way agreed on prior to disbursement.

Incubator | similar to an accelerator, an incubator takes in early stage companies and helps them to narrow down their business idea and connects them to a network of partners and funders. However, incubators focus on very early stage start-ups, helping them build on an idea, instead of coming in when a start-up already has a product or service.

IPO (Initial Public Offering) | refers to when a company starts floating on the stock market, selling a significant number of their shares to institutional and non-institutional investors in the process. These large companies are what venture capitalists dream of, as they often provide large sums of capital to all parts involved (founders, early employees and investors).

IRR (Internal Rate of Return) | a measure, expressed as a percentage, used to evaluate the profitability of an investment.

KPI (Key Performance Indicator) | a measurable value that demonstrates how effectively a company is achieving key business objectives.

Mezzanine | a type of financing that has both equity and debt features.

OPEX (Operating Expenditure) | ongoing expenditures that are needed to run businesses (e.g. salary, subscriptions to cloud services, office rent).

Pitch Deck | a slide presentation that gives a breakdown of your solution, the market opportunity, the team, and the financials.

Principle | the original amount of a loan, without interest.

Profit | the bottom line of a company, which is all the money made from sales of its products or services, minus expenses, taxes, depreciation, and operating costs.

Revenue | the top line of a company, which means it is the money generated from all activities of the company in a given time period.

Secondary sale of shares | a way for existing investors to realise their returns; different from a primary sale, in which a start-up issues new shares to an investor.

SMEs (Small and Medium-Sized Enterprises) | a company classification that is defined differently by different countries. While there are multiple definitions for SMEs in Sudan, the general understanding is that SMEs as opposed to startups, are larger in size in terms of employee headcount, experience and track record, some financial record, possibly good traction in the market, and some or in track to access conventional financing through banks and others.

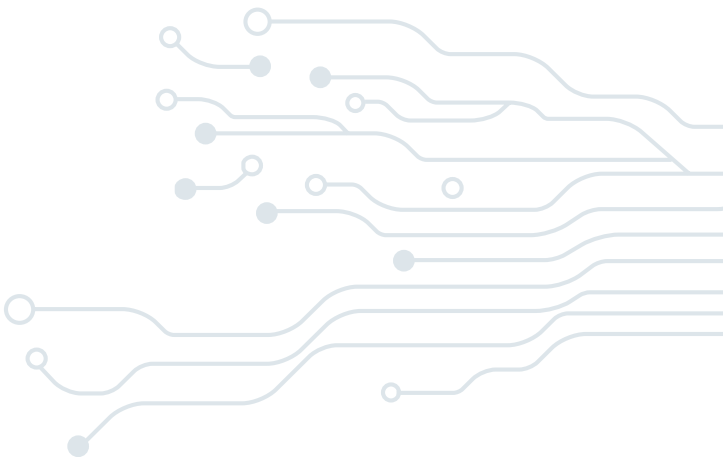
Start-up | A company or project initiated by an entrepreneur to seek, effectively develop, and validate a scalable business model.

Tenor | the amount of time until a loan is due to be repaid.

Term sheet | the document investors present to a company they are interested in funding, which includes details of the form and terms of the investment. Term sheets can be issued for convertible notes, equity investments, and other forms of investments.

Unit Economics | the cost and revenue made per product or service sold, which is important for businesses to understand and project how per unit costs and revenues will change as the business grows and acquires more customers.

Valuation | the value of the company before (pre-money) or after (post-money) a funder invests in the business.



Introduction

All over the world, entrepreneurship is increasingly being recognized as a key driver of job creation and economic growth. Successful entrepreneurs are celebrated as luminaries, and the entrepreneurial mantra of accepting and learning from failure is being adopted by organizations of all sizes. In other words, it is a great time to be an entrepreneur.

This Entrepreneur's Guide is designed as a comprehensive, accessible, and informative tool that can be useful to entrepreneurs in different stages of their business. Its aim is to help the Sudanese rising entrepreneurs and migrant communities in Sudan to navigate the nebulous and suboptimal financing landscape.

We do this in several ways:

Chapter I we provide an overview of funding instruments, highlighting advantages and disadvantages of each.

Chapter II we break down the different types of investors that are covered in our guide. We examine 10 types of funders, and present other information about them, including typical funding sizes and the services that each offers in addition to funding.

Chapter III continues on this to discuss, in more specifics, what happens when entrepreneurs approach various types of investors. This includes an overview of the documents different types of funders will expect, the typical phase at which to approach each type of investor, and what to expect in their interactions with the investors.

Chapter IV shares Sudan-specific insights based on our conversations, research, and data analysis. This chapter will give entrepreneurs a better understanding of the entrepreneurial ecosystem of their country. It will highlight potential perils to look out for, and opportunities to seize on.



Chapter V is the Support System and Investor Directory – a look at various support facilities and investors that are actively supporting and funding the country's emerging start-ups. In addition to providing basic information about who they are, how long they have been around for, and the types of companies they support and may invest in, we also show more unique and insightful information, including average investment size, type of funding offered, and what benefits they provide post-funding (if any).

Chapter VI we conclude by providing an overview of the guide and providing further sources of information.

In conclusion the first part of the guide is meant to answer the how of fundraising, while the directory is meant to answer the who to go to.

For this investment guide, we have assessed financing opportunities for both start-ups and SMEs. The biggest difference between these two company types lies in their objectives and stage in the corporate lifecycle. SMEs are driven by profitability and stable long-term value, while start-ups are focused on top end revenue and growth potential. SMEs need to set a goal to grow to a certain extent in order to be eligible for financing and demonstrate their sustainability.

It is important to note that Sudan is in a transitional phase, and while the country is moving towards a more favorable investment landscape and sophistication in terms of funding and financial instruments, currently there are few instruments available for start-up financing but start-ups may also be eligible for sources of funding that are developed for SMEs through Banks, Microfinance Institutions, Corporates and others. On the other hand, Startups and SMEs that are active in critical sectors of the Sudanese economy, such as agriculture, manufacturing, export oriented activities may have access to numerous support and funding opportunities that are available in the country. In addition, support and funding are also for tech-based startups and SMEs through various programmes by Incubators and Accelerators, Angel Investors, Corporates, and others.

As the Sudanese economy grows through the current challenges, it is likely that Sudanese entrepreneurs will have greater access to funding and development opportunities that matches their growing need for capital and tailored support

Having introduced the purpose and the methodology, the rest of the guide is structured as follows:



Chapter I

- Prior to seeking capital
- Overview of funding instruments
- Advantages and disadvantages of each funding instrument

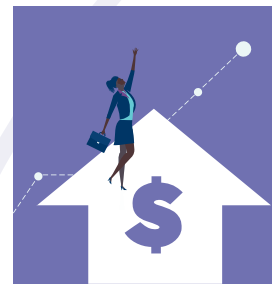
See pages 20–35



Chapter II

- Overview of 10 types of investors
- Typical instruments of funding
- Non-financial benefits

See pages 36–51



Chapter III

- Funding needs at every startups growth stage
- What makes an appealing startup
- When, how and what is needed to fundraise?
- Startups valuation
- Tips to raising money successfully

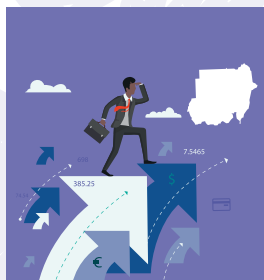
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Chapter IV

- The evolution of Sudan's investment scene
- The realities of existing support programs, funding options, climate and experience
- Accessibility to starting a business and finance for Non-Sudanese

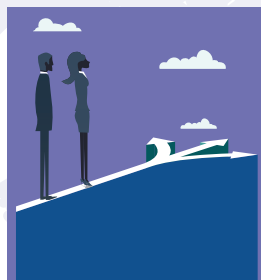
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Chapter V

- Directory of 21 entities that provide financial and/or non-financial services
- Directory of 48 banks and microfinance providers
- Directory of 8 angel networks and crowd-funding platforms

See pages 102–131



Chapter VI

- Key takeaways

See pages 132–138

Funding Overview

Fundraising is a critical milestone for Startups as they begin their journey through their corporate lifecycle. While the need for capital, how to access it, and where to access it differs depending on the stage of the company, building the right foundation is what all successful Startups have in common.

There are various sources of funding that Startups can tap into, starting with one's savings, to finding support from family and friends, to angel investor networks, all the way to Venture Capital, Private Equity Funds, Financial Institutions, and others. It is important to keep in mind; however, each step of the way requires a set of pre-requisites that are necessary to have smooth access to the type of capital that matches the need of the Start-up.

To begin, there are basics that one needs to keep in mind and prepare for before commencing to raise capital:



1. Generate a bold and plausible idea | Solve a problem! The starting point of a great venture is to identify a problem, a pain point, or a gap. Once a problem is identified, explore the various solutions in which you can solve that particular problem. Then, once you have a solution figured, develop it into a product or a service.



2. Identify the group that will benefit from your product or service | demand is found where the solution for the problem is found. As you turn your solution into a product or a service, identify those who will benefit from it. They could be individuals, entire communities, companies, or others, those are who will adopt your solution and be willing to offer monetary value to what you are offering.



3. Research and Consult | Once the group is broadly identified, do some research. Learn more about the group you identified, study how your solution fits well with the needs of this target group, and more importantly, don't forget to translate the data you collect into numbers. Map those you wish to learn more from, those with knowledge who can help you develop your product or service further, and spend time researching about products or services that may be similar to your solution, this will help you create a value proposition and help you differentiate yourself from others.

4. Begin networking | Reach out to people. Depending on the sector or market your product or service fits, advice is available to guide you on how to further build a solid solution, establish the right management style, and support you navigate through the various market dynamics. There are various gains from networking, most importantly, it will help you remain relevant to the most recent updates in the market, open doors of opportunity, support you in forming partnerships, provide you with valuable links in the industry value chain, and possibly, help you raise capital. There are various options for networking, for example, social events, workshops, conferences, and relevant network memberships.



5. Build a great team | A successful venture is driven mainly by a team that can grow through challenges, finds solutions to difficulties, and complement one another in skill, knowledge, character, and more importantly vision. Choose your team carefully. This does not mean that it will all go smooth as you progress, be mindful that change may be needed from time to time. It is critical, as you build your team, to think of how to retain them. Your strategy of team retention is a plus when you grow to raise capital.



6. Create an early version of your product or service and test it | You don't need to wait until you have a final version of your product ready before you reach out to your target customers. Develop your product or service gradually, starting with an early version that you can share with your friends or target clients. This will help you build a product or a service that fits. Build further as you receive feedback and tweak your solution, this will not only help you save time and resources but may also generate early traction.



7. Consider an incubation or an acceleration program | You're not alone. There are professional agencies that exist to support a Startup like yours. While some are different from others in the types of services they provide, the majority of incubators and accelerators may provide mentorship, early support in terms of access to network, office space, appliances, and sometimes various funding opportunities. Incubators and accelerators may also differ





in the types of Startups they accept for their programs. Make sure to research and reach out to them for more information. A list of incubators and accelerators in Sudan could be found in Chapter 5.

8. Gain traction for your product or service | At this stage, you are comfortable with your product that you are ready to test it in the market. A critical milestone in a Startups' journey, is to be able to validate its solution by demonstrating that a set of customers are willing to pay for your product or service. This stage where you gain traction is usually referred to as a Minimum Viable Product (MVP). The number of customers you gain, users, or even page viewers, depending on the numbers you generate according to the sector where your product or service exists, is proof that your solution has a market. This is an early indicator for potential investors that your product is viable enough to be funded.



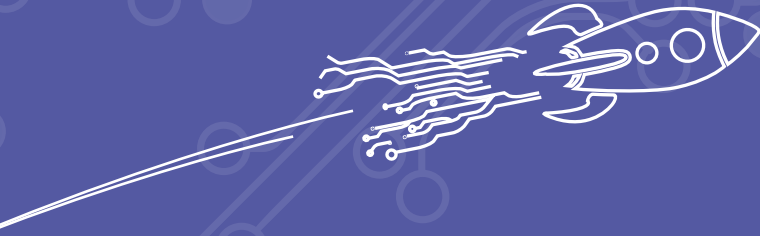
9. Do your homework and prepare well | Have well-developed documentation regarding your venture. This includes but is not limited to, a forward-looking business plan and projections model, financial data about your company (a clear and simple financial model could help), and a good presentation about your company, its vision and mission, your product or service features, the market, and more importantly, your team. It's important to remember, the quality of your material plays a significant role in the way an investor perceives you.



10. Right before you raise funds | Understanding your capital needs and the needs of your targeted investors is crucial. Successful fundraising depends on how well you're aware of both your needs and the interests of your targeted investors. Therefore, do understand how your venture aligns with the interests of the investors you approach. Remember, investors have different needs and different approaches to investing, spend time and study their needs and interests. Moreover, Think of your own capital needs. Successful businesses know what they need and when. Spend time to understand your current and future capital needs.

11. Raise funding to grow further | Once you have tested your product or service and gained traction, and also understood your capital needs and the investors you wish to attract their support to your venture, reach out and pitch your venture. Understand, however, that investors are critical in examining and measuring the balance between the various risks associated with your venture against the returns you could potentially generate over time and the returns they would usually seek. In addition, keep in mind that your growth potential is another important factor that they would assess. Moreover, they would examine the team driving your venture, and your strategy to retain your core staff, and how you add new ones. They would also ask you about the uses of the funds you are asking, and how and in what do you plan to use them. Be prepared to provide them with realistic and measurable answers. Lastly, know what you are offering in return for the funding you aim to receive, think critically, and examine additional value an investor could bring besides capital. More importantly, keep in mind not to give away too much of your company as you may need to raise more capital in the future.



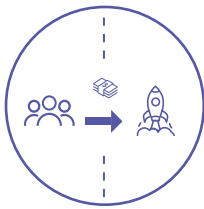


Chapter Funding Instrument Overview



Chapter I: Funding Instrument Overview

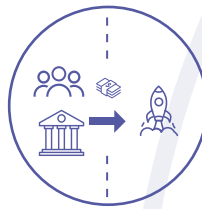
One of the first and most important decisions that entrepreneurs will need to make when raising money is deciding what type of capital they need. In this guide, we cover six (6) types of capital. One or a mix of these six (6) types of funding will apply to most entrepreneurs in Sudan, as well as other countries:



GRANTS AND REIM-BURSABLE GRANTS

Type of funding that typically does not obligate the recipient to repay the funds

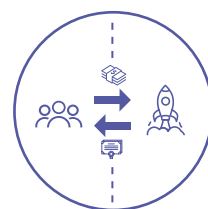
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ZERO-SUM COUPON LOANS

Type of funding where the recipient is obligated to return the funds but with no interest nor equity obligation

See page 26



CONVERTIBLE NOTES OR BONDS

Type of funding where a simple agreement for future equity is made

See page 27



DEBT (LOANS)

Type of funding that founders or entrepreneurs borrow and need to repay, usually with interest

See page 28



EQUITY

Type of funding that founders need to give up a portion of their company to obtain

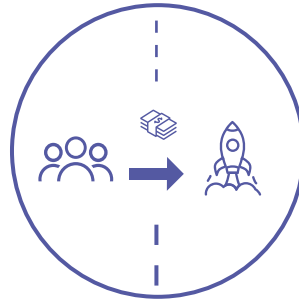
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MEZZANINE (A MIX OF DEBT & EQUITY)

Type of funding that combines debt and equity features

See page 34



GRANTS AND REIMBURSABLE GRANTS

In principle, a grant refers to a type of funding that typically does not obligate the recipient to repay the funds or makes any financial claim on a business in return for providing the funds. This includes everything from grants offered by national and international organizations as well as foundations, to prizes and awards offered by competitions, as well as donation-based crowdfunding campaigns, and others. Grants are typically the most straightforward form of funding.

The amounts that organizations grant to businesses vary widely, ranging from thousands to millions of dollars. Most common grants, however, tend to be on the smaller side – typically under SDG 20 million (USD 50,000~). This makes them most appropriate for early-stage start-ups and entrepreneurs who are particularly at the ideation or pre-seed stage, or more established entrepreneurs seeking capital to ease cash flow constraints.

Typically, organizations offering the grant will put out a call for applications, inviting interested businesses to pitch their ideas. Applicants will need to show how their business or idea is relevant to the grant. A judging panel then narrows down the field to several finalists and the winner or winners are chosen from there.

While organizations that fund grants typically do not expect any sort of financial return (i.e., a stake in the business, or a promise of repayment), they will often check on the grantees to ensure the money is being used for the intended purpose, both during and after the grant has been disbursed. Some organizations release grant payments in stages to ensure the company is working towards its stated goals.

Nowadays, a reimbursable grant is a common type of funding instrument. Similar to a grant in terms of no financial claims or interest on a business in return for providing the funds, however, the amount of the grant funding provided may be repaid based on pre-agreed milestones for the Startup to achieve. Further, it is common as well that reimbursable grants may not include any financial triggers for repayment, depending on the mandate of those providing the grant, and no legal liabilities or obligations in case the Startup did not succeed further. It is commonly deployed in this particular manner to create discipline for Startups while not burdening them with liabilities at such an early stage.



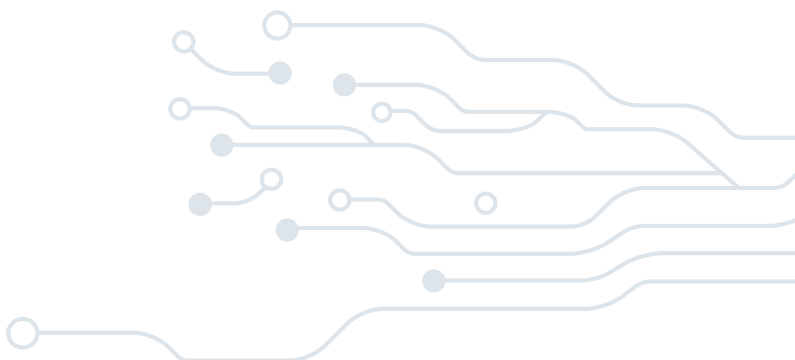
ADVANTAGE

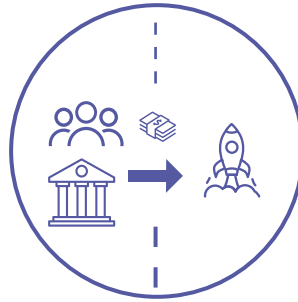
- Free money in the sense that there is no equity or interest to pay.
- Funders have little influence on the day-to-day operations of the business.
- No obligation to repay and no legal liability in case the Startup is unable to reimburse.



DISADVANTAGE

- Little support besides funding – hard to grow networks or get targeted mentorship.
- Time-consuming.
- Post-funding reporting is sometimes extensive.
- Providers of grants can be inflexible in accommodating start-ups that need to pivot from one business strategy to another.





ZERO-SUM COUPON LOANS

A zero-sum loan for Startups has characteristics of both a reimbursable grant and a loan. Similar to a reimbursable grant in terms of no equity or interest to pay, and similar to a loan in terms of repayment schedule and maturity. It may also not require collateral which differs from a typical loan, however, the terms and conditions of a zero-sum coupon loan differ depending on the mandate of the investor.

ADVANTAGE

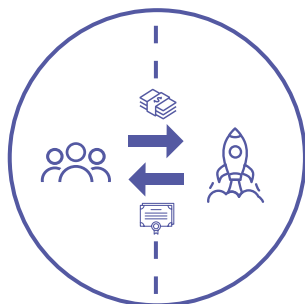
- Provides flexibility for founders as there may not be any interest to be repaid.
- It may not require collateral.
- Long-term and flexible repayment schedule.



DISADVANTAGE

- May be limited and difficult to obtain.
- Extensive reporting.





CONVERTIBLE NOTES OR BONDS

A convertible note is a form of debt (loan) that can be converted into equity at a specific time based on pre-agreed terms and conditions. It is a common funding instrument nowadays as Startups' need for capital grows larger and sophisticated. Typically a convertible note converts into preferred stock shares in the company. In simple terms, investors, rather than receiving their funding back with interest, receive shares in the company. The way convertible notes are provided may differ from an investor to another, however, the most common are those investors who may have more appetite for risk but looking for a form of compensation in the future for the risk they took if the Startup grows to be successful.



ADVANTAGE

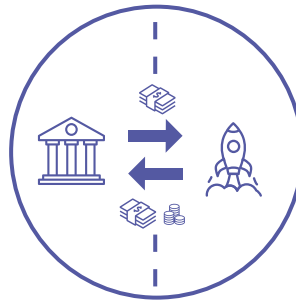
→ no need to give up ownership in company



DISADVANTAGE

→ often lenders will ask for collateral (In Sudan only possible with immovable collateral)

→ repayments payments can be difficult to make for cash-strapped start-ups



DEBT (LOANS)

Debt financing is one of the most common ways to get funding. In simple terms, debt financing means an entrepreneur takes out a loan from a financial institution, which he or she promises to repay within a predetermined time period and is subject to an agreed-upon interest rate.

Debt funding can come from various types of funders, including banks, crowdfunding, impact investors, development finance institutions, microfinance institutions, and others.

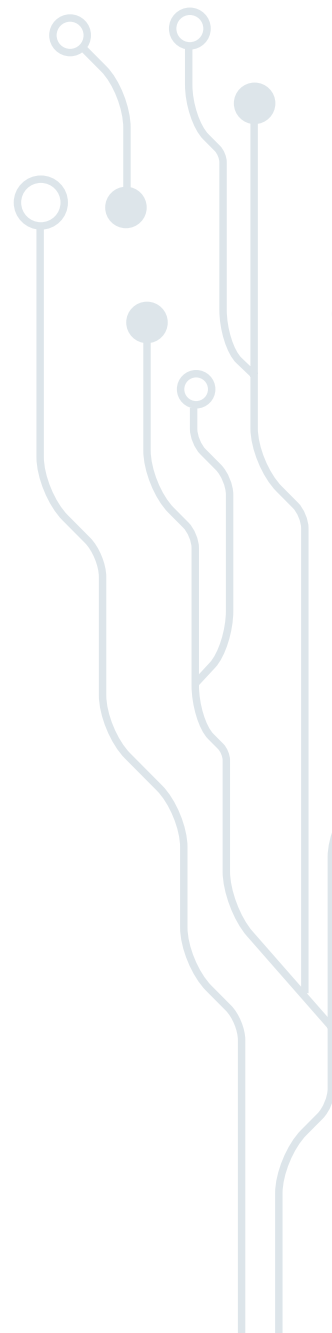
As entrepreneurs need to pay interest on their loans, typically in monthly installments, debt financing is best suited to more mature businesses with stable cash flows and some forms of assets. The amount of funding that an entrepreneur can expect to borrow depends on three (3) factors. The first is the type of organization he or she is turning to, for example, a bank or an impact investor will be able to offer a larger loan than a microfinance institution. The second factor is the amount of debt the business will realistically be able to take on. Early-stage start-ups with no product and no customers, for example, usually cannot (and should not) borrow much, while more established companies with proven cash flows will be able to tap into larger pools of credit. The third factor is the type of collateral and/or guarantees available for a company.

In order to apply for a loan, entrepreneurs will need to show a business plan and financial projections, which are meant to demonstrate how the borrower plans to repay the debt. In addition, most banks may ask for a form of collateral that could be used as a guarantee in case of a company defaults on its loan repayments.

When taking out a loan, borrowers typically focus on two key aspects of the financing structure: the interest rate and the tenor (the time until the entire loan must be repaid). The interest rates are seen to be correlated with the riskiness of the borrower – the less likely he or she is to pay back, the higher the interest rate a lender is going to charge for taking on the additional risk. The rates are also determined by the central bank's prevailing interest rates in the country.

In case of default, lenders get the first claim on any assets the business has, meaning this is typically seen as a safe financing structure from the lender's side when compared to equity investment.

In countries where Islamic finance is widely adapted, loans are typically not provided in the form of cash and interest, but rather tied to the purchase of a commodity (the case for Murabaha) with interest tied to the overall price of the commodity i.e. the amount in which the commodity is purchased. Repayment in the case of the debt principal (the amount borrowed against the commodity) in Murabaha is mainly repaid in installments. Another common form of Islamic finance is Mudaraba and can be described as a profit and loss sharing contract into a commercial enterprise according to predetermined terms and conditions. Various other types of Islamic funding products are available in chapter 4.



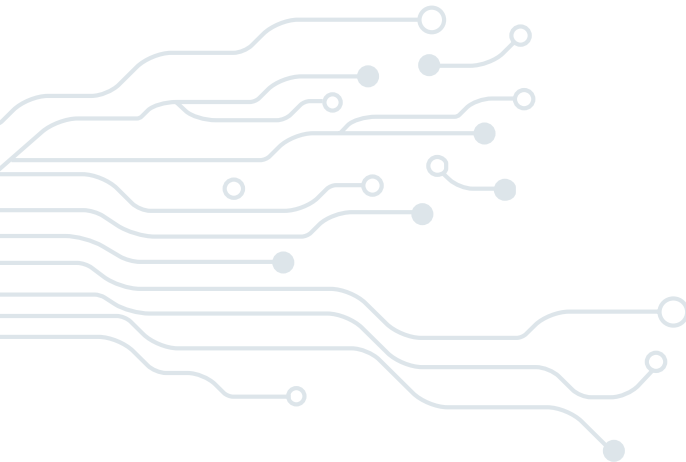
ADVANTAGE

→ No need to give up ownership of the company.



DISADVANTAGE

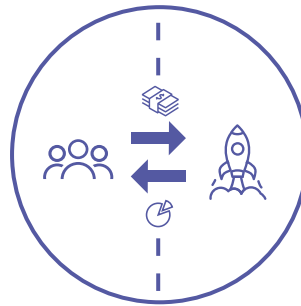
- Lenders will often ask for collateral. In Sudan, it is only possible with immovable collateral, especially with financing from the banks.
- Interest payments can be difficult to make for cash-strapped start-ups.
- Requirements might be cumbersome for Startups at early stages, specifically that they may not have any form of collateral or the track record as a corporate as of yet.





Debt financing can come in two forms: secured and unsecured loans. Secured loans are a financing instrument in which the entrepreneur offers some assets as collateral, making the loan less risky for the lender. This could, for instance, be a car or debenture over assets that the lender will be entitled to if the borrower defaults on the loan, offsetting some of the risks for the lender and thereby reducing interest rates. Unsecured loans do not have such protections for the lender and therefore have higher interest rates.

Currently, there are no debt financing instruments in place in Sudan from banks that do not require collateral. But there are several initiatives from international organizations to back the collateral by providing a form of a guarantee for financial institutions. There is a newly established risk transfer mechanism (Tayseer) that is also mandated to provide guarantees to financial institutions in place of collateral. This enables the partnering financial institutes to provide debt financing to entrepreneurs without or with moderate collateral (more information can be found in Chapter 5 – the Investor Directory). The eligibility for these programs is often tied to impact criteria based on the overall objectives of these programs.



EQUITY

Equity funding means an investor puts money into a start-up in exchange for a portion of the company's shares, becoming a part-owner of the business.

Equity investment varies in amount, depending on the entrepreneur's needs. It includes everything from relatively small (less than SDG 20 million or USD 50,000) injections of capital from family members or angel investors to large deals financed by venture capital or private equity firms that control up to millions of dollars.

Prior to investing, equity investors go through a detailed screening process, commonly referred to as due diligence. At this stage, they look at the potential for a start-up to grow into a highly profitable business. Most equity investors understand that the majority of start-ups fail; therefore, they look for growth potential rather than steady cash flows. Equity investors like to back tech start-ups because of their ability to scale with relatively low capital requirements compared to traditional brick-and-mortar businesses.

In order to receive equity investment, entrepreneurs will typically need to have an extensive business plan, with strong financial models showing growth projections, competitor analysis, the proposed approach to marketing, and more.

Equity is the riskiest type of funding for investors, as the funders stand to lose their entire investment should a company fail.



ADVANTAGE

- No interest payments to pay back.
- Investors have an incentive to be as helpful as possible by providing mentorship, advice, and connections

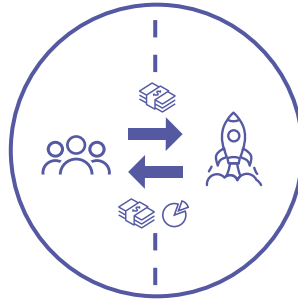


DISADVANTAGE

- Misaligned time horizons: start-ups building for the long term while investors want to exit quickly.
- Control mechanisms can mean entrepreneurs are less in charge of their business.

Note that SMEs are also eligible for equity funding, depending on the scalability of their business model. Investors base their decision on whether SMEs can grow into large enterprises and become a market leader in their segment.





MEZZANINE

Mezzanine is a hybrid instrument that refers to financing that sits between equity and debt (hence the name) and combines aspects of both types. It gives the lender the right to convert to an equity interest in the company in case of default. It is popular with some investors because it shields investors from the certain risk associated with pure equity investment while still providing an upside if a business becomes highly successful.

To raise mezzanine finance, a company must have a credible track record in the industry, consistent profitability, and a feasible plan for expansion through an initial public offering (IPO) or acquisition. Thus, mezzanine finance is used by companies that have a positive cash flow.

While there are similarities between the mezzanine and convertible bond instruments, mezzanine usually has equity participation that comes in a form of a warrant or an equity kicker (option) as conditional rewards based on specified performance goals, however, convertible note providers may convert all or a portion of their loan principal into equity with higher equity dilution than of equity provided with warrants. In addition, convertible notes have lower interests than mezzanine financing



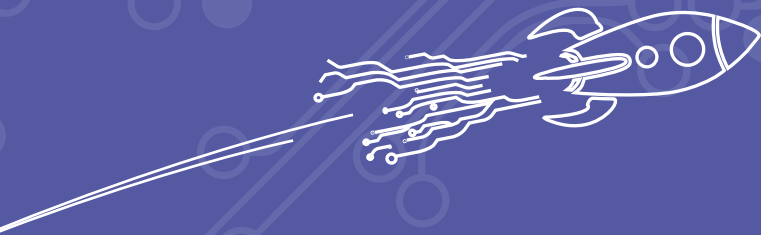
ADVANTAGE

- *Mitigates risk for investors, meaning better funding terms than straight equity.*
- *Can delay the valuation of a start-up, which is imprecise in early-stage companies.*



DISADVANTAGE

- *Entrepreneurs may need to make regular payments to funders.*
- *Can be overly complex and expensive to arrange*



Chapter Investor Overview

iii.

Chapter II: Investor Overview

There are various types of investors across Sudan. The table below provides a brief description of each type of funder, including typical funding amounts and non-financial benefits that you can expect from each type of funder before providing a more detailed overview of each.



ACCELERATORS AND INCUBATORS

Work with early-stage start-ups to help them refine their idea/product, and coach them on how to realize their vision

See page 40



BANKS

Well-known financing entities that are typically wary of investing in small companies; some, however, are looking to lend to more small businesses

See page 41



MICROFINANCE INSTITUTIONS

Financial institutions that provide relatively small loans to small businesses and those without access to credit.

See page 42



FOUNDATIONS

Organisations that fund projects or companies that are within their sector of focus; typically, philanthropic in nature

See page 48



CORPORATES

Companies that fund small businesses as part of their corporate social responsibility drive, or set up own venture funds

See page 49



VENTURE CAPITAL FIRMS

Companies that raise outside capital to invest in small businesses and start-ups

See page 50



ANGEL INVESTOR NETWORKS

Member organizations that recruit individuals with spare cash, professional experience and industry contacts, and interested in investing in small businesses

See page 43



IMPACT INVESTORS

Varied group of funders that look for social/environmental returns in addition to/instead of financial returns on their investment

See page 45



CROWDFUNDING PLATFORMS

Digital platforms that provide funding to project owners through pledges/donations paid by individuals that are interested in the product/service with a possible expectation for a reward

See page 46



PRIVATE EQUITY FIRMS

Companies that raise outside capital to invest in later-stage businesses, often funding deals of millions of dollars

See page 51



ACCELERATORS AND INCUBATORS

i

Typical funding instrument:

Grant + Equity

Typical funding amounts:

\$1,000 - \$50,000

Non-financial benefits: *office space, mentoring and training, networking events, facilitating connections with potential partners and investors, peer to peer learning opportunities*

Accelerators nurture start-ups at a crucial stage in their lifecycle by providing them with an environment conducive to growing their business. Though both accelerators and incubators often focus on technology start-ups, there are some differences between the two.

Generally, incubators are less structured and more focused on providing physical co-working space and access to their networks for very early-stage start-ups, which are idea-based and not making revenue at the time of application. Some incubators provide funding for start-ups in the incubation program but most do not.

Accelerators are also aimed at early-stage companies but ideally at those advanced enough to grow and scale their business, which means the businesses are already making revenue. Accelerators generally take equity in the business in exchange for access to their program, their facilities, and their mentor network, which often includes investors and experienced business managers. As opposed to incubators, accelerators usually have a set timeframe, from a few weeks to a few months.

Accelerators and incubators typically have a selective application process and start-ups need to prove themselves in order to be granted access. The application process examines the start-up's business model, its financial performance to date, projections for the future, and the quality of the team. While they are typically well run and help entrepreneurs to refine their business, one downside of accelerators and incubators is that they often require entrepreneurs to spend valuable time away from their businesses. There are a number of accelerators and incubators in Sudan, the vast majority of which are based in Khartoum. More information are provided in Chapter 5 (Support System and Investor Directory).



BANKS

Banks are licensed financial institutions that are able to make loans and take deposits, among other services. In developed economies, banks often step in to provide capital to start-ups and SMEs. In emerging markets, however, commercial banks tend to shy away from the SME sector, seeing it as risky and costly; they tend to work with large firms. The same applies to Sudan.

Banks that work with SMEs offer various financial products, including asset financing and invoice factoring. Like other funders, they want to see a comprehensive breakdown of how the funding will be used, several years' financial history, and collateral. This is used to estimate the creditworthiness of the business, how long to lend them money, and at what interest rate.

Banks can be an efficient source of capital, but most will charge high-interest rates given the risk associated with start-ups. Make sure you calculate how much you will need to pay every month and consider carefully whether that is something your company can afford.

i

Typical funding instrument:
Debt

Typical funding amounts:
*Varies (*cash flow and collateral determines the amount)*

Non-financial benefits:
Training and capacity building





MICROFINANCE INSTITUTIONS

i

Typical funding instrument:

Debt

Typical funding amounts:

Up to \$1,000 for each founder

Non-financial benefits:

Mentorship + training

Similar to banks, Microfinance Institutions are financial institutions that provide financial services. One of the major differences between the two can be the mandate of the Microfinance Institutions, the majority targeting small businesses, individuals, and vulnerable communities who lack access to credit and conventional banking services. In addition, accessing Microfinance may require no credit history or asset as collateral as opposed to banks.

While the loans provided by Microfinance Institutions are relatively smaller amounts than what is provided by banks, they are easier to access with less strict measures in place.

Sudan has a growing number of Microfinance Institutions, far-reaching into rural communities, a list of which can be found in Chapter 5 – the Investor Directory. The general policy environment is highly supportive of Microfinance, for example, based on the directive of the Central Bank of Sudan, banks have been allocating a sizable percentage of the loan portfolio to Microfinance.





ANGEL INVESTOR NETWORKS

An angel investor network is a group of individuals (called business angels) who inject capital into an angel network fund or directly into Startups through a network and provide funding for start-ups in exchange for equity. The network is made up of experienced professionals who have knowledge and contacts in the industry in which they invest.

Business angels invest in companies with high growth potential, though they tend to look at a wider range of sectors than venture capital (VC) investors, which like to invest in highly scalable sectors like tech. Business angels typically step in to provide funding for companies that have exhausted any friends and family investments or personal savings they may have been able to access before they receive any investment from VCs.

While most business angels are engaged and helpful, some may see the start-up as their own company and look to obtain too much control early on. As an entrepreneur, it is important to listen to their feedback but to ensure not to blindly follow their advice.

There are also angel investors from outside Sudan and a few networks that are established in Sudan.

i

Typical funding instrument:
Equity + Mezzanine

Typical funding amounts:
\$5,000 - \$200,000

Non-financial benefits:
Mentoring, access to network to sell product - develop partnerships, deep industry insights, access to potential follow on funders



The Angel Investor Ecosystem in Sudan

Access to capital for Startups remains challenging in Sudan. As there's a growing number of Startups emerging in Sudan, the need for pools of capital grows further. Fostering an Angel Investor Ecosystem can be one of the solutions to meet the rapid increase in capital in the country. While there is a small number of Angel investor networks active in Sudan, it is expected that more networks may form as the country grows through the current political and economic transitional period. There is also a growing number of Sudanese individuals including those in the diaspora, who have an appetite for investing and supporting local innovative ventures or Startups.

Recently, 249Startups – an incubation and an acceleration hub in Sudan have launched the Sudan Angels Network which supports innovative Sudanese Startups to secure seed and growth-stage funding.





IMPACT INVESTORS

Impact investors invest with the intention of creating a positive, measurable, social or environmental impact alongside a financial return. The expected range of returns for these investments is often below the market rate or return is measured by a different metric, e.g. social change or impact measurement.

Impact investors include high net worth individuals (HNWIs), family offices, foundations, pension funds, impact-focused venture capital firms, private equity firms, angel investor networks, and development finance institutions (DFIs). Some impact investors are organized in a network, such as the Global Impact Investing Network (GIIN).

Impact investors can also provide a level of expertise to entrepreneurs and project owners in emerging markets, especially when it comes to making sustainable decisions. However, their expertise is likely to be limited, because they tend to be global institutions that focus on impact as well as financial gain. For example, many of GIIN's members are based in the developed world and therefore may not have the appropriate expertise on the ground. Furthermore, they must spend resources on examining impact, which means potentially fewer resources towards providing entrepreneurs and project owners with technical expertise.

As social and environmental impact is key for these funders, it is important to show not only how your company will work towards achieving these aims, but also how you will measure and prove the impact you want to achieve. That is one of the downsides of accepting impact investment: measurement can be highly onerous.

i**Typical funding instrument:**

Equity, Mezzanine, blended finance

Typical funding amounts:

\$5,000 - \$500,000

Non-financial benefits:

Mentorship, business connections, access to network, deep industry knowledge, impact measurement tools, branding and communications support



CROWDFUNDING PLATFORMS

i

Typical funding instrument:

*Donation (grant),
Equity, Debt*

Typical funding amounts:

Any amount

Non-financial benefits:

*Publicity, marketing,
feedback, track record
for investors*

Crowdfunding is the practice of raising money from a large group of individuals, typically through an online portal. There are four prevalent models of crowdfunding:

- Donation-based: the crowd donates money to a cause, individual, project, or business, without expectation of any financial or non-financial return.
- Reward-based: the crowd gives money to an individual, project, or business in exchange for a non-financial reward. The rewards are generally either item like shirts or stickers, or an early version of a product (essentially, a pre-sale via crowdfunding).
- Lending-based: the crowd lends money to an individual or business, with expectations of getting the principal back with interest.
- Equity-based: the crowd invests in a business with hopes of sharing in the business's success as it grows.

Depending on the type of crowdfunding campaign an entrepreneur chooses, he or she will need to prepare different types of pitches. For lending and equity-based campaigns, investors will want to see a strong business plan, financial projections, and a growth strategy. For reward-based campaigns, backers will want to see an innovative product or project in a sleek campaign video. For donation-based campaigns, supporters will want to see how their donation will benefit the recipient entrepreneur(s) or people. therefore, while crowdfunding can be effective, it is also highly time-consuming. However, Crowdfunding platforms can be useful in various aspects, for instance, creating social capital, and increasing your chances for funding from mainstream investors in case successfully accessed funds through Crowdfunding platforms. In addition, it could also be a useful tool to establish or test a beta version and getting traction. To increase your chances for a successful Crowdfunding cam-

paign, do some research and choose the most suitable platform for your needs, cross check how successful startups presented themselves in their campaigns, and in case you are offering rewards, offer attractive but fair rewards. Think carefully and wisely of your funding ask and set a duration that can assist you in meeting the timelines you established for your expansion.

While there are a few online crowdfunding platforms in Sudan, some entrepreneurs may be able to access international platforms for crowdfunding, although this has been strictly limited to reward or donation-based campaigns. Diaspora funding can be a solid strategy for some companies looking to crowdfund if they are able to access networks of Sudanese living abroad.





FOUNDATIONS

i

Typical funding instrument:

Grant

Typical funding amounts:

\$5,000 - \$3m

Non-financial benefits:

Capacity building, access to the foundation's network

Foundations are non-profit charitable organizations that are founded with an initial endowment, typically made by an individual or business. The foundations tend to have a specific goal or sector of interest, and they fund other charities, NGOs, projects, and companies that work toward that goal. Alternatively, the foundations may also operate projects in their sectors of interest, if they have the capacity to do so.

The amount of funding they make available varies drastically, based on the foundation's endowment. Large foundations can fund millions of dollars' worth of projects, though the vast majority are much smaller.

In order to get funding from foundations, companies will need to go through an application process. Some foundations only accept applications from companies and projects they have invited to participate in, so it is important to know whom to approach within the foundation to get an invitation. Foundations will typically look for how closely a company's mission and activities match with the desired outcomes the foundation wants to achieve. For this reason, when approaching foundations, it is important to focus on the impact of your business on the funding application.



CORPORATES

Large firms often support entrepreneurs, projects, and SMEs financially. There are various motivations for corporates to fund businesses. One is to ensure they stay up to date on what innovative start-ups are doing in relevant sectors and get an opportunity to invest in those companies early on. Another is a way to spend Corporate social responsibility (CSR) funding. Additionally, corporates can run start-up pitches and competitions.

The fundraising process and amounts will vary depending on the type of funding that corporates employ. When companies are funding companies and projects via their CSR initiatives, they will often act like impact investors, asking not only for a business plan, but also a way to monitor how the money is being used, and whether it is meeting its stated social and environmental goals. Otherwise, corporates will look at how the business they invest in could grow, and how this growth may fit into the company's long-term plans.

While corporates can be a great partner for your start-up, do make sure you protect your intellectual property (IP) before opening up any business secrets.

i

Typical funding instrument:
Grants + Equity

Typical funding amounts:
Varies

Non-financial benefits:
Office space, mentoring and training sessions, business development advisory





VENTURE CAPITAL FIRMS

i

Typical funding instrument:

Equity

Typical funding amounts:

Unspecified

Non-financial benefits:

Mentorship, team building and recruitment, support with restructuring, governance and business processes, access to partnerships, business development support

Venture capital (VC) is a type of private equity and refers to investments made in exchange for equity in early-stage businesses. Venture Capitalists (VCs) are focused on funding, developing, and expanding early-stage businesses.

VCs tend to invest in adolescent stage start-ups which have the potential to grow rapidly and earn the investors 10 times to 30 times return on their capital over a fairly short period of three to seven years. Typically, VCs look to invest in companies within sectors that have the capacity to tap into economies of scale and expand rapidly, often backing information technology (IT) and software companies as a result. As the percentage of companies that can earn such profitable returns is small, VCs tend to diversify their investments across multiple firms, often co-investing with others to minimize exposure to a single company.

VCs provide several services in addition to providing capital. They play an important role in guiding the company through the later rounds of raising capital, can help to formulate and implement the business strategy, and aid in appointing the management team. However, given their influence on an early-stage business, VCs can be overly controlling and influence decisions in a way that benefits them more than the business itself in the long term.

There are a few VCs currently active in Sudan, for example, Anafi Capital, a Sudan-based initiative by a group of companies (Elnefeidi Group, Elbarbary Multi Activities, Moez Ali, and Darwish Bros) and GlobeTech While they may have invested in a handful number of Startups, it is beneficial to reach out and explore the possibility of accessing funds.



PRIVATE EQUITY FIRMS

Private equity (PE) firms invest directly in private companies. They tend to focus on companies that are more mature than those in VCs' remit. PE firms are often structured as a limited partnership, with institutional investors and/or High Net-worth Individuals (HNWIs) providing funds for partners to manage. As PE firms invest in more mature companies and sometimes acquire a 100% stake in these companies, they tend to invest much larger amounts than VCs – up to SDG 2.2 Billion (USD 5 million) and above. That makes them an imperfect fit for smaller firms.

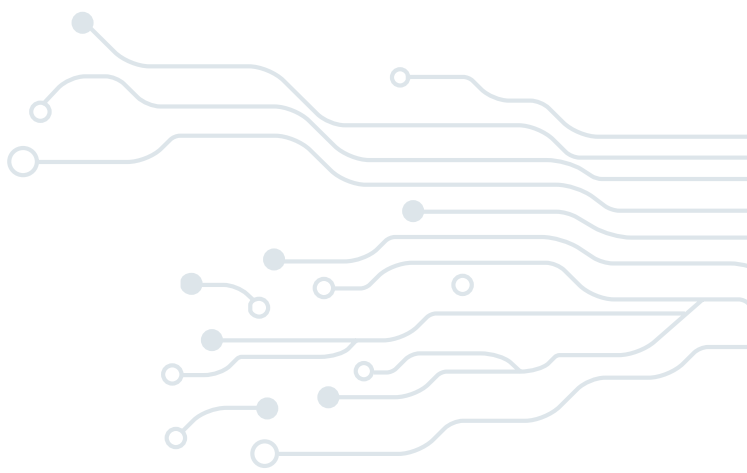
Private equity is a catch-all term that captures many types of firms; venture capital, for example, is a subset of PE. As PE funds tend to make large equity investments, they typically get fairly involved in the management of the companies. They usually focus on larger, more established companies that they feel can improve operations and become more profitable.

i

Typical funding instrument:
Equity + Mezzanine

Typical funding amounts:
Unspecified

Non-financial benefits: *Mentorship, business connections, business development advisory*





Chapter
Raising Capital

Chapter III: Raising Capital



STAGES OF START-UPS GROWTH AND TYPICAL FUNDING NEEDS AT EACH STAGE

What does the startup lifecycle look like? What financial needs and whom to approach at each stage?

See page 55



START-UPS 101: WHAT MAKES A STARTUP APPEALING TO INVESTORS?

What do startups need to do to convince investors?

See page 57



WHEN TO FUNDRAISE

What factors to take into account before deciding it is the right time to fundraise?

See page 59



WHAT YOU'LL NEED IN YOUR PITCH DECK

What to prepare and keep in mind before and during the fundraise?

See page 60



START-UPS, YOUR VALUATION MATTERS

How to determine the startup value? What tools to use to calculate a company value and which one fits the case? Tips to raising money successfully

See page 64

Stages of Startups Growth and Typical Funding Needs at Each Stage



The decision on when and how to raise capital differs for every entrepreneur. Some entrepreneurs can bootstrap their start-up for years before needing to turn to an investor for additional growth capital; others will need to tap into their friends and family to get their ideas off the ground.

Raising funds is an important part of every start-up's journey. Without an effective way to get funding, even the most promising startups may fail. After all, competition among Startups is intense, and one of the surest ways to beat your competitors is growing fast, which is usually achieved using external financing.

Every company's financial situation is different. That means each Startup's financing needs and the journey will be different too. There are, however, things that every company, project, or organization should know when raising money. This guide is meant to help business owners get a firm grasp of how the funding process works when to approach investors, the documents they will be asked for when fundraising, and more. For more tailored advice, Startups can consult experts or join incubator or accelerator programs.

For SMEs, this section is helpful if they want to understand how to grow, if they can demonstrate their market potential, and are looking for external funding. It can also be helpful if an SME is looking for funds from other sources than institutional financiers.



The following table highlights the various Startup stages and the most common type of capital they need:



STAGE	IDEATION	BUILDING	PROTOTYPE	PROOF OF CONCEPT	GROWTH
Description	Pre-product and revenue, only idea	Working on developing a product	Finished prototype in users' hands, getting feedback	Refining product, reaching a larger audience	Early market success, expansion, and growth to new markets or new products
Approximate Funding Needs	SDG 0 to 8.9 million (USD 0 to 20,000)	SDG 8.9 million to 22.5 million (USD 20,000 to 50,000)	SDG 22.5 million to 66.7 million (USD 50,000 to 150,000)	SDG 44.5 million to 222.5 million (USD 100,000 to 500,000)	SDG 222.5 million to 890 million + (USD 500,000 to 2 million +)
Potential Investors	Angel investor networks, incubators, friends/family members, foundations making grants	Accelerators, angel investor networks, crowdfunding platforms, public or semi-public grants, foundations	Seed-stage venture capital firms, impact investors, crowdfunding platforms, corporates, public or semi-public grants	Seed-stage venture capital firms, corporates, crowdfunding platforms, impact investors	Venture capital firms, private equity firms, banks, impact investors, public or semi-public funders

Start-ups 101: What Makes a Startup Appealing to Investors?

Before we get to the fundraising, the following is a brief overview of the signs of a successful start-up. These are things that an investor will want to see when thinking about putting money into your company.

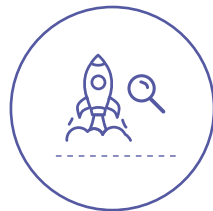
According to Sam Altman, one of the most experienced start-up mentors in the world, there are four essential components to a startup: the idea, the product, the team, and the execution. Luck plays a big role, too, but that is not something that is within the control of the founders.

Ideas

Ideas are key to setting the company's vision and creating a compelling story around the start-up. While many companies end up pivoting as they develop their product, moving away from the company's founding ideas and establishing new ones, creating a unified vision for the start-up is not only a good way to focus everyone in one direction, it also makes it easier to sell the vision of the company to investors.

Product

Once you have a good idea, you build a product around it; this is what customers use or buy when they are interacting with your company. A successful company will be able to translate a good idea into a great product and will listen earnestly to early users, taking into account their feedback and understanding how the product is being used (regardless of how it was intended to be used). Indeed, it's not just the product that investors are examining. They also consider the product-market fit: does the product satisfy a demonstrable need in the market?





Team

One of the most important success factors for any start-up is hiring the right team. The first few employees of a company will often make or break the company. Aim to hire only when you are desperately in need of new employees and recruit from your personal networks first, asking your friends and acquaintances to put you in touch with high performers they have worked with. Do not be afraid to give your first employees a relatively large chunk of equity, as they will be the ones who will make the company succeed, and do not be afraid to quickly fire people who are not working out.



Execution

Execution means putting everything together. This is the crucial aspect of the CEO's job: making sure the team is focused, motivated, and growing. It means managing the team in a way that maximizes the employees' efforts and manages disagreements among team members. It also means setting clear, measurable goals so that progress and employee performance can be evaluated. Keeping these four components in mind is useful for all start-ups, and especially for those that are looking to raise money, as investors will organize their thinking around the same themes – is the idea any good? How about the product the company built around this idea? What about the team? And how focused and motivated is the company to execute its vision?



When to Fundraise

One of the most important decisions you need to make is when to begin approaching investors.

Each start-up is different, but nearly every start-up should be bootstrapped for as long as possible. There is no point in giving outside investors equity, paying for administration and legal fees, and spending time (that could be spent working on your product) just for the sake of fundraising. If you can get your company to profitability without raising money from outside investors, you should.

The decision on when to fundraise also depends on the founders' connections and experience in the start-up industry. If you have exited several companies in the past and have connections to investors, then the timing of the fundraising process will be different than for someone who is a first-time founder.

Most, however, are not experienced entrepreneurs and do not have the ability to bootstrap the company indefinitely. That means they will need to seek investors sooner or later. The good news is, you can raise money fairly early on in a start-up's development. As long as you have a strong idea, and do some work around putting together a pitch deck that explains how this idea will become a viable business, you may be able to approach (relatively small) investors. It typically takes three to six months to raise funding from investors; sometimes a lot less or a lot longer. Depending on how much money you have in the coffers, you will probably need to start looking for capital at least six to nine months before you find yourself strapped for cash.





Assembling Your Pitch Deck

The documents you will need depend on the stage of funding you are in and whom you are approaching. If you are looking to raise money from a grant-making institution or an angel investor, you are likely to get away with a one-page document articulating your idea and why it is important now as well as a pitch deck. If you are going to a private equity firm or a bank, you are likely to need a detailed business plan, financial projections, etc.

As this guide is geared more towards younger start-ups and first-time entrepreneurs, we will focus on the documents they will need to present when going to investors.

Generally, they will want to see a comprehensive one-page document that outlines a business idea and how the company plans to build their compelling product around this idea, considering current and future challenges, and how to get around them. Entrepreneurs should also include a pitch deck – a set of slides that they can use to showcase their ideas, traction, and market opportunity to potential investors.

Brief 'One-Pager'

The one-pager is an important document that every entrepreneur should spend time to get just right. This should be a mini business plan and should include a concise overview of what the business is, what problem it is solving, and how you plan to turn your idea into an appealing product. Include charts, images (including your company logo), and graphs as much as possible but do not forget to clearly articulate the purpose of your business in writing and how you plan to execute it. This is a document you should be able to leave behind and that someone would want to read, so make sure to balance substance with visual appeal.

A Typical Structure of a Pitch Deck

The second document every entrepreneur will need to prepare is a pitch deck. A common standard for pitch competitions or in individual presentations is around 10 to 12 slides in the following format:

- What you do described in 30 seconds
- The problem
- Your solution (+ one slide here if you need it)
- Market fit
- Market size
- Business model (USD)
- Defensibility and intellectual property
- Competition
- Distribution
- Team
- Money and milestones
- Financials (only if it adds value).

Additional slides investors may want to see include: traction to date, use of funds and investment instrument sought, and exit route. You can get some good orientation from looking up pitch decks from other companies in your sector online.

For both the one-pager and the pitch deck, a small amount of customization to better fit the investor can increase the chances of success. For example, if the investor is known for wanting to see how the investment may affect social or environmental change, add a slide (or at least a few bullet points) about how your start-up may do that.

Remember that as soon as you raise money, expectations will shift. It is no longer just your money and time. Investors will expect increased reporting and tracking, as well as formalized record keeping and the like. Do not be unreasonable, and do not make empty promises, but do come across as optimistic, hopeful, hungry, and ready for increased scrutiny of the business.

Pitching Effectively

Every entrepreneur has a different pitching style, and the start-up's business model and maturity will affect what exactly the pitch looks like. Likewise, every investor will ask different questions. But there are similarities around what investors will want entrepreneurs to cover.

- 1 **Traction so far.** A good idea will typically not be enough for investors to put money into a start-up. They want to see what your start-up has achieved. 'Has anyone parted with their money for your product or service?' is how one investor put it. If you are not there yet, get letters of interest from interested businesses or show how many active users you have. Simply put, investors want to see positive signals from the market that your product or service is in demand and solves a true need.

- *How many units have you sold?*
- *How many sign-ups do you have?*

- 2 **What makes your team special?** Investors often look at the entrepreneur more closely than the businesses those entrepreneurs started. After all, investing in a company means forming a partnership that will last years. If an investor is not convinced of your team, they will not invest in your business no matter how much potential the idea has.

- *Why is your team in a unique position to solve this market problem?*
- *What is the team's experience in this field?*

- 3 **Know your market well.** Investors will ask about your market, why you are focusing on the segment, and potential challenges in the future. You need to be able to answer their questions knowledgeable, backing up your assertions with hard data. Importantly, investors are looking not at just how well you know the market, but also how well you know how to make money in the market.

- *Has anyone else tried to solve this problem? How is your solution different?*
- *What are the challenges you foresee in the future, and how will you navigate around them?*

④ **Your track record.** If you are a first-time entrepreneur, you will not be able to show what your previous companies have done. But you should be able to talk about what you have done since you graduated from school – how did you do, what companies have you worked for, what problems have you tried to solve? Investors will often do reference checks, so keep up with old contacts who may be asked to vouch for you.

- *What have you done in this space already?*
- *Do you have people who will vouch for you?*

⑤ **Your thinking process is important.** Investors understand that as a start-up, projecting growth numbers is difficult; at best, it is an educated guess. While you should ground your financial projections in reality, the most important thing about the numbers is being able to clearly talk through them, and to explain your hypothesis.

- *How do you justify your growth plans?*
- *How did you evaluate the size of the market?*

Next, you will want to plan a results chain, also known as a theory of change. This is a mapping of how the actions your company takes will eventually lead to the desired social impact. Often, making a model in a spreadsheet or visualising it in another way will be most effective. Each entrepreneur and investor will have different templates they look for. Typically, however, you want to show the following:

- *Current challenges*
- *Your company's inputs*
- *Direct outputs*
- *Eventual outcomes*
- *Market changes*
- *Social impact.*





Start-ups, Your Valuation Matters

Overview

Valuing a company is a highly important part of the fundraising process, especially when raising money through equity. However, it is also imprecise and highly difficult. This is because many start-ups are in the ideation stage and it is nearly impossible to value a company that has few assets besides an idea and the commitment of a few eager co-founders. One way to avoid this question early on is to consider convertible debt, a form of mezzanine funding mentioned in the previous chapter. At some point, however, it will be necessary to determine your start-up's value.

Valuation and why it matters is important for every start-up to understand. This is because it affects not only the company's short-term prospects, but can also have important ramifications down the line.

Of course, one of the key questions is how does the investor obtain a certain valuation and, hence, the shareholding he or she accepts in the business. Many factors come into play to determine this, key among them being the cash flows a company expects to make, current performance, and even the number of investors interested in the deal.

There are various methodologies used to come up with a company valuation. The key ones include discounted cash flow (DCF), multiples-based, and asset-based methodologies:

DCF (Discounted Cash Flow) Model

The DCF methodology computes the cash flows the start-up expects to make in the future and discounts this to the present. This means taking all the cash in the future and making adjustments for inflation and risk to find out the value of these cash flows as at present. The discount rate is a highly debated variable, and it will be set by the funder when evaluating the investment. It is a good idea to create several scenarios with different discount rates and therefore different net present values. Make sure that you can explain the reasoning behind the different scenarios.



Multiples Model

The multiples approach compares similar start-ups to obtain the valuation. This would mean if one start-up – similar to yours in terms of sector, size, business model, etc. – with sales of SDG 8.9 million (USD 20,000) is valued at SDG 44.5 million (USD 100,000) it implies a value to sales multiple of five (SDG 44.5 million / SDG 8.9 million, or in dollar terms USD 100,000 / USD 20,000). If the startup is truly similar to yours, you can use this multiple to value your start-up. Assuming your start-up had sales of SDG 17.8 million (USD 40,000) its valuation would therefore be SDG 17.8 million x 5 = SDG 89 million (or USD 40,000 x 5 = USD 200,000 in dollar terms).



Net Assets Model

The net assets valuation approach calculates the total value of the tangible assets the company has and its liabilities. For start-ups, this would usually result in the lowest valuation, since most start-ups do not own a lot of assets – it is the intangible assets like the idea, the potential, and team talent that excites investors. Each entrepreneur needs to note that the final price in a deal is a combination of the valuation and negotiation between the investor and entrepreneur.



Do not raise more money than you can handle! Many investors we interviewed warned against raising too much money too quickly. If your valuation is high early on in your company's lifecycle, investors will expect you to show similar (if not faster) growth when you raise money again in the future. If you cannot justify a rise in value, you may need to settle for a down-round – an investment that results in a lower company valuation than previous rounds. That not only leads to unhappy investors but can also seriously hurt employee morale.



As for the case for Sudan, the DCF (Discounted Cash Flow) Model could be more suitable for valuation as it considers the future cashflow expected by a startup and then adjusted for inflation and risk to reach a net present value. However, make sure to be realistic in your calculations, also given the spectrum of risk in the market where you operate.



Valuing Your Start-up

Imagine a fictitious entrepreneur has an idea for an e-commerce company. He discusses it with a friend, and the two of them decide to set up a company around it – Widgets Ltd. The two go about working on the company for a month, developing a clearer strategy and business plan, as well as a website design to show potential investors. Because they have committed the same amount of time on the idea, they decide that it is fair to split up ownership of the company in half. They issue 1,000 company shares, and take 500 shares each, meaning each one owns 50% of the company.

After spending some time to work on their idea and the pitch deck, they approach several angel investors, one of whom is interested. He decides to invest USD 10,000 in the company, to help the founders set up a functioning website and to begin building up a pipeline of products they want to sell on their site. In exchange, he gets 100 shares that the founders issue to the angel investor. So, he owns 100/1100 shares (9.1%), while the founders now own 500/1100 (45,5%) each. Because the angel's USD 10,000 investment bought him 9% of the company, the post-money valuation is USD 110,000. At this point, the price per share is USD 100 ($=110.000/1100$).



A couple of months go by and Widgets Ltd begins to attract media attention and customers. Things continue to go well, and several VC firms become interested in investing in the company. The start-up's founders are feeling bullish about their prospects and decide they need to raise USD 100,000 to keep the company going for the next six months. They turn to an early stage VC firm, who agrees to invest the money in exchange for 500 shares. That gets the VC firm 500/1600 shares (31,3%), and values the company at USD 320,000. The price per share after this investment rises to USD 200 (=320,000/1600). That means if the angel investor wanted to (and was able to) cash out, he or she would have made 100% return in just a few months – that helps to explain why investing in start-ups can be so lucrative, and why it is attracting so much interest.

As for equity or share dilution, it is important to understand the basic mechanics of how dilution takes place. An equity dilution in simple terms, is a decrease in equity ownership by the shareholders of the business. It takes place when a startup is growing and moving towards fundraising more capital to support its needs. For example, you are the founder of company xyz and you own the 5,000 shares the company has. You are doing well, and with time, you decided to raise capital and issue more shares for about 2,000 shares in return for a much-needed capital for expansion. In total, the company would now have 7,000 shares of the company stock. By doing so, you now own 71% of the company as opposed to 100% before issues new shares.

It is important to understand that dilution is not only linked to how much you financially own in the company, but also how much control you have. Therefore, equity dilution impact both how you may gain out of the company as well as your ownership rights.

Further, make sure to study and research how to balance the impact of equity dilution through future rounds of capital that you may need. In addition, do research to understand how other startups handle dilution, and in general how tag-along and drag-along rights work.

Furthermore, keep in mind that the best-case scenario is when there is alignment of interest when approaching capital raising. Meaning, you may want existent shareholders to contribute additional value at each round to be able maintain the same level of equity or ownership in the company, otherwise new investors may be reluctant to invest.

Lastly, avoid giving too much, and approach your valuation realistically, while maintaining an alignment of interest for the future benefit of your company.

What to Include in Your Financials

Every investor will weigh the financial plan in different ways, but most investors in early stage companies will understand that start-ups' financial models are educated guesses at best. Your financial plan should be more of a way for investors to judge your ability to plan ahead, conduct research, and come up with a compelling pitch. Here are the things you should include as your financial plan.

- 1 Key assumptions** – What is the cost of acquiring a customer? The product price? Increase of goods sold per month or year? Customer retention rate? Projected employee costs? Attainable market size? Think your business through, create a list of key assumptions, and be able to walk the investors through them. Make sure the assumptions are grounded in reality. Create different cases based on different assumptions; worst case scenario in which business is slower than you expect and a best case scenario in which business is better. It would be good to assess the probability for each.
- 2 Cash flow statement, balance sheet, and income statement** – The three documents are linked to one another, so you should think of them as a package. They are meant to provide a snapshot of your business, as well as create a basis for future projections.
- 3 Use of funds** – Investors will want to understand how, specifically, you plan to use their capital to grow the business. Be intentional here – specify how you plan to use the money, and how it will get you to break-even or to the next fundraise.



How to Connect with Funders for Start-ups

Entrepreneurs can struggle to find out how to contact funders once they figure out who they would like to approach. Here are a few suggestions from investors and entrepreneurs.

- 1 **Personal introductions are best.** Do your research and find out how you may be able to get introduced to an investor. Because the start-up scene is still emerging in Ethiopia, there are probably only a few degrees of separation between you and the investor.
- 2 **Seek out portfolio companies.** Find out who the investor has already backed and reach out to those start-ups. Most will be happy to share their experiences, and put you in touch if your idea is well-developed.
- 3 **Enter accelerator, incubator or mentoring programmes.** Connecting to investors is one of the key reasons start-ups apply to these programmes, and they can be good for facilitating introductions. Make sure the programme is related to your start-up's sector, so the investors will be relevant.
- 4 **Networking events.** These can be invitation only (in which case you can reach out to the organiser), or open to the public. Even if you do not find the right investor there, the people you meet can bring you one step closer.
- 5 **Cold outreaches are a last resort.** If you did your research and cannot find a connection, send a brief but informative email with your pitch deck attached. Emphasise your track record in your email (products sold, users signed up, etc.).



How to Connect with Funders for SME Financing

This part applies to banks that you intend to reach or individuals:

- 1 Evaluate potential loan options:** Finding the right loan for your small business is easier if you understand the various types of loans that are available for small businesses. The purpose of your loan often dictates the type of loan needed and the available financing options. The three primary loan types are asset-based loans, short-term loans, and long-term loans.
- 2 Determine your eligibility:** Every lender has its own set of parameters for determining whether or not you qualify for their loan products. When comparing small business lending options, it is important to understand the eight primary factors that lenders evaluate you on. Understanding these eligibility requirements will help you determine which loan products are best for your business' situation.
- 3 Find a lender experienced in your industry:** Having a lender experienced with loans for small businesses in your industry is a good indication that the lender understands the nuances of your business needs. The type of small business loan that you can qualify for and the information that you may be required to provide may vary based on the type of business that you have.
- 4 Start reaching out:** Knowing the amount of financing you need and if you meet the minimum qualifications will help you to choose the right type of small business loan to apply for. The type of loan you're applying for will determine how much documentation you will need to gather prior to submitting your application. While short-term loans from online lenders usually require the least amount of documentation, long-term loans typically have an extensive application process.



Key to Raising Money Successfully: Telling Your Story

Time after time, we hear from both investors and entrepreneurs that being able ‘to tell the right story’ is key for raising money successfully. But what does that actually mean? We have used the insights from investors and entrepreneurs to break this down.

- ❶ **Introduction** – Here, investors will want to understand who you are as the founder, and the motivation driving you and, therefore, your company. Be ready to answer questions about your leadership skills. Many investors will put money in you as the entrepreneur, more so than in your company. So make sure you are clear about why you have started your company and what you hope to achieve.
- ❷ **Market** – You should be able to know your market: who are you selling to, and what problem are you solving? If you have a track record of sales, great; if not, be ready to answer questions about why someone will pay you to solve a perceived problem. Set lofty, but achievable goals, and use concrete examples.
- ❸ **Future growth** – The details here will differ based on how advanced your company is. If you have not sold a product yet, then you need to make clear, provable assumptions about how many you will aim to sell in the coming months, how much each unit will cost to produce, and how many units you need to sell before you reach the break-even point. While you should be able to tell a growth story, most investors will want to understand your process of thinking and how you come up with your projections, rather than what the numbers are, specifically – for early stage start-ups, these are educated guesses.
- ❹ **Investment ask** – Do not just ask for a random number, do your research and explain how the funding will get you to the next key milestone. This should not be an investment in people or machinery, but the outcome of that investment. The most important consideration is the time span of investment during which you will use the fund to reach the milestone. The other is the equity you are willing to give to the investor in return, which is based on your companies’ valuation.
- ❺ **Finish** – Use this opportunity to showcase how your company is aligned with the investor you are pitching to. Research on the funders will help a lot here. If he or she prioritises impact, talk about the potential social or economic benefits of your company; if one of the partners has experience in the field, explain what connections you would like them to facilitate. Investors like to be seen as smart money, so talking to them about why you think they would be good partners could be a good way to get them to warm up.



Negotiating with Investors: Tips from Entrepreneurs

Negotiations can be a difficult time for entrepreneurs, especially those who have not been there before. Here is some advice from entrepreneurs who have been there before:

- Speak to objective investors (i.e. those who do not invest in your sector) about how they would value your company, and use their estimate.
- Check all the valuation methods as you don't know which type will be used by the investors and get to know which method is most appropriate for your business. There are resources online that will walk you through how to value your company
- Be able to explain your projected numbers and your assumptions behind them. Investors will push back on everything you will tell them, so have an answer ready for multiple scenarios of the business. Practice makes perfect – go through the pitch with your friends or in front of a mirror.
- Bring a draft term sheet to the pitch meeting, to anchor the investors to the terms of the deal you would like – you are more likely to walk away with better terms if you put your cards on the table first.
- Get external advice – most entrepreneurs will negotiate anywhere between one to five times with equity investors during the life of their start-up. A typical investor handles a similar number of negotiations a week. This means that the odds are most often with the investor, and a good advisor could help to even the negotiation table.



Pitching to Impact Investors

Impact investors are funders who seek to effect positive social or environmental change in addition to making a financial return. They vary widely in their emphasis on impact. Some will screen out investments that have potential to make a negative impact, but will not specifically look to invest in companies that have a stated aim to make a positive impact. In these firms' view, the act of investing in Ethiopia is likely to have direct and indirect positive effects, including job creation.

Others have a much more specific view on what counts as impact, and will ask entrepreneurs to report the impact metrics they agree upon. Some will forgo potential financial returns as long as the company's social and environmental impact is high enough; others will not sacrifice financial returns.

Typically, when approaching impact investors, you will need to prepare the same documents as you would for other funders. Additionally, you will need to show how you plan to effect positive social or environmental change.

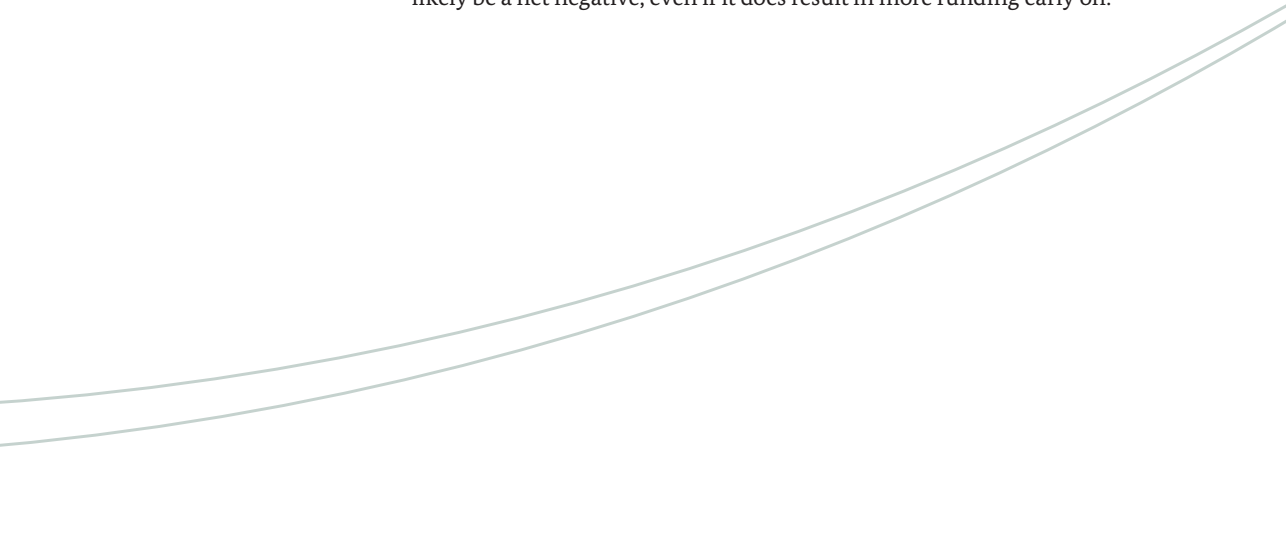
The first task will be to choose which metrics to track. Often, this will be a natural fit – if your company is involved in renewable energy, for example, tracking the number of households affected and the amount of CO₂ emissions foregone makes sense.

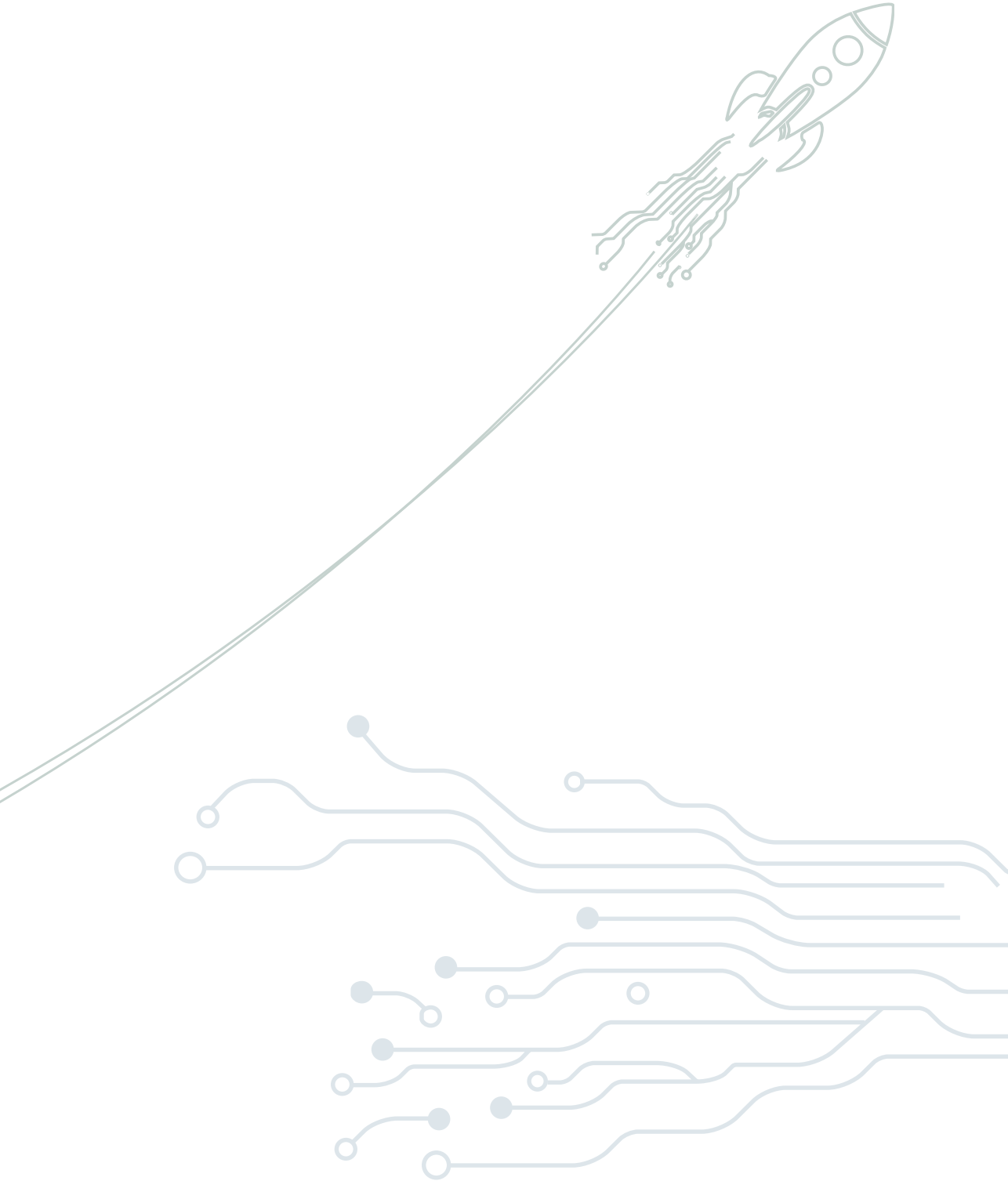


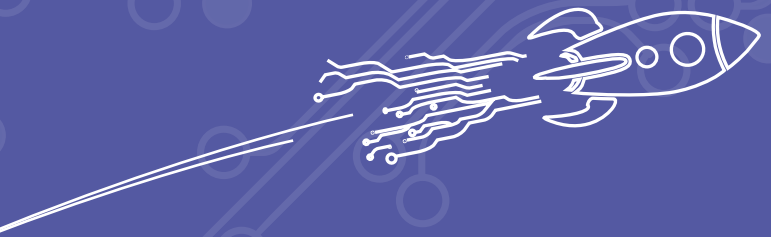
Additionally, you should integrate impact into your financial model. Just as you make assumptions about annual customer growth, customer retention rate, etc., you can also estimate how much impact each additional customer or product will bring. Above all, investors want to see how your company affects the bottom of the pyramid (BOP) – the poorest citizens in a country.

Finally, you should include a separate spreadsheet in your model that makes it clear how you plan to measure the impact you are setting out to achieve. This should link to your financial model and your theory of change. Impact metrics should be easily attainable – do not promise to get in-depth survey responses from each of your customers if you are not sure each one will respond. Measuring outcomes should not get in the way of running your business, especially early on, so be reasonable about what you can show. If investors want to see more impact, they will ask for it.

While these concepts may be foreign to many entrepreneurs, they do matter to a growing number of investors in Ethiopia. You should think carefully before you attempt to position your company as an impact investment. It may be a natural fit for some, but less so for others. If your company is not positioned to make an impact, getting funding from impact investors will create a big burden with regards to reporting and in board meetings. In the long term, it will lead to a breakdown in your relationship with the investor and will likely be a net negative, even if it does result in more funding early on.







Chapter Sudan's Investment Scene

IV.

Chapter IV: Sudan's Investment Scene



A BRIEF HISTORY

The recent developments in the Sudanese economy; the political changes that have affected the investment scene and the changes brought by the 2018 uprising

See page 79



REALITIES ON THE GROUND

Information on the existing support programs, details on the different finance providers and the services they offer, possibilities of starting a business and accessing finance for non-Sudanese

See page 86



INVESTMENT REGULATIONS AND LEGAL FRAMEWORKS

Information on investment treaties Sudan is part of, and the status of ongoing economic and legal reforms

See page 97

A Brief History

Sudan before the uprising

In recent history, specifically in 2017 close to the end of Barak Obama's period as the US president, he partially lifted the sanctions on Sudan which enabled over 150 companies to establish and/or resume international relations. In addition, Sudan was lifted from the US list of state sponsors of terrorism in December 2020, ending 30 years of isolation. This contributed greatly to Sudan's awaited return to the international market and encouraged the entrance of private investors.

There has been a noticeable gap of information about entrepreneurial activities in Sudan and there is a literature gap in this field of study. Moreover, the World Bank's Doing Business reports ranked Sudan at the bottom of the listed countries. Indeed, different studies undertaken by the World Bank reveal that entrepreneurial activities are low compared to other countries in the region (World Bank 2015). In recent years, however, and since 2018, Sudan has been covered by the Global Entrepreneurship Monitor (GEM), which indicates that 53.6% of the population consider that it is easy to start a new business in Sudan, and 79.4% consider that starting a new business is a desirable career choice GEM Sudan (2018).

Sudan's economic productivity has been under a centralized economic planning system, and hence most of the major economic activities have been driven by the public sector. Nevertheless, since the country embarked on liberation and privatization policies in the mid-1990s, the contribution of the private sector toward the national economy significantly increased. According to the African Economic Outlook (2014), the private sector is the main source of employment in Sudan, providing about 75 percent of jobs and about 70 percent of foreign currency proceedings. Furthermore, Enterprise activities exist in the modern agriculture (mechanized and irrigated); manufacturing (food processing, clothes, and furniture), and services (banking, insurance, export and import of goods, education, and health) sectors. These sectors consist largely of small firms employing a limited number of



workers. Until the late 1980s, the majority of firms were publicly owned. However, after the liberalization and privatization policies of the 1990s, the situation has started to change. The United Nations Industrial Survey (UNIDO, 2013) has found that 96 per cent of industrial firms are privately owned. Moreover, the enterprise sector as a whole consists largely of private limited liability companies and sole proprietorships.

Factors that have contributed to the non-existence of private sector-led contributions to Sudan's economic prosperity:

South Sudan Secession: A study by the African World Bank Group (AFWBG) in 2016 on (Private Sector-led Economic Diversification and Development in Sudan) stated that over the past decades, Sudan's economy has been subject to several domestic and external shocks and thus volatility in economic growth. For instance, the secession of South Sudan alone unleashed major impacts, such as; reduction in population and size of the domestic market; downsizing of the country's natural resources base mainly in oil; loss of economic growth momentum; substantial internal and external macroeconomic imbalances; and lastly; adverse social impacts on the lives and living conditions of the people. Following the secession of South Sudan in 2011, Sudan has had to confront a wide-ranging set of issues that have included a decline in the importance of oil as a key source of growth for the economy, a heavy external debt burden, international sanctions, and more recently, a highly volatile macroeconomic environment characterized by major economic imbalances and continued internal conflict.

Economic Sanctions: After the US imposed sanctions on Sudan in 1997, the private sector continued toward establishing itself although the cost of doing businesses increased. However, a devastating factor came in with the 2001 September attack when the US implemented Know Your Customer (KYC) and Anti-Money Laundering (AML) rules. The implementation of these rules led major international banks to adopt additional governance and transparency rules, and in some cases go to the extreme of avoiding transactions not only with governments of sanctioned countries but also with private businesses or individual nationals residing in these countries. The AFWBG stated that the number of international and regional banks willing to do business transactions with Sudanese entities diminished considerably in 2014 as a direct con-

sequence of the sanctions and the huge fines imposed. The total fines imposed on international banks for violating US sanctions was reported by *The Economist* in 2014 to be US\$19.2 billion. Furthermore, the sanctions isolated Sudan and created a significant barrier to its businesses, as a result of which Sudan lost valuable investment opportunities. Starting a business took 11 procedures and 36.5 days in 2017, according to World Bank data, with costs amounting to 27.8% of per capita gross national income. This gave the country a ranking of 170th globally.

Environmental & Social Factors: Environmental conditions such as soil erosion and unpredictable rainfall are causing extreme poverty in rural areas of Sudan due to challenges in agricultural productivity. Desertification and recurrent droughts have forced many to flee their areas and live in poverty as internally displaced persons at the margins of cities and towns. Sudan lacks an educated labor force because of limited resources and expenditure on education. Focusing on urban areas, Sudan's education policies give little attention to commercial, agricultural, technical, and teacher-training schools. Severe infrastructural deficiencies, with a lack of basic physical and organizational structures and facilities (e.g., roads, railways, and power supplies), make Sudan an unfavorable environment for investment.

Political and Governance Factors: The political environment in any country determines the set of rules and policies that govern entrepreneurial activities and the overall atmosphere in which firms can operate. This factor is generally comprised of many sub-factors, among which are: competition policy; taxation policy; employment law; patent law; and regulation of financial markets. In addition, it includes the political situation (e.g. government stability, corruption) and a country's relations with other states (David 2013; FitzRoy et al. 2012). Hence, a good set of policies and a stable political situation can contribute to increasing the likelihood of formulating and starting up a new business, and thus fostering entrepreneurship development.

Sudan's current troubling scene is a result of historical political instabilities from numerous military coups and interventions in which it led to the interruption of a civil-based systematic government, that faced the challenges of economic and political stagnation as well as ethnic fragmentation, all hindering development efforts internally and restricting external support.

The political factor in Sudan is not a stand-alone component but one of a complex nature where cultural, social, and environmental threads played and continue to play a big role in creating the reality of Sudan's political and economic environment today. Since independence, the country went through heavy economic circumstances while withstanding a civil war that resulted in a political secession of its South.

Sudan after the uprising

The Political & Economic Landscape

In two (2) years of the transitional government, Sudan's poverty rates have doubled, inflation rates are on the rise and the country's economic situation deteriorated. The current government is under pressure from the public due to the lack of basic commodities such as power, medicine, and water.

Furthermore, according to the IMF (2020) "Sudan: Selected Issues", there is an inadequate of transparency and accountability. With regards to policies and regulations, the reports stresses that to avoid reform failure, the civil society and private sector should be actively engaged in designing the policy strategy and the implementation plan to adopt it. Therefore, communication is essential to provide the government with the buy-in it needs and the necessary time and space to implement these reforms in a way that ensures economic growth for the long term. This is equally important that such policies to be shared with the wider entrepreneurial ecosystem and potential investors to ensure long-term investment planning is made in line with governmental reforms and regulations. In addition, recently, certain reforms have been introduced and implemented toward achieving economic stability such as the removal of fuel subsidies, unification, and liberalization of the exchange rate, and recently, an increase in electricity tariffs and the elimination of the previously adopted customs exchange rates. Furthermore, the country is working with the International Monetary Fund to lift its foreign debts and is expecting a debt relief of approximately 90% in the coming years under the Heavily Indebted Countries Initiative (HIPC), this makes Sudan the largest exempted country under this initiative. Such debt relief is seen critical for Sudan's economic development and its overall investment environment, ultimately signaling grounds of opportunity for investors with appetite to invest in Sudan.

While this is quite the achievement for the transitional government, the country still needs to reach its developmental sustainable goals to be an effective member of the international community, this will be achieved through attracting and maintaining a flow of cross-sectoral private sector. The recent conference in Paris was a leap toward positioning Sudan in the international community as an attractive investment pool in the near future.

The Paris Conference

While the overthrow of a 30 years dictator regime was the turning point for Sudan and its nation, an investment turning point for the country took place in Paris recently at the Sudan-France Business Forum held in Paris on May 17th. the Khartoum delegation – which was made up of both officials, private sector, and entrepreneurs – who carried dialogues with several representatives of Western multinationals including Ericsson, Siemens, and Bolloré and others. Participants discussed several sectors, those of that the government considers offer the best investment opportunity: infrastructure, energy, mining, agriculture, and telecoms. Below are some of the data demonstrating the promising investment-related sectors.

The conference may have achieved a milestone in regard to Sudan's hefty debts, as France declared exempting its debt estimated at 5 billion dollars, which is the largest debt owed by Sudan for a single country. This decision has paved the way to attract attention to the country's desperate need for foreign investment and has also encouraged other countries to follow Paris's footsteps in exempting Sudan, like Saudi Arabia with debts estimated at 4.6 billion dollars.

Sectors Priority

Infrastructure: the sector showcases great potential of private-public partnerships, with a multi-stakeholder facet considering that the banking sector also has a role to play in designing suitable financing tools to develop and implement infrastructure projects. This supports the current government's steps towards boosting domestic market competitiveness and facilitating national integration of isolated areas, hence market access and facilitation is essential.

The investment opportunities according to government officials; are focused on developing infrastructure, communications networks, water supply, water management, and roads network

nationally and regionally for enhancing social inclusion and livelihoods improvements.

Energy & Mining: as stated by the Sudanese Prime Minister during the Paris conference for Sudan; “When we talk about the potential of the energy and renewable energy sector, Sudan is a country of solar energy” Abdullah Hamdok. In addition, the Sudanese Minister of Finance and Economic Planning affirmed that the government will work to create the enabling environment and the appropriate policies and legal reforms to attract investments and strategic partnerships in the energy and mining sectors. What’s worth mentioning, is that the electricity sector planning includes a country-wide shift towards renewable energy as the main energy source and hence developing renewable energy projects to stabilize and further increase agricultural production and others.

With the country’s noticeable and well-known rich natural resources, especially gold, oil, gas, chrome, manganese, zinc, aluminum, cobalt, and nickel. With gold specifically, Sudan is known to be the third-largest gold producer in Africa and the 9th worldwide. However, the country’s mining sector is driven by unregulated, and informal mining practices, usually risking people’s lives and bringing low benefits at a national level. If proper regulatory reforms and legal frameworks are put in place, it is expected that it will minimize the high investment and reputational risk perceived in the sector.

Agriculture: The agricultural sector accounts for one-third of GDP (33%) and 50% of employment. However, only 30% of the land is cultivated. According to figures from the CTC Group, which has been operating in this market since 1956, Sudan has 10% of the world’s unused arable land (46,025 hectares), while Brazil, Russia, and Australia together have 31%. With a potential for agricultural growth of more than five times its current capacity, the country has a lot to offer investors, the CTC Group states. There are opportunities all along the value chain (Arabic gum, sesame, cotton, and horticulture), but nevertheless, investments in Agriculture go hand in hand with investing in rural infrastructure, such as irrigation systems, and rehabilitation of rangelands and others.

This is the main sectors in the country and one that crosses all vital sectors, the investment opportunity is not only significant but essential to be leveraged. Should the right agricultural incentives and support systems be put in place, the country will not only meet its demand for food security but will also be able to supply the Middle East and North Africa (MENA) region.

Telecom: Sudanese representatives refer to the sector as a cross-cutting essential developmental goal, to support the country's needs in reaching its full potential and develop all its digital sectors, including fintech, cloud, e-commerce, e-learning, agri-tech, logistics, and innovation centers. The sector represents a market of \$1.5 billion of investment, according to GO digital services.

According to an article from The Africa Report in 2021, it referred to the country's maritime coastline that enables Sudan to access submarine cables, via the EASSy cable, 13% of which is owned by the national telecommunications and internet service provider; Sudatel. This consequently enables the country to act as gateway access to landlocked countries like South Sudan, Chad, and Ethiopia.

Looking Forward

Observations of the current political and economic atmosphere, all indicate that there is hope on the near horizon for the Sudanese economy, with a shift toward a more attractive investment ecosystem. Two years into a democratic transition, Sudan is looking to attract foreign investors in five key sectors: infrastructure, agriculture, energy, mining, and telecoms, but furthermore, the country's unique geopolitical position, places it as an attractive investment hub through various untapped channels of opportunity.





Realities On the Ground

Start-up Support Programmes

With an aspiring young generation that led the 2018 Sudan uprising; seeking freedom and change, the response to the deep economic reforms needed post the revolution sits at the heart of the pressing issues challenging the Sudan Transitional Government. Accompanied with the growing economic need of a young population that represents 60% of the total Sudan population, job creation, economic stability, education, and capacity development are of great significance to the overall economic health of the country. As a result, various small private enterprises led by young talents have been on the rise.

As such a segment continues to grow, an incentivizing ecosystem to meet the need for capacity enhancement and support is critical. That said, various support programs are available in Sudan by various specialized agencies across the country. Table 1 provides a broad categorization of the different support mechanisms that are currently active across Sudan states:

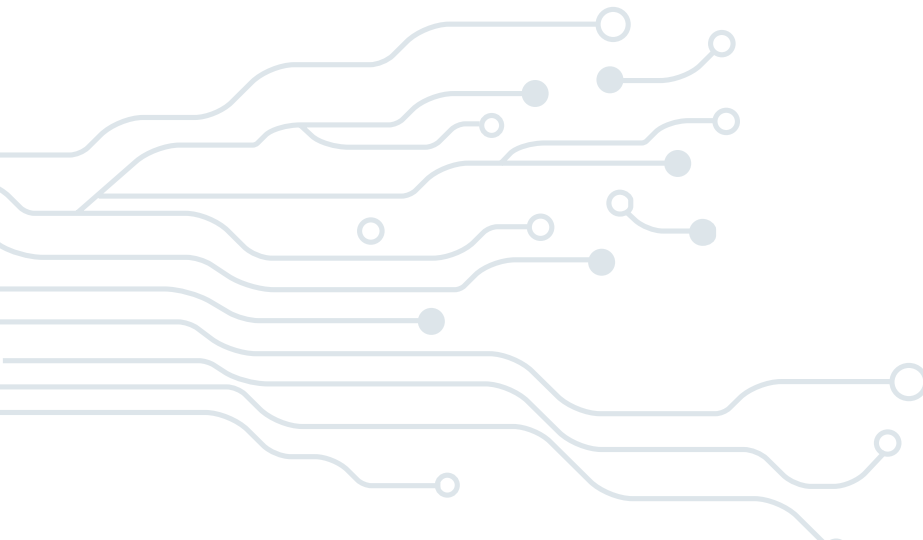


Table 1: Snapshot of active startup support mechanisms in Sudan

Category	Name of Institution	Locations	Training & Capacity Development	Work Space & Appliances	Funding
Innovation Hubs	249 Startups	Khartoum	✓	✓	✓
	Impact Hub	Khartoum	✓	✓	
	Infotech Inc. Khartoum University	Khartoum	✓	✓	
	IEC – Innovation & Entrepreneurship Community	Khartoum	✓	✓	
	Comboni Innovation & Entrepreneurship Centre (CIEC)	Khartoum	✓	✓	
	Enable Youth Program	Various	✓	✓	✓
Non-Profit	GIZ	Various States	✓		✓
	IFAD	Various States			✓
	Practical Action	Various States	✓		✓
	USAID	Various States	✓		✓
	UNDP	Various States	✓		✓

While there are plenty of established support mechanisms in Sudan, the vast majority are focused on pre-seed and seed stages in the corporate lifecycle of enterprises. However, further enterprise growth stages such as early and growth-stages are in lack of tailored support that meets their growing need of both capacity and capital.

Start-ups Investment Climate and Experience

The Case for Financial Institutions.

Fragmentation is seen in the type of capital provided, the available regulatory environment, and incentive mechanisms available across the country. When approaching the financial system, for example, available financial products can be summarized mainly according to the following characteristics in table 2:

Table 2: MFI and Bank Financing Characteristic in Sudan

	Microfinance Institutions	Banks
Instrument	Debt (Islamic Finance)	Debt (Islamic Finance)
Size Range	Up to 400,000 SDG	Unlimited, depending on the financials and collateral
Tenor	Short – up to 1 year	Short – up to 2 year
Interest Rate	Low	~25%+
Currency	SDG (Local Currency)	SDG (Local Currency)
Collateral	Varies depending on the profile of the institution	Asset-based
Most suitable	Low-income communities, Micro and Small enterprises.	Established businesses, secured trade opportunities.

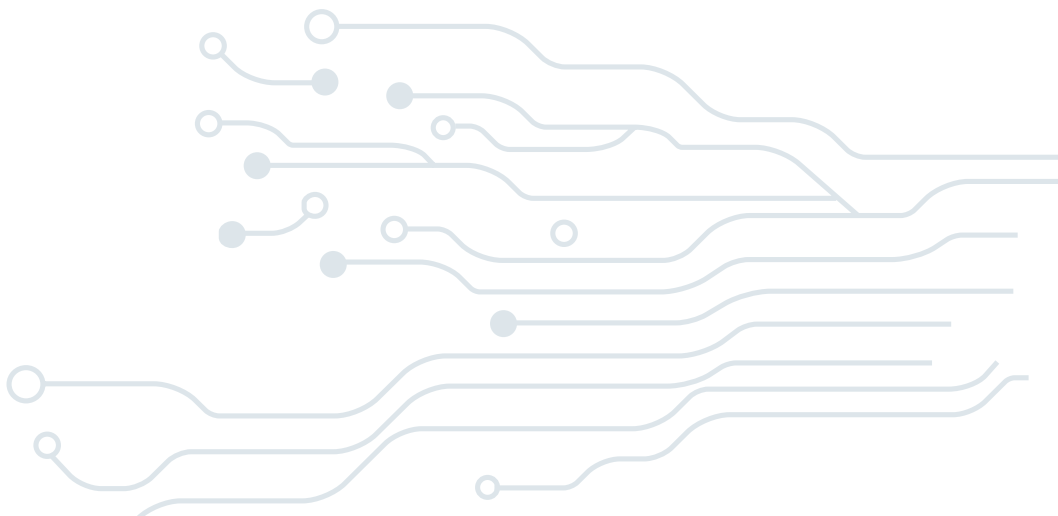
Microfinance institutions provide support to low-income communities and micro and small enterprises, however, the size of funding provided by those institutions may mismatch the required funding needs of enterprises in different sectors as well as later corporate stages. On the other hand, and over the years, there have been a growing number of banks operating under Islamic modes of finance, the type of funding provided require collateral to mitigate risk exposure, however, significant compared to the size of asset and financials of enterprises at early and growth stages. In addition, high interest rates are far greater than what can be absorbed by enterprises that are in principle below investment grade.

While there are several Islamic finance-focused financial products, the vast majority are concentrated on retail, commodities, and secured trade opportunities.

The most common are

- Mudaraba: Profit and Loss Sharing focused Contracts;
- Murabaha: Sale via Installments, or cost-plus sale;
- Salam: Islamic forwards, or in other words purchases with deferred delivery;
- Ijara: leasing;
- Musharaka: Partnership, or profit and loss sharing;
- Mugawala: A contract to undertake or perform work in return for compensation;
- Qard Hasan: grant.

While Mudaraba, Murabaha, and Musharaka are the most commonly used by Islamic financial institutions, Mudaraba may be more suited to the financial needs of startups and SMEs. However, in Sudan, the requirements by financial institutions may hinder startups and SMEs from accessing adequate sizes of capital, hence representing a barrier for market access.



While Microfinance Institutions have great reach in terms of geography and the type of support they provide, the sector is yet expected to grow further in order to cover the growing demand for financial services across various segments of the Sudanese community. According to the Central Bank of Sudan, approximate 42-45 Microfinance Institutions are currently active across various states in Sudan. Examples of these Microfinance Institutions is shown in table 3 below*:

Table 3: Snapshot of Microfinance Institutions in Sudan

Institutions	Location	Coverage
Al Ebdaa Microfinance Bank.	Khartoum	Various States
The Family Bank	Khartoum	Various States
Savings and Social Development Bank	Khartoum	Various States
North Kordofan Microfinance Institution (Mishkhah)	Al-Obaied	North Kordofan
White Nile Microfinance Insitution	Rabak	White Nile State
Blue Nile Microfinance Institution	Damazin	Blue Nile State
Kassala Microfinance Institution	Kassala	Kassala
Red Sea Microfinance Institution	Kassala	Kassala
Sawa'id Microfinance	Kadugli	South Kordofan
Sinnar Microfinance	Sinnar	Sinnar

* Detailed list of MFIs can be found in the Investor Director in Chapter 5.

The vast majority of Microfinance services have minimum level of requirements such as:

- National ID Number.
- National ID Card.
- Personal Guarantee Cheque
(Commonly requested by Commercial Banks).

In addition, and in some cases in lieu of the personal guarantee cheque, an insurance note could be sufficient.

Recently, the size of financing provided by Microfinance institutions have increased. Financing of up to 400,000 SDG (~900 USD) on individual basis can be provided for agriculture and manufacturing activities, and up to 200,000 SDG (~450 USD) can be provided for other economic generating activities. It is important to stress; however, these amounts are provided on individual basis, on the other hand, financing can also be provided for a group, in which each member could be eligible for the maximum amount of financing.

It is also important to note that support is usually provided on the basis of asset purchase and not in cash.

In terms of repayment, it is usually carried in installments according to the value of the asset purchased, and depending on the sector of economic activity, the repayment of the installments may vary. For example, livestock related activities may repay in installments every three (3) months, while manufacturing and general commercial activities may have a six (6) month installments option. On the other hand, agriculture activities may repay once at the end of the tenor.

In terms of tenor, the total repayment schedule vary between Microfinance institutions and Banks. While in general, tenors by Financial Institutions in Sudan are considered short in comparison to Financial Institutions in other countries. However, in Sudan, Microfinance institutions tend to provide shorter tenors compared to commercial banks, With up to one-year tenors by Microfinance Institutions, and up to three (3) years by commercial banks.

Furthermore, Startups can benefit from microfinance by applying as a group of individuals, however, such support may be in convenient for tech-based startups and can be perceived incompatible with corporate structures that rely on a minimum number of founders.

Corporates and Non-Financial Institutions

As for Corporates and non-Financial Institutions, two (2) main approaches are foreseen when it comes to their investing practices:

- Corporate Social Responsibility; and
- Direct Investing i.e. taking equity positions in ventures.

As for Corporate Social Responsibility, the general mainstream is centered around the type of in-kind support that could be provided to communities, aligned with the overall company objectives and branding purposes. Direct investing, on the other hand, is approached much more effectively on the basis of the risk/return profile of the underlying investment opportunity. Overall Non-FIs and Corporates approach Direct Investing with consistency to their overall corporate strategy.

When it comes to investing in small and medium-sized enterprises, disparities and misalignment of interest are common issues that suffice. Small and medium-sized enterprises are usually treated as mature companies in terms of capital allocation and the size of equity holdings by Non-FIs and Corporates. Such an approach rather burdens small and medium enterprises who in essence require a high-risk tolerance accompanied with proper capital allocation and the much-needed support to strengthen their capabilities.

An example of common capital mismatches and the variance between the types of funding products provided and the ones needed is illustrated in figure 1 below:

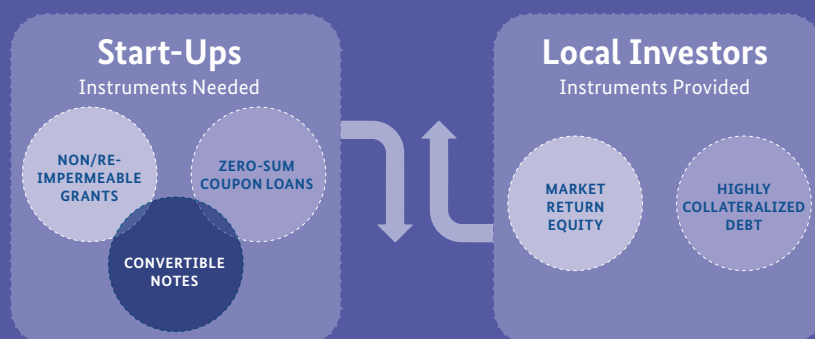


Figure 1: Comparison between commonly provided by local investors, and instruments sought after by startups.

In order to bridge the capital mismatch, clear alignment of interest should be established early in the investment process. In addition, it is highly advised that local investors should be mindful of the adverse effects of providing capital that does not match the needs of entrepreneurs at a given growth stage as it may result in a total capital loss.

Angel Fund Support, Venture Capital, and Private Equity Funds

It is important to note that beyond the formal channels of the financial system, support from family, friends, and relatives is common, specifically in sectors such as agriculture and livestock. It is also important to note that such channels of support may be considered primary in rural areas beyond the capital, Khartoum. Young members of the family are usually supported to establish sustainable economic activities. While such support varies between regions depending on the demographic and socio-economic factors of the region, sectors such as agriculture and livestock are dominant compared to other industrial and service sectors.

Recently, led by 249 Startups, an innovation hub based in Khartoum, established the Sudan Angel Investors Network. The Initiative is considered to be the first Angel Investor network dedicated to connecting local entrepreneurs and ventures to Angel investors. As a not-for-profit initiative, such a network plays a critical role in bringing the much-needed funding and support for ventures that are at seed and early stages who were able to develop a proof of concept. Ultimately, bridging the funding gap for start-ups and enterprises and the appetite of local and regional investors for investing in start-ups.

As for Venture Capital and Private Equity Equity Funds, due to the overall risk profile of Sudan, and the risk intolerance of institutional investors who invest in VC and Equity Funds, having start-up-focused VC and PE Funds are limited in the country. As for regional and global VC and PE Funds, due to various risks surrounding start-ups and ventures in Sudan, there may be limited opportunity for funding available for local solutions. Some of the major risks hindering start-ups from accessing regional and global VC and PE Funds are currency risk, liquidity risk, frail valuations, and others.

Further, Crowdfunding represents an attractive avenue for startup support, and while there are a number of attempts to establish crowdfunding networks, a solid approach to crowd funding is yet to be established. However, it has been noticeable that there has been a number of impactful crowdfunding activities supporting particular community related causes. For example, during the Sudan uprising, the Sudanese diaspora collectively provided support via organized groups to help communities through various challenges at the time.

Non-Governmental Organizations, Development Finance Institutions, and foreign missions

In 2016, the African Development Bank approved the Enable Youth Initiative. In partnership with various government institutions, the program aims to create business opportunities and decent employment for young women and men along priority agricultural value chains in Sudan. In addition, the program targets youth, under 35 years old, with a focus on youth who are graduates holding at least a postgraduate degree. The distribution of beneficiaries across urban and rural areas is based on the proportion of the total youth population in each area and graduate levels. In 2021 the Bank has disbursed approximately 8 Million USD through its Fragile States Facility.

Further, with the support of the Embassy of the Kingdom of the Netherlands, the initiative Orange Corners Sudan was established to create an enabling entrepreneurial climate. The program offers various types of support including seed funding, workspace, and capacity development. The program is running in partnership with 249 Startups and United Capital Bank Sudan.

Moreover, various programs are developed and established by Non-Profit Organizations in Sudan. For Example, several key initiatives are led by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), including private sector promotion for the private sector to grow their capacity by providing business development services and entrepreneurship promotion modules.

Establishing a business and Access to Funding for Non-Sudanese Nationals

Non-Sudanese nationals, who are in the country, enjoy equal rights as Sudanese citizens to register a company or a business name and generate revenue from their registered businesses for activities that cover the below areas of work:

- Service activities, including roads and bridges, mining and construction.
- Industrial activities, including light and heavy industry.
- Agricultural and livestock activities.

Nevertheless, below is a non-exhaustive list of the activities that are prohibited for non-Sudanese nationals to engage in, and others that are conditional based on attaining permissions and adhering to the legal terms and regulations of respective ministries of the targeted activities:

List of activities that are prohibited for non-Sudanese nationals.

- It is prohibited for a non-Sudanese to work in the field of general trade, import, and export for commercial purposes, without the approval of the Ministry of Foreign Trade.
- It is prohibited for a non-Sudanese to work in the press, media, and all publishing-related activities.
- It is prohibited for a non-Sudanese to work in the field of shipping, unloading, and clearance.

List of activities that require special permissions for non-Sudanese nationals.

- Work in the field of aviation activities (obtaining civil aviation approval).
- Work in exploration and mining (obtaining the approval of the Ministry of Energy).
- Work in expert houses, providing consultations, and preparing feasibility studies (the Expert Houses Organizing Council).
- Work in the field of city planning and aerial survey (obtaining the approval of the Ministry of Defense).
- Work in the field of exchange and banking (obtaining the approval of the Bank of Sudan).
- Work in the field of revenue collection for government agencies (obtaining the approval of the Ministry of Finance).

Conditions for registering a Sudanese company by non-Sudanese nationals

A non-Sudanese national can register a business or a company name by submitting the following information:

- **Sole Ownership or Single Activity Business Name**; which is represented by an individual or a partnership (established for one business purpose only).
- **A Company (Limited Liability)**; which is considered a legal persona, established for multi-purpose activities, and hence requires the presence of at least two shareholders.

Legal requirements for company registration

- Proof of identity (passport).
- Completed forms in accordance with the type of targeted business or investment activities.
- **In the case of registering a business name**; there is no need to provide a residency permit, proof of business address, and business name.
- **In the case of registering a company**; there is a need to provide a copy of a foreigner's registration form in addition to a guarantor, the company's official name, proof of business address, and the company legal documentation.

Accessing capital.

Furthermore, Sudanese companies established by non-Sudanese nationals are governed by the Companies Act of 2015, and therefore, can obtain funding from local banks and funding agencies similar to Sudanese owner and established business. Moreover, as registered company is a legal persona, access to funding is subject to internal regulations and procedure of the bank or funding agency.

Investment Regulations and Legal Frameworks

Historical Overview of Sudan's Investment Law



Since independence in 1956, the Sudanese law was established through Sharia, however, since the uprising in 2019, the Transitional Constitutional Document recognized common law principles and established the document through a mixture of Sharia law and common principles.

The below table 4 showcases bilateral and multilateral investment treaties Sudan entered since its independence:

Table 4: List of bilateral and multilateral investment treaties with Sudan

Bilateral Investment Treaties (BITs)		Multilateral Investment Treaties (MITs)	
(BITs)	Status	(MITs)	Status
<ul style="list-style-type: none"> → China (1999) → Egypt (2000) → Ethiopia (2001) → France (1978) → Germany (1963) → India (2003) → Islamic Republic of Iran (1999) → Netherlands (1970) → Switzerland (1974) 	✓ Signed & In-Force	<ul style="list-style-type: none"> → The Investment Agreement for the COMESA Common Investment Area (2007) 	✓ Not Yet Ratified
<ul style="list-style-type: none"> → Algeria (2001) → The Belgium-Luxemburg Economic Union (2005) → Italy (2005) → Kuwait (2001) → Malaysia (1998) → Turkey (2014) 	✓ Signed but not yet In-Force	<ul style="list-style-type: none"> → The Interim Economic Partnership Agreement between the European Union and ESA (Eastern & Southern Africa) (2012) → The Agreement on Investment and free Movement of Arab Capital among Arab countries (1970) → The Agreement on Promotion, Protection, and Guarantee of Investments among Countries of the Organization of the Islamic Conference (1988) 	✓ Signed & effective

Investment Disputes.

An article reviewing Sudan's investment framework published by IFLR in 2020, mentions that legal reconciliation and resolution related to investment disputes; Sudan established The Investment Dispute Court to solve any investment-related matters. In addition, Sudan is also a member of the following treaties which exempts the country from referring to investment courts to resolve conflicts.

The treaties as mentioned in the article are:

- The Unified Agreement for the Investment of Arab Capital in Arab States (1980).
- The Agreement for the Settlements of Investment Disputes among Arab States (1970).
- The Agreement for the Settlement of Investment Disputes between States and Citizens of other States (1965).
- The General Agreement for Economic, Technical, and Commercial Co-operation among Member States of Islamic Conference (1977).

Investment Incentives.

The previous government established the National Investment Encouragement Act in 2013 that aimed at attracting foreign investors by providing legislations of fairness and equal treatment across national and international investments. It also provides a large exemption of confiscation or appropriation strategies, as well as providing investors the rights to import foreign labor, and residency is provided to them and their families.

Furthermore, the National Investment Authority (Authority) composed a list it considers to be investment applicable and meets its criteria, according to this list, capital that is imported to fund a project is exempt from VAT. Currently, this has changed due to the new customs exemption list issued in late June 2021.

Status of Current Economic Reforms.

Recently highlighted in the national and international media, is the clearance of Sudan's arrears with The International development Association and many countries exempting their due debt and reducing the country's nearly \$60 billion debt burden, in addition to its full engagement with the World Bank after a long isolation. This will allow the country to enter new deals for financing economic development.

Ousmane Dione, the World Bank Country Director for Eritrea, Ethiopia, South Sudan, and Sudan said in a recent statement: "Now we will be able to fully support the Sudanese people with all of the financing tools at our disposal at a time when it's most needed." About the political, social, and economic deterioration of the country especially in this last decade turning it from a low-medium income country to a low-income status declared in July 2020.

Politically, the country's transitional government is following a twin-track approach in bettering peoples living conditions that have been noticeably declining for decades. This approach aims to achieve two major outcomes; recovering the country's economic situation and establishing peace to overcome internal conflict. The government already started carrying out this approach through the implementation of hefty economic reforms, in addition to efforts in establishing peaceful agreements with armed forces through its political ruling combined with a civilian and a military transitional government.

In the investment sphere, lifting the sanctions and the country's weighty external debt is the first step toward empowering the government to take the necessary regulations and reforms to position Sudan as an investment and a business hub, and a gateway to the entire region. Some of these economic reforms in addition to the above mentioned are allowing non-Islamic banking which is expected to attract investment from foreign non-Islamic countries and institutions.

One of the sectors that the government is focusing on, and which will have a direct impact on foreign investment, is the security sector reforms, as the transitional government pledged to lift the previously and traditionally known military management and

clear monopoly over important sectors like the mining industry, with unfair exemption over military-led trade activities, which created loopholes for smuggling and embezzlement. In this regard, the Sovereign Council Vice President, Mohamed Hamdan, has pledged to turn over the mining of the large gold resource of Jebel Amer to the transitional government in which the latter plans to regulate its production and privatize it. This will eventually attract interest in the mining sector but also the development of other sectors and the establishment of more industries.

On the other hand, the country's recent resumed engagement with the World Bank under the leadership of Prime Minister, Abdallah Hamdook, is aiming to support vulnerable groups living below the poverty line, who will be even more impacted by these economic reforms. This effort is being achieved through The Sudan Family Support Programme (SFSP), the program will also help in strengthening the foundation for economic growth and improving social programs. In a press release published on March 2021 by the World Bank on its engagement with Sudan and this specific initiative, the article states that "The \$820 million SFSP, which the Sudanese call Thamarat, aims to deliver cash transfers to 80% of Sudanese families, nearly 32 million citizens, to mitigate the impact of short-term economic shocks. It will also deliver jobs and help digitize the economy. The program also provides pre-arrears clearance grants supporting the government budget. Half of the \$820 million projects are financed through 13 generous bilateral donors, and the other by IDA pre-arrears clearance grants".

More programs and initiatives have been designed by the World Bank to support the Sudanese transitional government in their efforts toward improving the economy, education, and health, including an emergency Covid-19 response project.

"We have felt Sudan's absence from our programming for the past 27 years - and are very happy to welcome them back," said Axel van Trotsenburg, World Bank Managing Director of Operations. "We stand ready to support the Sudanese people in their efforts to build a stronger economy that reduces poverty, delivers prosperity, and a better future."

Status of Current Legal Reforms.

Among the new government's efforts in attracting investments to the country, new legislations have been introduced that almost entirely change the old ways and instead boldly introduced Sudan to direct foreign investment. For instance, the new Investment Encouragement Act was issued this year, 2021 together with other Acts that further promote and enable an attractive environment for investment, the Public-Private Partnership Act, and the New Banking Act both issues in 2021 as well. These Acts are aiming to boost economic growth, recover the investment reputation of the country, create job opportunities, and unleash the full potential of the countries' vast natural resources and geographical settings.

This is to be achieved through principles under Article 5 of the new investment act, which introduces criteria that includes protection of the environment, public health, enabling innovation and entrepreneurship, introducing cross-cutting technology in sectoral production, and above all meet the needs of the local and regional market of small to medium businesses. While maintaining some of the regulations and legal frameworks of the previous Acts, specifically with settlements of investment disputes and the one-window system that provides services under all Sudanese states, moreover, the new Act based on the recommendation of the Ministry of Investment will introduce a list of sectors and economic activities that will not be subjected for foreign investment.

While there hasn't been any specific policy to address startups or the wider entrepreneurial ecosystem, the current transitional government have been taking steps in establishing appropriate reforms that may provide incentives for the growing entrepreneurial segment across sectors.



Chapter Support System and Investor Directory



Chapter V: Support Systems and Investor Directory







The following is a list of agencies in Sudan who provide financial and/or non-financial support to start-ups and SMEs. While this is not an exhaustive list, it provides a good start for entrepreneurs are looking for various types of support, including office space, business coaching, and funding for their ventures. The data are collected through surveys, desk research and interviews with industry leaders as well as public and private institutions.

The firms are organized by institutional categories.

Incubation and Acceleration Hubs

The list below is a non-exhaustive list of incubation and acceleration programs that are currently active in Sudan. The list below is a non-exhaustive list of incubation and acceleration programs that are currently active in Sudan.






 Company Name	249Startups Hub
 Contact	North of the Embassy of China, Doha Street, Almanshia. Khartoum, Sudan
 Website	https://249startups.com/
 Type of Support	Workspace & Appliances Coaching & Capacity Building
 Funding	Up to 5,000 Euros for Pre-seed and up to 50,000 Euros for Seed-Stage
 About	249Startups is a social enterprise that fosters and supports bright and passionate entrepreneurs. Established in April 2018, with the initiative of developing a vibrant entrepreneurial ecosystem that supports the growth and development of new startups in Sudan by providing them with an enabling environment and a set of different support programs and activities.



 Company Name	Impact Hub Khartoum
 Contact	Riyadh, Block 14, Apartment 1, Building 30, 117 Street. Khartoum, Sudan
 Website	https://khartoum.impacthub.net/
 Type of Support	Workspace & Appliances Coaching & Capacity Building
 About	Impact Hub Khartoum, member of the global Impact Hub Network, is an innovation lab, business Incubator and social enterprise community center that offers an entire ecosystem of resources, inspiration and collaboration opportunities for startups and SMEs.



 Company Name	TechnoPole Unit
 Contact	Aljamaa Street, Khartoum, Khartoum 11115. Khartoum, Sudan
 Website	http://www.technopole.uofk.edu/
 Type of Support	Workspace & Appliances Coaching & Capacity Building
 About	TechnoPole is a newly established unit within the faculty of Engineering in the University of Khartoum. Its vision is to build an effective cooperation between the industry, academia, and research within University. TechnoPole's Incubation business assistance in the form of management guidance, technical assistance, and consulting tailored to young, growing companies.



 Company Name	CHub
 Contact	Sayed Abdel Rahman Avenue (Intersection with Babiker Badri St) Khartoum, Sudan
 Website	http://ciec.sd/
 Type of Support	Workspace & Appliances Coaching & Capacity Building
 About	CHub is a registered non-profit enterprise created by Comboni College of Science and Technology (CCST) and Comboni College Khartoum (CCK). It is an incubator specialized in ICT, it also provides training and business mentoring services to entrepreneurs.








 Company Name	Graduate Employment National Fund Incubation Centres
 Contact	Intersection of Al Mek Nimir Avenue and El Baladiya Street. Khartoum, Sudan
 Website	http://genf.gov.sd/
 Type of Support	Workspace & Appliances Coaching & Capacity Building
 Funding	Unspecified
 About	The National Graduate Employment Agency is a government body that is mandated to create the appropriate climate for small and medium enterprises and business incubators. In addition, the agency provides support to innovation and creative ideas as so to be translated into projects by providing various types of support.

SAVANNAH.

 Company Name	Savannah Innovation Labs
 Contact	Altayif block 22, House #74, Khartoum, Sudan
 Website	http://savannah.sd/
 Type of Support	Workspace & Appliances Coaching & Capacity Building
 About	SAVANNAH Innovation Labs is an inclusive platform that is dedicated to enabling the entrepreneurial ecosystem in Sudan. SAVANNAH is a hybrid space that invests in dedicated future change makers and offers meaningful content that enables them to compete within the local and global market. The provided services are tech awareness sessions, networking, incubation and advisory.

yallaHub

 Company Name	Yalla Hub
 Contact	Elbarj ElNubi ,Khartoum2, Khartoum, Sudan
 Website	https://yallanbadir.org/
 Type of Support	Workspace & Appliances Coaching & Capacity Building
 About	Yalla Hub is a collaborative social hub and co-working space that provides an environment with the required physical and technical support for various social actors to work together in generating innovative models and adaptive flexible solutions to current social problems and challenges with a lasting positive impact on the community.



يلا نبدا بيزنس



 Company Name	Yalla Nabda Business
 Contact	Obaied Khatim Street, Khartoum, Sudan
 Website	https://facebook.com/YNBSudan/
 Type of Support	Workspace & Appliances Coaching & Capacity Building
 About	A newly established agency supporting Entrepreneurship in Sudan by providing capacity development, coaching, and working space.







بناء لريادة الأعمال والتنمية
Bena for Entrepreneurship & Development

 Company Name	Bena for Entrepreneurship
 Contact	Niyala, Sudan
 Website	https://web.facebook.com/Bena-for-Entrepreneurship-102239215028840
 Type of Support	Coaching & Capacity Building
 About	A Niyala Business agency that supports startups and Entrepreneurs by providing coaching and capacity building.



 Company Name	Livestock entrepreneurship hub LEH
 Contact	Khartoum, Sudan
 Website	https://facebook.com/Livestock-entrepruship-hub-LEH-104669738353154/
 Type of Support	Coaching & Capacity Building
 About	An Entrepreneurship Hub with the aim to provide scientific solutions to Animal production stakeholders in a profitable mode.



 Company Name	Sudavation Creative Hub
 Contact	Burri, near Royal Care Hospital, Khartoum, Sudan
 Website	https://sudavation.com
 Type of Support	Workspace & Appliances Coaching & Capacity Building
 About	Sudavation Creative Hub is a Co-working space located in Sudan. Sudavation provides a professional, supporting and creative environment for startups, small businesses and freelancers, along with consultancy services and high business connections.









Company Name	Business Innovation Center (BIC)
Contact	Taif Badr Street, square 22 west of Mohammed Saeed Al-Makki Mosque
Website	https://infology.sd/
Type of Support	Workspace & Appliances Coaching & Capacity Building
About	BIC is a coworking space in Khartoum, covering up to 1,000 sqft and growing, housing over 100 Entrepreneurs.



Company Name	Africa City of Technology (ACT)
Contact	Khartoum North, east to the Blue Nile bridge, Khartoum, Sudan
Website	http://www.act.gov.sd
Type of Support	Workspace & Appliances Coaching & Capacity Building
About	Africa City of Technology (ACT) is a technology free-zone that is concerned with technological incubators and the application of scientific research into impactful outcomes. ACT aims to localize modern technologies and its applications in the country, develop human resources, promote cooperation between public and private bodies nationally and internationally.



 Company Name	Enable Youth Sudan
 Contact	Elshaikh Mustafa Elameen Street, North to Elshaheed Slzubair Conferences Center, Khartoum, Sudan
 Website	https://www.enableyouth.sd/
 Funding	Up to 18,000 USD through Financial Institutions, and guarantees through Tyseer Agency
 Type of Support	Workspace & Appliances Coaching & Capacity Building
 About	Enable Youth Sudan Program is a program led and supported by the African Development Bank. The objectives of the program are to contribute to job crea- tion, food security and nutrition, income generation and improved livelihoods for youth in both urban and rural areas in Sudan. The program is currently active in five (5) states across Sudan, namely: Khartoum, Gezira, the River Nile, Geda- rif and Kassala.



Company Name	Innovation and Entrepreneurship Community
Contact	Almanshia, Khartoum, Sudan
Website	https://iec-su.org/
Type of Support	Coaching & Capacity Building
About	<p>IEC is a national youth-driven NGO initiated in 2013, with the mission of activating the entrepreneurial activity among Sudanese youth.</p> <p>IECs goal is to build a vibrant startup community through raising awareness, organizing events, holding workshops, partnering with leading global entrepreneurship communities and bringing new opportunities that would support entrepreneurship and entrepreneurs in Sudan.</p>



Company Name	Share Zone
Contact	Almatar Street, East of Alfashir University, Alfashir, Sudan
Website	http://sharezone.sd/
Type of Support	Workspace & Appliances Coaching & Capacity Building
About	Share Zone is a platform aims to support startups, youth led organizations and creative projects in Darfur region – Sudan on how to start, grow, flourish and sustain in the long term



 **Company Name**


Darfur2030

 **Websites**

<https://darfur2030.org/hub>
<https://facebook.com/darfur2030>

 **Type of Support**

Coaching & Capacity Building

 **About**

Darfur 2030 is an online platform designed to provide opportunities for people to creatively interact and interface with 2030 SDGs.



 **Company Name**

Rift Digital Lab

 **Contact**


Khartoum 2, 59th Ave Khartoum – Sudan

 **Website**

<https://www.riftdigital.net/>

 **Type of Support**

Coaching & Capacity Building

 **About**

Rift Digital lab is a creative enterprise that promotes AR/VR and contributes to the creation of a thriving Digital community in Sudan.

Rift Digital Lab works with individuals, organizations, and enterprises to fortify their digital presence by offering Consultancies and Digital Content Productions and Trainings.







Regional Development and Investment Programs

The list below is a non-exhaustive list of regional development and investment programs that are currently active in Sudan.



 Program Name	The Tony Elumelu Foundation Entrepreneurship Programme
 Contact	Heirs Place, 1 Macgregor Road, Ikoyi, Lagos, Nigeria
 Website	https://tonyelumelufoundation.org/tef-entrepreneurship-programme
 Type of Support	Coaching & Capacity Building
 Funding	Seed Capital Funding of \$ 5,000 USD
 About	launched in 2015, the Tony Elumelu Foundation entrepreneurship programme is the largest African philanthropic initiative committed to empowering African entrepreneurs and entrepreneurship on the continent.



 Program Name	MEST Africa
 Contact	No. 20 Aluguntugui Street, Ambassadorial Enclave, East Legon, Accra, Ghana
 Website	https://meltwater.org/
 Type of Support	Community Coaching & Capacity Building
 Funding	The internal seed fund gives investement of \$50k-\$250k in funding to help launch and scale early stage companies.
 About	MEST is an Africa-wide technology entrepreneur training program, internal seed fund, and network of hubs offering incubation for technology startups in Africa.

HULT PRIZE

 Program Name	The Hult Prize Foundation
 Contact	San Francisco, California, United States
 Website	https://www.hultprize.org/
 Type of Support	Community Coaching & Capacity Building
 Funding	\$1 million USD prize
 About	The Hult Prize is an annual, year-long competition that crowd-sources ideas from university level students after challenging them to solve a pressing social issue around topics such as food security, water access, energy, and education.



Enterprise Forum Pan Arab Region

 Program Name	MIT Enterprise Forum Arab Startup Competition
 Contact	Beirut Digital District, bldg 1281. Beirut, Lebanon
 Website	https://www.mitefarab.org/
 Type of Support	Community Coaching & Capacity Building
 About	MIT Enterprise Forum Arab Startup Competition (ASC) is a yearly competition initiated by the MIT Enterprise Forum Pan Arab since 2006. This annual competition is designed to empower entrepreneurs and foster an eco-system of innovation and entrepreneurship in the Arab Region.

Banks and Microfinance Institutions

The list below includes non-banking microfinance Institutions and Banks providing microfinance in Sudan.

Non-Banking – Microfinance Institutions

#	Entity	Address	URL
1	FAI Microfinance Co Sudan	Daim, North Of Saha Shaabaa, 11111 Khartoum, Sudan Phone +249 154888320	https://falmfc.com/ https://facebook.com/falmfc/
2	Ebdaa Microfinance Bank	Obaid Khatam Street, Khartoum Phone +249183522590	http://www.ebdaabanksd.com/
3	West Kordofan Microfinance Institution	El Fula, West Kordofan State, Sudan	N/A
4	Altomoh for Microfinance Co. LTD	Khartoum, Sudan Phone +249123556455	https://tomohmf.com https://facebook.com/Tomohmf
5	Alwatanyia Microfinance Sudan	Al Maamoura, Block 85, Property 278, South of the intersection of 60th Street with Juba Street. Khartoum, Sudan Phone +249155664841	http://alwatanyia.com/ https://facebook.com/1594294457507137/
6	Social Development Foundation (SDF) – Khartoum State	The intersection of Khartoum International Fair with 60th Street. Khartoum, Sudan Phone +249155184152	https://facebook.com/SDFKH/
7	Khartoum Agriculture Corporation for Microfinance	Khartoum North, Al Amlak, Near Al Mahamid. Sudan Phone +249183123654	https://facebook.com/294246714707986
8	IRADA Microfinance CO LTD	Khartoum Downtown, next to Neelain Bank, inside Al-Waha Mall – 11 th floor Phone +249156662610	https://iradamf.com/
9	Port-Sudan Small Business Development Association (PASED)	PASED, downtown, Block 11, Building 29, Port Sudan, Red Sea State, Sudan Phone +249311823330	http://pasedsud.org
10	Bara'ah Microfinance	Rashad Locality, South Kordofan State	https://facebook.com/356581247785354/
11	Central Darfur Microfinance Institution	Zalinjay, Central Darfur State	N/A
12	Sudanese Rural Development Company	Al Mugran, Khartoum State, Sudan Phone +249183745900 +249183773855	http://www.srdc.sd/ https://facebook.com/537914482898341/

#	Entity	Address	URL
13	Social Development Foundation for the Pensioners	East of the Sudanese Agricultural Bank, Al-Gomhoria Street, Al-Mogran, Khartoum, Sudan	http://www.pensocialdev.net/
14	Small Industries & Business Development Microfinance Corporation	Second Floor, Sudanese French Bank Building, South of the Malaysian Tower, Al-Sajana, Khartoum, Sudan Phone +249183486599	http://smallinbus.gov.sd/
15	Youth Microfinance Institution	Al-Safa Street – Property No. 382 – Obaid Khatim Street Khartoum, Sudan	http://youth-mfi.org/
16	Workers Microfinance Company	Al-Gomhoria Street, West of the Ministry of Agriculture Khartoum, Sudan Phone +249154935092	http://wmi.sd/wp/
17	Gedaref Institution for Microfinance and Social Development	Army Street, Gedaref State, Sudan Phone +249123465656 +24912377653	N/A
18	Al-Ghurra Microfinance Institution	Hosted by IFAD in Um Rawaba, South of Abbasiya Parking lot, Umm Rawaba locality, North Kordofan state	N/A
19	Amal Neswia for Microfinance	Arkweet Block 65, West Kenana Sugar Company. Khartoum, Sudan	https://facebook.com/amalformicrofinanceshendi2015
20	Family Bank	Southwest of the Regency Hotel, El Sayed Abdel Rahman Street. Khartoum, Sudan. Phone +249183731757	http://familybank.sd/ https://facebook.com/familybanksudan
21	AlMithal for Microfinance Services	Arkweet Block 54, Property No. 312, East of Al-Balabil Station. Khartoum, Sudan Phone +249155156558	https://facebook.com/482648715228289/
22	Blue Nile Microfinance Institution	Damazin, Blue Nile State	http://www.bnmfi.com/ https://facebook.com/418464634930978
23	Al Jazeera Microfinance Institution	Building of the Savings and Social Development Bank, the public market, Madani, Gezira State – Sudan	N/A
24	Al-An'am Microfinance Company	Apartment 37, Third Floor, Mohamed Ali Ayyash Building Khartoum, Sudan	https://facebook.com/376819909194786/
25	Sennar Microfinance Institution	Hy AlMowazafeen, East of the Armed Forces Officers Club, Singa City, Sennar State	N/A

#	Entity	Address	URL
26	South Darfur Microfinance Institution	Nyala, South Darfur State, Sudan Phone +240912162944	http://www.sdmff.gov.sd/ https://facebook.com/MwsstJnwb-DarfwrLtmwylAlasghr
27	Northern State Microfinance Company	Hy AlNile, next to land records, Dongola, Northern State Phone +249251821375	https://facebook.com/485285271828918/
28	White Nile Microfinance Institution (BAMI)	Square 15, East Al Khor, Rabk City, White Nile State	https://web.facebook.com/656150111156891/
29	Red Sea Microfinance Institution	Port Sudan, Red Sea State.	N/A
30	North Darfur Microfinance Institutions	Sultan Islamic Complex, El Fasher, North Darfur State, Sudan	N/A
31	Sawaeed Microfinance Company	Kadugli, South Kordofan State, Sudan	https://facebook.com/ShrktSwadLkhtmatAltmwylAlasghrAlmhdwdt
32	Kassala Microfinance Institution	West Saray Tamantay Resort, City Center, Kassala State, Sudan Phone +249411827029	http://kassalamfi.org/ https://facebook.com/kassalamicrofinance
33	Aawan Company for Microfinance & Development Co.Ltd	Street 61, Al Amarat. Khartoum, Sudan Phone +249183762451	https://facebook.com/149057082499155/
34	West Darfur Microfinance Institution	El Geneina, West Darfur State, Sudan.	N/A
35	North Kordofan Microfinance Institution (Mishkhah)	El Obeid, North Kordofan State, Sudan. Phone +249128135385	https://facebook.com/mishkatnk
36	River Nile Microfinance Institution	Formerly Omdurman National Bank, Atbara City, River Nile State, Sudan	http://www.rnmfi.gov.sd/ https://facebook.com/RNMFI
37	East Darfur Microfinance Institution	El Daein, East Darfur State, Sudan	N/A
38	Almohager Microfinance Institutions	Khartoum – Muhammad Najib Street Phone +249999003009	https://facebook.com/sh.Mohager
39	Aanab Microfinance Institution	Madani Al Maamoura Street, first class, block 69, property No. 344, ground floor, Al Safat Towers, Sudan Phone +249911088813 +249111425444	http://www.aanabsd.com/
40	Elmustaqbal Microfinance Co. LTD.	Khartoum – southeast of Al-Hurriya Bridge, Sudan Phone +249155137805	https://facebook.com/Almostgbalmicrofinance

Banks providing Microfinance













#	Entity	Address	URL
1	Agricultural Bank of Sudan	P.O.Box 1263, Khartoum, Sudan, Extension of Gamhouria St, Mogran Phone +249183777839 +249183777432	http://abs.sd/
2	Savings and Social Development Bank	P.O.Box 11775, Khartoum, Sudan, South of United Nations Square Phone +249183775157 +249183774358	http://ssdbank.info/en/
3	Industrial Development Bank	P.O.Box 710, Khartoum, Sudan St . No21, Amarat, Khartoum +249183472151	http://www.idb.sd
4	Real Estates Commercial Bank	P.O.Box 309, Khartoum, Sudan, Baladiya Avenue Phone +249183782098 +249183777917	https://www.rcb-sd.com/
5	Islamic Co-operative Development Bank	P.O.Box 62 Khartoum, Sudan, Isl. Co-op Bank's Building, Khartoum Phone +249183780505 +249183775366	https://www.isdb.org/
6	Workers' National Bank	P.O.Box 2589, Khartoum, Sudan, Baladiya Street Phone +249183783216 +249183783214	https://wnb-sd.com/index.php/
7	Animal Resources' Bank	P.O.Box 1499, Khartoum, Sudan, St . No . 3, Amarat, Khartoum Phone +249183471534 +249183471532	http://ar-bank.sd/
8	Farmer's Commercial Bank	P.O.Box 11984, Khartoum, Sudan, Qasr Avenue Phone +249183774194 +249183776344	https://www.fcbsudan.com/

The list of commercial Sudanese banks can be found in the following link of the Central Bank of Sudan: <https://cbos.gov.sd/en/content/operating-banks-sudan>

Angel and Crowdfunding Networks

The list below is a non-exhaustive list that was compiled based on available data, interviews, and surveys.



 Company Name	Sudan Angels Network
 Location	249Startups, Doha Street , Al-Manshia. Khartoum, Sudan
 Website	https://angels.sd/
 Year Founder	2021
 Country of Interest	Sudan
 Funding Instruments	Equity Investment, Impact Loans (Revolving funds), Small prototype grants.
 Min. Funding Size	5,000 USD
Max. Funding Size	200,000 USD
Funding Currency	USD and Local Currency (SDG)
 Average Time to Exit	2.5 to 4 Years
 Type of Exit Sought	Shares exit in first round to other investors, revenue share or IPO if local ecosystem supported that)
 Sectors of Interest	Technology, Services, Agriculture & Climate, FinTech, EduTech, HealthTech, Renewable Energy and Technology enabled businesses.
 Average IRR Sought	-
 Description	Supported by 249startups, Sudan Angels provide startups with business and finance skills that equip them to develop attractive investment cases. In addition, Sudan Angels bring together high net worth individuals in different markets and have them pool funds and expertise to make investments in early-stage Sudanese startups.



Investment Vision

Sudan Angels Connects entrepreneurs with local/regional investors who are willing to invest in startups with the aim to be a value-added strategic investor via actively engaging with Startups and providing them with guidance, support & access to the right networks.

Through Research: Stay on top of trends in the early-stage investment market by accessing our Knowledge Centre, statistical data reports, and monthly newsletter and gain insights by exchanging best practices with other investors.

Networking through: having special access to Events. Have exclusive access to world-wide investor events, and startup conferences and high-level policy meetings that will help you connect to latest market trends and new investment opportunities.

Impact on Employment creation, economic development and ROI for investors.

Sudan Angels investors play a critical role to proof the project and make it marketable for a large investment round later on by large Venture Capitalists & Corporates.

Funding Goals

- *Help provide startups with resources to build the team, get growth and generate revenue and such create new jobs*
- *Providing risk capital for early stage startups*
- *Bridge the gap of finance in Sudanese ecosystem and encourage investors to invest through de-risking*

Selection Criteria

- *Dedicated Full time team members with the right experience and technical background*
- *Business plan , Investment proposal and financial requests available.*
- *Startups with MVP and validation on the market with revenue.*
- *Scalable and innovative business model.*
- *Ability to create jobs and/or value to existing problems in Sudan & nearby regions.*


Management Control

- *Taking minor equity.*
- *Making sure the investments linked to pre-defined objectives and through millions.*
- *Some of the investment to go towards company establishment , legal & financial papers as well as capacity building before providing the cash.*
- *Founders to commit to up to 2 years before distributing shares*

Services Additional to Funding

Mentorship, pipeline development, investors training, due diligence services, investment services and deals closing as well as Fund management.

EXIT: FUND

 Company Name	Exit:Fund
 Location	Khartoum, Sudan
 Website	https://exitfunds.com/
 Year Founder	2016
 Country of Interest	Sudan – Multiple
 Funding Instruments	Mostly Equity
 Min. Funding Size	Approximately 10,000 USD
Max. Funding Size	100,000 USD
Funding Currency	USD
 Sectors of Interest	Various
 Description	<p>Exit:Fund is equity crowdfunding platform for early stage african startups.</p> <p>Exit:Fund provides financial support and aims to create an environment where entrepreneurs can laser focus on:</p> <ol style="list-style-type: none">1. Building better products2. Customer acquisition3. Raising funds4. Global positioning

Venture Capital and Private Equity Funds

The following is a list of active Venture Capital and Private Equity Funds in Sudan.



	Company Name	Anafi Capital Partners
	Location	Doha Street, Al-Manshia. Khartoum, Sudan
	Website	https://anaficapital.com
	Year Founder	2016
	Country of Interest	Sudan
	Funding Instruments	Mostly Equity
	Min. Funding Size	Approximately 10,000 USD
	Funding Currency	USD
	Sectors of Interest	Impact sectors , manufacturing & Fashion, agriculture and food , services, Technology , FinTech, EduTech and HealthTech
	Description	ANAFI is a venture capital firm which aims to invest in Sudanese startups and entrepreneurs, provide them with professional support and access to resources and expertise in a wide variety of sectors. ANAFI was founded in 2016 by Elnefeidi Group, Elbarbary Multi Activities, Moez Ali and Darwish Bros.

Selection Criteria

Impact driven, MVP & traction

Management Control

Taking equity and board lead











Services Additional to Funding

Mentorship, Education services, Business planning, Investment management

Corporates and Non-Financial Institutions

There are various investors within the Sudanese market who have strong appetite for investing into startups and SMEs, in line with their overall mandate and business strategy, corporates and Non-Financial Institutions are able to provide various investment ticket sizes in debt and/or equity. The list below is a non-exhaustive list of Sudanese corporates who have engaged in interviews and surveys:



 Company Name	Haggar Company LTD/Haggar DMCC
 Location	Unit No 3103, Saba Tower 1 Plot No. E3, JLT P.O. Box 212956. Dubai, UAE
 Website	https://www.haggargroup.ae
 Year Founder	1904
 Country of Interest	Sudan
 Funding Instruments	Equity, Debt, or Grants (under the Corporate Sustainability and Social Impact Practice)
 Min. Funding Size	5,000 USD
Max. Funding Size	60,000 USD
Funding Currency	USD
 Sectors of Interest	Agriculture, ICT, and Energy, with focus on Clean Energy
 Average IRR Sought	19.5% Minimum
 Description	Haggar Group was established in South Sudan in 1904 and present today in 8 sectors across 6 countries in Africa. The group continues to look for opportunities to create and add value across the continent.

Investment Vision

Developmental. Part of our Corporate Sustainability & Social Impact vision and the Group's vision of Dream, Deliver, Share



Funding Goals

Promoting the entrepreneurial ecosystem in Sudan and support to Sudanese youths as part of the Corporate Sustainability and Social Impact focus areas.

Creating a pipeline of possible investments for the Group that are aligned with the Group strategic focus areas of ICT, Agriculture and Energy.

Selection Criteria

- *Management and Reputational*
- *Strategic and Commercial*
- *Track Record and Execution Capability*
- *Environmental, Social and Governance (ESG)*
- *Financial*

Services Additional to Funding

Mentoring, coaching and administrative support as needed (development of policies and procedures)



 Company Name	CTC Group
 Location	CTC Group Building. Zubeir Pasha Street, Khartoum, 11111, Sudan.
 Website	https://ctcgroupltd.com/
 Year Founder	1956
 Country of Interest	Sudan
 Funding Instruments	Mostly Equity
 Min. Funding Size	50,000 USD
Max. Funding Size	500,000 USD
Funding Currency	USD and Local Currency (SDG)
 Average Time to Exit	Long-term
 Type of Exit Sought	Acquisition
 Sectors of Interest	ICT, Agritech and Fintech
 Description	CTC Group is a leading multi-faceted conglomerate with over 50 years of experience operating in Sudan across eight different sectors driven by progressive thinking and ambitious entrepreneurial spirit.

Investment Vision

1. *Become the market leader and doing so sustainably.*
2. *Ability to build a competitive advantage.*
3. *Aligns with our corporate values and purpose.*

Funding Goals

- *Scalability.*
- *Youth development.*
- *Access new innovation.*

Selection Criteria

Potential of team/market/product

Management Control

Would look at majority ownership/board representation

Services Additional to Funding

Market validation, mentoring, access to data, etc.



 Company Name	Morouj Commodities Ltd.
 Location	Industrial Area, Block No 7 Khartoum – Bahri. P.O.Box: 11762 Sudan
 Website	https://www.morouj.net/
 Year Founder	2005
 Country of Interest	Sudan
 Funding Instruments	Equity
 Min. Funding Size	10,000 USD
Max. Funding Size	100,000 USD
Funding Currency	USD
 Average Time to Exit	Two (2) Years
 Type of Exit Sought	Acquisition
 Sectors of Interest	Clean Energy, Agriculture, Manufacturing, FMCG
 Description	Morouj Commodities Ltd is among the largest companies in the foodstuff packaging and import sector in Sudan. Founded in 2005, the company steadily leaped from one success to another, while upholding its founders' aspirations and goals. In a short span of time, we were able to enforce our presence among other companies operating in the same sector in Sudan. This was through introducing exceptional quality products that are now in every Sudanese home.

Investment Vision

A vision that aligns with the company's strategy.











Funding Goals

- Supporting startups.
- New revenue streams.
- Encouraging innovation.

Services Additional to Funding

Mentoring, guiding and technical support.



 Company Name	Alsoug.com
 Location	Al Zaem Al Azhary Street, Khartoum North, Sudan, 1111
 Website	https://www.alsoug.com
 Year Founder	2016
 Country of Interest	Sudan
 Funding Instruments	Equity
 Min. Funding Size	500 USD
Max. Funding Size	25,000 USD
Funding Currency	USD and Local Currency (SDG)
 Average Time to Exit	5 to 10 Years
 Type of Exit Sought	Selling to a larger investor
 Sectors of Interest	Manufacturing. Fintech. Ecommerce. Agritech.
 Average IRR Sought	Depends on the sector
 Description	Alsoug is the largest classifieds platform and electronic marketplace in Sudan. Covering all varieties of goods, services, and commodities, with special sections for women, men, and children.

Investment Vision

An understanding of the Sudanese market outside of Khartoum.

Funding Goals

Finding entrepreneurs who can execute, have realistic business models and who understand the market.

Selection Criteria

1. Impeccable ethical background in founders and investors.
2. Sound business model.
3. Solid technology.
4. Cohesive team.
5. Fundraising ability.

Management Control

Minority

Services Additional to Funding

Mentoring



 Company Name	Sudanese American Public Affairs Association
 Location	Al Zaem Al Azhary Street, Khartoum North, Sudan, 1111
 Website	www.sapaa.org
 Year Founder	2012
 Country of Interest	Sudan
 Funding Instruments	Debt or Equity
 Min. Funding Size	1,000 USD
Max. Funding Size	10,000 USD
Funding Currency	USD or CAD
 Average Time to Exit	5 to 10 Years
 Type of Exit Sought	Repayment of debt or selling equity
 Sectors of Interest	Fintech, agritech, ehealth/mobile health, technology
 Average IRR Sought	10-20%
 Description	SAPAA is an independent, non-profit, non-partisan, non-religious member-driven national organization focused on serving the interests of Sudanese Americans, empowering communities, and developing future leaders.

Investment Vision

- *Viability of business (e.g. prove competitive advantage, high barrier to entry, new or niche offering, targeting underserved markets/populations/sectors etc.)*
- *Relationship and trust in founder(s)*

Funding Goals

1. *Supporting an ecosystem of entrepreneurship and growth in Sudan.*
2. *Growth a sustainable, diversified and resilient economy in Sudan.*
3. *Identifying visionary founders and giving them the tools/opportunities to succeed.*
4. *Sparking new ideas in the next generation by seeing founders succeed.*

Selection Criteria

Depends on the sector and founder(s)

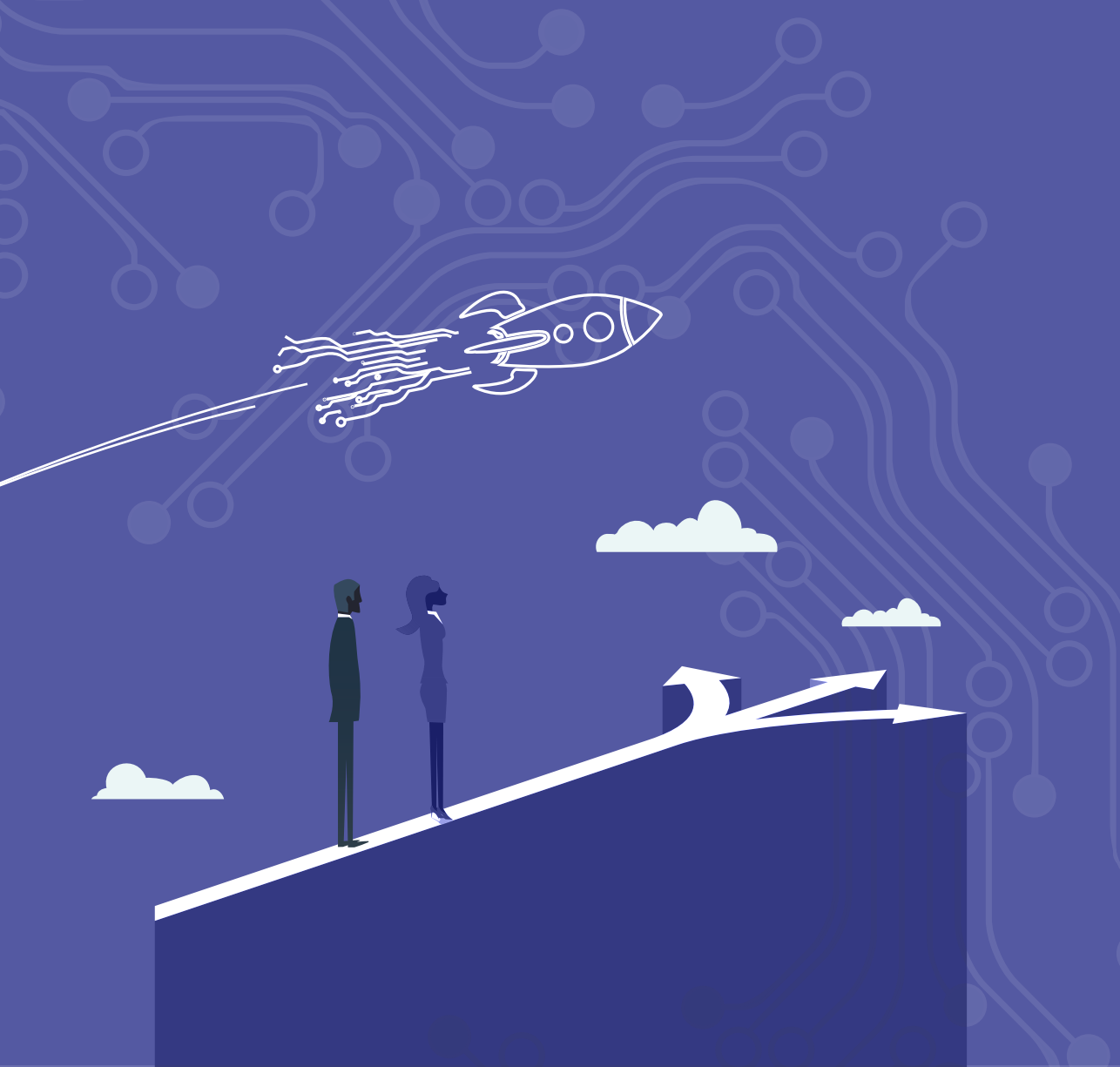
Management Control

- *Ensuring clear, accurate and transparent financial reporting.*
- *Regular meeting with equity holders as business scales.*

Services Additional to Funding

Due diligence consulting, financial analysis and modeling, financial reporting.





Chapter
Conclusion

VI.

Chapter VI: Conclusion

Raising money for your venture is not easy. It will take enormous amounts of patience, determination, and persistence. Nevertheless, it is also an extremely rewarding process that will teach you a lot about yourself, your business, and your market.

This guide is a high-level overview of what you need to think about as you grow and begin preparing for fundraising: the general processes involved, the documents you need to have, what types of investors are out there and the instruments they use when funding companies. We include insights gathered from investors, entrepreneurs, and others in the Sudanese ecosystem, so you can learn from the people who have successfully raised money in the past, and who are looking to fund companies today.

Every company's fundraising process is different, and the stage at which you approach investors will also be different. But, by distilling some of the most salient points from our conversations, we hope this guide will serve as a good starting point for entrepreneurs on how to fundraise.

Furthermore, by providing a directory of potential funders and detailed information about them, we hope that you as the entrepreneur will have a better understanding of the different types of funders in this market, their average investment size, and the sectors they are active in. While this is not an exhaustive list, it does highlight some of the key players in the market and shows the sort of information you need to know before you approach investors for funding.

Key Takeaways:

1. Do research on the investors you approach: you should find someone who is a truly good fit.
2. When approaching investors, introductions are best: try to meet investors at a pitch event, a conference, or through one of their portfolio companies.
3. Enter accelerator/incubator programmes: while they may not be a great tool for every entrepreneur, they will help you get exposure and learn how to think about your business.
4. Know your market: you should be able to explain not only the intricacies of your market, but also challenges you foresee, the offline aspects of your business, and back up your assertions with facts.
5. Know how much you should look to raise, and why: do not ask for a million dollars just because it is a round number; do your research, and explain how this round of funding will get you to your next key milestone, and where you will go from there.
6. Do not raise too much money too quickly: if you cannot keep raising your company's valuation in future rounds, you will likely sputter and burn out.
7. Local vs. international investors: Sudan is opening up for International Investors – do some research and find out how they are different and if they are a better fit.
8. Consider impact investors: this may be a good fit with your company, or it may not; think hard before you approach impact investors whether you have the capacity to report metrics they will want to see.
9. Promote trust: investors are wary of entrepreneurs who are not serious about their companies; find several credible references (professors, mentors, employers) who will vouch for you if a potential investor arise

Acknowledgement

The guide represents an important knowledge piece for the growing startup segment in Sudan. In order to develop this guide and compile relevant information, we relied on several sources, including investors, industry leaders, entrepreneurs, innovation hubs and various other stakeholders. We spoke extensively with entities who have experience with investing in Sudanese startups as well as those who aspire to provide funding and support in the near future. We also conducted an extensive literature review to understand the dynamics of the Sudanese market as well as its latest trends and developments.

We would like to extend our sincere thanks to those who contributed and supported us in the development of the guide, in particular, Ahmed Elmurtada and Mutaz Mohamednour and their team (249Startups), as well as Omnia Elmamoun (Africa Adaptation Initiative). We would also like to thank Muna Merghani (Haggar Group), Omer Farah (Landell Mills), and Elgaib Abdalla (IFAD). More importantly, we would also like to thank the GIZ team in Sudan for their instrumental support and continuous guidance. Additionally, we thank the European Union for making this guide possible.

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This guide was developed in cooperation with Make-IT in Africa”

Make-IT in Africa believes in the catalytic power of African innovation and digital technologies for green and inclusive development. In close collaboration with digital visionaries like start-ups, innovation enablers and political partners, we empower African innovation ecosystems. Together, we aim to strengthen an environment in which the full potential of African digital innovation can unfold.



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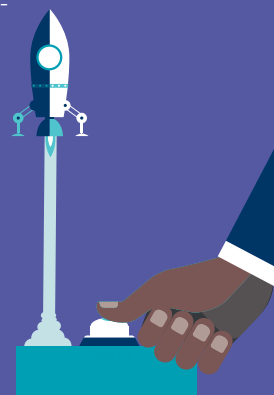
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Publisher

Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

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Design

creative republic, Frankfurt a. M. / Germany

Illustrations

creative republic & shutterstock

GIZ is responsible for the content of this
publication.

Commissioned by the

German Federal Ministry for Economic
Cooperation and Development, co-funded by
the European Union.

This publication was produced with the
financial support of the European Union.
Its contents are the sole responsibility of
Employment Promotion Darfur for Refugees,
IDPs and Host Communities | Youth, Employ-
ment, Skills – YES project and do not necessar-
ily reflect the views of the European Union.

As of

March 2022