Sudan's Agricultural Landscape: Summer 2023/2024 Harvest Season

27 November 2023

Issue no. 3

The April 15, 2023, War in Sudan:

Amidst the ongoing fighting between the Sudan Armed Forces (SAF) and the rebel Rapid Support Forces (RSF) that erupted on April 15, 2023, the exhausted nation's economy is experiencing a noticeable decline. A majority of both public and private sectors in production have been incapacitated, falling victim to extensive looting and destruction in the initial months of the conflict. Notably affected are major corporations, factories, financial institutions, agriculture, and the country's export industry.

The disruption of the operations in prominent industrial entities has resulted in a contraction of export activities, particularly impacting the agricultural sector. Escalating prices of commodities, depreciation of the local currency, and the widening scope of the conflict to encompass regions of Darfur and Kordofan, which contribute well over 50% of Sudan's total exports of oilseeds (sesame, peanut, and watermelon seeds), gums and herbs (hibiscus and senna pods) and livestock, have collectively contributed to the degradation of transportation and logistical services.

The widespread destruction and disruption of critical markets and transport routes in Sudan, as well as in neighboring South Sudan, Chad, Ethiopia, and Eritrea, are anticipated to persist, causing intermittent deliveries, restricting quantities and varieties, and keeping food prices elevated during the pre-harvest months of October 2023. Given the expected decrease in harvest yields due to the impact of conflict, as well as rainfall and climatological anomalies on crop production, prices are likely to remain unusually high throughout the harvest and post-harvest period from October 2023 to February 2024, extending throughout the entire projection period.

The increased complexity of export movements now poses a significant risk of agricultural products seeping into neighboring countries, namely Chad and South Sudan, as well as Egypt. The total exports of Sudan reached $530 million by the end of October, compared to $2.90 billion from the previous year. The direct causes can be attributed to:

1. The relocation of companies and factories from their primary sites, leading to the cessation of operational activities.
2. Difficulty in transporting products from production and processing sites to export ports.
3. Deterioration of banking services and the suspension of central bank branches and financial institutions.
4. Disruption of state apparatuses performing administrative and technical services related to export activities.

On a positive note, there have been reports of an improvement in banking services after the central bank resumed operations in the city of Port Sudan. Some banks have relocated their headquarters to Port Sudan, successfully recovering financial data for clients and resuming a significant portion of operations.

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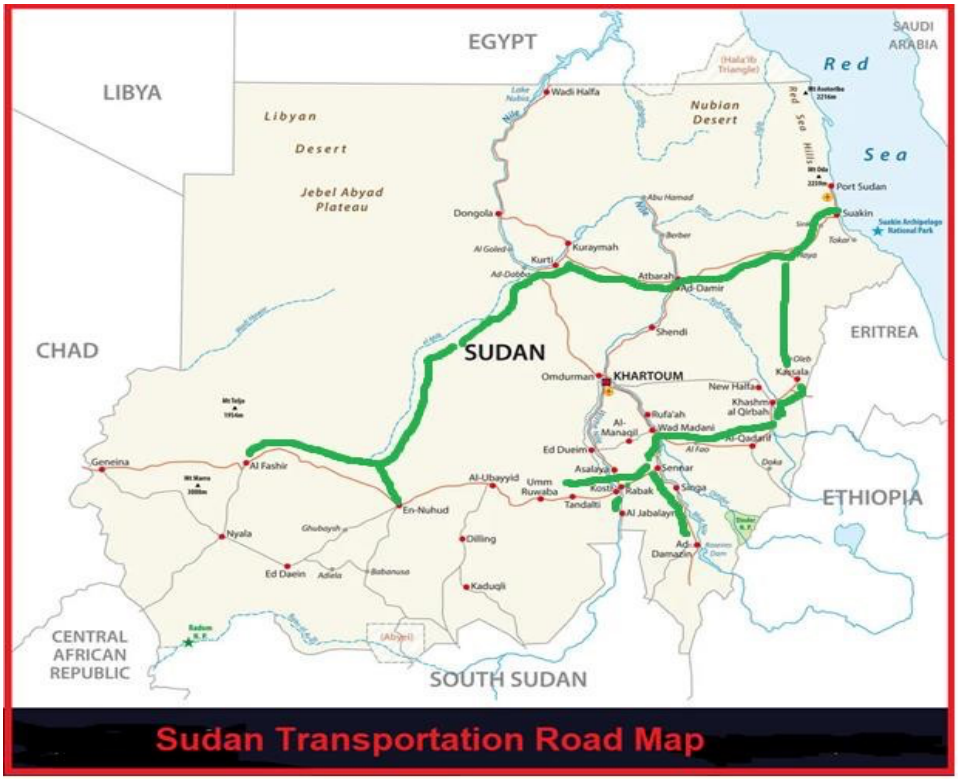

Figure 1: Map illustrating Sudan operating transportation route for agricultural goods.

Map illustrating the [current] operating transportation route (highlighted in green) of goods from production zones to Port Sudan:

- *A route from the western Sudan (El Fashir – El Nuhud) to the northern state (Dabba), and from there to Port Sudan.*
- *A route from Tendelti in the White Nile (the nearest secure point to Kordofan) to the central and eastern regions of Sudan.*
- *A route from Damazin (southern Blue Nile region) through states of Sennar, Gazeira through Gadarif and Kassala states to Port Sudan.*

The Export Industry Infrastructure Destroyed or not Accessible:

The challenge of preparing agricultural products for export, involving sorting, sieving, and packaging, poses a fundamental dilemma for export companies, particularly given the concentration of processing facilities and equipment in Khartoum state. Primary processing centers are located in the Soba Industrial Area, Souq Mahali in Khartoum, Sabaloga, Halaib area, Souq Ash-shabbi in Omdurman, the Garri Free Zone and Industrial Area in Khartoum Bahri, and Bagair Industrial Area in neighboring Gezira state south of Khartoum state, with available services such as electricity, water, and skilled labor. Since April 15, these locations have seen discontinuation of operations. Stocks stored over there were looted with only small quantities relocated at both a high security risk and a higher cost. This challenge becomes an issue that exporters confront, leading to:

1. Decreased export quantities to the global market and a decline in the quality of operations due to reliance on untrained labor with increased associated costs.
2. Elevated costs of site rentals, manual operation equipment, sorting, and sieving processes.

Consequently, the operational costs increase, and the returns from exports decline, negatively impacting Sudan's overall economy. Despite the challenges in Khartoum, Central and the Eastern Sudan regions remain viable options for continuing processing operations. These regions host sieving and sorting equipment for crops, cotton mills, and oil pressing factories, in addition to dedicated processing sites. Cities such as Al-Gadarif in Eastern Sudan and Wad Medani in the Central region are witnessing security stability and an abundance of manual labor, facilitating the continuity of crop processing operations, making them attractive destinations for export companies.

Summer Season 2023/2024 Rainfall and Cultivated Area:

Methodology: *Africorp Group (ACG) has consistently strived to provide data about the Sudanese summer agricultural season, and it remains committed to this endeavor despite the ongoing conflict that has impacted the entire country. Traditionally, the Federal Ministry of Agriculture of Sudan has been the primary data source in previous years. However, due to the current conflict, no data was released by the ministry this season. In the absence of official data, this report relies on information shared by the states' ministries of agriculture in the East, Central, and Southeast regions of the country, along with contributions from international organizations such as FAO, IFAD, and the World Food Program (WFP). Additionally, ACG has actively engaged its network, including farmers' associations, suppliers, and local branches in various regions, to gather information for this report.*
Finally, the report has been compiled by ACG's head office Task Force. Despite these extensive efforts, it is important to note that the collected data is presented as estimates and may not be entirely accurate, reaching only an approximation of the actual figures.

Rainfall: The seasonal rains from June to September commenced on time, marked by above average the rainfall in June, especially in central and western areas of the country. According to reports from Food and Agriculture Organization (FAO), desert locusts have been observed in northern Sudan and neighboring countries, including Ethiopia, but not in substantial quantities. Despite the overall cumulative rainfall being mostly average to above average from June to early September, the quality of the season has been adversely influenced by intermittent localized dry spells, deficits in rainfall, and higher-than-normal temperatures in July to August, particularly in the northern and central regions. However, the primary factor likely to lead to below-average crop yields is the ongoing conflict.

In the traditionally highly productive eastern region, the conflict has disrupted the banking system, services, and trade flows, negatively impacting the availability of credit and access to farm inputs. In Greater Darfur and Greater Kordofan, intense fighting has restricted access to fields.

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Cultivated area: The overall planted area for all crops in the summer season is estimated to be 15% lower than the annual average. Harvests are anticipated to be below average and lower than last year, particularly in areas near regions of intense conflict, where significantly below-average harvests are expected.

Rural areas near heavily affected urban centers in Greater Darfur and Greater Kordofan, as well as parts of the semi-mechanized and irrigated sectors, have reported cultivation below normal levels at the beginning of the season, below-average crop production throughout the season, and often an inability to harvest due to the conflict. Available data on cultivated area extent suggest a reduction of at least 20%, and in some cases up to 35%, compared to the five-year average (DataQ, October 2023).

Harvest in Progress:

Groundnuts: Spanish-type groundnut (70/80 – 80/90), primarily grown using traditional rainfed systems in Darfur and Kordofan—regions heavily impacted by ongoing conflicts—has experienced a decline of approximately 45% compared to both the 2022 figures and the five-year average.

The average price of groundnuts in October showed a significant surge, being 61.9% higher compared to the average price in Q1-2023, before the onset of the current conflict. Additionally, it experienced an 80.2% increase compared to the same month of the previous year. This upturn is partially attributed to the heightened costs of production during the preceding seasons. Notably, the average price of groundnuts was substantially elevated, showing a 594% increase compared to the five-year average of October. In the irrigated agricultural schemes in central Sudan (Gaziera, Rahad and Halfa Agricultural Schemes) areas cultivated with Ashford type groundnut (40/50 – 50/60) are shrinking due to high cost, less yield and low crop price. However, the depreciating rate of exchange of the Sudanese Pound is another factor causing the increase of local purchase price of crops.

Sesame seeds: Sudan holds the world's largest sesame-seed harvest area, and sesame seeds stand as its most exported agricultural commodity, accounting for 17.6% of global production in 2021 (FAO STAT). Sudanese sesame seed quality is widely acknowledged, with various buyers and supply chain participants recognizing its distinctive quality. However, production volumes are highly volatile, experiencing a decline of 12-25% in 2022 following low market prices the previous year, prompting many farmers to shift to alternative crops (FAO, 2023).

Approximately 60% of Sudanese sesame is produced by traditional rainfed small-scale farmers, while around 40% is produced by semi-mechanized rainfed farming. Semi-mechanized rainfed farms, characterized by large-scale operations (400-50,000 hectares) utilizing mechanization for land preparation, seeding, and some harvesting. In contrast, traditional rainfed farms consist of small-scale operations (2-50 hectares) managed by smallholder farmers and family households, relying mostly on manual labor at most production stages. Farms employing both production settings heavily depend on manual labor and rainfall for irrigation. The ongoing fighting in Sudan

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have particularly affected traditional rainfed farms, impacting security and labor movement, resulting in a 20-35% reduction in cultivated area compared to the previous season (2,487,200 Ha). On the contrary, sesame seed production in the semi-mechanized sector appears to have increased compared to the previous year.

The export price of Sudanese sesame seeds has consistently risen over the past five years. This month, price for Sudanese sesame seeds, both reddish and whitish, is US$ 1650 and US$ 1800 respectively.

Hibiscus flowers: Hibiscus farming is concentrated in Kordofan and Darfur. However, the total production of Sudanese hibiscus for this season is anticipated to be approx. 50% of last season's production. This decline in production is attributed to the precarious security situation in the usual production zones in the western states of Sudan, namely Darfur and Kordofan. Additionally, some areas have been allocated to the cultivation of grain crops, further contributing to the reduction in hibiscus production.

Senna pods: Senna pods new crop quality and yield is still too early to predict, as new crop material starts to come to market in larger quantities from next month.

Acacia gum: Kordofan and Darfur constitute over 60% of the supply of acacia gum (both Hashab – Acacia Senegal and Talha – Acacia Seyal). However, these areas are excluded from production calculations for this season, except for small areas accounting for no more than 15% of usual Talha and about 60% of the usual Hashab production due to security conditions and the migration of young people to engage in armed activities.

The primary production of Talha and Hashab for this season will be in the Blue Nile and White Nile regions, representing 25-30% of the total production in Sudan.

Kordofan region represents 70% of Sudan's production of Hashab gum, with El-Nuhud being the gum capital in Sudan. Production has commenced entering the market.

Hashab gum production in the Blue Nile has been increasing in recent years, and suppliers and companies are expected to purchase from this region due to security availability and ease of access to production areas.

Gum olibanum: Darfur represents the main supplier of frankincense gum, accounting for 70-75%. However, it is excluded from production considerations this year due to security conditions. South Kordofan and the Blue Nile will be the main suppliers, accounting for only 25-30%.

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Concluding Remarks

The uncertainty in Sudan continues, with high loss of lives. The Jeddah (Saudi Arabia) Forum for talks between SAF and RSF has been enlarged by including IGAD and African Union as new sponsors. No settlement is yet in sight.

EU buyers of Gum Arabic have responded by buying additional quantities during October-November to reinforce stock positions in case the situation deteriorates, thereby pushing up the opening prices of Hashab and Talha Gums.

The Sudanese hibiscus crop is estimated around 50% of last season's yield and hence the opening FoB price is in the region of US$ 3,000/ MT.

The sesame crop is estimated at around 70% of last year's yield [mainly as the traditional growing area of Gadarif remains unaffected by the conflict]. Sesame prices have come down slightly in Sudan over the last few weeks.

New season groundnuts are coming to market and the new crop is estimated to be in the region of 65% of last season's yield. The current FoB price is US$ 1030-1050 per MT, and it is about the same price as alternative west Africans origins, but high local costs are currently preventing reductions in price to stimulate exports.

As the ongoing conflict continues to threaten exports, we would recommend covering immediate requirements plus additional top-up stock holdings, in case of the conflict escalates and further interrupts the already fragile export economy.

About Us:

***Africorp Group (ACG)**, established in 2002, is a profit-making social enterprise committed to a unique business model that intertwines profitability with the empowerment of stakeholders. The global presence of ACG spans across more than 40 countries, with operational offices strategically located in Sudan, Tanzania, UAE, UK, and Türkiye.*

At the core of ACG's operations lies a deep engagement in contract farming, forging partnerships with over 4000 smallholder farmers in the Savannah region of western Sudan. Furthermore, ACG holds certifications in Organic, Fair Trade, and UEBT/RFA. The spectrum of ACG's business portfolio spans farming (Africorp Farm), renewable energy (FAAS Energy), manufacturing and services (KHARTALYA Gida, Bold&Pros) and international trading (Africorp International, FAAS Trade and Investment Ltd, SoNEW, EACON) and Corporate Social Responsibility (Aata).

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