

Trade and Market Bulletin North Darfur

Darfur Development and Reconstruction Agency



Covering the Quarter June to August 2011 • Vol. 1, No. 3 • www.dra-sudan.org • mohamedharoun12@yahoo.com



Highlights

- Cereal prices have started to rise during this quarter in anticipation of a poor harvest after the inadequate rainy season in most of North Darfur. This trend has been exacerbated by the overall increase in food prices in Sudan in recent months.
- Livestock prices are also rising. Although this is normal in the rainy season it has been exacerbated in El Fasher because of a collapse in the cattle trade between Nyala and El Fasher, as government encouraged the export of meat by air from Nyala in July and August. Cattle and meat prices in El Fasher increased substantially as a result.
- The price of most cash crops has risen, again because of expectations of a poor harvest. The price of groundnut oil has risen substantially since WFP stopped distributing cooking oil as part of the food aid ration.
- The lack of processing facilities (and support for off-season farming) for perishable commodities such as tomatoes results in very high seasonal price differences. The price of tomatoes in El Fasher market has increased more than 800% over an eight-month period, from SDG17 per 20 kg box in January to SDG160 per box in August.
- Thousands of people have been drawn into opportunistic gold prospecting in North Darfur, especially in Kutum and Um Kaddada localities. This may have drawn some men away from farming. The full impact of this 'gold rush', including the impact on local markets by pushing up food prices, deserves further investigation.
- There has been some improvement in road access between El Fasher and Nyala although travel times and costs have increased as convoys are now escorted by the military.

Background and methodology

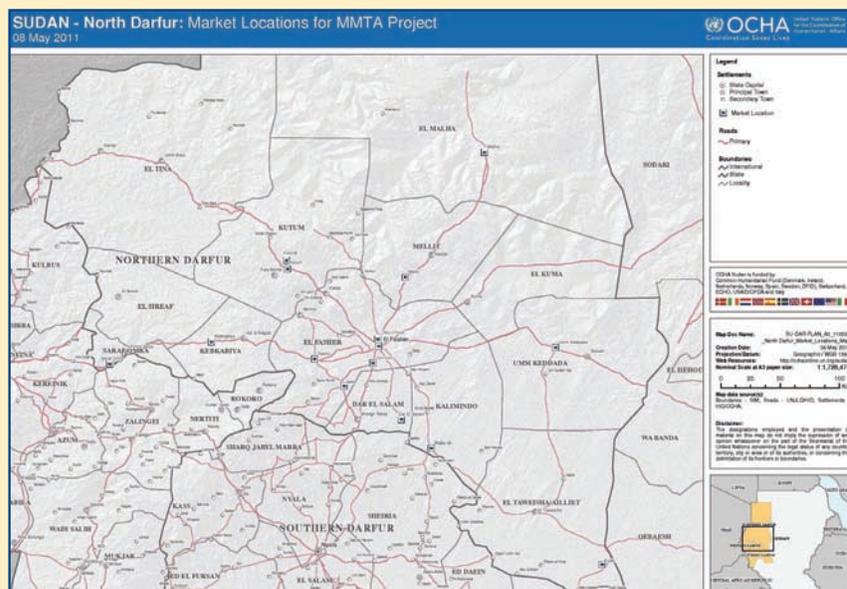
The goal of this community-based market monitoring initiative is to deepen analysis and understanding of the shifting patterns of trade and markets in Darfur, on an ongoing basis for key agricultural and livestock commodities, to identify how livelihoods and the economy can be supported through trade, and to identify peace-building opportunities through trade. Seven CBOs plus DRA are monitoring 15 markets across North Darfur, including three markets in IDP camps, on a weekly basis. Quantitative data, for example the price of Darfur's main cereals, livestock, cash crops and fruits and vegetables are collected weekly as well as qualitative data, for example on sources of supply. Some data are collected on a monthly basis, for example transport costs, transport routes and the impact of the conflict on flows of commodities. DRA holds quarterly analysis workshops with the CBO enumerators.

Participating CBOs and the markets they monitor

EVNRHD	El Fashir, Tabit, Tawilla, and Wadda
KEADS	Kutum and Kassab
KSCS	Kebkabiya and Saraf Omra
URDP	Um Kadada and El Lait
DRA	Abu Shook and ZamZam camps
SAG	Mellit
DWDA	Dar Alsalam
Buzza	Malha



This project is funded by the European Union



Trade and Market Bulletin • North Darfur

Covering the Quarter June to August 2011 • Vol. 1, No. 3 • www.dra-sudan.org • mohamedharoun12@yahoo.com



Sudan's loss of foreign exchange from oil post secession. This has caused price rises for many commodities, especially food. In August the inflation rate in North Darfur is estimated to be over 20%¹. Figure 1 shows the upwards trend in millet prices in 2011 compared with the downwards trend in the same quarter in 2010. There are two exceptions to this upwards trend in 2011: in Malha and Um Kaddada markets. See Figure 2. Malha market is supplied with millet from Omdurman where cereal prices have been rising but not as fast as in North Darfur. Um Kaddada is one of the few areas which had better rainfall in 2011 so the harvest prospects are more promising.

Cereals

Cereal prices have started to rise during this quarter, for a number of reasons. First and foremost the 2011 rainy season has been poor across most of North Darfur. The rains started late, in mid- August for many areas instead of early July, and a poor cereal harvest is anticipated. This is encouraging households to hold onto their cereal stocks and may also be encouraging some speculative hoarding by traders. The rise in global food prices has also had an impact, and especially the devaluation of the Sudanese pound against the dollar, in turn related to

Changing patterns of food aid distribution may have had a localized impact on food prices in some markets, but this requires further monitoring and analysis. The introduction of WFP's food voucher system (whereby beneficiaries receive vouchers that they can redeem for selected food items in local shops) to replace food distribution in-kind has been piloted in Saraf Omra since July and may have contributed to rising cereal prices in Saraf Omra market and in Kebkabiya market. See Figures 3a and 3b. The voucher system is also being piloted in the camps around El Fasher: Abu Shouk, Zamzam and Al Salam camps.

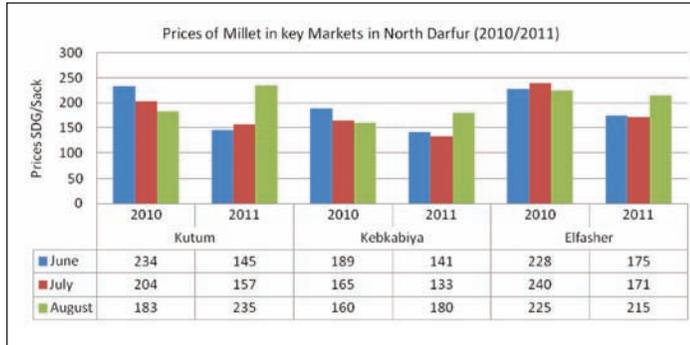


Figure 1: Millet prices in June to August, 2010 and 2011

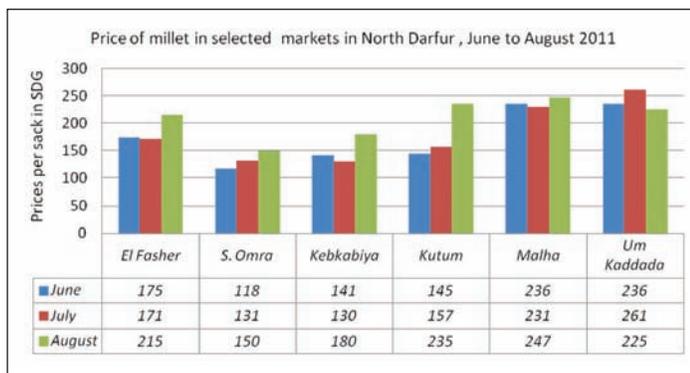
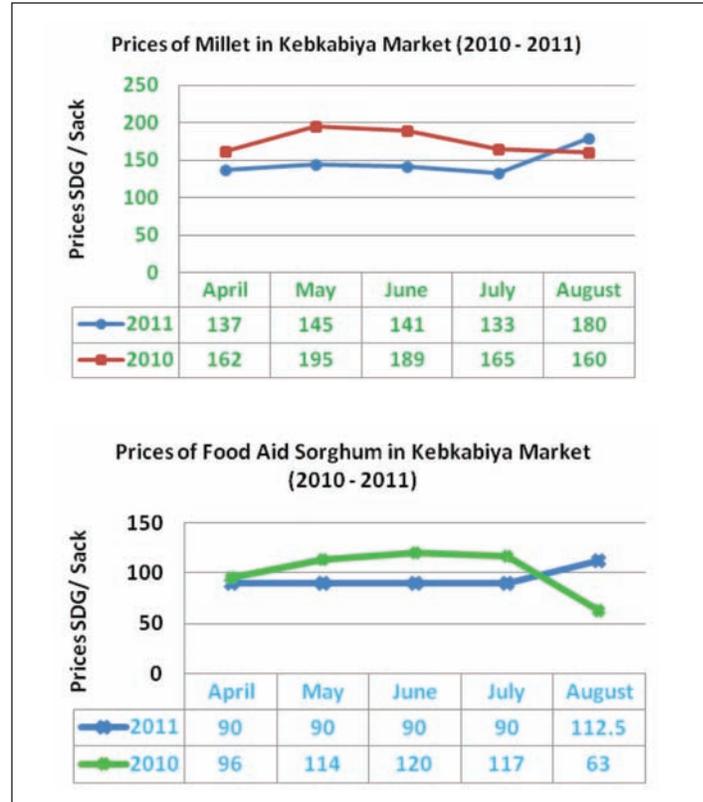


Figure 2: Millet prices in North Darfur, June to August 2011



Figures 3a and 3b: Millet and food aid sorghum prices in Kebkabiya, 2010 and 2011

¹ Source: Sudan's Central Bureau of Statistics

Trade and Market Bulletin • North Darfur

Covering the Quarter June to August 2011 • Vol. 1, No. 3 • www.dra-sudan.org • mohamedharoun12@yahoo.com



Livestock

Overall, livestock prices have increased this quarter. This is the usual pattern in the rainy season when most livestock herds are moved far away from the main market towns in pursuit of water and grazing resources. However, price rises for some livestock have been exacerbated in this quarter of 2011 mainly because of the impact of recent government policy to promote meat exports to the Middle East to replace lost oil revenues since the secession of South Sudan. This was a key factor in triggering a 50% rise in cattle prices in August 2011 in El Fasher as the state government of South Darfur – South Darfur is one of the main sources of cattle to El Fasher market – promoted the export of meat by airplane from Nyala and prohibited the sale of meat from Nyala to El Fasher. This negatively affected the movement of cattle from Nyala to El Fasher market. (Technical problems in the abattoir temporarily ceased meat exports from Nyala in September and the cattle trade between Nyala and El Fasher resumed, causing cattle prices in El Fasher market to fall). Other factors triggering high livestock prices during the conflict years

are (1) insecurity around many of Darfur's main market towns which means that livestock herders rarely stay close to the towns for long, negatively affecting the supply of livestock to the market, and (2) the concentration of livestock ownership in the hands of a few as many households have lost or sold most of their animals.

As reported in the last bulletin, the camel trade to Libya was still suspended during this quarter. To some extent the negative impact has been offset by the resumption of the camel trade between North Darfur and Egypt.

As both cereal prices and livestock prices have risen during this quarter, the terms of trade between these two commodities have remained remarkably stable in some markets, for example in Malha and Um Keddada, compared with early in 2011 (see bulletin 1), and have actually increased in El Fasher and Kutum as livestock prices have risen faster than cereal prices. See Figure 4.

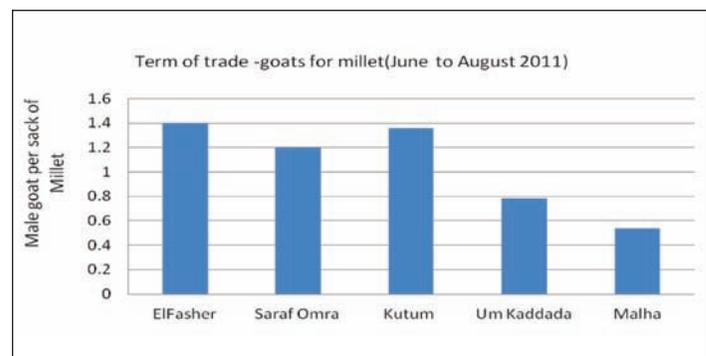


Figure 4: Terms of trade - goats for millet (June to August 2011)



Transportation: access and costs

There has been some improvement in access between El Fasher and Nyala between June and August although vehicles are now travelling in convoys escorted by the military three days per week. This has increased the travel time for this route to one full day, sometimes two, despite the fact that the distance is only 205 kilometers; the transport costs have continued to rise inhibiting trade. There has also been a change to the route, which now passes through Tabit to avoid Abu Zieraga.

Another route has opened up during this quarter, between Kebkabiya and El Fasher. The most direct route through Kawra remains closed, but the road through Eid Elnabag, Totani, Aish bara and Korma, which had been closed since 2004, opened in July 2011 to small vehicles. This also facilitates the movement of livestock.

Trade and Market Bulletin • North Darfur

Covering the Quarter June to August 2011 • Vol. 1, No. 3 • www.dra-sudan.org • mohamedharoun12@yahoo.com

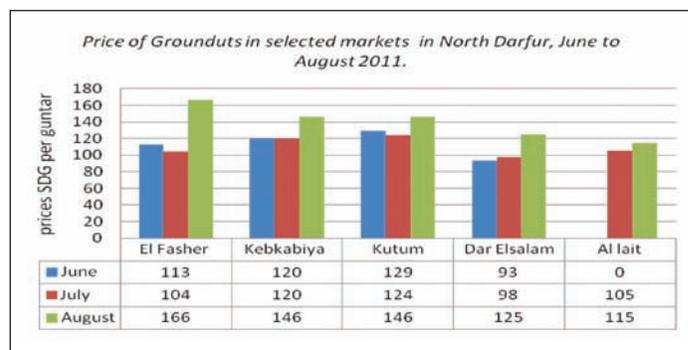


Figure 7: Groundnut prices in North Darfur, June to August 2011

Cash Crops

The overall trend in cash crop prices has been upwards during this quarter, in part reflecting the poor rainy season and its anticipated negative impact on the harvest. Figure 7 shows this trend in prices for **groundnuts**. Groundnut prices have risen partly because a poor harvest is anticipated, but also because WFP stopped distributing cooking oil in the food aid ration in the first quarter of the year, January to March, which has pushed up demand for local groundnut oil and hence groundnut prices. However, the groundnut mills that are still functioning in North Darfur, for example in El Fasher, have operated intermittently during the conflict years because of a shortage of groundnut

supply from within the state. (North Darfur has long been dependent on imports of groundnuts from other states in Sudan as well). Table 1 shows the steady rise in the price of groundnut oil since May 2011. Over a five month period the price has risen by over 80% in Kebkabiya market.

In contrast to the last quarter, **tombak** prices have also started to rise during this quarter, a trend that would not normally be expected at this time of year. Depressed production is expected because of delayed wadi flows, encouraging tombak producers to withhold sales in anticipation of continued price rises.

Location:	May	June	July	August	September
Kutum <i>Price per 18 liter jerrycan</i>	110 SDG	185 SDG	210 SDG	210 SDG	200 SDG
Kabkabiya <i>Price per 18 liter jerrycan</i>	130 SDG	150 SDG	160 SDG	175 SDG	200 SDG

Table 1: The price of groundnut oil in Kutum and Kebkabiya markets, May to September 2011

Prospecting for gold in North Darfur

There has been some population movement related to the 'gold rush' in North Darfur, especially to Um Keddada locality in Ummgozane, and in Kutum locality in Abdulshakoor (40 km from Kutum), Khormagdie (35 km from Kutum), and in Dawaa near Fatabarno as opportunistic prospectors search for gold. This has mostly drawn young men from the greater Darfur region and beyond, seeking to make money. This may have negatively affected the numbers engaging in farming this season, for example in the Kutum area, and it has had an impact on local markets where demand for food from gold prospectors has pushed up prices. Some farmers, discouraged by the poor agricultural season may see gold prospecting as an alternative way to generate income.

Trade and Market Bulletin • North Darfur

Covering the Quarter June to August 2011 • Vol. 1, No. 3 • www.dra-sudan.org • mohamedharoun12@yahoo.com



Fruits and Vegetables

The price of tomatoes has continued to rise since the last quarter, especially in August – see Figures 5 and 6 – except in Kebkabiya where tomatoes are irrigated. Although they are also irrigated in Kutum, production in this area appears to have been badly affected by pest infestation. The high price variation for tomatoes throughout the year is indicative of seasonal production in most areas, the perishability of the crop, and lack of processing facilities.

In contrast, the price of onions which are less perishable has remained remarkably stable during the quarter. The poor rainy season has also triggered overall price rises in dried okra and dried tomato.

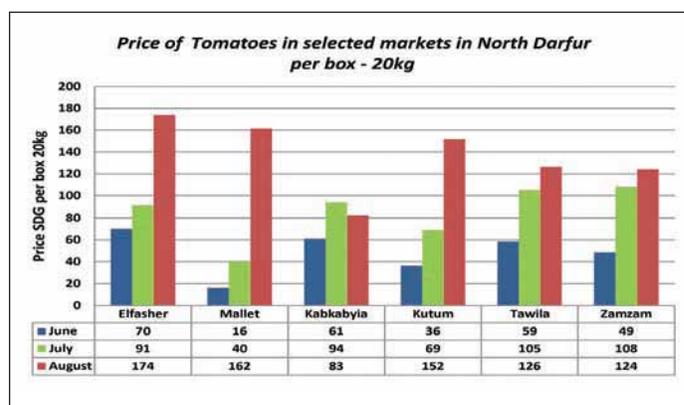


Figure 5: Tomato prices, North Darfur, June to August 2011

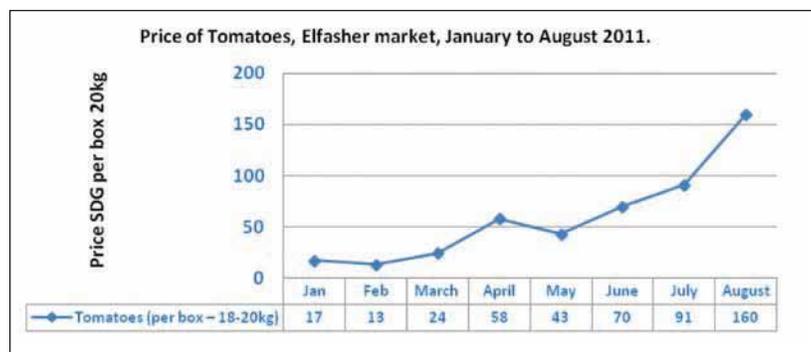


Figure 6: Price of tomatoes in El Fasher market, January to August 2011



Gerald J. and Dorothy R. Friedman School of Nutrition Science and Policy



United Nations Environment Programme



This project is funded by the European Union

Advisory support: Feinstein International Center, Tufts University, funded by UKAid from the Department for International Development through the United Nations Environment Programme

Ministries with which DRA has a technical agreement in North Darfur:

1. Ministry of Finance and Economy and Civil Service
2. Ministry of Agriculture and Irrigation
3. Ministry of Animal Resources and Fisheries