

# Intelligence brief | 21 February 2014

## Qatari aid, finance and foreign policy in Sudan

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### Summary

#### **1) What financial assistance has the Qatari government provided to Sudan since September 2011?**

There is limited open source intelligence regarding the financial assistance provided by Qatar to Sudan. It is known that in 2012-13, Qatar pledged \$2 billion (USD) through the purchase of multi-sector treasury bonds from the Central Bank of Sudan, though only \$500 million to \$1.5 billion is thought to have been disbursed so far. Qatar also provided up to \$130.5 million in development assistance (with a further \$412 million pledged) and at least \$543 million in investment. For context, in 2010-11, Qatar gave Sudan approximately \$90 million in aid and the value of Qatari investments in the country over 2007-11 reached over \$1.5 billion in total.

#### **2) Has Qatar conditioned its funding to Sudan? What sectors has the money been earmarked for?**

A significant proportion of funding provided by Qatar to the Sudanese government is connected to the security situation in Darfur and the implementation of the Darfur peace agreement. Funds are also invested in projects that serve Qatar's own strategic interests, such as agricultural projects, large infrastructure projects and other investment opportunities. In addition, some funds have been provided to support the Sudanese government in its attempts to build up institutions, such as guaranteeing deposits in the national bank, and support to Sudanese monetary policy and the Sudanese pound. Funds have also been provided for Sudanese efforts to enhance investment opportunities – for example, electricity and power linkage projects in cooperation with Egypt.

#### **3) What is Qatar's stance in relation to South Kordofan and Blue Nile states?**

Qatari officials have taken an increasingly active diplomatic role in recent years, seeking to position themselves as mediators and interlocutors in a number of regional conflicts, including Yemen, Syria, Lebanon and Darfur. Qatar is also directly concerned with return on investment. Therefore, it is most likely inclined to have a positive and supportive approach towards any solution for the conflict in the south of Sudan. However, Qatar has not taken any initiative to play the role of mediator in relation to South Kordofan and Blue Nile, and has remained in the background. It is uncertain, though, whether or not this passive stance will continue if another conflict in south Sudan threatens Qatar's efforts to create stability and security in Darfur.



**open briefing**  
the civil society intelligence agency

**Open Briefing**  
27 Old Gloucester Street  
Bloomsbury  
London WC1N 3AX

t 020 7193 9805  
info@openbriefing.org  
www.openbriefing.org

#### 4) Who are the policymakers driving Qatari policy on Sudan?

Former prime minister and foreign minister Sheikh Hamad bin Jassim bin Jaber Al Thani was the author of Qatar's rise to prominence as a key regional player. However, in June 2013 he was removed from both posts by the new emir, Sheikh Tamim bin Hamad bin Khalifa Al Thani. Abdullah bin Nasser bin Khalifa Al Thani was appointed as prime minister and Dr. Khalid bin Mohammed Al Attiyah as foreign minister. This change is thought to reflect a shift in foreign policy, whereby Qatar is expected to maintain a lower global profile. It is too early to assess the implications of this shift for Qatari policy towards Sudan. However, it is Qatar's deputy prime minister, Ahmed bin Abdullah Al Mahmoud, who has so far largely been responsible for policy towards development in Sudan, and he remains in post at present. While the majority of political decision-making is organised around Qatar's national leadership, principally the emir, there are several key officials within the Ministry of Foreign Affairs who will likely have some influence over the implementation of Qatari policy towards Sudan.

## I. Introduction

Official relations between Qatar and Sudan began in 1972, when Sudan was among the first countries to recognise the sovereign state of Qatar following its independence from the United Kingdom the previous year. The principal way that historic relations have been enhanced is through the exchange of visits between officials of the two countries at different levels. Such visits allow for the formation of joint committees for new projects and for the implementation and monitoring of existing projects. Qatar has obviously recognised Sudan's economic potential, which has been an important element in its willingness to invest. At the same time, Sudan has welcomed Qatari aid, since the government is in great need of additional resources following the succession of the oil-rich South Sudan in 2011.

Several introductory remarks should be made in relation to an analysis of aid and financial assistance given by Qatar to Sudan:

- Assistance is pledged and provided in many different forms, including grants, concessional loans, debt relief and investments. It is necessary to differentiate between these forms. However, the available data is not always unambiguous in this respect.
- Assistance is channelled through a large number of different organisations, both governmental and non-governmental, as well as into various different sectors of the Sudanese economy.
- Qatar provides development aid (for long-term socioeconomic development) and humanitarian aid (for emergency response). Qatar also provides aid as part of international initiatives.
- Development aid makes up 88% of total global foreign aid provided by the Qatari authorities, the remainder being humanitarian aid.
- All Qatari investments in the region are within the Republic of Sudan, with none in South Sudan.
- There are multiple obstacles limiting the flow of Qatari aid and investments into Sudan, such as the weakness of Sudanese infrastructure, economic mismanagement and ongoing conflicts.

Please note, all currency figures cited in the text are in US dollars.

## II. Intelligence requests

### 1) What financial assistance has the Qatari government provided to Sudan since September 2011?

Funds are provided by Qatar in the form of **official development assistance** (ODA – grants and concessional loans), **investment** (both state and private) and **humanitarian assistance** (both state and charitable). There is limited publicly available data regarding all three types of funds provided by Qatar to Sudan during the timeframe in question. However, the outcomes of various diplomatic events provide some indication of the figures involved. The available information is summarised in Table 1.

**Table 1.** Diplomatic events covering development assistance from Qatar to Sudan in the period 2012-13.

Event	Date	Amount	Allocation	Type
Diplomatic visits between Sheikh Tamin and President Bashir	Feb 2012	\$2 bn	Treasury bond purchase – varied (e.g. mining, oil and agriculture)	Investment (pledged, contribution unconfirmed)
Meeting of International Mechanism for Follow up to Implementation of Doha Document for Peace in Darfur	May 2012	\$31 mn	Health centres, schools and development projects	Humanitarian assistance (pledged, contribution unconfirmed)
		\$6 mn	Regional Authority of Darfur	Humanitarian assistance (pledged, contribution unconfirmed)
Visit/inaugural ceremony	June 2012	\$208 mn	Electricity line carriers project	Investment – project finance
Nile Valley Forum	Sept 2012	\$135 mn	Tourism and antiquities	Investment – loan
Doha Conference	Apr 2013	\$500 mn	\$88 mn contributed up front	Mixed ODA and concessional loans
		\$200 mn	Darfur Development Bank capital	Concessional loans and grants

During this period, Qatar pledged **\$2 billion** through the purchase of treasury bonds to help the Central Bank of Sudan stabilise the local currency. There are conflicting reports on how much the Qatari authorities have actually disbursed to purchase the bonds, with estimates ranging from **\$500 million to \$1.5 billion**. Financial authorities in Khartoum are particularly sensitive with regards to information about the pledge, as it greatly affects currency depreciation, which the ruling National Congress Party (NCP) and the Central Bank of Sudan are trying to limit. Qatari motives for providing financial support to Sudan's NCP government could be in part based on protecting existing Qatari investments in real estate and agriculture.

## The relative significance of Qatari financial assistance to Sudan

Competition for Arab Gulf state investment is fierce among North African countries struggling with severe economic and security challenges. Public commentary on the investment and financial support decisions of the United Arab Emirates, Kuwait and Qatar in Egypt, Sudan and Algeria becomes a gauge for assessing domestic economic prospects. To that end, much has been made of the disproportionate amount of financial assistance provided by Qatar to Egypt – before the removal of President Mohamed Morsi – rather than Sudan, which has historically had warm relations with Qatar and is clearly in an hour of significant economic need. Although Sudan is the third highest recipient of aid from Qatar (with Egypt and Libya ranking first and second respectively), when Qatar’s significant agricultural and infrastructure investments in Kenya are taken into account, Qatar’s financial and investment support to Sudan appears relatively subdued. This may change following the recent decision of Egypt’s Central Bank to return \$2 billion of the \$8 billion assistance received from Qatar during Morsi’s year-long presidency.

Furthermore, Financial Tracking Service data reveals that by far the most significant aid donors to Sudan in 2011-14 were the United States, the United Kingdom, the European Commission and Japan, who committed or contributed over \$100 million each. While Qatar’s \$88 million contribution and \$500 million total pledge at the Doha conference in 2013 is significant, there is a question over how much of Qatar’s pledge will actually be delivered.

The value of Qatari investments in Sudan over 2007-11 reached over \$1.5 billion in total, including executed, under execution and approved funds.<sup>1</sup> More recently, the Qatari government provided project finance and political support for the River Nile State Transmission EPC Project, for which President Omar al-Bashir has lauded Qatar. However, other than this project and some targeted agricultural investment, significant post -2011 financial support in the form of increased investment by Qatar’s \$170 billion sovereign wealth fund, the Qatar Investment Authority, appears unlikely. Media reports suggest that Qatari officials believe that despite the long-term potential and strategic opportunities, the current economic and political conditions in Sudan are too risky. The late-2013 protests over fuel subsidy removal are likely to have reinforced this view. This adverse assessment would explain a delayed or stalled treasury bond purchase.

As outlined in Table 1, since September 2011 Qatar has provided up to **\$125 million** in development assistance (with a further **\$412 million** pledged) and **\$543 million** in investment (foreign direct investment and concessional finance). In 2012, Qatar also provided Sudan Medical Care with an estimated **\$5.5 million** to purchase land for the Patients Benefit Fund headquarters in Khartoum (not shown in Table 1). In 2013, it provided mainly humanitarian aid in kind following the floods in early 2013. To put these figures in context, the Qatari foreign ministry reports an amount of QAR 327,716,998 (approximately \$90 million) in aid to the Sudanese government over 2010-11.<sup>2</sup>

<sup>1</sup> <http://bit.ly/17QW6uX>

<sup>2</sup> <http://bit.ly/1bR6Hh3>

A review of AidData databases shows no reported Qatar to Sudan aid transfer, though it should be noted that aid data is only included up to 2011.<sup>3</sup> In addition, Qatar is a member of the Arab Fund for Economic and Social Development and the Arab Bank for Economic Development in Africa. Khartoum has outstanding loans with these institutions, which have provided for further (nominal) conditional loans post 2011 and may provide small levels of debt relief in the future.

To summarise, **Qatar has provided Sudan with \$500 million to \$1.5 billion of a pledged \$2 billion in bond purchases, up to \$130.5 million in development assistance (with a further \$412 million pledged) and at least \$543 million in investment** between September 2011 and February 2014.

## 2) Has Qatar conditioned its funding to Sudan? What sectors has the money been earmarked for?

Globally, Qatar's foreign aid is spent as follows:

Budgetary support	64%
Relief aid	12%
Reconstruction	9%
Culture	4%
Road construction	4%
Health	1%
Other	6%

(includes fisheries, capacity building and education)<sup>4</sup>

Figures for individual countries may differ considerably, but the above breakdown gives an indication of Qatar's aid priorities.

In relation to Sudan, significant funding has been provided in the context of attempts to **improve the security situation in Darfur**. Beyond the Darfur peace initiative and related financial aid, Qatar is primarily dedicating funds for its own strategic economic interests, such as investment in or aid for **Sudanese agricultural projects** to produce wheat, meat, vegetables, fruits, oils and sugar, which Qatar requires. Current estimates suggest that approximately 90% of Qatar's food demands are met through imports. Indeed, many loans and investments provided by the Gulf States to Sudan during the 1970s and 1980s – funded by excess petro dollars – were focussed on developing Sudan as the Gulf's bread basket.

Qatar is also financing **infrastructure projects**, including roads and bridges, railways, airports, seaports, hotels and commercial complexes. Of note is the Merowe Dam, which is one of the largest hydroelectric dams in Africa and undoubtedly one of Sudan's most important infrastructure development projects. The project has drawn significant foreign direct investment from a number of Gulf States; Qatar provided \$15 million of finance for the project, which is a relatively small investment in comparison to other Gulf State financiers.

<sup>3</sup> <http://bit.ly/1cUvScj>

<sup>4</sup> <http://bit.ly/1bR6Hh3>

Qatar has provided significant funds to support the Sudanese government in its attempts to **build up institutions**, such as guaranteeing deposits in the national bank, and to **support to Sudanese monetary policy** and the Sudanese pound. Funds have also been provided for Sudanese efforts to **enhance investment opportunities**, for example the River Nile State electricity transmission line project already mentioned.

### 3) What is the Qatari's stance in relation to South Kordofan and Blue Nile states?

Qatar has sought to garner regional influence through a combination of providing aid to certain, sometimes controversial, elements (for example, Hamas or the Free Syrian Army) and by playing the role of mediator. Qatari officials have taken an increasingly active diplomatic role in recent years, seeking to position themselves as mediators and interlocutors in a number of regional conflicts, including Yemen, Syria, Lebanon and Darfur. Qatar's approach to regional affairs is sometimes described as a multi-directional balancing act. Qatar has sought to mediate regional conflicts and political disputes by engaging a wide range of parties.

One success story of this strategy was the Darfur peace agreement. Qatari officials worked over several years to negotiate a peaceful resolution to the armed conflict in Darfur. The agreement, which was facilitated by a joint African Union/United Nations mediator, marked a major milestone in a multi-year Qatari effort as the leader of the Arab League's mediation group for the conflict.

Qatar seems to focus its effort towards establishing a consolidated peace process in the Darfur area. It is apparent that **Qatar's attempts to broker peace in the Darfur region have not been extended towards a mediatory role for the conflict in South Kordofan and Blue Nile**. Critics point to this as one of the weaker points in the Qatari strategy towards Sudan, since tensions with South Sudan may affect Qatari investments in the north in the long term. Given that Qatar is directly concerned with return on investment, it is most likely inclined to have a positive and supportive approach towards any solution for the conflict in the south of Sudan. However, **it is uncertain whether or not Qatar will limit itself to a background role if another conflict in south Sudan threatens its efforts to create stability and security in Darfur**.

### 4) Who are the policymakers driving Qatari policy on Sudan?

Former prime minister and foreign minister **Sheikh Hamad bin Jassim bin Jaber Al Thani** was the author of Qatar's rise to prominence as a key regional player. However, in June 2013 he was removed from both posts by the new emir, **Sheikh Tamim bin Hamad bin Khalifa Al Thani** (though insiders expect him to retain his leadership position in the Qatar Investment Authority). **Abdullah bin Nasser bin Khalifa Al Thani** was appointed as prime minister and **Dr. Khalid bin Mohammed Al Attiyah** as foreign minister. This change is thought to reflect a shift in foreign policy, whereby Qatar is expected to maintain a lower global profile.

It is too early to assess the implications of this shift for Qatari policy towards Sudan. However, it is Qatar's deputy prime minister, **Ahmed bin Abdullah Al Mahmoud**, who has so far largely been responsible for policy towards development in Sudan, and he remains in post at present.

The majority of political decision-making is organised around Qatar's national leadership, especially when significant amounts of money are involved. The emir exercises both legislative and executive powers, with the assistance of the Council of Ministers and the Advisory Council. The most significant policymakers in relation to foreign policy are the emir, the prime minister, the minister of foreign affairs and, in the case of Sudan, the deputy prime minister. However, there are several other key officials within the Ministry of Foreign Affairs who may have some influence over the implementation of Qatar's policy towards Sudan. At the time of writing, these are thought to include:

- **Sheikh Ahmad Bin Mohammed Bin Jabir Al Thani**, Minister's Assistant for International Cooperation Affairs.
- **Dr. Ahmad Mohammad Almurekhi**, Director of the Department of International Development.
- **Ambassador Yousef Bin Khalifa Abdullah Al Sada**, Director of the Department of African Affairs.
- **H. E. Rashid bin Abdulrahman Al Nuaimi**, Qatar's ambassador to Sudan.

Of particular note is the **Department of International Development**, which was established in 2009 within the Ministry of Foreign Affairs. It is responsible for organising and developing the Qatari government's development assistance and humanitarian aid policies.

Outside of government, it is possible that the board members and senior executives of organisations overseeing Qatari investment in Sudan will have some influence on the implementation of Qatari policy towards Sudan. These institutions include the **Qatari Investment Authority** and **Qatari National Bank**. At the time of writing, relevant individuals in this respect are thought to include:

- **Ahmad Mohammed Al Sayed**, Chief Executive, Qatar Investment Authority.
- **Ali Sharif Al Emadi**, Chair of the Board of Directors, Qatar National Bank.
- **Ali Ahmad a-Kuwari**, acting Group Chief Executive Officer, Qatar National Bank.

To a far lesser extent, the board members and senior executives of Qatari charities distributing humanitarian aid to Sudan may also have some limited influence. After all, the Qatar Red Crescent and the Qatar Charity pledged considerable amounts, \$22 million and £\$30 million respectively, for the Darfur Development Strategy at the April 2013 Doha conference.<sup>5</sup> Furthermore, Sudan received approximately \$31 million from Qatari charities in 2010-11 according to the Qatari Ministry of Foreign Affairs.<sup>6</sup> At the time of writing, relevant individuals in such charities are thought to include:

- **Abdullah H. Al Nameh**, General Manager, Qatar Charity.
- **Khalid G. Al Ali**, CEO, Qatar Red Crescent.
- **Ali Bin Abdullah Al Suwaidi**, General Manager, Eid Charitable Association.

<sup>5</sup> <http://bit.ly/1eg2KRy>

<sup>6</sup> <http://bit.ly/1bR6Hh3>

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