

 SEPTEMBER 26, 2016



Kenana is on the cusp of broadening its global footprint. It has long been exploiting sugar's potential by identifying multiple by-products from the sugar-making process, but the time has come to apply its expertise to other sectors

### IN-DEPTH

SUDAN IS ONE OF AFRICA'S GREATEST sugar producers after Egypt and South Africa and has set its eyes on becoming a global player by 2020, competing with world leaders such as Brazil. Within this context its biggest player - The Kenana Sugar Company - is hungry for global opportunities in food and agribusiness, and is focusing primarily on those ultra useful by-products that are generated from sugar production, such as ethanol, animal feed and bio-fertilisers.

Sudan is a prime location for food production due to its vast fertile scrubland and easy access to the waters of the River Nile. It already has the highest yield of cane per acre in the world and is one of the lowest-cost producers. Furthermore, the country has a strategic location on the Red Sea between Europe and Asia. This positions Sudan at the centre of international markets: the Middle East, the Far East, Asia, Europe and the US. It is also the recipient of ships crossing into the Red Sea through the Suez Canal.

The Kenana Sugar Company continues to grow and is looking for collaborations both nationally and internationally with the many new exciting projects that the company has in the pipeline. Kenana realised in 2007 that the sugar cane is a "magic cane" and that its full benefits were not being enjoyed. And so, the company started to invest not only in the concept of producing sugar, but in food and energy practices as a whole. From the sugar cane, Kenana produces raw and white sugar, first and second generation ethanol,

power-generating products, bio-fertilisers, animal feed, bio-fuels, yeast, plastic – all with the added benefit of creating carbon credits. The Sudanese sugar company has identified 17 projects through which it can boost its business. This will increase its economic competitiveness, its environmental sustainability and its market potential within the next five to ten years. Six of those projects are key to the Kenana Sugar Company's vision to become a leading diversified global agro-industrial conglomerate.

## WHAT'S NEXT FOR KENANA?

On top of the company's to-do list is the modernization of its sugar plant, making it a top-notch installation that will improve and increase its sugar production whilst also decreasing operating costs. Kenana expects to increase its sugar production by nearly eight tonnes per year, through increasing its sugar recovery rate by 0.18 percent. The project is also expected to improve Kenana's factory operations by reducing furnace-fuel use and generating excess electricity to be sold to the national grid. It will also increase ethanol production from 65 million to 200 million litres per year. The project is estimated to cost \$165 million (US).

The Redais Sugar Project is the biggest project up the company's sleeve, the aim being to produce 500,000 tonnes of sugar a year. Kenana has structured this project under the White Nile Sugar Company and it aims to be fully operational with green energy, starting from the sugar crop. The project is set to cost \$950 million (US) with a payback period of seven to eight years.

The third venture is the Rammash Sugar Project in which Kenana plans to set up a corporate farm, sugar mill, ethanol and energy plants. It will be located some 350 kilometres south of Khartoum by the Blue Nile River, and will seek to produce some 150,000 tonnes of cane every year. For now, it is a brown field located in Sennar, which is one of the most fertile lands in Sudan and one which is already irrigated. The total investment cost is estimated to be \$385 million (US) with an eight year payback period.

The Kenana Sugar Company wants to build a new marine terminal in the Kenana Agricultural Export Terminal project. By setting up a port terminal in Port Sudan for their own use, Kenana's ultimate goal is to build up a smooth supply chain for their export goods. It would

**KENANA'S  
KEY PROJECTS  
TO 2020**

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**1. FACTORY  
MODERNISATION**

- \* IMPROVE EXISTING FACTORIES TO ACHIEVE:
- \* ↑ SUGAR PRODUCTION BY **7,830 TONNES p.a.**
- \* ↓ FURNACE CONSUMPTION BY **75,000 TONNES p.a.**
- \* ↑ ETHANOL PRODUCTION TO **200 MILLION LITRES p.a.**
- \* SEEKING DEBT FINANCING OF **\$165 MILLION (US)**

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**2. REDAIS SUGAR PROJECT**

- \* PRODUCE **500,000 TONNES** OF RAW SUGAR p.a.
- \* SEEKING INVESTMENT COST OF **\$950 MILLION (US)**

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**3. RAMMASH SUGAR  
PROJECT**

- \* PRODUCE **144,302 TONNES** OF REFINED SUGAR p.a.
- \* SEEKING INVESTMENT COST OF **\$385 MILLION (US)**

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**4. KENANA AGRICULTURAL  
EXPORT TERMINAL  
PROJECT**

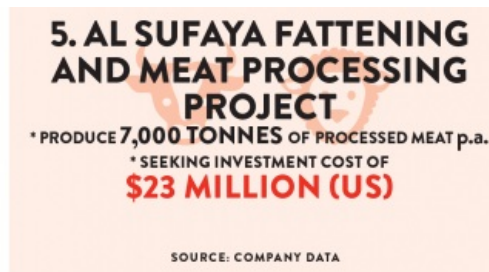
- \* A NEW MARINE TERMINAL & A DRY BULK HANDLING FACILITY WITH A TOTAL VOLUME HANDLED OF **2 MILLION TONNES p.a.**
- \* SEEKING INVESTMENT COST OF **\$94 MILLION (US)**

involve the construction of a dry bulk handling facility capable of storing, loading for export and unloading for imports sugar and other agricultural products.

Conveyor belts would be

able to handle 1,500 tonnes per hour. In total it would

amount to a throughput volume of 2 million tonnes a year. It is a \$94 million (US) investment.



We know that different types of sea salts are highly sought, but how about sea sugar as a concept? Kenana wants to further its plans for a Kenana Red Sea Sugar Refinery Company – a state of the art sugar refinery strategically positioned in Port Sudan with a capacity of 1 million tonnes per annum, with potential to grow that figure to one million tonnes. It would have power-generation facilities as well as a water desalination plant. The objective is to position Kenana as one of the low-cost sugar refiners in the region and take advantage of Port Sudan’s geographical advantage in terms of access to all key markets such as Eastern and Southern Africa, The European Union, the Middle East and Asia.

#### FROM SWEET TO SAVOURY

One project with a very different angle is Al Sufaya Fattening and Meat Processing, which will involve a breeding, fattening and meat production unit on an area of 1,044 acres of land. Kenana wants to improve the local cattle breeds by cross-breeding and cross-cementation with other class breeds, thereby introducing the Sudanese cattle breed for the first time. The company wants to produce products that will meet the quality required for their target markets, which are essentially local and for export. Total output would be 4,300 tonnes of beef per year, 23,000 pieces of hide from cattle, 1,600 tonnes of lamb meat a year, as well as 85,000 pieces of lamb skins. It is also a scientific-based project and the Kenana company wants to start with 30,000 cattle at a smaller investment of \$23 million (US) to determine all the different variables of the business.

To fund these important projects, the Kenana Sugar Company has recently launched an ambitious Mahaseel Agricultural Investment Fund, supporting the diversified portfolio of Kenana. Through the fund, Kenana also invites foreign investors to invest as income and as capital growth. The Kenana company, which has demonstrated a strong business performance over the years, aims at increasing the likelihood that investors can capture truly attractive returns – either through direct capital investment or through the Mahaseel Agriculture Fund – while addressing some of the most significant needs of the global population.

Kenana is looking for partners who will add financing because they have already mapped out the potential value chains based on the sugar platform, and assessed them for their development status, economic competitiveness, environmental sustainability and market potential. Furthermore, there are a large number of possible combinations of feedstock, pre-treatment options, sugars, conversion technologies and downstream processes that can be followed as potential pathways to make bio-fuels and bio-chemicals.

After 40 years in the business, Kenana has a deep and in-depth understanding of the sugar platform and could bring great value in assisting policy makers and industry stakeholders, helping to identify technology opportunities. The company is also looking for finance through its Kenana Engineering and Technical Services Company (KETS), which

is its international consultancy on the sugar business sector. It is also one of Africa's leading technical consultants with growing Pan-African experience. KETS has, for example, signed a partnership with the Nigerian Danicota Group to implement sugar projects in a number of areas in the State of Nigeria. KETS is also participating in tenders for the construction of refineries in Kenya and Ghana.

The Kenana Sugar Company has many years of experience working with other either Sudanese or international partners on different projects. Most of Kenana's exported sugar goes to African and Middle Eastern states, as well as India and Bangladesh, and as far away as Europe. Ninety percent of the plant's ethanol output is also exported to European markets. Kenana's animal feed, with its high nutritional value, enjoys substantial export markets in the Gulf.

The company knows that satisfying the world's food needs opens the doors to investment throughout the value chain and invites foreign investors to do so. The company specialises in achieving best-in-class operations to capture the full value of their projects and possess an integrated high value agri-business and agri-industrial portfolio. Kenana is therefore seeking investors in non-sugar sectors, such as in farm produce, animal feed, agricultural inputs and ethanol, and is increasingly interested in export. Investing in sugar's by-products is immensely profitable and advantageous for both Sudan as a whole and for any foreign investor.

With further investments from abroad, the Kenana Sugar Company will continue to shape itself into one of the world's most trusted global brands. It already has unparalleled market expertise and technical product development capabilities, and operates in an attractive field that promotes environmental protection and economic prosperity. Above all, perhaps, the Kenana Sugar Company is on a sincere quest to achieve the noble objective of community development and service to the nation.

## **SOCIALLY RESPONSIBLE**

Social good is an integral part of Kenana's work. The company not only has an effect on local economic development, but also on wider Sudanese economic development, and the company can be considered the country's largest integrated sugar project. Kenana's CSR activities play a key role in fighting poverty-related diseases, to such a degree they have been highlighted by the United Nations Development Programme as a success story. Central to this was the company's participation in improving the White Nile State's environment: they established an efficient hydro-flume irrigation system based on drip irrigation techniques to manage water resources efficiently, having the happy effect of reducing the incidence of malaria and bilharziasis.

Social development is an integral part of Kenana's work and comes naturally to the company, as all of its operational activities are located in rural areas. Part of Kenana's initial investment was directed towards this very purpose and has transformed the barren land into a modern living community with amenities. The company also contributes on a larger scale, providing service not only to employees but also to the greater economy. This it does, for example, by providing its expertise on agriculture to small-scale farmers across the country through improving irrigation techniques and crop yield production.

## **AN ENTIRE ESTATE OF GOODWILL**

Kenana has built an entire estate surrounding its facilities where it provides its workers and nearby villages with basic needs such as schools, sports facilities, training centres and mosques. By making healthcare services available and accessible to employees and their family, Kenana not only boosts worker productivity through good health and a stronger commitment to the company, but also reduces the turnover rate — and the training costs associated with it — as employees become more satisfied with their job. It is now the second generation that live on the estate. Kenana's extensive occupational

health services include the Kenana Referral Hospital at the sugar production site and eight health clinics in the surrounding communities and villages. The Kenana estate is also one of the biggest electricity producers in Sudan, and supplies electricity to all the townships in the Kenana Sugar Company, as well as the national grid and other social service premises.

There are thousands of employees working for Kenana, from unskilled laborers to technicians and engineers, and they all enjoy access to a vocational training centre with modern equipment and teaching aids.

The first schools were built on the estate in 1984. The number of students grew in tandem with increased sugar production and with more employees at the estate over the years. Now, more than 11,000 children attend kindergarten, primary- or secondary school in 51 different education centres. In the sugar complex area, 95% of children enrol at elementary school, of which 90% complete their studies, and 95% of these go on to high school education. The respective numbers for Sudan in general mean that only 63% enrol at elementary school, of which 84% finish and 79.5% continue on to high school. The contrasting situations have real consequences; deaths of children under five are ten times lower in the sugar industry areas than on average in Sudan, while birth-mortality is a quarter of the country's average.

Kenana is making important strides in helping the environment. Its 100,000 acres of irrigated cane fields and commercial forests help combat desertification, and to absorb carbon dioxide gases in order to reduce global warming. The green wet fields also reduce the average temperature in the surrounding areas by about two degrees centigrade. Furthermore, Kenana's sugar factory has systems of wastewater treatment plants and the company is the first to introduce green harvesting to Sudan. This means that Kenana will no longer burn sugar cane prior to harvesting but has instead invested in machinery that harvests the cane, so that the waste cane leafage is now converted into green fodder. More still, the company uses filter mud, vinasse, and animal residues as fertilizers to reduce the use of chemical alternatives. Raw sugar and ethanol exports to the European Union market are always subject to CSR and ethanol sustainability auditing.

Kenana contributes to Sudan's economic health, with a sizeable contribution to government taxes and duties, and is therefore a great contributor to the country's GDP. But its corporate social responsibility actions are what will really help shift the company from being an, albeit immense, local business leader to one recognized globally for being at the forefront of green business. At the Kenana production site, the integrated approach in sugar schemes, on which the Kenana business model is built, already creates many opportunities for further business and means that the sugar company is ever more green and growing in a sustainable fashion. Benefitting from sugar's by-products, Kenana uses sugar molasses for yeast, animal feed, power generating products, paper and ethanol bio-fuel. Sugar cane waste, also called bagasse, can be used as fuel, in building materials or made into paper. In a successful partnership with the Nile Petroleum company, the Kenana Sugar Company has launched an ethanol bio-fuel called NileUltra E10, which is an integrated green renewable fuel product with 10 percent ethanol mixed with 90% benzene, to be commercially consumed in the local market.

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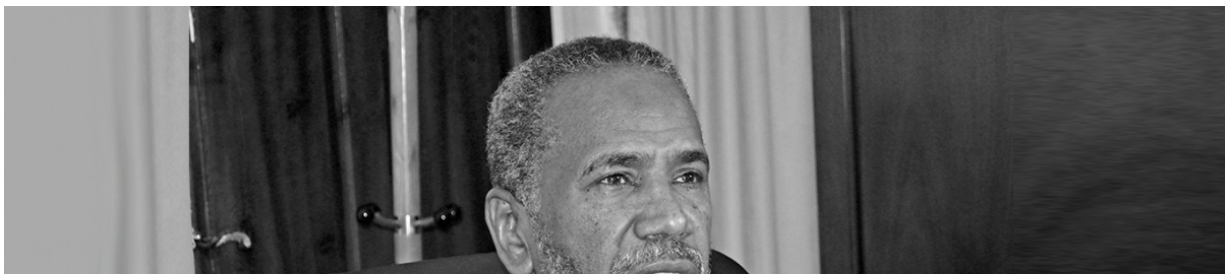
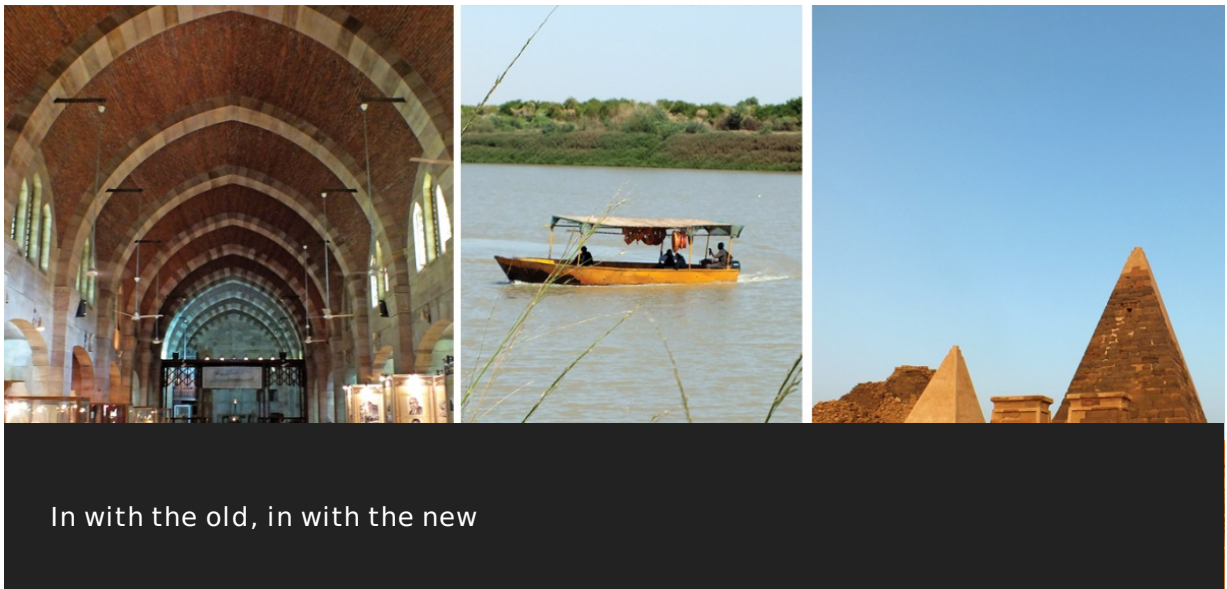
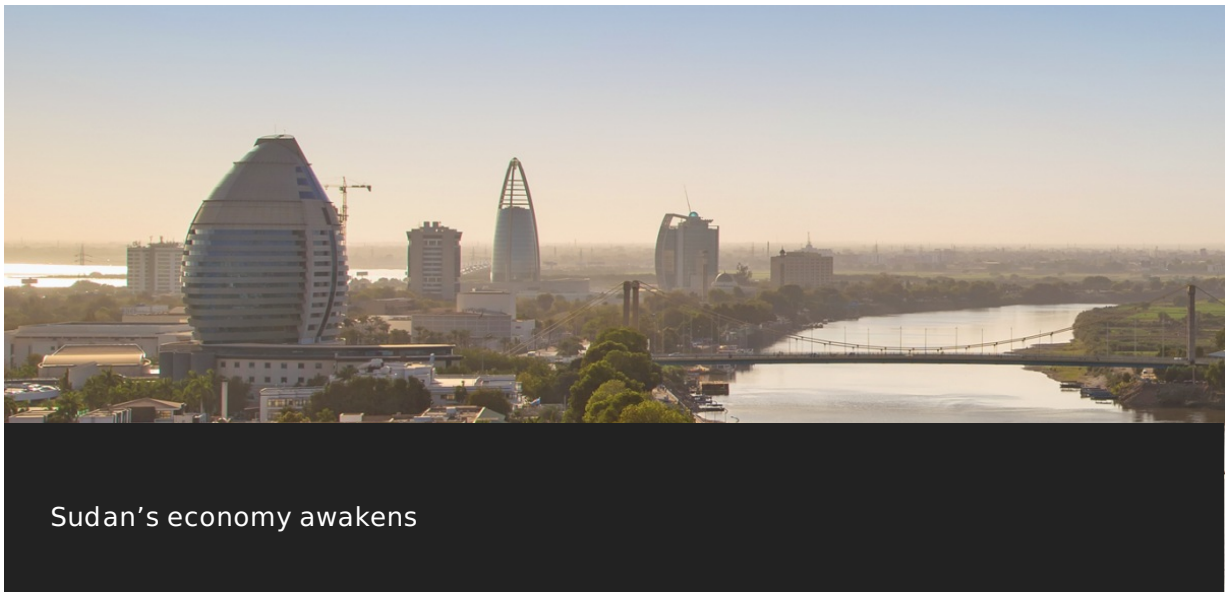
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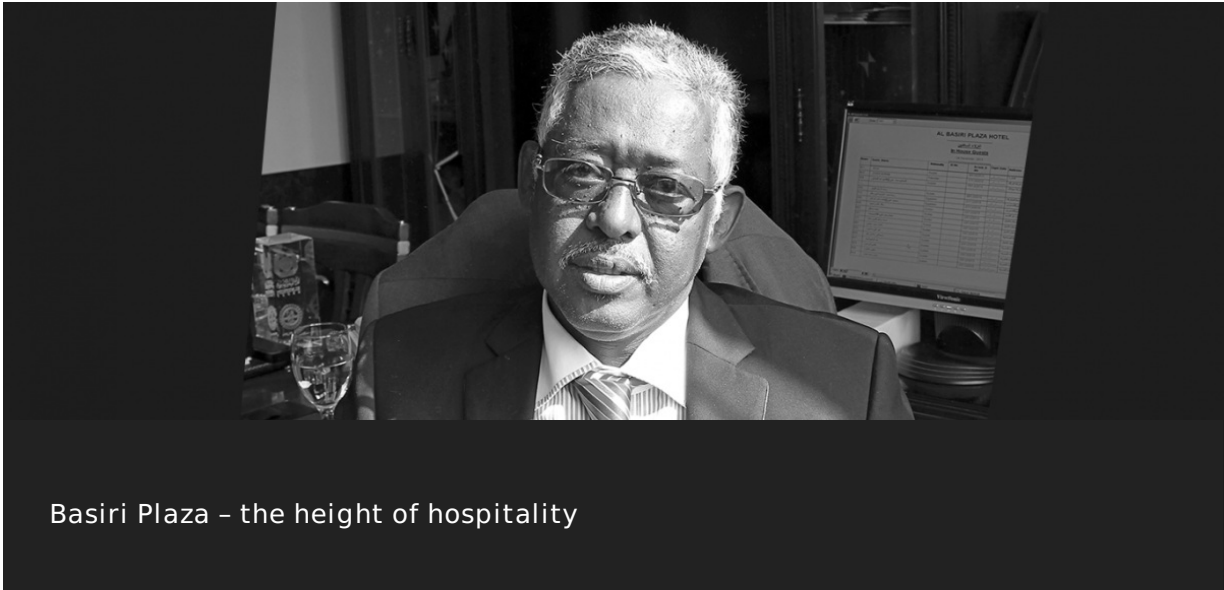
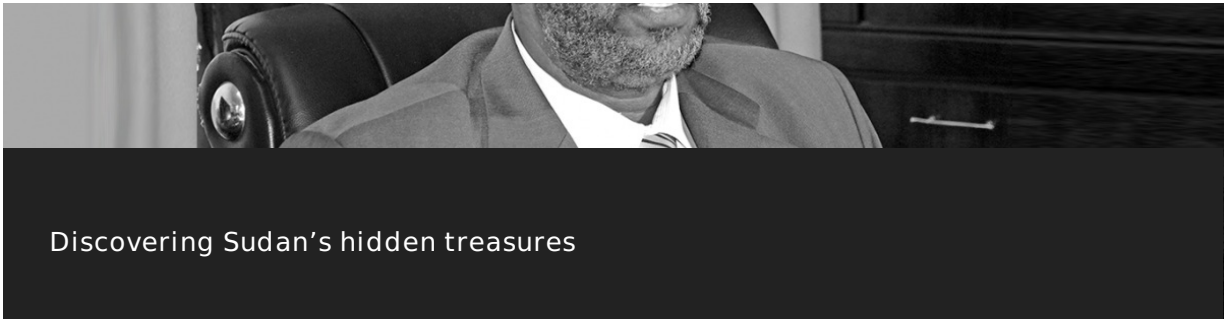
Livestock is just the start

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5 Harley Place  
London W1G 8QD  
United Kingdom

Phone: +44 20 7631 4574

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