



**ERF's ERF WEBINAR ON
ON
STATE-BUSINESS RELATIONS, CRONYISM AND THE ROLE OF THE
PRIVATE SECTOR IN ALGERIA, SUDAN AND ETHIOPIA**

MARCH 11, 2022

**Political Islam and crony capitalism in Sudan: A case study
of “Munazzamat al-Dawa al-Islamiyya”**

by

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Backgroundcont.

- The crony relationships that emerged due to the strong ties between the Islamists' regime and the private sector were not restricted to profits' maximizing activities as has been the case in most of the highly corrupt countries.
- It also comprehended charitable institutions particularly those engaging in business activities such as Islamic Call Organization or **Munazzamat al-Dawa al-Islamiyya** (hereafter abbreviated as MADA).
- According to MADA's Act of 1990, the key goal of the organization is to propagate Islam among Non-Muslims inside and outside Sudan.
- However, this seems to be not the case since the organization has engaged in a huge number of profit-oriented activities.
- According to **Wegdy Salih**, the spokesman of *Dismantling the 30th of June Regime, Fighting Corruption and Recovering the Stolen Funds Committee* (DFCRFC), the propagation of Islam represented only **5%** of MADA's activities.
- **Salih** added that the organization "was the arm of Islamists' regime" during its authoritative periods.

Study Objectives

- **Given this background**, the main objective of this study is to investigate the role of political Islam in stimulating cronyism with an eye on *MADA businesses* in the last three decades. Specifically, the study aims at:
 - Identifying the mechanisms through which MADA's businesses had dominated a large segment of the private sector in Sudan.
 - Estimating the share of MADA' companies in Sudan's economy
 - Examining the role of MADA in sustaining the Islamists' authoritarian rule.
 - Identifying what did Islamists regime/followers gain in exchange for the privileges they provided to MADA firms.

Munazzamat al-Dawa al-Islamiyya and Cronyism

- MADA was established in 1980 and registered under the Missionary and Religious Organizations Act 1962.
- In May 1990, the Islamists' regime issued a new act called the MADA's Act of 1990 to organize the mission of the organization and to give it more discretion to carry out that mission.
- As stated in that Act the key goal of the organization is to propagate Islam among non-Muslims. **However, the same Act granted MADA the right to run business activities and provided it with an unprecedented set of privileges.**
- Accordingly, MADA had engaged in a wide range of profit-oriented business activities. These include a set of companies working in many sectors including, contracting, agriculture, manufacturing, financing, and services.

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- In addition, MADA has many training and educational institutions such as the Foundation for Rehabilitation and Training of Preachers and the African Foundation for Education.
- The connection between MADA and the Islamists' regime raised many questions about the role it had played in the political affairs of the Republic of Sudan during the last three decades.
- Many have accused the organization of consolidating and facilitating the Islamists' rule the matter that entered the country in a chronic political and economic dilemma.
- Asharaf Abd-alaziz, the managing editor of Aljreeda newspaper, noted that there was an organic relationship between MADA and Islamists as they used to occupy leading administrative positions in the organization (Abd-alaziz, 2021)

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- The same argument has been confirmed by Rasha Awad who argued that “there is a strong relationship between the organization and the Islamists and that the organization, in one way or another, represented an arm for the Islamists (Awad, 2012). **Awad added that MADA played a crucial role in executing the coup which brought Islamists to power.**
- Opposing these points of views, Khalid Altigani, one of the MADA staff, believed that the emphasis should be directed to the role that MADA plays in helping the poor in Africa and that conformity between the organization and the ruling regime springs from the fact they share the same Islamic background (Altigani, 2021).
- According to Abd-alaziz (2021), having Sudan hosts its headquarters assisted MADA to acquire huge privileges during Islamists’ rule.

MADA's Engagement in Businesses

- Based on the Act of 1990, the government of Sudan granted MADA generous privileges and incentives to engage in the business sector.
- Following the issuance of that act, the numbers of firms owned and run by the organization had spiked dramatically, indicating the significant contribution of privileges and concessions provided by that act in strengthening the competitiveness and financial capabilities of MADA.
- The data collected from the Commercial Registrar's head office in Khartoum showed that before May 1990, the organization administered five business entities (see Table 3 below).

Table 3: List of the Companies Registered and Owned by MADA

Source: Commercial Registrar Office, Khartoum, May, 2021

#	Registration No.	Company name	Date	State	Status
1	2056	Dan Fodio Holding Corporation Ltd	4/11/1981	Khartoum	Name changed
2	2074	Tadamon Islamic Bank	28/11/1981	Khartoum	Working
3	2178	Islamic Investment (Sudan) Ltd	07/04/1982	Khartoum	Liquidated
4	2835	Islamic Development Company for Water and Drilling	14/06/1984	Khartoum	working
5	3248	Balsam Pharmaceuticals Ltd	5/1/1986	Khartoum	Working
6	5570	White Nile Development Holding Ltd	20/08/1991	Khartoum	deleted
7	5629	Ynabea Elkhair Endowment Ltd	19/09/1991	Khartoum	Liquidated
8	6025	African Bridges for Investment and Trade Ltd	5/3/1992	Khartoum	Working
9	6091	Alfajer Holding for Investment and Trade Ltd	7/4/1992	Khartoum	deleted
10	6204	Tasabeeh for Trade and Services Ltd	11/5/1992	Khartoum	Working
11	6205	Al-Makassed Pharmaceuticals and Chemicals Ltd	13/05/1992	Khartoum	deleted from record
12	6464	Dar Alzahraa International Ltd	4/8/1992	Khartoum	Working under

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Source: Commercial Registrar Office, Khartoum, May, 2021

#	Registration No.	Company name	Date	State	Status
14	6876	Ala'alemiat Charity Ltd	4/11/1992	Khartoum	Name changed
15	6889	International Firm for Production and Charitable Media Development	7/11/1992	Khartoum	deleted from record
16	6997	Um Ayman Charity for Trade and Serivce Ltd	30/11/1992	Khartoum	Working
17	7006	Saudi Sudanese Transport and Investment Co Ltd	1/12/1992	Khartoum	Working
18	7089	Almarafe Charity	19/12/1992	Khartoum	Working
19	8180	Madiniq Trading and Contracting Co Ltd	28/10/1993	Khartoum	under liquidation
20	9821	White Nile for Investment in Higher Education Ltd	7/11/1995	Khartoum	Working
21	9926	Tama Agricultural Co Ltd	21/12/1995	Khartoum	Working
22	10087	Berhaa Charity Ltd	27/02/1996	Khartoum	Liquidated

Table 3: List of the Companies Registered and Owned by MADA
 Source: Commercial Registrar Office, Khartoum, May, 2021

#	Registration No.	Company name	Date	State	Status
23	10164	Strategic Development Group Ltd	8/4/1996	Khartoum	Working
24	10449	Islamic International Investment Ltd	4/8/1996	Khartoum	deleted from record
25	11177	Danway for Roads and Bridges Ltd	5/4/1997	Khartoum	Working
26	12099	Symatic Investment Co Ltd	4/2/1998	Khartoum	Working
27	12590	Ansam International Ltd	11/7/1998	Khartoum	Working
28	16234	Almursi International Stores Co Ltd	14/02/2001	Khartoum	Working
29	16273	Albedaia Engineering Ltd	13/03/2001	Khartoum	Name changed
30	18110	Danfodio for Contracting, Roads and Bridges Ltd	20/03/2002	Khartoum	Working
31	18112	Danfodio Trading Ltd	23/03/2002	Khartoum	Working

Table 4: Profits and Inventories of Danfodio Companies by the End of 2019

Source: DFCRC, 2021, *Profits for half year of 2019

No	Company Name	Type of Activity	Profit (USD)	Inventory (USD)
1	Danfodio for Heavy Machines	Agency for selling excavators and loaders	12,213,294	7,028,000
2	Danfodio Automobile	Agency for selling cars (Agent for Isuzu cars), trucks and buses (Daewoo)	552,657	1,280,000
3	Danfodio agriculture	Selling agricultural machines/tractors	579,749	2,883,000
4	Danfodio Electric Works		239,483	-
5	After-sales Service	Maintenance for all of the above agencies	1,221,330	2,544,438
6	Al-Kanar Pharmaceutical company	Pharmaceuticals	550,010	-
7	Danfodio, Roads and Bridges Company	Roads and bridges (owns about 600 machines)	196,927*	6,000,000
8	Danfodio Petroleum Services Company	Oil upstream	541,345*	-
9	Madena Transportation Company (APRA)	Transportation	713,000*	3,480,000
10	Taiba Engineering and Contracting Company	Contracting and excavation	110,272	-
11	Danfodio for Advanced Industries (Soriba)	Producing of gables and masts	121,745	-
	Total		17,039,812	23,215,438

- According to DFCRC, MADA possessed a considerable amount of liquid assets (cash) in Sudanese banks. following DFCRFC's decision No. 156, all these accounts have been frozen. Table 5 below reports the amounts of cash that has been frozen in MADA's accounts in the Sudanese commercial banks.

Table 5: Bank's Accounts Recovered by DFCRC for the period 29/4/2020 to 25/8/2020

Source: DFCRFC (2020)

No	Firm Name	SDG	US dollar	Euro	UEA Dirham	Saudi Riyal
1	MADA	003,238,674,24	6,220,826	-		236,892
2	Danfodio petroleum	053,398,229	121	-	415,808	-
3	Abra transportation	698,441,195,2		-	059,148	-
4	Danfodio commercial	952,878,581	187,943,7	432,927	-	-
5	African council for education	828,985,650	-	-	-	-
6	Danfodio Contracting	059,708	69,848	459,997	-	-
7	Al-Kanar	324,354,231,5	845,051,2	-	-	-
8	Tayba contracting	128,610,174	-	-	-	-
9	Child city	328,77,24	-	-	-	-
	Total	399,092,741,33	15,286,975	891,924,1	474,956	892,236

- Indeed, MADA has benefited from the incentives granted by the Act of 1990.
- According to Salah Manaa, a member of DFCRC, the Dan Fodio Group was completely controlling Sudan economy during al-Bashir regime.
- He added that due to its connectedness with the ruling regime, Dan Fodio Group used to get 1 percent of foreign loans from Chinese banks to Sudan through the organization's office in Korea and Beijing (DFCRC, 2020).
- According to Manaa, the Dan Fodio group acted as an incubator from which the engineers of the former regime's security apparatus were graduated including Salah Gosh, Kamal Abdel Latif and Mohamed Atta.
- The three of them have served as directors of **the National Intelligence and Security Service**, which has long been accused of committing acts of torture and unlawful killings during the Islamists' rule.

MADA's Mechanisms to Penetrate into Business Sector

1 Tax exemptions

- The MADA Act of 1990 provided its businesses with unlimited tax exemptions.
- The tax paragraph (**Article 11**) stated that the organization and its fixed and variable assets, income, and other properties should be exempted from all taxes, duties, and fees be imposed by the government of Sudan, the governments of states, and localities.
- The Act also stressed that there should be no restrictions on imports and exports in the case of goods imported or exported for MADA's official uses (**Article 11**).
- Moreover, the Act argued that all goods, materials, equipment, machinery, and vehicles imported or exported by MADA's businesses are exempted from customs duties (**Article 11**).

2 Financial freedom

- Along with tax exemptions, the Act of 1990 granted MADA absolute freedom to conduct financial transactions making its firms financially unconstrained compared to PUFs.
- In this regard, the Act stated that MADA has the right to hold cash in the various hard currencies and that the organization can manage its accounts in any currency (**Article 10**) .
- Furthermore, the Act gave MADA the right to transfer deposits and cash to and from other countries and to benefit from the best currency rates determined by the Central Bank of Sudan when purchasing foreign currency (**Article 10**).
- This indicates that the Act granted the organization the full financial freedom to deal with hard currencies the matter which was strictly prohibited for other business entities.

MADA's Mechanisms to Penetrate into Business Sector

3 Access to Land

- Under the 1990 Act, MADA had the right to access lands to develop or initiate businesses. It has been clearly stated in the Act that “if the organization wishes to access land it should request it directly from the government of Sudan where the latter is obliged to respond” (**Article 18**) .
- Accordingly, MADA had granted many first-class lands, particularly, in expensive areas and sites in Khartoum and other states.
- In its decision number 156, the DFCRFC confiscated dozens of land plots with market values that worth more than 350 million USD.
- Table 6 below depicts the area, site and purpose of lands plot owned by MADA and being confiscated by the DFCRFC.

Table 6: Plots of Lands owned by MADA and confiscated by ERC in Khartoum state

Source: DFCRFC (2020)

No	Reg. no	Block	Area	Area in square meter	Purpose of use	Estimated market value in (USD)
1	461	65	Al-ryiad	114940	Baby Garden/investment	126434000
2	52	14	Alryiad	4950	Investment tower	5445000
3	65	15	Al-ryiad	16480	5 flours, headquarter of MADA	18128000
4	3/411	65	Arkwuait	127050	Child City/ investment	88935000
5	5	7/8	Dium East	1500	Danfodio building	6000000
6	63	7	Bahri	6112	Workshop/ storage	2444800
7	7/A	5	Bahri	3000	Warehouse	1200000
8	167	2	Kafori	2135	Warehouse	12081000
9	379		Alragi	7924	Abra Company	5546800

Table 6: Plots of Lands owned by MADA and confiscated by DFCRFC in Khartoum state

Source: DFCRFC (2020)

10	1288	30	Al-Azhari	10270	Taiba Company	250000
11	220	29	Al-Azhari	400	Taiba Company	80000
12	219	29	Al-Azhari	400	Taiba Company	80000
13	1291	30	Al-Azhari	10010	Taiba Company Garage	202000
14	24	19	Al-ryiad	500	Alrashideem tower	550000
15	2/531	17	Umabbada	600	Omdurman mission	120000
16	1309	30	Mayio	79952	Warehouse	11922800
17	1262	3/2	Omdurman	11700		4680000
18	157	28	Bahri	9000	Schools/buildings	2250000
19	691	7	Sharag Al- nil	34200	Sharag Al-nil mission +investment	6840000
20	292	37		750	World health institution building	375000
21	299/3	34	Al-Emitdad	87808	African building society	43904000
Total						337,468,400

- In addition to the above reported residential land plots, MADA was found to possess huge areas of land in the rest of the Sudanese states.
- According to DFCRFC, the organization owned 7 lands properties in Kassala State, 12 properties in Northern State, 7 properties in Central State, four properties in West Kordofan, 26 properties in South Kordofan, two properties in Blue Nile State, four properties in South Darfur, and two properties in West Darfur State (DFCRFC, 2021).
- Since these land plots had been used for profit-oriented businesses, one can easily conclude that the presence of MADA's privileged firms in these states would intensify the burden on the infant businesses.
- Moreover, the African Foundation for Private Education, one of the MADA largest firms, was found to possess 31 land properties most of them, as shown in Table 7 , are located in Khartoum (DFCRFC, 2021).

Table 7: Land properties owned by African Foundation for Private Education

Source: DFCRFC (2020)

No	Number of land plots	Block	State /City	Area in square meter	Purpose of use	Estimated market value in USD
1	14	-	Khartoum	58400	Investment	11680000
2	4	-	Port Sudan	2100	Investment	525000
3	3	-	Gadaref	11950	Investment	2390000
4	5	-	Gezira	13454	Investment	3363500
Total						17,958,500

4. Regulatory exemptions

- MADA had benefited greatly from the boundless regulatory exemptions to overtake a considerable share in business firms.
- The Act granted foreign employees and workers in MADA's firms both diplomatic and legal immunity making them above prosecution from all Sudanese laws (DFCRFC, 2020).
- According to that Act, foreigners employed with the organization are free to move from one place to another and are exempted from all Sudanese immigration Acts (**Article 15**).
- In addition, the MADA's statute stipulated that the vehicles and buildings belong to the organization should be exempted from all legal procedures and would not be subject to confiscation without permission from the organization (DFCRFC, 2020).

The Share of MADA Businesses in Private sector

- The lack of accurate data and the ambiguity surrounded MADA businesses make it difficult to predict the precise values and the size of MADA's businesses.
- The strong political and ideological connections between the 30 of June regime and MADA discouraged the process of preparing well-structured data on business activities.
- This argument may interpret the existence of cronyism wrapped with MADA activities and businesses. However, despite the lack of accurate data on the actual size of its businesses, the privileges arranged for MADA made it one of the biggest investors in Sudan economy during the Islamists' regime.
- Based on some information and data collected via interviews, the market value of the total assets owned by MADA can be estimated and presented in the following table:

Table 8: Estimated total value of assets owned by MADA
 Source: compiled by authors based on DFCRFC(2020) and brokers' estimates

No	Item	Estimated value (USD)
1	Land	355426900
2	Buildings	-
3	Machines and equipment	10148000
4	Vehicles	-
5	Companies assets	-
6	Cash in banks	16280975
7	Inventories	23215438
Estimated total assets		405,071,313

- As can be indicated from Table 8, the data on the actual values of buildings, vehicles, companies' assets which represent the bulk of MADA's assets were not available.
- The values of lands, machines, and equipment, cash in banks, and inventories were obtained based on estimation. These estimated assets valued, approximately, 405 million USD signifying the hugeness of the MADA's businesses.
- The total value of these assets, excluding buildings, vehicles, and companies' assets, represents roughly 0.62% of the country's GDP, 1.93% of industrial value-added (including construction), and 4.26% of the country's total exports.
- These percentages reflect the dominance of MADA businesses over both the private sector and Sudan economy. This also demonstrates the role had been played by privileges granted to the organization. According to the data reported in the table, the lands captured the lion's share in the total value of the assets owned by MADA.

The Role of MADA in Sustaining Islamists' Authoritarian rule

- MADA provided Islamists cadres with jobs in exchange for the privileges provided to its firms.
- The evidence informs that all job opportunities and training in MADA were confined to those who listed among Islamists membership. Currently, MADA employs a large number of employees most of them were Islamists (Awad, 2021).
- Likewise, Abd-elaziz pointed out that MADA had restricted the jobs it offered to Islamists and the followers of NCP (Abd-alaziz, 2021).
- This made the organization act as an important platform for empowering Islamists through confiding jobs for those who have concrete loyalties to the regime.

Dissolution of MADA and the Confiscation of its Businesses

- Based on the Law of Dismantling the 30th of June 1989 Regime, the DFCRFC has dissolved MADA and confiscated its assets in April 2020.
- The DFCRFC's decision 156
- In its conference press held to announce the dissolution of MADA, the DFCRFC claimed that the organization played a major role in completing the 30th of June 1989 coup.

- In its conference press held to announce the dissolution of MADA, the DFCRFC claimed that the organization played a major role in completing the 30th of June 1989 coup. The committee also argued that MADA used to support and consolidate the Islamists' regime and, thus, it has been accused of aborting the process of democratization in the country (DFCRFC, 2020).
- Salah Manaa, a member of DFCRFC, added that the organization's premises had represented the safe haven in which the Islamists-leaning coup was planned and the place where the first proclamation of the coup was recorded (Manaa, 2020). Wagdy Saleh, the official spokesman of the DFCRFC argued that the MADA's Act of 1990 granted the organization broad powers that go beyond those granted to executive departments of the state (Saleh, 2020).

- The most “astonishing fact”, according to him, was that the organization has no general assembly to discuss and decide on its activities (Saleh, 2020).
- According to Wagdy it is also puzzling that the MADA’s statute states that the organization’s board of trustees consists of 50 members, 10 of whom are non-Sudanese (Saleh, 2020).

Concluding Remarks

- This chapter investigates the role of political Islam in stimulating cronyism in the Sudanese context with an emphasis on Munazzamat al-Dawa al-Islamiyya (MADA) businesses during Islamists' rule (1989-2019). The study focuses on the mechanisms through which MADA's businesses had dominated the private sector and sustained the Islamists' authoritarian rule.
- The chapter also examines the extent to which the regime's affiliates had gained in exchange for the privileges they provided to MADA.
- The analysis is based on data and information collected via desk review and key informants' interviews. The analysis indicated that even though that the main goal of establishing the organization was to propagate Islam among non-Muslim societies, however, this mission was found to be representing a negligible part of its activities. MADA engaged intensively in business and its size increased remarkably during al-Bashir's regime.

- The investigation shows that MADA has disproportionately benefited from privileged access to credit, tax breaks, trade protection, land, and preferential financial transactions granted via the Act of 1990.
- As a reward for these privileges, Islamists received many gains from MADA, including job opportunities, training of cadres, and continuous political support.
- Despite the lack of data, the analysis approves that the rise of radical Islamists' ideology stimulated the emergence of cronyism in Sudan.
- This indicated that MADA played an important role in lengthening Islamists' rule for three decades and, thus, represents a pioneering experiment in the field of Islamist politics over the globe.