Case Study
Problems facing Small Scale Farmers in Kassala State: Focus on Bananas

Fig 1: Banana varieties produced in very rich soil and ideal for exports

ACORD North Sudan
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Context

Kassala state is situated in the Eastern Region of Sudan, near the Sudanese Eritrean border. The state, occupies 42,282 square Km, with an average annual rainfall of 100-250 mms (semi-desert climate), which normally falls between July and September. The average height of the area ranges between 150 and 500 feet above sea level and the temperature ranges between 20 and 45 degrees in winter and summer respectively.

Demographically, according to the 2008 census, Kassala state population was 1,566,000 with an annual growth rate of 2.5%. Rural, urban and pastoral populations in the state represent 53%, 35% and 12% respectively. The local community is richly diversified into several ethnic groups among them, the indigenous tribes of Beja, Shukria, Lahaween, Nubians, northern Sudan tribes, beside migrant West African and Rashida groups.

As a result of drought during the 1980s in the western part of the country and the conflict outbreaks in Southern Sudan, Kassala received great numbers of IDPs from these areas. IDPs from the south have settled in Waw Nour, while the Nubians in western Sudan have settled in Kadugli. Since 1997, the eastern borders of the State have been heavily affected by the military operations of the National Democratic Alliances (NDA). This further increased the influx of IDPs into Kassala town and its surroundings from rural areas adjacent to the Sudan–Eritrea border. According to Ministry of Social Welfare, Kassala is hosting about 62,000 IDP persons, living in 8 camps, of which seven are inside Kassala locality. In addition to IDPs, Kassala hosts about 75,000 refugees from Eritrea and Ethiopia.

The local economy of Kassala state relies heavily on agriculture and agro-pastoral activities. It is estimated that the two activities represent the major source of local income and employment for 75% of the state population. Conflict and drought coupled with liberalized market policies adapted by the central government have led to extreme status of poverty among the local population. The poverty rate is estimated to exceed 90% with extreme disparities between urban and rural populations.

The main agricultural areas are Gash and new Halfa irrigated scheme, urban agriculture around Kassala town, along Gash water stream gardens and small-scale traditional rain fed or irrigated farming plots. The total arable land is estimated to be about 4 million feddan out of which about 1.6 million feddan is under cultivation.

The state has rich and fertile lands which benefits from irrigation from Atbara and Gash seasonal rivers, beside small (khors) that descends from the high mountains in the eastern borders of the state. Sorghum is the main food crop produced for food security purposes. Other crops produced in the area include onions, vegetables, bananas, water melons, and other fruits in the horticulture fields. These activities largely contribute to incomes of small-scale farmers. The Kassala state is also rich in animal resources that exceed 3.5 million heads of camels, cows, sheep and goats.

Banana Production in Kassala State

Kassala is well known for its production of horticultural crops. Bananas are available throughout most of the year. Other fruits readily available during the season are guavas, mangos and citrus fruits. The quantity produced is more than the local needs and a lot of waste is encountered. As such, this case study focuses primarily on bananas.

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1 Average income of rural households rarely exceeds 1 US$ per month
2 A feddan is an Arabic unit of area equal to 0.42 hectare. It is roughly equivalent to a English acre – both were originally the amount that could be ploughed in a day with oxen.
The production of bananas started in Kassala state during the late eighteenth century. Since then, bananas have remained as one of the most important agricultural products that contributed to the state economy besides onions and citrus fruits.

In Kassala, banana trees start production after nine months and they reach their production peak after 12 months. It continues production for an average period of five years. The most crucial environmental conditions that ensure high productivity of bananas include suitable temperature, and plenty of fresh water. This demands irrigation every three days during summer and weekly during winter. Accordingly, high production of bananas is thus expected during rainy seasons in winter while production drops during the hot days of summer season.

Bananas are mainly produced in the northern delta of El Gash River and along the bank of the river down to the Eritrean border. In addition, there are newly established farms at river Atbara banks where sufficient potable and non-saline water is available. The production areas are connected with rough roads internally but with paved roads with Kassala.

Cultivation of banana crops involves heavy costs during the first nine months before the crop starts production. The work includes removal of weeds, adding fertilizer to the soil and irrigation. To ensure cost effectiveness, small farmers in the area usually intercrop bananas with onion which needs only four months to mature, or plant fruits for longer investments. On average each feddan of bananas needs one laborer to undertake all operations. The average production of bananas in the area is 6 MTs per feddan.

Currently the total number of small-scale farmers who produce bananas in the state is 800. Out of this number, 200 small-scale farmers have plotted farms that range between 0.5 to 1 feddan (some time including rented land) and the remaining 600 small-scale farmers own an average farm of 5 feddans).

Most, if not all, of the small-scale farmers engaging in bananas production were found to be men. Women only participate in some of the operations such as cleaning and harvesting as casual laborers. Most of the women own land through inheritance according to Islamic teaching (Sharia laws), but these farms are either managed by male members of the family or rented to others. Majority of the small-scale farmers producing crops still keep traditional social systems (extended family) in which men normally assume and undertake economic roles outside the house, while women mainly maintain roles in childcare and management of households.

Though Kassala was considered historically as one of the most important banana producing centers in Sudan, the area under banana production has dropped from 10,000 feddans in 2000 to only 2,000 feddans in 2007. This was as result of structural and interrelated factors which constitute the core of this case study.

The main factors identified by small-scale farmers as affecting their production and marketing of their produce include:

- Policy and regulations of the state
- Cost of production
- Access to material, social, financial and organizational resources
Policy Frameworks

The national policy on the non-oil export has been ideally designed to promote and develop the horticultural sector through the establishment of a special unit at the central bank of Sudan to finance production, export and protection of local production. Import of sorghum and vegetables is theoretically restricted to protect from dumping and only allowed under certain conditions and under special licensing when scarcity is proven by Ministry of Agriculture. The regulations and policies that govern border trade are aligned to the above statements.

At Kassala state level, the same policies and regulations should ideally apply for horticulture products including bananas. This is beside additional incentives provided to encourage production, removal of any charges or fees foreseen to be charged through export operations or transport across the state or several other states.

However and regardless all these statements, the practice in Kassala State is quite different. Many imported fruit and vegetables can be found in the markets. Most agricultural inputs are not free from taxes under the liberalized policies adapted by government. For instance, the price of one sack of fertilizer equals SDG 70 in the local market, while the same sack values only SDG 20 at the sea port of Sudan. Smuggled fertilizers from Eritrea are sold at SDG 50 in the local market. The main reason for that has been the monopolization of fertilizers imported by the Agricultural Farmers Banks which are both owned by the government.

Since the year 2000 fundamental and structural changes were introduced in the agricultural production systems. Policies governing large scale schemes in Gazira, Blue Nile and Sinnar states follow the free market trends adapted by the government. Bananas were amongst the new crops produced besides the traditional sorghum, wheat and cotton. Farmers have benefitted from relatively low costs of production through use of irrigation equipment, renewable fertile land and low cost of transportation to markets. Banana crops produced in this scheme floods the main markets in Khartoum and other states. Small-scale farmers producing bananas in Kassala state have been reduced to marketing their crops in the local market and to a much lower extent, to the Gadaref and Port Sudan markets. Only bananas produced locally in Kassala are available in the local market. This is attributed to the high cost of transportation from other centers.

This study through discussions with small-scale farmers and their unions has disclosed their poor understanding and knowledge about procedures, regulations and policies that govern the export of bananas to the international markets. These issues need to be addressed to improve small-scale farmers’ production and marketing skills in local as well as foreign markets.

Access to material, social, financial and organizational resources by banana producers

In Kassala State there are two agricultural specialized banks, the Farmers Commercial Bank and the Sudanese Agricultural Bank. The two banks are assumed to support the small-scale farmers however, in practice, the banks were found to be dealing only with large-scale banana producers and merchants who satisfy banks’ requirements. The banking policies and operations are designed to maximize profits within a very short period, which implies, the provision of large loans for rich urban-based clients with short repayment period rather than providing small loans for a large number of clients with longer repayment periods.

The banks use very tight conditions to screen their clients and the commonly used conditions include:

- Certificate of release from Zakat and tax.
- Area of living certificate from the area committee
- Collateral, which includes bank cheques and personal guarantees, group guarantees and in some in rural areas, through local leaders (e.g. Agricultural Bank) and savings/pre-financing
- License of place of operation.
- Some banks require an active bank account
- Down payments around 25% of the capital required

3 SDG is Sudanese Pound, which is approximately 0.31 euro.
This study confirms the fact that very few small-scale farmers get credit from the formal banking system. According to most farmers, poor access to the formal banking system is attributable to the rigorous requirements, small profit margins and difficulties to get timely credit that suits the seasonal calendar. According to the financial institutions, the banks have contributed greatly to empower and significantly increase the level of monopolization of bananas and marginalization of small-scale farmers. Semi-formal financial systems are totally absent and no financial support was provided by international INGOs to access micro-finance services, the reason for that is the long term partnership period needed to recover credit from banana yields.

The most predominant source of finance for banana production is banana merchants. Currently there are five big merchants who monopolize the trade of bananas, including production, marketing and ripping of product. Merchants provide financial services for smallholder farmers to produce bananas using a partnership agreement. This way, a small-scale farmer receives 60% from production and undertakes responsibilities for all manual agricultural operations such as land preparations, irrigation, cleaning and guarding. At the same time, money providers get the remaining 40% which enables them to meet the costs of ploughing, seedlings as well as cost of financing. The merchants pay costs of harvesting the crop, processing and transporting to markets.

The agreements made between small-scale farmers producing bananas and merchants give exclusive rights for the later to purchase the crop and consequently decide on the selling prices. Loans made to small-scale farmers are scheduled to be repaid from production. Intercropping is used to reduce high costs associated with the first nine months of crop establishment. These include onion, tomatoes and vegetables that are not so difficult to cultivate.

The production relationship between farmers and money-lenders is a very sensitive one and this may continue for at least five years that constitute the average production period for banana trees.

Bananas need huge amounts of water, especially during dry season. Small-scale farmers mostly use diesel pumps to access ground water in Kassala town. Some other farmers use electricity which costs less than half the diesel cost. Despite the cost effectiveness of using electricity, it is more risky owing to the rampant power cuts which might jeopardize the whole crop. In addition to transporting diesel from the supply stations to farms, taxes and fees are other set of problems that small-scale farmers will continue to face.

Banana cultivation requires intensive manual labors for irrigation, cleaning and devolution of leaves. On average one labourer can hardly manage one feddan and during harvesting even share croppers need additional labor force.

Kassala State lacks proper pack-houses. Currently, there are about 50 traditional ripening refrigerators which are monopolized by two big bananas merchants. A new company was established in Kassala by banana producers in order to establish and sustain bananas markets in Gadaref and Port Sudan. These two areas are the most important markets for Kassala bananas. The company imported recently five new gas refrigerators to be fixed in these two towns in order to reduce the high losses of bananas produce during the season.

The role of the Ministry of Agriculture is limited in provision of extension and training services to the farmers. Small-scale farmers reported that extension services provided are poor while training is rarely provided. Another role of the Ministry is to support improvement of banana quality through research.

Communication systems are well established and small-scale farmers do have access to communication services through four companies which provide services at reasonable prices and do excellent out-reach.
Organizational Capacities of bananas producers

The majority of the small-scale farmers are members of the Vegetable and Fruit Producers Union, which in turn is part of State Farmers Union. The union is established to undertake the roles of:

- developing the business
- ensuring rights of small-scale farmers
- reconciliation and management of disputes and problems between its membership and others
- assessment of losses and needs during emergency situation
- linking small-scale farmers with relevant official and technical bodies,
- improving technical capacities for small-scale farmers through liaising with others
- supporting marketing of small-scale farmers’ products.

According to its constitution, the union should be democratically elected and must keep relative representation for different sectors and geographical areas. During the last two decades the union suffered structural political orientation which resulted in paralyzing its capacity to assume these roles. It has contributed towards increasing vulnerabilities of small-scale and poor farmers via monopolizing the power of the farmer organization to the already powerful farmers. The leaders of the farmer organizations are the same persons who monopolize the bananas markets.

Food Sovereignty Issues

The information collected during the study has shown that the average production of the area is 1000 MT per month, out of which about 50% is transported to Red Sea and Gadarif state, while the remaining 50% is produced for local markets.

The crop is sold at SDG 0.45 for 1 kg to small-scale farmers by banana merchants who own ripening firms and resells at SDG 0.9 for wholesale and SDG 1 for retail and finally reaches consumers at SDG 1.5

The local variety of bananas produced is characterized by high concentration of sugar and low starch. It is mainly used to feed children, and contributes to the traditional household food basket as deserts. Only refugees and some local tribes use banana as a main meal.

The study also found out that local markets are dumped with imported fruits like apples, grapes, apricots, pears, strawberries, peaches etc. The imported fruits are from many countries, particularly Iran, South Africa, China, Lebanon, and Syria. The fruits imported from South Africa, China, and Lebanon are mainly through special protocols.

Relatively, some of these items are sold in local markets at cheaper prices due to their poor quality. According to statements by farmers and their companies, imported fruits partially replaced traditional practices built on using banana as the main deserts in the household food basket. This is indicated by the huge amounts of ripened bananas (20% of daily production) not consumed or sold. The farmers union is trying to stop or at least reduce scale of imported vegetables by making appeals to central authorities and explaining impact on small-scale farmer’s life.

The study has found that production of bananas currently does not face any direct competition from banana producers’ abroad (e.g. Eritrea). Neither is there competition from other productive states in Sudan. This might be due to the fact that the local market is fully saturated and satisfied by local
production. Costs of transporting heavy bananas to the Kassala state give an added value for locally produced crop.

However the issue of affordability is there mainly due to lack of sale points for direct consumers. This reduces income for small-scale farmers and also increases prices for consumers. For instance in Gadarif state, prices (1 kg selling at SDG 1) are cheaper than Kassala state where 1kg sells at SDG 1.5.

Economic Partnership Agreement (EPAs)

The discussions with small-scale farmers reveal the fact that they are not aware of Economic Partnership Agreements, nor have they participated in, or been informed about, the negotiations taking place. This is confirmed by their union. When the team explained the expected impact and effects of these agreements, they strongly recommend organization of awareness sessions as a primary safeguard step to develop a strong stand against such arrangements.

Banana Production and Conflict

In Kassala the daily opening price for bananas in the local exchange market is set by a small committee comprising of representatives from the Ministry of Agriculture, the farmers union and merchants. In recent years the influence of the merchants within this committee has increased and their interest is to keep the prices low.

In the year 2007 banana prices in local markets dramatically dropped to SDG 5 for 100 kgs instead of SDG 25. At the same time the cultivated areas shrunk to only 2000 feddans (i.e. 10,000 in 2002 and 6,000 in 2006).

The banana crop prices continue to decline while the periods for harvesting the crop have increased to an average of 40-50 days (normally bananas are harvested on monthly basis). The increase in harvest intervals have reduced incomes of small-scale banana producers by 25% given that the payment intervals for harvested crop were not timely paid to small-scale farmers. There had been investment in new banana production in some areas distant from the market that had not previously been banana producing areas. However in order to restrict the supply of bananas, the big merchants set different lower prices for these locations to discourage these farmers from further increasing production.

The above situation, coupled with poor capacities of small-scale farmers’ union to protect its members and an increase in local taxes, has led to significant drop in incomes generated by small-scale farmers. Furthermore, production costs for bananas have gone up to four-fold compared to revenue.

As a result, in September 2008, a small group of farmers started the idea of establishing a small company to defend their rights, know as the ‘Kassala Gardening Company’. This included the fight for fair trade for banana crops based on free market supply and demand, released from the exclusive contracts with the big merchants. The company was mandated to undertake roles of supporting production costs through:

- the availability of timely financial services,
- support marketing of bananas and ensure fair prices through establishing linkages and market outlets,
- improve processing and packing of bananas through establishing modern ripening refrigerators,
- ensuring timely harvesting and timely payments for purchased crop.

It was established as a company rather than a cooperative as under local regulations cooperatives can only serve limited purposes and would not be able to fulfil the multiple roles mentioned above.

Most of the small-scale banana producers responded quickly and positively to the idea, with 104 members fully registered as founders and stakeholders to the company assets. The capital costs for establishment were granted voluntarily by small-scale farmers.
The establishment of the Kassala Gardening Company contributed within a short time to:

- an increase in the cultivated banana area to 6,000 feddans,
- establishment of modern gas refrigerators to improve quality of ripened banana and
- opening of sale points in Gadarif and Red Sea states.

This led to reasonable access to production inputs and credit for operations with price stability as currently the banana price is SDG 45 for 100 Kg. Since the establishment of the company, the impact in the short period could be felt in the maintenance of the cultivated area and the return of most of the small-scale farmers back to banana production.

However the success of the company has fuelled a conflict of interests between the small-scale farmers and the five big merchants. For decades the merchants have been used to controlling all operations related to production of bananas. The first level of conflict started when a request to open direct sale points for ripe bananas for domestic use was rejected. The denial of the request was strongly backed up and lobbied for by big cats.

The tension scaled up into a small conflict when some of the infrastructure established by the farmers’ company was destroyed. Some people were caught by the police, but they were discharged under the claims that no concrete evidence was found against them.

The situation was brought to an alarming level with the failed attempt to kill one of the leaders of the company. Investigation revealed that the accused person was motivated by the big merchants. In its most recent stage, the conflict turned into an open fight in the main market between small-scale farmers against the other group. To end the conflict, the local authorities arrested the whole fighting group. To date, still the local court is expected to take decisions.

Recommendations and Conclusion

Considering the rapid changes at global, regional and local level created by liberalized trading environments, the capacity of small-scale farmers needs to be consolidated around (a) advocacy and organizational aspects, (b) well established information system and (c) better linkages with fair and sustainable markets at all levels. The findings from this case study reveal the urgent need to support small-scale farmers in Kassala area to undertake crucial functions in banana production and marketing of their produce.

Some of the key interventions that small-scale farmers in this area need include;

1. Support farmers in organising themselves to defend their rights and to act with greater power in the market, including support in non-violent conflict resolution and legal support to forestall violence;
2. Establish markets and develop small scale farmers capacity to market their bananas both within and out-side Sudan;
3. Educate small-scale farmers, train and equip them with skills on better crop (bananas) husbandry methods and management;
4. Liaise with Government to build small-scale farmers’ capacity to manage, deal with and/or control the viral, bacterial and fungal attacks on their bananas;
5. Build capacity of farmers to participate in discussions around:-
   • trade agreements, including the Economic Partnership Agreements (EPAs) and the World Trade Organization (WTO) and understand their effects and consequences on their lives;
   • Foreign investments in agriculture which is expected to bring in large-scale companies

The power of well organized farmer-groups reduces monopoly, allows access to affordable inputs and facilitates further access to internal and external markets. The findings from this case study needs building of competitive market capacities to enable banana producers in Kassala area meet local and international standards, including, packing houses, hygiene standards and information channels.

Last but not least is the need to improve small-scale farmers’ associations and strategically avoid politicized unions that adapt pro-government policies and objectives in Kassala area and which undermines development and growth of vulnerable groups of small scale farmers.