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Strengthening the humanity and dignity of people in crisis through knowledge and practice



TRADE & MARKETS IN DARFUR

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Outline

- Background: the importance of trade and purpose of our work
- Overall constraints to trade (policy-related)
- The impact of conflict on trade in Darfur: livestock and cash crops
- Emerging economic opportunities
- Opportunities for peace-building?
- Policy & programming recommendations

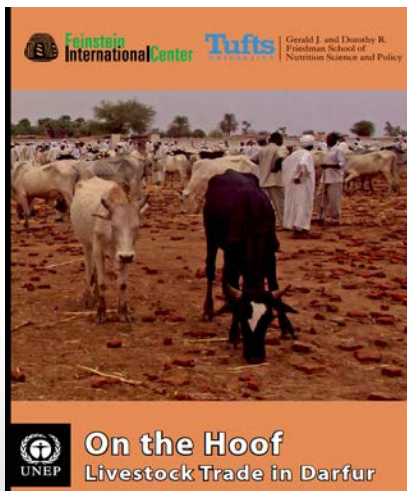
Why is it important to understand trade?

- Trade – the ‘lifeblood’ of Darfur’s economy and of livelihoods
 - includes long-distance trade, and trade within Darfur
- Trade – a key point of connection between different livelihood groups, and an important factor in building social ties
- National significance of Darfur’s livestock and cash crop economy:
 - Darfur accounts for estimated $\frac{1}{4}$ to $\frac{1}{3}$ of Sudan’s livestock resources post-secession
 - Darfur produces around $\frac{1}{3}$ of the national groundnut harvest (very little exported)
 - Darfur provides at least 30% of the gum arabic traded in Sudan
- The importance of understanding the wider economy/ the bigger picture in a protracted crisis



Our work

- Tufts and DRA's trade & markets programme: tracking how trade has been impacted by the conflict and other factors, through:
 - Ongoing market monitoring by DRA
 - Periodic in-depth studies: livestock and cash crops (groundnuts, sesame, gum arabic, tombac and oranges)
- Contribution of this work:
 - Understanding conflict dynamics through trade
 - Understanding the impact on rural livelihoods through trade
 - In a contracting economy, identifying areas of potential economic opportunity
 - Providing early warning through market monitoring



Overall constraints to domestic and international trade in Sudan

- Government policy:
 - livestock traditionally emphasised animal health rather than production and marketing
 - little attention paid to agricultural policy, esp for rainfed sector, until recently
- Declining competitiveness of Sudan's exports in international markets:
 - exchange-rate related
 - globalization of trade regimes -> increasingly strict regulations that Sudan struggles to meet eg livestock
 - generally unable to meet international standards eg groundnuts, sesame
- Lack of access to affordable credit

How has conflict impacted on Darfur's livestock trade?

INCREASING RISK

• Early on:

- looting of livestock and distress sales: livestock a liability
- many livestock traders left the business: bankruptcy or switching to less risky trade eg groundnut trade

• Decline in the number of livestock traders:

- increased risks
- need more capital
- drop in livestock numbers

• Overall contraction in the livestock trade – of 40 to 50%?

• Deteriorating quality of livestock



How has the livestock market network changed and adapted?

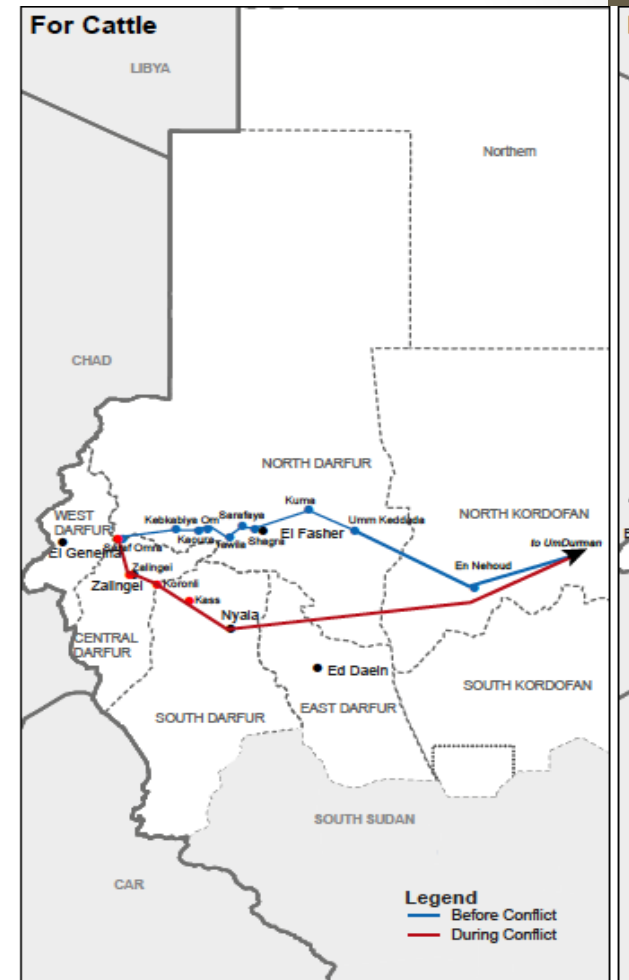
ALSO EXAMPLES OF RESILIENCE

- Constantly shifting trading activity according to conflict dynamics eg Fora Boranga, although closure of many primary rural markets across Darfur
- Shift in market activity from insecure secondary markets to more secure markets:
 - eg Seraf Omra – now centre of camel trade in N Darfur



How have trade routes and trekking 'on the hoof' changed?

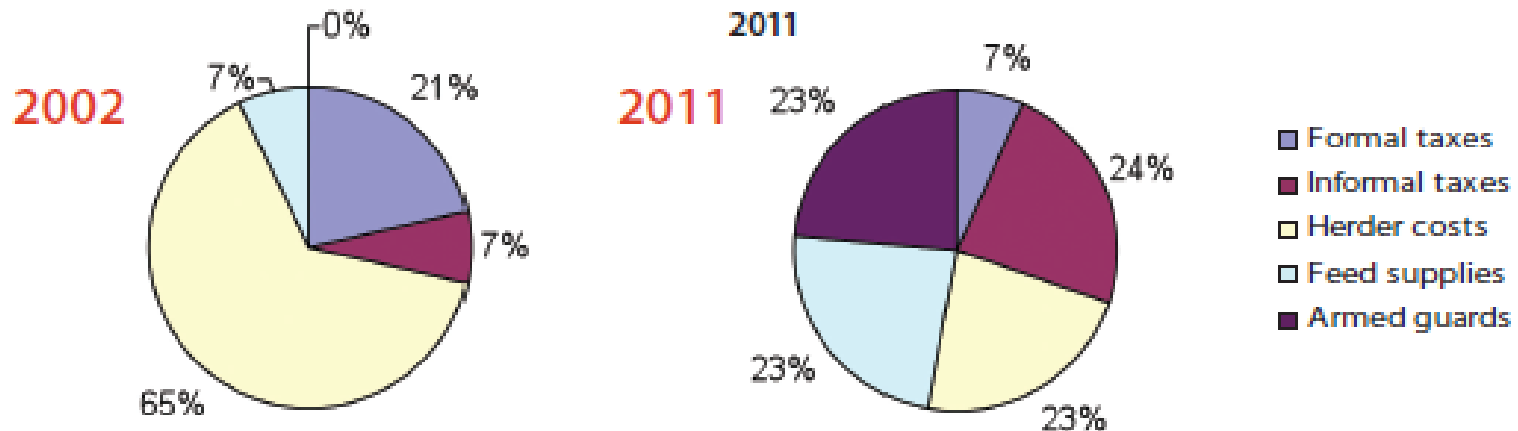
- Indirect and circuitous trade routes replacing direct routes because of insecurity
 - eg Geneina to Omdurman, used to take 45 to 60 days, can now take up to four months
- Reducing the number of animals moving in one herd to reduce risks
- Employing armed guards to protect the herd
- All adaptations have increased transport costs



Rising trading costs

- Costs of trading livestock increased by 100 to 900% between 2002 and 2011:
 - costs of protecting livestock herds: armed guards and checkpoint fees
 - soaring formal taxes, yet not invested back in improved infrastructure and services
 - capital tied up for weeks or months

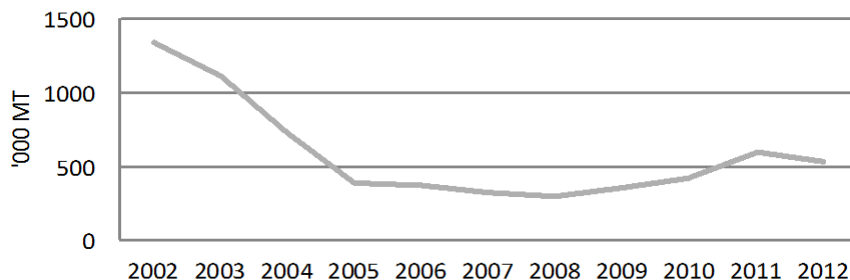
Trading costs for cattle traders from El Geneina en route to the Omdurman market, comparison between 2002 and 2011



How has conflict impacted on the cash crop trade

- For most cash crops, production fell by about 40 to 50%. NB some crops more 'conflict-sensitive' than others eg groundnuts vs sesame
- Declining volume of trade
- Deteriorating quality: shelling by hand in rural areas & use of plastic sacks contributing to high rates of aflatoxin
- Declining number of large-scale traders and rising number of small-scale

**QUANTITY OF UNSHELLED
GROUNDNUTS TAXED AT THE NYALA
BORSA PER ANNUM**



Common trends during a decade of conflict

- Impact of urbanisation and high transport costs -> shift from long-distance trade to meeting demand within Darfur's urban areas eg sheep trade, trade in groundnuts and groundnut oil
- High levels of taxation
- Deteriorating quality
- Yet economic opportunities associated with shifting settlement pattern

Economic opportunities: a new market for groundnut by-products

- Consequence of urbanisation:
 - Groundnut cake: for livestock and poultry fodder:
 - rise in price in Nyala of 300% during last 10 years
 - Groundnut leaves for fodder
 - Groundnut shells: for poultry feed, in brick-making & as fuel
 - rise in price in Nyala of 800% during last 10 years



Economic opportunities: livestock-related

- **An emerging meat industry within Darfur:**
 - a consequence of rapid urbanisation during the conflict years
 - growing demand for meat, rising prices to Khartoum levels
- BUT Darfur has only one abattoir, functioning intermittently in Nyala...

- **Trade in hides & skins:**
 - increased during the conflict years, esp to West Africa
 - rapidly rising prices in last 5 years

Building bridges through trade

- Examples of increased local cooperation to maintain trade eg camels from Seraf Omra to Libya and to Egypt
- Surprisingly, thriving orange trade from Jebel Marra across conflict lines:
 - trade agreements to maintain livelihood strategies
- Opportunities for peace-building?



Recommendations: federal level

- Review impact of taxation on trade and reinvest revenues in market infrastructure
- Unify the exchange rate
- Making credit available and accessible, to traders and farmers
- Create a conducive policy environment: learning from the gum arabic sector
- Darfur-specific: improved transportation and market infrastructure

Recommendations: livestock-related

- Formulate a strategy for developing the meat industry in Darfur, for the domestic and export trade (to involve all 5 states and Darfur Regional Authority) :
 - a) developing Darfur's abattoir capacity
 - b) cold storage and improved air transportation
 - c) developing processing facilities for by-products
 - d) ensuring small-scale livestock producers benefit as well as larger-scale producers
- A feasibility study for expanding the leather industry in Darfur (gender implications)
- Improved market infrastructure, especially in more secure and thriving livestock markets

Recommendations: cash-crop related

- Pay greater attention to production end of the value chain, especially for groundnuts: research & extension
- Explore feasibility of establishing a strategic reserve for groundnuts
- Nationwide campaign to reduce aflatoxin AND reward quality in the market eg pay a premium for high-quality, aflatoxin-free groundnuts
- Improved packaging eg groundnuts, gum arabic, oranges
- Training and support to the 'new' agro-processors of groundnuts to improve quality, and in the longer-term
- <http://sites.tufts.edu/feinstein/2011/market-monitoring-in-darfur>