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PRIVATE SECTOR REVIEW IN WESTERN SUDAN

Final Report

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Summary and Conclusions

i- The areas of Southern Kordofan and Darfur command substantial resources and significant development potential, particularly in agriculture. The sheer size of the regions ensures a variety of climates, rainfall and types of soil. Average annual rainfall is between 400-500 mm and the soils range from sandy to sandy loam to heavy clays. This renders the area suitable for the cultivation of a variety of crops ranging from groundnuts in the sandy soils to rainfed cotton in the heavy clay soils. Agriculture is therefore the major occupation of the private sector in both Southern Kordofan and Darfur. However, small scale farmers using traditional methods and primitive cultural practices and producing mostly for subsistence are predominent in the sector.

ii- Besides crop production, the private sector is also engaged in the growing of horticultural crops-a relatively new activity - as well as in livestock prodcution. Livestock is characteristic mainly of the nomadic tribes who wander around during the year in search of water and pastures for their animals.

iii- The private sector is also active in the fields of road transport, mainly in the form of owners- operator lorries that attempt to link production areas with the major markets in the regions. They usually travel on extremely bad roads increasing the wear and tear on their vehicles. Besides hauling produce, these lorries carry strategic consumer goods to the far flung villages. Some transport companies have recently sprung up in the two regions, but they mainly serve as a link between the major towns such as El Obeid and Nyala and Khartoum and Port Sudan.

iv- There is also some private sector activity in the manufacturing sector. However, manufacturing activity remains in its infancy and is basically small scale. Most of the existing industries are oil seed factories, decorticators and mills and soap factories.

Some primitive tanneries also exist. A number of workshops to service the needs of the local lorry drivers and for the production of primitive agricultural implements also exist.

v- Trade and commerce are important private sector activities. Trade in cash crops is by far the leading activity with emphasis on groundnuts, sesame dura and gum arabic. Trade in these crops is however, export oriented either to other parts of the country or to international market.

vi- A number of private sector institutions and associations exist together with a variety of public sector corporations. In agriculture, both Cooperative Societies and Farmers Unions exist side by side. However, neither of these institutions are effective at the moment. Although cooperative societies hold promise for growth and development, the lack the necessary public support and basic facilities limits their penetration and ability to serve the needs of the members. Farmer Unions, on the other hand, receive public support but are viewed with suspicion by many farmers. This basically places severe limitations on their current and future effectiveness. Along side these, a number of public sector institutions - the Nuba Mountains Agricultural Production Corporation, The Mechanized Farming Corporation in Kordofan and The Jebel Mara Rural Development Corproation and the Western Savanah Development Corporation in Darfur- also exist, but their activities are project or area limited. However, the Consultants feel that the influence of the Nuba Mountains Agricultural Production Corporation may have had negative effects on the production of rainfed short staple cotton. [illegible] pricing policies and levels of charges for services provided and their effects on production require careful evaluation.

In other sectors, unions of Transport Merchants exist but they are only active in some major towns and tend to concentrate their activities in addressing only the most pressing problems of their members. Very little by way of institutions was found in the manufacturing sector. In the field of trade, Chambers of Commerce do exist in the major town, but their activities are very limited both in scope and geographical coverage.

vii- A number of major problems constrain the activities of the private sector and its contribution to the local and the national economy. There is hardly any public sector support for private activities particularly in the field of the creation of the basic infrastructural framework in which private activity can take place. There are also major problems in the areas of pricing of commodities and services, organized marketing, storage, input distribution etc. Transport and transport facilities and communications are woefully inadequate. The end result is to further the isolation of production centres and limit the possibilities for the production of marketable surplus and confine production to subsistence needs. Capital, both fixed and working capital, is also very scarce and the existing financial sector -limited as it is-mainly finances short term commercial activities. The Agricultural Bank of Sudan (ABS) has some presence but it is very limited. On the other hand the Industrial Bank of Sudan (IBS) is perhaps most notable for its lack of activity.

viii- Under the circumstances, it is perhaps inevitable that linkages are found to be very weak or non-existent. Some forward linkages do exist between agriculture and the small manufacturing sector mainly the area of oil seeds, fabrication of agricultural implements and necessary spare parts for the fleets of lorries that ply the areas. Geographic linkages are also weak due to the lack of roads between production centres. Most of the existing links tend to be export oriented. The situation in Southern Kordofan may be marginally better than that of Southern Darfur which suffers from significant isolation both within the region and between the region and the rest of the country.

ix-. While dealing with all these aspects, the report contains a number of recommendations for improving the situation. These recommendations range from policy to institutional reforms. It is perhaps worth noting that the report, given the present state of knowledge favours the strengthening of cooperatives in all fields of private

sector activity as perhaps the most viable way to reach the benificiaries and support their efforts. However, the Consultants strongly feel that a more systematic and focused study of the cooperative sector should be undertaken to appraise the existing institutions more fully and to detail a programme of how they can be supported in an effective and efficient manner.

x- Lack of capital, both in cash and kind, is another major constraint to the development of the private sector. A number of alternatives exist for dealing with the problem and these are discussed in the report. The available options range from using existing institutions e.g. ABS and IBS (after appropriate modifications) to creating a new institution such as a Rural Credit Institution. The most optimal or near optimal way to proceed in this direction could form the focus of an independent study. Such a study would be designed to appraise the adaptability of existing institutions and their flexibility to efficiently administer ear marked funds for lending in the Western Sudan and compare the costs and benifits of such a proposal to those of creating a new funding institution .

xi- The report finds that transport and communications play a significant role in constraining private sector activities, limiting production and productivity, weakens incentives to produce for the market, enhances the monopoly position of merchant traders in relation to farmers and generally limits the development of adequate linkages (forward, backward or vertical). The report takes note of USAID activities in this respect in Southern Kordofan. However a feeder road development programme is also needed in that area if the proposed El-Obeid - Tendalti - Kosti road is to help alleviate existing problems. It is noted, however, that no such programme exists for Southern Darfur and the report urges that a road identification programme be initiated for that region. A list of possible roads for Southern Darfur is included in the report.

xii- Besides these areas, other possible follow on studies, are identified for consideration by USAID.

xiii- While the report attempts to portray private sector activities in the Western Sudan and make pertinent recommendations, it frankly admits the limitations inherent in the analysis. Perhaps the most important limitation arises out of the disparity between the proposed scope of work and the time allowed for the study, particularly in view of the very difficult conditions under which field work was conducted. It is an important point that could, perhaps be taken into consideration in future.

SECTION A:

Private Sector in Southern Kordofan

I- Introduction: The Economy of the Region:

1.1 General Features and Structure of Production:

1.1.1 The Kordofan Region in Western Sudan has a land area of 383,607 Square Kilometres. It accounts for 16% of the total area of the country and its population, according to the 1983 Census, was 3,240,070 which is about 15% of Sudan's total population. 44% of the total population of the Region live in the Southern part.

1.1.2 The Region can be divided intofour broad climatic zones comprising (a) the desert, (b) the semi-desert, (c) the low Savanah rainfall and (d) the high Savanah rainfall. These four climatic zones dictate the prevelant pressure, temperature and rainfall and hence the vegetation and land use types. Rainfall is by far the most important factor with an average ranging from 100mm in the Desert type in the North to 800mm in the high Savanah rainfall to the south. Thus, the 400 mm isohyte runs approximately in the middle of the region. In very generalized terms, soil type can be divided into sandy in the North and heavy clays in the Southern part. The local people usually categorize soil into "goz", "gardud" and "Teen". With its relatively superior soil type and abundant rainfall, Southern Kordofan region stands as a potentially rich but greatly underutilized region in many areas of production.

1.1.3. The Region of Kordofan in general and the Southern parts in particular are potentially quite wealthy in at least four areas of agricultural production. These are crop production, horticultural production, livestock production and forestry. Table (1.1)

Table (1-1): Kordofan Region Mean
Annual Agricultural and Livestock Production
(Average 10 years: 1975-1984)

Production in Tons

Product	Kordofan's Share as % of Sudan's Production	Volume / number
1- Gum Arabic	67%	22,343
2- Sesame	40%	83,600
3- Dukhn (Millet)	40%	178,800
4- Groundnuts	25%	164,250
5- Dura (Sorghum)	20%	485,400
6- Maize	7%	-
7 Cotton	4%	17,800
8- Camels	38%	1.5 million
9- Goats	24%	3.5 "
10- Sheep	23%	4.7 "
11- Cattle	15%	3.3 "

Sources: (1) Current Agricultural Statistics, Ministry of Agriculture.
(2) Economic Surveys, Ministry of Finance.

gives an idea of the region's relative importance in terms of some key products. As will be shown in Chapter Two below, the Southern part of the region posseses significant comparative advantage in the production of many of these products. However, despite the existence of potential, increased production is largely constrained by the prevelance of traditional and outmoded methods and techniques of production. The use of primitive tools which require laborious human effort and

of inferior inputs hardly allows for improvement. Except for the mechanized sector in Habila, Al Baida and Um Lobia areas, the majority of the land is still under the traditional sector, with well over two million small farmers engaged in production. Small plots of land are the dominant feature and the family still forms the main source of agricultural labour. What is true of crop production is also true of horticultural production and, for that matter, also livestock production.

1.2 Extent of Dependence on Central Government:

1.2.1 Like most of the nine Regions of Sudan, Kordofan Region still relies very heavily on the Central Government as a source of finance, personnel management and initiative for production and development in general. The dependence of Southern Kordofan on the Central Government both directly and indirectly is even more pronounced since its resources in as far as those three factors are concerned, are very meagre. Despite the active pursuit of regionalization since 1980, and the wide delegation of functions to the regions, specific and general dependence on the Central Government still remains the factor which shapes Centre-Region relations.

1.2.2 On the financial side, for example, Kordofan Region can be seen to draw an average of 68% of its overall budget from Central Government Grants. Table (1.2) details this fact. The reasons behind this situation are both structural and policy-oriented. For, on the one hand, while the Regionalization Act of 1980 delegated numerous functions to the Regions, it failed to hand over enough sources of finance to enable the Regions to carry out those responsibilities. On the other hand, the available local sources

Table (1-2)

Overall Summary of Kordofan Region Budget
(.L.S.)

Year / Region	Central Government Subsidy	%	Own Source	%	Dev. Budget	Total
Kordofan						
1980/81	24,073,250	71%	6,781,197*	20%	-	33,905,985*
81/82	35,835,219	68%	11,609,100	22%	5,432,500	52,876,819
82/83	43,500,000	68%	14,259,100	22%	6,000,000	63,759,100
83/84	47,500,000	63%	18,800,850	25%	9,630,000	75,930,850
		68%		22%		

Source: (1) Central Ministry of Finance, Khartoum.

(2) Regional Ministry of Finance, Kordofan.

Estimates.

of revenue face formidable problems for their full utilization. These problems range from legal constraints to inadequacy of the facilities to tap those sources.

1.3 General Assessment of Revenues and Expenditures:

1.3.1. As indicated in section (1.2) above, the greater part of the region's revenue is still drawn from Central Budget sources. This is partly due to the allocation of tax jurisdiction between the Central Government and the Regions and partly because of the weaknesses in assessment and collection of local taxes. Table (1-3) shows how volatile the local sources are since most of them fluctuate with agricultural produce which in turn is influenced by the amount of rainfall. Until very recently (August 1983), both the direct taxes (Table 1-4) and the excise duties (Table 1-5) used to be collected by the Regions for the Central Government. Now, most of the revenue is retained and the surplus over what is budgeted is divided in the ratio of 60% for the Regions and 40% for the Central Government.

Table (1-3)

Contribution of the Major Taxes to Local Revenue in Kordofan Region

(All District Councils) 1982/83

(L.S.)

		Amount Budgeted	Amount Realised	% of R. to B.	% of Tax Share to total
1-	Ushur Tax	4,626,500	4,565,688	99%	63%
2-	Animal Tax	1,375,000	705,613	51%	10%
3-	Gibana Tax	1,301,000	581,044	45%	8%
					81%
4-	Charges for Loading Gum Arabic	399,000	293,016	73%	4%
5-	Commercial Licenses	212,300	189,867	89%	3%
6-	Levies on Livestock markets	143,900	188,754	131%	3%
7-	Miscellaneous Rents	117,600	132,260	112%	2%
8-	Charges on Public Utilities	285,600	128,763	45%	2%
					95%
9-	All other	565,000	482,366	85%	5%
10-	Average			81%	100%

Source:- Budget Section, Ministry of Finance, Kordofan Region, El Obeid.

Table (1-4)

Direct Tax collection in Kordofan Region

(Central Jurisdiction)

(L.S.)

Month	1980/81	81/82	82/83	83/84
1- July	44,999	55,631	63,196	55,918
2- August	33,728	54,606	147,448	139,645
3- September	104 494	79,439	190,735	321,871
4- October	126,320	191,784	307,995	200,181
5- November	144,372	211,031	187,761	211,134
6- December	59,000	205,934	223,920	265,340
7- January	144,852	226,667	214,717	254,212*
8- February	126,190	193,709	215,875	261,731*
9- March	131,221	188,663	254,099	284,963*
10- April	92,365	150,669	201,740	236,181*
11-May	67,085	187,402	236,593	267,977*
12-June	108,128	93,176	172,669	194,004*
Total	1,182,754	1,838,711	2,416,748	2,693,157*

Source: Taxation Department, Kordofan Region, El Obeid.

* Provisional

(Table 1-5)

Excise Duties Collection in Kordofan Region

(Central Jurisdiction)

(L.S.)

Item Tax on	1981/82	1982/83	1983/84
1- Cooking Oil	33,203	-	36,090
2- Soap	3,036	17,181	15,111
3- Mineral Water	754	755	766
4- Starches	2,780	5,235	6,464
5- Sweets	14,719	14,698	14,828
6- Plastics	842	7,712	8,332
7- Textiles	2,177	-	890
8- Tiles	1,383	5,187	5,546
9- Controlled Development Tax.	143,634	17,283	20,823
10- Uncontrolled Development Tax.	644,420	933,571	998,727
11- Supervision	9,002	11,962	12,644
12- Forms	84	54	90
13- Services	1,866	1,675	1,930
14- Penalties	1,751	311	1,922
Total	859, 651	1,015,624	1,094,162*

Source:- Customs and Excise Duties Department, Kordofan Region, El Obeid.

*:- Some of the figures are provisional.

1.3.2 Chapter I (Wages and Salaries) in the Kordofan Region Budget constitutes well over 60%, a ratio which is regarded by many development economists as too high since it leaves little to be spent on services and infrasturcture. As can be seen from table (1.2) above, development expenditures, constitute a low percentage of overall expenditure and more than often funds earmarked for development expenditure wholly or partially get transferred to the recurrent budget. Expenditure on fuel and transportation constitutes a major problem for the Regional Government.

1.4 Trade and Trade Relations (Inter, Intra Regional and Border Trade):-

1.4.1. Trade, in Southern Kordofan, is heavily dependent on crop production (including short staple cotton, livestock and horticultural products). The region became an important trade area (a) for dura after the introduction of mechanized rainfed agriculture and (b) for horticulture after the recent expansion in these crops in such areas as Abu Gibaiha, Rashad, Al Faid Um Abdalla, etc. Three types of trade relations may be distinguished for the region:-

(a) Trade relations with the Northern part of the Region (mainly El Obeid, El Rahad and Um Ruwaba) and from there sometimes with the rest of the economy via Khartoum.

(b) Trade relations directly with the Central Region and the rest of the economy via Kosti and,

(c) Trade with Southern Sudan (i.e. Border Trade).

1.4.2. Both relations in (a) and (b) result in linking the region with the international economy through Port Sudan. However, relations with Southern Sudan have recently suffered appreciable decline due to problems of insecurity resulting from civil strife currently raging around that area.

1.4.3. Within the region, there is active trade between the major towns, namely Dilling, Kadugli, Babanousa, El Fola, Lagawa, Abbassya, Talodi, Kalogi and Abu Gibaiha.

1.4.4. In all cases, private lorries are the dominant means of conducting trade and as such the volume and flow of trade remains largely a function of the number of lorries, their availability and the availability of fuel supply.

II- The Private Sector: Its Significance and Contribution:

2.1 The Agricultural Sector:

2.1.1 The agricultural sector in Southern Kordofan covers the following sub-sectors:-

(a) Crop production,

(b) horticultural production and,

(c) livestock production.

2.1.2 Of the total area of 31,049,480 feddans of Southern Kordofan: 17,760,540 feddans are high potential land suitable for mechanized rainfed agriculture of which only just over one million is actually being put to mechanized farming. 7,047,180 feddans are categorized as moderate to low potential lands that can be put to mechanized farming but are more suitable for traditional farming, forestry and pastures. The remaining 6,311,760 feddans are generally regarded as uncultivable.

2.1.3 Crop production dominates agricultural activity in Southern Kordofan. Main crops produced are Dura (sorghum), Dukhn (millet), groundnuts, sesame, cotton and karkadeh. Small holdings form the basis of the organization for agricultural production, but mechanized rainfed agriculture in such areas like Habila, Al Baida and Um Lobia are becoming increasingly important in terms of productivity per feddan and total production.

2.1.4 On the other hand, and since its establishment in 1967, the Nuba Mountains Agricultural Corporation has been desperately trying to nurse the so-called Modernization Schemes for the production of Cotton and Dura. The unfavourable prices set by the Government (NMAC) for cotton made it impossible for farmers to comply with the condition that they cultivate

a minimum of 50% of the area allocated to them with cotton if they were to receive help from the Corporation. Refusal by farmers to grow cotton led to more than 80% drop in the volume of cotton produced in 1980 (6000 metric tons compared to 29,000 metric tons in 1970).

2.1.5. Table (2.1a) and (2.1 b) show average annual production of four crops for Northern and Sothern Kordofan consecutively. As can be readily seen, the Southern Region is characterized by higher productivity for all the crops indicated. The productivity of dura in particular is more than double that of Northern Kordofan, a fact, under the present drought conditions, that requires more than a passing emphasis.

Table (2.1 a) Total Area Cultivated, Total Production and Productivity per feddan for Major Crops in the Traditional Agricultural Sector: Northern Kordofan

Annual Average: 1970-71-82/83

Area: Feddan (F)
Production M.T.
Producitivty: M.T./F

DURA (Sorghum)			DUKHN (Millet)			Groundnuts			Sesame		
ea	Total Production	Productivity	Area	Total Product-	Produ-ctivity	Area	Total production	Produc-tivity	Area	Total production	Product-ivity
6,969	69,211	0.134	1,177,175	146,000	0.131	669,827	151,242	0.223	933,988	82,814	0.086

Table (2.1 b) Area, Production and Productivity of Major Crops in Southern Kordofan

Annual Average: 1970-71- 82.83

DURA (Sorghum)			DUKHN (Millet)			Groundnuts			Sesame		
ea	Total Production	Productivity	Area	Total Product-	Produ-ctivity	Area	Total production	Produc-tivity	Area	Total production	Product-ivity
2,000	112,000	0.270	46,250	9,080	0.188	98,452	25,818	0.258	124,265	15,300	0.126

Source : Kordofan Region: Agricultural Economics and Statistics Section, Ministry of Agriculture and Natural Resources.

2.1.6 Of the individuals in mechanized farming, retired army officers, high-ranking officials and civil servants, merchants and school teachers are the dominant owners of the schemes. Co-operatives (mainly agricultural production co-operatives) have recently started to play a more important role both in mechanized and traditional sub-sectors, while farmers unions and producer associations figure less prominently on the scene. Nonetheless, farmer unions were found to support some limited activities of agricultural extension, distribution of improved seeds and the arrangement of agricultural guidance. However, because of their perceived politial nature, they have not gained the confidence of the farmers.

2.1.7 Public investment in crop production has been mainly channelled through loans (both cash and in kind) organized by the Agricultural Bank of Sudan (ABS). Through its branches in Dilling and Um Ruwaba (for the Abassyia area), the ABS has been mainly concerned with the Mechanized rainfed sector. Although attempts have been made to finance the traditional sector through agricultural co-operatives like those in the area of Dibaibat, such attempts did not meet with much success and the amount of finanical resources actually extended remains negligible. Moreover, smallholder agriculture in Southern Kordofan was found to suffer from deficiency in extension, input supplies, marketing and credit services.

2.1.8 The Regional Ministry of Agriculture and Natural Resources at El Obeid has been drawing plans to alleviate the problems listed above, but given its meagre budget, those plan are realistically expected to remain on paper for some time to come.

Livestock Production:

2.1.9 Southern Kordofan is fairly rich in livestock wealth,

particularly cattle, goats and sheep. 60% of the cattle population, 50% of the goats and 25% of the sheep in the region as a whole (see table 1.3 above) are found in Southern Kordofan. Its share of camels, however, is very low.

2.1.10 Ownership of livestock in Southern Kordofan is widely dispersed over a large number of individuals (most notably are members of the Baggara tribe), and possession of cattle, for example, range from a minimum of 15 cows per household to a maximum of 3000 cows per household.

2.1.11 Livestock, particularly cattle, still seem to be kept for social and prestigeous reasons rather than for commercial purposes. This was found to be true in the areas of Muglad, El Fola, Lagawa and around Dilling.

2.1.12 Investment in livestock is mainly by rich local individuals, merchants and, most recently, by Sudanese Nationals Working Abroad (SNWA) who belong to the area. Investment by the last group seems to be steadily gaining importance, and their objectives certainly appear to be commercial, with present and expected future prices playing a significant role in their investment decisions.

Horticulture:

2.1.13 The subsector of horticultural crops was found to be an extremely prosperous, promising and a very profitable agricultural activity. However, neither the potential volume of production nor the potential level of profits has been achieved by the small-scale producers dominating the sector.

2.1.14 Horticulture as a full-time activity started only some ten years ago. At present production is carried out in gardens that depend mainly on ground water and which range between one to five feddans in area although gardens of an area of up to thirty feddans were observed.

2.1.15 Major fruits grown include oranges, Guava, lemon, mango, and grapefruits while a variety of vegetables is also grown, the most important being tomatoes, bamia, red and green peppers and other spices.

2.1.16 Areas like Abbassyia, Tagmala, Abu Gibaiha, Al Faid Um-Abdalla, Al-Leeri and Kalogi contain up to a 1000 gardens each exporting about a million medium-sized box of fruits every year. Many other towns and villages in Eastern Jebels area also have many but much smaller size gardens.

2.1.17 Unlike the other two agricultural subsectors, many of the gardens owners are indigenous people who use traditional tools and traditional methods of irrigation.

2.2 Roads and Transport:

2.2.1 Very few paved roads run through Southern Kordofan region. To date, the only paved road is the Dibaibat-Kadogli road whose length is 180 Kilometers and which goes through Dilling town. Despite the fact that it is very narrow and is currently in bad state of repair, it still represents the only reliable road link in the region.

2.2.2 Due to the relatively higher level of rainfall and the existence of many Wadis and Khors, many towns and villages in Southern Kordofan find themselves completely cutt-off from the rest of the country during the rainy season. The vital roads from Abbassyia to Rahad (75Km) and from Abbassyia to Um Ruwaba (60 Km) are two examples in point.

2.2.3 In the Western District of the region, the road linking Al Muglad to El Obeid which passes through Abu-Zabad, Al-Odaya and Babanousa is a long (approximately 325 Km) and very sandy road which forces Lorries to travel at very low speeds most of the journey. In the southern most part of the region, the Kadogli, Talodi, Talodi, Abu Gibaiha, Rashad, Abbassyia road (approximately 280 Km) also poses many problems to all means of transport. Babanousa, Al Fola, Lagawa, Kadogli is another vital road in that part of the region running through some very productive lands. A recent tendency detected by the team during the field visit, is for transport to extend the southern most road towards the Central Region- mainly to Kosti town. Trade is becoming very active between that part of the region and Khartoum via the Central Region and so indeed is passenger transport.

2.2.4 Lorries that are privately owned constitute the major means of transport on all the roads specified above, although buses on such routes like El Obeid-Dilling-Kadogli provide the more attractive alternative for passenger transport. While this is so, donkeys, camels and even still remain the main sources of transport (both goods and passenger) for short distances and village to village contacts.

2.2.5 Very recently, Sheikan Transport Company was formed at El Obeid as a joint venture between Government of Kordofan and Barlet ,the French transport company to provide passenger and goods transport in the Kordofan Region. As yet its activities have been Khartoum-bound and those in the region are confined to the Northern part. However, plans are being drawn to extend services to the Southern parts too.

2.3 Input Distribution:

2.3.1. Both normal and improved agricultural seeds represent an important agricultural input and they are partly controlled and distributed by private merchants as part of their general trade (see section 2.5 below). However, the Agricultural Bank of Sudan together with the Mechanized Farming Corporation, Nuba Mountains Agricultural Corporation , and the Nuba Mountains Tenants Union control their distribution to mechanized farms.

2.3.2 Fuel, a vital input for agriculture, industry, transport and many other economic activities in the region is mainly controlled by the Regional Ministry of Economics and Finance and its distribution fluctuates widely with the supply of petrol for the country as a whole. Due to frequent shortages, a booming black market for gazoline and benzine exists and is controlled by some key merchants in El Obeid, Um Ruwaba, Abbassyia, Dilling and Kadogli. Black market prices were reported to be as high as 900% the official price for gazoline during the cultivation season.

2.3.3. Other agricultural inputs like fertilizers, pesticides, etc (for the mechanized sector) are also mainly controlled and distributed by the ABS, MFC, and NMAPC through the Nuba Mountains Tenants Union. A few shops for the sale of these inputsare appearing in such towns like El Obeid, Kadogli and Abbassyia.

2.3.4 The distribution of tractors for mechanized farming is also controlled by the ABS, MFC and more recently, by the Regional Ministry of Agriculture and Natural Resources in a bid to help the small farmers through agricultural co-operatives.

2.3.5 Labour as an agricultural input though sometimes privately arranged, is also supplied by middle-men contractors (normally lorry owners) from the villages of the Eastern District and the Western District in Um-Ruwaba and Nahud respectively. These private contractors would earn the price of transporting the contract individuals to and from the designated area plus a commission received from the owners (or, more appropriately, the managers) of mechanized schemes.

2.3.6 The starting point of all input distribution is normally El Obeid, although Kosti in the Central Region is steadily increasing its links with Southern Kordofan. The distribution of inputs within the region follows the same lines of linkages described in Chapter VI below.

2.4 The Manufacturing Sector and Handicrafts:

2.4.1 Very few manufacturing industries of substantial size are located in Southern Kordofan. Despite the existence of potential in many fields in the area in comparison with Northern Kordofan and with other parts of the country at large, yet the number of large-and medium-scale industries and the volume of industrial capital is relatively very small. The field visit findings have shown that the scale and spatial distribution of public capital in the field of infrastructure are the main factors behind this situation.

2.4.2 Although a more through survey will have to be conducted before definite conclusions can be drawn, the field visit revealed that oil seed factories, decorticators and mills are found in most of the big towns in the region, namely El Muglad, Babanousa, Dilling, Kadogli and Abbassiya. The total volume of capital invested ranges from L.S. 30,000 to L.S. 70,000 and the average volume of employment is about 25 persons.

2.4.3. Manufacturing comprises very wide and diversified fields. In almost all the big towns in the region, small and medium-size manufacturing factories which work in the maintenance of Lorries, the making of doors,windows, iron tables and iron chairs were found to exist. Their number ranges between three and twenty depending on the size of the town, while the volume of cpaital invested ranges between L.S. 6000-Ls. 70,000. Smaller factories specializing in the making of traditional agricultural tools and other tools like spears and knives exist side by side with the previous group. The latter group is usually owner-manager type of activity with only one or two workers helping in production.

2.4.4 In Babanousa, the centre of livestock concerntation the only tannary in the region (with branches in El Fola, Lagawa, Al Diain and El Fashir) is a privately -owned concern. Estimated capital is Ls, 70,000 and about twenty workers are employed on a regular basis at any one time. The daily output is about 300 pieces of treated skins and hides.

2.4.5 Carpentry on small scale represents an important industrial activity throughout the region. However, the only reasonable size wood factory in the region, and indeed in the whole of Western Sudan , is found in Kadogli town. Owned by the ex-director of the Department of Forestry, the factory is a very promising business. Total capital invested is estimated to be about Ls, 200,000 most of which is in the form of facilities from local banks (mainly Faisal Islamic Bank) The factory houses thirteen machines for sawing, carpentry and turning. But due to recurring difficulties with electrical supplies. the owner had to buy two generators, one which operate on benzine and the other on diesel fuel. Production depends on wood supplies from local fores

(as licensed by the forestry department) and it includes beds, chairs, tables ornaments and the like. The level of demand is so high that merchants from as far as Wad Medani come hunting for the product. Becuase of constraints that will be discussed in detail in Chapter IV below, the factory is currently working at 15% of capacity at the best of times. In fact, the factory just manages to meet about 10% of available demand.

2.4.6 Bakeries and flour mills are found all over the region although they all suffer from energy related difficulties (both fuel and electricity). Many bakeries, however, depend on wood as a source of energy and with the increasing rate of wood cutting, this too is becoming a problem. Traditional red brick factories are also found in most big towns providing for an increasing demand for red bricks for building.

2.4.7 Handicraft industry, or what may be referred to as cottage industry is particularly [illegible] in Southern Kordofan region. Wood carv[illegible] ivory carving, the making of household equ[illegible]ent from Doam tree leaves and baked clay are [illegible] widely practiced in Rashad, Kadogli, Dallami, Abu Gibaiha, El Muglad and Babanousa. In each big town, there would be some 500 such handicraft specialists running their business on a family basis or at the very most engaging a few workers depending on the size of the business.

2.4.8 Regarding the public sector industries, the only factory of any significance in the region is Kadogli textile factory.

2.5 Commerce and Trade:

2.5.1 Commerce and trade are a major preoccupation of many people in towns and big villages of the region. Trade in crops is by far the leading activity in the field and it comprises trade in such cash crops as

groundnuts,sesame, Karkadeh and water melon seeds. Both Gum Arabic and Gum Talih are also important traded commodities. Beans, Nabag and Tabeldi (two type of local fruits) also enter the list of traded goods.

2.5.2 In big towns like Kadogli, Dilling, Abbassyia, Muglad and Babanousa , as many as 500 merchants are reported , but with only about 6 or 7 effectively controlling the market. Many of these would have their own storage facilities and their invested capital may be up to a million pounds as was reported in one case of the individual agent of the Oil Seeds Corporation in Babanousa. The investment of other smaller merchants ranges between L.S. 15,000 to L.S. 300,000. Profits of the average merchant for his combined activities are estimated to be about Ls, 10,000 per annum; however, all these figures will have to be treated with extreme caution.

2.5.3 Trade in cash crops is very export-oriented, and important markets outside the region are El Obeid, Um Ruwaba, Kosti, Medani, Khartoum and Port Sudan.

2.5.4. Trade in food crops (mainly dura and dukhn) covers towns all over the region of Kordofan, some parts of Darfur, the Southern Regions and extends outside the international borders of the Sudan to reach Chad in the West and Ethiopia in the East through smuggling practices. Recent years of drought, however, have resulted in a noticable decline in trade in this field.

2.5.5. Livestock trade is second only to that of trade in agricultural crops. Although traders who specialize in the buying and selling of livestock to local markets, Khartoum markets, and for exports were found to

exist all over the region, many crop merchants were also found to engage in this activity. Livestock trade is an extremely lucrative activity for traders with enough financial liquidity for the following reasons. (a) At the beginning of the rainy season when individual livestock owners are in a pressing need for cash, these merchants buy calves and other young animals at relatively depressed prices and sell them by the end of the rainy season at inflated prices realizing profits that may reach 500%. (b) At the late months of summer when both pastures and water for animals become scarce, merchants buy animals cheaply, nurse them through the difficult months of April, May and June, to sell them later for considerable profits. These practices make the organization of producers in some sort of cooperatives an important prerequisite for the organization of trade.

2.5.6. Due to recent substanital increases in horticultural production in the area (see section 2.1. above), trade in fruits and vegetables has become an important activity both within and outside the region. Some five key merchants control that trade in Abbassyia with similar numbers in other producing towns. However, in areas like Al Faid Um Abdalla, lorries were found to come empty - or almost empy - all the way from Omdurman to buy fruits and take it back. The mechanism of buying and selling is an interesting one. The merchant (Lorry owner) would negotiate a price with the garden owner for the produce of the whole garden with no reference to tonnage or numbers of trees or indeed any other known form of weights and measures. He will then employ boys to pick and collect the produce for him to take back to markets where produce is sold in terms of numbers, or other known weights and measures. When we calucated the probable resulting net profits, allowing for damage and transport cost we found that the rate of profit from such activity could possibly reach 1700%. Lack of transport, of

local markets and organized channels of distribution are the factors leading to this situation.

2.6 The Financial Sector:

2.6.1 There is a clear inadequacy of both commerical and development banks in Southern Kordofan region, and the ones that exist function with limited cpaital. Of the 23 banks in the region of Kordofan, only 7 banks operate in the Southern part (see table 2 statistical Appendix). Of the specialized banks, the branch of the Agricultural Bank of Sudan (ABS) at Dilling is the most significant in terms of credit extended to mechanized farming which stands well over L.S. 2 million a year. Extension of credit outside the mechanized sector is, however, negligible. On the other hand, the Industrial Bank of Sudan hardly extended any credits to the industrial sector of the region.

2.6.2. Commerical banks limit their financing to trade and commerce and very few loans are extended to production proper, or to any other similar economic activity like transportation, storage or input distribution.

2.6.3 Big merchants have always been, and still are, an important source of local finance both at village and town levels. The famous "Shail System" is still practiced although in the light of the recent application of Sharia law and the abolition of usury , not many merchants were willing to admit that it exists. Under the Shail System money is sometimes borrowed at a rate (which, for all practical purposes, is a rate of interest) as high as 700%.

2.6.4 A ' new ' source of financing which has recently become quite important both in agriculture and industry, is the transfersof Sudanese Nationals Working Abroad (SNWA). SNWA from the area are becoming increasingly aware of investment opportunities and many appear to be exploiting those opportunities postively.

III- Institutional Framework in the Private Sector:

3.1 Major Institutions active in the Private Sector:

3.1.1. Major private institutions in the agricultural sector with its three sub-sectors include the Nuba Mountains Farmers Union, agricultural cooperatives and some producer associations.

3.1.2 The Nuba Mountains Farmers Union in Kadogli area alone has membership of 120,000 farmers. The Union has branches in most of the big towns like Dilling, El Muglad, Lagawa and Babanousa.

3.1.3. Agricultural cooperatives are found both in mechanized and traditional agriculture as well as in the horticultural field. In terms of individual towns, membership in cooperatives is much smaller than that of the Farmers Union mainly due to the inadequacy of cooperative offices responsible for the formation, registration and supervision of those cooperatives.

3.1.4 In the Livestock sub-sector, apart from a few association/cooperatives here and there, not many other institutions were found to be active in the field.

3.1.5 The ABS, the Mechanized Farming Corporation (MFC) and the Nuba Mountains Agricultural Production Corporation (NMAPC) stand out as the most important public institutions functioning in the financing, the marketing, the distribution and the supervision of private agricultural activity.

3.1.6. Under roads and transportation, very few institutions were found to exist. Union of Transport Merchants (mainly passenger transport) were reported in Dilling, Kadugli and Abbassyia. The Union's membership is found not to exceed fifteen merchants at the most.

3.1.7 In the area of input distribution, the ABS, the Farmers Union and Cooperatives are the three dominant institutions. Chambers of Commerce were found to organize only limited activities in this field.

3.1.8 In the field of manufacturing, a small-scale industrialists Union exists in Dilling and Kadogli, but both have very limited Membership. Handicrafts are still a single-owner, or at the most a family business. Although the potential for cooperatives exists, they were not detected among them. The Industiral Bank of the Sudan (IBS) plays no role as far as financing or other type of help are concerned. Partnerships of up to ten members are however a wide practice in both types of industrial activity.

3.1.9 Commerce and trade is an area where many institutions are active. The Traders Union at Kadogli, for example includes fifty wholsale merchants and two hundred retailers. There are Traders Unions at Dilling,Abbassyia and Muglad. There are a number of companies in existence. El Muglad United Company for Trade and Services which is a multi-purpose company has an annual turnover of more than L.S. 100,000 and an estimated annual profit of L.S. 25,000. Chambers of Commerce, whose role surprisingly is restricted in the majority of cases to registering merchants and engage in few organizational activities, are found in all the big towns of the region.

3.1.10 Specialized (mainly the ABS) and Commerical banks are the main suppliers of financial loans in the region. The Regional Ministry of Economics and Finance together with the Regional Ministry of Agriculture and Natural Resources, have recently been extending some limited funding.

3.2 Activities of these Institutions:-

3.2.1. The main function of the Nuba Mountains Farmers Union is to organize farmers for acquiring collective shcemes

(outside the demarkated area for mechanized farming) as well as for seeking finance and other resources for agricultural production. The branch at Kadogli has a membership fo 120,000 farmers running 35 schemes of sizes of 1000-1500 faddans. Beside the organization of finance, fuel, agricultural inputs and production, the Union organizes limited marketing and distribution. Inspite of its activities and penetration, Farmers Unions are viewed with suspicion by most farmers, primarily because of their official affiliations. They are not viewed as genuine representatives of the producer or a guardian of their interests.

3.2.2. Agricultural cooperatives work hand in hand with the ABS in so far as securing funds, inputs, marketing and limited transportation facilities.

3.2.3. Unions of Transport Merchants' main activities include the mobilization of funds, the buying and selling of lorries and buses, the operation of passenger services between the big cities and the organization of spare parts for their fleet. This often leads them to cooperate with commercial banks and, more recently, with some regional or international financing agencies.

3.2.4. Cooperatives in all other fields were found to be weak and mainly concerned with the issues of loanable funds and the distribution of such funds for production purposes. Very few have forward linkages beyond the production stage such as organizing storage, marketing, transportation or distribution.

3.2.5. The major preoccupation of small-scale industrialists Union was also found to be arranging finance with some emphasis on securing the foreign component for financing imported inputs. The organization of inputs (specially fuel and electric energy) of production itself and the sale of the finished commodities are also given due weight by the Union.

3.2.6. Traders' Union are similar to the above-mentioned institutions in that they organize (some) merchants in big cities for engaging collectively in the activity of commerce and trade, particularly export and import trade. Their activities include securing necessary finance, buying and selling of commodities, organizing the storage, transportation and distribution of various commodities and the provision of market-related services.

3.2.7. The role of banks is limited largely to the extension of short-term loans and the provision of general banking services.

3.3. Assessment of their penetration and effectiveness:

3.3.1. Most, if not all, of the institution mentioned above are relatively quite ineffective (relatively to what exists in the country elsewhere), and their degree of penetration is very limited indeed. For economic, social, political and even tribal reasons, their membership is confined to a very small percentage of the total population in the particular field.

3.3.2. Consumer cooperatives, for exapmle, which have become essential for acquiring basic consumer commodities like sugar, cooking oil, rice, soap, etc are limited to a small number of villages, Awareness of the role of cooperatives and the cooperation movement as a whole is still relatively low. In Dilling area, the Cooperatives Association includes 81 cooperatives of which 21 are agricultural, 19 consumer and 41 processing (mainly flour mills). Their total membership stands at 25,821 persons.

3.3.3. Inspite of its present weakness, however, the cooperative movement as a form of organization is beginning to gain momentum, based mainly on the sucess of the consumer cooperatives is securing basic needs.A "demonstration effect" is also evident , particularly in the area ofconsumer cooperatives . The realization that a small farmer by himself may be unable to buy or operate a tractor, secure agricultural inputs or arrange for adequate storage for his crop (at the moment most storage is done at the farmer's home) has further enhanced the acceptability of farmer or village cooperatives. This is evidenced by the substantial number of applications to form cooperatives found by the team in the cooperative regional offices in many towns in Southern

moment the major bottleneck to the growth and development of cooperatives is not so much the acceptability of the idea, but rather the inability of the cooperative offices in the various towns with their limited and meagre resources to cope with the demand and the growing number of applications for forming new cooperatives. The insufficient resources allocated to this activity by the Regional Government has not only held up formatio of new cooperatives, but has also affected the functioning of existing cooperatives in terms of the inability of the cooperativ offices to attend meetings, check accounts or supervise elections

3.3.4. While additional resources need to be allocated to these offices to cope with the demand, the cooperative movement itself needs the types of technical assistance - now unavailable to help the farmers with the functioning of cooperatives in a business like manner.Such assistance would include advice on the ways of running a cooperative, keeping proper books and accounts , purchase or procurement of equipment , inputs,arranging for storage, loan processing and recovery etc. Given these elements and adequate support,the cooperative movement can play a significant role in the organization and increase of production in many areas of Southern Kordofan.

3.3.5. It is clear from the above survey that as they stand now most of these private sector bodies, lack the " institutional"framework the clear legal framework and certainly appropriate public support, whether in terms of clear policies or investment. These are important elements if private sector institutions are to function effectively.

IV- Major Problems Facing the Private Sector:

4.1. Policy Related Problems:

4.1.1. The private sector in Southern Kordofan faces some serious problems which severely constrain its contribution to economic production and prevent it from realizing its full potential. These problems range from policy-related to institutional related, captial related to those which are the result of the poor state of physical infrastructure.

4.1.2. Policy related problems that are common to all activities of the private sector include the taxation system, the licensing system, the pricing system, the laws and regulations governing the distribution of fuel as well as those which govern the organization of vital infrastructural facilities. Negative government intervention is often a major problem.

4.1.3. The situation is perhaps best illustrated by the decline in cotton production as noted in section 2.1.4 above. Rainfed was grown under traditional conditions as far back as 1924, thus making the Nuba Mountains the largest producer of rainfed cotton and the only area in the Northern Sudan where the crop is grown commercially under a system of traditional farming. In 1970/71 the Government implemented a project for the "Modernization of Traditional Agriclture in the Nuba Mountains and created the Nuba Mountains Agricultural Production Corporation (NMAPC) to adminster the project. Sorghum would be the second major crop to be grown. NMAPC provides a number of services including land preparation for a specified charge. Short staple rainfed cotton is still grown in the traditional as well as the modernized sector, but areas under cultivation declined from 250,000 feddans in 1970 to an estimated 60,000 feddans in 1982/83. Almost all of the decline is attributable to the sharp reduction of areas under cotton cultivation in the traditional sector. Areas under modernized schemes failed to increase sufficiently to compensate for this decline.

4.1.4. The main reason given by the farmers for their lack of interest in growing cotton is the low producer prices set by NMAPC for short staple cotton. In addition the consultants noted that prices set by the Corporation relate to three different grade, Grades I, II and III respectively, although Cotton Public Corporation (CPC) does not sell short staple cotton internationally according to this classification. The low producer prices combined with this grading system errodes cotton competitiveness in relation to other crops and reduces producer incentives. The situation is further compounded by the

fact that over the years, the price differential between the different grades has widened considerably.

4.1.5. It appears that an in-depth analysis of the situation of rainfed short staple cotton in Southern Kordofan is warranted. Such a study should look at the pricing structure and practices of NMAPC in relation to international prices, the logic and structure of the grading system, NMAPC charges for different services and the comparision between its charges for cotton in relation to other crops. Indeed there might be a case for re-evaluating the rational and functions of the NMAPC itself including its implicit role as a taxing authority.

4.1.6. Another reason contribution to decline in cotton production is the progressive shortage and unrealiability of drinking water supplies needed during cotton picking and stalk pulling due to lack of maintenance of existing "Haffirs". Most "Haffirs" dry up by December/ January. However, farmers are able to grow and harvest food crops (mostly dura) while drinking water supplies are available (the latest food crops are harvested in December). Cotton picking and stalk pulling continue until February/March i.e. after the Haffirs dry up. This problem needs to be investigated further with the objective of drawing up a programme to maintain, rehabilitate and increase the numbers of existing Haffirs.

4.1.7 Besides traditional agriculture, mechanized agriculture is the other major activity in theis sector. Without inferring anything about the advantages or disadvantages or indeed desirability of mechanized agriculture in Southern Kordofan (or other parts of the country for that matter), the fact remains that potential investors experience considerable delays in obtaining licenses which hinders investment and production efforts. Such delays are also experienced in manufacturing where licenses and concessions (if any) are issued after considerable delays. In both cases, there seems to be substantial confusion over the jurisdiction on such matters between the central and Regional Government e.g. between the functions of Mechanized Farming Corporation (MFC) as well as between the Investment Committee and its Secretariate in the Ministry of Finance and Planning and the Regional Government.

4.1.8. The extent of the neglect of the cooperative sector and the effects on its growth and development have been noted above (sections 3.3.3 and 3.3.4 above). It is perhaps sufficient here to reiterate that cooperatives given the adequate support stand a very good chance of helping the farmer produce and market more and perhaps better quality crops.

4.1.9. No identifable pricing system, apart from what the market can bear, could be observed in many of the sector reviewed. Very little storage facilities exist to assist in evening out price fluctuations during the year (in and off season). On the other hand, Government procurement policies are not designed to stabilize seasonal fluctuations and minimize distortions. On the supply side fluctuations on input prices are often substantial and create uncertainty the negatively influcence many of the activities of the private sector. Perhaps the most important among the list of these uncertainties is the question of uel allocation to agriculture , industry, transport and the like. Due to its relative remoteness from the headquarters at El Obeid, Southern Kordofan aften ends up with a much smaller and often very irregular supply of this vital input.

4.1.10 In the area of trasnport, particularly between producing areas and markets, public policy is perhaps conspicious by its absence. There is no set tariff for raod haulage (whether paved or gravel roads) and lorry drivers are free to charge what the market will bear. Indicactive figures obtained by the team show that rasnport cost for agricultural products e.g. sesame increased by more than two fold between 1982/83 and 1983/84, while transport of sheep and cattle increased by almost three fold over the same period. Doubtless prices of fuel in the black market played a significant role in these increases. But as has been indicated above the poor state of the roads and the inadequate state of repair are also major contributing factors. Although in theory the Roads and Bridges Public Corporation (RBPC) is the institution charged with paving and maintaining road and highways, the Corporation/ Regional Government relations and working arrangements need to be further clarified and detailed. More specifically, while funds for building a road may be secured from aid agencies, the bottleneck always seems to be allocating the recurrent cost for maintaining the road once it has been built. This raises thequestion of user taxes collected either as part of the licenses, tolls, or through gasoline taxes. The next issue to be faced is whether or not such funds are to be earmarked and if so by whom i.e. would the regional Government be responsible for funding the maintenance programme which is to be undertaken by RBPC or should the whole process be left to one authority.

4.1.11. In the Livestock sector, particularly in the area around El Muglad and Babanousa, a problem which stems from the fact that cattle owners have to wander around with their herds in search for pastures, has been recently brought to light. The huge area allocated to Chevron Company for oil exploration, restricted the once free movement of those herds since the official through roads, and crossing roads are insufficient. Many herds owners ascribed the death of some of their cattle to inadequate pastures brought about by the above problem

4.1.12. Another problem which has more direct impact on the public sector but affects the private sector indirectly, is the inadeuqacy of trained cardres in socio-economic development, capable general administrators and skilled technicians. Not many individuals under those groups choose voluntarily to go to Southern Kordofan, given prevailling wage and salary structure and the hardships associated with living in the region. Real inducements, both financial and in the area of housing and other facilities will have to be introduced to render the area more attractive for the officials with the requisite types of expertise.

4.2. Institutional Related Problems:

4.2.1. Expect for the few pockets of mechanized agriculture in Habila and Al Baida area, and the few indsutrial factories in the big towns, the whole of the economy of the region may be labelled as traditional. As such, it suffers from severe duality in its relations with the rest of the country. The institutions of the traditional sector thus suffers from their relative inefficiency.

4.2.2. The Farmers Unions, Chambers of Commerce and the Co-operatives all face the problems of inadequacy of physical facilities (specially buildings and cars), inadequacy of information on members and very insufficient channels of communication. The leadership of those institutions is sometimes imposed upon the membership and hence cares little about the general welfare of the members. Suspicion among the two often renders the institution ineffective.

4.2.3. In the majority of cases, the institutions themselves do not have the legal and official backing to enable them to perform effectively. Chambers of Commerce, for example, have no real control over their membership and as such they can hardly act as a guarantor for borrowed capital. A possible remedy to this situation would be to associate chambers of commerce with a more 'official' body like the general Union of Sudanese Employers or Manufacturers Associations. This may reduce the possibility of future default by potential borrowers.

4.2.4. Investment in the private sector often needs coordination among a large number of Central and Regional Ministries and other public units. There is currently no official or private body which shoulders the responsibility of ensuring such coordination. Conflicts among the various bodies often frustrates private sector initiative. Furthermore, absence of such body (or bodies) leaves

the relationship between private sector investors and officials shaded with suspicion, personal orientation and possibly corruption.

4.2.5 Tribal conflicts worsened in Southern Kordofan after the dissolution of Native Administration, thus creating a major security problem which often disrupts private sector activity. The recent re-introduction of "self-administration" by the Government of Kordofan may be a positive step towards creating institutions that may alleviate the pressure of tribal conflict on the economy of the region in general.

4.3. Marketing, Markets Structures, Inputs distribution, Extension and Disimination of information:-

4.3.1. Whether looked at as geographic locations where buyers and sellers meet to determine prices and conditions of sale of goods and services,or as the activity for making contacts through other means , markets are very underdeveloped in Southern Kordofan.

4.3.2. The level of commercialization regarded necessary for the success of markets has not been reached in most sectors where subsistence production is dominant. The part of production which gets marketed often faces conditions which favour buyers at the expense of sellers, particularly in crops markets, livestock and horticultural markets. The impact of this situation can be traced through to show that it has negative consequences on the process of production in those sectors.

4.3.3. The markets themselves, be they town markets or village markets, are not equiped with the necessary facilties which make for relatively smooth and efficient exchange. The lack of storage facilities of any sort and wide prevelance of middlemen often more than not complicates contacts between buyers and sellers and leads to significant distortions in the market.

4.3.4. Monopoly, monopsony and cartel arrangements were found to exist on a large scale in the region. In all the big towns visited, 7 to 10 merchants were found to dominate and control the market. They, in effect, largely determine prices, quantities and conditions of sale. Their hold on the market, in the majority of cases, is enhanced by their control of the storage and transportation facilities. No relevant or workable stabilization policies of any sort could be detected, at least not in practice.

4.3.5. The geographic linkages (or lack thereof) of markets, often dictated by distance and the state of available transport, follow the concentric pattern of small village market feeding the big village market and the latter feeding the town market which usually represents the node that communicate with the markets of bigger towns in the region, and ultimately with Khartoum and Port Sudan.

4.3.6. The major problem facing the distribution of inputs and of consumer goods is mainly one of transport. Railways are a relatively cheap means of transport but they are extremely slow and very unreliable, and in any case the nearest railway stations at Dibiabat, El Rahad and Um-Ruwaba are more than 300 Kilometres from towns like Talodi in the Southern most part of the region. Lorries remain the other alternative but given the extremely poor conditions of roads and the frequent shortage of gazoline, they, too, are very unreliable.

4.3.7 Information about the market and market conditions is disseminated mainly through lorry drivers. No other means of communication exists. The once very efficient telphone systems connecting towns like Talodi, Kadogli, Rashad and Abbassyia to Um Ruwaba and to El Obeid via

Dilling and Dibaibat are no longer functioning. The wooden telephone posts were left to deteriorate or were used by nomads and settled villagers as building material and so were the wires.

4.3.8. Telecommunication facilities exist on a very limited scale at Kadogli, but these are primarily for public sector uses or for the use of international agencies like the EEC, UNICEF, Dutch and German organizations engaged in some developmental projects in the area.

4.3.9 There was a time when commodity prices prevailing in different markets were broadcasted through the Omdurman Radio station on daily or weakly basis. To those farmers and producers who had access to radios, this practice proved very valuable and strengthened their bargaining position in the market place. These broadcasts have long ceased and the producers, or part of them, lost a valuable source of information. A resumption of these or similar broadcasts should be seriously looked into as a way of enhancing the farmer's awareness of market prices and their movements.

4.4. Other Problems:

4.4.1 Other problems facing the private sector include desertification and drought, the prevelance of disease both for man and animal, and the gross inadequacy of infrastructural services in the fields of education, health, community health, energy, drinking water and water for other uses.

V- Capital Availability:

5.1. Existing Sources of Capital:

5.1.1. There are only seven banks in Southern Kordofan, two of which are specialized banks and five national commercial banks. This number represents 30% of the total number of banks in Kordofan region and only 3% of the total number of banks (including branches) in the Sudan asof December 1983 (Statistical Appendix in Table 1 and 2). These seven banks represent the main source of capital for investors.

5.1.2. As table 2 (Statistical Appendix) shows, there is no branch for the Bank of Sudan in Southern Kordofan, no joint venture Islamic Commercial Banks, no joint venture non-Islamic Banks, and no Foreign Commercial Banks. In fact, no other financial institutions of any sort are found in Southern Kordofan.

5.1.3. As already expalined, some limited capital is avaiable from the larger merchants to small farmers, in particular, via the 'Shail' system, at an extremely high cost.

5.1.4. Remitances of Sudanese Nationals working Abroad (SNWA) are beginning to find their way to the regional economy. Funds from this source are channelled into private investment through families, relatives, and friends and investments take the form of small or medium size projects. During the field visits it was learned that remittances by SNWA have financed the purchase of two herds of cows (500 each), but that the bulk of remittances went into financing some mechanized farming schemes, both in terms of fixed or working capital. There is some suspicion that some the mechanized farming schemes are, in reality owned by some SNWA, although their names do not appear on the registration. SNWA remittances, given an appropriate investment climate could be effectively directed into other areas of investments particularly small scale industries or upgrading the productive capacities of existing agricultural related industries such as the manufacture of ploughs and implments. However, the basic infrastructural constraints like the supply of fuel, energy, water and transportation have to be effectively tackled before remittances of any size can be expected to flow to the region.

5.1.5. In Rashad area, a very interesting experiment for providing capital to small producers used to be operated by the District Council. The system is called ' Masak', an Arabic word which simply means depositing. Households would borrow money from the treasury of the District Council against jewelery deposited with the Council whose value is equal to or greater than the sum borrowed. At the end of the production cycle (after the sale of agricultural produce, for example), households pay back the sums borrowed with no interest charged, and reposses their deposited jewelerly. Given the opportunity cost of capital, this system was obviously designed to subsidize production in the private sector.

5.1.6. Due to obvious reasons, household savings represent a very small proportion of capital available for investment. On the other hand, only part of business savings are available for investment in the region, the greater part is channelled to investment in Khartoum and other parts of the country with relatively higher and more secure profit margins.

5.2 Effects of the Existing Structure:-

5.2.1. The inadequacy of financial institutions resulted in limited capital availability for the private sector. On top of that, the existing banks are authorized to lend only a small proportion of their resources to the private sector without referring to headquarters at Khartoum.

5.2.2. 80% of those interviewed in the various sectors in the region have cited capital scarcity as a constraining factor to increased production in their respective fields of activity. Finance, and a strong financial position was asserted by many to be the single most important factor for maximizing growth potential. This seems to imply that there is a need for a policy reorientation

designed to ensure that more loanable funds and liquidity are made available to the private sector.

5.2.3. However, the scarcity of capital should be viewed in the light of the real cost of obtaining it given the present rate of inflation in the economy. General observation, coupled with the response of those interviewed, seem to suggest that a 'rate of interest' (i) higher than the existing or "implicit" one would still be rewarding in many private sector concerns

5.2.4. The present finanical institutions in the region however, are not capable of maximum mobilization of funds and for making them available to investors at required times and places. Authorization for dispatching funds by bank branches is often delayed from Khartoum where decision-making is centralized and speedy communications is usually very difficult. This leads to significant delays and the frustration of many private sector projects.

5.3. The Relative Importance of Capital as an input:

5.3.1. Capital, both liquid and in kind, is by far the most important factor of production in both mechanized agriculture and manufacturing industry in Southern Kordofan.

5.3.2. After going through the process of owning a scheme for mechanized farming in Southern Kordofan, usually the biggest hurdle to starting cultivation is securing, the required volume of capital. The cost of preparing the land alone (scheme range between 1000-1500 feddans) is estimated at L.S. 15000. Further working capital is required to pay for inputs, the most important of which is fuel. Machinery and equipment represent an additional demand for capital expenditure. In short, mechanized farming is a fairly capital-intensive activity but its capital requirements are being adequately met.

(i) Chargingof interesthas been profitabited in banking

5.3.3. Many medium and small-scale manufacturing factories have been found to be relatively capital intensive. The cost of feasibility studies (now a must before a license can be granted), fixed capital, working capital, and other variable costs is often beyond the capability of many investors and may render a potentially successful project difficult to initiate. Given this shortage of capital, depreciation and contingency provisions are often not catered for.

5.3.4. Inadequate capital is often the cause of low production efficiency. For example to raise the production capacity of the wood factory in Kadogli cited earlier from 15% to 80%, the owner estimated that he needs a L.S. 45000 loan. No other input was cited as a constraint. Both private and public welfare stand to benefit from the expansion of production.

5.3.5. As can be seen from the above discussion, the relative importance of (liquid) capital stems from the fact that it is necessary for the acquisition of all other factors when the latter are in relative abundance. While this may be so, it has to be ensured that the choice of technology which capital is used to acquire is "appropriate" and reflects the factor endowments and resources.

5.4. Possible Ways of Adressing the Probelm:

5.4.1. Although a lot of effort on the part of the public sector is needed to enhance their organization and efficiency, cooperatives appear to be a viable means through which capital (as well as other assistance) can be extended. An appropriate apex organization with closely affiliated member societies going down to the village level could be one way to tackle the problem in the agricultural sector. In this case agricultural produce can be put up as a collateral or loans can be guaranteed by the village cooperative who would have some say in the allocation of available credit. Similar arrangements may be sought for the other sectors. More detailed examinations of the possible future organization and contribution of cooperatives could be appraised as a part of follow on studies.

5.4.2. To maximize use of existing institutions, opening a special window with the Agricultural Bank of Sudan and the Industrial Bank of Sudan to cater for lending to small private sector concerns may be considered. However this would require discussion with the authorities concerned, but more importantly would require a careful assessment of the capability and willingness of those institutions to perform such additional functions, and the conditions necessary for efficient operations (including loan recovery).

5.4.3. If it is at all possible to de-emphasise their political nature and render them more representative of their constituents, Farmers Union may be a possible avenue for provinding financial and other types of help to farmers. For the associations in other sectors, provided that a formula could be found to link them to central organizations as such Sudanese Employers Associations, existing institutions could be developed into more effective organs for extending credit and other assitance.

5.4.4. The creation of a Rural Credit Institution along the lines of the proposals made to the Regional Ministry of Economics and Finance, could well be considered. The benefits accruing from creating such an institution should, however, be carefully weighed against the cost of establishing it, as well as against the possibilities of modifying and using existing financial and other institutions.

5.4.5. The strong desire expressed by some of the respondents to the questionnaires and guided interviews of wanting to see USAID offices in major towns of the region actually engaged in banking-like activities seem to be far fetched and probably not practical. It nonetheless highlights two facts, (a) that respondents express their urgent need for financial and other types of help, and (b) that they would prefer direct contacts with sources of capital and assistance, and not necessarily through the public sector.

VI- Linkages and Problems Limiting Development of Adequate Linkages:-

6.1. Within the Region:-

6.1.1. A certain threshold of linkages is essential to act as an inducement for investment and as a basis for the expansion of production. Southern Kordofan region suffers from very weak linkages throughout its economy.

6.1.2. Horizontal linkages both among sectors and among geographic areas are limited by the poor state of tranport, almost non-existent means of communication, and grossly inadequate community services. The state of development of the region makes for very weak inter-sectoral relations, and the cells of the input-output matrix for the regional economy are probably all zeros. Most of the production of the agricultural sector with its three sub-sectors find its way to markets outside the region, since local markets are both limited and undeveloped.

6.1.3. Vertical linkages within the same sector, whether backward or forward, are also weak. Agro-industry, for example, and despite substantial potential in livestock production, oil seeds industries, fruit and vegetable canning, is still in its infancy in the region.Limitations of the local market, long distances coupled with poor roads, difficulties with energy and fuel supplies,and inadequacy of infra-structural facilities in general are among the factors contributing to weak linkages.

6.1.4. The region of Southern Kordofan is also characterized by diverse ethnic and social groups. Conflicts among these groups - a good example is the conflict between Dinka and Rizigat in the extreme south- had often reflected themselves in isolating the economies of the different factions from one another. Security problems often reduce chance for complementarity and

6.1.5. Like the economy of the Sudan, and perhaps deriving this characteristic from that fact, the economy of the region is mainly export-oriented. This has meant that trade within the region and relations between regional towns are very weak. In a few cases, we found out that some commodi ies are transported from certain towns in the region to El Obeid in Northern Kordofan, and then transported back to other towns in the region. The cost of transport, and hence the selling price, increases considerably in the process. While resulting in marginal profits to some merchants, this can be shown to be grossly inefficient and very harmful to the process of production in general. Availability of storage facilties at El Obeid town is sometimes the reason, but the lack of direct transport routes between regional towns is the main factor behind this phenomenon.

6.2. Linkages with the Rest of the Country:-

6.2.1. A substantial volume of traffic still flows from southern Kordofan to El Obeid, El Rahad, and Um-Ruwaba in Northern Kordofan. The paved road from Kadogli to Dibaibat, and the reasonably two good earth roads from Abbassyia to Rahad and Um Ruwaba respectively, are the main reasons behind this. The volume of traffic and hence the linkages are expected to experience more growth after the completion of the proposed Kosti - Um Ruwaba - El Obeid road. The availability of relatively cheap (if not reliable) rail transport at those centres has been the major attracting factor.

6.2.2. More recently however, the Sothern and Eastern parts of the region have developed direct commerical linkages with Kosti, in the Central Region, Khartoum and Port Sudan. It is through El Obeid, El Rahad Um Ruwaba

and Khartoum that most of the products of the region reach the rest of the country. Port Sudan, of course, is the main outlet for the international markets and both Kosti and Medani have become important linking towns between the Region and Port Sudan.

6..2.3. Southern Kordofan used to have,and to a lesser degree still does, strong Commercial relations with the Southern Regions, namely, Upper Nile, Bahr-el Ghazal and Equatoria. Recent security problems in that area have cuased a marked decline in this connection.

6.2.4. Around Babanousa and El Muglad areas, some trade flows from and into Darfour Region. Crops trade, livestock trade and basic consumer commodities are the main items exchanged. However, similar tribal origins and similar cultural practices in the border lines also make for strong linkages between that part of Southern Kordofan and Darfour.

6.2.5. Crops form the Mechanized schemes in Habila area (mainly Dura), often find their way through smuggling to the Ethiopian Borders. Due to severe drought conditions in Ethiopia and consequential high prices for dura, trade became active between the region and the Western Ethiopian borders.

I- Introduction: The Economy of the Region:

1.1. General Features and Structure of Production:

1.1.1. Darfur Region is bordered by Kordofan Region in the East, Bahr El Ghazal region in the South, the Central African Republic and Chad in the West and Libya in the North. The region cosists of two provinces, Northern Darfur with its capital at Elginaina and Southern Darfur with Nyala as its capital. The total population of the region is 3,093,699 (1983) Almost 60% of the population live in Southern Darfur. The drought of the 1970s caused massive immigration to the South from Northern Darfur. The rural settled population of southern Darfur grew at nearly 5% per annum between 1955/56 and 1973.

1.1.2. The majority of the population of Darfur is engaged in traditional agriculture and livestock raising. There are vast areas suitable for agricultural development particularly in Southern Darfur. The average holding per farming family varies from one location to the other, but generally speaking, holdings range between 1.5 and 5 hectares in most locations: The dominant crops grown are millet, scrghum and groundnuts. Crops are produced primarily for home consumption, any surplus above subsistence needs is sold in the local markets. Alongside traditional agriculture, farmers are also involved in horticultural development. Horticultural crops are grown alongside the banks of the Wadis all over the region. However, the most important area for horticulture is Jebel Mara. Horticultural crops grown in the region incluce, garlic, onion, tomatoes, citrus, potatoes and chillies.

1.1.3. There are a number of small-scale industries operating in the region. As a matter of fact all the industrial

activity in the Region is concentrated in Southern Darfur, particularly in Nyala which is the largest industrial town in the Region. Most of the industries in the Region are small-scale agro-industries. These include oil seed crushing mills, soap factories and decorticators. Handicrafts are also flourishing activity in the Region. There are a number of manufacturing workshops all over the region. They make home and office furniture, as well as performing other activities such as welding, cars repairs, manufacture of car boxes and tractor trolleys. In addition to the workshops there are a number of carpentry shops and cottage tanneries.

1.2. Trade and Trade Relations:

1.2.1. Trading is concentrated in the big towns of the Region. It involves trading in cash crops such as millet, sorghum and groundnuts, consumer goods, livestock, and border trade. There are a number of wholesalers and retailers. These two groups represent the backbone of the trading activity in the region. They are involved in both inter and intra regional trade. Crops and livestock are exproted to Khartoum and consumer goods and strategic commodities such as sugar and fuel are imported to the region.

There is also a flourishing border trade across the three borders- Libya, Central Africa Republic and Chad. Trade across the Libyan borders reached its peak in the the 1970s, but has declined substantially in recent years due to the strained relations between Libya and Sudan. On the other hand, beginning in the 1960s trading activites with Chad has shown significant growth. However, and due to civil strife in Chad, the security situation on the borders has deteriorated. The only effective border

trade in the Region is across the borders with the Central African Republic.

1.3. General Assessment of Revenues and Expenditure:

There are two sources for the Regions revenues; transfers from the central government and local taxes. The Central Government provides by far the largest share of the Region's budget. In the fiscal years 1980/81, 1981/82, the total Central Government subsidy to the region amounted to 89% and 71% of the Regional budget respectively, the remainder was raised locally in form of taxes. The taxes charged include the following.

i- Ushur tax.
ii- Animal tax.
iii- Gibbana tax.
iv- Commercial licences.
v- Levies on livestock markets.
vi- Charges on public utilities.

The regional government's expenditures are limited to provision of medical and educational services (up to the higher secondary school level), electricity and water, salaries and wages.

1.4. Southern Darfur Province:

1.4.1. Southern Darfur Province, the focus ofthis review, is by far the richest of the two provinces of the Region. The Northern part of the province falls in the poor Savanah area while the Southern part lies in the rich Savanah area. The province has vast areas suitable for agriculture, and traditional agriculture is almost universally practiced in the province. Rainfall in the province varies between 400 mm in the North to 800mm per year in the South with an average of 500-600 mm in the Central areas. Soils belong to three major groups:

i- Qoz-Sandy soils.

ii- Alluvium- clay soils.

iii- Basement - Quartzitic sandy soils.

1.4.2. The size of population of the province was estimated at 1,765,752 (1983 census) , of which 1, 474,398 are settled and 291,354 are nomads- (see table 3 Statistical Appendix).Administratively, the province is divided into the following districts:-

i- Central - Nyala.

ii- Eastern - Elda'in

iii- Western-Zalingi

iv- Southern - Buram

v- South Western - Ed el Ghanam

vi- Wadi Salih- Garsila

vii- Jebel Mara - Nyertete.

1.4.3. The province accounts for most of trading, commercial agricultural, and manufacturing activities of the Region.. Nyala, the capital of the province, represents the heart of the manufacturing activity in the Region. There are a number of major agricultural projects in the province. These include Jebel Mara Rural Development Project (JMRDP) which covers parts of Jebel Mara, the Western and Wadi Salih districts. This project is co-financed by Sudan Government and the European Economic Community (EEC). Another important agricultural project in the province is the Western Savanah Development Project which spreads over parts of the Central, Eastern and Southern District. This project is also co-financed by the Sudan Government and the World Bank.

II- The Private Sector, Its Significance and Contribution:

This section reviews the activities of the private sector in Southern Darfur Province. The following sectors are discussed in detail:

a- Agriculture,including horticulture, tobacco plantation, livestock and extension services.

b- Roads.

c- Input distribution

d- Manufacturing and handicraft.

e- Commerce and Trade.

f- Banking.

2.1 Agricultural Sector:

The vast majority of population in Southern Darfur is engaged in traditional agriculture and livestock raising - Mechanized farming is very limited in the province. In fact, there are only two mechanized farms, Khor Ramla Project which is some 20 kilometres to the west of Nyertete (Jebel Marra) and Um Agaga Project in the Eastern District. KhorRamla project has already failed due to a number of reasons, including lack of machinery, spare parts, and inadquate rainfall. Mechanized farming has already been abandoned in this project and the project area has been distributed into small holdings for farmers in the area. Um Agaga project also suffers from a number of problems. Out of a total area of 100,000 feddans only 12,000 feddans have been distributed for farming. Thus the emphasis in this analysis would concentrate entirely on traditional agriculture since it represents the major activity in the province.

2.1.1 Traditional Agriculture:

The traditional agricultural sector in the province is characterized by small-scale farming and the

farmers constitute a group with limited or no access to technology and formal credit institution. A number of market and non-market crops are produced by the traditional farmers. The most important crops are millet, sorghum and groundnuts. Areas where traditional agriculture is practiced could be classified in line with the administrative classification of the province as follows:-

The Central District:

Areas that fall within the administrative borders of the central district include Nyala, Malum, Suni (Eastern part of Jebel Mara) Jami Abu Agora, Tuwal, Wadi Bulbul and Bilail. The type of soil differs from one area to the other leading to the production of different types of crops in the area. The most important crops produced are millet, sorghum, sesame and groundnuts.

The Eastern District:

This is one of the most important agricultural and livestock raising areas in the province. It includes areas to the North and South of Elda'in. There are a number of agricultural project in the area:-

i) Um Agaga project. This is a mechanized farming project for production of sorghum and millet. The total area of the project is 100,000 feddans but area distributed is only 12,000 feddans.

ii) Fama project. (proposed). This is in the Southern side of the Eastern District and the project extends to include some parts of the Southern District of Buram.

iii) Gazala Gawazat project. This is a government run agricultural research centre.

iv) El Lait project. This is one of the Western Savanah Development Corporation Projects.

Two types of soil could be distinguished in the Eastern District:

i) Soils described as Qoz, literally sand, are dominant in all land systems. The major crops on the Qoz are groundnuts, millet, gum arabic, water mellons, and karkadeh.

ii) Sand clay mixes and heavier soils in the valley bottoms and low lying depressions that are flooded. The main crops on this type of soil are millet, sorghum and groundnuts.

Along side traditional farming, farmers are also engaged in livestock raising. The majority of cattle owned by farmers on the Qoz is herded on the alluvium or the basement for most of the year. Many Qoz cattle owners hire teenage boys to herd the animals as they graze. More wealthy farmers and merchants hire full-time herders to manage their cattle.

Southern District:

This district includes vast agricultural areas extending from Graida to the North, Radom to the South and Tulus to the West. The soils in this area are mostly clay with pockets of Qoz in some areas. Crops grown are groundnuts, sesame, millet, sweet corn, and water mellons. Graida is the most important area for the production of groundnuts in Southern Darfur. The Southern part of this area is suitable for animal grazing.

South Western District:

This district consists of four local councils, Ed-el Ghanam, Kateela, Rihaid El Birdi, and Kabum. Agriculture in this district is concentrated around Kateela. Crops gorwn include millet, groundnuts, sorghum,and other horticultural crops. Rihaid El Birdi area is nomadic and people engaged in agriculture in this area are few village settlers.

Western, Jebel Marra, and Wadi Salih Districts:

This is perhaps, the most important agricultural area in the province. Jebel Marra is rich in horticultural crops. The dominant grain crop around the Jebel is millet, changing to sorghum as one goes further south and south-west. Rainfed cash crops produced in these three districts include garlic, cherry tomatoes, and potatoes on the Jebel, and groundnuts, chillies and sesame in the alluvial valleys. Vegetables such as okra and tomatoes are also grown either for local consumption or for sale. There are a number of agricultural projects in the area:-

i) Jebel Marra Rural Development Project (JMRDP), on an estimated area of 85,000hectares. The project covers most of the Western and Wadi Salih districts and possibly a small proportion of the central district.

ii) Tobacco plantation in Zalingi, Jebel Marra and Wadi Salih.

iii) Wadi Salih agricultural project (proposed) for mechanized farming.

iv) Khor Ramla Project.

Land in most areas of Southern Darfur is measured in a unit called Mukhamas. One Mukhamas is approximately equal to 0.55 hectares. The average holding per farming family varies from one area to another. In the Western Savanah Development Project area, the average holding per family is 21 Mukhamas or 12 hectares. Although, there are some differences in the way crop cultivation is carried out in the different areas the dominant pattern is hand cultivation. In a farmers survey in 1982 and 1983, the Western Savanah Development Corporation found that the percentage of the cropped area devoted to each crop in the project area is as follows:-

Table 2.1 Percentage Cropped Area in W.S.D.P.

	Millet	Sorghum	Groundn.	Other
1982 Survey (246 farmers)	54	14	23	9
1983 " (303 ")	63	14	18	5
Average	59	14	20	7

Source: WSDC, Economic overview of S. Darfur, Unpublished.

The figures, show that millet is the dominant crop. However, such results must be treated with caution as farmers in most cases shift emphasis in response to flucuations in crop prices.

Yields also show considerable variation among the different regions depending on a number of factors such as the amount of rainfall and the degree of fertility of the land. In the last few years yield throughout the province showed a marked decline due to the general shortage in rainfall. This could clearly be seen if we compare the Jebel Marra area with the Western Savanah Development Project Area.

Table 2.2 Yield of Millet and Sorghum in JMRDP and WSDO areas

* Yields of Millet and Sorghum (Kg/Ha)

	Millet	Sorghum
SMRDP	1312	590
WSDP	339	77

Source:-1-JMRDP, Annual Report 83/84, Annex II.
2-WSDC, Economic overview of S. Darfur unpublished.

* The JMRDP figures are for 1983/84 season while those of WSDP are for 1982/83 season.

Grain crops are produced for subsistence and cropping is based on small family farms. The family in Southern Darfur provides the largest labour input particularly in the rural areas. However, there is also a substantial amount of hired labour which is used to assist the family with certain peak operations. Furthermore , in some cases all the operations are performed by hired labour. Wage rates for agricultural workers are relatively high and payment is made per Mukhamas rather than on a fixed daily rate.

2.1.2 Horticulture:

Generally speaking, horticultural crops are grown alongside the banks of the Wadis all over the province mainly on small-scale farms. However, the most important areas for horticulture are the Jebel Marra, Zalingi, and Wadi Salih areas. Of these areas, the most suitable for horticultural development is Jebel Mara area. Suitable climatic and physical conditions and fertile soils are some of the most important factors that made Jebel Mara the most suitable area for horticulture. The farmers of the Jebel area have developed their own farming systems such as terracing slopes using gravity fed irrigation system and cultivating crops suitable to the Jebel environment such as garlic, potatoes, citrus, cherry tomatoes, and onions.

There are four main wadis in the area where horticulture is undertaken alongside their banks: These wadis are:-

i- Wadi Azum

ii- Wadi Debari.

iii- Wadi Salih.

iv- Wadi Seirgilong.

These wadis are bounded by flood plains comprised of alluvial soils and high water tables below these flood plains. The flood plains are suitable for horticultural development. The total area of land used for horticultural purposes in the Jebel Mara area is about 85,000 feddans, which is considered to be a small fraction of the potentially cultivable area in the whole Western District.

There are variations in farm sizes. The mean farm size in the Jebel Marra area is 1.7 hectares while the mean farm size in Wadi Salih is 1.5 hectares. There are also differences in crops grown in different areas. In a survey of three areas in Jebel Marra (Kiling, Nyertete and Tur) JMRDP concluded that onion is the most important crop both on the higher areas of the Jebel and on the lower slopes.

Table 2.3 Number of Fields in which various Crops were Planted

Survey Area	No of farmers contacted	Citrus	Mango	Guava	Garlic	Potatoes	Onion	Other
Kiling	50	32	1	1	14	1	20	4
Nyertete	38	6	5	-	-	18	18	3
Tur	30	9	14	-	-	-	18	9
Total	118	47	20	1	14	19	56	16

Source: JMRDP. Annual Report, 1983/84, Annex II.

As far as the number of citrus trees are concerned, it was found in the same survey that, the average number of trees per farm growing citrus was 66 in Killing area, 44 in Nyertete and 58 in the Tur area.

A number of irrigation systems are used for the purposes of horticulture. These include the following:-

i- Gravity fed irrigation.
ii- Shadoufs.
iii- Buckets (Romboyia)
iv- Camel powered chain and washer pump (saghier).
v- Diesel pumps.

2.1.3 Tobacco Production:

Tobacco production has been introduced in Southern Darfur for the first time in 1964. A pilot project was established in Zalingi in the same year and production at a commercial rate started in 1966. A number of farmers have been selected in and around Zalingi and the Jebel Marra area in groups of five each to grow tobacco on a land plot of five feddans. The arrangement at the time was that the National Tobacco Company (NTC) provided the farmers with free extension services,pesticides, and fertilizers, and the Agricultural Bank branch at Zalingi provided the necessary credit to enable the farmers to carry out the highly technical and complex tobacco planting and irrigation operations. These arrangements continued for sometime. In recent years,the Tobacco Production and Marketing Organization (a government run organisation) was created to take over the job previously undertaken by the NTC. Following the establishment of this organization, farmers were required to perform some of the operations previously performed by NTC (such as plants and land preparation). As a result,a large number of farmers lost interest in tobacco plantation and the areas planted declined from 1400 feddans in the late sixties to only 46 feddans in the 1984 season.

The most important areas for tobacco production are:-

i- Zalingi.

ii- Wadi Uyer. Tobacco is irrigated using diesel driven pumps along this wadi.

iii- Garsila

iv- Jebel Marra (Nyertete, Murta Gello, Tur).

v- Umballa.

2.1.4 Extension Service:

This type of activity is very limited in Southern Darfur. In-fact the only body that provides systematic and consistent extension services for the farmer is JMRDP. There is also an extension service centre in Nyala that provides limited horticultural extension services. JMRDP extension unit is equipped with the following staff:-

1- Head of Unit

7- Extension Officers.

50- Male extension assistants.

3- Female extension assistants (under training).

The fifty extension assistants live in 46 different villages in the project area. Each extension assistant provides services to farmers of 5-8 villages with an average of 1500 households. The villages are chosen according to population density and size of land suitable for farming. Each extension assistant is equiped with a bicycle, a donkey or a horse to facilitate his movement in and around the villages. They also get yearly training at the project's headquarters in Zalingi.

Generally speaking, the traditional farmers have a very good knowledge of traditional farming practices. In this case, it seems that there would be minimal returns to advice given to farmers on farm management as these farmers are already familiar with how to maximize yields. As a result , JMRDP concentrates its

advice on the use of inputs such as seeds of shorter maturity,animal drawn mouldborad ploughs,seed dressing and pesticides. All these are stored by extension assistants and sold to interested farmers.

2.2 Roads:

The most serious constraint to development in Southern Darfur is the very poor conditions of the roads. The absence of proper all weather roads retards commercial and input distribution activities. The extent of the problem is obvious from the fact that there exists only one all weather road in Southern Darfur, namely the Nyala -Kas-Zalingi highway (another all weather road which is still under construction is the gravel road between Elfasher and Nyala). Most of the major towns in the province are linked together with earth tracks that close repeatedly during the rainy season and become absolutely impassable for ordinary vehicles except for four wheel drive cars. During this time commercial and distribution activities between the different areas of the province come to a complete stand still.

No genuine efforts have been made by the regional branch of the Roads and Bridges Public Corporation to improve the road network. This is basically due to the lack of financial resources. However, JMRDP has had a road improvement programme aimed at upgrading and maintaining certain existing routes in the Western district. One of the improved routes is Zalingi-Garsila-Foro-Barungo road..

Most of the roads in Jebel Marra area are also in poor condition. The importance of these roads is that they link the vital production areas with the major markets in the province. The degree of importance of those roads varies depending on the areas of production and types of markets served. But the most important roads are those that connect Nyala (the busiest commerical and Industrial centre in the province) with the other towns. These

include the roads shown in the table below:-

Table No. 2.4

The Most Important Roads in S. Darfur

Road		Length, Km
1- Nyala-Donki-Draisa-Graida-Buram-Kafia Genge	:	224
2- Nyala-Umdafog	:	274
3- Nyala-Sunia Dilaiba-Jami Abu Agora-Tulus-Ragag-Buram.	:	227
4- Nyala-Kabum-Rehaid El Birdi	:	192
5- Nyala-Tulus-Ragag-Wad Hajam	:	183
6- Zalingi-Garsila Foro Barunga	:	-
7- The round route, Nyertete-Golo-Rekiro	:	-
8- Zalingi-El Genaina	:	-

* See table (11) statistical Appendix for a more comprehensive list of roads.

No traffic counts have been carried out except on rare occasions. Some of the surveys carried out suggest high average daily traffic on some of these routes . In a 24 hour traffic count in January 1981, Held and Frank Company (the firm that constructed Nyala-Kas-Zalingi road) has estimated that 2582 vehicles crossed the Mekka Bridge. (Mekka bridge connects the two parts of Nyala town). Most of this traffic was believed to have originated from the Southern and South Western districts.

The total number of roads that need improvement in the province is around 50 totalling about 2372 Kilometres in length.

2.3 Transportation and Input Distribution:

There are three transportation companies operating in Southern Darfur. These are:-

i- Middle East (Azum) Company.

ii- Southern Darfur Transportation Company.

iii- Darfur General Transportation Company.

In addition to these companies there is the Union of Commercial Lorry Owners of Southern Darfur with an estimatd fleet of 214 lorries. Furthermore, there are a substantial number of commercial vehicles operated by private individuals (non union members). The activities of these companies and commercial vehicles fall into two main catergories:-

1- Transportation of goods and strategic commodities from Port Sudan and the National Capital to the province.

ii- Transportation and input distribution within the province.

2.3.1 Middle East Company (Azum)

Azum transport is a branch of the main company, Middle East International and Financing Company. The Company was established in 1978 with its headquarters in Khartoum. The transportation company has a paid up capital of two million Sudanese Pounds and fleet of 13 trucks and lorries (see table 12 statistical Appendix). The company established a branch in Nyala but the activities of the company are limited to transportation between the National Capital and Darfur region. The company used to have a fleet of lorries operating within the province but due to a number of problems (mismanagement) the operations within the province were suspended three years ago. For the future, the company intends to add 50 more trucks to its fleet.

2.3.2 Southern Darfur Transportation Company:

The company was established in 1980 with an authorised cpaital of L.S. 360,000 and a paid up capital of L.S.341,000. The company has a branch in Nyala and a number of agents in Port Sudan, Kosti, El Obied, El Fasher, Elda'in and El-Gadaref. The activities of the company include the transportation of strategic commodities and school equipment from Khartoum to the region. These activities represent about 95% of the company operations. Future plans of the company

2.3.3. Darfur General Transportation Company:

The company was established in 1975 with an authroized cpaital of L.S. 1 Million and a paid up capital of L.S. 576,000. The company has a fleet of 38 vehicles (27 trucks and 11 buses). The company has its headquarters in El Fasher and branches in Khartoum and Omdurman and agents in Nyala, Zalingi , El Genaina, Um Kaddada, El-Obeid, Port Sudan, Kosti and El Gadarif. The activities of this company are somewhat more diversified They include transportation of goods and commodities from Khartoum to the region as well as input distribution within the province. Furthermore the company operates bus services between the Region and Khartoum as well as between the various towns of the Region (including major towns in Southern Darfur Province).

2.4 Manufacturing Sector and Handicrafts:

The manufacturing sector in Southern Darfur is still in its infant stages. It is mainly composed of small-scale and cottage industries. Most of those are agro-industries using crops produced in the areas as raw materials and most of them are concentrated in big towns. The most flourishing of these is the edible oil industry. There are 8 oil crushing mills in Nyala, each with a crushing capacity of 400 sacks of groundnuts per day. There are also another 11 crushers in Eda'in, 5 of these are operational and the other 6 are under consutrction. In addition to the curshers, there are 5 soap factories in the province. Four of these factories are in Nyala with a maximum production capacity of 200 cartons of soap per day. The fifth factory is located in El da'in but is currently closed down (see table 6 Statistical Appendix)

A number of groundnuts decorticators are operating in the province (see table 2.5 below). 23 of these are in Nyala each with a production capacity of 300 sacks of groundnuts

Table 2.5

Manufacturing Sector: Decorticators in Southern Darfur

Area	Number of Decorticators	Maximum Capacity	Labour Force
Nyala	23	300 sacks of ground-nuts (80 kg) per day in a shift of 12 hours	13 seasonal workers
Elda'in	27	300 sacks of ground-nuts (80 kg) per day in a shift of 12 hours	11-14 seasonal workers
Buram	1	250 sacks of ground-nuts (80 kg) per day in a shift of 12 hours	9 seasonal workers
Tulus	1	250 sacks of ground-nuts (80 kgs per day in a shift of 12 hours	11 seasonal workers

per day, 27 in Elda'in with a production capacity of 300 sacks of groundnuts per day and one each in Buram and Tulus with a production capacity of 250 sacks of groundnuts per day. The total number of decorticators in the province is 52. They supply the curshers with all their needs of groundnuts. In addition there are the following:-

i- A soft drink factory. This factory is closed down due to technical problems.

ii- Ice making factory.

iii- A vermiceli factory.

iv- Weaving factory. This is a public sector factory.

2.5. Handicrafts:

This activity is very flourishing all over Southern Darfur province with some concentration in the larger towns. There are a number of different types of handicrafts works. These could be classified into the following:-

i- Multi-purpose workshops.

ii- Carpentary shops.

iii- Hide products.

iv- Local or (cottage) tanneries.

The activities of the multipurpose workshops are the following:-

i- Manufacture of engine and parts for decorticators.

ii- Manufacture of grinding mills.

iii- Manufacture of truck trolleys for agricultural projects.

iv- Manufacture of agricultural equipments such as ploughs.

v- Manufacture of car boxes.

vi- Performing other activities such as welding, car mechanics, furniture making ..etc.

The bulk of these workshops are in Nyala. (see table 14 statistical Appendix). There are about 200 workshops in Nyala alone distributed as follows:-

Table No. 2.6

Distribution of Workshops in Nyala

Size of workshop	No.of Workshops	Size of Cpaital L.S.
Large	75	100,000 - 300,000
Medium	50	50,000 - 100,000
Small	50	10,000 - 15,000
Very small	25	Less than 10,000

Furthermore, there are a number of workshops specialized in the manufacture of animal drawn ploughs. Three of such workshops are in Nyala and these are the following (identified by the names of their owners (table 15 Statistical Appendix).

a- Mohamed Ishag Ismail (Halato):

This workshop was established in 1964. It is the largest of three workshops with an estimated capital of L.S.200,000 and an annual output of 600 ploughs. The most important clients of the workshop are JMRDP and WSDC . The workshop has a number of agents in Khartoum.

b- Maddibo Elda'i Ismail

Established in 1965 with an estimated capital of L.S.50,000 and an annual output of 200 plughs. Output is offered for sale in the local market.

c- Eisa Abdel Shafi:

Established in 1976 with a cpaital of L.S.10,000 and an annual output of 50 ploughs offered for sale in the local market.

2.5.1. There are also a number of carpentry shops all over the province. They make different types of objects such as furniture (beds, chairs, tables, stools, doors and windows). This type of activity is also concentrated in the big town as markets in villages are very small and demand is limited. Hide products include shoes, bags, saddles, wallets, etc..... Craftsmen use both imported and locally tanned hides. But the demand for products made from imported hide is higher than that for products made from local hides. This is mainly due to higher quality of imported hides. There are a number of cottage tanneries operating in the province using locally available raw materials. These cottage tanneries provide the market with substantial amounts of locally tanned hides.

In addition to the cottage tanneries, there is modern public sector tannery established in 1975. The basic idea behind the establishment of this tannery was to provide training for those who are engaged in cottage tanning industry. The tannery was established with assistance from Food and Agricultural Organisation (FAO) with a capacity of 12-15 large hides, and 50-100 small hides per day. The labour force consists of 20 unskilled and 7 skilled workers. However, since 1977 the tannery closed down for the following reason:-

a- scarcity of water.

b- Lack of spare parts

c- no qualified staff to operate the machinery.

d- shortage of fuel.

e- problems of raw materials (most of it imported from abroad).

f- lack of demand for hides produced by the tannery because of a strong competition from good quality imported hides.

g- there is still some confusion over the objective of the tannery namely whether it is for production of hides for the local market or for the training of the local workers.

h- lack of working capital to buy necessary spare parts and install new machinery capable of producing good quality hides at competitive prices.

2.6 Commerce and Trade:

Trading and commerce activities are concentrated in the large towns such as Nyala , Zalingi, Elda'in, Buram, Rihaid El Birdi, Garsila, Kobum and Graida. But the most important trading centres are Nyala, Elda'in and Zalingi. Traders in the province are involved in the following activities.

a- Cash crops

b- Consumers goods.

c- Livestock

d- Illicit trade.

e- Boarder trade.

2.6.1 The basic cash crops traded are groundnuts, sesame, okra, chillies, onion, gum arabic, millet and sorghum. Traditional farmers sell these crops to village traders who actually fix the price of the crops. Some farmers take their crops to crop markets in towns (Zareeba) using donkeys and camels as a means of transport. The price

offered in the Zareeba is relatively higher than the price imposed by the village trader. there is a crop market in each big town in the province and these markets sell to individual as well as to small and large merchants.
Table 10 Statistical Appendix shows the amounts of different crops sold by Nyala crop market between 1981 and 1983.

2.6.2 Consumer goods trade involves trading in finished goods both imported and locally manufactured in the province. These include clothings, soap, confectionary, etc. There are a number of wholesalers who import the goods from Khartoum and sell it to retailers in towns and villages across the province. Larger merchants are very active in consumers goods trade. The level of their turn over is very difficult to estimate since merchants usually evade the question on the size of their capital. However, some of them might have capital of around L.S1 million particularly in Nyala where most of the big merchants operate. In addition to that , there is one company (Western Development, Trading and Consultancy) that is engaged in trading activities in Nyala in strategic commodities such as fuel, and sugar as well as building materials and livestock trade. (refer to chapter III for more details on this company).

2.6.3. Southern Darfur province is one the most important areas for livestock trade in the country. The province has a good livestock potential and it provides the National Capital with substantial amounts of livestock. There are a number of important livestock markets in the province. These are:

a) Nyala livestock market:
This is the largest and most important livestock market in the province. A number of livestock traders, including some from outside the province, deal in the market. There are a number of other

small markets that feed Nyala market, namely Mirkondi, Um Labasa, Forobarunga, Rihaid El Birdi, Ed El Ghanom, Tulus Buram and Zalingi. The market sells cattle (Nyala is the largest cattle market in the region), sheep, goats, camels, horses and donkeys (see table 11 Statistical Appendix for animals entered, sold and prices for Nyala livestock market).

b) Elda'in livestock market:

This is the second largest livestock market in the province, located in the middle of the most important nomadic area. Other small livestock markets that feed Elda'in market are, Um Matarig, Gimailaya, Abu Gabra, El firdose and Kilaikila. Livestock markets all over the province flourish in Autumn when nomads move back from the southern areas of Bahr el Arab. Livestock prices show considerable variations. However they tend to fall in Autumn. But during the last two years there was a general fall in animal prices due to the decline in rainfall and the subsequent severe drought, leading to scarcity of animal feed.

2.6.4 Border trade between Southern Darfur province and the Republic of Central Africa is becoming increasingly importtant . The Sudanese are exporting a number of items such as cooking oil, salt, and crops and import wood, perfumes and clothings. In addition to this there is intensive smuggling activities across the borders.

2.7 The Financial Sector:

There are three banks operating in Southern Darfur province; Unity Bank, Bank of Khartoum, and the Agriculutral Bank of Sudan. All these are public sector banks. One private sector bank that will open a branch in Nyala very soon is the Islamic Bank for Western Sudan. These banks are not actively involved in the development of the private sector in the province. They provide very limited

short-term credit to merchants in the province ,perhaps 10% of their deposits. With the exception of the Agricultural bank, the other two banks provide no credit facilities for farmers.

2.7.1 The Agricultural bank at Zalingi was established in 1967. The basic idea behind the establishment of this bank was to provide credit to tobacco growers in the area. The National Tobacco Company buys the product from the farmers after being classified into grades ranging between 1 to 5 with grade 1 representing the highest quality. The money is then deposited in each farmer's account with the bank which deducts its annual installments. However, over the years, farmers were unable to repay their debts and debts accumulated. The matter was raised in courts but the debts were finally cancelled after the intervention of the Central Government. In fact, the Central Ministry of Finance and the Regional Government paid part of the debts. As a result of this, the Agriculutral bank started to direct its credit facilities from the tobacco growers to the traditional farmers producing different cash crops, in particular millet and sorghum. This policy started in 1982 when the bank provided 62 traditional farmers with "a plough and a camel" loan of L.S. 400 each. In the following year the number of farmers who made use of these credit facilities grew to 400 and the size of credit was raised to L.S. 500. This process proved successful and farmers increased the areas cultivated from 3-5 feddans to 10-15 feddans. In 1984, 600 farmers have been provided with a credit of L.S. 600 each and the bank's target is 800 farmers by 1985. Recovery of these loans is phased out over 4 years in equal installments and a charge of 10 piastres per each pound is imposed as administrative expenses.

These credit facilities are provided in coordination with JMRDP who actually selects the farmers eligible for credit from all the areas of the Western District. The selection is made by a committee consisting of the extension assistant, the village Sheikh and a thrid party. The bank also plans to grant farmers seasonal loans to enable them to carry out farming operations. It is also encouraging farmers to produce more millet and sorghum as the past few years experienced acute shortages of cereal crops. Furthermore, the bank is also intending to provide credit for horticultural development.

III- Instiutional Framework in Private Sector:

These are a number of institutions involved in private sector activities in Southern Darfur. These include Chambers of Commerce, Cooperative Societies, farmers unions, banks and trading companies. This chapter reviews the activities of these institutions (except those of the banks which have already been reveiwed in chapter II).

3.1 Chambers of Commerce

There are two chambers of commerce in the province; a large one in Nyala and a smaller one in Elda'in. The Chambers of Commerce represent the different merchant association e.g. wholesalres, retailers, ...etc. It has an executive committee consisting of 20 members. The composition of the committee is as follows:-

i- Two exporters,
ii- Two importers.
iii- Two wholesalers,
iv- Two retailers.

The remaining members are elected by the merchants' general assembly. The activities of the Chambers of Commerce could be summarized as follows:-

i- Provide financial help for the members.
ii- Co-ordination between merchants and the government regarding supplies of basic strategic commodities.
iii- Provide assistance for merchants problems.
iv- Providing merchants with advice regarding establishment of factories.
v- Issuing registeration certificates for merchant

The fact that there are only two Chambers of Commerce in the province, makes the actual involvement of these institutions limited to the areas where they are located namely Nyala and Elda'in. Their influence outside these towns is negligible, merchants in other towns of the province have little or no access to the facilities provided by the Chamber of Commerce.

3.2 Western Development, Trading and Consultancy Company:

This is the only company which is actively involved in trading activities in Southern Darfur. The company was established in 1981 with an authorized capital of L.S. 1 million and a paid up capital considerably less than a million. The company has it headquarters in Khartoum and a branch in Nyala. The company is involved in the following activities.

i- Trading:

This represents the backbone of the company operations. It trades in strategic commodities such as fuel sugar as well as building materials, livestock, agricultural produce, imports and exports. In addition the company owns a number of multipurpose workshops. The company plays a major role in stabilizing prices in the province. It offers consumers some of the basic commodities at less than those prevailing in the market. For instance a sack of cement is sold at L.S. 25 in the marked while the company sells it at L.s. 20. The same is true for the other commodities like sugar, tomatoe paste, rice, soap, ...etc.

ii- Consultancy:

This type of activity has been introduced recently in the company. The company has decided to establish

a consultancy unit because of the requirement to undertake some form of feasibility study before an individual can obtain the necessary authroization to establish an industrial or agricultural project and enjoy the available investment incentives e.g. tax holidays. Since it is much more time consuming for regional businessmen to come to Khartoum to commission such feasibility studies, the company has established a unit for providing such consultancy services in Nyala. A number of feasibility studies have already been conducted and there seems to be a growing demand for its services.

3.2.1. Problems facing the Company:

a- Poor communication system between the branch and the headquarters. This creates confusion and lack of coordination as to the types of materials sent from Khartoum. Some time shipments are received by the branch without any prior knowledge, or firm orders.

b- Lack of finance. The company has had to abandon its planned investment in certain areas such as transportation and distribution, agriculture and manufacturing for lack of adequate funds.

c- Transportation. The company has no independent fleet of trucks to serve its activities. It has to rely on the uncertain modes of transport provided by other companies, or otherwise availalbe from individual truck or lorry owners.

3.3 Cooperative Societies:

The cooperative movement in Southern Darfur is widespread. There are six local cooperative unions representing the six administrative

districts of the province. These six local cooperative unions form the Southern Darfur Regional Cooperative Union which is the apex of the cooperative movement in the province. Each local cooperative union consists. of a number of cooperative societies. These include, milling cooperative societies, teachers union, carpenters, lorry drivers cooperative societies....etc. The total membership of the cooperative movement in Southern Darfur is estimated as 1 million and the annual turn over of the regional union is around L.S. 4 million. There are a number of reasons why individuals are keen to join a cooperative society. Firstly, 20% of the province quota of stratgic commodities is allocated to the cooperative societies. The Regional Cooperative Union distributes these commodities to to the local unions, who in turn distribute them to the cooperative societies in towns and villages. In order to obtain these commodities at the legal prices, each village must have a cooperative society. Secondly, there are some sectors in which only cooperatives can operate, and individuals or other bodies are not allowed to participate in those sectors. For example, licences for establishing grain mills are granted to cooperatives only. In this respect, it is important to mention the fact that there is an increasing demand for milling societies and this is due to continuous immigration from Northern to Southern Darfur.

Cooperatives in Southern Darfur are involved in the following activities:-

- Distribution of strategic commodities.
- Importation of non-strategic commodities such as batteries, powdered milk, rice, lentils, ... etc.

3.3.1 Problems facing the cooperative movement:

a- Lack of capital.

b- The decline in the value of the Sudanese pound weakened the union's ability to import some of the important non-strategic. Commodities.

c- Lack of training centres for members.

d- Lack of spare parts and fuel for the grain mills.

e- Inadequate transport facilities.

3.4 Farmers Union:

The rural councils in each district represent the base for the farmers unions in Southern Darfur. Each district consists of a number of rural councils. Each rural council forms a seperate union for its farmers, and all the rural councils together form the district farmers' union. The district unions all over the province form the Province Farmers Union which works under the umbrella of the Regional Farmers Union.

3.4.1 Activities of union are the following:-

a- Secure the fuel quota for its members.

b- Provide security for any loans granted by the Agricultural Bank to the members of the union.

c- Provide agricultural inputs such as improved seeds, pesticides and machinery. This is always done in cooperation with governmental bodies, such as the Regional Ministry of Agriculture and the Agricultural Bank.

3.4.2 Problems Facing Farmers Unions:

a- Lack of credit. Banks provide limited credit because farmers have no security to offer in return.

b- Lack of fuel.

c- Lack of agricultural inputs.

d- High production cost due to increasing cost of labour, ploughing and fuel. The average cost per feddan is estimated at L.S. 160.

3.4.3 Perhaps the major shortcoming of farmers unions is their inability to fully gain the confidence and continued support of the farmers. This is primarily due to the fact that the farmers perceive these unions as political bodies and agents of the Government, more interested in furthering official aims and policies and less concerned with serving the real needs of the farmers. Hence the link between the farmers and the Unions is very weak. This general feeling is further enhanced by the fact that the unions become extremely active during election times only and seem to disappear from the scene immediately thereafter.

IV- Major Problems Facing the Private Sector:

A number of problems face the development of the private sector in Southern Darfur. These range from policy related problems to institutional and marketing problems. The problems are diverse and there is considerable overlap between the different sectors. But in order to focus on the nature of these problem, a sector-by-sector approach would be adopted in this brief discussion:-

4.1 Traditional Agriculture:

The basic problems facing the traditional agricultural sector in Southern Darfur are the following:-

i- Lack of credit facilities. The inaccessibility to credit facilties limit areas cultivated by the traditional farmer. Only a small proportion of farmers have access to the credit facilities of the Agricultural Bank.

ii- Transportation of crops from production areas to the market.

iii- Poor rain fall. This has been a serious problem during the last three years.

iv- Farmers have no access to agricultural inputs such as pesticides, improved seeds, fertilizers....etc.

4.2 Problems Facing Horticulture:

i- Shortage of fuel. No fuel quota is allocated to farmers. Those who use diesel pumps have to buy fuel from the black market at very high cost.

ii- Lack of agricultural inputs, basically improved seeds pesticides and fertilizers.

iii- Unavailability of credit

iv- Problems of marketing. Some crops such as mango which is produced at a considerable scale particularly in Jebel Mara area never reach the market. Access to transport is either indequate or no-existant.

v- Spare parts for the diesel pumps.

4.3. Tobacco Production:

The nature of problems facing tobacco plantation in the Western District are somewhat different from those facing traditonal agriculture. As has been explained earlier, availability of credit was not a problem for this sub-sector since the Agricultural Bank was orginally established to provide credit to tobacco growers. The Bank has performed this function adequately. However, policy related problems as well as problems relating to the nature of the product combined to retard the expansion of tobacco growing in the area. These problems are:-

i- Disagreement on a unified price strcuture for the product. This has been the most persistent problem endangering tobacco growing in the area. The National Tobacco Company (NTC) monopolizes the purchase of the product and the price is determined by a committee consisting of representatives from NTC, tobacco production and marketing organisation and the farmers. In 1983, prices were determined by to committee but NTC rejected the prices on the ground that the set prices were too high. (Average of L.S. 3.5. per kg). The company argues that the prices of tobacco grown in Southern Sudan are considerably lower than the prices of tobacco grown in Southern Darfur. However, it must be recognized that Southern Sudan has a comparative advantage over Southern Darfur in that labour in Southern Sudan is relatively cheap, there is adequate rainfall and therefore no need to use diesel pumps. Thus production costs in Southern Sudan are lower than production costs in Southern Darfur. It is natrual that these factors should lead to differences in the prices of tobacco grown in the two areas. In 1983 season, the NTC refused to buy the product from tobacco growers. Some growers still have considerable stocks of 1983 production. They are selling it to local consumers

who developed a habbit of smoking hand rolled tobacco.

ii- Increasing production costs (fuel wages, transportation of wood...etc).

iii- Planting is ill-timed. Tobacco is planted after the rainy season, necessitating the use of diesel pumps. Planting during Autumn would at least save fuel costs.

iv- Deterioration of extension services. Tobacco growing is technically very complicated. In order to cope with the complexities of tobacco growing the farmer needs to be provided with adequate and consistant extension services. This role used to be been undertaken by NTC. But recently, this role was assigned to the Tobacco Production and Markting Organization. In the event, it failed to provide the farmer with the necessary extension services needed.

v- Lack of fuel to operate the diesel pumps for irrigation.

4.3 Extension Services:

Extension services, though very limited in the province, face a number of problems which could be grouped under the following:-

i- Inadequate staff training.

ii- Poor communication system between those in the field and the headquarters.

iii- Poor road condition particularly during rainy season. This renders the movements of the extension assistants very difficult.

4.4 Transportation and input distribution:

A multitude of problems face transportation and input distribution

activities in the province. But the most important are the following:-

i- Shortage of fuel. This is the most important problem facing transportation companies as well as private individual operators. For example, the monthly fuel quota allocated for the Union of Commercial Lorry Owners is 1584 barrels. However, actual quantities received by the Union are around 100 barrels a month. Fuel is available in the black market but at more than twice the official price.This of course increases transportation costs and ultimately raises the prices of the various commodities.

ii- Lack of spare parts particularly tyres. The reason according to the union is that there are no agents for tyre distribution in general and for the Internationa Tyre Manufacturing and Distribution Company "ITMD" in Nyala.

iii- Poor road conditions. The activities of this sector come to a complete stand still in the rainy season because roads become inaccessible.

4.5 Manufacturing and Handicrafts:

The problems facing both manufacturing and handicrafts are similar in nature and they could be grouped under the following:-

i- Inadequate electricity supply. Electricity is available for three hours per day in Nyala.

ii- Lack of capital (short, medium or long term).

iii- Lack of spare parts.

iv- Problems of transportation of raw materials from production areas to the factories.

v- Lack of fuel.

vi- Inadeuqate workers training. This is particularly significant in case of the multipurpose workshops.

vii- Raw materials (multipurpose workshops).

viii- Lack of proper tools and machinery.

4.6 Commerce and Trade:

i- Transportation. Transport facilities are inadquate and at a very high cost.

ii- Credit.

4.6.1. Problems of Livestock Trade:

i- Transportation of animals to the market, (both markets within the province and outside the province).

ii- Security problems (prevalence of armed robberies)

iii- Shortage of water, watering points and grass during the summer months.

iv- Frequent outbreaks of disease. There are no vaccination clinics or veterinary services in the area.

V- Linkages and Problems Limiting Development of Adequate Linkages:

5.1. Linkages within the Region:

The following three types of markets could be distinguished in Southern Darfur.

i- Markets in the major towns of the province. This category includes markets in Nyala,Zalingi and Elda'in henechforth referred to as major markets.

ii- Markets in the Secondary towns such as Buram, Ed el Ghanam, Garsila, Kass, Rihaid El Birdi, Tulus, and Gradia-reffered as to secondary markets.

iii- Village markets.

There are two main channels for a two-way communication among these markets

i- Village markets deal directly with the major markets. In this case the village markets supply the major markets with cash crops such as millet sorghum, groundnuts, onion,.. etc and in retrun they acquire consumer goods and strategic commodities.

ii- Village markets supply the secondary markets which in trun supply the major markets. In this case secondary markets act as intermediaries between village markets and the major markets.

5.1.1. The major markets:

Nyala represents the largest trading centre in the region and most of Southern Darfur trade passess through it. It is perhaps one of the fastest growing towns in the country. Its population grew from 12,000 in 1955/56 to 27,000 in 1964, 60,000 in 1973 and to 113,000 in 1983. This rate of growth (about 9%) is higher than that of most other towns in North Sudan. El Obied, the capital of Kordofan Region which represents the major trading centre for Kordofan as Nyala is for Darfur, grew by only 3% over the same period. The high rate of growth of Nyala was partly due to the completion of the railway line between Nyala and Khartoum. Almost 90% of the region's manufacturing activities are based in Nyala. It is also the largest livestock and cash crop market in the Region. The most important characteristics of Nyala market is that it handles all the exports from and imports to the province, and that it is supplied by every other major and secondary market in the province

Zalingi and Elda'in markets are relatively smaller markets. El da'in is one of the most important livestock markets in the province while Zalingi is considered to be an important market for millet, sorghum

and horticultural crops particularly onion and citrus. The area around Zalingi produces good quality onion which is well known all over the country. Both of these two markets supply Nyala market with crops and livestock.

5.1.2. Secondary Markets:

Secondary markets act as a link between village markets and the major markets. The nature of the activities of these markets is similar. They are all involved in consumer goods, livestock and cash crops trade. Each market has a large number of retailers and a small number of wholesalers.

5.1.3. Village Markets:

These are the smallest markets in the province, where they are widely spread (see Table 19). Each village or group of villages have a market that assembles regulaly once or twice a week depending on the area and the size of the population each market serves. Markets serving relatively large villages assemble twice a week while those serving relatively limited areas and small villages assemble once a week. The week days during which these markets assemble are fixed by local authorities.

Village markets are attended by traditional farmers selling cash crops as well as towns traders, who tend to move from one market to another concentrating on the markets of the relatively larger villages. Though it is difficult to estimate the numbers that attend these markets, it is clear that most raditional farmers do attend these markets more or less regularly. The sale of the cash crops produced by these farmers represent the backbone of the trading activities of these village markets. Thus it may be expected a substantial proportion of the population in traditional farming could be reached through these markets e.g. village markets may form an element of an extension programme. However, such an effort will have to be carefully designed and organized.

5.1.4. The three types of markets mentioned above are linked together with earth tracks, and the bulk of the transportation services within the province are provided by privately-owned commercial lorries. The total number of the lorries has increased in the last ten years. While there are no precise figures as to the number of lorries operating in the province, it has been estimated that about 3000 lorries are in operation. They operate between the different markets and between markets and production areas. However, transportation services between the village markets and the other markets are inadequate.Very often farmers and village traders use camels, donkeys and horses as a means of transport. The reasons behind this are the high cost of lorry transport and the reluctance of lorry owners to operate between village markets and town markets because of uncertainty of the supply of produce and other goods from villages.

Linkage between all the markets become very weak in the rainy season due to the fact that earth tracks become impassable in this season. The only effective road link all year round is between Nyala, Kass, Jebel Mara (Nyertete and Tur) and Zalingi. Much of the traffic is diverted to the Nyala-Kass-Zalingi highway during the rainy season as this is the only all weather road in the province. Poor road conditions represents the major problems limiting development of adequate linkages in the province. This is further compounded by the shortage of fuel and high cost of transport.

5.1.5. Generally seaking , there are a number of reasons to believe that improving road conditions and transport faciltities would create more effective linkages and stimulate production and marketing of agricultural commodities. In the 1960s cheap transport and the

completion of the railway link between Nyala and Khartoum opened up the possibilities of cash cropping especially groundnuts. A local processing industry was established in the province. This was largely associated with groundnuts hulling, oil processing and soap manufacture. Improved and cheaper transport will also provide strong stimulus to the creation of demand for consumer goods. Such a development would go hand in hand with an expansion of areas grown with cash crops and in widening the cash economy as a whole.

5.2. Linkages to the rest of the Country:

5.2.1. In 1959 the railway link between Nyala and Khartoum was completed. This was the first genuine attempt to connect the Region with Khartoum. In the 1960s and early 1970s the railway line played a significant role in provinding essential transportation services between the Region and the other parts of the country. However, in the more recent years the railways were unable to cope with the increased commercial activities in the region. There were frequent shortages of the basic commodities in the region particularly during the rainy season due to the railway washout. As a result a number of transportation companies were established. They now represent the major link between the Region, Central and Eastern Sudan. Their activities are confined to the transportation of consumer goods and strategic commodities to the region. On the return trip from the region they often transport cash crops. In addition to these companies, there are a substantial number of privately owned lorries and trucks operating between the region and Khartoum.

5.2.2. The drought of the last three years affected the operations of the transportation companies as well as

the private operators. There is a general decline in the market for transportation services in the region (both inter and intra regional) as a result of the decline in the production of cash crops. Very often lorries and trucks return empty after delivering their cargo to its destination in the region.

5.2.3. Linkages between the Region and the rest of the country are generally weak. The basic problems that hinders the development of effective linkages between the Region and the rest of the country are the following:

i- Poor conditions of the roads. There are two main routes that connect the Region with Khartoum, the first is the Nyala, Eldan'in , El Nihoud, El Obied, Kosti, Khartoum, and the second is El Fasher-Omdurman (Darb el Arba'in).

ii- Shortage of fuel.

iii- Ineffective railways. Much of the railways services are limited to passenger transport.

I- Recommendations:-

1.1. Policy Aspects:-

1.1.1 The role of the private sector is still not very well identified in National and Regional Development Plans . A clear and more precise statement is needed to clarify the division of labour between the public and the private sector and to specify the range of activities for which the private sector may be favoured particularly those in which it may be comparatively more efficient.

1.1.2. A clearer and more appropriate incomes and tax policy for the private sector in the regions will have to be drafted. Tax revenues collected by the public authorities form the activities of the private sector will have to be closely geared to more provisions of public services, especially infrastructural facilities such as water, energy, roads, communications, specific education, health and the like.

1.1.3. Prices play a central role in the production process. The pricing policies of theNuba Mountains Agricultural Production Corporation (NMAPC), at least as far as short staple cotton production is concerned, seem to have been a significant disincentive to increased production. This seems to have been the single most important factor accounting for the significant deterioration of production over more than a decade.NMAPC pricing policies are an area where more thorough and systematic analysis is required.

1.1.4. Another area is the lack of a systematic road haulage tariff. At the moment, trransport charges are geared to what the market can bear. This could place an additional financial burden on the producer. A related question that needs to be addressed is the generation of sufficient funds from within the sector to cater for the recurring costs of maintenance and up keep once a road is paved through capital aid. The complex question of a user tax and its form will have to be carefully studied to ensure equity and administrative simplicity.

1.1.5. A less complicated, fairer and more equitable system of fuel allocation and distribution to potential producers in crop and horticultural production will have to be devised and strictly adhered to. The present system frustrates initiative for those farmers (and industrialists) who cannot afford black market prices

1.1.5. An extensive policy of providing agricultural guidance and basic extension services, seem to be warranted.

1.1.6. To protect future generations, combat desertification and conserve resources, a coherent enviromental policy needs to be drafted and implemented using both inducements and punitive measures. Such policy should emphasise the organization of woodcutting, reservation of forests and continuous planting of trees. The present laws of the Forestry Departments in the Region mention some of these requirements but only in passing. The official organs have little, if any, facilities for implementing those laws. If such a policy is not intorduced and seriously implemented, evidence seems to suggest that substantial degradation in land resources forestry, animal resources and wild life may be the result.

1 .1.7. Due to the relatively high potential of the Western Sudan, some positive discrimination in the provision of water, energy, etc, and in the allocation of resources in general in favour of these regions may be required both on part of the Central and Regional Governments.

1.2. Institutional Aspects:

1.2.1. Much more care needs to be given to cooperatives to enable them to play a more positive role in the processes of finance, production, storage, marketing, transportation and distribution. Particularly in the field of crop production, horticulture, livestock production, and small-scale industries, cooperatives, given adequate support and guidance, seem to be a viable instrument for organizing production. However, more public investment in physical facilities (buildings, cars, equipment, etc), personnel and managment particularly accountants, is an urgent requirement all over the

area. Less political and Government interference with the functioning of societies would certainly enhance the effectivess and acceptability of cooperatives and make for more efficient performance.

1.2.2. Less government interference with the Farmers Union, particularly with the choice of leadership and coverage of membership, may render these unions more effective organizations for mobilizing farmers for production, and act as a channel for assistance. At present, they are perceived mainly as political organs of the Government and can contribute very little to the farmers.

1.2.3. The role and rational of the Numba Mountains Agricultural Production Corporation (NMAPC) need to be reassessed together with the proposed review of its pricing policies and service charges. This would be done in the light of the drastic deterioration of crop production over the past fifteen years.

1.2.4. Chambers of Commerce as they stand now are mere clubs where merchants of various walks of life meet socially. To make them more effective, their constitutions may need to be redrafted to enable them to apply for licenses for their members, conduct joint studies and project analysis, etc. To enable them to act as guarantors for borrowing funds by the members, they will have to be linked with the Sudanese Employers Association or similar bodies in Khartoum, or its possible branches in the region.

1.3. Factors of Production Aspects:

1.3.1. A fuller survey of potentialities for mechanized farming, traditional farming, livestock production and horticultural production needs to be conducted. The related questions of soil type and ground water availability will also have to be carefully investigated. In particular, the qeustion of the significant deterioration of drinking water supply from "Haffirs" and its effects on production of some crops has to be seriously investigated with a view to draw up a programme to alleviate the problem.

1.3.2. The provision of storage facilities needs to be urgently considered, for crop producers, livestock producers and horticultural producers. Since their production is characterized by perishability, the latter group deserves special attention. Also, it is important to distinquish between storage needs for mechanized agriculture (big silos) and those for small producers.

1.3.3. More capital (both private and public) needs to be channelled to the private sector in Western Sudan. Working capital seems to be in high demand but machinery and equipment are also needed by producers particularly in mechanized agriculture, horticulture and manufacturing industry. Possible ways of channelling that capital need to be investigated in some detail along the lines indicated in (5.4. Section A) above.

1.3.4. The supply of most inputs is very deficient in the region. Of these, improved seeds, pesticides, fertilizers, fuel and raw materials for industry are the most important. Cooperatives, Farmers Union, and other institutions should be enabled to purchase them and organize their transportation and distribution. Here again, public support will be specially important.

1.3.5. Training of labour and the support of vocational training centres should also be a priority.

1.4. Maximizing use of Existing Institutions:

1.4.1. As already mentioned, this is possible, and may have certain advantages over establishing completely new institutions. The attraction of using private sector groups and institutions is that they bridge the gap between those who provide the

assistance and those who use it in a way that meets the needs of the two groups, in a relatively more efficient manner.

1.5 Other Possible Mechanism:-

1.5.1. Both the Agricultural Bank of Sudan and the Industrial Bank of Sudan could be approached with a view of possible coordination and integration of process of extending financial and other types of support and assistance to the private sector. This will have to be combined with the creation of a special window (possibly funded by USAID) designed exlusively for channelling credit to the Western Sudan. To ensure maximum impact the support and cooperation of relevant government departments (e.g. Regional Ministry of Agriculture and Natural Resources, Departments of Horticulture, Departments of Forestry, etc) should be solicited as far as possible. Under the present economic system of the Sudan, many private sector activities are only as good as what the public sector allows them to be.

II- Limitations of The Analysis and Proposals for Future Studies:

2.1. Time Allowed for Study:

2.1.1. It would be unrealistic to expect that a study of such an extensive magnitude, covering an area as large as that of the Western Sudan could be adequately conducted in a period as short as two months including field work of about four weeks.

2.1.2. The time factor was further complicated in many instances by the inadequacy and some times the complete lack of speedy transport. This particular deficiency would need to be taken into account in future studies of this nature, thereby allowing more time for the completion of the specified terms of reference and scope of work.

2.1.3. Time limitations meant that the team had to make a choice between concentrating its activities in studying fewer private sector activities in greater detail, or looking at a larger number of activities in a more general way. The latter strategy was opted for, but even this choice was also constrained by the actual time spent on field investigations proper i.e. not counting time spent on travel between different locations.

2.2. Extent of Penetration of Analysis:

2.2.1. Analysis of most phenomena is just as good as the data and information available on that phenomena. In the present instance, most of the available data was either incomplete or unreliable, which made members of the team depend on general observations at times and exclude some areas completely at other times.

2.2.2. For the sake of comprehensiveness, and for drawing more solid conclusions than perhaps the ones contained in this study, more data and information on different activities, larger and more representative samples and a wider geographical coverage, would be required. The Consultants would have liked to conduct a closer examination of mechanized farming sector in a historic perspective, tackling recent developments in a comparative manner. Cooperatives, various Unions and Associations merit a more comprehensive examination. For better assessment, analysis should have covered historical development, internal form, mechanisms of meetings and elections, system of finance, effectivensess of different organizations and more detailed analysis of the perception of the benificiaries of these organizations and their ability to adapt and grow.

2.2.3. The handicraft industry, in particular would have deserved deeper analysis of its nature, magnitude and problems. Given the short time, such penentration was not possible. The same was also true of market dynamics, demand analysis for various products and the state of community services.

.3. Areas For Possible Follow-up Studies:-

2.3.1. Commerce and trade is the activity with the largest share in the economy of the Western Sudan. A closer and more detailed study than the general survey just conducted may be warranted. Such a study will have to consider the sector by type of activity (e.g. traders in crops, consumer goods, inputs, etc), volume of trade and capital invested etc.

2.3.2. Horticulture appears to be an extremely promising sector for private investment in many areas of Western Sudan. A more comprehenisve and systematic survey of the sector is justified. Such a study should include the collection of pertinent statistics about the extent of the sector, its true potential, ground water and soil potentialities, production and productivity, price structure, marketing, transportation and storage facilities.

2.3.3. Cooperatives also warrant a further in depth look in the light of alternative institutions for financing and supporting the private sector.

2.3.4. Labour mobility, especially under the present drought conditions, is covered only peripherally in this report. To determine whether labour shortage represents a constraint to increased investment in the private sector and reach some understanding of the magnitude of the problem, probably justifies a seperate study.

2.3.5. Capital flows in and out of the region will need to be assessed more accurately to establish a better picture of capital shortage. Capital inflows may include remittances of SNWA, foreign capital and other local transfers. In addition a comparative analysis and appraisal of the alternative ways of providing capital particularly to small farmer will need to be conducted.

2.3.6. The possibility of a large-scale fodder industry for the livestock sector, and private forests for wood factories also need to be considered in more detail.

2.3.7. An important area for possible follow up studies is the identification and appraisal of highways, feeder roads and agricultural and horticultural development roads. A possible starting point for Southern Kordofan would be along the lines indicated in section (2.2) of section A above.

In the case of Southern Darfur, transport problems have been identified as perhaps the single most important constraint to the development of the region. By and large the region is isolated from the rest of the economy of Sudan. Isolation is also characteristic of the different areas of Southern Darfur. A road network identification programme is a priority area for future studies.

2.3.8. The two large public sector factories in Southern Kordofan, namely, Babanousa Milk Factory and Kadogli Textile Factory, need to be studied and rehabilitated with the view of possible involvement of the private sector in the form of cooperatives or some other suitable form. In southern Darfur, an appraisal of Nyala government tannery and assessment of the viability of rehabilitation through the involvement of the private sector, should be given serious consideration.

2.3.9. Storage, once more, will have to be emphasized as a factor deserving considerable analysis. This can be looked into as part of an appraisal of an investment package designed specifically for the benifit of small farmers, since lack of such facilities is one of the main factors limiting the areas put to cash crops. Availability of storage facilities for small farmers would strengthen their bargaining position vis-a-vis large scale buyers. The problem assumes a further dimension in the case of horticultural crops since they are highly perishable.

Statistical Appendix

A Note on the Statistical Tables and Questionnaires

1- Unless otherwise indicated, the tables in this appendix have been generated as a result of the field survey by members of the working party. They are by no means the result of a scientifically constructed sample. More acurately they reflect the areas covered and the persons or households that were willing to be interviewed by team members. However, some tables are exhaustive e.g. the table covering the transportation Companies in Southern Darfur. Data on small scale workshops and handicrafts relate only to certain areas as indicated in the tables together with the numbers of individuals or households interviewed. The tables by and large do not cover cottage crushing mills, small carpentary shops and workshops for agricultural machinery that are scattered in small villages and towns. The information included in the tables is therefore illustrative rather than exchaustive.

2- The response to the questionnaires was rather limited in number and content (perhaps due to the fear that the information would be used for taxation purposes). In many cases a more informal interview covering crucial points was conducted with those who were willing to discuss their operation with the team members. This proved more appropriate and rewarding.

Table (1)

Growth in Banking Services in Sudan

(1970 - 1983)

	Bank of Sudan		Specialized Banks		Commerical Banks		Total	
	1970	1983	1970	1983	1970	1983	1970	1983
Khartoum Region	1	1	4	9	22	66	27	71
Eastern Region	2	2	3	4	14	23	19	29
Central Region	2	2	5	14	12	22	19	38
Northern Region	1	1	4	8	3	6	8	15
Kordofan Region	1	1	-	5	7	18	8	23
Darfur Region	1	1	1	2	4	10	6	13
Upper Nile	-	-	-	1	1	2	1	3
Equatoria	1	1	-	1	4	4	2	6
Bahr ElGazal	-	-	1	2	4	5	1	7
Total	9	9	18	46	71	156	91	205

Source: Bank of Sudan Annual Reports 1970/ 1983

Table (2)

DEVELOPMENT IN SPREAD OF BANKS
1982-1983

Province :	Bank of Sudan		Specialized Banks		National Commercial Banks		Joint Venture Islamic Commercial Banks		Joint Venture Non-Islamic Commerical Banks		Foreign Commercial Banks		Total	
	Dec. 1982	Dec. 1983	Dec. 1982	Dec. 1983	Dec. 1982	Dec. 1983	Dec. 1982	Dec. 1983	Dec. 1982	Dec. 1983	Dec. 1982	Dec. 1983	Dec. 1982	Dec. 1983 :
1- Khartoum	1	1	9	9	40	43	7	10	3	6	7	7	67	76
2- Kassala	1	1	3	3	12	12	1	1	1	1	-	-	18	18
3- Red Sea	1	1	1	1	5	5	1	1	1	1	2	2	11	11
4- Blue Nile	-	-	4	4	8	8	-	-	-	-	-	-	12	12
5- White Nile	1	1	2	2	6	7	-	1	-	-	-	-	9	11
6- Gezira Prov.	1	1	8	8	8	8	-	-	-	1	-	-	17	18
7- Northern prov.	-	-	4	4	3	3	-	-	-	-	-	-	7	7
8- Nile Prov.	1	1	4	4	3	3	-	-	-	-	-	-	8	8
9- Northern Kordofan	1	1	3	3	10	12	-	1	1	1	-	-	15	18
10- Southern K.	-	-	2	2	4	5	-	-	-	-	-	-	6	7
11- Northern Darfur	-	-	-	-	5	5	-	-	-	-	-	-	5	5
12- Southern Darfur	1	1	2	2	5	5	-	-	-	-	-	-	8	8
13- Upper Nile	-	-	1	1	2	2	-	-	-	-	-	-	3	3
14- Easter Equatoria	-	-	1	1	3	3	-	-	-	-	-	-	4	4
15- Western Equatoria	1	1	-	-	1	1	-	-	-	-	-	-	2	2
16- Bahr El-Gazal	-	-	2	2	3	3	-	-	-	-	-	-	5	5
17- Jongolei	-	-	-	-	1	1	-	-	-	-	-	-	1	1
18- Lakes Provnice	-	-	-	-	1	1	-	-	-	-	-	-	1	1
Total	9	9	46	46	120	127	9	14	6	10	9	9	199	215

Source :- Bank of Sudan 24th Annual Report, 1983, March 1984

Table (3)

Numbers Interviewed by Econoimc Sector and Area

in Southern Kordofan

Area	Agriculture	Horticulture	Commercial Sector	Small Industry & Handicarft	Livestock	Total
1- Al Fola	5	3	3	3	-	14
2- Laqawa	5	2	4	3	-	14
3- Muglad	6	-	4	4	4	18
4- El Mayram	6	1	4	-	2	13
5- Al Foda	3	-	-	3	-	6
6- Babanousa	-	-	7	7	-	14
7- El Dilayma	2	-	1	1	1	5
8- Talodi	6	2	1	1	-	10
9- Kalogi	9	1	3	2	1	16
10- Abu Gibaih	5	6	4	2	-	17
11- Abu Nawara	2	-	-	-	-	2
12- Abbassiya	8	2	7	2	1	20
13- Kadogli	2	4	7	6	1	20
14- Dilling	1	1	5	4	-	11
15- Dibaibat	2	-	1	1	1	5
16- Rashad	2	-	1	-	-	3
Total	64	22	52	39	11*	188

* Despite the importance of this sector, only 11 households were interviewed because time did not allow for covering villages and rural areas.

Table (4)

Main Institutions Surveyed in Southern Kordofan

Institution	Area	Approximate Membership
1- Muglad Chamber of Commerce	Muglad	70
2- Kadogli Chamber of Commerce	Kadogli	120
3- Dilling Farmers Union	Dilling	10,000
4- Lagawa Farmers Union	Lagawa	2,000
5- Nuba Mountains Farmers Union	Kadogli	120,000
6- Kagogli Merchants Union	Kadogli	120
7- Cooperative Unions (81 cooperatives)	Dilling	6,198

Table (5)

Southern Kordofan Manufacturing Sector

Workshops for the Manufacturing of Agricultural Tools
(Major Operators)

Name	Area	Activities (Manufacturing of)	Labour Force	Capital L.S.	Production/day Capacity
1- Khurug Mohamed Ali	Foda	Hoes, animal drawn ploughs, knives spears and other traditional tools	3	400- 500	30 hoes 5 Axes plus a nur of knives and spea
2- Mohamed Balla Salim	Foda	" " " " " "	2	300- 400	30 hoes 5 axes other
3- Gadim Hamodain	Muglad	" " " " " "	2	500- 1000	15-20 hoes 15-20 axes number of spears a knives
4- Ali Fidayli	Muglad	" " " " " "	2	300-500	15-30 hoes 5 axes spears, knives.
5- Adam Ibrahim Mohamed Zein	Dilling	" " " " " "	5	300-700	20-30 hoes, 5 axes spears, knives
6- Mohamed Adam Shagga	Kadogli	" " " " " "	10	1000-3000	50 hoes 20 axes, spears knives, boxes, etc

Table (6)

Southern Kordofan Workshops and Handicraft Sector

(Major Operators)

Name of Owner	Area	Type of Activity (Manufacturing of)	Labour Force	Capital LS.
1- Ahmed Karrar	Lagawa	Furniture, chairs tables, etc.	2	900
2- Omar Modawi	Babanousa	Local tannery	20	70,000
3- Gibreel El Goni	Babanousa	Doors, windows and other tools	4	20,000
4- Mohamed Ahmed Hamad	Babanousa	cars mechanics and repairs, doors, windows	10	6,000
5- Karrar Ahmed	Lagawa	Tables, chairs cupboards.	-	N.A.
6- Mohamed Amin El Sayed	Kadogli	Wood factory	53	200,000
7- Abdel Gadir Abbaker	Abbassiya	carpentery	3	5,000
8- Dambaber Mohamed	Abbassiya	Local tannery	10	2,500
9- Ahmed Mohamed Abdel Gadir	Abu - Gibaiha	Carpentry	4	4,000
10-Ahmed Mohamed Salih	Abu- Gibaiha	Tables, chars, windows tools	7	50,000
11-Mohamed Abdel Rahman	Kalogi	carpentry	5	4,000

Table (7.3)

Manufacturing Sector in Southern Kordofan

Oil Crushing Mills and Oil Factories

(Factories Visitied)

Type of Industry	Area	Number of Factories	Maximum Processing capacity	Utilized Processing Capacity	Maximum Production Capacity	Actual Production	Labour Force
Decorticators	Babanousa	6	60 tons of groundnuts/day	20 tons of groudnuts/day	-	-	Average of 12 workers per mill
Oil Mills	Babanousa	1	-	-	1000 gallons per day	80-100 gallons per day plus 1-2 tons of cake per day	Average 11 workers per mill
Oil Mills	Abu Gibaiha	This Factory has closed down due to financial and other technical problems					
Oil Mills	Kadogli	4	40 tons of groundnuts per day	5-15 tons of groundnuts per day	-	150 gallons per day during season	Average of 8 workers per factory

Table (8) Roads in Southern Kordofan

Road	Length K.M.
1- Dibaibat - Dilling- Kadogli (Asphalted)	186
2- Abbassiya - Rahad	75
3- Abbassiya - Um Ruwaba	60
4- Muglad-El Obeid*	325
5- Talodi- Abbassiya **	280
6- Babanousa- El Fola- Lagawa, Kadogli	185

* Passes through Abu Zabad, El Odayia and Babanousa.

** Passes through Abu Gibaiha- Rashad

Table (9)

Population of Southern Darfur Province
(Third Population Census 1983)

District	Nomads				Settled			
	Individuals			Households	Individuals			Households
	Male	Females	Total		Males	Females	Total	
1- Central	1996	1654	3650	615	243797	253967	497764	99836
2- Eastern	66635	51405	118040	29087	106987	105957	212943	34035
3- Western	16045	16120	32165	8026	58152	68609	126761	29391
4- Jebel Mara	4376	4282	8654	1875	42200	44289	86389	20052
5- Southern	16121	14471	30592	6878	107921	114225	222146	40256
6- Southern Western	21802	22878	44680	9156	86781	91231	178012	31985
7- Wadi Salih	26562	27012	53574	12700	70200	80183	150383	35534
Total	153537	137817	291354	62287	716037	758361	1474398	291094

Table 10:

Numbers Invteriewed by Economic Sector and Area
In Southern Darfur

Area	Agriculture	Horticulture	Commerical Sector	Industry & handicraft	Livestock	Total
1- Nayala	1	-	6	30	2	39
2- Zalingi	8	6	3	2	-	19
3- El da'in	5	-	3	5	3	16
4- Ed el Ghanam	2	-	2	-	1	5
5- Buram	-	-	3	2	5	10
6- Kabum	4	1	2	-	-	7
7- Tulus	2	-	3	2	4	11
8- Neyrtete	5	8	1	-	-	14
9- Eyur	8	3	2	-	-	13
10-Kateela	4	1	2	-	-	7
11-Kass	3	1	-	2	-	6

Table (11) Roads in Southern Darfur

Road	Length KM.
a- Western District (including Jebel Mara)	
1- Tour-Golol, a study has already been conducted and cost estimated	-
2- From Nyala-Zalingi highway to Boldong.	
3- The round route: Nyertete-Golo-Rokiro	-
4- Zalingi-Garsila-Foro Borunga	-
5- Garsila- Mukjar	-
6- Garsila-Bindisi	-
b- Eastern Southern and Southwestern Districts	
1- Nyala-Buram-Kafie genje	140
2- Nyala-Um Dafoug	170
3- Nyala-Muhajiria-Elda'in	120
4- Nyala-Deeto-Kilakila maogo-Muwaila-Giradia	90
5- Nyala-Um Kardoose-Labado	30
6- Nyala-Nitaiga-Shiaria -Gadeed Ras el Feel	110
7- Nyala-Mirshing-Elmalam	60
8- Nyala-Kabum-Rihaid el Birdi	120
9- Nyala-Tulus-Ragag-Buram	141
10- Nyala-Donki Draisa-Graida-Buram	90
11- Elda'in - Abu Matarig-Safaha	120
12- Elda'in - Abu Karinka- Kordofan Borders	100
13- Tingilani-Kidinyir - Kaila	45
14- Nitaiga-Manawashe-Mirshing	23
15- Nitaiga-Ghur abashi-Mirshing	31
16- Ghur-Abashe-Gadeed Ras el Feel	30
17- Ghur-Abashe-Abu Shawakeel	15
18- El Da'in - Abu Karinka	40
19- El Da'in - Abu Matarig	40
20- El Da'in - El Gughan - Abu Gabra	50
21- El Da'in - Gimailaya	40
22- Abu Karinka- Elmazoub - Sharif	45
23- Abu Matarig- Abu Gabara	30
24- Buram - Kundi - El Radom	33

(Table 11 Contd.)

	Road	Length KM
25-	Buram- Elsunta-Elfirdose-Elda'in	90
26-	Buram- Tajneeba - Kera	22
27-	Rajaj - Wad Hajam	62
28-	Falanduge - Umlabasa	63
29-	Ed el Ghanam - Kabum	40
30-	Ed el Ghanam - Kateela - Tulus	34
31-	Ed el Ghanam - Elasrakh - Falanduge	35
32	Kateela - Intakaina	30
33-	Tulus - Gidad - Giraida	33

Table (12)

Southern Darfur Province

Transportations Companies

Name of Company	Authorized capital L.S.	Paid up capital L.S.	Fleet	Activities
Darfur General Transportation Company	1 Million 51% public 49% private	576,000	17 Berlait trucks (15-20 tons) 10 Fiat Trucks (40 tons) 11 Nissan buses	1- Transportation of goods and commodities from Khartoum to the Region 2- Transportation and input distribution within the Region. 3- Passenger transportation within the Region and between the Region and Khartoum.
Middle East (Azum) Company	-	2 Million	8 trucks 4 Lorries 1 Tanker	Transportation of goods and Strategic commodities from Khartoum to the Region.
Southern Darfur Transportation Comapny	360,000	341,500	21 Berlait trucks (15 tons)	Transportation of strategic commodies and school equipment from Khartoum to the Region
Union of Commercial Lorry Owners	-	-	214 lorries	Transportation and input distribution within the province.

Table (13)

Manufacturing Sector

Oil Crushing Mills and Soap Factories

In Souterhn Darfur

Type of Industry	Area	Number of Factories	Maximum processing Capacity	Utilized Processing capacity	Maximum Production capacity	Actual production	Labour Force
Oil Mills	Nyala	8	400 sacks of groundnuts/day	150 sacks of groundnut/day	-	-	Average of workers pe mill
Oil Mills	El da'in	11, five already operating, 6 approved but not established	400 sacks of groundnuts/day	150 sacks of groundnuts/day	-	-	Average of 12 workers mill
Soap Factories	Nyala	4	-	-	300 cartons of soap per day	200 cartons soap /day	Average of 12 workers per factor
Soap Factory	Edda'in	1	This Factory is	closed down			

Table (14)

Southern Darfur Handicrafts Sector: A Sample of Multipurpose Workshops

Name of Owner	Area	Type of Activity	Labour Force	Capital L.S.
1- Abdalla Adam Mohamd	Nyala	Car mechanics, truck repairs, welding	9 skilled workers paid weekly	250,000
2- Ali Abdel Hameed	"	Car repairs	5 workers 2 skilled and 3 trainees	150,000
3- Mohamed Salih	"	manufacture of office furniture, chairs, home appliances, oil mills, and decorticators	6 workers, 3 skilled and 3 trainees	150,000
4- Adam El Din Ali	"	Spare parts,mills decorticators,	7 workers,3 skilled and 4 trainees	150,000
5- El Na'in Abdel Rahman	"	Manufacture of of lorry boxes, fans, furniture and welding	9 workers, 2 skilled and 7 trainees	50,000
6- Hassan Abdalla	"	car repairs electrical equipment	7 workers 3 skilled and 4 trainees	100,000
7- Ahmed Ali Yousif	"	car mechanics, engine recond-itioning	10 workers, 3 skilled,7 trainnees	50,000
8- Mirghani Ibrahim	"	Manufacture of office furniture crushing mills, other types of mills	9 workers 4 skilled 5 trainees	50,000
9- Ibrahim Jado Ahmed	El Da'in	car mechanics and repairs	5 workers 3 skilled and 2 unskilled	30,000
10- Abdalla Salih Abdalla	"	Welding, stools, water tanks, doors, windows	One worker	5,000-7000

(Table 14 Contd.)

Name of Owner	Area	Type of Activity	Labour Force	Capital L.S.
11 Ali Nurain	Buram	Welding, stools windows, doors, bedrooms,chairs	4 workers 1 skilled 3 unskilled	10,000
12-Yousif Hamid	"	Ploughs, hoes, axes	5-7 workers	2,000
13-Ahmed Suliman	"	Furniture,beds office equip-ments	3 trainess	1,000-2,000
14-Mohamed Abu Shamma	Zalingi	Welding, beds, chairs.	3 workers	4,000
15- Ali Abdel Rahim	"	Welding,chairs beds	3 workers	3,000

Table (15)

Southern Darfur Manufacturing Sector

Workshop for the Manufacture of Agricultural Machinery

Name	Area	A c t i v i t i e s	Labour Force	Capital L.S.	Prodiction Capacity
Mohamed Ishag Ismail (Halato)	Nyala started work in 1964	Manufacture of animal drawn ploughs scales,spare parts , hoes, and other traditional agricultural machines.	13 workers	200,000	600 ploughs per annum large number of scales a spare parts.
Madibo el Dain Ismail	Nyala work started 1965	Manufacture of ploughs, manufacture of other agricultural machinery such as hoes	4 skilled	50,000	200 ploughs per annum, a large number of spare parts.
Eisa Abdel Shafi Shafi	Nyala 1976	Manufacture of ploughs and hoes	3 workers	10,000	50 ploughs per annum

Table (16)

Distribution of Factories and Handicraft Works in Southern Darfur Province

Town	Oil crushers	Soap factories	Decortication	Multipurpose workshop	carpentary shop	Modern Tannaries	Cottage Tanneries	Soft drinks Factories	Othe
Nayla	8	4	23	200	NA	1	6*	1	4
Zalingi	-	-	-	3	8	-	3*	1**	-
Elda'in	11	1	27	20	NA	-	NA	-	-
Buram	-	-	1	2	65	-	NA	-	-
Tulus	-	-	1	-	NA	-	NA	-	-
Ed el Ghanam	-	-	-	1	NA	-	NA	-	-
Total	19	5	52	226	73	1	9	2	4

* Approximate figures.

** closed down for a long time

Table (17)

Nyala Crop Market (Zareeba)

Crops Sold between July 1981 and July 1983 (in quintals, 1 quintal = 100 lb)

Date	Groundnuts	Sesame	Gum Arabic	Tomatoe Dehydr-ated	Okra Dehydr-ated	Chilli	Millet	Tumbak	Water mell seeds	Natural Honey	Potatoes (sacks)	Hi k
July 1981 June 1982	210,994	7250	16446	27218	688	1549	7193	4912	447	1338	21,999	402
July 1982 June 1983	35,134	1607	4900	33,450	3402	8788	3400	800	110	NA	50,009	15,
July 83- June 84	28734	3070	13,194	9163	3627	1350	15508	500	480	800	31,030	20

Table (18)

Animals Entered, Sold and Average Prices for Nyala Livestock Markets January - June 1983

Month	Animal Type	No-Entered	No-Sold	Average Price L.s.
January	Cattle	7118	5168	215
	Sheep	7707	4974	53
	Goat	3589	2376	22
	Camel	743	532	317
February	Cattle	4606	4047	196
	Sheep	4235	3860	51
	Goat	2682	2285	23
	Camel	350	399	275
March	Cattle	5028	4096	311
	Sheep	3900	3432	61
	Goat	2350	1950	41
	Camel	481	273	347
April	Cattle	4874	3405	266
	Sheep	5952	2686	57
	Goat	4463	1820	24
	Camel	642	208	311
May	Cattle	5321	3524	306
	Sheep	6190	2488	21
	Goat	4198	2101	20
	Camel	814	172	331
June	Cattle	3498	2438	325
	Sheep	5263	2563	60
	Goat	4218	1868	23
	Camel	667	178	295

Table 19

A Sample of Some Important Village Markets in the Western and Wadi Salih Districts of Southern Darfur

Western District:

Geeri

Kargola

Sulo

Fatma Karal

Higair

Burum Burum

Warbo

Jebel Mara Area:

Golo

Nerytete

Juldu

Roe Kiro

Daya

Tour

Morta Jello

Golole

Boldong

Wadi Salih District:

Mukjar

Bindisi

Foro borunga

Dilage

Arwala

Um Khair

Tanako

Draisa

Table 20:

List of Institution Surveyed and Identified in Southern Darfur

Institution:

1- Middle East Transportation (Azum) Company

2- Southern Darfur Transportation Company

3- Darfur General Transportation Company

4- Union of Commercial Lorry Owners.

5- The Agricultural Bank of Sudan

6- Unity Bank

7- Bank of Khartoum

8- The Islamic Bank for Western Sudan

9- Nyala Chamber of Commerce

10- Elda'in Chamber of Commerce

11- Western Development, Trading and Consultancy Company

12- Southern Darfur Regional Cooperative Union

13- Darfur Farmers Union

14- Western Savanah Development Project

15- Jebel Mara Rural Development Project

16- Natinal Tobacco Company-Zalingi Branch.

Questionnaire for Merchants & Businessmen

1- Town or village.....

2- Education (Tick Highest level attained).

(a) Khalwa ☐ (b) Elementary School ☐

(c) Secondary School ☐ (d) Higher Secondary ☐

(e) University ☐ (f) Other (specify) ☐

3- Age

(a) 30 years or less ☐ (b) 31-40 years ☐

(c) 41-50 years ☐ (d) 51-60 years ☐

(e) 61 and over ☐

4- How long have you been trading in the following crops

Crop	Years
Cotton	
Groundnuts	
Sesame	
Gum Arabic	
Dura	
Dukhn	
Karkadeh	
Chillies	
Tomatoes	
Onions	
Okra	

5- Is there a price difference if you by from other merchants or from farmers?.

Yes ☐ No ☐

6- If there answer is yes, estimate the price differential for each of the above crops.

7 (a) Do you own lorry or lorries for transporting produce

Yes ☐ No. ☐

(b) If the answer is yes, please specify.

Number of vehicles

Type of vehicles

8- During the past three years, have your purchases of the following crops changed:

Crop	Increase	Decrease	No change
Groundnuts			
Sesame			
Gum Arabic			
Dura			
Dukhn			
Karkadeh			
Chillies			
Tomatoes			
Onions			
Okra			

9- For each of the above products have you profits increased, decreased or did not change over the same period.

10- (a) Are you contemplating increasing your trade in the above products

Yes ☐ No ☐

(b) If yes please indicate how you intend to achieve that.

11- What are the major problem you face in trading in Agricultural products

(a) Transport ☐ (b) Capital ☐

(c) Storage ☐ (d) Petrol ☐

(e) Others (specify) ☐

12- To whom do you sell agricultural products - please give details indicating whether locally, regionally or nationally.

13- What Problems do you face in selling your commodities?

(a) Transport ☐ (b) Storage ☐

(c) Petrol ☐ (d) Others (specify) ☐

14- In your view what can the regional or Central Government or other private Institutions do to increase your production and/or sale of products or commodities.

15- Can you estimate (a) your fixed capital

(b) your working capital.

Questionnaire for Producers

1- Town or Village

2- Education

(a) None ☐ (b) Khalwa ☐

(c) Elementary ☐ (d) Secondary ☐

(e) Higher Secondary ☐ (f) University ☐

(g) Other (specify) ☐

3- Age

(a) Below 30 yrs ☐ (b) 31-40 yrs ☐

(c) 41-50 yrs ☐ (d) 51-60 ☐

(e) Over 61 ☐

4- What crops do you usually grow (Tick)

Cotton ☐ Groundnuts ☐

Sesame ☐ Dukhn ☐

Gum Arabic ☐ Dura ☐

Karkadeh ☐ Chillie ☐

Tomatoes ☐ Onions ☐

Okra ☐ Others (specify) ☐

5- Which of the above crops do you usually sell?

6- To whom do you usually sell your crops.

(a) Village Merchant ☐ (b) Town Merchant ☐

(c) Wholesale buyer ☐ (d) Other (specify) ☐

7- Indicate the price at which you sold each of your crops for the past two seasons.

1982/83	1983/84
L.S./Kantar	L.S./Kantar.

8- Do you have any comments to make on the price level.

9- Did you realize higher profits for some crops? please indicate which

10- Indicate crops grown exclusively for subsistence consumption.

11- If prices are increased would you produce and/or market more crops?

Yes ☐ No ☐

12- If yes which crops would you expand.

13- How would you increase your production of crops.

(a) Increased area ☐ (b) Increase labour force ☐

(c) Use agriculutral machinery ☐ (d) Resort to borrowing ☐

(e) Reduce area under other crops (if so which) ☐ (f) Other means (specify) ☐

14- Who sets the price for your products.

(a) Village Merchant ☐ (b) Town Merchant ☐

(c) Wholesale buyer ☐ (d) Others (specify) ☐

15- Do prices for each of the above crops change.

(a) During the season.

Yes ☐ No. ☐

Donot know ☐

b) From year to year

Yes ☐ NO. ☐

Donot know ☐

16- Does the price vary with quality

Yes ☐ NO. ☐

17- If yes which crops?

18- Estimate transport cost of your products to the nearest market in L.S./ Kantar.

19- Estimate the distance between your farm or village to the market in which you sell each of your crops (in Kilometers).

20- What modes of transport do you use to get your crops to the market.

(a) Hired Lorry ☐ (b) Camel ☐

(c) Donkey ☐ (d) Ox ☐

(e) Animal drawn carriage (Karo) ☐ (f) Railway ☐

(g) Other (specify) ☐

21- Do you face any problems in transporting your products to the market?

Yes ☐ No ☐

22- If yes please indicat e the nature of these problems

23- If you use sacks for your product, where do you buy them from? At what price.

24- Do you have dealing with merchants from outside the Province.

Yes ☐ No ☐

25- Where do you buy seeds for the crops you grow. What kind of seeds (traditional or improved).

26- Do you use fertilizers? where do you buy or secure them.

27- In your view what are the major problems facing production of different crops.

28- What are the main problems facing marketing of your crops.

(a) Transport ☐ (b) Price ☐

(c) Other (specify) ☐

29- If an Aid agency wishes to help you, what priorities would you assign to such aid (indicate by placing 1 for highest priority and so on).

Credit ☐ Agricultural Machinery ☐

Improved seeds ☐ Fertilizers ☐

Pesticides ☐ Extension ☐

Transport ☐ Stoarage ☐

Fuel ☐ Others (specify) ☐

125

30- Do you own an orchard

Yes ☐ NO ☐

31- If yes do you grow fruits for sale or own consumption.

32- If you sell fruits - who is the buyer. What are the methods of sale.

33- Do you sell fruits in location or in the market.

SCOPE OF WORK

Private Sector Review
In Western Sudan

Background

1) Limited financial and administrative resources constrain the ability of government institutions to sustain development activities through out Sudan. These constraints are not likely to be relaxed in the future, even with donor support. As a result, self-sustaining growth, particularly in the regions, will depend on private investment and initiative.

2) USAID has initiated a number of activities in Western Sudan to promote market linkages and stimulate private development,: the Kosti-El Obeid road, improved feeder roads, storage and credit, and applied agricultural reseach.

3) Further USAID activities with both local currency and foreign exchange will continue to be directed to the private sector. They include agriculture-related imports through the Commodity Import Program (CIP); local currency programs using funds generated through commodity import and food sales, and private sector distribution of imporved agricultural technologies.

4) From FY 1986-1988 USAID envisions a multi-year PL 480 Title III Program. The program would have a major impact on the availability of wheat and wheat flour, agricultural reform, private sector growth and agricultural development. The Title III program would include policy reforms to create a better private sector investment climate and would make local currency available to support private investment in agricultural and health-related activities.

5) Little work has been done to identify the major private sector institutions and investors in the west or to specify the range of activities in which they are involved. The study proposed herein would be used to focus the policy reform and local currency components of a PL480 Title III program. The information requested, however, extends beyond the agricultural sector in order to develop a broad understanding of marketing systems that may affect a wide variety of USAID programming activities.

Geographic Focus

The bulk of USAID's activities in the west have been in Kordofan Region, but this geographic emphasis will be expanded to incorporate Darfur as well. USAID anticipates that previously untapped development potentials make the southern parts of these regions the focus of future growth. Accordingly, the private sector review should concentrate on the southern provinces of Kordofan and Darfur, and should include both primary and secondary commodity markets, agro business and industrial activities.

Objectives

1) To identify the major private sector institutions and investors active in Western Sudan. We look for a wide range of institutions operating in various activities (from agriculture to manufacturing) and with differing levels of capital. Some examples might be farmers associations, the Chamber of Commerce,cooperative Organizations, merchant associations, banking groups, and private individuals.

2) To identify actual private activities undertaken by these groups. These might include farming, distribution of inputs, grain storage, processing of agricultural products, agricultural credit, transportation, and livestock marketing.

3) To understand how markets operate in isolated areas and to identify ways to stimulate private sector investment in both marketing and rural development.

4) To identify existing and potential marketing constraints which if addressed could stimulate economic activity from selective investment and policy reform. In addition, existing and potential market linkages will be studied to determine if new investments and reform could stimulate both production and marketing of agricultural commodities. For example, would support for particular agricultural processing industries generate demand for increased production and stimulate downstream transport activities?. Important linkages to domestic and international markets should also be identified.

5) To identify policy measures that may stimulate private sector investment. We have already initiated an agricultural input study that will trace the input distribution in the West (among other areas) and suggest policy measures to promote additional private involvement in input distribution. Although this analysis will not involve the detail of the agricultural input study,we look for a general assessment of the policy evironment and existing constraints to stimulating private investment.

6) To suggest areas for additional private involvement given the appropriate policy environment and the availability of capital.

7) To recommend mechanisms to channel capital to private investors. We prefer to rely on private or commercial mechanisms or to channel capital directly to investors. We also wish to maximize the role of existing institutions.

Specific Requirements:

1) Establish a list of major fields in which private institutions and investors play significant roles. This list will serve as the unifying framework for the analysis. Possible categories could be: agricultural production, input distribution and marketing, processing of agricultural commodities, manufacturing, transportation, banking and livestock trade.

2) Within this framework, identify the major institutions or investors and describe the types of activites supported or undertaken by each. Under agricultural input distribution and marketing, for example, there may be a list of several merchants who play a key role in Kordofan. For each merchant. there would be a description of the types of activities being undertaken and an estimate of the volume of business. Geographic location should be specified.

3) Specify for each field the particular constraints to additional private investment. The constraints should be sector-wide rather than individual specific, and they can range from policy to capital to infrastructure.

4) Analyze general market dynamics, focusing on actual and potential market linkages. The market descriptions should include and specify major and secondary towns describe linkages among villages, principal towns and the Khartoum market; identify characteristics, opportunities and problems unique to rural areas; and describe existing mechanisms for transmitting information among markets and between markets and production centers. The analysis should point to strategic investments that would have a multiplier effect on the economy.

5) From the discussion of constraints, existing activities and market dynamics, suggest areas where additional private investment would be feasible. Recommendations on solutions to investment constraints should be focused on policy reforms or investment activities that could be undertaken directly by the private sector with local currency support. Geographic location, if appropriate, should be speicified.

6) Trace recommendations on specific investment and policy recommendations through to their impact on the economy.

7) Identify mechanisms for chanelling capital to private investors. An emphasis should be placed on using existing institutions or on supporting investors directly.

8) Identify and describe the comprative advantages in production, local processing and marketing that exist in both Darfur and Kordofan and determine how these may be enhanced.

9) Identify the limitations of this analysis and make recommendations for additional study.

Reporting:

1) After identifying the major sectors of involvement and the principal investors and institutions, the contractor will conduct a briefing for USAID. The briefing session will include a panel discussion and may result in specific instructions for additional analysis that falls within the general provisions of the scope of work and length of contract.

2) Two months after signing the contract, the team will submit a draft report to USAID. USAID will comment on the draft, and the team will then have one week to complete the final report.

3) The Consultant may be offered a contract amendment to perform follow on studies based on the results of this review.